AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 14, 1999

REGISTRATION NO. 333-77483

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MCM CAPITAL GROUP, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	7389	48-1090909
(STATE OF INCORPORATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

500 WEST FIRST STREET
HUTCHINSON, KANSAS 67501-5222
(800) 759-0327
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

FRANK I. CHANDLER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
MCM CAPITAL GROUP, INC.
500 WEST FIRST STREET
HUTCHINSON, KANSAS 67501-5222
(800) 759-0327
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES OF ALL COMMUNICATIONS, INCLUDING ALL COMMUNICATIONS
SENT TO THE AGENT FOR SERVICE, SHOULD BE SENT TO:

STEVEN D. PIDGEON	STEVEN R. FINLEY
SNELL & WILMER L.L.P.	GIBSON, DUNN & CRUTCHER LLP
ONE ARIZONA CENTER	200 PARK AVENUE, 47TH FLOOR
PHOENIX, ARIZONA 85008	NEW YORK, NY 10166
(602) 382-6252	(212) 351-4000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis under Rule 415 under the Securities Act, check the following box: [ ]

If this Form is filed to register additional securities for an offering under 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 under Rule 462(c) 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 under 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: [ ]

If delivery of the prospectus is expected to be made under Rule 434, check the following box: [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF SHARES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Common stock, $.01 par value.....	$86,250,000(1)(2)	$23,977.50(3)

(1) Includes shares of common stock subject to an option granted to the underwriters solely to cover over-allotments, if any. See "Underwriting."
(2) Estimated under Section 457(o) solely for the purpose of calculating the amount of registration fee.

(3) Previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING UNDER SAID SECTION 8(a), MAY DETERMINE.

SUBJECT TO COMPLETION, DATED JUNE 14, 1999

THE INFORMATION CONTAINED IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. NO ONE MAY SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS 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.

5,000,000 SHARES

[MCM CAPITAL GROUP LOGO]

COMMON STOCK

$ PER SHARE

This is an initial public offering of common stock of MCM Capital Group, Inc. MCM acquires and services consumer receivables from sellers that consider them uncollectible. MCM is offering 3,333,333 shares and the selling stockholders identified in this prospectus are offering 1,666,667 shares. MCM will not receive any proceeds from the sale of shares by the selling stockholders. This is a firm commitment underwriting.

There is currently no public market for the shares. MCM expects that the price to the public in the offering will be between $14.00 and $16.00 per share. The market price of the shares after the offering may be higher or lower than the offering price.

The common stock will be listed on the Nasdaq National Market under the symbol "MCMC."

INVESTING IN THE COMMON STOCK INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 7.

	PER SHARE	TOTAL
Price to the public	$	$
Underwriting discount		
Proceeds to MCM		
Proceeds to the selling stockholders		

MCM has granted an over-allotment option to the underwriters. Under this option, the underwriters may elect to purchase a maximum of 750,000 additional shares from MCM within 30 days following the date of this prospectus to cover over-allotments.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CIBC WORLD MARKETS U.S. BANCORP PIPER JAFFRAY

The date of this prospectus is , 1999.

[LOGO AND PICTURES OF EMPLOYEES AND FACILITIES.]

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PROSPECTUS SUMMARY

This summary contains basic information about us and this offering. Because it is a summary, it does not contain all of the information that you should consider before investing in the shares. You should read the entire prospectus carefully including the section entitled "Risk Factors" and the consolidated financial statements and notes to the consolidated financial statements included in this prospectus.

This prospectus assumes that the underwriters have not exercised their over-allotment option and gives effect to our reorganization as a Delaware holding company and related exchange of each share of common stock of MCM's Kansas predecessor for 4.941 shares of common stock of MCM.

MCM

OUR BUSINESS

MCM acquires and services consumer receivables from sellers that consider them uncollectible. We currently focus on acquiring credit card receivables originated by major banks and merchants. We apply a model that we have developed to analyze the collectibility of receivables and to help us establish a price for the receivable portfolios we purchase. Because the credit card issuers have already written off these receivables, we are able to buy receivable portfolios at substantial discounts to their face amounts. We use our extensive database, sophisticated phone and computer systems, trained employees and longstanding experience in servicing receivables to generate a return on the receivables we purchase.

Established over 30 years ago, we have grown rapidly in recent periods. We opened a new servicing center in Phoenix, Arizona in 1998. This center has become our primary servicing facility. At March 31, 1999, we employed 430 personnel dedicated to collection efforts at this facility. We also maintain our original facility in Kansas, which housed 48 recovery personnel at March 31, 1999. From January 1, 1994 through March 31, 1999, we acquired $1.7 billion of receivable portfolios for $53.3 million; in 1998 alone, we acquired $722.6 million of receivable portfolios for $24.8 million. During this five-year period, we recovered $46.2 million on these receivables and continue to vigorously pursue collections on these portfolios.

We acquire portfolios primarily through "forward flow" agreements with originating institutions. A forward flow agreement provides for the acquisition of receivables on a regular basis at a predetermined price over a specific time period. We currently have forward flow agreements relating to Discover Card and Montgomery Ward's credit card which extend through 1999 and are renewable annually upon agreement of the parties. We acquired substantially all of our receivable portfolios in 1998 and in the first quarter of 1999 under our forward flow agreements.

Once we acquire a portfolio, we locate the individual customers and use a friendly but firm approach to recover the receivables in full or to negotiate settlements or payment plans. We train our employees to work with customers to evaluate their ability to pay and to develop customized payment programs that maximize our recoveries. In cases where we believe customers have the ability to

pay, but are unwilling to do so, we may pursue legal action to recover on their accounts.

OUR MARKET OPPORTUNITY

The receivables management industry is growing rapidly, driven by increasing levels of consumer debt and increasing charge-offs of the underlying receivables. At December 31, 1997, consumer debt in the U.S., the amount owed by individuals, totalled $5.6 trillion, of which consumer credit, which consists of installment and noninstallment loans, comprised $1.3 trillion. Credit card debt is the fastest growing component of consumer credit, reaching $560 billion in December 1997. Credit card debt accounted for 44% of total consumer credit in 1997, up from 30% in 1990, and is projected to reach 51% or $950 billion by 2005. Despite generally sound economic conditions and historically low U.S. unemployment levels, credit card charge-offs rose to approximately 6.5%, or $36.2 billion, of outstanding credit card receivables in 1997.

Historically, originating institutions have sought to limit credit losses by performing recovery efforts with their own personnel, outsourcing recovery activities to third-party collection agencies and selling their charged-off receivables for immediate cash proceeds. From the originating institution's perspective, selling receivables to receivables management companies such as MCM yields immediate cash proceeds and earnings and represents a substantial reduction in the two to five year period typically required for traditional recovery efforts. It is estimated that sales of charged-off credit card debt have risen from $2.2 billion in 1990 to $16.5 billion in 1997 and will reach $25.0 billion in 2000.

OUR STRATEGY

Our goal is to become a leading acquiror and servicer of charged-off receivables. To achieve this goal, our business strategy emphasizes the following elements:

- hiring, training and retaining qualified personnel;
- increasing our receivable portfolio acquisitions;
- maintaining and enhancing our databases and our phone and computer systems to facilitate our collection efforts;
- applying and improving the model we have developed to analyze the collectibility of receivables and to help us determine a price for the portfolios we purchase;
- maintaining and developing a variety of financing sources to fund our operations;
- entering other receivables markets; and

- pursuing acquisitions of complementary companies.

FUNDING SOURCES AND ACCOUNTING FOR OUR SECURITIZATION PROGRAM

We finance our operations through a variety of funding sources. We maintain a receivables acquisition or "warehouse" facility to provide funds to purchase receivables and have utilized lines of credit to provide ongoing working capital. We also engage in "securitization" transactions to finance receivables purchases. We completed our first securitization transaction in December 1998. This securitization included receivables with an aggregate face value of approximately $1.3 billion and a value on our books, reflecting primarily our purchase price, of $33.8 million at the time of transfer. We structured this transaction for accounting purposes as a sale of the receivables, which resulted in a pretax gain of $9.3 million. In the future, we intend to structure and account for our securitizations as financing transactions rather than sales. As a result, we will recognize income over the estimated life of the receivables rather than recognize a gain at the time of a securitization. In addition, the receivables and corresponding debt will remain on our balance sheet.

OUR HEADQUARTERS

Our principal executive offices are located at 500 West First Street, Hutchinson, Kansas 67501 and our telephone number is (800) 759-0327.

THE OFFERING

Common stock offered by MCM.....	3,333,333 shares
Common stock offered by the selling stockholders.....	1,666,667 shares
Common stock to be outstanding after this offering.....	8,274,464 shares(1)
Use of proceeds by MCM.....	- To repay our Nationsbank line of credit and our Bank of Kansas loans (approximately $13.7 million at June 10, 1999) - The remainder for working capital to expand our business, including the acquisition of additional receivable portfolios and potential business acquisitions
Nasdaq National Market symbol.....	MCMC

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(1) Does not include (a) 123,823 shares of common stock issuable upon exercise of outstanding options and (b) 750,000 shares of common stock subject to the

underwriters' over-allotment option.

SUMMARY FINANCIAL DATA

	FOR THE YEAR ENDED DECEMBER 31,					FOR THE THREE MONTHS ENDED MARCH 31,	
	1994	1995	1996	1997	1998	1998	1999
	(IN THOUSANDS, EXCEPT PER SHARE AND PERSONNEL DATA)						
CONSOLIDATED STATEMENT OF OPERATIONS DATA:							
REVENUES							
Income from receivable portfolios	$ 1,676	$ 2,035	$ 2,387	$ 3,200	$ 15,952(1)	$ 3,047	$ 569
Income from retained interest	--	--	--	--	--	--	1,660
Gain on sales of receivable portfolios	563	501	995	2,014	10,818(2)	169	--
Servicing fees and related income	44	--	--	--	105	--	1,971
Total revenues	2,283	2,536	3,382	5,214	26,875	3,216	4,200
EXPENSES							
Salaries and employee benefits	1,345	1,439	1,650	2,064	7,472	883	3,684
Other operating expenses	289	261	200	338	2,201	287	815
General and administrative expenses	272	330	306	490	1,290	119	739
Depreciation and amortization	105	103	96	156	426	41	205
Total expenses	2,011	2,133	2,252	3,048	11,389(3)	1,330	5,443
Income (loss) before interest, income taxes and extraordinary charge	272	403	1,130	2,166	15,486	1,886	(1,243)
Interest and other expenses	26	133	145	819	2,886(1)	615	128
Income (loss) before income taxes and extraordinary charge	246	270	985	1,347	12,600	1,271	(1,371)
Provision for income taxes	4	97	391	540	5,065	478	(546)
Income (loss) before extraordinary charge	242	173	594	807	7,535	793	(824)
Extraordinary charge, net of income tax	--	--	--	--	180	180	--
Net income (loss)	$ 242	$ 173	$ 594	$ 807	$ 7,355	$ 613	$ (824)
Net income (loss) per common share:							
Basic	$ 0.05	$ 0.04	$ 0.12	$ 0.16	$ 1.49(1)	$ 0.12	$ (0.17)
Diluted	$ 0.05	$ 0.04	$ 0.12	$ 0.16	$ 1.47(1)	$ 0.12	$ (0.16)
Average common shares outstanding:							
Basic	4,941	4,941	4,941	4,941	4,941	4,941	4,941
Diluted	4,941	4,941	4,941	4,941	4,996	5,316	5,020
OTHER FINANCIAL DATA:							
Cash flows provided by (used in):							
Operations	$ 836	$ (136)	$ (27)	$ (1,076)	$ 3,434	$ 1,108	$ (4,247)
Investing	(677)	320	(1,623)	(10,723)	9,155	(5,548)	(5,285)
Financing	(212)	(91)	1,620	12,156	(8,408)	4,623	7,118
Return on average assets(5)	12.27%	8.20%	22.09%	9.30%	24.72%(6)	2.92%	(2.28)%
Return on average equity(5)	675.16%	57.03%	89.27%	66.54%	196.18%(6)	55.23%	(6.28)%

	FOR THE YEAR ENDED DECEMBER 31,					FOR THE THREE MONTHS ENDED MARCH 31,	
	1994	1995	1996	1997	1998	1998	1999
	(IN THOUSANDS, EXCEPT PER SHARE AND PERSONNEL DATA)						
SELECTED OPERATING DATA:							
Collections on receivable portfolios (including securitized portfolios)	$ 2,217	$ 2,722	$ 3,173	$ 5,127	$ 15,940	$ 2,293	$ 6,901
Purchases of receivable portfolios, at face value	32,888	58,091	142,438	653,912	722,597	132,380	101,654

Purchases of receivable portfolios, at cost	616	1,090	4,216	18,249	24,762	4,842	4,179
Total recovery personnel, at end of period	34	35	44	53	379	131	478
Total employees, at end of period	49	51	56	72	446	156	588

	AS OF MARCH 31, 1999	
	ACTUAL	AS ADJUSTED(7)
	(IN THOUSANDS)	
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION DATA:		
Cash	$ 2,244	$33,064
Investment in receivable portfolios	6,426	6,426
Retained interest in securitized receivables	25,403	25,403
Total assets	40,294	71,114
Notes payable and other borrowings	14,980	--
Capital lease obligations	490	490
Total liabilities	27,257	12,277
Total stockholders' equity	13,037	58,837

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(1) During 1998, prior to the December 30 securitization transaction, we increased our investment in receivable portfolios by $21.0 million or 135.5%. In addition, $13.0 million or 71.5% of our 1997 acquisitions of receivable portfolios occurred during the fourth quarter of 1997. As a result, income from receivable portfolios increased dramatically in 1998. In order to finance the significant increase in acquisitions of receivable portfolios during 1998, MCM's borrowings increased correspondingly during the year. MCM had average monthly borrowings of $23.7 million during 1998, as compared to $6.9 million during 1997, resulting in a 312.7% increase in interest expense.

(2) In December 1998, we completed our first securitization transaction of receivable portfolios, which had a value on our books of $33.8 million. The transaction was structured and accounted for as a sale in accordance with SFAS 125, which resulted in a pretax gain of $9.3 million. In connection with the securitization transaction, we retained an interest in the securitized receivables and established a related servicing liability. Our interest is carried on our books at fair value in accordance with SFAS 115 and changes in the fair value, as well as the initial write up to fair value, are recorded in a separate component of stockholders' equity.

We intend to structure and account for our future securitization transactions as financings, rather than sales. As a result, MCM will not record a gain at the time of securitization and the securitized receivables and related debt will remain on our statement of financial condition.

(3) In connection with the opening of the Phoenix facility, we increased our employees from 72 at December 31, 1997 to 446 at December 31, 1998. As a result of this increase in employees and the costs associated with establishing the Phoenix facility, MCM's expenses increased significantly during 1998.

(4) Earnings per share based on income before extraordinary charge is as follows:

	FOR THE YEAR ENDED DECEMBER 31, 1998	FOR THE THREE MONTHS ENDED MARCH 31, 1999
Basic	$1.52	$(0.17)
Diluted	$1.51	$(0.16)

(5) Average assets and average equity were determined based on the average of monthly balances during the year.

(6) Return on average assets and return on average equity for 1998 include the effect of the securitization transaction which closed on December 30, 1998. As a result of the securitization, total assets decreased approximately $10.7 million primarily due to the net effect of the sale of the receivable portfolios ($33.8 million) and recognition of the interest we retained in the receivables ($24.0 million). Additionally, stockholders' equity increased approximately $10.5 million due to the recognition of the unrealized gain on the retained interest of $4.9 million and the gain on securitization, net of tax of $5.6 million. If we excluded the effect of the securitization transaction from the return calculations, the results for 1998 would be as follows:

Return on average assets	5.92%
Return on average equity	63.13%

(7) Adjusted to give effect to our receipt of the estimated net proceeds from the sale of 3,333,333 shares of common stock offered by us at an estimated public offering price of $15.00 per share and our application of those proceeds as described in "Use of Proceeds."

RISK FACTORS

You should consider carefully the following factors together with all of the other information included in this prospectus before you decide to purchase our common stock.

FUTURE LOSSES COULD IMPAIR OUR ABILITY TO RAISE CAPITAL OR BORROW MONEY, AS WELL AS AFFECT OUR STOCK PRICE

Although we have historically been profitable, we incurred a net loss of $824,408 for the first quarter of this year, and expect to incur a loss in the second quarter of this year. To the extent that we continue to record losses in subsequent periods, this could impair our ability to raise additional capital or borrow money as needed, and could adversely affect our stock price. To a great extent, the first quarter loss and anticipated second quarter loss are attributable to the fact that we sold substantially all of our receivables in a securitization transaction at the end of 1998 which resulted in a gain of $9.3 million. Our recent operating results also reflect that our costs have increased with the substantial new personnel that we have hired. Our net income will remain lower and will not offset our operating expenses until we are able to rebuild our on-balance sheet receivable portfolios and our new employees reach

full productivity. We cannot assure you that our operating results will improve in future periods.

WE MAY NOT BE ABLE TO RECOVER SUFFICIENT AMOUNTS ON OUR RECEIVABLES TO FUND OUR OPERATIONS

We acquire and service receivables that the customers have failed to pay and the sellers have written off. The originating institutions generally make numerous attempts to recover on their nonperforming receivables, often using a combination of their in-house recovery departments and third-party collection agencies. These receivables are difficult to collect and we may not cover the costs associated with purchasing the receivables and running our business.

WE MAY NOT BE ABLE TO MANAGE OUR GROWTH OR OBTAIN THE RESOURCES NECESSARY TO ACHIEVE OUR GROWTH PLANS

We have expanded rapidly in recent periods, placing great demands on our management, employee and financial resources. For example, during 1998, the number of accounts we serviced increased from 488,000 to 781,000, and our employee base increased from 72 to 446. We cannot assure you that we will be able to manage our expanding operations effectively or obtain adequate resources for our expansion. We intend to continue our growth, which will place additional demands on our resources. To sustain our planned growth, we will need to enhance our operational and financial systems and increase our management, employee and financial resources.

WE MAY NOT BE ABLE TO HIRE AND RETAIN ENOUGH SUFFICIENTLY TRAINED EMPLOYEES TO SUPPORT OUR OPERATIONS

Our industry is very labor intensive. We compete for qualified personnel with companies in our business and in the collection agency, teleservices and telemarketing industries. We will not be able to service our receivables effectively, continue our growth and operate profitability if we cannot hire and retain qualified recovery personnel.

We experience high rates of personnel turnover. The high turnover rate among our employees increases our recruiting and training costs and may limit the number of experienced recovery personnel available to service our receivables.

Our growth requires that we continually hire and train new employees. A large percentage of our employees joined us within the past year and is still gaining experience with our recovery process, procedures and policies. Our newer employees tend to be less productive and generally produce the greatest rate of personnel turnover.

WE MAY NOT BE ABLE TO CONTINUE TO OBTAIN THE FINANCING WE NEED TO FUND OUR OPERATIONS

We cannot assure you that we will be able to meet our future liquidity requirements. We depend on external sources of financing to fund our operations, including our warehouse facility, securitizations and lines of credit. Recently, our need for additional financing and capital resources has increased dramatically with the growth of our business. Our failure to obtain financing

and capital as needed would limit our ability to operate our business or achieve our growth plans. Recent industry conditions, including the bankruptcy of credit card or other receivables purchasers, have caused a tightening of credit to companies serving these markets. Increased competition also affects the availability and cost of financing to us.

Our credit facilities impose a number of restrictive covenants, including financial covenants. Failure to satisfy any one of these covenants would preclude us from further borrowing under the defaulted facility and could prevent us from securing alternative sources of funds necessary to operate our business. Our warehouse facility also contains a condition to borrowing that we further diversify our receivables suppliers for portfolios to be financed under the warehouse facility after June 29 of this year. If we do not meet this condition at any given time thereafter, we would not be able to borrow under the warehouse facility until we achieve compliance.

WE MAY NOT BE ABLE TO PURCHASE RECEIVABLES AT SUFFICIENTLY FAVORABLE PRICES FOR US TO BE SUCCESSFUL

Our success depends upon the continued availability of receivables that meet our requirements. The availability of receivable portfolios at favorable prices depends on a number of factors outside of our control, including the continuation of the current growth trends in consumer debt and sales of receivable portfolios by originating institutions, as well as competitive factors affecting potential purchasers and sellers of receivables. In this regard, we compete with other purchasers of defaulted consumer receivables and with third-party collection agencies, and are affected by financial services companies that manage their own defaulted consumer receivables. Some of our competitors have greater capital, personnel and other resources than we do. The possible entry of new competitors, including competitors that historically have focused on the acquisition of different asset types, and the expected increase in competition from current market participants may reduce our access to receivables. In addition, aggressive pricing by competitors could raise the price of receivable portfolios above levels that we are willing to pay.

WE MAY NOT BE ABLE TO IDENTIFY AND ACQUIRE ENOUGH RECEIVABLES TO OPERATE PROFITABLY AND EFFICIENTLY

To operate profitably, we must continually service a sufficient number of receivables to generate income that exceeds our costs. Because fixed costs such as personnel salaries and lease or other facilities costs constitute a significant portion of our overhead, if we do not continually replace the receivable portfolios we service with additional receivable portfolios, we may have to reduce the number of employees in our recovery operations. We would then have to rehire employees as we obtain additional receivable portfolios. These practices could lead to:

- low employee morale, fewer experienced employees and higher training costs;
- disruptions in our operations and loss of efficiency in recovery functions; and
- excess costs associated with unused space in recovery facilities.

WE ARE HIGHLY DEPENDENT ON OUR TWO EXISTING FORWARD FLOW AGREEMENTS AND WE MAY NOT BE ABLE TO RENEW OR REPLACE THESE AGREEMENTS ON TERMS FAVORABLE TO US

We have agreements to purchase receivables considered uncollectible relating to

Discover Card and Montgomery Ward's credit card. These "forward flow" agreements are for one year and expire in December 1999. In 1998 and in the first quarter of 1999, we acquired substantially all of our receivables through these forward flow agreements. If we are not able to renew or replace one or both of our existing agreements or if we renew these agreements on less favorable terms, we may not be able to obtain a sufficient number of receivables to operate profitably, retain qualified personnel, or sustain our current growth.

ONE OF OUR PRIMARY SUPPLIERS MAY HAVE FEWER RECEIVABLES AVAILABLE TO PURCHASE

Montgomery Ward has been reorganizing under the federal bankruptcy code since we entered into our forward flow agreement relating to its credit card receivables. Although we have not experienced any slow down to date, we cannot assure you that the reorganization of Montgomery Ward will not result in the availability of fewer receivables under our forward flow agreements. Fewer available receivables could reduce our earnings if we are unable to purchase other receivables on comparable terms.

WE MAY NOT BE SUCCESSFUL AT ACQUIRING RECEIVABLES IN NEW MARKETS

We may pursue the acquisition of receivables in other consumer loan markets, such as student loans, in which we have little current experience. We may not be successful in completing any acquisitions. Moreover, even if completed, our lack of recent experience in these markets may impair our ability to profitably service these loans or may result in us paying too much for these loans to generate a profit from our acquisitions.

WE USE ESTIMATES IN OUR ACCOUNTING AND WE WOULD HAVE TO CHARGE OUR EARNINGS IF ACTUAL RESULTS WERE LESS THAN ESTIMATED

In accounting for our receivable portfolios, in general we establish their value at the lower of their "fair value" or their cost. We determine fair value based on the present value of anticipated cash collections based on our historical performance experience. The actual amount recovered by us on portfolios may not correlate to our historical performance experience. Our historical experience includes receivable portfolios that are much smaller than we have purchased in recent periods, and therefore may not produce comparable results. If recoveries on a portfolio are less than or slower than estimated, we may determine that the fair value of the receivable portfolio is less than its value on our books. We would then recognize a charge to earnings in the amount of such difference.

In our 1998 securitization, we retained the right to future collections that exceed all amounts owed and paid to the investors. We account for this right to future collections at fair value, which we determine based on the present value of anticipated cash collections. Actual recoveries on these receivables may be less than or slower than expected. If we determine that the fair value of our right to future collections is less than its value on our books, we would recognize a charge to earnings in the amount of the difference.

OUR SERVICING FEES MAY BE INSUFFICIENT TO COVER OUR ASSOCIATED SERVICING COSTS

Although we will receive a servicing fee to compensate us for our obligations to service receivables that are securitized, the servicing fee may not be sufficient to reimburse us for all of our costs associated with servicing the receivables. Specifically, we do not expect the servicing fee on our 1998

securitization to cover our costs of servicing and have therefore recorded a liability of $3.6 million in connection with the servicing agreement.

WE COULD LOSE OUR SERVICING RIGHTS, WHICH COULD LIMIT OUR ABILITY TO OBTAIN ADDITIONAL FINANCING

In a securitization or warehouse facility, the seller or borrower often is the servicer of the receivables. If we fail to satisfy our servicing obligations, our ability to securitize receivables and to obtain additional financing would be impaired. We could lose the right to service receivables included in our securitizations or warehouse facility for a variety of reasons including:

- defaults in our servicing obligations;
- breaches of representations and warranties related to a securitization or the warehouse facility; and
- bankruptcy or other insolvency.

OUR QUARTERLY OPERATING RESULTS MAY FLUCTUATE AND CAUSE OUR STOCK PRICE TO DECREASE

Because of the nature of our business, our quarterly operating results may fluctuate in the future which may adversely affect the market price of our common stock. The reasons our results may fluctuate include:

- the timing and amount of recoveries on our receivables;
- any charge to earnings resulting from a decline in the value of our receivable portfolios or in the value of our interest in securitized receivables, or any required increase in a related servicing liability; and
- increases in operating expenses associated with the growth of our operations.

WE ANTICIPATE CHANGING THE STRUCTURE OF OUR SECURITIZATIONS WHICH WILL LOWER OUR SHORT-TERM EARNINGS AND COULD AFFECT OUR ABILITY TO OBTAIN FINANCING AND AFFECT OUR STOCK PRICE

In future periods, we do not expect to recognize gains relating to securitization transactions as a result of our intent to structure and account for future securitizations as financing transactions. This will lower our short-term earnings and could affect our ability to finance our operations, as well as affect our stock price. For securitizations structured and accounted for as sale transactions, earnings for the reporting period in which the securitization transaction occurred are increased by the amount of the related gain on securitization. In structuring securitization transactions as financings, we will not recognize a gain at the time of securitization and therefore our earnings for the related reporting period will be lower relative to earnings results under gain on sale accounting. Since we accounted for our December 30, 1998 securitization as a sale transaction and thus recorded a related gain in 1998, our earnings during 1999 and future periods may not be comparable to those for 1998.

OUR RECOVERIES MAY DECREASE IN A WEAK ECONOMIC CYCLE

Since we began acquiring nonperforming receivables, the U.S. economy has generally been strong and many economic factors have been favorable. We cannot assure you that our recovery experience would not worsen in a weak economic cycle. If our actual recovery experience with respect to a receivable portfolio is significantly lower than we projected when we purchased the portfolio, our financial condition and results of operations could deteriorate.

WE COULD LOSE A MEMBER OF OUR SENIOR MANAGEMENT TEAM, WHICH COULD NEGATIVELY AFFECT OUR OPERATIONS

The loss of the services of one or more of our executive officers or key employees could disrupt our operations. We have employment agreements with Frank Chandler, our Chief Executive Officer and President, and each of our other senior executives. The agreements contain noncompetition provisions that survive termination of employment in some circumstances. However, these agreements do not assure the continued services of these officers and we cannot assure you that the noncompetition provisions will be enforceable.

WE COULD SUFFER YEAR 2000 COMPUTER PROBLEMS THAT COULD DISRUPT OUR OPERATIONS

We could be affected by failures of our business systems, as well as those of our suppliers and vendors, due to the year 2000 problem. Any failure could result in a disruption of our collection efforts which would impair our operations. We recently upgraded our computer, telecommunications, software applications, and business systems, and believe that these systems are substantially year 2000 ready. However, we cannot assure you that year 2000 problems will not arise with our systems.

In addition, year 2000 failures on the part of our suppliers or vendors could occur, which could also disrupt our operations. Our suppliers and vendors include our telephone and utility suppliers, our forward-flow contract and other receivables vendors and, to a lesser extent, our licensed software vendors. Potential consequences of our business systems, or the business systems of the third parties with whom we conduct

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business, not being year 2000 ready include failure to operate due to a lack of power, disruption or errors in credit information and receivable recovery efforts, and delays in receiving inventory and supplies.

OUR OPERATIONS COULD SUFFER FROM INADEQUATE OR COSTLY TECHNOLOGY OR PHONE SYSTEMS

Our success depends in large part on sophisticated telecommunications and computer systems. The temporary or permanent loss of our computer and telecommunications equipment and software systems, through casualty or operating malfunction, could disrupt our operations. In the normal course of our business, we must record and process significant amounts of data quickly and accurately to properly bid on prospective acquisitions of receivable portfolios and to access, maintain and expand the databases we use for our recovery activities. Any simultaneous failure of both of our information systems or software and their backup systems would interrupt our business operations.

Our business depends heavily on service provided by various local and long distance telephone companies. A significant increase in telephone service costs or any significant interruption in telephone services could reduce our profitability or disrupt our operations.

WE MAY NOT BE ABLE TO SUCCESSFULLY ANTICIPATE, INVEST IN OR ADOPT TECHNOLOGICAL ADVANCES WITHIN OUR INDUSTRY

Our business relies on computer and telecommunications technologies and our ability to integrate these technologies into our business is essential to our competitive position and our success. We may not be successful in anticipating, managing, or adopting technological changes on a timely basis. Computer and telecommunications technologies are evolving rapidly and are characterized by short product life cycles.

While we believe that our existing information systems are sufficient to meet our current demands and continued expansion, our future growth may require additional investment in these systems. We depend on having the capital resources necessary to invest in new technologies to acquire and service receivables. We cannot assure you that adequate capital resources will be available to us.

WE MAY MAKE ACQUISITIONS THAT PROVE UNSUCCESSFUL OR STRAIN OR DIVERT OUR RESOURCES

We intend to consider acquisitions of other companies in our industry that could complement our business, including the acquisition of entities in diverse geographic regions and entities offering greater access to industries and markets that we do not currently serve. We have no experience in completing acquisitions, and we may not be able to successfully acquire other businesses. If we do, we may not be able to successfully integrate these businesses with our own. Further, acquisitions may place additional constraints on our resources such as diverting the attention of our management from other business concerns. Through acquisitions, we may enter markets in which we have no or limited experience. Moreover, any acquisition may result in a potentially dilutive issuance of equity securities, incurrence of additional debt and amortization of expenses related to goodwill and intangible assets, all of which could reduce our profitability.

GOVERNMENT REGULATION MAY LIMIT OUR ABILITY TO RECOVER AND ENFORCE RECEIVABLES

Federal and state laws may limit our ability to recover and enforce receivables regardless of any act or omission on our part. Some laws and regulations applicable to credit card issuers may preclude us from collecting on receivables we purchase where the card issuer failed to comply with applicable law in generating or servicing the receivables we acquired. Laws relating to debt collections also directly apply to our business. Our failure to comply with any laws or regulations applicable to us could limit our ability to recover on receivables, which could reduce our earnings.

While all of our receivables acquisition contracts contain provisions indemnifying us for losses due to the originating institution's failure to comply with applicable laws and other events, we cannot assure you that the indemnities received from originating institutions will be adequate to protect us from losses on the receivables or liabilities to customers.

THE VOTING POWER OF OUR CONTROLLING STOCKHOLDERS MAY LIMIT YOUR VOTING RIGHTS

Our current stockholders, which include officers, directors and their affiliates, have and after the completion of the offering will continue to have control over our affairs. They will continue to have the ability to elect our directors and determine the outcome of votes by our stockholders on corporate matters, including mergers, sales of all or substantially all of our assets, charter amendments and other matters requiring stockholder approval.

WE CAN ISSUE PREFERRED STOCK WITHOUT YOUR APPROVAL WHICH COULD DILUTE AND REDUCE THE VALUE OF YOUR STOCK

Our charter documents authorize us to issue shares of "blank check" preferred stock, the designation, number, voting powers, preferences, and rights of which may be fixed or altered from time to time by our board of directors. Accordingly, the board of directors has the authority, without stockholder approval, to issue preferred stock with rights that could dilute the voting power or other rights of common stock holders or reduce the market value of the common stock.

ANTI-TAKEOVER PROVISIONS IN OUR CHARTER DOCUMENTS AND STATE LAW MAY INHIBIT BENEFICIAL CHANGES OF CONTROL

Our charter documents and Delaware law contain provisions which could make it more difficult for a third party to acquire us, even if such a change in control would be beneficial to our stockholders. For example:

- our board of directors has the power to issue shares of preferred stock and set the related terms without stockholder approval;
- we are restricted in our ability to enter into business combinations with interested stockholders;
- stockholders can remove a director, with or without cause, only upon the vote of the holders of at least two-thirds of the shares entitled to vote in the election of directors;
- stockholders can amend or repeal our bylaws only upon the vote of the holders of at least two-thirds of our outstanding common stock;
- the ability of our stockholders to call a special meeting is limited; and
- we require advanced notice for nominating candidates and for stockholder proposals.

ADDITIONAL SHARES OF OUR COMMON STOCK THAT WILL BE ELIGIBLE FOR FUTURE SALE IN THE PUBLIC MARKET AFTER THIS OFFERING COULD CAUSE OUR STOCK PRICE TO DECREASE OR LIMIT OUR ABILITY TO RAISE CAPITAL

If one or more of our stockholders sell substantial amounts of our common stock, the market price of our common stock could drop. These sales could make it

difficult for us to raise funds through future offerings of common stock or depress our stock price at a time when we need to raise capital.

When this offering is complete, there will be 8,274,464 shares of common stock outstanding. Of these shares, the 5,000,000 shares sold in this offering will be freely tradeable without restriction, except for any shares acquired by persons such as directors, officers and major stockholders. In addition, all other shares outstanding will be available for sale 180 days after the closing of this offering. Even the perception that additional shares could be sold in the public market could affect our stock price.

FORWARD-LOOKING STATEMENTS

Some of the information in this prospectus contains forward-looking statements within the meaning of the federal securities laws. These statements include, among others, statements found under "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Forward-looking statements typically are identified by use of terms such as "may," "will," "expect," "anticipate," "estimate" and similar words, although some forward-looking statements are expressed differently. You should be aware that our actual results could differ materially from those contained in the forward-looking statements due to a number of factors, some of which are beyond our control. Factors that could affect our results and cause them to differ from those contained in the forward-looking statements include:

- our ability to recover sufficient amounts on receivables to fund operations;

- our ability to hire and retain qualified personnel to recover our receivables efficiently;

- the availability of financing;

- the availability of sufficient receivables at prices consistent with our return targets; and

- our ability to renew our current forward flow agreements at favorable terms.

You should also consider carefully the statements under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and other sections of this prospectus which address additional factors that could cause our actual results to differ from those set forth in the forward-looking statements.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the shares of common stock we are offering will be $45.8 million. If the underwriters fully exercise the over-allotment option, the net proceeds of the shares sold by us will be $56.5

million. "Net proceeds" is what we expect to receive after paying underwriting discounts and commissions and estimated offering expenses. For the purposes of estimating net proceeds, we are assuming that the public offering price will be $15.00 per share. We will not receive any proceeds from the sale of shares by the selling stockholders.

We expect to use approximately $13.7 million of the net proceeds we receive to repay some of our existing $24.4 million in debt, with the balance to be used for working capital to facilitate expansion of the business, including the purchase of additional receivable portfolios and potential acquisitions of recovery businesses. We have no pending commitments related to any business acquisitions. Prior to using the proceeds as described above, we will invest the funds in short-term, investment grade, interest-bearing securities.

Our debt to be repaid includes a $15.0 million revolving credit facility with approximately $13.3 million outstanding as of June 10, 1999 and $0.4 million in Bank of Kansas loans. The revolving credit facility expires on July 15, 1999. The facility bears a floating interest rate based on the prime rate established by the lender resulting in a borrowing rate of 7.75% at June 10, 1999. The facility will be retired with the proceeds of this offering. The Bank of Kansas loans expire on January 15, 2001, have an interest rate of 9.00% and will be repaid in full with the proceeds of this offering. We currently use the revolving credit facility to fund receivable portfolio purchases and to provide working capital.

DIVIDEND POLICY

We have never declared or paid dividends on our common stock and we anticipate that we will retain earnings to support operations and to finance the growth and development of our business. Therefore, we do not intend to declare or pay dividends on the common stock for the foreseeable future. The declaration, payment and amount of future dividends, if any, will be subject to the discretion of our board of directors. In addition, while our current financing agreements do not place restrictions on dividend payments, we may be subject to dividend restrictions under future financing facilities.

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 1999 and as adjusted to give effect to our receipt of the estimated net proceeds from the sale of 3,333,333 shares of common stock offered by us at an assumed public offering price of $15.00 per share and the application of our net proceeds as described in "Use of Proceeds." To better understand this table you should review "Management's Discussion and Analysis of Financial Condition and Results of Operations," our financial statements, including the related notes, and the other financial information included elsewhere in this prospectus.

	MARCH 31, 1999	
	ACTUAL	AS ADJUSTED
Debt:		
Notes payable and other borrowings	$14,980,265	$ --
Stockholders' equity:		
Preferred Stock, par value $.01 per share, 5,000,000 shares authorized; none issued and outstanding	--	--
Common Stock, par value $.01 per share, 50,000,000 shares authorized; 4,941,131 shares issued and outstanding, actual; and 8,274,464 shares issued and outstanding, as adjusted	49,411	82,744
Additional paid-in capital	80,589	45,847,256

Unrealized gain	4,822,454	4,822,454
Retained earnings	8,084,558	8,084,558
Total stockholders' equity	13,037,012	58,837,012
Total capitalization	$28,017,277	$58,837,012

DILUTION

At March 31, 1999, our net tangible book value was $12.2 million or $2.47 per share. "Net tangible book value" is total assets minus the sum of liabilities and intangible assets. "Net tangible book value per share" is net tangible book value divided by the total number of shares of common stock outstanding as of March 31, 1999.

After giving effect to adjustments relating to the offering, our pro forma net tangible book value on March 31, 1999 would have been $58.0 million or $7.01 per share. The adjustments made to determine pro forma net tangible book value per share are the following:

- an increase in total assets to reflect the net proceeds received by us from the offering as described under "Use of Proceeds" assuming that the public offering price will be $15.00 per share; and

- the addition of the number of shares offered by us under this prospectus to the number of shares outstanding.

The following table illustrates the pro forma increase in net tangible book value of $4.54 per share and the dilution, or the difference between the offering price per share and net tangible book value per share, to new investors.

Assumed initial public offering price per share		$15.00
Net tangible book value per share at March 31, 1999	$2.47	
Increase in net tangible book value per share attributable to the offering	4.54	
Pro forma net tangible book value per share at March 31, 1999 after giving effect to the offering		7.01
Dilution per share to new investors in the offering		$ 7.99

The table below shows the difference between the existing stockholders and the new investors purchasing common stock in this offering with respect to the total number of shares acquired from MCM, the total consideration paid and the average price paid per share based upon an assumed initial public offering price of $15.00 per share.

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	
Existing stockholders.....	4,941,131	60%	$10,900,000	18%	$ 2.21
New investors.....	3,333,333	40	50,000,000	82	15.00
Total.....	8,274,464	100%	$60,900,000	100%	

The table above does not give effect to sales of shares by the selling stockholders.

SELECTED FINANCIAL DATA

This table sets forth selected historical financial data of MCM. You should read carefully the consolidated financial statements and notes included in this prospectus. The selected data in this section are not intended to replace the consolidated financial statements. The selected financial data, except for Selected Operating Data, as of December 31, 1995 and for the year then ended, were derived from our audited consolidated financial statements not included in this prospectus. Selected Operating Data are derived from the books and records of MCM. The selected financial data, except for Selected Operating Data, as of December 31, 1996, 1997 and 1998 and for the years then ended, were derived from our audited consolidated financial statements included elsewhere in this prospectus. These consolidated financial statements were audited by Ernst & Young LLP, independent auditors. The selected financial data as of March 31, 1998 and 1999 and for the three months then ended were derived from our unaudited consolidated financial statements included elsewhere in this prospectus. We derived the selected financial data as of December 31, 1994 and for the year then ended from unaudited consolidated financial statements that are not included in this prospectus. MCM's management believes that the unaudited historical consolidated financial statements contain all adjustments needed to present fairly in all material respects the information included in those statements, and that the adjustments made consist only of normal recurring adjustments. Operating results for the three months ended March 31, 1999 are not necessarily indicative of results that may be expected for the entire year or results that we will achieve in the future.

	FOR THE YEAR ENDED DECEMBER 31,					FOR THE THREE MONTHS ENDED MARCH 31,	
	1994	1995	1996	1997	1998	1998	1999
	(IN THOUSANDS, EXCEPT PER SHARE AND PERSONNEL DATA)						
CONSOLIDATED STATEMENT OF OPERATIONS DATA:							
REVENUES							
Income from receivable portfolios.....	$ 1,676	$ 2,035	$ 2,387	$ 3,200	$ 15,952(1)	$ 3,047	$ 569
Income from retained interest.....	--	--	--	--	--	--	1,660
Gain on sales of receivable portfolios.....	563	501	995	2,014	10,818(2)	169	--
Servicing fees and related income.....	44	--	--	--	105	--	1,971
Total revenues.....	2,283	2,536	3,382	5,214	26,875	3,216	4,200
EXPENSES							
Salaries and employee benefits.....	1,345	1,439	1,650	2,064	7,472	883	3,684
Other operating expenses.....	289	261	200	338	2,201	287	815
General and administrative expenses.....	272	330	306	490	1,290	119	739
Depreciation and amortization.....	105	103	96	156	426	41	205
Total expenses.....	2,011	2,133	2,252	3,048	11,389(3)	1,330	5,443
Income (loss) before interest, income taxes and extraordinary charge.....	272	403	1,130	2,166	15,486	1,886	(1,243)
Interest and other expenses.....	26	133	145	819	2,886(1)	615	128
Income (loss) before income taxes and extraordinary charge.....	246	270	985	1,347	12,600	1,271	(1,371)
Provision for income taxes.....	4	97	391	540	5,065	478	(546)

Income (loss) before extraordinary charge.....	242	173	594	807	7,535	793	(824)
Extraordinary charge, net of income tax.....	--	--	--	--	180	180	--
Net income(loss).....	$ 242	$ 173	$ 594	$ 807	$ 7,355	$ 613	$ (824)
Net income (loss) per common share:							
Basic.....	$ 0.05	$ 0.04	$ 0.12	$ 0.16	$ 1.49(4)	$ 0.12	$ (0.17)
Diluted.....	$ 0.05	$ 0.04	$ 0.12	$ 0.16	$ 1.47(4)	$ 0.12	$ (0.16)
Average common shares outstanding:							
Basic.....	4,941	4,941	4,941	4,941	4,941	4,941	4,941
Diluted.....	4,941	4,941	4,941	4,941	4,996	5,316	5,020

	FOR THE YEAR ENDED DECEMBER 31,					FOR THE THREE MONTHS ENDED MARCH 31,	
	1994	1995	1996	1997	1998	1998	1999
	(IN THOUSANDS, EXCEPT PER SHARE AND PERSONNEL DATA)						
OTHER FINANCIAL DATA:							
Cash flows provided by (used in):							
Operations.....	$ 836	$ (136)	$ (27)	$ (1,076)	$ 3,434	$ 1,108	$ (4,247)
Investing.....	(677)	320	(1,623)	(10,723)	9,155	(5,548)	(5,285)
Financing.....	(212)	(91)	1,620	12,156	(8,408)	4,623	7,118
Return on average assets(5).....	12.27%	8.20%	22.09%	9.30%	24.72%(6)	2.92%	(2.28)%
Return on average equity(5).....	675.16%	57.03%	89.27%	66.54%	196.18%(6)	55.23%	(6.28)%
SELECTED OPERATING DATA:							
Collections on receivable portfolios (including securitized portfolios).....	$ 2,217	$ 2,722	$ 3,173	$ 5,127	$ 15,940	$ 2,293	$ 6,901
Purchases of receivable portfolios, at face value.....	32,888	58,091	142,438	653,912	722,597	132,380	101,654
Purchases of receivable portfolios, at cost....	616	1,090	4,216	18,249	24,762	4,842	4,179
Total recovery personnel, at end of period.....	34	35	44	53	379	131	478
Total employees, at end of period.....	49	51	56	72	446(3)	156	588

	AS OF DECEMBER 31,					AS OF MARCH 31,
	1994	1995	1996	1997	1998	1999
	(IN THOUSANDS)					
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION DATA:						
Cash.....	$ 57	$ 150	$ 120	$ 477	$ 4,658	$ 2,244
Investment in receivable portfolios.....	473	660	2,840	15,411	2,052(1)	6,426
Retained interest in securitized receivables.....	--	--	--	--	23,986(2)	25,403
Total assets.....	1,952	1,734	4,034	16,964	34,828	40,294
Notes payable and other borrowings.....	$1,227	$1,136	$2,756	$14,774	$ 7,005(1)	$ 14,980
Capital lease obligations.....	--	--	--	--	506	490
Total liabilities.....	1,880	1,581	3,287	15,410	20,906	27,257
Total stockholders' equity.....	72	153	747	1,554	13,922	13,037

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(1) During 1998, prior to the December 30 securitization transaction, we increased our investment in receivable portfolios by $21.0 million or 135.5%. In addition, $13.0 million or 71.5% of our 1997 acquisitions of receivable portfolios occurred during the fourth quarter of 1997. As a result, income from receivable portfolios increased dramatically in 1998. In order to finance the significant increase in acquisitions of receivable portfolios during 1998, MCM's borrowings increased correspondingly during the year. MCM had average monthly borrowings of $23.7 million during 1998, as compared to $6.9 million during 1997, resulting in a 312.7% increase in interest expense.

(2) In December 1998, we completed our first securitization transaction of receivable portfolios, which had a carrying value of $33.8 million. The transaction was structured and accounted for as a sale in accordance with SFAS 125, which resulted in a pretax gain of $9.3 million. In connection with the securitization transaction, we recorded a retained interest in the securitized receivables and a servicing liability. The retained interest is

carried on our books at fair value in accordance with SFAS 115 and changes in the fair value, as well as the initial write up to fair value, are recorded in a separate component of stockholders' equity.

We intend to structure and account for our future securitization transactions as financings, rather than sales. As a result, MCM will not record a gain at the time of securitization and the securitized receivables and related debt will remain on our statement of financial condition.

(3) In connection with the opening of the Phoenix facility, we increased our employees from 72 at December 31, 1997 to 446 at December 31, 1998. As a result of this increase in employees and the costs associated with establishing the Phoenix facility, MCM's expenses increased significantly during 1998.

(4) Earnings per share based on income before extraordinary charge is as follows:

	FOR THE YEAR ENDED DECEMBER 31, 1998	FOR THE THREE MONTHS ENDED MARCH 31, 1999
Basic	$1.52	$(0.17)
Diluted	$1.51	$(0.16)

(5) Average assets and average equity were determined based on the average of monthly balances during the year.

(6) Return on average assets and return on average equity for 1998 include the effect of the securitization transaction which closed on December 30, 1998. As a result of the securitization, total assets decreased approximately $10.7 million primarily due to the net effect of the sale of the receivable portfolios ($33.8 million) and recognition of the interest we retained in the receivables ($24.0 million). Additionally, stockholders' equity increased approximately $10.5 million due to the recognition of the unrealized gain on the retained interest of $4.9 million and the gain on securitization, net of tax of $5.6 million. If the securitization transaction were excluded from the return calculations, the results for 1998 would be as follows:

Return on average assets	5.92%
Return on average equity	63.13%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this discussion together with the consolidated financial statements and other financial information included in this prospectus.

OVERVIEW

We acquire and service consumer receivables originated from a variety of sources. The sellers of these receivables consider them uncollectible and have typically written them off of their financial records. We currently focus on acquiring charged-off credit card receivables originated by major banks and merchants. Credit card issuers often sell a significant portion of their charged-off receivables to allow them to focus on their core businesses and realize immediate cash proceeds and earnings. Because the credit card issuers have already attempted to recover the receivables, we are able to buy receivable portfolios at substantial discounts to their face amounts.

We have grown rapidly in recent periods. We opened a new servicing center in Phoenix, Arizona in 1998 and we employed 430 recovery personnel at this facility at March 31, 1999. From January 1, 1994 through March 31, 1999, we acquired $1.7 billion of receivable portfolios for $53.3 million, of which we acquired $722.6 million of receivable portfolios in 1998 for $24.8 million. Through March 31, 1999, we recovered $46.2 million on these receivable portfolios.

We completed our first securitization in December 1998, which we structured for accounting purposes as a sale of the receivables. In the future, we intend to structure and account for our securitizations as financing transactions rather than sales. As a result, we will recognize income over the estimated life of the receivables rather than recognize a gain at the time of a securitization. In addition, the receivables and corresponding debt will remain on our statement of financial condition. This will result in lower income relative to income reflective of gain on sale accounting in the reporting period in which the securitization occurs, as there will be no gain recorded at the time of the securitization.

Origination

Portfolio Purchases. MCM purchases receivable portfolios on a transaction by transaction basis as well as through forward flow agreements with originating institutions. Under a forward flow agreement, MCM agrees to purchase charged-off receivables from a third-party supplier on a periodic basis at a predetermined price over a specified time period. To date, we have structured forward flow agreements relating to two credit cards. We completed substantially all our portfolio purchases during 1998 and the first quarter of 1999 under these forward flow agreements, which will terminate in December 1999, unless renewed.

Our industry places receivables into categories depending on the number of collection agencies that have previously attempted to collect on the receivables. For example, "zero agency receivables" have had no previous third-party collection activity and "secondary agency receivables" have had two previous collection agencies attempt to collect on the receivables. In 1998 and the first quarter of 1999, we acquired primarily zero and secondary agency receivables.

Accounting

Static Pool Analysis. We account for our investment in receivable portfolios on the accrual basis of accounting in accordance with the provisions of the American Institute of Certified Public Accountants' Practice Bulletin 6,

"Amortization of Discounts on Certain Acquired Loans." When MCM acquires a portfolio, it records it at cost, and establishes the portfolio as a separate static pool. MCM accounts for each static pool as a separate unit for the economic life of the pool to track income from each receivable portfolio, to apply recoveries to the principal of each receivable portfolio and to make provisions for loss or impairment of each receivable portfolio.

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In accounting for our investment in receivable portfolios, MCM has developed a proprietary software model to facilitate cash flow modeling of each static pool and determine the internal rate of return for income recognition purposes. MCM projects the timing and amounts of recoveries based on historical performance experience, as well as current market conditions and specific portfolio characteristics. Income from receivable portfolios is accrued based on the internal rate of return determined for each pool applied to each pool's original cost basis, adjusted for unpaid accrued income and principal paydowns. To the extent recoveries exceed the income accrual, the carrying value is reduced. If the accrual is greater than recoveries, then the carrying value of the receivable portfolios is increased by this amount. Accretion typically occurs in the early months of ownership of the portfolios during which time recoveries are lower while MCM begins the process of skip tracing efforts and initiating contact with the borrowers.

At least quarterly, we evaluate the reasonableness of our assumptions relating primarily to the amounts and timing of recoveries and the discount rate based on actual performance. In the event that assumptions need to be adjusted, MCM prospectively adjusts the internal rate of return, and thus the income accrual for a pool. We also monitor impairment of our receivable portfolios on a quarterly basis based on the fair value of each portfolio compared to each portfolio's carrying amount. We base the fair value of the portfolio on discounted expected future cash flows, using a discount rate which reflects an acceptable rate of return adjusted for risks specific to the portfolio.

Securitizations. On December 30, 1998, MCM completed a securitization transaction of portfolio receivables. Midland Receivables 98-1 Corporation, a bankruptcy remote special purpose entity formed by MCM, issued nonrecourse notes in the amount of $33.0 million bearing interest at 8.63% per annum. The notes are collateralized by the securitized charged-off receivables and a cash reserve account of approximately $1.0 million, and are insured through a financial guaranty insurance policy. The securitized receivables had an original aggregate face amount of approximately $1.3 billion without giving effect to recoveries or settled balances and a carrying value of $33.8 million at the time of transfer.

For accounting purposes, the transaction was recorded as a sale under the provisions of Statement of Financial Accounting Standards No. 125 (SFAS 125). MCM recognized a pretax gain of $9.3 million from the securitization transaction. The proceeds from the securitization were used by MCM to pay off the line of credit balance incurred in connection with the purchase of the receivables, to retire other debt and to pay transaction costs.

In connection with the securitization transaction, MCM recorded a retained interest in the securitized receivables and a servicing liability. The retained interest represents MCM's right to a portion of the collections from securitized receivables, to the extent the aggregate of such collections exceeds all amounts owed to note holders. MCM has projected that the total amount of recoveries from the securitized receivables will significantly exceed amounts owed to note holders. We have recorded our retained interest at its relative fair value of $24.0 million. Fair value is determined based on the present value of the anticipated cash collections in excess of amounts owed to note holders. In connection with servicing obligations, for which MCM receives a servicing fee of 20% of gross monthly recoveries, MCM recorded a servicing liability in the amount of $3.6 million. In this regard, we do not expect the benefits of servicing the securitized receivables to fully compensate us for our costs to perform the servicing. The amortization of the servicing liability is included in servicing fees and related income in the consolidated statement of operations over the expected term of the securitization. See Note 1 of the consolidated

financial statements for further discussion of MCM's accounting for the securitization transaction.

In determining the gain on the securitization, and to value our retained interest in the securitization MCM assumed a discount rate of 30% based on rates of return for similar financial instruments and what we believe to be an acceptable rate of return, adjusted for the related risk. Based on historical performance, we assumed that:

- recoveries will occur over a period of 48 to 60 months following closing; and
- total recoveries on the individual receivable portfolios will range from 2 to 3 times their original cost basis.

We cannot assure you that actual recoveries will match our estimates. Until the note holders have been paid in full, the income accreted each month will increase the carrying amount of the retained interest. As the carrying amount of the retained interest increases, the interest income attributable to the retained interest will also increase.

Consistent with the monitoring of the performance of our receivable portfolios, on a quarterly basis, MCM will evaluate the reasonableness of MCM's assumptions relating to the securitization in light of actual performance. In the event assumptions need to be adjusted, MCM will prospectively adjust the internal rate of return, and thus the income accrual. Additionally, each quarter, MCM will monitor impairment of the retained interest based on its fair value as compared to its carrying value. Provisions for losses are charged to earnings when it is determined that the retained interest's original allocated basis, adjusted for accrued interest and principal paydowns, is greater than the present value of expected future cash flows.

In the future, we intend to structure and account for our securitizations as financing transactions rather than sales. Structuring transactions to record a gain on sale is appropriate from an accounting perspective and has been a common industry practice. However, we believe that structuring securitizations as financings is becoming more widespread in our industry, because this treatment is simpler to account for, produces a more consistent level of portfolio income, results in a less complicated statement of financial condition and, accordingly, is increasingly favored by the investment community. If we structure our securitizations as financings, we will recognize income over the estimated life of the receivables rather than recognize a gain at the time of a securitization. In addition, the receivables and corresponding debt will remain on our balance sheet. This will result in lower income relative to income reflective of gain on sale accounting in the reporting period in which the securitization occurs, as there will be no gain recorded at the time of securitization.

RESULTS OF OPERATIONS

Three Months Ended March 31, 1999 Compared To Three Months Ended March 31, 1998

Revenues. Total revenues for the three months ended March 31, 1999 were $4.2 million compared to total revenues of $3.2 million for the three months ended March 31, 1998, an increase of $1.0 million or 31%. The increase in revenues was the net result of a decrease in income from receivable portfolios of $2.5 million; an increase in income on retained interest of $1.7 million; a decrease in gain on sale of receivable portfolios of $0.2 million; and an increase in servicing fees and related income of $2.0 million.

The investment in receivable portfolios balance decreased $14.0 million or 69%, from $20.4 million at March 31, 1998 to $6.4 million at March 31, 1999, primarily as a result of the December 30, 1998 securitization of receivable portfolios with a carrying amount of $33.8 million. Consequently income from receivable portfolios decreased $2.5 million or 77%, from $3.1 million to $0.6 million for the three months ended March 31, 1998 and 1999, respectively.

In connection with the December 30, 1998 securitization transaction and the related servicing agreement, MCM recorded a retained interest in the securitized receivables and a servicing liability. As a result, MCM recognized income from retained interest in securitized receivables in the amount of $1.7 million, servicing fees in the amount of $1.3 million and amortization of servicing liability in the amount of $0.6 million for the three months ended March 31, 1999.

MCM had no sales of individual receivable portfolios during the three months ended March 31, 1999.

Total Expenses (not including Interest and Other Expenses). Total expenses were $5.4 million for the three months ended March 31, 1999 compared to $1.3 million for the three months ended March 31, 1998, an increase of $4.1 million or 315%. The increase in expenses is reflective of the significant growth of MCM during the past twelve months. Specifically, the Phoenix location commenced operations in February 1998 and grew to 495 personnel as of March 31, 1999. Total expenses as a percentage of

revenues were 130% for the three months ended March 31, 1999 compared to 41% for the three months ended March 31, 1998. The increase in expenses as a percentage of revenues was a result of:

- the increase in expenses pertaining to the continued expansion of the Phoenix location and the growth in total employees from 156 at March 31, 1998 to 588 at March 31, 1999; and

- the decrease in revenues for the three months ended March 31, 1999 due to the decline in income from receivable portfolios as a result of the December 30, 1998 securitization transaction (which resulted in a gain of $9.3 million).

Other operating expenses such as telephone, postage, credit bureau reports, rent and depreciation increased $0.5 million or 184% from $0.3 million to $0.8 million for the three months ended March 31, 1998 and 1999, respectively. This increase was due to the expansion of the Phoenix location and resulting increase in collection operations.

Interest and Other Expenses. Total interest and other expenses for the three months ended March 31, 1999 was $0.1 million compared to $0.7 million for the three months ended March 31, 1998, a decrease of $0.6 million or 81%. Interest expense for the three months ended March 31, 1999 was $0.2 million compared to $0.6 million for the three months ended March 31, 1998, a decrease of $0.4 million or 65%. MCM used proceeds from the securitization transaction to pay down its debt.

Provision for Income Taxes. For the three months ended March 31, 1999, MCM recorded an income tax benefit of $0.5 million, reflecting an effective rate of 39.8%. For the three months ended March 31, 1998, MCM recorded income tax expense of $0.5 million, reflecting an effective tax rate of 37.6%.

Net Loss. The net loss for the three months ended March 31, 1999 was $0.8 million compared to net income of $0.6 million for the three months ended March 31, 1998.

Year Ended December 31, 1998 Compared To Year Ended December 31, 1997

Revenues. Total revenues for the year ended December 31, 1998 were $26.9 million compared to total revenues of $5.2 million for the year ended December 31, 1997, an increase of $21.7 million or 415%. The increase in revenues was principally the result of an increase in income from receivable portfolios of $12.8 million resulting from MCM's significant acquisitions of receivable portfolios in late 1997 and 1998, and the gain of $9.3 million from the December 30, 1998 securitization transaction. During the year ended December 31, 1998, MCM acquired receivable portfolios at a cost of $24.8 million with an aggregate face value amount of $722.6 million, and during the year ended December 31, 1997, MCM acquired receivable portfolios at a cost of $18.2 million with an aggregate face value of $653.9 million. Additionally, in connection with the December 30, 1998 securitization transaction, MCM recognized $105,000 of servicing income for the year ended December 31, 1998, representing the servicing fees for the last two days of the year.

Total Expenses (not including Interest and Other Expenses). Total expenses increased to $11.4 million for the year ended December 31, 1998 from $3.0 million for the year ended December 31, 1997, representing an increase of $8.4 million or 274%. Total expenses as a percentage of revenues were 42% for 1998 compared to 58% for 1997. While total expenses increased by 274% during 1998 as a result of establishing and staffing the Phoenix facility, total revenues increased by 415%. As a result, total expenses as a percentage of total revenues decreased for 1998. The increase in revenues reflects a $9.3 million gain relating to MCM's first securitization transaction. Because we intend to structure and account for our securitizations in the future as financings rather than sales, we will not recognize gains at the time of a securitization in the future.

Salaries and employee benefits increased by $5.4 million or 262% from $2.1 million in the year ended December 31, 1997 to $7.5 million in the year ended December 31, 1998 as a result of an increase in total employees from 72 employees at December 31, 1997 to 446 employees at December 31, 1998, related

primarily to the staffing of MCM's Phoenix facility, which opened in February 1998. The increase in salaries and benefits can be attributed to MCM's investment in the following areas:

- the hiring of experienced account managers who conduct collection activities for the Phoenix recovery facility;

- the hiring of senior management and middle management to supervise the growth in recovery personnel and receivable portfolios, and the hiring of skip tracers who locate customers to support recovery efforts;

- investment in data processing and computer systems and related professionals to enhance and manage MCM's proprietary account management

system; and

- investment in full time training and compliance personnel to provide ongoing education, quality control and support for the recovery personnel.

Other operating expenses, such as telephone, postage and credit bureau reporting, increased by $1.9 million or 551% from $0.3 million in 1997 to $2.2 million in 1998, consistent with the increase in receivable portfolios and recovery personnel.

General and administrative expenses increased by $0.8 million or 163% from $0.5 million in 1997 to $1.3 million in 1998 primarily as a result of an increase in rent expense and other occupancy costs associated with the Phoenix operation.

Interest and Other Expenses. Total interest and other expenses increased by $2.1 million or 252% to $2.9 million in 1998, as compared to $0.8 million in 1997. Interest expense increased from $0.7 million in 1997 to $3.0 million in 1998 as a result of increased borrowings to finance the significant growth in acquisitions of receivable portfolios during 1998 and the last four months of 1997. During 1998, prior to the December 30 securitization transaction, we increased our investment in receivable portfolios by $21.0 million or 136%. In addition, we acquired $13.0 million of receivable portfolios during the fourth quarter of 1997, representing 72% of total 1997 acquisitions. To finance these acquisitions of receivable portfolios, MCM's borrowings increased during 1998. MCM had average monthly borrowings of $23.7 million during 1998, as compared to $6.9 million during 1997, resulting in a 313% increase in interest expense. A significant portion of the debt from acquisitions of receivable portfolios was retired with the proceeds from the securitization transaction.

Provision For Income Taxes. Income taxes for the year ended December 31, 1998 were $5.1 million, reflecting an effective tax rate of 40.2%, and for the year ended December 31, 1997 were $0.5 million, reflecting an effective tax rate of 40.1%. Deferred tax liabilities were $8.2 million at December 31, 1998, which includes $3.7 million relating to the gain on the securitization transaction and $3.3 million relating to the unrealized gain on the retained interest in securitized receivables. See Note 6 to the consolidated financial statements for further discussion of income taxes.

Extraordinary Charge. In connection with the early extinguishment of debt under one of MCM's previous line of credit agreements, in 1998 MCM recognized an extraordinary charge for prepayment fees and penalties, net of income tax benefit, of $0.2 million.

Net Income. Net income for the year ended December 31, 1998 was $7.4 million compared to $0.8 million for the year ended December 31, 1997, an increase of 812%.

Year Ended December 31, 1997 Compared To Year Ended December 31, 1996

Revenues. Total revenues for the year ended December 31, 1997 were $5.2 million compared to total revenues of $3.4 million for the year ended December 31, 1996, an increase of $1.8 million or 54%. The increase in revenues was principally the result of an increase in income from receivable portfolios of $0.8 million and an increase in the gains on individual sales of receivable portfolios of $1.0 million. During the year ended December 31, 1997, MCM acquired receivable portfolios at a cost of $18.2 million with an

aggregate face value of $653.9 million, and during the year ended December 31,

1996, MCM acquired receivable portfolios at a cost of $4.2 million with an aggregate face value of $142.4 million.

Total Expenses (not including Interest and Other Expenses). Total expenses were $3.0 million during 1997 compared to $2.3 million during 1996. Total expenses as a percentage of revenues were 59% for the year ended December 31, 1997 and 67% for the year ended December 31, 1996. The dollar increase in total expenses can be attributed to an increase in salaries and employee benefits, in turn reflecting the growth in total employees to 72 as of December 31, 1997, compared to 56 as of December 31, 1996. Other operating expenses such as telephone, postage and credit bureau reports increased consistent with the increase in employees.

Interest and Other Expenses. Interest expense increased $0.6 million from $0.1 million in 1996 compared to $0.7 million in 1997. MCM secured a line of credit agreement with a limit of $10 million in September 1997 for the purpose of acquiring receivable portfolios.

Provision for Income Taxes. Income taxes for the year ended December 31, 1997 were $0.5 million, reflecting an effective tax rate of 40.1%, and for the year ended December 31, 1996 were $0.4 million, reflecting an effective tax rate of 39.7%.

Net Income. Net income for the year ended December 31, 1997 was $0.8 million compared to $0.6 million for the year ended December 31, 1996.

LIQUIDITY AND CAPITAL RESOURCES

Historically, MCM's cash flow has been provided by:

- recoveries on receivable portfolios;
- individual sales and securitization of receivable portfolios; and
- line of credit agreements and other borrowings.

At March 31, 1999, MCM had cash of $2.2 million, compared to $4.7 million at December 31, 1998. The decrease in cash can be attributed to an increase in expenses due to the growth in our Phoenix facility. In addition, the cash balance at December 31, 1998 reflected the proceeds of the December 30 securitization transaction, net of debt repayments.

MCM had total recoveries on receivable portfolios of $6.9 million for the three months ended March 31, 1999, $15.9 million during 1998 and $5.1 million during 1997. Total proceeds from sales of receivable portfolios during 1998 amounted to $37.2 million, of which $33.0 million was derived from the securitization transaction completed by MCM on December 30, 1998. There were no sales of receivable portfolios during the three months ended March 31, 1999.

On March 31, 1999, MCM, through a bankruptcy remote subsidiary, entered into a securitized receivables acquisition facility or "warehouse facility" allowing for a current maximum funding of up to $20.0 million, which may increase to $35.0 million if we identify additional investors or procure additional investments from the existing investors. As of June 10, 1999, we had borrowed $10.6 million under the warehouse facility. The warehouse facility has a two-year revolving funding period expiring April 15, 2001 or earlier if an event occurs under the warehouse facility which enables the investors to discontinue the revolving portion of the facility. The funding period may be extended with the consent of the noteholders and other interested parties. All amounts outstanding under the warehouse facility are payable at the end of the revolving funding period as so extended. The warehouse facility carries a floating interest rate of 80 basis points over LIBOR and is rated "AA" by Standard and Poor's Corporation. The warehouse facility is secured solely by a trust estate, primarily consisting of receivables acquired by MCM. Generally, the warehouse facility provides for funding of 90 to 95 percent of the acquisition cost of portfolio receivables, depending on the type of receivables acquired, and MCM is

required to fund the remaining 5 to 10 percent of the purchase cost. MCM funded a payment of $200,000 into a liquidity reserve account and

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is required to contribute to the reserve account to maintain a balance equal to 3% of the amount borrowed. The debt service requirements of the warehouse facility will significantly increase liquidity requirements.

The warehouse facility contains a condition to borrowing that we further diversify our receivables suppliers for portfolios to be financed under the warehouse facility after June 29 of this year. Although there can be no assurance in this regard, we expect to obtain a modification to this condition which will place us in compliance at June 29, 1999. We will need to meet this condition at each subsequent funding.

On December 30, 1998, MCM completed its first securitization transaction. MCM expects to perform additional securitizations in the future and use the proceeds from these transactions to repay the warehouse credit facility and provide working capital.

Historically, MCM has used lines of credit to fund receivable portfolio acquisitions, as well as operating and capital expenditures, as needed. MCM maintains a $15.0 million revolving line of credit that extends through July 15, 1999. We use the line to fund receivable portfolio acquisitions and provide working capital. This line of credit has a floating interest rate based on the lender's prime rate. MCM anticipates that it will pay off this line of credit which had a balance outstanding of $13.3 million at June 10, 1999, with a portion of the proceeds of this offering. We paid off another of our credit facilities with the proceeds from the December 30, 1998 securitization transaction.

Capital expenditures for fixed assets and capital leases were $0.9 million during the three months ended March 31, 1999 and $3.3 million during the year ended December 31, 1998, reflecting several significant capital expenditures for the Phoenix operation, including a mainframe computer, telephone equipment, a microwave telephone transmitter, a predictive dialer system, and individual workstations. MCM spent $0.2 million and $0.5 million for fixed assets during 1997 and 1996, respectively. Fixed asset purchases during the three months ended March 31, 1999 and during 1998 and 1997 were funded primarily from borrowings on lines of credit, recoveries on receivable portfolios and two capitalized lease agreements with a combined outstanding balance of $506,000 as of December 31, 1998.

We plan to continue to expand our operations, which will include continued increases in acquisitions of receivable portfolios, expansion of recovery facilities, significant growth in personnel, and further increases in capital expenditures, such as computer and telephone equipment and system upgrades. MCM anticipates funding working capital needs and capital expenditures with the proceeds from the public offering, excess cash flows, and credit agreements. MCM has budgeted $2.2 million for capital expenditures in 1999, assuming no new facilities are added.

Year 2000

MCM is preparing for the impact of the year 2000 on our business. The year 2000 problem is a phrase used to describe the problems created by systems that are unable to accurately interpret dates after December 31, 1999. These problems derive predominantly from the fact that many software programs have historically categorized the "year" in a two-digit format. The year 2000 problem creates potential risks for MCM, including potential problems in the information technology and non-IT systems used in MCM's business operations. MCM may also be exposed to risks from third parties with whom MCM interacts who fail to adequately address their own year 2000 problems.

In 1996, we commenced a review of our internal IT and non-IT systems to identify potential year 2000 problems. We believe that we have reviewed and revised all software applications to meet year 2000 standards using date routines that properly acknowledge the year 2000. The cost of the revisions has been less than $75,000 and has been absorbed by MCM as part of our normal programming expense each year. MCM does not believe the total costs of revisions will exceed $100,000 in the aggregate. Further, MCM has not deferred any IT projects due to year 2000 efforts.

In planning for growth, during 1998 we upgraded our mainframe computer hardware and our processing software. Based on representations from the manufacturers, all computer systems have been certified to be year 2000 ready. The telecommunications systems and services have been certified by their providers to be year 2000 ready. However, we may not have recourse to our suppliers because they disclaim liability for

their year 2000 certifications. We also replaced our accounting and financial system software during 1998 with a system that is year 2000 ready. While we believe that our systems will function without year 2000 problems, MCM will continue to review and, if necessary, replace systems or system components as necessary.

MCM is also dependent on third parties such as suppliers and service providers and other vendors. If these or other third parties fail to adequately address the year 2000 problem, MCM could experience a negative impact on our business operations or financial results. For example, the failure of some of MCM's principal suppliers to have year 2000 ready IT systems could impact MCM's ability to acquire and service receivable portfolios. MCM purchases receivable portfolios from some of the largest credit card originators in the United States. MCM expects these vendors to resolve the year 2000 problem successfully. The receivable portfolios acquired under MCM's forward flow agreements have been formatted by the originators and provided to MCM with a four-digit year that is year 2000 ready and MCM expects the data acquired in the future will conform to this format.

MCM has developed and implemented a general disaster recovery plan that addresses situations that may result if MCM or any material third parties encounter technological problems. The disaster recovery plan consists of:

- a contractual agreement with a third-party insurer to have our computer hardware replaced within 48 hours of a disaster;

- daily software backup and offsite storage by a commercial storage company; and

- internal backup of each facility's computer system by the other facility's system.

Although we do not have a contingency plan specific to the year 2000 problem, we believe that this general disaster recovery plan could address some of the problems that could arise from a year 2000 failure.

We cannot assure you that we will be completely successful in our efforts to address the year 2000 problem. If some of MCM's or our vendors' systems are not year 2000 ready, MCM could suffer lost revenues or other negative consequences, including systems malfunctions, diversion of resources, incorrect or incomplete transaction processing, and litigation.

INFLATION

MCM believes that inflation has not had a material impact on our results of operations for the three years ended December 31, 1996, 1997 and 1998 since inflation rates generally remained at relatively low levels.

RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") continues to issue amendments and interpretive guidance relating to SFAS 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities." The FASB is currently drafting its Third Edition of its Questions and Answers Special Report ("Special Report") relating to SFAS 125. The impact, if any, of the FASB Special Report or any other future amendments or interpretive guidance on our consolidated financial statements is not known at this time.

The Accounting Standards Executive Committee of the AICPA issued a proposed statement of position ("SOP") dated January 6, 1998, "Accounting for Discounts Related to Credit Quality" which addresses the accounting for discounts on certain financial assets and debt securities when the discount is attributable to credit quality. The proposed SOP would limit the amount of discount that may be accreted to the excess of the estimate of undiscounted expected future principal and interest cash flows over the initial investment in the financial asset. It would relate subsequent impairment of the financial asset to the inability to collect all cash flows expected at acquisition. The proposed SOP would allow subsequent increases in expected cash flows to be recognized prospectively through adjustment of yield over the remaining life of the financial asset. The provisions of this proposed SOP would be effective for financial

statements issued for fiscal years ending after June 15, 2000. The effect of applying the proposed SOP is not expected to be material to MCM's consolidated financial statements.

MARKET RISK DISCLOSURE

We accrue income on our retained interest and receivable portfolios based on the effective interest rate, i.e., internal rate of return, applied to the original cost basis, adjusted for accrued income and principal paydowns. Effective interest rates are determined based on assumptions regarding the timing and amounts of portfolio collections. Such assumptions may be affected by changes in market interest rates. Accordingly, changes in market interest rates may affect our earnings.

If the annual effective interest rate for our retained interest averages 500 basis points more in 1999 than the expected effective rate as of December 31, 1998, representing a 10% change, the income on our retained interest would be approximately $392,000 higher. Comparatively, if the annual effective interest rate for our retained interest averages 500 basis points less in 1999 than the expected effective rate as of December 31, 1998, representing a 10% change, the income on our retained interest would be approximately $392,000 lower.

If the annual effective interest rate for MCM's receivable portfolios averages 900 basis points more in 1999 than the expected effective rate as of December 31, 1998, representing a 10% change, our income from receivable portfolios, as

well as income before income taxes, would be approximately $135,000 higher, based on the balance of the receivable portfolios as of December 31, 1998 in the amount of $2.1 million. Comparatively, if the annual effective interest rate for our receivable portfolios averages 900 basis points less in 1999 than the expected effective rate as of December 31, 1998, representing a 10% change, our income from receivable portfolios, as well as income before income taxes, would be approximately $135,000 lower, based on the balance of receivable portfolios as of December 31, 1998 in the amount of $2.1 million. This analysis does not consider the effect of changes in the timing and amounts of future collections of the receivable portfolios collateralizing the retained interest or the receivables held by us. In addition, it does not consider the effect of acquisitions of additional receivable portfolios.

Changes in short-term interest rates also affect our earnings as a result of our borrowings under outstanding line of credit agreements. If market interest rates for line of credit agreements average 100 basis points more in 1999 than they did during 1998, representing a 10% change, our interest expense would increase, and income before income taxes would decrease, by $70,000 based on the amount of outstanding borrowings as of December 31, 1998, and by $237,000, based upon average outstanding borrowings during 1998 of $23.7 million. Comparatively, if market interest rates for line of credit agreements average 100 basis points less in 1999 than they did during 1998, representing a 10% change, our interest expense would decrease, and income before income taxes would increase, by $70,000, based on the amount of outstanding borrowings as of December 31, 1998, and by $237,000, based upon average outstanding borrowings during 1998 of $23.7 million.

BUSINESS

AN OVERVIEW OF OUR BUSINESS

MCM is a growing receivables management company. We acquire and service charged-off receivables originated from a variety of sources. We currently focus on acquiring charged-off credit card receivables originated by major banks and merchants. Credit card issuers often sell a significant portion of their charged-off receivables to allow them to focus on their core businesses and to realize immediate cash proceeds and earnings. Because the credit card issuers have already attempted to recover the receivables, we are able to buy receivable portfolios at substantial discounts to their face amounts.

We have grown rapidly in recent periods. We opened a new servicing center in Phoenix, Arizona in 1998 and we employed 430 recovery personnel at this facility at March 31, 1999. We also maintain our original facility in Kansas, which housed 48 recovery personnel at March 31, 1999. From January 1, 1994 through March 31, 1999, we acquired $1.7 billion of receivable portfolios for $53.3 million, of which we acquired $722.6 million of receivable portfolios in 1998 for $24.8 million. Through March 31, 1999, we recovered $46.2 million on these receivable portfolios and continue to vigorously pursue collections on these receivables.

We have extensive experience in acquiring and servicing charged-off receivable portfolios. Prior to 1992, MCM served for over 30 years as a third-party collection agency, developing the servicing methods, personnel and systems required to operate a debt recovery business. In 1992, we began to focus on acquiring and servicing receivable portfolios for our own account. In 1998, an investor group lead by Nelson Peltz, Peter May and the Packer family of Australia acquired a majority interest in MCM from Mr. Chandler and others. Senior management, including Mr. Chandler, continues to manage day-to-day operations and own a substantial interest in MCM.

Our principal executive offices are located at 500 West First Street, Hutchinson, Kansas 67501. We are a Delaware holding company that operates through a wholly-owned subsidiary, Midland Credit Management, Inc., which was incorporated in the State of Kansas in September 1953.

AN OVERVIEW OF OUR INDUSTRY

The receivables management industry is growing rapidly, driven by increasing levels of consumer debt and increasing charge-offs of the underlying receivables by originating institutions. At December 31, 1997, consumer debt, the amount owed by individuals in the U.S., totalled $5.6 trillion. Consumer credit, which consists of installment and noninstallment loans, totalled $1.3 trillion or 23% of consumer debt. Credit card debt is the fastest growing component of consumer credit, reaching $560 billion in December 1997. Credit card debt accounted for 44% of total consumer credit in 1997, up from 30% in 1990, and is projected to reach 51% or $950 billion by 2005. Despite generally sound economic conditions and historically low U.S. unemployment levels, credit card charge-offs rose to approximately 6.5%, or $36.2 billion, of outstanding credit card receivables in 1997.

Historically, originating institutions have sought to limit credit losses by performing recovery efforts with their own personnel, outsourcing recovery activities to third-party collection agencies and selling their charged-off receivables for immediate cash proceeds. From the originating institution's perspective, selling receivables to receivables management companies such as MCM yields immediate cash proceeds and earnings and represents a substantial reduction in the two to five year period typically required for traditional recovery efforts. It is estimated that sales of charged-off credit card debt have increased from $2.2 billion in 1990 to $16.5 billion in 1997 and will reach $25.0 billion in 2000 as selling institutions utilize this recovery approach.

In the secondary market, receivable portfolios are acquired at a discount to the balances due on the receivables, with the purchase price varying depending on the amount the buyer anticipates it can recover and the anticipated effort needed to recover that amount. The price the purchasers pay generally ranges from a high of $0.13 per dollar before it has been charged-off, down to as little as $0.001 for debt that

three collection agencies have attempted to collect on a contingency basis or when bankruptcies are involved. Originating institutions have developed a variety of ways to sell their receivables. Some originating institutions pursue an auction type sales approach in which they obtain bids for specified portfolios from competing parties. These auctions are often orchestrated by brokers. Receivables are also sold in privately negotiated transactions between the originating institution and a purchaser. In addition, many originating institutions enter into "forward flow" contracts. Forward flow contracts commit an originating institution to sell all or a portion of its charge-offs periodically over a specified period of time, usually no less than one year.

In 1998, Commercial Financial Services, Inc. ("CFS") a major participant in the debt recovery industry, experienced significant financial difficulties. We believe that because CFS controlled a material portion of the market for charged-off credit card receivables, this development has created an opportunity for well-financed and well-managed receivables recovery firms such as MCM to increase market share.

We derived the statistical data set forth in the above "Overview of Our Industry" from The Nilson Report's June 1997 and May 1998 issues.

STRATEGY

Our goal is to become a leading acquiror and servicer of charged-off receivables. To achieve this goal, our business strategy emphasizes the following elements:

Hiring, Training and Retaining Qualified Personnel. One of our key objectives is to establish one of the largest, most highly trained, and stable employee bases in our industry. Consistent with this objective, over the past year we opened a new facility in Phoenix, Arizona and hired 430 recovery personnel to staff this facility as of March 31, 1999. Our account managers at our Phoenix facility undergo a four-week training course when they are hired. In addition, we provide ongoing training to our employees to keep them current on our policies and procedures and applicable law. We maintain competitive, incentive-based compensation programs to motivate our employees and promote stability. We intend to continue to add to the employee base at our Phoenix facility, which can accommodate up to 800 employees. We plan to continually evaluate other potential locations that have favorable employee and business climates for expansion.

Increasing Receivable Portfolio Acquisitions. We are continually pursuing portfolio acquisitions to expand our business. We are seeking to add new forward flow agreements with major credit card issuers and retailers and, although we cannot assure you, we believe we will be able to extend our current agreements at the end of this year. We continually evaluate individual portfolio purchases brought to us by brokers and credit card issuers. Our years of experience in the business and recent access to financing provide us with several competitive advantages in dealing with sellers of receivable portfolios:

- we are able to evaluate portfolios quickly;
- we are able to fund purchases promptly after a decision to buy; and
- we have the systems and personnel necessary to professionally resolve acquired receivable portfolios, generally without having to involve the seller after the purchase transaction closes.

Maintaining and Enhancing our Technology Platform. We support our recovery personnel by maintaining and continually enhancing our state-of-the-art technology platform. We use extensive databases and user-friendly proprietary software to facilitate our recovery efforts. Our system includes:

- a mainframe computer that can support 1,000 recovery personnel;
- a wide area network between our Phoenix and Kansas operations to facilitate real-time data sharing and back up and disaster recovery;
- a sophisticated predictive dialer to enhance productivity at our main Phoenix operations; and
- software upgrades, including enhancements to address year 2000 readiness.

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Applying and Improving Our Proprietary Scoring Model. We have developed a proprietary scoring model that analyzes the recovery potential on each receivable portfolio. We have determined that a portfolio's value depends upon numerous characteristics, including the number of agencies that have previously attempted to collect the receivables, the average balances of the receivables and the locations of the customers. In evaluating portfolios, we compare this information to portfolios previously acquired by us to establish an appropriate

purchase price. We recently engaged a major third-party software development and data processing company to enhance our model by comparing actual recoveries on previously acquired receivables to projected results on an individual receivable level. We believe that our enhanced modeling software will facilitate our growth by enabling us to evaluate portfolio purchases more rapidly and effectively.

Maintaining Funding Flexibility. We finance our operations through a variety of funding sources. We maintain a warehouse facility which provides funds to purchase receivables. We have and will continue to engage in securitization transactions to pay down our warehouse facility to make it available for further acquisitions, to fix our cost of funds for a given receivable portfolio and to mitigate interest rate risk. We intend to continue to explore various funding alternatives to facilitate the planned expansion of our business.

Entering Other Charged-Off Receivables Markets. We currently emphasize acquiring and servicing charged-off credit card receivables. Historically, however, we have participated in a number of other markets, including student loans, consumer loans, and auto loans. We believe that our systems and recovery techniques can be applied to a broad range of consumer debt markets. We intend to pursue profitable opportunities in other markets as they arise to diversify our base of earning assets.

Pursuing Acquisitions of Complementary Companies. While the market for recovering charged-off debt is significant, it is highly fragmented. Additionally, in 1998, a major participant in the debt recovery industry experienced significant financial difficulties. In light of these market dynamics, we intend to consider the acquisition of complementary businesses with capital from this offering.

ACQUISITION OF RECEIVABLES

Sources of Receivable Portfolios. MCM identifies receivable portfolios from a number of sources, including current relationships with originators, direct solicitation of originators, and loan brokers. MCM purchases individual portfolios and also enters into forward flow agreements. Under a forward flow agreement, MCM agrees to purchase charged-off receivables from a third-party supplier on a periodic basis at a set price over a specified time period. Forward flow agreements provide MCM with a consistent source of receivables and provide the originator with a reliable source of revenue and a professional resolution of charged-off receivables. MCM's forward flow agreements require the credit card issuer to sell periodically to MCM a portion of its receivables meeting established criteria that were written-off during the applicable period. A typical receivable portfolio consists of $20 million to $30 million in face value and contains receivables from diverse geographic locations with average individual account balances of less than $5,000.

In 1998 and in the first quarter of 1999, we acquired substantially all of our receivables under our two forward flow agreements which have annual terms and which expire in December 1999 unless renewed. We have been successful in renewing these agreements in the past. Our warehouse facility limits our sources of receivable portfolios by requiring that, for any borrowing after June 29, 1999, no single originator of receivables contributes 45% or more of the receivables funded by and subject to the facility. We are in the process of modifying this condition to place us in compliance at June 29. We cannot assure you, however, that we will meet this condition.

Our industry places receivables into categories depending on the number of collection agencies that have previously attempted to collect on the receivables. For example, "zero agency receivables" have had no previous third-party collection activity and "secondary agency receivables" have had two previous collection agencies attempt to collect on the receivables. In 1998 and the first quarter of 1999, we acquired primarily zero and secondary agency receivables.

We currently emphasize acquiring charged-off credit card receivables. We intend to acquire receivables in other consumer debt markets, such as student loans and consumer loans, as opportunities arise.

Pricing. We buy charged-off receivables at substantial discounts to the face amount of the receivable portfolio. We evaluate the purchase price of a portfolio using many factors, including the number of agencies which have previously attempted to collect the receivables in the portfolio, the average balance of the receivables, and the locations of the customers. Zero agency and primary agency receivables have higher purchase prices relative to their total charged-off balance. We expect, however, that these portfolios will result in more rapid and higher recoveries.

Once a receivable portfolio has been identified for potential purchase, we analyze the portfolio using our proprietary scoring model. Our scoring model analyzes the broad characteristics of the portfolio by comparing it to portfolios previously acquired and serviced by us to determine the recoverability of the portfolio. This yields our quantitative purchasing analysis. In addition, members of our management perform qualitative analyses on portfolios, including visiting the originator, reviewing the recovery policies of the originator and any third party collection agencies, and, if possible, their recovery efforts on the particular portfolio. With respect to forward flow agreements, in addition to the procedures outlined above, we often obtain a small "test" portfolio to evaluate and compare the characteristics of the portfolio to the assumptions we developed in our recovery analysis. After these evaluations are completed, members of our management finalize the price at which MCM would purchase the portfolio.

RECOVERY OF RECEIVABLES

We focus on maximizing the recovery of the receivables we acquire. Unlike collection agencies which typically have only a specified period of time to recover a receivable, as the owner we have significantly more flexibility in establishing payment programs.

Once a portfolio has been acquired, we download all receivable information provided by the seller into our proprietary account management computer system and reconcile for accuracy to the information provided in the purchase contract. We send notification letters to obligors of eligible accounts explaining our new ownership and asking that the borrower contact us. In addition, we notify credit bureaus to reflect our new ownership. Receivables that do not meet the eligibility requirements described in our agreement with the seller are returned to the seller for either a refund or replacement.

To begin our recovery process, we immediately send receivables to third-party data verification sources to determine which receivables have accurate address or phone information and to update information if possible so our account managers can begin processing those accounts. Thereafter, management convenes an initial meeting with the relevant staff members to discuss the specifics of the receivable portfolio. These meetings serve to keep our staff informed regarding management expectations and any special characteristics of the portfolio.

Skip Tracing. When a receivable is placed in our account management system, our customized dialing system tests the telephone number associated with the receivable to determine whether the telephone number is still valid. If the telephone number is not valid, or if there is no telephone number associated with a receivable, the receivable is immediately transferred into our skip tracing department to determine the location of the customer. In the skip tracing department, an in-house skip tracer works to locate the customer using a variety of resources. Our skip tracing department attempts to locate customers through electronic skip tracing means, including information from credit bureaus, the Internet, the various state departments of motor vehicles, publicly available databases and third-party skip tracing services. We also use manual skip tracing techniques, including using telephone directories and contacting relatives, neighbors and utility companies.

Because obtaining accurate data on customers is critical to the recovery process, MCM has historically maintained a significant ratio of skip tracers to account managers. At March 31, 1999, MCM employed 164 skip tracers and 314 account managers.

Recoveries. We assign accounts with valid information to the recovery department. The recovery department is divided into teams, each consisting of a team leader and seven to ten account managers. Based upon their experience and ability, we classify account managers as master account representatives, senior account representatives, account representatives, junior account representatives and rookies.

We assign new accounts on an ongoing basis to account managers who are responsible for all contact with a customer. Team leaders are in constant communication with management regarding account manager performance. We perform random audits of each account manager's activity, including reviewing files, recovery comments, and settlement agreements. Each account manager is equipped with a computer terminal and telephone which, at our Phoenix facility, is connected to our predictive dialing system. The predictive dialer forwards calls to the account managers once a connection is made. Similarly, our Hutchinson facility uses a managed dialing system through which account managers can place calls using their computer terminals. The account manager is able to access all of the account's pertinent credit information via several user-friendly, customized screens contained within our computer network.

During initial calls, account managers seek to confirm the debt owed, and the ability and willingness of the customer to pay. Account managers are trained to use a friendly, but firm approach. They attempt to work with customers to evaluate sources and means of repayment to achieve a full or negotiated lump sum settlement or develop payment programs customized to the individual's ability to pay. For example, MCM may extend payments over several months and provide for semi-monthly payments coinciding with a customer's paycheck. In some cases, account managers will advise the customer of alternatives to secure financing to pay off their consumer debt, such as home equity lines of credit or automobile loans. In cases where a payment plan is developed, account managers encourage customers to pay through auto-payment arrangements, which consist of debiting a customer's account automatically on a monthly basis. Account managers are also authorized to negotiate lump sum settlements within preestablished ranges. Management must approve any settlements below these limits. Once a settlement or payment agreement is reached, the account manager monitors the account until it is paid off. To facilitate payments, in addition to auto-payments, MCM accepts a variety of payment methods including checks, the Western Union Quick Collect(R) system, and wire transfers.

If, after the initial effort, an account manager determines that the customer is willing but financially unable to pay his or her debt at that time, we suspend our recovery efforts, typically for 90 days. At the end of this period, a new account manager will again seek to determine the ability and willingness of the customer to pay his or her account. We give these "re-work" account managers greater flexibility in settling accounts for which previous recovery attempts have been made. If the customer is still unable to make payments on the debt owed, recovery efforts are again deferred, typically for 90 days, before further efforts are made to recover on the account. If unsuccessful, this contact typically concludes our recovery efforts. If, during the recovery process, we determine that a customer is able to pay, but unwilling to do so, we refer the account to MCM's legal department for handling. See "Legal Department."

When we have completed the process described above and determined the amount is not recoverable, we place the account in a portfolio with other similar accounts and sell the portfolio to interested third parties. Sales of receivables that have been securitized or that are subject to our warehouse facility are subject to contractual restrictions. We do not expect sales of uncollectible receivables to be significant in the foreseeable future.

Hiring and Training. In recent periods, MCM has pursued an aggressive hiring

program. In 1998, we opened a new facility in Phoenix, which can accommodate up to 800 employees including 700 recovery personnel. As of March 31, 1999, MCM had hired 495 employees to work at this facility, of which 430 were recovery personnel.

New account managers at our Phoenix facility undergo a four-week training program. The first week of the program involves classroom training, which features education on MCM's policies and procedures and federal and state laws pertaining to debt recovery and computer training. After classroom training, trainees go through three weeks of hands-on training, engaging in live sessions with customers. These sessions give account managers hands-on experience in a controlled environment. Account managers are trained in

MCM's friendly, but firm approach to the recovery process. They learn how to elicit information from customers about their ability to pay off their receivables. In addition, our account managers learn how to structure immediate pay offs or payment plans, and to follow up with customers who fall behind in their payments to encourage them to rehabilitate their account status.

Skip tracers undergo a similar two-week training program. Skip tracers are specifically trained in locating customers through a variety of internal and external databases and services.

Formal training continues on an ongoing basis. Calls by skip tracers and account managers are randomly monitored to ensure compliance with our policies and procedures, and applicable law. In addition, we provide ongoing seminars on changes in our policies and applicable law.

Technology Platform. To facilitate recovery efforts, MCM has developed an extensive technology platform that includes:

- a mainframe computer that can support 1,000 recovery personnel;
- a wide area network between our Phoenix and Kansas operations to facilitate real-time data sharing and back up and disaster recovery;
- a sophisticated predictive dialer to enhance productivity at our main Phoenix facility; and
- software upgrades, including enhancements to address year 2000 readiness.

MCM uses a mainframe computer that has the capacity to service 1,000 recovery personnel. MCM's database includes relevant account information about customers that our account managers need to facilitate their recovery efforts. The database can be updated by account managers in real time while discussing the account with the customer. Updates are backed up to an offsite storage server instantly and daily back ups are completed and stored in a fireproof vault off site. For skip tracing, we use CD-rom stored national databases of information, the Internet, other online resources and our own customized databases. Our skip tracing database server is backed up daily.

Our telephone system provides predictive dialing capabilities at our Phoenix operations and managed dialing capabilities in Hutchinson. Through our predictive dialing system, computerized phone calls are made to customers and, once a connection is made, account information and the phone call is immediately transferred to an appropriate account manager for handling. The managed dialing system allows account managers to place calls using their computer terminals. Our current telephone system has the capacity to accommodate over 4,000 lines for skip tracers and account managers.

LEGAL DEPARTMENT

The legal department manages corporate legal matters, assists with training staff, and pursues legal action against customers. The group consists of two full-time attorneys, two legal managers, two full-time account managers and one full-time support staff person.

The legal department distributes guidelines and procedures for recovery

personnel to follow when communicating with a customer or third party during our recovery efforts. The department provides employees with extensive training on the Fair Debt Collection Practices Act ("FDCPA") and other relevant laws. In addition, the legal department researches and provides recovery personnel with summaries of state statutes so that they are aware of applicable time frames and laws when tracing or servicing an account. It meets monthly with the recovery and skip trace departments to provide legal updates and to address any practical issues uncovered in its review of files referred to the department.

The legal department generally handles accounts involving substantial disputes, refusals to pay, and refusals to negotiate. If the account involved is small and the legal account managers are not able to settle the account, we will typically package it for sale with other similar accounts. For larger accounts with customers able but unwilling to pay, the department may pursue a number of courses of action, including appropriate correspondence, follow up phone calls by the department's specially trained account managers

and, if necessary, litigation. In some cases, we may pursue a garnishment of wages or other remedies to satisfy a judgment.

In an effort to ensure compliance with the FDCPA and applicable state laws regulating our recovery activities, the legal department supervises our compliance officers, whose sole responsibility is to monitor the recovery personnel. Our compliance officers randomly monitor customer files and telephone conversations with customers. If we discover a possible violation of law or policy, we investigate and take appropriate corrective action.

In several states we must maintain licenses to perform debt recovery services and must satisfy related bonding requirements. We believe that we have satisfied all material licensing and bonding requirements.

COMPETITION

The consumer credit recoveries industry is highly competitive. We compete with a wide range of third-party collection companies and other financial services companies, which may have substantially greater personnel and financial resources than we do. In addition, some of our competitors may have signed forward flow contracts under which originating institutions have agreed to transfer charged-off receivables to them in the future, which could restrict those originating institutions from selling receivables to us. Competitive pressures affect the availability and pricing of receivable portfolios, as well as the availability and cost of qualified recovery personnel. We believe our major competitors include companies focused primarily on the purchase of charged-off receivable portfolios, such as Creditrust Corporation, Commercial Financial Services, Inc. and West Capital Corporation. In addition to competition within the industry, traditional recovery agencies and in-house recovery departments remain the primary recovery methods used by issuers. We compete primarily on the basis of the price paid for receivable portfolios, the reliability of funding for our portfolios and the quality of services that we provide.

TRADE SECRETS AND PROPRIETARY INFORMATION

We believe several components of our computer software are proprietary to our business. Although we have neither registered the software as copyrighted software nor attempted to obtain a patent related to the software, we believe that the software is protected as our trade secret. We have taken actions to establish the software as a trade secret, including informing employees that the software is a trade secret and making the underlying software code unavailable except on an as needed basis. In addition, those persons who have access to information we consider proprietary must sign agreements with confidentiality provisions that prevent disclosure of confidential information to third parties.

GOVERNMENT REGULATION

The FDCPA and comparable state statutes establish specific guidelines and procedures which debt collectors must follow when communicating with consumer customers, including the time, place and manner of the communications. It is our policy to comply with the provisions of the FDCPA and comparable state statutes in all of our recovery activities, even though we may not be specifically subject to these laws. Our failure to comply with these laws could have a material adverse effect on us if they apply to some or all of our recovery activities. The relationship between a customer and a credit card issuer is extensively regulated by federal and state consumer protection and related laws and regulations. While we are not a credit card issuer, some of our operations are affected by these laws because our receivables were originated through credit card transactions. Significant federal laws applicable to our business include the following:

- Truth-In-Lending Act;

- Fair Credit Billing Act;

- Equal Credit Opportunity Act;

- Fair Credit Reporting Act;

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- Electronic Funds Transfer Act; and

- regulations which relate to these acts.

Additionally, there are comparable statutes in those states in which customers reside or in which the originating institutions are located. State laws may also limit the interest rate and the fees that a credit card issuer may impose on its customers. The laws and regulations applicable to credit card issuers, among other things, impose disclosure requirements when a credit card account is advertised, when it is applied for and when it is opened, at the end of monthly billing cycles, and at year end. Federal law requires, among other things, that credit card issuers disclose to consumers the interest rates, fees, grace periods, and balance calculation methods associated with their credit card accounts. Customers are entitled under current laws to have payments and credits applied to their credit card accounts promptly, to receive prescribed notices, and to require billing errors to be resolved promptly. Some laws prohibit discriminatory practices in connection with the extension of credit. If the originating institution fails to comply with applicable statutes, rules, and regulations, it could create claims and rights for the customers that would reduce or eliminate their obligations under their receivables, and have a possible material adverse effect on us. When we acquire receivables, we require the originating institution to contractually indemnify us against losses caused by its failure to comply with applicable statutes, rules, and regulations relating to the receivables before they are sold to us.

The laws described above, among others, may limit our ability to recover amounts owing with respect to the receivables regardless of any act or omission on our part. For example, under the Federal Fair Credit Billing Act, a credit card issuer, but not a merchant card issuer, is subject to all claims other than tort claims and defenses arising out of certain transactions in which a credit card is used. Claims or defenses become subject to the Act, with some exceptions, when the obligor has made a good faith attempt to obtain satisfactory resolution of a disagreement or problem relative to the transaction, the amount of the initial transaction exceeds $50.00, and the place where the initial transaction occurred was in the same state as the customer's billing address or within 100 miles of that address. As a purchaser of credit card receivables, we may acquire receivables subject to legitimate defenses on the part of the customer. The statutes further provide that, in some cases, customers cannot be held liable for, or their liability is limited with respect to, charges to the credit card account that were a result of an unauthorized use of the credit card. We cannot assure you that some of the receivables were not established as a result of unauthorized use of a credit card, and, accordingly, we could not recover the amount of the receivables.

Additional consumer protection laws may be enacted that would impose requirements on the enforcement of and recovery on consumer credit card or installment accounts. Any new laws, rules, or regulations that may be adopted, as well as existing consumer protection laws, may adversely affect our ability to recover the receivables. In addition, our failure to comply with these requirements could adversely affect our ability to enforce the receivables.

PROPERTIES

We service our portfolios out of two servicing centers. Our main servicing facility is located in Phoenix, Arizona. Designed to accommodate up to 800 employees, at March 31, 1999, the facility housed 495 employees, including 430 recovery personnel. We lease the Phoenix facility, which is approximately 62,000 square feet. The lease is scheduled to expire in 2003. We own our headquarters facility located in Hutchinson, Kansas. Our headquarters facility is approximately 17,000 square feet and houses the executive offices and recovery operations for approximately 88 employees, including 48 recovery personnel.

EMPLOYEES

As of March 31, 1999, we had 588 full-time employees. Of these employees, there were 8 department heads, 24 department managers, 314 account managers, 164 skip tracers and 73 support clerks and administrative personnel. We maintain health insurance, 401(k), vacation and sick leave programs for our employees. None of our employees are represented by a labor union. We believe that our relations with our employees are good.

LEGAL PROCEEDINGS

On July 22, 1998 in the United States District Court for the Southern District of Texas, Houston Division, Varmint Investments Group, LLC and Panagora Partners, LLC filed suit against our subsidiary, Midland Credit Management, Inc. The plaintiffs allege securities fraud, common law fraud, and fraudulent inducement based upon the sale of receivables by Midland Credit Management, Inc. to the plaintiffs in 1997. The plaintiffs seek recovery of the purchase prices for the receivables, or approximately $1.3 million and, in addition, other damages, including exemplary or punitive damages, attorneys' fees, expenses, and court costs. Discovery is ongoing and the trial is set for November 8, 1999. We have denied the allegations and are vigorously defending this suit. We believe that the ultimate resolution of the suit will not have a material adverse effect on our business or our financial condition.

The FDCPA and comparable state statutes may result in class action lawsuits which can be material to our business due to the remedies available under these statutes, including punitive damages. We have not been subject to a class action lawsuit to date.

We are also subject to routine litigation in the ordinary course of business, including contract and recoveries litigation. We do not believe that these routine matters, individually or in the aggregate, are material to our business or financial condition.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

This table sets forth information concerning each of the executive officers and directors of MCM.

NAME	AGE	POSITION
Frank I. Chandler	64	Director, President, and Chief Executive Officer
R. Brooks Sherman, Jr.	33	Executive Vice President and Chief Financial Officer
John A. Chandler	37	Senior Vice President, Marketing
Bradley E. Hochstein	39	Senior Vice President, Recovery
Gregory G. Meredith	37	Senior Vice President, General Counsel, and Secretary
Todd B. Miller	34	Senior Vice President, Human Resources
Gary D. Patton	43	Senior Vice President, Information Systems
Ronald W. Bretches	42	Vice President and Controller
Eric D. Kogan	35	Chairman of the Board of Directors
Peter W. May	56	Director
James D. Packer	31	Director
Nelson Peltz	56	Director
Robert M. Whyte	55	Director
John Willinge	32	Director

Frank I. Chandler, Director, President and Chief Executive Officer. Mr. Chandler has been the President and Chief Executive Officer of MCM since 1992 and a director since 1990. Prior to MCM, from 1987 to 1990, Mr. Chandler was President of Kids International, a children's storybook and video producing company. From 1982 to 1987, he worked as an investment broker with A.G. Edwards & Sons. For the thirteen years between 1970 and 1982, he served in management, strategic product planning and price management positions at the Hesston Corporation, a worldwide manufacturer of farm and oil production equipment. Mr. Chandler received a Bachelor's Degree in Business from the University of Southern Mississippi. Mr. Chandler is the father of John Chandler, Senior Vice President, Marketing.

R. Brooks Sherman, Jr., Executive Vice President and Chief Financial Officer. Mr. Sherman joined MCM in June 1999 as Executive Vice President and Chief Financial Officer. From November 1997 until joining MCM, Mr. Sherman served as Vice President, Chief Financial Officer of National Propane Corporation, the managing general partner of National Propane Partners, L.P., a publicly-traded propane retailer, and prior thereto served as its Controller and Chief Accounting Officer after joining the managing general partner in November 1996. From August 1995 to November 1996, he served as Chief Financial Officer of Berthel Fisher & Company Leasing, Inc., the general partner of two publicly-owned equipment leasing limited partnerships. From October 1990 to August 1995, Mr. Sherman served in various audit capacities with Ernst & Young, LLP, lastly as an Audit Manager. Mr. Sherman received a Bachelor of Science degree in Accounting from Southwest Missouri State University and is a Certified Public Accountant.

John A. Chandler, Senior Vice President/Marketing. Mr. Chandler joined MCM in 1992 as Vice President of Finance and Accounting and was named Senior Vice President of Marketing in November 1998. Prior to joining MCM, Mr. Chandler was the Sales Manager of a four-state region for North River Homes, a manufactured housing concern based out of Atlanta, Georgia, from 1989 to 1992. From 1984 through 1989, he served in various marketing capacities for the Maytag Company. Mr. Chandler received a Bachelor of Science degree in Marketing from Kansas State University. Mr. Chandler is the son of Frank Chandler, President and Chief Executive Officer.

Bradley E. Hochstein, Senior Vice President/Recovery. Mr. Hochstein joined MCM as a junior account manager in 1982 and progressed to senior account manager, and then recovery supervisor with both MCM and later The National Bureau of Collections in Oklahoma City. In 1986, he returned to MCM as the Recovery Manager and was named Vice President of Recoveries in 1992. Mr. Hochstein was

named Senior Vice President of Recoveries in November 1998 and his current responsibilities include overseeing

the recovery, training, recruiting and skiptracing efforts. In addition, he is actively involved in the acquisition of new portfolios. Mr. Hochstein attended Northeast Community College in Norfolk, Nebraska.

Gregory G. Meredith, Senior Vice President, General Counsel, and Secretary. Mr. Meredith joined MCM in 1995 as Vice President and General Counsel and was named Senior Vice President in November 1998. Prior to joining MCM, Mr. Meredith was in private general practice with the law firm of Reynolds, Forker, Berkeley, Suter, Rose and Dower in Hutchinson, Kansas from September 1993 through early 1995, and from 1988 to September 1993, with another firm, during which time he gained extensive recovery experience working with numerous banks and private companies, including MCM. Mr. Meredith graduated from Pittsburg State University and received his Juris Doctorate Degree with Honors from Washburn University.

Todd B. Miller, Senior Vice President/Human Resources. Mr. Miller joined MCM in 1992 as Vice President of Personnel and became Senior Vice President/Human Resources in November 1998. Prior to joining MCM, he was a Sales Representative for Russ Berrie & Company, a gift distributor, from 1988 through 1992. From 1986 through 1988 he worked for Bank IV, based in Wichita, Kansas in their trust department as a Securities Investment Assistant and a Directed Business Coordinator. Mr. Miller received a Bachelor of Business Administration degree in Management from Wichita State University.

Gary D. Patton, Senior Vice President/Information Systems. Mr. Patton joined MCM in 1988 as the Management Information Systems ("MIS") Manager, was named Vice President of Information Systems in 1992 and was named Senior Vice President of Information Systems in November 1998. He has been responsible for the design and implementation of MCM's proprietary systems. Mr. Patton has extensive software and hardware training as well as sixteen years of professional experience in the banking, insurance, and recovery industries. He has specialized in designing proprietary programming for operations and management. His prior positions include head of MIS at Consolidated Farmers Mutual Insurance and programmer for Statdata & Associates. Mr. Patton attended Ardmore Higher Education Center, an institution affiliated with Oklahoma University and Murray State College.

Ronald W. Bretches, Vice President and Controller. Mr. Bretches has served as Vice President and Controller since June 1999 and has been an officer since joining MCM in May 1998. From 1997 to 1998, Mr. Bretches was Managing Vice President of Allen, Gibbs, Houlik L.L.C., a public accounting firm. From 1993 to 1996, he was a tax and finance consultant, and was involved in the initial public offering of a manufacturing company, the financial management, reporting and accounting for a $50 million real estate development company, and numerous project assignments in accounting, debt structuring and negotiations. From 1985 to 1993, Mr. Bretches was the Chief Financial Officer of a private investment group and from 1979 to 1985 was an accountant with Peat, Marwick, Mitchell & Co. Mr. Bretches received a Bachelor of Science degree in Business with a major in accounting from Emporia State University in Kansas and is a Certified Public Accountant.

Eric D. Kogan, Chairman of the Board of Directors. Mr. Kogan has served since March 1998 as Executive Vice President, Corporate Development for Triarc Companies, Inc. ("Triarc"), a consumer products company. Prior thereto, Mr. Kogan had been Senior Vice President, Corporate Development from March 1995 to March 1998 and Vice President Corporate Development from April 1993 to March 1995. Before joining Triarc, Mr. Kogan was a Vice President of Trian Group, L.P. from September 1991 to April 1993 and an associate in the mergers and acquisitions group of Farley Industries, an industrial holding company, from 1989 to August 1991. From 1985 to 1987, Mr. Kogan was an analyst in the mergers and acquisitions department of Oppenheimer & Co. Mr. Kogan received his undergraduate degree from the Wharton School of the University of Pennsylvania, and an MBA from the University of Chicago. Mr. Kogan has served as a director of MCM since February 1998.

Peter W. May, Director. Mr. May has served since April 1993 as a director and the President and Chief Operating Officer of Triarc. Prior to 1993, Mr. May was President and Chief Operating Officer of Triangle Industries, Inc. from 1983 until December 1988, when that company was acquired by Pechiney, S.A., a leading international metals and packaging company. Mr. May has also been a director of National Propane Corporation, the managing general partner of National Propane Partners, L.P., since April 1993.

Mr. May holds BA and MBA degrees from the University of Chicago and is a Certified Public Accountant. Mr. May has served as a director of MCM since February 1998.

James D. Packer, Director. Mr. Packer has served since 1998 as the Managing Director of Consolidated Press Holdings Limited ("CPH"), the private holding company of the Packer family of Australia. In May 1998, Mr. Packer also became Executive Chairman of Publishing and Broadcasting Limited, having previously served as its Chief Executive Officer since 1996. Prior to that time, Mr. Packer held numerous positions at affiliates of CPH and Publishing and Broadcasting Limited. Mr. Packer is also a director of Australian Consolidated Press Limited, Nine Network Australia Limited and the Huntsman Petrochemical Corporation. Mr. Packer holds a Higher School certificate from Cranbrook. Mr. Packer has served as a director of MCM since February 1998.

Nelson Peltz, Director. Mr. Peltz has served since April 1993 as a director and the Chairman and Chief Executive Officer of Triarc. Prior to 1993, Mr. Peltz was Chairman and Chief Executive Officer of Triangle Industries, Inc. from 1983 until December 1988, when that company was acquired by Pechiney, S.A., a leading international metals and packaging company. Mr. Peltz has also been a director of National Propane Corporation, the managing general partner of National Propane Partners, L.P., since April 1993. Mr. Peltz attended the University of Pennsylvania, Wharton School. Mr. Peltz has served as a director of MCM since February 1998.

Robert M. Whyte, Director. Mr. Whyte has served since 1986 as an investment banker with Audant Investments Pty. Limited, most recently in the capacity of Executive Chairman. Since 1997, Mr. Whyte has been a director of Publishing and Broadcasting Limited, and also serves on the boards of various other companies. From 1992 to 1997, Mr. Whyte held non-executive directorships of Advance Bank Australia Limited and The Ten Group Limited. Mr. Whyte holds a Bachelor's degree from the University of Sydney. Mr. Whyte has served as a director of MCM since February 1998.

John Willinge, Director. Mr. Willinge has served since January 1998 as an Executive Director of CPH. Prior to joining CPH, Mr. Willinge held various management positions in the mining and oil and gas industries. He later worked in the merchant banking group of Rothschild Australia Limited and the investment banking division of Goldman Sachs & Co. Mr. Willinge holds a Bachelor of Applied Science degree in mining engineering from the West Australian School of Mines, a Bachelor of Commerce degree in accounting and finance from the University of Western Australia, and a Masters in Business Administration from Harvard Business School. Mr. Willinge has served as a director of MCM since February 1998.

In connection with the purchase of shares from MCM's existing stockholders in February 1998, MCM Holding Company LLC ("MHC"), C.P. International Investments Limited ("CP"), Frank Chandler and his family limited partnership and the other stockholders of MCM entered into a stockholders' agreement. Among other things, the stockholders' agreement provided that MCM would have seven directors, three to be designated by MHC, three to be designated by CP, and one to be designated by Mr. Chandler. Under this agreement, the Chandler director is Mr. Chandler; the directors designated by MHC are Nelson Peltz, Peter W. May, and Eric D. Kogan; and the directors designated by CP are James D. Packer, Robert M. Whyte, and John Willinge. Each stockholder party to the agreement agreed to vote his stock for the designated directors. Upon the closing of the offering described in this prospectus, the stockholders' agreement terminates. See "Certain Transactions."

Each of Messrs. Peltz, May and Kogan and Triarc own, directly or indirectly, interests in MHC. CP is indirectly owned by CPH.

MCM's officers are elected annually by, and serve at the discretion of, the board of directors. At each annual meeting of stockholders, directors are elected to serve until the next annual meeting of stockholders, until their successors have been elected and qualified or until retirement, resignation or removal.

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COMPENSATION OF DIRECTORS

Board of Directors' Meetings, Audit, Compensation, and Nominating Committees.

Our board of directors maintains a standing Audit Committee, Compensation Committee, and Nominating Committee. Directors currently receive no annual retainer fees or fees for attendance at board or committee meetings. Directors are, however, reimbursed for their out-of-pocket expenses incurred in attending board or committee meetings.

The Audit Committee is responsible for recommending to the full board of directors the appointment of our independent accountants and reviews with those accountants the scope of their audit and their report. The Audit Committee also reviews and evaluates our accounting principles and system of internal accounting controls. The Audit Committee consists of Messrs. Kogan and Whyte.

The Compensation Committee acts on matters relating to the compensation of directors, senior management, and key employees, including the granting of stock options. The Compensation Committee consists of Messrs. Kogan, May and Willinge.

The Nominating Committee is responsible for making recommendations to the full board of directors with respect to director nominees. The Nominating Committee consists of Messrs. Peltz and Packer.

EXECUTIVE COMPENSATION

This table sets forth the compensation earned by our Chief Executive Officer and other executive officers whose compensation exceeded $100,000 in 1998.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION		
NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS	ALL OTHER COMPENSATION
Frank Chandler..... President and Chief Executive Officer	1998	$190,417	$25,000	$2,560(1)
Bradley E. Hochstein..... Senior Vice President Recovery	1998	116,458	20,000	352(2)
John Chandler..... Senior Vice President Marketing	1998	90,763	10,000	1,864(3)

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(1) Includes $2,500 of 401(k) plan matching contributions and $60 of term life insurance premiums paid by MCM.

(2) Includes $291 of 401(k) plan matching contributions and $60 of term life insurance premiums paid by MCM.

(3) Includes $1,815 of 401(k) plan matching contributions and $49 of term life insurance premiums paid by MCM.

EMPLOYMENT AGREEMENTS

Frank Chandler, MCM's President and Chief Executive Officer, works under an employment agreement that expires on February 13, 2001. The term of the agreement will be automatically extended for one-year terms unless otherwise terminated by either party. Mr. Chandler's agreement provides for a base salary of $200,000 per year, subject to increase if specific operating revenue targets are met. Mr. Chandler is eligible

for an annual cash incentive bonus based on our annual cash incentive program. The agreement provides that Mr. Chandler is entitled to the continued use of a company automobile and certain other benefits. The agreement also contains confidentiality and noncompete covenants. If MCM terminates Mr. Chandler without cause, he would receive a severance package that would include one year's salary and a pro rata portion of his annual bonus.

Bradley Hochstein works under an employment agreement that expires on February 13, 2000. The term of the agreement will be automatically extended for one-year terms unless otherwise terminated by MCM or Mr. Hochstein. The agreement provides for a base salary of $100,000 per year and a $20,000 bonus payable in two installments in March and June of 1998. Mr. Hochstein is also eligible for an incentive bonus based on our annual cash incentive program. The agreement also contains confidentiality and noncompete covenants. If MCM terminates Mr. Hochstein without cause, he would receive a severance package that would include one year's salary and a pro rata portion of his annual bonus.

John Chandler works under an employment agreement that expires on February 13, 2000. The term of the agreement will be automatically extended for one-year terms unless otherwise terminated by MCM or Mr. Chandler. The agreement provides for a base salary of $90,000 per year. Mr. Chandler is eligible for an incentive bonus based on our annual cash incentive program. The agreement also contains confidentiality and noncompete covenants. If MCM terminates Mr. Chandler without cause, he would receive a severance package that would include one year's salary and a pro rata portion of his annual bonus.

On June 9, 1999, MCM hired R. Brooks Sherman, Jr. as its Executive Vice President and Chief Financial Officer. Mr. Sherman works under an employment agreement that expires June 9, 2000. The term of the agreement will be automatically extended for one-year terms unless otherwise terminated by MCM or Mr. Sherman. The agreement provides for a base salary of $125,000 per year and a $25,000 starting bonus. Mr. Sherman is also eligible for annual incentive cash bonuses based on MCM's and/or Mr. Sherman's performance assessed each year relative to objectives agreed to in advance between Mr. Sherman and the board of directors. The agreement also contains confidentiality and noncompete covenants. If Mr. Sherman's employment is terminated for any reason other than for cause or in the event of his death, disability or resignation, or if MCM gives notice that it does not wish to extend the term of Mr. Sherman's employment agreement for any additional period, he would receive a severance package that would include 18 months' salary and a pro rata portion of his annual bonus. Mr. Sherman would receive the same payments if, within 12 months following a change in control of MCM, there is a material alteration of Mr. Sherman's duties, authority, title or compensation or he is relocated outside of Phoenix, Arizona without his consent. In connection with his employment, Mr. Sherman will be

granted options to purchase up to 50,000 shares of MCM common stock under the MCM 1999 Equity Participation Plan described below.

COMPENSATION UNDER PLANS

1999 Equity Participation Plan

The MCM 1999 Equity Participation Plan will become effective at the closing of this offering. We believe that the Plan will promote our success and enhance our value by linking the personal interests of participants to those of our stockholders and providing an incentive for outstanding performance.

Under the Plan, we may grant nonqualified stock options to our officers, directors, employees and key consultants. The Plan will be administered by the board of directors or by a committee consisting of at least two nonemployee directors. The board or that committee will have authority to administer the Plan, including the power to determine eligibility, the types and sizes of options, the price and timing of options, and any vesting, including acceleration of vesting, of options.

An aggregate of 250,000 shares of our common stock will be available for grant under the Plan, subject to a proportionate increase or decrease in the event of a stock split, reverse stock split, stock dividend, or other adjustment to our shares of common stock. Under the Plan, the maximum number of shares of

common stock that may be granted to any employee during any fiscal year is 125,000.

The board may terminate or amend the Plan to the extent stockholder approval is not required by law. Termination or amendment will not adversely affect options previously granted under the Plan.

401(k) Plan

Under our 401(k) plan, adopted January 1995, as revised January 1998, eligible employees may direct that we withhold a portion of their compensation, up to a legally established maximum, and contribute it to their account. All 401(k) plan contributions are placed in a trust fund to be invested by the 401(k) plan's trustee. The 401(k) plan permits participants to direct the investment of their account balances among mutual or investment funds available under the plan. We may provide a matching contribution up to 25% of a participant's contributions under the plan. Amounts contributed to participants' accounts under the 401(k) plan and any accrued earnings or interest on the accounts are generally not subject to federal income tax until distributed to the participant and generally may not be withdrawn until death, retirement or termination of employment.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

We are obligated in some situations, under our Certificate of Incorporation and Bylaws to indemnify each of our directors and officers to the fullest extent

permitted by the Delaware General Corporation Law. We must indemnify our directors and officers with respect to all expenses, liability and losses reasonably incurred or suffered in any action, suit or proceeding in which the person was or is made or threatened to be made a party or is otherwise involved by reason of the fact that the person is or was our director or officer. We are obligated to pay the reasonable expenses of the directors or officers incurred in defending the proceedings if the indemnified party agrees to repay all amounts advanced by us if it is ultimately determined that the indemnified party is not entitled to indemnification. See "Description of Capital Stock -- Limitations on Liability of Officers and Directors." MCM also maintains customary insurance covering directors and officers.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

In 1998, MCM's board of directors or Frank Chandler, our President and Chief Executive Officer, made all compensation decisions relating to MCM officers and employees. The board of directors recently established a Compensation Committee, which consists of Messrs. Kogan, May and Willinge. Prior to February 1998, the board consisted of Mr. Chandler and Orvin Miller, who was then a stockholder, the Chairman of the Board and Secretary of MCM. In February 1998, Mr. Miller sold all of his MCM stock and resigned from the board and his offices with MCM.

PRINCIPAL AND SELLING STOCKHOLDERS

This table sets forth information regarding the beneficial ownership of common stock by:

- each person known by us to be a beneficial owner of more than 5% of the outstanding shares of our common stock;
- each of our directors and named executive officers; and
- all of our directors and executive officers as a group.

The table also describes the shares being offered and shares beneficially owned after the offering by selling stockholders.

Unless otherwise indicated, each of the stockholders listed below has sole voting and investment power with respect to the shares beneficially owned, and the address of each of the listed stockholders is 500 West First Street, Hutchinson, KS 67501. We describe material relationships between the selling stockholders and us below under "Certain Transactions." As of June 14, 1999, MCM had ten stockholders of record.

	SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING		SHARES	SHARES BENEFICIALLY OWNED AFTER THE OFFERING	
NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER	PERCENTAGE	BEING OFFERED	NUMBER	PERCENTAGE(1)
MCM Holding Company LLC(2)..... 280 Park Avenue, 41st Floor New York, NY 10017	1,729,396	35.0%	833,334	896,062	10.8%
C.P. International Investments Limited(3)(4)..... 2nd Floor, Block A Russel Court Street Stephen's Green, Dublin, Ireland	1,729,396	35.0%	833,333	896,063	10.8%
Frank Chandler(5).....	1,000,579	20.3%	--	1,000,579	12.1%
Madison West Associates Corp.(2).....	603,806	12.2%	290,953	312,853	3.8%

280 Park Avenue New York, NY 10017					
Peter Stewart Nigel Frazer(4).....	345,879	7.0%	166,667	179,212	2.2%
Zetland Plantation Nevis, West Indies					
Bradley Hochstein.....	61,764	1.3%	--	61,764	*
John Chandler(5).....	98,823	2.0%	--	98,823	1.2%
Eric D. Kogan(2).....	98,823	2.0%	47,619	51,204	*
Peter W. May(2).....	290,539	5.9%	140,000	150,539	1.8%
James D. Packer(3).....	--	--	--	--	--
Nelson Peltz(2).....	581,077	11.8%	280,000	301,077	3.6%
Robert M. Whyte(6).....	--	--	--	--	--
John Willinge.....	--	--	--	--	--
All directors and officers as a group (13 persons)(7).....	2,386,893	48.3%	467,619	1,919,274	23.1%

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* Less than one percent.

(1) Assumes no exercise of the underwriters' over-allotment option. If the underwriters fully exercise the over-allotment option, then the percentage ownership would be as follows: MCM Holding Company LLC (9.9%); C.P. International Investments Limited (9.9%); Mr. Frank Chandler (11.0%); Madison West Associates Corp. (3.5%); Mr. Frazer (2.0%); Mr. Hochstein (0.7%); Mr. John Chandler (1.1%); Mr. Kogan (0.6%); Mr. May (1.7%); Mr. Packer (0.0%); Mr. Peltz (3.3%); Mr. Whyte (0.0%); Mr. Willinge (0.0%); and all directors and offices as a group (21.2%).

(2) MCM Holding Company LLC ("MHC") is the record owner of the listed shares. Immediately following the offering, MHC will distribute the shares to its members. Members who will receive in excess of 5% of our common stock and members who are our directors are listed separately in this table and include Madison West Associates Corp. (a wholly-owned subsidiary of Triarc), Nelson Peltz and Peter W. May, each through family trusts, and Eric D. Kogan. Prior to the distribution, these persons may be deemed to be the beneficial owner of the aggregate number of shares held by MHC and to share voting and investment power with respect to the shares.

(3) C.P. International Investments Limited is owned through a series of subsidiaries by Consolidated Press International Holdings Limited. Kerry F.B. Packer and his family directly or indirectly beneficially own Consolidated Press International Holdings Limited. Mr. James D. Packer, a director of MCM, is the son of Mr. Kerry F.B. Packer. Mr. James D. Packer has no voting or investment power over the shares.

(4) Includes 345,879 shares owned by C.P. International Investments Limited as nominee of Peter Stewart Nigel Frazer. Mr. Frazer has granted voting and investment power over his shares to C.P. International Investments Limited, to be exercised in the same manner and to the same proportionate extent as applies to shares beneficially owned by C.P. International Investments Limited. Mr. Frazer is the father-in-law of Mr. Robert M. Whyte, a director of MCM. Mr. Whyte does not have voting or investment power over the shares.

(5) Frank Chandler holds 12,353 shares directly and 988,226 shares through the Chandler Family Limited Partnership. Mr. Chandler is the sole general partner of the partnership and has sole investment and voting power over the shares held by it. John Chandler, Mr. Chandler's son, is a limited partner of the partnership, but has no investment or voting power over the shares held by the partnership, and therefore none of those shares are included in John Chandler's holdings.

(6) See note (4) above.

(7) See notes (2) and (4), above. This amount does not include the aggregate amount of shares held by MCM Holding Company LLC. Includes options to purchase 32,941 shares exercisable within 60 days.

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CERTAIN TRANSACTIONS

STOCKHOLDERS' AGREEMENTS

In connection with the purchase of shares from MCM's existing stockholders in February 1998, MCM and its stockholders, including MHC, CP and Frank Chandler and his family limited partnership, entered into two separate agreements. The agreements contained restrictions and requirements relating to the transfer of shares by the stockholders and various rights among MCM and the stockholders to buy one another's shares in specified instances, provided for the election of directors designated by certain stockholders, provided for other corporate governance procedures, and required that we indemnify our directors and obtain director insurance. The two agreements will terminate in accordance with their terms upon the closing of this offering. Under a new agreement, MHC and CP have agreed that, if either of them sells shares, under certain circumstances, the other will have the right to join in the sale. In addition, MCM has granted demand and piggyback registration rights in favor of MHC and CP and their transferees to facilitate resale of their shares of MCM common stock pursuant to a registration rights agreement.

RELATIONSHIP WITH NATIONSBANK, N.A.

We have entered into a facility with Nationsbank, N.A. for a revolving line of credit of up to $15 million that expires July 15, 1999. Some of MCM's directors, stockholders and affiliates have guaranteed the Nationsbank facility, including Messrs. May, Chandler, Peltz and Kogan, directors of MCM, the Chandler Family Limited Partnership, a stockholder, Triarc Companies, Inc., an affiliate of MCM Holding Company LLC, a stockholder, and Consolidated Press Holdings Limited, an affiliate of C.P. International Investments, a stockholder, and Peter Stewart Nigel Frazer, who holds a beneficial interest in shares of MCM common stock. We expect to repay this facility with the proceeds of this offering and to have the related guarantees released.

OTHER RELATIONSHIPS WITH FINANCING INSTITUTIONS

We entered into a $28 million line of credit in 1998 with Nomura Asset Capital Corporation. The line of credit was guaranteed up to $1 million by Messrs. Chandler, Peltz and May, directors of MCM, and Triarc, an affiliate of MCM Holding Company LLC, a stockholder. This line of credit was repaid in full in 1998 and these guarantees were released.

In addition, we maintain loans with the Bank of Kansas that have been guaranteed by Mr. Chandler. We expect to repay all outstanding amounts, approximately $0.4 million, with the proceeds of this offering and to have the related guarantee released.

LOAN FROM CHIEF EXECUTIVE OFFICER

MCM borrowed $200,000 from Mr. Chandler, MCM's Chief Executive Officer, in 1992. MCM repaid this loan in full in February 1998.

DESCRIPTION OF CAPITAL STOCK

GENERAL

We are authorized to issue 50,000,000 shares of common stock, $.01 par value, and 5,000,000 shares of preferred stock, $.01 par value. Upon completion of the offering, we will have 8,274,464 shares of common stock outstanding and no shares of preferred stock outstanding. The following description of our capital stock is qualified in its entirety by reference to our Certificate of Incorporation, a copy of which is filed as an exhibit to the registration statement of which this prospectus is a part. Of the total shares of common stock authorized, 348,823 shares of common stock are reserved for issuance to fulfill future grants under an employee stock incentive plan and obligations under currently outstanding options outside of the plan. See "Management -- Compensation Under Plans."

COMMON STOCK

Holders of common stock are entitled to one vote per share on all matters submitted to a vote of stockholders generally. Stockholders have no right to cumulate their votes in the election of directors. Accordingly, holders of a majority of the outstanding shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. We do not intend to declare or pay any dividends on our shares of common stock in the near future. See "Dividend Policy." Our Certificate of Incorporation gives the holders of common stock no preemptive or other subscription or conversion rights, and there are no redemption provisions with respect to the shares. All outstanding shares of common stock are, and the shares offered hereby will be, when issued and paid for, fully paid and non-assessable.

PREFERRED STOCK

The board of directors may, without further action of MCM's stockholders, issue shares of preferred stock in one or more series and fix or alter the rights or preferences thereof, including the voting rights, redemption provisions, including sinking fund provisions, dividend rights, dividend rates, liquidation preferences, conversion rights, and any other rights, preferences, privileges, and restrictions of any wholly unissued series of preferred stock. The rights of holders of common stock will be subject to, and may be adversely affected by, the rights of holders of any preferred stock that may be issued in the future. No shares of preferred stock are outstanding, and we have no present plans to issue any preferred stock shares. The issuance of shares of preferred stock could adversely affect the voting power of holders of common stock and could have the effect of delaying, deferring, or preventing a change in our control or other corporate action.

OPTIONS

In May 1998 we granted an option to one of our senior executives, to purchase 98,823 shares of common stock at an exercise price of $3.04 per share. The

options vest as follows: 32,941 on May 18, 1999; 32,941 on May 18, 2000; and 32,941 on May 18, 2001. His options generally expire on May 18, 2008 and are subject to customary anti-dilution adjustments upon dividends and distributions on the common stock, subdivisions or reclassifications of common stock, and combinations of common stock.

The MCM 1999 Equity Participation Plan will become effective at the closing of this offering. A total of 250,000 authorized shares of common stock are reserved for issuance under that plan. Under this plan we may grant nonqualified stock options to our officers, directors employees and key consultants. No awards have been granted under this plan or are contemplated except as described below.

At the closing of this offering, we will grant to R. Brooks Sherman, Jr., our Executive Vice President and Chief Financial Officer, an option to purchase 25,000 shares of common stock at the price offered to the public in this offering. Within 30 days following the closing of this offering, we will grant to Mr. Sherman an option to purchase an additional 25,000 shares of common stock at a price equal to the fair market value on the date of grant. These options will be granted under the Equity Participation Plan. Subject to

continued employment, the options will vest in one-third increments on the first, second and third anniversaries of the dates of grant and will expire 10 years after the dates of grant or earlier in certain circumstances. The options are subject to customary anti-dilution adjustments upon dividends and distributions on the common stock, subdivisions or reclassifications of common stock, and combinations of common stock.

LIMITATIONS ON LIABILITY OF OFFICERS AND DIRECTORS

Our Certificate of Incorporation provides that our directors shall not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- payments of dividends or stock purchases or redemptions in violation of Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our Certificate of Incorporation and Bylaws also provide for indemnification of our officers and directors to the fullest extent permitted by the Delaware General Corporation Law, including some instances in which indemnification is otherwise discretionary under the law. See "Management -- Indemnification of Directors and Officers." We believe that these provisions are essential to attracting and retaining qualified persons as directors and officers.

There is no pending litigation or proceeding involving any of our directors or officers as to which indemnification is being sought. In addition, we are not aware of any threatened litigation that may result in claims for indemnification by any officer or director.

RESTRICTIVE PROVISIONS OF OUR BYLAWS AND CERTIFICATE OF INCORPORATION

Our Certificate of Incorporation precludes an interested stockholder, generally a holder of 15% of MCM's common stock, from engaging in a merger, asset sale or other business combination with MCM for a period of 3 years after the date of the transaction in which the person became an interested stockholder, unless one of the following occurs:

- prior to the time the stockholder became an interested stockholder, the board of directors approved either the business combination or the transaction which resulted in the person becoming an interested stockholder;

- the stockholder owned at least 85% of the outstanding voting stock of the corporation, excluding shares held by directors who were also officers or held in certain employee stock plans, upon consummation of the transaction which resulted in a stockholder becoming an interested stockholder; or

- the business combination was approved by the board of directors and by two-thirds of the outstanding voting stock of the corporation, excluding shares held by the interested stockholder.

In general, MCM's current major stockholders and their affiliates and transferees are excepted from these limitations.

Our Bylaws require that, subject to certain exceptions, any stockholder desiring to propose business or nominate a person to the board of directors at a stockholders meeting must give notice of any proposals or nominations within a specified time frame. In addition, the Bylaws provide that we will hold a special meeting of stockholders only if three of our directors or the President or the Chairman of the board of directors calls the meeting or if the holders of a majority of the votes entitled to be cast at the meeting make a written demand for the meeting. These provisions may have the effect of precluding a nomination

for the election of directors or the conduct of business at a particular annual meeting if the proper procedures are not followed or may discourage or deter a third party from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of MCM, even if the conduct of such solicitation or such attempt might be beneficial to us and our stockholders. For us to include a proposal in our annual proxy statement, the proponent and the proposal must comply with the proxy proposal submission rules of the Securities and Exchange Commission.

Our Certificate of Incorporation provides that it will require the vote of the holders of at least two-thirds of the shares entitled to vote in the election of directors to remove a director, with or without cause. In addition, stockholders

can amend or repeal our bylaws only with the vote of the holders of at least two-thirds of our outstanding common stock.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is American Stock Transfer and Trust.

SHARES ELIGIBLE FOR FUTURE SALE

MCM will have 8,274,464 shares of common stock outstanding after the offering, or 9,024,464 shares if the underwriters' overallotment is exercised in full. Of those shares, the 5,000,000 shares of common stock sold in the offering, 5,750,000 shares if the underwriters' over-allotment option is exercised in full, will be freely transferable without restriction, unless purchased by persons deemed to be our "affiliates" as that term is defined in Rule 144 under the Securities Act. The remaining 3,274,464 shares of common stock to be outstanding immediately following the offering are "restricted" which means they were originally sold in certain types of offerings that were not subject to a registration statement filed with the Securities and Exchange Commission. These restricted shares may only be sold through registration under the Securities Act or under an available exemption from registration, such as provided through Rule 144 promulgated under the Securities Act. In general, under Rule 144 a person or persons whose shares are aggregated including an affiliate, who has beneficially owned the shares for one year or more, may sell in the open market within any three-month period a number of shares that does not exceed the greater of:

- 1% of the then outstanding shares of our common stock, which would be approximately 82,745 shares immediately after the offering; or

- the average weekly trading volume in the common stock on the Nasdaq during the four calendar weeks preceding the sale.

Sales under Rule 144 are also subject to limitations on the manner of sale, notice requirements, and the availability of our current public information. A person who is deemed not to have been our affiliate at any time during the three months preceding a sale by him and who has beneficially owned his shares for at least two years, may sell the shares in the public market under Rule 144(k) without regard to the volume limitations, manner of sale provisions, notice requirements, or the availability of current information we refer to above. Under Rule 144, all of the restricted shares may be sold 90 days after the closing of the offering. After restricted shares are properly sold in reliance upon Rule 144, they will be freely tradeable without restrictions or registration under the Securities Act, unless thereafter held by one of our affiliates.

We have reserved an aggregate of 250,000 shares of common stock for issuance under the MCM 1999 Equity Participation Plan and have granted an executive officer an option to purchase 98,823 shares of common stock apart from that plan. We intend to register the shares subject to the plan and the option on a Form S-8 Registration Statement following the offering. Shares of common stock issued under the plan or the executive officer's option agreement after the effective date of any Registration Statement on Form S-8 will be available for sale in the public market without restriction to the extent they are held by persons who are not affiliates of MCM, and by affiliates under Rule 144.

The holders of the 3,274,464 shares of common stock outstanding not being sold in the offering have agreed to a 180-day "lock-up" with respect to these shares. This generally means they cannot

sell these shares during the 180 days following the date of this prospectus. See "Underwriting" for additional details. After the 180-day lock-up period, these shares may be sold in accordance with Rule 144.

No trading market for the common stock existed prior to the offering. No prediction can be made as to the effect, if any, that future sales of shares under Rule 144 or otherwise will have on the market price prevailing from time to time. Sales of substantial amounts of common stock into the public market following the offering, or the perception that these sales could occur, could adversely affect the then prevailing market price.

We have granted MHC and CP and their transferees demand and piggyback registration rights with respect to their shares of our common stock.

UNDERWRITING

MCM and the selling stockholders have entered into an underwriting agreement with the underwriters named below. CIBC World Markets Corp. and U.S. Bancorp Piper Jaffray Inc. are acting as representatives of the underwriters.

The underwriting agreement provides for the purchase of a specific number of shares of common stock by each of the underwriters. The underwriters' obligations are several, which means that each underwriter is required to purchase a specified number of shares, but is not responsible for the commitment of any other underwriter to purchase shares. Subject to the terms and conditions of the underwriting agreement, each underwriter has severally agreed to purchase the number of shares of common stock set forth opposite its name below:

UNDERWRITER	NUMBER OF SHARES
CIBC World Markets Corp.	
U.S. Bancorp Piper Jaffray Inc.	
Total.....	5,000,000

This is a firm commitment underwriting. This means that the underwriters have agreed to purchase all of the shares offered by this prospectus, other than those covered by the over-allotment option described below, if any are purchased. Under the underwriting agreement, if an underwriter defaults in its commitment to purchase shares, the commitments of non-defaulting underwriters may be increased or the underwriting agreement may be terminated, depending on the circumstances.

The shares should be ready for delivery on or about , 1999, against payment in immediately available funds. The representatives have advised MCM and the selling stockholders that the underwriters propose to offer the shares directly to the public at the public offering price that appears on the cover page of this prospectus. In addition, the representatives may offer some of the shares to certain securities dealers at the initial offering price less a concession of $ per share. The underwriters may also allow, and the dealers may reallow, a concession not in excess of $ per share to certain other dealers. After the shares are released for sale to the public, the

representatives may change the offering price and other selling terms at various times.

MCM has granted the underwriters an over-allotment option. This option, which is exercisable for up to 30 days after the date of this prospectus, permits the underwriters to purchase a maximum of 750,000 additional shares from MCM to cover over-allotments. If the underwriters exercise all or part of this option, they will purchase shares covered by the option at the initial public offering price that appears on the cover page of this prospectus, less the underwriting discount. If this option is exercised in full, the total price to public will be $ million and the total proceeds to MCM will be $ million. The underwriters have severally agreed that, to the extent the over-allotment option is exercised, they will each purchase a number of additional shares proportionate to the underwriter's initial amount reflected in the foregoing table.

The following table provides information regarding the amount of the discount to be paid to the underwriters by MCM and the selling stockholders:

	PER SHARE	TOTAL WITHOUT EXERCISE OF OVER-ALLOTMENT OPTION	TOTAL WITH FULL EXERCISE OF OVER-ALLOTMENT OPTION
MCM	$	$	$
Selling stockholders	$	$	$
Total		$	$

MCM estimates that the total offering expenses of MCM and the selling stockholders, excluding the underwriting discount, will be approximately $700,000, all of which will be paid by MCM.

MCM and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

MCM, our officers, directors and stockholders have agreed to a 180-day "lock up" with respect to 3,274,464 shares of common stock and certain other MCM securities that they beneficially own, including securities that are convertible into shares of common stock and securities that are exchangeable or exercisable for shares of common stock. This means that, subject to certain exceptions, for a period of 180 days following the date of this prospectus, MCM and these persons may not offer, sell, pledge or otherwise dispose of these MCM securities without the prior written consent of CIBC World Markets Corp.

The representatives have informed MCM that they do not expect discretionary sales by the underwriters to exceed five percent of the shares offered by this prospectus.

From time to time, CIBC World Markets Corp. provides financial advisory services to MCM for which it receives customary compensation.

There is no established trading market for the shares. The offering price for the shares will be determined by MCM and the representatives, based on the following factors:

- prevailing market and general economic conditions;

- the market capitalizations, trading histories and states of development of other traded companies that MCM and the representatives believe to be comparable to MCM;

- MCM's results of operations in recent periods;

- MCM's current financial position;

- estimates of MCM's business potential;

- the present state of MCM's development; and

- the availability for sale in the market of a significant number of shares of common stock.

Rules of the Securities and Exchange Commission may limit the ability of the underwriters to bid for or purchase shares before the distribution of the shares is completed. However, the underwriters may engage in the following activities in accordance with the rules:

- Stabilizing transactions -- The representatives may make bids or purchases for the purpose of pegging, fixing or maintaining the price of the shares, so long as stabilizing bids do not exceed a specified maximum.

- Over-allotments and syndicate covering transactions -- The underwriters may create a short position in the shares by selling more shares than are set forth on the cover page of this prospectus. If a short position is created in connection with the offering, the representatives may engage in syndicate covering transactions by purchasing the shares in the open market. The

representatives may also elect to reduce any short position by exercising all or part of the over-allotment option.

- Penalty bids -- If the representatives purchase shares in the open market in a stabilizing transaction or syndicate covering transaction, they may reclaim a selling concession from the underwriters and selling group members who sold those shares as part of this offering.

Stabilization and syndicate covering transactions may cause the price of the shares to be higher than it would be in the absence of these transactions. The imposition of a penalty bid might also have an effect on the price of the shares if it discourages resales of the shares.

Neither MCM nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of the shares. These transactions may occur on the Nasdaq National Market or otherwise. If these transactions are commenced, they may be discontinued without notice at any time.

LEGAL MATTERS

The validity of the shares of common stock is being passed upon for us by Snell & Wilmer L.L.P., Phoenix, Arizona. Gibson, Dunn, & Crutcher LLP, New York, New

York is acting as counsel for the underwriters.

EXPERTS

The consolidated financial statements of MCM Capital Group, Inc. at December 31, 1997 and 1998 and for each of the three years in the period ended December 31, 1998 appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance on this report given on the authority of Ernst & Young LLP as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-1 under the Securities Act with respect to the common stock offered hereby with the Securities and Exchange Commission. Please see the registration statement and the exhibits and schedules filed as part of the registration statement for further information about us and our common stock. A copy of the registration statement, including the exhibits and schedules thereto, and any other documents we file may be inspected without charge at the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the following Regional Offices of the Commission: New York Regional Office, 7 World Trade Center, 13th Floor, New York, New York 10048; and Chicago Regional Office, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the registration statement and the exhibits and schedules thereto can be obtained from the Public Reference Section of the Commission upon payment of prescribed fees. Information about the operation of the Public Reference Section may be obtained by calling the Commission at 1-800-SEC-0330. The Commission maintains an Internet web site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission. Our filings with the Commission are available to the public at that site which is http://www.sec.gov.

Prior to filing the registration statement of which this prospectus is a part, we were not subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Upon effectiveness of the registration statement, we will become subject to the informational and periodic reporting requirements of the Exchange Act, and in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the Commission. Periodic reports, proxy statements and other information will be available for inspection and copying at the

public reference facilities and other regional offices we refer to above. We intend to register the securities offered by the registration statement under the Exchange Act simultaneously with the effectiveness of the registration statement and to furnish our stockholders with annual reports containing financial statements examined and reported on by our independent public accountants, and quarterly reports for the first three fiscal quarters of each fiscal year containing unaudited interim financial information.

MCM CAPITAL GROUP, INC.
(FORMERLY MIDLAND CORPORATION OF KANSAS)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
MCM Capital Group, Inc.

We have audited the accompanying consolidated statements of financial condition of MCM Capital Group, Inc. (formerly Midland Corporation of Kansas) and its subsidiaries (the Company) as of December 31, 1997 and 1998, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of MCM Capital Group, Inc. at December 31, 1997 and 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

Kansas City, Missouri
April 29, 1999, except for
Note 13 as to which the date
is , 1999

The foregoing report is in the form that will be signed upon completion of the change in the Company's capital stock and the 4.941-for-1 exchange of shares in connection with the expected merger as described in Note 13 to the consolidated financial statements.

Ernst & Young LLP

Kansas City, Missouri
April 29, 1999

MCM CAPITAL GROUP, INC.
(FORMERLY MIDLAND CORPORATION OF KANSAS)

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	DECEMBER 31		MARCH 31
	1997	1998	1999
			(UNAUDITED)
ASSETS			
Cash	$ 476,749	$ 4,657,822	$ 2,244,102
Investment in receivable portfolios (Note 2)	15,410,835	2,052,421	6,473,562
Retained interest in securitized receivables (Note 3)	--	23,985,898	25,402,808
Property and equipment, net (Notes 4 and 5)	1,008,547	3,852,287	4,510,829
Other assets	67,434	279,777	1,663,083
Total assets	$16,963,565	$34,828,205	$40,294,384
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable and accrued liabilities	$ 429,290	$ 1,607,808	$ 1,229,167
Servicing liability (Note 3)	--	3,607,476	2,964,665
Notes payable and other borrowings (Note 5)	14,774,468	7,005,302	14,980,265
Capital lease obligations	--	505,844	489,806
Put warrants (Note 9)	206,000	--	--
Deferred income tax liability (Note 6)	--	8,179,926	7,593,469
Total liabilities	15,409,758	20,906,356	27,257,372
Redeemable common stock (Note 12)	--	--	--
Commitments and contingencies (Note 10)	--	--	--
Stockholders' equity:			
Preferred stock, $.01 par value, 5,000,000 shares authorized (Note 13)	--	--	--
Common stock, no par value in 1997; $.01 par value in 1998 and 1999, 50,000,000 shares authorized, 4,941,131 shares issued and outstanding (Note 13)	--	49,411	49,411
Additional paid-in capital	200,000	80,589	80,589
Accumulated other comprehensive income (Note 3)	--	4,882,883	4,822,454
Retained earnings	1,353,807	8,908,966	8,084,558
Total stockholders' equity	1,553,807	13,921,849	13,037,012
Total liabilities and stockholders' equity	$16,963,565	$34,828,205	40,294,384

See accompanying notes.

MCM CAPITAL GROUP, INC.
(FORMERLY MIDLAND CORPORATION OF KANSAS)

CONSOLIDATED STATEMENTS OF OPERATIONS

YEAR ENDED DECEMBER 31			THREE MONTHS ENDED MARCH 31	
1996	1997	1998	1998	1999
			(UNAUDITED)	

Revenues:					
Income from receivable portfolios	$2,387,184	$3,200,492	$15,951,540	$3,046,870	$ 569,308
Income from retained interest	--	--	--	--	1,659,606
Gain on sales of receivable portfolios (Note 3)	994,884	2,013,660	10,818,135	169,329	--
Servicing fees and related income	--	--	105,394	--	1,971,373
	3,382,068	5,214,152	26,875,069	3,216,199	4,200,287
Expenses:					
Salaries and employee benefits	1,649,634	2,064,379	7,471,937	883,254	3,683,766
Other operating expenses	199,506	338,034	2,200,045	286,658	815,562
General and administrative expenses	305,778	489,918	1,290,114	119,508	738,593
Depreciation and amortization	96,589	156,108	426,485	40,839	205,000
Total expenses	2,251,507	3,048,439	11,388,581	1,330,259	5,442,921
	1,130,561	2,165,713	15,486,488	1,885,940	(1,242,634)
Other income and expense:					
Interest expense	97,293	722,568	2,981,983	620,938	218,520
Other (income) expense	48,282	96,535	(95,747)	(6,323)	(90,574)
Total other expense	145,575	819,103	2,886,236	614,615	127,946
Income (loss) before income taxes and extraordinary charge	984,986	1,346,610	12,600,252	1,271,325	(1,370,580)
Provision for income taxes (Note 6)	390,566	539,953	5,065,460	478,385	(546,172)
Income (loss) before extraordinary charge	594,420	806,657	7,534,792	792,940	(824,408)
Extraordinary charge, net of income tax benefit of $114,847 (Note 8)	--	--	179,633	179,633	--
Net income (loss)	$ 594,420	$ 806,657	$ 7,355,159	$ 613,307	$ (824,408)
Basic earnings per share (Note 13):					
Income (loss) before extraordinary charge	$ .12	$ .16	$ 1.52	$ .16	$ (.17)
Extraordinary charge	--	--	.03	.04	--
Net income (loss)	$ .12	$ .16	$ 1.49	$ .12	$ (.17)
Diluted earnings per share (Note 13):					
Income before extraordinary charge	$ .12	$ .16	$ 1.51	$ .15	$ (.17)
Extraordinary charge	--	--	.04	.03	--
Net income	$ .12	$ .16	$ 1.47	$ .12	$ (.17)
Shares used for computation (in thousands) (Note 13):					
Basic	4,941	4,941	4,941	4,941	4,941
Diluted	4,941	4,941	4,996	5,316	5,020

See accompanying notes.

MCM CAPITAL GROUP, INC.
(FORMERLY MIDLAND CORPORATION OF KANSAS)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL

Balance at December 31, 1995	$ --	$ 200,000	$ (47,270)	$ --	$ 152,730
Net income	--	--	594,420	--	594,420
Balance at December 31, 1996	--	200,000	547,150	--	747,150
Net income	--	--	806,657	--	806,657
Balance at December 31, 1997	--	200,000	1,353,807	--	1,553,807
Net income	--	--	7,355,159	--	7,355,159
Unrealized gain (Note 3)	--	--	--	4,882,883	4,882,883
Comprehensive income					12,238,042
Issuance of put options on redeemable common stock (Note 12)	--	(200,000)	(3,649,203)	--	(3,849,203)
Issuance of common stock warrants (Note 9)	--	130,000	--	--	130,000
Repricing of put options on redeemable common stock (Note 12)	--	--	3,849,203	--	3,849,203
Recapitalization of Company's common stock (Note 13)	49,411	(49,411)	--	--	--
Balance at December 31, 1998	49,411	80,589	8,908,966	4,882,883	13,921,849
Net loss (unaudited)	--	--	(824,408)	--	(824,408)
Unrealized loss (unaudited)	--	--	--	(60,429)	(60,429)
Comprehensive loss (unaudited)					(884,837)
Balance at March 31, 1999 (unaudited)	$49,411	$ 80,589	$ 8,084,558	$4,822,454	$13,037,012

See accompanying notes.

MCM CAPITAL GROUP, INC.
(FORMERLY MIDLAND CORPORATION OF KANSAS)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31			THREE MONTHS ENDED MARCH 31	
	1996	1997	1998	1998	1999
				(UNAUDITED)	
OPERATING ACTIVITIES					
Net income	$ 594,420	$ 806,657	$ 7,355,159	$ 613,307	$ (824,408)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Depreciation and amortization	96,589	156,108	426,485	40,839	205,000
Amortization of debt discount	--	68,000	268,000	138,000	--
Gain on sales of receivable portfolios	(994,884)	(2,013,660)	(10,818,135)	(169,329)	--
Loss on sales of property and equipment	182,478	--	16,953	--	--
Extraordinary loss on early extinguishment of debt	--	--	179,633	179,633	--
Deferred income tax expense (benefit)	8,566	8,566	5,106,951	516,700	(546,171)
Income accrued on retained interest	--	--	--	--	(1,659,606)
Amortization of servicing liability	--	--	--	--	(642,811)
Increase in service fee receivable	--	--	--	--	(409,585)
Increase in other assets	--	--	(279,777)	--	9,583

Increase (decrease) in accounts payable and accrued liabilities.....	85,979	(101,598)	1,178,518	(211,189)	(378,641)
Net cash provided by (used in) operating activities.....	(26,852)	(1,075,927)	3,433,787	1,107,961	(4,246,639)
INVESTING ACTIVITIES					
Proceeds from sales of receivable portfolios.....	2,244,990	5,765,466	37,201,753	989,571	--
Net (accretion) collections applied to principal of receivable portfolios.....	786,288	1,926,379	(503,031)	(944,043)	(243,054)
Purchases of receivable portfolios.....	(4,216,247)	(18,248,711)	(24,762,456)	(4,842,165)	(4,178,087)
Purchases of property and equipment.....	(478,199)	(166,577)	(2,813,563)	(751,442)	(863,542)
Proceeds from sales of property and equipment.....	40,335	--	32,229	--	--
Net cash provided by (used in) investing activities.....	(1,622,833)	(10,723,443)	9,154,932	(5,717,408)	(5,284,683)
FINANCING ACTIVITIES					
Proceeds from notes payable and other borrowings.....	1,907,548	12,440,680	23,573,831	21,549,966	9,031,160
Repayment of notes payable and other borrowings.....	(287,819)	(284,213)	(31,480,997)	(16,426,558)	(1,056,197)
Payment on termination of put warrants.....	--	--	(206,000)	(206,000)	--

MCM CAPITAL GROUP, INC.

(FORMERLY MIDLAND CORPORATION OF KANSAS)

CONSOLIDATED STATEMENTS OF CASH FLOWS -- (CONTINUED)

	YEAR ENDED DECEMBER 31			THREE MONTHS ENDED MARCH 31	
	1996	1997	1998	1998	1999
				(UNAUDITED)	
Capitalized loan costs relating to financing arrangement.....	$ --	$ --	$ --	$ --	$ (841,323)
Net repayment of capital lease obligation.....	--	--	--	--	(16,038)
Prepayment fees and penalties on early extinguishment of debt....	--	--	(294,480)	(294,480)	--
Net cash provided by (used in) financing activities.....	1,619,729	12,156,467	(8,407,646)	4,622,928	7,117,602
Net increase (decrease) in cash...	(29,956)	357,097	4,181,073	182,810	(2,413,720)
Cash, beginning of period.....	$ 149,608	$ 119,652	$ 476,749	$ 476,749	$ 4,657,822
Cash, end of period.....	$ 119,652	$ 476,749	$ 4,657,822	$ 659,559	$ 2,244,102

	YEAR ENDED DECEMBER 31			THREE MONTHS ENDED MARCH 31	
	1996	1997	1998	1998	1999
				(UNAUDITED)	
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION					
Cash paid during the period for:					
Interest	$ 97,293	$ 525,013	$ 2,670,254	$ 619,908	$ 286,758
Income taxes	$ 172,297	$ 672,690	$ 50,038	$ 127,330	$ --
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES					
Property and equipment acquired under capital leases	$ --	$ --	$ 522,685	$ --	$ --
Recognition of servicing liability	$ --	$ --	$ 3,607,476	$ --	$ --
Recognition of retained interest in securitized receivables	$ --	$ --	$ 14,857,759	$ --	$ --
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES					
Issuance of common stock warrants in connection with line-of-credit agreements	$ --	$ 206,000	$ 130,000	$ --	$ --
Issuance of put options on redeemable common stock	$ --	$ --	$ 3,849,203	$ 3,849,203	$ --

See accompanying notes.

MCM CAPITAL GROUP, INC.
(FORMERLY MIDLAND CORPORATION OF KANSAS)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1996, 1997 AND 1998

1. SIGNIFICANT ACCOUNTING POLICIES

Ownership and Description of Business

MCM Capital Group, Inc. (MCM Capital), formerly Midland Corporation of Kansas, is a holding company whose principal asset is its investment in its wholly-owned subsidiary, Midland Credit Management Inc. (Midland Credit) (collectively referred to herein as the Company). The Company is a financial services company specializing in the recovery, restructuring, resale and securitization of receivable portfolios acquired at deep discounts. The Company's receivable portfolios consist primarily of charged-off domestic credit card receivables purchased from national financial institutions and major retail corporations. Acquisitions of receivable portfolios are financed by operations and borrowings from third parties.

Principles of Consolidation

The consolidated financial statements include MCM Capital and its wholly-owned subsidiary, Midland Credit. All material intercompany transactions and balances have been eliminated.

Interim Reporting

The accompanying condensed consolidated interim financial statements as of March 31, 1999 and for the three months ended March 31, 1998 and 1999, including such information included in the notes to the consolidated financial statements, are unaudited. The Company believes that such information includes all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows on a basis consistent with that of the consolidated financial statements as of December 31, 1998 and the year then ended. Operating results for the interim period are not necessarily indicative of the results for any other interim period or for an entire year.

Investment in Receivable Portfolios

The Company accounts for its investment in receivable portfolios on the accrual basis of accounting in accordance with the provisions of the AICPA's Practice Bulletin 6, "Amortization of Discounts on Certain Acquired Loans." Static pools are established with accounts having similar attributes, based on specific seller and timing of acquisition. Once a static pool is established, the receivables are permanently assigned to the pool. The discount (i.e., the difference between the cost of each static pool and the related aggregate contractual receivable balance) is not recorded since the Company expects to collect a relatively small percentage of each static pool's contractual receivable balance. As a result, each static pool is initially recorded at cost.

The Company accounts for each static pool as a unit for the economic life of the pool (similar to one loan) for recognition of income from receivable portfolios, for collections applied to principal of receivable portfolios and for provision for loss or impairment. Income from receivable portfolios is accrued based on the effective interest rate determined for each pool applied to each pool's original cost basis, adjusted for unpaid accrued income and principal paydowns. The effective interest rate is the internal rate of return determined based on the timing and amounts of anticipated future cash flow projections for each pool.

The Company monitors impairment of receivable portfolios based on discounted projected future cash flows of each portfolio compared to each portfolio's carrying amount. The discount rate is based on an acceptable rate of return adjusted for specific risk factors. The receivable portfolios are evaluated for impairment periodically by management based on current market and cash flow assumptions. Provisions

for losses are charged to earnings when it is determined that the investment in a receivable portfolio is greater than the present value of expected future cash flows. No provision for losses was recorded as of December 31, 1998, 1997 or 1996.

Securitization Accounting

Statement of Financial Accounting Standards (SFAS) No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," requires an entity to recognize the financial and servicing assets it controls and the liabilities it has incurred and to derecognize financial assets when control has been surrendered. The basis of securitized financial assets is allocated to the receivables sold, the servicing asset or liability and retained interest based on their relative fair values at the transfer date in determining the gain on the securitization transaction.

Retained Interest in Securitized Receivables

The retained interest is treated as a debt security classified as available-for-sale in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and is carried at fair value. At the time of securitization, the retained interest is initially recorded at the basis allocated in accordance with SFAS No. 125. This original cost basis is adjusted to fair value, which is based on the discounted anticipated future cash flows on a "cash out" basis, with such adjustment (net of related deferred income taxes) recorded as a component of other comprehensive income. The cash out method projects cash collections to be received only after all amounts owed to investors have been remitted.

Income on the retained interest is accrued based on the effective interest rate applied to its original cost basis, adjusted for accrued interest and principal paydowns. The effective interest rate is the internal rate of return determined based on the timing and amounts of anticipated future cash flow projections for the underlying pool of securitized receivables.

The Company monitors impairment of the retained interest based on discounted anticipated future cash flows of the underlying receivables on a cash out basis compared to the original cost basis of the retained interest, adjusted for accrued interest and principal paydowns. The discount rate is based on an acceptable rate of return adjusted for specific risk factors. The retained interest is evaluated for impairment by management quarterly based on current market and cash flow assumptions applied to the underlying receivables. Provisions for losses are charged to earnings when it is determined that the retained interest's original cost basis, adjusted for accrued interest and principal paydowns, is greater than the present value of expected future cash flows. No provision for losses was recorded as of December 31, 1998.

The retained interest is held by a wholly-owned, bankruptcy remote, special purpose subsidiary of the Company. The value of the retained interest, and its associated cash flows, would not be available to satisfy claims of creditors of the Company.

Servicing Liability

The Company records a servicing liability related to its obligation to service securitized receivables. The servicing liability is amortized in proportion to and over the estimated period of servicing for third-party acquirers of securitized receivables. The amortization of the servicing liability is included in servicing fees and related income in the consolidated statements of operations. The sufficiency of the servicing liability is assessed based on the fair value of the servicing contract as compared to the carrying amount of the servicing liability. Fair value is estimated by discounting anticipated future net servicing revenues or losses using assumptions the Company believes market participants would use in their estimates of future servicing income and expense.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Provision for depreciation is computed using the straight-line or an accelerated method over the estimated useful lives of the assets as follows:

Buildings and equipment	15 to 25 years
Furniture and fixtures	7 years
Computer hardware and software	3 to 5 years
Transportation vehicles	5 years

Maintenance and repairs are charged to expense in the year incurred. Expenditures for major renewals that extend the useful lives of fixed assets are capitalized and depreciated over the useful lives of such assets.

Income Taxes

Deferred income taxes are provided on temporary differences between the financial reporting bases and income tax bases of the Company's assets and liabilities.

Stock-Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees," and related interpretations in accounting for its employee stock options rather than the alternative fair value accounting provided for under SFAS No. 123, "Accounting and Disclosure for Stock-Based Compensation." In accordance with APB 25, compensation cost relating to stock options granted by the Company is measured as the excess, if any, of the market price of the Company's stock at the date of grant over the exercise price of the stock options.

Comprehensive Income

In 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income," which establishes new rules for the reporting and display of comprehensive income and its components; however, the adoption of this statement had no impact on the Company's net income or stockholders' equity. SFAS No. 130 requires unrealized gains or losses on available-for-sale securities to be included in other comprehensive income. Adoption of this statement had no effect on prior year financial statements, as the Company held no components of comprehensive income.

Fair Values of Financial Instruments

The following methods and assumptions were used by the Company to estimate the fair value of each class of financial instruments:

Investment in receivable portfolios: Investment in receivable portfolios is recorded at cost. The fair value is estimated based on recent acquisitions of similar receivable portfolios or discounted expected future cash flows. The discount rate is based on an acceptable rate of return adjusted for specific risk factors. The carrying value of the investment in receivable portfolios reported in the statements of financial condition approximates fair value.

Retained interest in securitized receivables: Fair value is estimated by discounting anticipated future cash flows using a discount rate based on specific risk factors. The anticipated future cash flows are projected on a cash out basis to reflect the restriction of cash flows until the investors have been fully

paid. The retained interest in securitized receivables is recorded at fair value in the accompanying statements of financial condition.

Notes payable and other borrowings: The carrying amount reported in the statements of financial position approximates fair value for notes payable which are of a short-term nature. For other borrowings, fair value is estimated by discounting anticipated future cash flows using market rates of debt instruments with similar terms and remaining maturities. The carrying amount of other borrowings approximates fair value.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Significant estimates have been made by management with respect to the timing and amount of collection of future cash flows from receivable portfolios, as well as the estimated costs to service securitized receivables. Actual results are likely to differ from these estimates making it reasonably possible that a change in these estimates could occur within one year. On a quarterly basis, management reviews the estimate of future collections, and it is reasonably possible that its assessment of collectibility may change based on actual results and other factors.

Concentrations of Risk

During 1998, all of the Company's purchases of receivable portfolios were from two companies. These companies each have a significant presence in the retail credit card industry and process a substantial volume of transactions. If the Company was unable to continue to purchase receivable portfolios from these companies or they were unable to provide adequate volume to the Company, the Company would need to establish relationships with other retail credit card issuers and institutions.

Earnings Per Share

In accordance with the provisions of SFAS No. 128, "Earnings Per Share," the dilutive effect of stock options and certain common stock warrants are excluded from basic earnings per share but included in diluted earnings per share. See Notes 9 and 11 regarding discussion of stock options and common stock warrants, respectively, at December 31, 1998.

2. INVESTMENT IN RECEIVABLE PORTFOLIOS

The following summarizes the changes in the balance of the investment in receivable portfolios for the following periods:

	YEAR ENDED DECEMBER 31			THREE MONTHS ENDED MARCH 31
	1996	1997	1998	1999
				(UNAUDITED)
BALANCE, BEGINNING OF PERIOD.....	$ 660,456	$ 2,840,309	$ 15,410,835	$2,052,421
Purchase of receivable portfolios.....	4,216,247	18,248,711	24,762,456	4,178,087
Securitization of receivable portfolios.....	--	--	(33,848,409)	--
Cost of receivable portfolios sold.....	(1,250,106)	(3,751,806)	(4,775,492)	--
Net accretion (collections) applied to principal of receivable portfolios.....	(786,288)	(1,926,379)	503,031	243,054
BALANCE, END OF PERIOD.....	$ 2,840,309	$15,410,835	$ 2,052,421	$6,473,562

3. SECURITIZATION OF RECEIVABLE PORTFOLIOS

On December 30, 1998, Midland Receivables 98-1 Corporation, a qualified special-purpose entity formed by the Company, issued securitization notes in the principal amount of $33 million, which bear a fixed rate of interest of 8.63%. The notes are collateralized by the credit card receivables securitized by the Company with a carrying amount of $33.8 million at the time of transfer. The transaction was accounted for as a sale under the provisions of SFAS No. 125. As a result, the Company recorded a retained interest and servicing liability and recognized a pretax gain of $9.3 million.

In connection with the securitization, the Company receives a servicing fee equal to 20% of the gross monthly collections of the securitized receivables. The benefits of servicing the securitized receivables are not expected to adequately compensate the Company for performing the servicing; therefore, the Company has recorded a servicing liability of $3,607,476 in accordance with SFAS No. 125. The Company recorded no amortization of this servicing liability during 1998 since the transaction closed on December 30, 1998.

As a result of the securitization transaction, the Company recorded a retained interest in securitized receivables. The retained interest is collateralized by the credit card receivables that were securitized, adjusted for amounts owed to the noteholders. At the time of the transaction, the Company recorded the retained interest at an allocated basis in the amount of $15,847,759 based on its relative fair value, as discussed in Note 1. The allocated basis amount was adjusted to a fair value of $23,985,898. The adjustment, net of deferred income taxes of $3,255,256, was recorded as a separate component of stockholders' equity and reported as other comprehensive income.

In estimating the fair value of the retained interest, the Company has estimated net cash flows, after repayment of notes, related interest and other fees, based on the Company's historical collection results for similar receivables and discounted at 30%.

In accordance with the terms of securitization, the Company deposited $990,000 with the securitization trustee to be used as a reserve for the benefit of securitization investors. This amount, less any portion required to satisfy obligations of the securitization, will be returned to the Company upon payment of amounts due to securitization investors. This amount is included in the $23,985,898 retained interest in securitized receivables recorded in the accompanying statements of financial condition as of December 31, 1998.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following components:

	DECEMBER 31		MARCH 31
	1997	1998	1999
			(UNAUDITED)
Land and buildings	$ 762,387	$ 822,978	$ 833,650
Furniture and fixtures	724,458	1,288,858	1,404,094

Computer equipment and software.....	282,089	2,171,327	2,818,346
Transportation vehicles.....	135,148	76,149	76,149
Telephone equipment.....	--	802,479	893,094
	1,904,082	5,161,791	6,025,333
Accumulated depreciation and amortization....	(895,535)	(1,309,504)	(1,514,504)
	$1,008,547	$ 3,852,287	$ 4,510,829

5. NOTES PAYABLE AND OTHER BORROWINGS

At December 31, 1997 and 1998, and March 31, 1999, the Company had available unused lines of credit in the amount of $1,090,780, $8,438,180 and $407,020, respectively. The Company is obligated under the following borrowings as of the dates indicated:

	DECEMBER 31		MARCH 31
	1997	1998	1999
			(UNAUDITED)
Revolving lines of credit, net of debt discount, fixed rates ranging from 10% to 12%.....	$12,271,220	$ --	$ --
Revolving line of credit, 7.75%, unsecured, due July 15, 1999.....	--	6,561,820	14,592,980
Term note, 1% over prime rate (9.5%).....	1,656,460	--	--
Various installment obligations, 9%.....	446,788	443,482	387,285
Notes payable to stockholders, rates ranging from 10% to 12%.....	400,000	--	--
	$14,774,468	$7,005,302	$14,980,265

Borrowings under the Company's revolving line of credit at December 31, 1998 are guaranteed by certain stockholders of MCM Capital.

6. INCOME TAXES

The provision for income taxes on income before extraordinary charge consists of the following for the years ended December 31:

	1996	1997	1998
Current expense (benefit):			
Federal.....	$306,419	$422,096	$ --
State.....	75,581	109,291	(41,491)
	382,000	531,387	(41,491)
Deferred expense:			
Federal.....	6,864	6,864	4,036,000
State.....	1,702	1,702	1,070,951
	8,566	8,566	5,106,951

	$390,566	$539,953	$5,065,460

The Company has recorded a deferred income tax benefit in 1998 in the amount of $114,847 pertaining to an extraordinary loss on the early extinguishment of debt, which has been reported in the net operating losses component of deferred tax assets in the following table.

Deferred tax expense for 1998 includes a benefit of $694,239 related to a net operating loss carryforward. The Company has net operating loss carryforwards of $1,892,356. The current year net operating loss of $1,718,868 expires in the year 2018. The remaining balance expires in the year 2006. The Company has not recorded any valuation allowance against deferred income tax assets as of December 31, 1997 and 1998.

The net deferred tax liability or asset consists of the following as of December 31:

	1997	1998
Deferred tax assets:		
Net operating losses	$ 67,434	$ 761,673
Accrued expenses	--	126,844
	67,434	888,517
Deferred tax liabilities:		
Gain on securitization of receivables	--	3,747,205
Unrealized gain on retained interest in securitized receivables	--	3,255,256
Difference in recognition of income from receivable portfolios	--	1,912,265
Difference in basis of depreciable assets	--	153,717
	--	9,068,443
Net deferred tax asset (liability)	$ 67,434	$(8,179,926)

The securitization transaction qualified as a financing for income tax purposes; therefore, the Company recorded a deferred tax liability in the amount of $3,747,205, as no gain was recorded for income tax purposes. The Company's deferred tax liability at December 31, 1998 includes $3,255,256 related to the unrealized gain on retained interest reported as a separate component of stockholders' equity.

The differences between the total income tax expense and the income tax expense computed using the applicable federal income tax rate were as follows for the years ended December 31:

	1996	1997	1998
Computed "expected" federal income taxes	$334,895	$480,967	$4,410,088
Increase (decrease) in income taxes resulting from:			
State income taxes, net	47,782	68,622	669,149
Other adjustments, net	7,889	(9,636)	(13,777)
	$390,566	$539,953	$5,065,460

	========	========	==========

7. LEASES

In November 1997, the Company began leasing office facilities in Phoenix, Arizona to accommodate expansion of its collection operations. During 1998, the Company expanded its facilities under this lease. The lease is structured as an operating lease, and the Company incurred related rent expense in the amount of $38,916 and $197,550 during 1997 and 1998, respectively. Commitments for future minimum rentals are presented below for the years ending December 31:

1999	$ 529,504
2000	536,504
2001	566,315
2002	569,578
2003	380,387
	$2,582,288

The Company leases certain property and equipment through capital leases. These long-term leases are noncancelable and expire on varying dates through 2003. At December 31, 1998, the cost of assets under capital leases is $522,685. The related amortization expense and accumulated amortization at December 31, 1998 and for the year then ended was $30,256. Amortization of assets under capital leases is included in depreciation and amortization expense.

Future minimum lease payments under capital lease obligations consist of the following for the years ending December 31:

1999	$173,368
2000	185,592
2001	185,592
2002	38,904
2003	26,165
	609,621
Less amount representing interest	103,777
	$505,844

8. EXTRAORDINARY CHARGE

In connection with the early extinguishment of debt under one of the Company's previous bank credit agreements, the Company recognized an extraordinary loss in 1998 of $179,633, net of income tax benefit of $114,847, resulting from payment of prepayment fees and penalties.

9. COMMON STOCK WARRANTS

In November 1997, MCM Capital issued put warrants in connection with a three-month line-of-credit agreement entered into by the Company. In connection with the expiration of the line-of-credit agreement in February 1998, the holder of the warrants exercised its put option and the Company repurchased the warrants for $206,000. As a result, the Company recorded a liability in 1997 for the put warrants in the amount of $206,000, which was paid in 1998, and a corresponding debt discount in the same amount. The Company recognized interest expense in the amount of $68,000 and $138,000 during 1997 and 1998, respectively, associated with the amortization of the related debt discount.

In September 1998, MCM Capital issued common stock warrants in connection with a three-month line-of-credit agreement entered into by the Company. The warrants were valued at $130,000 on the date of issuance, which was recorded as debt discount and amortized to interest expense during 1998. In connection with the expiration of the line-of-credit agreement in December 1998, the warrants were returned to the Company at no cost.

10. PURCHASE COMMITMENT OBLIGATION

The Company is obligated under a credit card accounts sale agreement (the Agreement) with its largest supplier (the Seller) to purchase all accounts put to the Company by the Seller subject to certain restrictions as defined by the Agreement. Under the Agreement, the Seller is required to sell a minimum amount of the accounts available-for-sale to the Company each month at a set price.

11. STOCK-BASED COMPENSATION

During 1998, MCM Capital granted stock options to purchase 98,823 shares of its common stock for $3.04 per share (representing the estimated market value of the Company's common stock on date of grant) in connection with an executive's employment agreement. These options will vest in equal increments over a period of three years from the date of grant and have a term of 10 years. No other options are outstanding at December 31, 1998. Since the exercise price of the stock options was equal to the estimated market value of the underlying common stock at the date of grant, no compensation expense was recognized in accordance with APB 25.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123 and has been determined as if MCM Capital had accounted for these stock options under the fair-value method of SFAS No. 123. The fair value for these options was estimated to be $120,000 at the date of grant using the minimum-value method with the following assumptions for the year ended December 31, 1998: risk-free interest rate of 5.1%, dividend yield of 0%, an estimated market value of the Company's common stock on the date of grant of $3.04 and an expected life of the options of 10 years.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information for 1998 follows:

Pro forma net income	$7,332,159
Pro forma earnings per share:	
Basic	$ .75
Diluted	$ .74

12. REDEEMABLE COMMON STOCK

The Company's Stockholders' Agreement (the Agreement) dated February 13, 1998 granted put options to certain minority stockholders, who collectively hold 30% (1,482,339 shares) of the Company's common stock. If exercised, the options obligate the Company to acquire the shares, for cash, at an amount based on operating results of the Company, as defined in the Agreement. Such options expire in the event the Company completes an initial public offering. The Company's obligation under the Agreement is reported outside of stockholders' equity with an offsetting charge to stockholders' equity.

The Company's obligation for the redeemable stock was recorded at $3.8 million on the date of grant, as determined based on earnings computed on a tax basis as outlined in the Agreement. As of December 31, 1998, the carrying amount of the Company's obligation was adjusted to zero, as a result of the net operating loss for tax purposes for the year ended December 31, 1998.

13. PENDING PUBLIC OFFERING OF COMMON STOCK

MCM Capital has filed a registration statement with the Securities and Exchange Commission for an underwritten initial public offering of its shares of common stock (the Offering). Immediately prior to effectiveness of the Offering, the Board of Directors and stockholders are expected to merge MCM Capital with Midland Corporation of Kansas in which:

- MCM Capital will be the surviving corporation;

- the authorized capital stock of the surviving corporation will consist of 50,000,000 shares of $.01 par value common stock and 5,000,000 shares of $.01 par value preferred stock; and

- the stockholders of Midland Corporation of Kansas will receive 4.941 shares of MCM Capital common stock for each share of Midland Corporation of Kansas common stock outstanding, having the effect of a 4.941-to-1 stock split.

All share and per share information included in the accompanying consolidated financial statements have been adjusted to give retroactive effect to the change in the number of shares outstanding as a result of the expected merger.

[MCM CAPITAL GROUP LOGO]

5,000,000 SHARES

COMMON STOCK

PROSPECTUS

, 1999

CIBC WORLD MARKETS

U.S. BANCORP PIPER JAFFRAY

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS. NO DEALER, SALESPERSON OR OTHER PERSON IS AUTHORIZED TO GIVE INFORMATION THAT IS NOT CONTAINED IN THIS PROSPECTUS. THIS PROSPECTUS IS NOT AN OFFER TO SELL NOR IS IT SEEKING AN OFFER TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS CORRECT ONLY AS OF THE DATE OF THIS PROSPECTUS, REGARDLESS OF THE TIME OF THE DELIVERY OF THIS PROSPECTUS OR ANY SALE OF THESE SECURITIES.
DEALER PROSPECTUS DELIVERY OBLIGATION: UNTIL , 1999 (25 DAYS AFTER THE COMMENCEMENT OF THE OFFERING) ALL DEALERS THAT EFFECT TRANSACTIONS IN THESE SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS OFFERING, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN addition TO THE DEALERS' OBLIGATION TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

This table sets forth the estimated expenses in connection with the distribution of the securities being registered hereunder, other than underwriting discounts and commissions:

ITEM	AMOUNT
Securities and Exchange Commission Fee	$ 23,978
NASD filing fee	9,125
* Blue Sky fees and expenses	5,000
* Printing and engraving expenses	200,000
* Legal fees and expenses	300,000
* Accounting fees and expenses	130,000
* Transfer agent and registrar's fees	3,500
* Miscellaneous expenses	28,397
Total	$700,000

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* Estimated.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Our Certificate of Incorporation provides that our directors shall not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for: (i) any breach of the director's duty of loyalty to us or our stockholders; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) liability for payments of dividends or stock purchases or redemptions in violation of Section 174 of the Delaware General Corporation Law; or (iv) any transaction from which the director derived an improper personal benefit. In

addition, our Certificate of Incorporation provides that we will, to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than such law permitted the corporation to provide prior to such amendment), indemnify and hold harmless any person who was or is a party, or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was our director or officer, or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "Indemnitee") against expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties paid in connection with the Employee Retirement Income Security Act of 1974, as amended, and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith; provided, however, that except as otherwise provided with respect to proceedings to enforce rights to indemnification, we shall indemnify any such Indemnitee in connection with a proceeding (or part thereof) initiated by such Indemnitee only if such proceeding or part thereof was authorized by our board of directors.

The right to indemnification set forth above includes the right for us to pay the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an Indemnitee in his capacity as a director or officer (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon

delivery to us of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is not further right to appeal that such Indemnitee is not entitled to be indemnified for such expenses under this section or otherwise. The rights to indemnification and to the advancement of expenses conferred herewith are contract rights and continue as to an Indemnitee who has ceased to be a director, officer, employee or agent and inures to the benefit of the Indemnitee's heirs, executors and administrators.

The Delaware General Corporation Law provides that indemnification is permissible only when the director, officer, employee, or agent acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The Delaware General Corporation Law also precludes indemnification in respect of any claim, issue, or matter as to which an officer, director, employee, or agent shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine that, despite such adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

We have agreed to indemnify the underwriters and their controlling persons, and the underwriters have agreed to indemnify us and our controlling persons, against certain liabilities, including liabilities under the Securities Act. Reference is made to the Underwriting Agreement filed as part of the Exhibits hereto.

See Item 17 for information regarding our undertaking to submit to adjudication the issue of indemnification for violation of the securities laws.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Prior to effectiveness, MCM will reincorporate from Kansas to Delaware by way of a merger of Midland Corporation of Kansas, a Kansas corporation, with and into MCM. In the merger, each share of Midland Corporation of Kansas' issued and outstanding common stock will be exchanged for 4.941 shares of MCM's common

stock and each option to purchase a share of Midland Corporation of Kansas' common stock will be exchanged for an option to purchase 4.941 shares of MCM's common stock.

Exemption from registration for this transaction was claimed pursuant to Rule 145 under the Securities Act for transactions the sole purpose of which is to change the issuer's domicile within the United States.

On September 14, 1998, MCM issued to Nomura Asset Capital Corporation warrants to purchase 516,846 shares (post-split) of our common stock. The warrants were issued in consideration of Nomura extending the maturity date of a $28 million loan that was outstanding to Midland Credit Management, Inc., a subsidiary of MCM. On December 31, 1998, the warrants were cancelled as part of the payoff of the loan. The warrants were issued under the private placement exemption in Section 4(2) of the Securities Act of 1933.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits:

EXHIBIT NO.	DESCRIPTION
1	Form of Underwriting Agreement
2	Form of Plan of Merger
3.1	Form of MCM's Restated Certificate of Incorporation
3.2	MCM's By-Laws
5	Opinion of Snell & Wilmer L.L.P.
10.1	Form of Indenture and Servicing Agreement relating to MCM's securitization program+(1)
10.2	Form of Receivables Contribution Agreement relating to MCM's securitization program(1)
10.3	Form of Insurance and Reimbursement Agreement relating to MCM's securitization program+(1)
10.4	Indenture and Servicing Agreement relating to the warehouse facility+(1)
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10.10	Employment Agreement between MCM and Bradley Hochstein+(1)
10.11	Real Estate Mortgage on behalf of Bank of Kansas(1)
10.12	Net Industrial Building Lease by and between MCM and 4405 E. Baseline Road Limited Partnership for the property located at 4310 E. Broadway Road, Phoenix, Arizona (the "Office Lease")(1)
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10.24	Form of Option Agreement under MCM 1999 Equity Participation

	Plan
21	List of Subsidiaries(1)
23.1	Consent of Ernst & Young LLP

EXHIBIT NO.	DESCRIPTION
23.2	Consent of Snell & Wilmer L.L.P. (included in the opinion filed as Exhibit 5)
24	Powers of Attorney (set forth on signature page included in registration statement)
27.1	Financial Data Schedule for the fiscal year ended December 31, 1998(1)
27.2	Financial Data Schedule for the three months ended March 31, 1999

---

(1) Previously filed.

+ Certain confidential portions of these exhibits were omitted by means of redacting a portion of the text and replacing it with an asterisk. These exhibits have been filed separately with the Secretary of the Commission without the redaction pursuant to the Registrant's application requesting confidential treatment under Rule 406 under the Securities Act.

(b) Financial Statement Schedules:

None.

ITEM 17. UNDERTAKINGS.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Securities Act") may be permitted to our directors, officers and controlling persons under the provisions of our Certificate of Incorporation, Bylaws or laws of the State of Delaware or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by one of our directors, officers or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

We hereby undertake to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

We undertake that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this

registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by us under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, MCM CAPITAL GROUP, INC. has duly caused this Amendment No. 2 to Registration Statement No. 333-77483 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Hutchinson, State of Kansas, on this 11th day of June, 1999.

MCM CAPITAL GROUP, INC.

By: /s/ FRANK I. CHANDLER

Name: Frank I. Chandler

Title: President and Chief Executive Officer

POWER OF ATTORNEY

The Registrant and each person whose signature appears below constitutes and appoints Frank Chandler, Gregory G. Meredith and Eric D. Kogan, and any agent for service named in this Registration Statement and each of them, his, her, or its true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him, her, or it and in his, her, or its name, place and stead, in any and all capacities, to sign and file (i) any and all amendments (including post-effective amendments) to this Registration Statement, with all exhibits thereto, and other documents in connection therewith, and (ii) a registration statement, and any and all amendments thereto, relating to the offering covered hereby filed under Rule 462(b) under the Securities Act of 1933, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he, she, or it might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 2 to Registration Statement No. 333-77483 has been signed by the following persons in the capacities and on the dates indicated.

NAME AND SIGNATURE	TITLE	DATE
/s/ FRANK I. CHANDLER Frank I. Chandler	Director, President and Chief Executive Officer (Principal Executive Officer)	June 11, 1999
/s/ R. BROOKS SHERMAN, JR.	Executive Vice President Chief Financial Officer and Treasurer	June 11, 1999

R. Brooks Sherman, Jr.	(Principal Financial and Accounting Officer)	
/s/ ERIC D. KOGAN Eric D. Kogan	Chairman of the Board of Directors	June 11, 1999
/s/ PETER W. MAY Peter W. May	Director	June 11, 1999

NAME AND SIGNATURE	TITLE	DATE
/s/ JAMES D. PACKER James D. Packer	Director	June 11, 1999
/s/ NELSON PELTZ Nelson Peltz	Director	June 11, 1999
/s/ ROBERT M. WHYTE Robert M. Whyte	Director	June 11, 1999
/s/ JOHN WILLINGE John Willinge	Director	June 11, 1999

EXHIBIT INDEX

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Exhibit 1

5,000,000 Shares

MCM CAPITAL GROUP, INC.

Common Stock

UNDERWRITING AGREEMENT

_____, 1999

CIBC World Markets Corp.
U.S. Bancorp Piper Jaffray Inc.
c/o CIBC World Markets Corp.
CIBC Oppenheimer Tower
World Financial Center
New York, New York 10281

On behalf of the Several Underwriters named on Schedule I attached hereto.

Ladies and Gentlemen:

MCM Capital Group, Inc., a Delaware corporation (the "Company"), and certain existing stockholders named on Schedule II to this Agreement (the "Selling Stockholders") propose, subject to the terms and conditions contained herein, to sell to you and the other underwriters named on Schedule I to this Agreement (the "Underwriters"), for whom you are acting as representatives (the "Representatives"), an aggregate of 5,000,000 shares (the "Firm Shares") of the Company's Common Stock, $0.01 par value per share (the "Common Stock"). Of the 5,000,000 Firm Shares, 3,333,333 shares are to be issued and sold by the Company and an aggregate of 1,666,667 shares are to be sold by the Selling Stockholders in the amounts listed opposite their respective names on Schedule II to this Agreement. The respective amounts of the Firm Shares to be purchased by each of the several Underwriters are set forth opposite their names on Schedule I hereto. In addition, the Company proposes to grant to the Underwriters an option to purchase up to an additional 750,000 shares (the "Option Shares") of Common Stock, for the purpose of covering over-allotments in connection with the sale of the Firm Shares. The Firm Shares and the Option Shares are together called the "Shares."

1. Sale and Purchase of the Shares.

On the basis of the representations, warranties and agreements contained in, and subject to the terms and conditions of, this Agreement:

(a) The Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a price of $_____ per share (the "Initial Price"), the number of Firm Shares set forth opposite the name of such Underwriter under the column "Number of Firm Shares to be Purchased from the Company" on Schedule I to this Agreement, subject to adjustment in accordance with Section 11 hereof. Each of the Selling Stockholders agrees, severally and not jointly, to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from each of the Selling Stockholders, at the Initial Price, the number of Firm Shares set forth opposite the name of such Underwriter under the column in its name under "Number of Firm Shares to be Purchased from the Selling Stockholders" on Schedule I to this Agreement, subject to adjustment in accordance with Section 12 hereof.

(b) The Company grants to the several Underwriters an option to purchase, severally and not jointly, all or any part of the Option Shares at the Initial Price. The number of Option Shares to be purchased by each Underwriter shall be the same percentage (adjusted by

the Representatives to eliminate fractions) of the total number of Option Shares to be purchased by the Underwriters as such Underwriter is purchasing of the Firm Shares. Such option may be exercised only to cover over-allotments in the sales of the Firm Shares by the Underwriters and may be exercised in whole or in part at any time on or before 12:00 noon, New York City time, on the business day before the Firm Shares Closing Date (as defined below), and thereafter from time to time within 30 days after the date of this Agreement, in each case upon written or telegraphic notice, or oral or telephonic notice confirmed by written or telegraphic notice, by the Representatives to the Company no later than 12:00 noon, New York City time, on the business day before the Firm Shares Closing Date or at least two business days before the Option Shares Closing Date (as defined below), as the case may be, setting forth the number of Option Shares to be purchased and the time and date (if other than the Firm Shares Closing Date) of such purchase.

2. Delivery and Payment. The Shares shall be represented by definitive certificates and shall be registered in such names and shall be in such denominations as the Representatives shall request at least two full business days before the Firm Shares Closing Date or, in the case of Option Shares, on the day of notice of exercise of the option as described in Section 1(b). The Firm Shares shall be delivered by or on behalf of the Company and the Selling Stockholders, with any transfer taxes thereon duly paid by the Company or the Selling Stockholders, as the case may be, to the Representatives through the facilities of The Depository Trust Company ("DTC"), for the respective accounts of the several Underwriters, against payment of the purchase price to the Company and the Selling Stockholders by wire transfers of Federal or other funds immediately available in New York City. The certificates representing the Firm Shares shall be made available for inspection not later than 9:30 a.m., New York City time, on the business day prior to the Firm Shares Closing Date at the office of DTC or its designated custodian. The time and date of delivery and payment for the Firm Shares shall be 9:00 a.m., New York City time, on the third business day following the date of this Agreement, or at such

time on such other date, not later than ten business days after the date of this Agreement, as shall be agreed upon by the Company, the Selling Stockholders and the Representatives (such time and date of delivery and payment are called the "Firm Shares Closing Date"). The documents to be delivered on the Firm Shares Closing Date on behalf of the parties hereto shall be delivered at the offices of Gibson, Dunn & Crutcher LLP, 200 Park Avenue, 48th Floor, New York, New York 10166 and the Firm Shares shall be delivered at the office of DTC or its designated custodian on the Firm Shares Closing Date.

In the event the option with respect to the Option Shares is exercised, delivery by the Company of the Option Shares to the Representatives for the respective accounts of the Underwriters and payment of the purchase price to the Company shall take place as specified above with respect to the Firm Shares at the time and on the date (which may be the same date as, but in no event shall be earlier than, the Firm Shares Closing Date) specified in the notice referred to in Section 1(b) (such time and date of delivery and payment are called the "Option Shares Closing Date"). The Firm Shares Closing Date and the Option Shares Closing Date are called, individually, a "Closing Date" and, together, the "Closing Dates."

3. Registration Statement and Prospectus; Public Offering. The Company has prepared and filed in conformity with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the published rules and regulations thereunder (the "Rules") adopted by the Securities and Exchange Commission (the "Commission") a Registration Statement (as hereinafter defined) on Form S-1 (No. 333-77483), including a preliminary prospectus relating to the Shares, and such amendments thereto as may have been required to the date of this Agreement. Copies of such Registration Statement (including all amendments thereof) and of the related Preliminary Prospectus (as hereinafter defined) have heretofore been delivered by the Company to you. The term "Preliminary Prospectus" means any preliminary prospectus (as described in Rule 430 of the Rules) included at any time as a part of the Registration Statement or filed with the Commission by the Company with the consent of the Representatives pursuant to Rule 424(a) of the Rules. The term "Registration Statement" as used in this Agreement means the initial registration statement

(including all exhibits and financial schedules), as amended at the time and on the date it becomes effective (the "Effective Date"), including the information (if any) deemed to be part thereof at the time of effectiveness pursuant to Rule 430A of the Rules. If the Company has filed an abbreviated registration statement to register additional Shares pursuant to Rule 462(b) under the Rules (the "462(b) Registration Statement") then any reference herein to the Registration Statement shall also be deemed to include such 462(b) Registration Statement. The term "Prospectus" as used in this Agreement means the prospectus included in the Registration Statement in the form first used to confirm sales of the Shares.

The Company and the Selling Stockholders understand that the Underwriters propose to make a public offering of the Shares, as set forth in and pursuant to the Prospectus, as soon after the Effective Date and the date of this Agreement as the Representatives deem advisable. The Company and the Selling Stockholders hereby confirm that the Underwriters and dealers have been authorized to distribute or cause to be distributed each Preliminary Prospectus

and are authorized to distribute the Prospectus (as from time to time amended or supplemented if the Company furnishes amendments or supplements thereto to the Underwriters).

4. Representations and Warranties of the Company. The Company hereby represents and warrants to each Underwriter and to each Selling Stockholder as follows:

(a) On the Effective Date, the Registration Statement complied, and on the date of the Prospectus, the date any post-effective amendment to the Registration Statement becomes effective, the date any supplement or amendment to the Prospectus is filed with the Commission and each Closing Date, the Registration Statement and the Prospectus (and any amendment thereof or supplement thereto) will comply, in all material respects, with the applicable provisions of the Securities Act and the Rules and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the Commission thereunder. The Registration Statement did not, as of the Effective Date, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. On the Effective Date and on the other dates referred to above, the Prospectus did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. When any Preliminary Prospectus was first filed with the Commission (whether filed as part of the Registration Statement or any amendment thereto or pursuant to Rule 424(a) of the Rules) and when any amendment thereof or supplement thereto was first filed with the Commission, such preliminary prospectus as amended or supplemented complied in all material respects with the applicable provisions of the Securities Act and the Rules and did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, none of the representations and warranties in this paragraph 4(a) shall apply to statements in, or omissions from, the Registration Statement or the Prospectus made in reliance upon, and in conformity with, information herein or otherwise furnished in writing (i) with respect to the representations and warranties made in this paragraph 4(a) to any Underwriter, by the Representatives on behalf of the several Underwriters for use in the Registration Statement or the Prospectus, and (ii) with respect to the representations and warranties made in this paragraph 4(a) to any Selling Stockholder, by such Selling Stockholder for use in the Registration Statement or the Prospectus. With respect to the preceding sentence, the Company acknowledges that the only information furnished in writing (i) by the Representatives on behalf of the several Underwriters for use in the Registration Statement or the Prospectus are the following paragraphs contained under the caption "Underwriting" in the Prospectus: (A) the table in the second full paragraph; (B) the fourth full paragraph, concerning the terms of the offering, excluding the first sentence thereof; (C) the tenth full paragraph, concerning discretionary sales; (D) the

twelfth full paragraph and (E) the thirteenth full paragraph, including the text set forth in bullet points, concerning stabilization and syndicate covering transactions, and (ii) by Selling Stockholders for use in the

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Registration Statement or the Prospectus is (A) the information with respect to such Selling Stockholder and, if applicable, its members, contained under the caption "Principal and Selling Stockholders" and (B) the information, if any, referring to such Selling Stockholder contained under the caption "Certain Transactions."

(b) The Registration Statement is effective under the Securities Act and no stop order preventing or suspending the effectiveness of the Registration Statement or suspending or preventing the use of the Prospectus has been issued and no proceedings for that purpose have been instituted or are threatened under the Securities Act. Any required filing of the Prospectus and any supplement thereto pursuant to Rule 424(b) of the Rules has been or will be made in the manner and within the time period required by such Rule 424(b).

(c) The financial statements of the Company (including all notes and schedules thereto) included in the Registration Statement and Prospectus present fairly the financial condition, the results of operations, the statements of cash flows and the statements of stockholders' equity and the other information purported to be shown therein of the Company at the respective dates and for the respective periods to which they apply; and such financial statements and related schedules and notes have been prepared in conformity with generally accepted accounting principles, consistently applied throughout the periods involved, and all adjustments necessary for a fair presentation of the results for such periods have been made.

The summary and selected financial data included in the Prospectus present fairly the information shown therein as at the respective dates and for the respective periods specified and the summary and selected financial data have been presented on a basis consistent with the consolidated financial statements so set forth in the Prospectus and other financial information.

(d) Ernst & Young LLP, whose reports are filed with the Commission as a part of the Registration Statement are, and during the periods covered by their reports, were independent public accountants as required by the Securities Act and the Rules.

(e) Each of the Company and each of its Subsidiaries (as hereinafter defined) is a corporation duly incorporated, validly existing and in good standing under the laws of its respective jurisdiction of incorporation. Each of the Company and each such subsidiary or other entity controlled directly or indirectly by the Company, as set forth on Schedule III hereto (collectively, the "Subsidiaries") is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which the nature of the business conducted by it or location of the assets or properties owned, leased or licensed by it requires such qualification, except for such jurisdictions where the failure to so qualify individually or in the aggregate would not have a material adverse effect on the assets or properties, business, results of operations or financial condition of the Company (a "Material Adverse Effect"). The Company does not own, lease or license any asset or property or conduct any business

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outside the United States of America. The Company and each of its Subsidiaries have all requisite corporate power and authority, and all necessary authorizations, approvals, consents, orders, licenses, certificates and permits of and from all governmental or regulatory bodies or any other person or entity (collectively, the "Permits"), to own, lease and license its assets and properties and conduct its

business, all of which are valid and in full force and effect, as described in the Registration Statement and the Prospectus, except where the lack of such Permits individually or in the aggregate would not have a Material Adverse Effect. The Company and each of its Subsidiaries have fulfilled and performed in all material respects all of their material obligations with respect to such Permits and no event has occurred that allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the Company thereunder. Except as may be required under the Securities Act and state and foreign Blue Sky laws, no other Permits are required to enter into, deliver and perform this Agreement and to issue and sell the Shares.

(f) Each of the Company and its Subsidiaries owns or possesses adequate and enforceable rights to use all trademarks, trademark applications, trade names, service marks, copyrights, copyright applications, licenses, know-how and other similar rights and proprietary knowledge (collectively, "Intangibles") described in the Prospectus as being owned by it and necessary for the conduct of its business. Neither the Company nor any of its Subsidiaries has received any notice of, or is aware of, any infringement of or conflict with asserted rights of others with respect to any Intangibles, which infringement or conflict would have a Material Adverse Effect.

(g) Each of the Company and each of its Subsidiaries has good and marketable title in fee simple to all items of real property and good and marketable title to all personal property described in the Prospectus as being owned by it, in each case except for (A) personal property disposed of since the date of the consolidated statement of financial condition included in the Registration Statement in the ordinary course of business and (B) such liens, encumbrances and defects as are described in the Prospectus, or which do not materially interfere with the use made of such property by the Company or its Subsidiaries. Any real property and buildings described in the Prospectus as being held under lease by the Company and each of its Subsidiaries is held by it under valid, existing and enforceable leases, free and clear of all liens, encumbrances, claims, security interests and defects, except such as are described in the Registration Statement and the Prospectus or would not individually or in the aggregate have a Material Adverse Effect.

(h) There is no litigation or governmental proceeding to which the Company or its Subsidiaries is subject or which is pending or, to the knowledge of the Company, threatened, against the Company or any of its Subsidiaries, which, if determined adversely to the Company or any of its Subsidiaries, could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect or affect the consummation of this Agreement or which is required to be disclosed in the Registration Statement and the Prospectus that is not so disclosed.

(i) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, except as described therein: (A) there has not been any material adverse change with regard to the assets or properties, business, results of operations or financial condition of the Company; (B) neither the Company nor its Subsidiaries has sustained any loss or interference with its assets, businesses or properties (whether owned or leased) from fire, explosion, earthquake, flood or other calamity, whether or not covered by insurance, or from any labor dispute or any court or legislative or other governmental action, order or decree which would have a Material Adverse Effect; and (C) since the date of the latest balance sheet included in the Registration Statement and the Prospectus, except as reflected therein, neither the Company nor its Subsidiaries has (i) issued any securities or incurred any liability or obligation, direct or contingent, for borrowed money, except such liabilities or obligations incurred in the ordinary course of business or set forth or contemplated in the Prospectus, (ii) entered into any transaction not in the ordinary course of business or (iii) declared or paid any dividend or made any distribution on any shares of its stock or redeemed, purchased or otherwise acquired or agreed to redeem, purchase or otherwise acquire any shares of its stock.

(j) There is no document, contract or other agreement of a character required to be described in the Registration Statement or Prospectus or to be filed as an exhibit to the Registration Statement which is not described or filed as required by the Securities Act or the Rules. Each description of a contract, document or other agreement in the Registration Statement and the Prospectus accurately reflects in all material respects the terms of the underlying document, contract or agreement as required to be described by the Rules. Each agreement described in the Registration Statement and Prospectus or listed in the Exhibits to the Registration Statement is in full force and effect and is valid and enforceable against and, to the Company's knowledge by, the Company or one or more of its Subsidiaries, as the case may be, in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles. Neither the Company nor any of its Subsidiaries, if any Subsidiary is a party, nor to the Company's knowledge, any other party, is in default in the observance or performance of any term or obligation to be performed by it under any such agreement, and no event has occurred which with notice or lapse of time or both would constitute such a default by the Company or any of its Subsidiaries, nor to the Company's knowledge, any other party, in any such case which default or event individually or in the

aggregate would have a Material Adverse Effect. No default exists, and no event has occurred which with notice or lapse of time or both would constitute a default, in the due performance and observance of any term, covenant or condition, by the Company or any of its Subsidiaries, if any Subsidiary is a party thereto, of any other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which it or its properties or business may be bound or affected which default or event individually or in the aggregate would have a Material Adverse Effect.

(k) Neither the Company nor any of its Subsidiaries is in violation of any term or provision of its charter or by-laws or of any franchise, license, permit, judgment, decree, order, statute, rule or regulation, where the consequences of such violation individually or in the aggregate would have a Material Adverse Effect.

(l) Neither the execution, delivery and performance of this Agreement by the Company nor the consummation of any of the transactions contemplated hereby (including the issuance and sale of the Shares to be sold by the Company) will give rise to a right to terminate or accelerate the due date of any payment due under, or conflict with or result in the breach of any term or provision of, or constitute a default (or an event which with notice or lapse of time or both would constitute a default) under, or require any consent or waiver under, or result in the execution or imposition of any lien, charge or encumbrance upon any properties or assets of the Company or any of its Subsidiaries pursuant to the terms of, any indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which either the Company or any of its Subsidiaries or any of their properties or businesses is bound, or any franchise, license, permit, judgment, decree, order, statute, rule or regulation applicable to the Company or any of its Subsidiaries or violate any provision of the charter or by-laws of the Company or any of its Subsidiaries, in each case except for such consents or waivers which have already been obtained and are in full force and effect.

(m) The Company has authorized and outstanding capital stock as set forth under the caption "Capitalization" in the Prospectus. The certificates evidencing the Shares are in due and proper legal form and have been duly authorized for issuance by the Company. All of the issued and outstanding shares of Common Stock have been duly and validly issued and are fully paid and nonassessable. There are no statutory preemptive or other similar rights to subscribe for or to purchase or acquire any shares of Common Stock of the Company or its Subsidiaries or any such rights pursuant to its respective Certificate

of Incorporation or by-laws or any agreement or instrument to or by which the Company or any of its Subsidiaries is a party or bound, except for options to acquire shares of Common Stock as disclosed in the Prospectus and Registration Statement. The Shares, when issued and sold pursuant to this Agreement, will be duly and validly issued, fully paid and nonassessable and none of them will be issued in violation of any preemptive or other similar right. Except as disclosed in the Registration Statement and the Prospectus, there is no outstanding option, warrant or other right calling for the issuance of, and there is no commitment, plan or

arrangement to issue, any share of stock of the Company or its Subsidiaries or any security convertible into, or exercisable or exchangeable for, such stock. The Common Stock and the Shares conform in all material respects to all statements in relation thereto contained in the Registration Statement and the Prospectus. All outstanding shares of capital stock of each Subsidiary have been duly authorized and validly issued, and are fully paid and nonassessable and are owned directly by the Company or by another wholly-owned subsidiary of the Company, free and clear of any security interests, liens, encumbrances, equities or claims.

(n) No holder of any security of the Company has the right to have any security owned by such holder included in the Registration Statement or to demand registration of any security owned by such holder during the period ending 180 days after the date of this Agreement. Each stockholder, director and executive officer of the Company has delivered to the Representatives his enforceable written lock-up agreement in the form attached to this Agreement as Schedule IV (the "Lock-Up Agreement").

(o) All necessary corporate action has been duly and validly taken by the Company to authorize the execution, delivery and performance of this Agreement and the issuance and sale of the Shares to be sold by the Company. This Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(p) Neither the Company nor any of its Subsidiaries is involved in any labor dispute nor, to the knowledge of the Company, is any such dispute threatened, which dispute individually or in the aggregate would have a Material Adverse Effect. The Company is not aware of any existing or imminent labor disturbance by the employees of any of its principal suppliers or contractors which individually or in the aggregate would have a Material Adverse Effect. The Company is not aware of any threatened or pending litigation between the Company or its Subsidiaries and any of its executive officers which individually or in the aggregate, if adversely determined, could have a Material Adverse Effect and has received no notice that such officers will not remain in the employment of the Company.

(q) No transaction has occurred between or among the Company and any of its officers, directors or 5% or greater stockholders or any affiliate or affiliates of any such officer, director or 5% or greater stockholder that is required to be described in and is not described in the Registration Statement and the Prospectus.

(r) The Company has not taken, nor will it take, directly or indirectly, any action designed to or which might reasonably be expected to cause or result in, or

which has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of the

Common Stock to facilitate the sale or resale of any of the Shares.

(s) The Company and its Subsidiaries have filed all material Federal, state, local and foreign tax returns which are required to be filed through the date hereof, or have received extensions thereof, and have paid all taxes shown on such returns and all assessments received by them to the extent that the same are material and have become due. There are no tax audits or investigations pending which if adversely determined would have a Material Adverse Effect; nor are there any material proposed additional tax assessments against the Company and any of its Subsidiaries.

(t) The Shares have been duly authorized for quotation on the Nasdaq National Market ("Nasdaq") of The Nasdaq Stock Market, Inc. A registration statement has been filed on Form 8-A pursuant to Section 12 of the Exchange Act, which registration statement complies in all material respects with the Exchange Act.

(u) The books, records and accounts of the Company and its Subsidiaries accurately and fairly reflect, in reasonable detail, the transactions in, and dispositions of, the assets of, and the results of operations of, the Company and its Subsidiaries. The Company and each of its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(v) The Company and its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are customary in the businesses in which they are engaged or propose to engage after giving effect to the transactions described in the Prospectus and neither the Company nor any Subsidiary has since January 1, 1996 been denied any insurance coverage which it has sought or for which it has applied. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

(w) Each approval, consent, order, authorization, designation, declaration or filing of, by or with any regulatory, administrative or other governmental body necessary in connection with the execution and delivery by the Company of this Agreement and the consummation of the transactions herein contemplated required to

be obtained or performed by the Company (except such additional steps as may be necessary to qualify the Shares for public offering by the Underwriters under the state securities or Blue Sky laws) has been obtained or made and is in full force and effect.

(x) There are no affiliations with the National Association of Securities Dealers, Inc. (the "NASD") among the Company's officers, directors or, to the best knowledge of the Company, any stockholder of the Company, except as set forth in the Registration Statement.

(y) (i) Each of the Company and its Subsidiaries is in compliance in all material respects with all rules, laws and regulations relating to the use, treatment, storage and disposal of toxic substances and protection of health or the environment ("Environmental Laws") which are applicable to its business; (ii) none of the Company or its Subsidiaries has received any notice from any governmental authority or third party of an asserted claim under Environmental Laws; (iii) each of the Company and its Subsidiaries has received all permits, licenses

or other approvals required of it under applicable Environmental Laws to conduct its business and is in compliance with all terms and conditions of any such permit, license or approval, except where the lack of any such permits, licenses or approvals, individually or in the aggregate, would not have a Material Adverse Effect; (iv) to the Company's knowledge, no facts currently exist that will require the Company or its Subsidiaries to make future material capital expenditures to comply with Environmental Laws; and (v) no property which is or has been owned, leased or occupied by the Company or its Subsidiaries has been designated as a Superfund site pursuant to the Comprehensive Environmental Response, Compensation of Liability Act of 1980, as amended (42 U.S.C. Section 9601, et. seq.) or otherwise designated as a contaminated site under any other Environmental Law.

(z) The Company is not and, after giving effect to the offering and sale of the Shares and the application of proceeds thereof as described in the Prospectus, will not be an "investment company" or an entity controlled by an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act").

(aa) Neither the Company, its Subsidiaries nor, to the knowledge of the Company, any other person associated with or acting on behalf of the Company or its Subsidiaries, including any director, officer, agent or employee of the Company or its Subsidiaries has, directly or indirectly, while acting on behalf of the Company or its Subsidiaries (i) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (ii) made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from corporate funds; (iii) violated any provision of the Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any other unlawful payment.

(bb) All material disclosure regarding year 2000 compliance that is required to be described under the Securities Act and the regulations and pronouncements of the Commission has been included in the Prospectus. Neither the Company nor any Subsidiary reasonably believes that it will incur material operating expenses or costs to ensure that its information systems will be year 2000 complaint, other than as disclosed in the Prospectus.

5. Representations and Warranties of the Selling Stockholders. Each of the Selling Stockholders hereby represents and warrants, severally and not jointly, to each Underwriter as follows:

(a) Each of this Agreement and the Lock-Up Agreement has been duly authorized, executed and delivered by or on behalf of the Selling Stockholder and, assuming due authorization, execution and delivery by the other parties hereto and thereto, each constitutes the valid and legally binding agreement of the Selling Stockholder, enforceable against the Selling Stockholder in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(b) The execution and delivery by the Selling Stockholder of this Agreement and the performance by the Selling Stockholder of its obligations under this Agreement (i) will not contravene any provision of applicable law, statute, regulation or filing or any agreement or other instrument binding upon the Selling Stockholder or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Selling Stockholder, (ii) does not require any consent, approval, authorization or order of or registration or filing with any court or governmental agency or body having jurisdiction over it, except such as may be required by the Blue Sky laws of the various states in connection with the offer and sale of the Shares which have been or will be effected in accordance with this Agreement and (iii) will not result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Selling Stockholder

pursuant to the terms of any agreement or instrument to which the Selling Stockholder is a party or by which the Selling Stockholder may be bound or to which any of the property or assets of the Selling Stockholder is subject.

(c) The Selling Stockholder has, and on the Firm Shares Closing Date will have, valid title to the Shares to be sold by the Selling Stockholder free and clear of any lien, claim, security interest or other encumbrance, including any restriction on transfer (other than the interests of the several Underwriters under this Agreement).

(d) The Selling Stockholder has, and on the Firm Shares Closing Date will have, full legal right, power and authorization, and any approval required by law (except such additional steps as may be necessary to qualify the Shares to be sold by it for public offering by the Underwriters under the state securities or Blue Sky laws), to

sell, assign, transfer and deliver the Shares to be sold by the Selling Stockholder in the manner provided by this Agreement.

(e) Assuming the Underwriters are "protected purchasers" (as defined under Section 8-303 of the New York Commercial Code, upon delivery by the Selling Stockholder of the certificates for the Shares to be sold by it pursuant to this Agreement against payment therefor by the several Underwriters as provided hereunder, the several Underwriters will acquire such Shares free of any "adverse claims" within the meaning of Section 8-102 of the New York Commercial Code.

(f) All information relating to the Selling Stockholder furnished in writing by the Selling Stockholder expressly for use in the Registration Statement and Prospectus is, and on each Closing Date will be, true, correct and complete in all material respects, and does not, and on each Closing Date will not, contain any untrue statement of a material fact or omit to state any material fact necessary to make the information therein, in light of the circumstances under which it was made, not misleading. The Company and the Underwriters acknowledge that the statements, if any, relating to the Selling Stockholder under the captions "Principal and Selling Stockholders" and "Certain Transactions" in the Registration Statement and the Prospectus constitute the only information furnished by or on behalf of such Selling Stockholder for inclusion in the Registration Statement or Prospectus.

(g) The Selling Stockholder has reviewed the Registration Statement and Prospectus and, although the Selling Stockholder has not independently verified the accuracy or completeness of all the information contained therein, nothing has come to the attention of the Selling Stockholder that would lead the Selling Stockholder to believe that (i) on the Effective Date, the Registration Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein in order to make the statements made therein not misleading and (ii) on the Effective Date, the Prospectus contained, and on each Closing Date contains, any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) The sale of Shares by the Selling Stockholder pursuant to this Agreement is not prompted by the Selling Stockholder's knowledge of any material non-public information concerning the Company or its Subsidiaries which is not set forth in the Prospectus.

(i) The Selling Stockholder has not taken and will not take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares.

(j) The Selling Stockholder has no knowledge that any representation or warranty of the Company set forth in Section 4 above is untrue or inaccurate in any material respect.

6. Conditions of the Underwriters' Obligations. The obligations of the Underwriters under this Agreement are several and not joint. The respective obligations of the Underwriters to purchase the Shares are subject to each of the following terms and conditions:

(a) Notification that the Registration Statement has become effective shall have been received by the Representatives and the Prospectus shall have been timely filed with the Commission in accordance with Section 8(a)(i) of this Agreement.

(b) No order preventing or suspending the use of any preliminary prospectus or the Prospectus shall be in effect and no order suspending the effectiveness of the Registration Statement shall be in effect and no proceedings for such purpose shall be pending before or threatened by the Commission, and any requests for additional information on the part of the Commission (to be included in the Registration Statement or the Prospectus or otherwise) shall have been complied with to the satisfaction of the Commission and the Representatives.

(c) The representations and warranties of the Company and the Selling Stockholders contained in this Agreement and in the certificates delivered pursuant to Sections 6(d) and 6(e) shall be true and correct when made and on and as of each Closing Date as if made on such date. The Company and the Selling Stockholders shall have performed all covenants and agreements and satisfied all the conditions contained in this Agreement required to be performed or satisfied by them at or before such Closing Date.

(d) The Representatives shall have received on each Closing Date a certificate, addressed to the Representatives and dated such Closing Date, of the chief executive officer and the chief financial officer of the Company to the effect that (i) they have carefully examined the Registration Statement, the Prospectus and this Agreement and that the representations and warranties of the Company in this Agreement are true and correct on and as of such Closing Date with the same effect as if made on such Closing Date and the Company has performed all covenants and agreements and satisfied all conditions contained in this Agreement required to be performed or satisfied by it at or prior to such Closing Date, and (ii) no stop order suspending the effectiveness of the Registration Statement has been issued and to the best of their knowledge, no proceedings for that purpose have been instituted or are pending under the Securities Act.

(e) The Representatives shall have received on the Firm Shares Closing Date a certificate, addressed to the Representatives and dated such Closing Date, of each Selling Stockholder, to the effect that the signer of such certificate has reviewed the Registration Statement, the Prospectus and this Agreement and that the

representations and warranties of such Selling Stockholder in this Agreement are true and correct on and as of such Closing Date with the same effect as if made on such Closing Date and such Selling Stockholder has performed all covenants and agreements and satisfied all conditions contained in this Agreement required to be performed or satisfied by it at or prior to such Closing Date.

(f) The Representatives shall have received at the time this Agreement is executed and on each Closing Date a signed letter from Ernst & Young LLP addressed to the Representatives and dated, respectively, the date of this Agreement and each such Closing Date, in form and substance reasonably satisfactory to the Representatives, confirming that they are independent accountants within the meaning of the Securities Act and the Rules, that the response to Item 10 of the Registration Statement is correct insofar as it relates to them and stating in effect that:

(i) in their opinion the audited financial statements and financial statement schedules included in the Registration Statement and the Prospectus and reported on by them comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Rules;

(ii) on the basis of a reading of the amounts included in the Registration Statement and the Prospectus under the headings "Prospectus Summary - Summary Financial Data" and "Selected Financial Data," carrying out other procedures which do not constitute an audit conducted in accordance with generally accepted auditing standards and would not necessarily reveal matters of significance with respect to the comments set forth in such letter, a reading of the minutes of the meetings of the stockholders and directors of the Company, and inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company as to transactions and events subsequent to the date of the latest audited financial statements, except as disclosed in the Registration Statement and the Prospectus, nothing came to their attention which caused them to believe that:

(A) the amounts in "Prospectus Summary - Summary Financial Data," and "Selected Financial Data" included in the Registration Statement and the Prospectus do not agree with the corresponding amounts in the audited and unaudited financial statements from which such amounts were derived; or

(B) with respect to the Company, there were, at a specified date not more than five business days prior to the date of the letter, any increases in the current liabilities and long-term liabilities of the Company or any decreases in net income or in working capital or the stockholders' equity in the Company, as compared with the amounts shown on the Company's audited balance sheet for the year ended

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December 31, 1998 and the unaudited balance sheet for the three months ended March 31, 1999 included in the Registration Statement;

(iii) they have performed certain other procedures as may be permitted under Generally Acceptable Auditing Standards as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of the Company) set forth in the Registration Statement and the Prospectus and reasonably specified by the Representatives agrees with the accounting records of the Company; and

(iv) based upon the procedures set forth in clauses (ii) and (iii) above and a reading of the amounts included in the Registration Statement under the headings "Prospectus Summary - Summary Financial Data" and "Selected Financial Data" included in the Registration Statement and Prospectus and a reading of the financial statements from which certain of such data were derived, nothing has come to their attention that gives them reason to believe that the "Prospectus Summary - Summary Financial Data" and "Selected Financial Data" included in the Registration Statement and Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Rules or that the information set forth therein is not fairly stated in relation to the financial statements included in the Registration Statement or Prospectus from which certain of such data were derived and is not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included in the Registration Statement and Prospectus.

References to the Registration Statement and the Prospectus in this paragraph (f) are to such documents as amended and supplemented at the date of the letter.

(g) The Representatives shall have received on each Closing Date from Snell & Wilmer L.L.P., counsel for the Company, an opinion, addressed to the Representatives and dated such Closing Date, and stating in effect that:

(i) The Company and each of Midland Receivables 98-1 Corporation, a Delaware corporation, and Midland Funding 98-A Corporation, a Delaware corporation (collectively, the "Delaware Subsidiaries"), has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware. Each of the Company and the Delaware Subsidiaries is duly qualified and in good standing as a foreign corporation in each jurisdiction in which the character or location of its assets or properties (owned, leased or licensed) or the nature of its businesses makes such qualification necessary, except for such jurisdictions where the failure to so qualify individually or in the aggregate would not have a Material Adverse Effect.

(ii) Each of the Company and the Delaware Subsidiaries has all requisite corporate power and authority to own, lease and license its assets and properties and conduct its business as now being conducted and as described in the Registration Statement and the Prospectus and, with respect to the Company, to enter into, deliver and perform this Agreement and to issue and sell the Shares to be sold by the Company.

(iii) The Company has authorized and issued capital stock as set forth in the Registration Statement and the Prospectus under the caption "Capitalization"; the certificates evidencing the Shares to be sold by the Company are in due and proper legal form and have been duly authorized for issuance by the Company; all of the outstanding shares of Common Stock of the Company have been duly and validly authorized and issued and are fully paid and nonassessable and, to our knowledge, none of them was issued in violation of any preemptive or other similar right. The Shares to be sold by the Company, when issued and sold pursuant to this Agreement, will be duly and validly issued, outstanding, fully paid and nonassessable and, to such counsel's knowledge, none of them will have been issued in violation of any preemptive or other similar right. There are no preemptive rights or any restrictions upon the voting or transfer of any securities of the Company pursuant to the Company's Certificate of Incorporation or by-laws or other governing documents or any other instrument known to us to which the Company is a party or by which it may be bound. To such counsel's knowledge, except as disclosed in the Registration Statement and the Prospectus, there is no outstanding option, warrant or other right calling for the issuance of, and no commitment, plan or arrangement to issue, any share of stock of the Company or any security convertible into, exercisable for, or exchangeable for stock of the Company. The capital stock of the Company, including the Common Stock and the Shares to be sold by the Company, conforms in all material respects to the descriptions thereof contained in the Registration Statement and the Prospectus. The issued and outstanding shares of capital stock of each of the Delaware Subsidiaries have been duly authorized and validly issued, are fully paid and nonassessable and are owned by Midland Credit Management, Inc., a Kansas corporation, free and clear of any perfected security interest or, to the knowledge of such counsel, any other security interests, liens, encumbrances, equities or claims, other than those contained in the Registration Statement and the Prospectus.

(iv) All necessary corporate action has been duly and validly taken by the Company to authorize the execution, delivery and performance of this Agreement and the issuance and sale of

the Shares to be sold by the Company. This Agreement has been duly and validly authorized, executed and delivered by the Company.

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(v) Neither the execution, delivery and performance of this Agreement by the Company nor the consummation of any of the transactions contemplated hereby (including the issuance and sale by the Company of the Shares to be sold by it) will (A) give rise to a right to terminate or accelerate the due date of any payment due under, or conflict with or result in the breach of any term or provision of, or constitute a default (or any event which with notice or lapse of time, or both, would constitute a default) under, or require consent or waiver under, or result in the execution or imposition of any lien, charge or encumbrance upon any properties or assets of the Company or any Subsidiary pursuant to (x) the terms of any material indenture, mortgage, deed of trust, note or other agreement or instrument of which such counsel is aware and to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary or any of their properties or businesses is bound, or (y) any judgment, decree, order, statute, rule or regulation of which such counsel is aware, in the case of this clause (y) only, which would have a Material Adverse Effect, or (B) violate any provision of the charter or by-laws of the Company or any Subsidiary.

(vi) No consent, approval, authorization or order of any court or governmental agency or regulatory body of the United States of America is required for the execution, delivery or performance of this Agreement by the Company or the consummation of the transactions contemplated hereby, except such as have been obtained under the Securities Act and such as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the several Underwriters.

(vii) To such counsel's knowledge, except as described in the Registration Statement and the Prospectus, there is no litigation or governmental or other proceeding or investigation, before any court or before or by any public body or board pending or threatened against, or involving the assets, properties or businesses of, the Company or its Subsidiaries which individually or in the aggregate could have a Material Adverse Effect.

(viii) The statements in the Prospectus under the captions "Business - Government Regulation," "Management Employment Agreements," "Management - Compensation Under Plans," "Certain Transactions - Stockholders' Agreements," "Description of Capital Stock" and "Shares Eligible for Future Sale," and the statements describing the Company's warehouse facility and revolving line of credit under "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources," insofar as such statements constitute a summary of documents referred to therein or matters of law, are fair summaries in all material respects and accurately present the information called for with respect to such documents and matters (provided that such counsel need express no opinion with respect the completeness of the descriptions of such

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documents or matters of law). To our knowledge, accurate copies of all contracts and other documents required to be filed as exhibits to, or described in, the Registration Statement have been so filed with the Commission or are fairly described in the Registration Statement, as the case may be.

(ix) The Registration Statement, the Preliminary Prospectus dated June __, 1999 and the Prospectus and each post-effective amendment or supplement thereto (except for the financial

statements and schedules and other financial and statistical data included therein, as to which such counsel expresses no opinion) comply as to form in all material respects with the requirements of the Securities Act and the Rules.

(x) The Registration Statement is effective under the Securities Act, and no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or, to such counsel's knowledge, are threatened, pending or contemplated. Any required filing of the Prospectus and any supplement thereto pursuant to Rule 424(b) under the Securities Act has been made in the manner and within the time period required by such Rule 424(b).

(xi) The Shares have been approved for listing on the Nasdaq National Market.

(xii) The Company is not an "investment company" or an entity controlled by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

To the extent deemed advisable by such counsel, it may rely as to matters of fact on certificates of responsible officers of the Company and public officials. Copies of such certificates shall be furnished to the Representatives and counsel for the Underwriters. Such counsel's opinion shall be limited as to matters which are governed by the laws of the State of Arizona, the State of Delaware and the laws of the United States.

In addition, such counsel shall state that such counsel has participated in conferences with officers and other representatives of the Company, representatives of the Representatives and representatives of the independent certified public accountants of the Company, at which conferences the contents of the Registration Statement and the Prospectus and related matters were discussed and, although such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement and the Prospectus (except as specified in the foregoing opinions), on the basis of the foregoing, no facts have come to the attention of such counsel which lead such counsel to believe that the Registration Statement at the time it became effective (except with respect to the financial statements and schedules and other financial and statistical data, as to which such counsel need express no belief) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus as amended or supplemented (except with respect to the financial statements and schedules and other financial and statistical data, as to which

such counsel need make no statement) on the date thereof contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) The Representatives shall have received on each Closing Date from Gregory G. Meredith, Esquire, general counsel for the Company, an opinion, addressed to the Representatives and dated such Closing Date, and stating in effect that:

(i) The only Subsidiaries of the Company are Midland Credit Management, Inc., a Kansas corporation ("Midland Credit Management"); Midland Receivables 98-1 Corporation, a Delaware corporation; Midland Funding 98-A Corporation, a Delaware corporation; and Midland Financial Services, Inc., a Kansas corporation ("Financial"). Financial has no assets, no revenues and no operations of any kind. Midland Credit Management has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Kansas. Midland Credit Management is duly qualified and in good standing as a foreign corporation in each jurisdiction in which the character or

location of its assets or properties (owned, leased or licensed) or the nature of its businesses makes such qualification necessary, except for such jurisdictions where the failure to so qualify individually or in the aggregate would not have a Material Adverse Effect.

(ii) Midland Credit Management has all requisite corporate power and authority to own, lease and license its assets and properties and conduct its business as now being conducted and as described in the Registration Statement and the Prospectus.

(iii) The issued and outstanding shares of capital stock of Midland Credit Management have been duly authorized and validly issued, are fully paid and nonassessable and are owned by the Company free and clear of any perfected security interest or, to the knowledge of such counsel, any other security interests, liens, encumbrances, equities or claims, other than those described in the Registration Statement and the Prospectus.

(iv) Neither the execution, delivery and performance of this Agreement by the Company nor the consummation of any of the transactions contemplated hereby (including the issuance and sale by the Company of the Shares to be sold by it) will give rise to a right to terminate or accelerate the due date of any payment due under, or conflict with or result in the breach of any term or

provision of, or constitute a default (or any event which with notice or lapse of time, or both, would constitute a default) under, or require consent or waiver under, or result in the execution or imposition of any lien, charge or encumbrance upon any properties or assets of the Company or any Subsidiary pursuant to the terms of any franchise, license or permit of which such counsel is aware.

(v) To the best of such counsel's knowledge, no default exists, and no event has occurred which with notice or lapse of time, or both, would constitute a default in the due performance and observance of any term, covenant or condition by the Company or any Subsidiary of any indenture, mortgage, deed of trust, note or any other agreement or instrument to which the Company or any Subsidiary is a party or by which any of them or their assets, properties or businesses may be bound or affected, where the consequences of such default individually or in the aggregate would have a Material Adverse Effect.

(vi) To the best of such counsel's knowledge, neither the Company nor any of its Subsidiaries is in violation of any (A) term or provision of its charter or by-laws or (B) any judgment, decree, order, statute, rule or regulation of the United States of America (except where the consequences of any violation of this subsection (B), individually or in the aggregate, would not have a Material Adverse Effect).

(i) (i) The Representatives shall have received on the Firm Shares Closing Date from Graham, Thompson & Co., Bahamian counsel for C.P. International Investments Limited ("CPII"), an opinion, addressed to the Representatives and dated such Closing Date, and stating in effect that:

(A) Each of this Agreement and the Lock-Up Agreement has been duly and validly authorized, executed and delivered by CPII.

(B) CPII has full legal right, power and authority to enter into this Agreement and the Lock-Up Agreement and to sell, transfer and deliver in the manner provided in this Agreement, the Shares to be sold by CPII hereunder.

(C) The transfer and sale by CPII of the Shares to be sold by it as contemplated by this Agreement will not conflict with

or result in a breach of Bahamian law.

(D) No consent, approval, authorization, license, certificate, permit or order of any Bahamian court, governmental or regulatory agency, authority or body is required in connection with the performance of this Agreement by CPII or the consummation by CPII of the transactions contemplated hereby,

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including the delivery and sale of the Shares to be delivered and sold by CPII.

(ii) The Representatives shall have received on the Firm Shares Closing Date from Debevoise & Plimpton, special New York counsel for CPII, an opinion, addressed to the Representatives and dated such Closing Date, and stating in effect that:

(A) Assuming the due authorization, execution and delivery of this Agreement and the Lock-Up Agreement by CPII and the other parties thereto, each of this Agreement and the Lock-Up Agreement constitutes the legal, valid and binding obligation of CPII enforceable against CPII in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(B) Upon (i) payment for the Shares to be sold by CPII in accordance with this Agreement and (ii) delivery to the underwriters in the State of New York of certificates evidencing such Shares endorsed to such Underwriters or in blank by an effective endorsement, the several Underwriters will acquire such Shares free of any "adverse claim" (as defined in Section 8-102 of the New York Commercial Code as currently in effect), assuming each Underwriter does not have "notice" (within the meaning of Section 8-105 of the New York Commercial Code) of any "adverse claim" (as defined in Section 8-102 of the New York Commercial Code) to such Shares.

(C) No consent, approval, authorization, license, certificate, permit or order of any New York or United States federal court, governmental or regulatory agency, authority or body or financial institution is required in connection with the performance of this Agreement by CPII or the consummation by CPII of the transactions contemplated hereby, including the delivery and sale of the Shares to be delivered and sold by CPII, except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Shares by the several Underwriters.

(iii) The Representatives shall have received on the Firm Shares Closing Date from _____, general counsel of CPII, an opinion, addressed to the Representatives and dated such Closing Date, and stating in effect that the transfer and sale by CPII of the Shares to be sold by it as contemplated by this Agreement will not conflict with, result in a breach of, or constitute a default under any agreement or instrument known to such counsel to which CPII is a party or by which CPII or any of its properties may be bound, or any franchise, license, permit, judgment, decree, order, statute, rule or regulation of the State of New York or the United States, excluding for purposes of this opinion federal and state securities laws and regulations.

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(j) The Representatives shall have received on the Firm Shares Closing Date from Paul, Weiss, Rifkind, Wharton & Garrison, special counsel for MCM Holding Company, LLC ("MCM Holding"), an opinion, addressed to the Representatives and dated such Closing Date, and

stating in effect that:

(i) This Agreement has been duly and validly authorized, executed and delivered by or on behalf of MCM Holding.

(ii) The Lock-Up Agreement has been duly and validly authorized, executed and delivered by or on behalf of MCM Holding and constitutes the valid and legally binding obligation of MCM Holding enforceable against MCM Holding in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law).

(iii) MCM Holding has all necessary limited liability company power and authority to enter into this Agreement and the Lock-Up Agreement and to sell, transfer and deliver in the manner provided in this Agreement, the Shares to be sold by MCM Holding hereunder.

(iv) The transfer and sale by MCM Holding of the Shares to be sold by it as contemplated by this Agreement will not violate or result in a breach of, or constitute a default under any material agreement or instrument identified to such counsel and listed on Schedule I to such opinion to which MCM Holding is a party or by which MCM Holding or any of its properties may be bound, or any franchise, license, permit, judgment, decree, order, statute, rule or regulation of the State of New York or of the United States, excluding for purposes of this paragraph (iv) federal and state securities laws and regulations.

(v) Upon (a) payment for the Shares to be sold by MCM Holding in accordance with this Agreement and (b) delivery to the underwriters in the State of New York of certificates evidencing such Shares endorsed to such Underwriters or in blank by an effective endorsement, the several Underwriters will acquire such Shares free of any "adverse claim" (as defined in Section 8-102 of the New York Commercial Code as currently in effect), assuming such Underwriter does not have "notice" (within the meaning of Section 8-105 of the New York Commercial Code) of any "adverse claim" (as defined in Section 8-102 of the New York Commercial Code) to such Shares.

(vi) No consent, approval, authorization, license, certificate, permit or order of any State of New York or United States federal court, governmental or regulatory agency, authority or body or financial institution is required in connection with the performance of this Agreement by MCM Holding or the

consummation by MCM Holding of the transactions contemplated hereby, including the delivery and sale of the Shares to be delivered and sold by MCM Holding, except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Shares by the several Underwriters.

To the extent deemed advisable by such counsel, it may rely as to matters of fact on certificates of responsible officers of MCM Holding and public officials and on the opinions of other counsel satisfactory to the Representatives as to matters which are governed by laws other than the laws of the State of New York, the General Corporation Law of the State of Delaware and the Federal laws of the United States; provided that such counsel shall state that in their opinion the Underwriters and they are justified in relying on such other opinions. Copies of such certificates and other opinions shall be furnished to the Representatives and counsel for the Underwriters.

(k) All proceedings taken in connection with the sale of the Firm Shares and the Option Shares as herein contemplated shall be reasonably satisfactory in form and substance to the Representatives and their counsel and the Underwriters shall have received from Gibson, Dunn &

Crutcher LLP a favorable opinion, addressed to the Representatives and dated such Closing Date, with respect to the Shares, the Registration Statement and the Prospectus, and such other related matters, as the Representatives may reasonably request, and the Company and the Selling Stockholders shall have furnished to Gibson, Dunn & Crutcher LLP such documents as they may reasonably request for the purpose of enabling them to pass upon such matters.

(l) The Representatives shall have received copies of the Lock-Up Agreements executed by each entity or person described in Section 4(n).

(m) The Company and the Selling Stockholders shall have furnished or caused to be furnished to the Representatives such further certificates or documents as the Representatives shall have reasonably requested.

7. Conditions of the Selling Stockholders' Obligations. The obligations of the respective Selling Stockholders to sell the Shares to be sold by them are subject to a Selling Stockholder having received copies of certificates, letters and opinions delivered pursuant to Sections 6(d), (f), (g) and (h) above, together with written permission from the party delivering such document that such Selling Stockholder may rely on such certificate, letter or opinion as if addressed to them (it being understood that the Representatives and not the Selling Stockholders shall have the right to determine if the form and substance of the documents delivered pursuant to Sections 6(d), (f), (g) and (h) are satisfactory).

8. Covenants of the Company.

(a) The Company covenants and agrees with each Underwriter as follows:

(i) The Company shall prepare the Prospectus in a form approved by the Representatives and file such Prospectus pursuant to Rule 424(b) under the Securities Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Securities Act.

(ii) The Company shall promptly advise the Representatives in writing (A) when any amendment to the Registration Statement shall have become effective, (B) of any request by the Commission for any amendment of the Registration Statement or the Prospectus or for any additional information, (C) of the prevention or suspension of the use of any preliminary prospectus or the Prospectus or of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose and (D) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company shall not file any amendment of the Registration Statement or supplement to the Prospectus unless the Company has furnished the Representatives and the Selling Stockholders a copy for their review prior to filing and shall not file any such proposed amendment or supplement to which the Representatives or the Selling Stockholders reasonably object. The Company shall use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof.

(iii) If, at any time when a prospectus relating to the Shares is required to be delivered under the Securities Act and the Rules, any event occurs as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary to amend or supplement the Prospectus to comply with the Securities Act or the Rules, the Company promptly shall prepare and file with the Commission, subject to the second sentence of paragraph (ii) of this

Section 8(a), an amendment or supplement which shall correct such statement or omission or an amendment which shall effect such compliance.

(iv) The Company shall make generally available to its security holders and to the Representatives as soon as practicable, but not later than 45 days after the end of the 12-month period beginning at the end of the fiscal quarter of the Company during which the Effective Date occurs (or 90 days if such 12-month period coincides with the Company's fiscal year), an earning statement (which need not be audited) of the Company, covering such 12-month period, which shall

satisfy the provisions of Section 11(a) of the Securities Act or Rule 158 of the Rules.

(v) The Company shall furnish to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement (including all exhibits thereto and amendments thereof) and to each other Underwriter a copy of the Registration Statement (without exhibits thereto) and all amendments thereof and, so long as delivery of a prospectus by an Underwriter or dealer may be required by the Securities Act or the Rules, as many copies of any preliminary prospectus and the Prospectus and any amendments thereof and supplements thereto as the Representatives may reasonably request.

(vi) The Company shall cooperate with the Representatives and their counsel in endeavoring to qualify the Shares for offer and sale in connection with the offering under the laws of such jurisdictions as the Representatives may designate and shall maintain such qualifications in effect so long as required for the distribution of the Shares; provided, however, that the Company shall not be required in connection therewith, as a condition thereof, to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction or subject itself to taxation as doing business in any jurisdiction.

(vii) Without the prior written consent of CIBC World Markets Corp., for a period of 180 days after the date of this Agreement, the Company shall not (A) issue, register with the Commission (other than on Form S-8 or on any successor form), offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any equity securities of the Company or any securities convertible into, exercisable for or exchangeable for equity securities of the Company, or (B) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of equity securities in the Company, whether any such transaction described in clause (A) or (B) above is to be settled by delivery of Common Stock or other equity securities, in cash or otherwise. The foregoing sentence shall not apply to the issuance of the Shares pursuant to the Registration Statement and the issuance of shares pursuant to the Company's stock option plan as described in the Registration Statement and the Prospectus or pursuant to the exercise of existing options described in the Prospectus. In the event that during this period, (1) any shares are issued pursuant to the Company's existing stock option plan that are exercisable during such 180-day period or (2) any registration is effected on Form S-8 or on any successor form relating to shares that are exercisable during such 180-day period, the Company shall cause each such grantee or purchaser or holder of such registered securities to enter into a Lock-Up Agreement in the form set forth on Schedule IV hereto.

(viii) On or before completion of this offering, the Company

shall make all filings required under applicable securities laws and by the Nasdaq National Market (including any required registration under the Exchange Act).

(ix) The Company shall file timely and accurate reports in accordance with the provisions of Florida Statutes Section 517.075, or any successor provision, and any regulation promulgated thereunder, if at any time after the Effective Date, the Company or any of its affiliates commences engaging in business with the government of Cuba or any person or affiliate located in Cuba.

(x) The Company will apply the net proceeds from the offering of the Shares in the manner set forth under "Use of Proceeds" in the Prospectus.

(b) The Company agrees to pay, or reimburse if paid by the Representatives, whether or not the transactions contemplated hereby are consummated or this Agreement is terminated, all costs and expenses incident to the public offering of the Shares and the performance of the obligations of the Company and the Selling Stockholders under this Agreement, including those relating to: (i) the preparation, printing, filing and distribution of the Registration Statement, including all exhibits thereto, each preliminary prospectus, the Prospectus, all amendments and supplements to the Registration Statement and the Prospectus, and the printing, filing and distribution of this Agreement; (ii) the preparation and delivery of certificates for the Shares to the Underwriters; (iii) the registration or qualification of the Shares for offer and sale under the securities or Blue Sky laws of the various jurisdictions referred to in Section 8(a)(vi), including the reasonable fees and disbursements of counsel for the Underwriters in connection with such registration and qualification and the preparation, printing, distribution and shipment of preliminary and supplementary Blue Sky memoranda; (iv) the furnishing (including costs of shipping and mailing) to the Representatives and to the Underwriters of copies of each preliminary prospectus, the Prospectus and all amendments or supplements to the Prospectus, and of the several documents required by this Section to be so furnished, as may be reasonably requested for use in connection with the offering and sale of the Shares by the Underwriters or by dealers to whom Shares may be sold; (v) the filing fees of the NASD in connection with its review of the terms of the public offering and reasonable fees and disbursements of counsel for the Underwriters in connection with such review; (vi) inclusion of the Shares for quotation on the Nasdaq National Market; and (vii) all transfer taxes, if any, with respect to the sale and delivery of the Shares by the Company and the Selling Stockholders to the Underwriters. Subject to the provisions of Section 11, the Underwriters agree to pay, whether or not the transactions contemplated hereby are consummated or this Agreement is terminated, all costs and expenses incident to the performance of the obligations of the Underwriters under this Agreement not payable by the Company pursuant to the preceding sentence, including the fees and disbursements of counsel for the Underwriters.

9. Indemnification.

(a) The Company and the Selling Stockholders agree, jointly and severally, to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all losses, claims, damages and liabilities, joint or several (including any reasonable investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted), to which they, or any of them, may become subject under the Securities Act, the Exchange Act or other Federal or state law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement or the Prospectus or any amendment thereof or supplement thereto, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be

stated therein or necessary to make the statements therein not misleading; provided, however, that such indemnity shall not inure to the benefit of any Underwriter (or any person controlling such Underwriter) on account of any losses, claims, damages or liabilities arising from the sale of the Shares to any person by such Underwriter if such untrue statement or omission or alleged untrue statement or omission was made in such preliminary prospectus, the Registration Statement or the Prospectus, or such amendment or supplement, in reliance upon and in conformity with information furnished in writing to the Company by the Representatives on behalf of any Underwriter specifically for use therein. Notwithstanding the foregoing, the liability of each Selling Stockholder pursuant to the provisions of Section 9(a) shall be (i) limited to an amount equal to the aggregate net proceeds received by such Selling Stockholder from the sale of the Shares sold by such Selling Stockholder hereunder and (ii) subordinate to the liability of the Company, such that the Underwriters may pursue claims for indemnification hereunder against the Company and the Selling Stockholders, or any one or more of them, at any time and in any manner they may choose, but may not collect any indemnification payment against a Selling Stockholder until they have taken all commercially reasonable steps to collect any indemnification obligation first from the Company, after which they may collect from the Selling Stockholders that amount which is still due and has not been paid by the Company. The foregoing provisions are subject to the following: (a) the limitation in subsection (ii) above shall not apply to information about a Selling Stockholder under the sections entitled "Principal and Selling Stockholders" and "Certain Transactions" in the Prospectus; and (b) each Selling Stockholder shall be severally and not jointly liable with the other Selling Stockholder as to its own information contained in such sections. Nothing herein shall affect the Company's indemnification obligations as to the information in such sections. This indemnity agreement will be in addition to any liability which the Company and the Selling Stockholders may otherwise have.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company and the Selling Stockholders and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or

Section 20 of the Exchange Act, each director of the Company, and each officer of the Company who signs the Registration Statement, to the same extent as the foregoing indemnity from the Company and the Selling Stockholders to each Underwriter, but only insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission with respect to such Underwriter which was made in any preliminary prospectus, the Registration Statement or the Prospectus, or any amendment thereof or supplement thereto, contained in the following paragraphs appearing under the caption "Underwriting" in the Prospectus: (i) the table in the second full paragraph; (ii) the fourth full paragraph, concerning the terms of the offering, excluding the first sentence thereof; (iii) the tenth full paragraph, concerning discretionary sales; (iv) the twelfth full paragraph; and (v) the thirteenth full paragraph, including the text set forth in the bullet points, concerning stabilization and syndicate covering transactions.

(c) Any party that proposes to assert the right to be indemnified under this Section will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section, notify each such indemnifying party of the commencement of such action, suit or proceeding, enclosing a copy of all papers served. No indemnification provided for in Section 9(a) or 9(b) shall be available to any party who shall fail to give notice as provided in this Section 9(c) if the party to whom notice was not given was unaware of the proceeding to which such notice would have related and was prejudiced by the failure to give such notice, but the omission so to notify such indemnifying party of any such action, suit or proceeding shall not relieve it from any liability that it may have to any indemnified party for contribution or otherwise than under this Section. In case any such action, suit or proceeding shall be brought

against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in, and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and the approval by the indemnified party of such counsel, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses, except as provided below and except for the reasonable costs of investigation subsequently incurred by such indemnified party in connection with the defense thereof. The indemnified party shall have the right to employ its counsel in any such action, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the employment of counsel by such indemnified party has been authorized in writing by the indemnifying parties, (ii) the indemnified party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party (in which case the indemnifying parties shall not have the right to direct the defense of such action on behalf of the indemnified party) or (iii) the indemnifying parties shall not have employed counsel to assume the defense of such action within a reasonable time after notice of the commencement

thereof, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying parties. An indemnifying party shall not be liable for any settlement of any action, suit, proceeding or claim effected without its written consent.

10. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 9(a) or 9(b) for any reason is held to be unavailable to or insufficient to hold harmless an indemnified party under Section 9(a) or 9(b), then each indemnifying party shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting any contribution received by any person entitled hereunder to contribution from any person who may be liable for contribution) to which the indemnified party may be subject in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Stockholders on the one hand and the Underwriters on the other from the offering of the Shares or, if such allocation is not permitted by applicable law or indemnification is not available as a result of the indemnifying party not having received notice as provided in Section 9 hereof, in such proportion as is appropriate to reflect not only the relative benefits referred to above but also the relative fault of the Company and the Selling Stockholders on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company, the Selling Stockholders and the Underwriters shall be deemed to be in the same proportion as (x) the total proceeds from the offering (net of underwriting discounts but before deducting expenses) received by the Company or the Selling Stockholders, as set forth in the table on the cover page of the Prospectus, bear to (y) the underwriting discounts received by the Underwriters, as set forth in the table on the cover page of the Prospectus. The relative fault of the Company and the Selling Stockholders or the Underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact related to information supplied by the Company and the Selling Stockholders or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 10 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this Section 10, (i) in no case shall any Underwriter (except as may be provided in the Agreement Among Underwriters) be liable or responsible for any amount in excess of the underwriting discount applicable to the Shares purchased by such Underwriter

hereunder; (ii) the Company shall be liable and responsible for any amount in excess of such underwriting discount; and (iii) in no case shall any Selling Stockholder be liable and responsible for any amount in excess of the aggregate net proceeds of the sale of Shares received by such Selling Stockholder; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. Further notwithstanding the foregoing, the liability of the Selling Stockholders hereunder for contribution shall be subordinate to the liability of the Company,

such that the Underwriters may pursue claims for contribution hereunder against the Company and the Selling Stockholders, or any one or more of them, at any time and in any manner they may choose, but may not collect any contribution payment against a Selling Stockholder until they have taken all commercially reasonable steps to collect any contribution obligation first from the Company, after which they may collect from the Selling Stockholders that amount which is still due and has not been paid by the Company. The foregoing provisions are subject to the following: (a) the limitations in the preceding sentence shall not apply to information about a Selling Stockholder under the sections entitled "Principal and Selling Stockholders" and "Certain Transactions" in the Prospectus; and (b) each Selling Stockholder shall be severally and not jointly liable with the other Selling Stockholder as to its own information contained in such sections. Nothing herein shall affect the Company's contribution obligations as to the information in such sections. For purposes of this Section 10, each person, if any, who controls an Underwriter within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act shall have the same rights to contribution as such Underwriter, and each person, if any, who controls the Company within the meaning of the Section 15 of the Securities Act or Section 20(a) of the Exchange Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to clauses (i) and (ii) in the immediately preceding sentence of this Section 10. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section, notify such party or parties from whom contribution may be sought, but the omission so to notify such party or parties from whom contribution may be sought shall not relieve the party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this Section. No party shall be liable for contribution with respect to any action, suit, proceeding or claim settled without its written consent. The Underwriter's obligations to contribute pursuant to this Section 10 are several in proportion to their respective underwriting commitments and not joint.

11. Termination. This Agreement may be terminated with respect to the Shares to be purchased on a Closing Date by the Representatives by notifying the Company and the Selling Stockholders at any time:

(a) in the absolute discretion of the Representatives at or before any Closing Date: (i) if on or prior to such date, any domestic or international event or act or occurrence has materially disrupted, or in the opinion of the Representatives will in the future materially disrupt, the securities markets; (ii) if there has occurred any new outbreak or material escalation of hostilities or other calamity or crisis the effect of which on the financial markets of the United States is such as to make it, in the judgment of the Representatives, inadvisable to proceed with the offering; (iii) if there shall be such a material adverse change in general financial, political or economic conditions or the effect of international conditions on the financial markets in the United States is such as to make it, in the judgment of the Representatives, inadvisable or impracticable to market the Shares; (iv) if trading in the Shares has been suspended by the Commission or trading generally on the New York Stock Exchange, Inc., on the

American Stock Exchange, Inc. or the Nasdaq National Market has been

suspended or limited, or minimum or maximum ranges for prices for securities shall have been fixed, or maximum ranges for prices for securities have been required, by said exchanges or by order of the Commission, the NASD or any other governmental or regulatory authority; (v) if a banking moratorium has been declared by any state or Federal authority; or (vi) if, in the judgment of the Representatives, there has occurred a Material Adverse Effect; or

(b) at or before any Closing Date, that any of the conditions specified in Section 6 shall not have been fulfilled when and as required by this Agreement.

If this Agreement is terminated pursuant to any of its provisions, neither the Company nor the Selling Stockholders shall be under any liability to any Underwriter, and no Underwriter shall be under any liability to the Company or the Selling Stockholders, except that (y) if this Agreement is terminated by the Representatives or the Underwriters because of any failure, refusal or inability on the part of the Company or the Selling Stockholders to comply with the terms or to fulfill any of the conditions of this Agreement, the Company will reimburse the Underwriters for all out-of-pocket expenses (including the reasonable fees and disbursements of their counsel) incurred by them in connection with the proposed purchase and sale of the Shares or in contemplation of performing their obligations hereunder and (z) no Underwriter who shall have failed or refused to purchase the Shares agreed to be purchased by it under this Agreement, without some reason sufficient hereunder to justify cancellation or termination of its obligations under this Agreement, shall be relieved of liability to the Company, the Selling Stockholders or to the other Underwriters for damages occasioned by its failure or refusal.

12. Substitution of Underwriters. If one or more of the Underwriters shall fail (other than for a reason sufficient to justify the cancellation or termination of this Agreement under Section 11) to purchase on any Closing Date the Shares agreed to be purchased on such Closing Date by such Underwriter or Underwriters, the Representatives may find one or more substitute underwriters to purchase such Shares or make such other arrangements as the Representatives may deem advisable or one or more of the remaining Underwriters may agree to purchase such Shares in such proportions as may be approved by the Representatives, in each case upon the terms set forth in this Agreement. If no such arrangements have been made by the close of business on the business day following such Closing Date,

(a) if the number of Shares to be purchased by the defaulting Underwriters on such Closing Date shall not exceed 10% of the Shares that all the Underwriters are obligated to purchase on such Closing Date, then each of the nondefaulting Underwriters shall be obligated to purchase such Shares on the terms herein set forth in proportion to their respective obligations hereunder; provided, that in no event shall the maximum number of Shares that any Underwriter has agreed to purchase pursuant to Section 1 be increased pursuant to this Section 12 by more than one-ninth of such number of Shares without the written consent of such Underwriter, or

(b) if the number of Shares to be purchased by the defaulting Underwriters on such Closing Date shall exceed 10% of the Shares that all the Underwriters are obligated to purchase on such Closing Date, then the Company shall be entitled to one additional business day within which it may, but is not obligated to, find one or more substitute underwriters reasonably satisfactory to the Representatives to purchase such Shares upon the terms set forth in this Agreement.

In any such case, either the Representatives or the Company shall have the right to postpone the applicable Closing Date for a period of not more than five business days in order that necessary changes and arrangements (including any necessary amendments or supplements to the Registration Statement or Prospectus) may be effected by the Representatives and the Company. If the number of Shares to be purchased on such Closing Date by such defaulting Underwriter or Underwriters shall exceed 10% of the Shares that all the Underwriters are obligated to purchase on such Closing Date, and none of the nondefaulting Underwriters or the Company shall make arrangements pursuant to this Section within the period stated for the purchase of the Shares that the defaulting Underwriters agreed to purchase, this Agreement shall terminate with

respect to the Shares to be purchased on such Closing Date without liability on the part of any nondefaulting Underwriter to the Company or the Selling Stockholders and without liability on the part of the Company and the Selling Stockholders, except in both cases as provided in Sections 8(b), 9, 10 and 11. The provisions of this Section shall not in any way affect the liability of any defaulting Underwriter to the Company, the Selling Stockholders or the nondefaulting Underwriters arising out of such default. A substitute underwriter hereunder shall become an Underwriter for all purposes of this Agreement.

13. Miscellaneous. The respective agreements, representations, warranties, indemnities and other statements of the Company or its officers, of the Selling Stockholders and of the Underwriters set forth in or made pursuant to this Agreement shall remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter, any Selling Stockholder or the Company or any of the officers, directors or controlling persons referred to in Sections 9 and 10 hereof, and shall survive delivery of and payment for the Shares. The provisions of Sections 8(b), 9, 10 and 11 shall survive the termination or cancellation of this Agreement.

This Agreement has been and is made for the benefit of the Underwriters, the Company and the Selling Stockholders and their respective successors and assigns, and, to the extent expressed herein, for the benefit of persons controlling any of the Underwriters or the Company, and directors and officers of the Company, and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser of Shares from any Underwriter merely because of such purchase.

All notices and communications hereunder shall be in writing and mailed or delivered or by telephone or telegraph if subsequently confirmed in writing, (a) if to the Representatives, c/o CIBC World Markets Corp., CIBC Oppenheimer Tower, World Financial Center, New York, New York 10281, Attention: Michael R. McClintock, with a copy to Gibson,

Dunn & Crutcher LLP, 200 Park Avenue, New York, New York 10166, Attention: Steven R. Finley, (b) if to the Company, to its agent for service as such agent's address appears on the cover page of the Registration Statement with a copy to Snell & Wilmer, L.L.P., One Arizona Center, Phoenix, Arizona 85008, Attention: Steven D. Pidgeon, (c) if to CPII at 2nd Floor, Block A, Russel Court Street, Stephen's Green, Dublin, Ireland, Attention: Peter Beer, with a copy to Debevoise & Plimpton, 875 Third Avenue, New York, New York 10022, Attention: John M. Allen, Jr., and (d) if to MCM Holding, to Triarc Companies, Inc., 280 Park Avenue, 41st Floor, New York, New York 10017, Attention: Brian L. Schorr, with a copy to Paul, Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, New York 10019-6064, Attention: Neale Albert. Any such notices or communications shall take effect when so delivered personally, or if mailed, on the date of receipt thereof; or if by telephone or telegraph, when written confirmation is delivered personally or if such confirmation is mailed, on the date of receipt thereof. The Company and the Selling Stockholders shall be entitled to act and rely upon any notice or communication given or made on behalf of the Underwriters by CIBC World Markets Corp. on behalf of the Representatives and the Company and the Underwriters shall be entitled to act and rely upon any notice or communication given or made on behalf of a Selling Stockholder by the Custodian.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws.

This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Please confirm that the foregoing correctly sets forth the agreement among us.

Very truly yours,

MCM CAPITAL GROUP, INC.

By
Title:

SELLING STOCKHOLDERS:
C.P. International Investments Limited

By
Title:

MCM Holding Company, LLC

By
Title:

Confirmed:

CIBC WORLD MARKETS CORP.
Acting severally on behalf of itself
and as representative of the several
Underwriters named in Schedule I annexed
hereto.

By: CIBC WORLD MARKETS CORP.

By
Title:

SCHEDULE I

Name	Number of Firm Shares to be Purchased		
	From the Company	From the Selling Stockholders	
		C.P. International Investments Limited	MCM Holding Company, LLC
CIBC World Markets Corp. U.S. Bancorp Piper Jaffray Inc. [others]			
Total	3,333,333		

SCHEDULE II

Name of Selling Stockholder	Number of Firm Shares to be Sold
C.P. International Investments Limited	
MCM Holding Company, LLC	

Total	1,666,667

SCHEDULE III

SUBSIDIARIES OF THE COMPANY

Midland Credit Management, Inc., a Kansas corporation
Midland Receivables 98-1 Corporation, a Delaware corporation
Midland Funding 98-A Corporation, a Delaware corporation
Midland Financial Services, Inc., a Kansas corporation

SCHEDULE IV

[FORM OF LOCK-UP AGREEMENT FOR OFFICERS, DIRECTORS AND STOCKHOLDERS]

_____ __, 1999

CIBC World Markets Corp.
U.S. Bancorp Piper Jaffray Inc.
c/o CIBC World Markets Corp.
CIBC Oppenheimer Tower
World Financial Center
New York, New York 10281

Ladies and Gentlemen:

The undersigned understands and agrees as follows:

1. CIBC World Markets Corp. ("CIBC") and U.S. Bancorp Piper Jaffray Inc. ("Piper") propose to enter into an Underwriting Agreement (the "Underwriting Agreement") with MCM Capital Group, Inc., a Delaware corporation (the "Company"), and C.P. International Investments Limited and MCM Holding Company, LLC (together, the "Selling Stockholders"), providing for the public offering (the "Public Offering") by the several Underwriters, including CIBC and Piper (the "Underwriters"), of 5,000,000 shares (the "Shares") of the Common Stock, $0.01 par value, of the Company (the "Common Stock"), and in connection therewith, the Company has filed a registration statement, File No. 333-77483 (the "Registration Statement") with the Securities and Exchange Commission.

2. After consultation, the Company and CIBC and Piper, acting as representatives of the Underwriters for the Public Offering, have agreed that sales by the officers, directors and stockholders of the Company within the 180-day period after the date of effectiveness of the Registration Statement could have an adverse effect on the market price for the Common Stock and that the public to whom the Common Stock is being offered should be protected for a reasonable time from the impact of such sales.

3. It is in the best interest of the Company and its officers, directors and stockholders to have a successful public offering and stable and orderly public market thereafter.

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of CIBC on behalf of the

Underwriters, it will not, during the period commencing on the date hereof and ending 180 days after the date of the final prospectus relating

to the Public Offering, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any equity securities of the Company or any securities convertible into or exercisable or exchangeable for equity securities of the Company or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of equity securities of the Company, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

Very truly yours,

_____
(Name)

_____

_____
(Address)

Exhibit 2

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger, is made as of _____ __, 1999, by and among Midland Corporation of Kansas, a Kansas corporation ("Midland") and MCM Capital Group, Inc., a Delaware corporation ("MCM").

W I T N E S S E T H:

WHEREAS, Midland is a corporation duly organized and existing under the laws of the State of Kansas;

WHEREAS, MCM is a corporation duly organized and existing under the laws of the State of Delaware;

WHEREAS, the authorized capital stock of Midland is: (i) 3,000,000 shares of common stock, without par value ("Midland Common Stock"), of which 1,000,000 are issued and outstanding;

WHEREAS, the authorized capital stock of MCM is: (i) 50,000,000 shares of common stock, par value $.01 per share ("MCM Common Stock"), of which 1,000 shares are issued and outstanding; and (ii) 5,000,000 shares of Preferred Stock ("MCM Preferred Stock") par value $.01 per share, of which no shares are issued and outstanding;

WHEREAS, the Board of Directors of Midland and MCM deem it advisable and in the best interests of their respective corporations and shareholders that Midland be merged with and into MCM, with MCM being the surviving corporation (the "Reincorporation Merger");

WHEREAS, the Boards of Directors and stockholders of Midland and MCM have approved this Agreement by resolutions duly adopted in accordance with the laws of their respective jurisdictions of incorporation; and

WHEREAS, Midland and MCM desire to effect the Reincorporation Merger as a plan of reorganization in accordance with the provisions of Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended (the "Code");

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and in accordance with applicable law, the parties hereto agree as follows:

ARTICLE I

REINCORPORATION MERGER

1.01 Surviving Corporation.

(a) The effective time of the Reincorporation Merger (the "Effective Time") shall occur at the latest of: (i) the time and date that shareholders of each of Midland and MCM approve this Agreement and the Reincorporation Merger; (ii) the time and date that a certificate of merger is duly filed with the Secretary of State of Delaware with respect to the Reincorporation Merger or such later date and time as is set forth therein; and (iii) the time and date that articles of merger are duly filed with the Secretary of State of Kansas with respect to the Reincorporation Merger or such later date and time as is set forth therein.

(b) At the Effective Time, Midland shall be merged with and into MCM, with MCM being the surviving corporation of the Reincorporation Merger. At the Effective Time, the separate corporate existence of Midland shall cease and MCM shall possess all the rights, privileges, powers, and franchises of a public and private nature and be subject to all the restrictions, disabilities, and duties of each of Midland and MCM (collectively, the "Constituent Corporations"); and all and singular, the rights, privileges, powers and franchises of each of the Constituent Corporations, and all property, real, personal, or mixed, and all debts due to each of the Constituent Corporations on whatever account, as well for stock subscriptions as all other

things in action belonging to each of the Constituent Corporations, shall be vested in MCM; and all property, rights, and privileges, powers, and franchises, and all and every other interest shall be thereafter as effectually the property of MCM as they were of the respective Constituent Corporations, and the title to any real estate vested by deed or otherwise in either of such Constituent Corporations shall not revert or be in any way impaired by reason of the Merger; but all rights of creditors and all liens upon any property of Midland shall be preserved unimpaired. To the extent permitted by law, any claim existing or action or proceeding pending by or against either of the Constituent Corporations may be prosecuted as if the Reincorporation Merger had not taken place. All debts, liabilities, and duties of the respective Constituent Corporations shall thenceforth attach to MCM and may be enforced against it to the same extent as if such debts, liabilities, and duties had been incurred or contracted by it. All corporate acts, plans, policies, agreements, arrangements, approvals, and authorizations of Midland, its shareholders, Board of Directors and committees thereof, officers and agents which were valid and effective immediately prior to the Effective Time, shall be taken for all purposes as the acts, plans, policies, agreements, arrangements, approvals, and authorizations of MCM and shall be effective and binding thereon as the same were with respect to Midland. The employees and agents of Midland shall become the employees and agents of MCM and continue to be entitled to the same rights and benefits which they enjoyed as employees and agents of Midland. The requirements of any plans or agreements of Midland involving the issuance or purchase by Midland of certain shares of its capital stock shall be satisfied by the issuance or purchase of a like number of shares of MCM subject to the adjustments contemplated in Section 1.04 hereof.

1.02 Certificate of Incorporation and Bylaws.

(a) From and after the Effective Time, the Certificate of Incorporation of MCM, as in effect immediately prior to the Effective Time, shall continue to be the Certificate of Incorporation of MCM, until altered, amended, or repealed in accordance with the laws of the State of Delaware.

(b) From and after the Effective Time, the Bylaws of MCM, as in effect immediately prior to the Effective Time, shall continue to be the Bylaws of MCM, until altered, amended, or repealed in accordance with the laws of the State of Delaware.

1.03 Directors and Officers.

(a) The number of directors of MCM immediately prior to the Effective Time shall continue to be the number of directors of MCM from and after the Effective Time until such number is altered in accordance with the laws of the State of Delaware. The directors of MCM immediately prior to the Effective Time shall continue to be the directors of MCM from and after the Effective Time and shall hold office from and after the Effective Time in accordance with the Bylaws of MCM until their respective successors are duly appointed or elected and qualified.

(b) The officers of Midland immediately prior to the Effective Time shall be the officers of MCM from and after the Effective Time and shall hold the same offices from and after the Effective Time in accordance with the Bylaws of MCM until their respective successors are duly appointed or elected and qualified or until retirement, resignation or removal.

1.04 Terms of Merger.

(a) At the Effective Time, the shares of capital stock of Midland shall be converted into shares of capital stock of MCM as follows: each share of Midland Common Stock issued and outstanding immediately prior to the Effective Time shall, automatically and without further act of Midland, MCM, or any holder thereof, be extinguished and converted into 4.941131 issued and outstanding and fully paid and nonassessable shares of MCM Common Stock subject to the same terms, conditions, and restrictions, if any, as existed immediately prior to the Effective Time.

(b) Each person who, as a result of the Reincorporation Merger, holds one or more certificates representing one or more shares of Midland Common Stock may surrender any such certificate to MCM, and upon such surrender, MCM shall, within a reasonable time, deliver to such person, in substitution and exchange therefor, one or more certificates evidencing the

number of shares of MCM Common Stock that such person is entitled to receive in accordance with the terms of this Agreement, in substitution for the number of shares of Midland Common Stock represented by each certificate so surrendered; provided, however, that no such holder shall be required to surrender any such certificate until such certificate otherwise would be surrendered for transfer on the books of the issuing corporation in the ordinary course of business.

(c) At the Effective Time, all of the shares of capital stock of MCM issued or outstanding immediately prior to the Effective Time shall, automatically and without further act of Midland, MCM, or any holder thereof, be cancelled and cease to exist, without any consideration being payable therefor.

(d) At the Effective Time, each option to purchase a share of Midland Common Stock outstanding immediately prior to the Effective Time, shall automatically and without further act of Midland, MCM, or any holder thereof, become an option to purchase 4.941131 shares of MCM Common Stock, at an exercise price adjusted accordingly, but otherwise subject to the same terms and conditions.

ARTICLE II

MISCELLANEOUS

2.01 Consent to Service of Process. MCM hereby consents and agrees, effective as of the Effective Time, to be sued and served with process in the State of Kansas in any proceeding for the enforcement of any obligations of Midland and in any proceeding for the enforcement of the rights, if any, of a dissenting shareholder of Midland against MCM. MCM hereby irrevocably appoints the Kansas Secretary of State as its agent to accept service of process in any such proceeding from and after the Effective Time. MCM hereby agrees that it will pay to the dissenting shareholders of Midland the amount, if any, to which they shall be entitled under the General Corporation Laws of the State of Kansas with respect to dissenting shareholders.

2.02 Accounting Matters. Except as herein provided with respect to the cancellation of the outstanding shares of Midland, MCM agrees that, upon the Effective Time, the assets, liabilities, reserves and accounts of Midland and MCM shall be taken up or continued on the books of MCM in the amounts at which such assets, liabilities, reserves, and accounts shall have been carried on the books of Midland and MCM immediately prior to the Effective Time, subject to such adjustments, and such elimination of intercompany items, as may be appropriate to give effect to the Reincorporation Merger.

2.03 Expenses of Reincorporation Merger. From and after the Effective Time, MCM shall pay all unpaid expenses of carrying this Agreement into effect and accomplishing the Reincorporation Merger.

2.04 Further Assurances. If, at any time from and after the Effective Time, MCM shall consider or be advised that any further assignment or assurance in law is necessary or desirable to vest in MCM the title to any property or rights of Midland, the proper officers of MCM are hereby authorized, in the name of Midland or otherwise, to execute and make all such proper assignments and assurances in law, and to do all other things necessary or proper to vest such property or rights in MCM and otherwise to carry out the purposes of this Agreement.

2.05 Approval. This Agreement shall be submitted for approval by the holders of Midland Common Stock at an annual or special meeting of shareholders or by unanimous written consent, and this Agreement constitutes the approval thereof by written consent of Midland in its capacity as sole shareholder of MCM.

2.06 Termination and Abandonment. At any time prior to the Effective Time and for any reason, this Agreement may be terminated and abandoned by the Board of Directors of Midland, notwithstanding approval of this Agreement by the shareholders of Midland and MCM. Upon any such termination, this Agreement shall become null and void and have no effect, without any liability to any person on the part of Midland or MCM or their shareholders, directors, or officers.

2.07 Amendment. At any time prior to the Effective Time and for any reason, this Agreement may be amended, notwithstanding approval of this Agreement by the shareholders of Midland or MCM, by an agreement in writing executed in the same manner as this Agreement; provided, however, that after approval of this Agreement by the shareholders of Midland, this Agreement may not be amended, without such further approval as is required by law, to the extent that such amendment would: (i) alter or change the amount or kind of shares to be received by the shareholders of MCM or Midland in the Reincorporation Merger; (ii) alter or change any term of the Certificate of Incorporation of MCM; or (iii) effect any alteration or change that would adversely affect the shareholders of Midland or MCM.

MIDLAND CORPORATION OF KANSAS
a Kansas corporation

Attest:

By: _____
Secretary

By: _____
Name:
Title:

MCM CAPITAL GROUP, INC.
a Delaware corporation

Attest:

By: _____
Secretary

By: _____
Name:
Title:

Exhibit 3.1

RESTATED CERTIFICATE OF INCORPORATION
OF
MCM CAPITAL GROUP, INC.

The name of the corporation is MCM Capital Group, Inc. and it was incorporated in the State of Delaware on April 29, 1999. This Restated Certificate of Incorporation was duly adopted in accordance with Section 242 and Section 245 of the General Corporation Law of the State of Delaware.

ARTICLE ONE

The name of the corporation is MCM Capital Group, Inc.

ARTICLE TWO

The address of the corporation's registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE THREE

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE FOUR

The corporation shall have perpetual existence.

ARTICLE FIVE

A. The corporation is authorized to issue two classes of shares of stock to be designated, respectively, "Common Stock" and "Preferred Stock"; the total number of shares of Common Stock that the corporation shall have authority to issue is 50,000,000 and each of such shares shall have a par value of $.01; and the total number of shares of Preferred Stock that the corporation shall have the authority to issue is 5,000,000 and each of such shares shall have a par value of $.01.

B. Shares of Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors of the corporation, each of said series to be distinctly designated. The voting powers, preferences and relative, participating, optional, and other special rights, and the qualifications, limitations,

or restrictions thereof, if any, of each such series may differ from those of any and all other series of Preferred Stock at any time outstanding, and the Board of Directors is hereby expressly granted authority to fix or alter, by resolution or resolutions, the designation, number, voting powers, preferences, and relative, participating, optional, and other special rights, and the qualifications, limitations, and restrictions thereof, of each such series to the fullest extent permitted by law.

ARTICLE SIX

The Board of Directors of the corporation has the power to adopt, amend, and repeal any or all of the Bylaws of the corporation.

ARTICLE SEVEN

Election of members to the Board of Directors need not be by written ballot unless the Bylaws of the corporation shall so provide.

Meetings of the stockholders of the corporation may be held within or without the State of Delaware, as the Bylaws may provide. The books of the corporation may be kept (subject to any provision contained in the Delaware

General Corporation Law) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the corporation.

The stockholders of the corporation shall have the power to remove any director or the entire board of directors of the corporation, with or without cause, only upon the vote of the holders of two-thirds of the shares entitled to vote for the election of directors.

ARTICLE EIGHT

A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability: (i) for any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the Delaware General Corporation Law; or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of this provision shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification. The limitation of liability provided herein shall continue after a director has ceased to occupy such position as to acts or omissions occurring during such director's term of terms of office.

ARTICLE NINE

A. The corporation shall to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than such law permitted the corporation to provide prior to such amendment), indemnify and hold harmless any person who was or is a party, or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "Indemnitee") against expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties paid in connection with the Employee Retirement Income Security Act of 1974, as amended, and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith; provided, however, that except as provided in this section with respect to proceedings to enforce rights to indemnification, the corporation shall indemnify any such Indemnitee in connection with a proceeding (or part thereof) initiated by such Indemnitee only if such proceeding or part thereof was authorized in advance by the Board of Directors of this corporation.

B. The right to indemnification conferred in this section shall include the right to be paid by the corporation the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an Indemnitee in his capacity as a director or officer (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is not further right to appeal that such Indemnitee is not entitled to be indemnified for such expenses under this section or otherwise. The rights to indemnification and to the advancement of expenses conferred in this section shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

C. If a claim under the two preceding paragraphs of this section is not paid in full by the corporation within sixty (60) days after a written claim has been received by the corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to be paid

also the expense of prosecuting or defending such suit. In (i) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) and (ii) in any suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the corporation shall be entitled to recover such expenses only upon a final adjudication that the Indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its board of directors, independent legal counsel, or its stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses under this section or otherwise shall be on the corporation.

D. The rights to indemnification and advancement of expenses conferred in this section shall not be exclusive of any other rights which any person may have or hereafter acquire under any statute, the corporation's certificate of incorporation, as it may be amended or restated from time-to-time, any agreement, vote of stockholders or disinterested directors, or otherwise. No amendment or repeal of this Article Nine shall apply to or have any effect on any right to indemnification provided hereunder with respect to any acts or omissions occurring prior to such amendment or repeal.

E. The corporation shall have the power to purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise (including an employee benefit plan) against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law. The corporation may also create a trust fund, grant a security interest and/or use other means (including, but not limited to letters of credit, surety bonds and/or similar arrangements), as well as enter into contracts providing indemnification to the full extent authorized or permitted by law and including as part thereof provisions with respect to any or all of the foregoing, to ensure the payment of such amounts as may become necessary to effect indemnification as provided therein, or elsewhere.

F. For purposes of this section, references to the "corporation" shall include any subsidiary of this corporation from and after the acquisition thereof by this corporation, so that any person who is a director, officer, employee or agent of such subsidiary after the acquisition thereof by this corporation shall stand in the same position under the provisions

of this section as such person would have had such person served in such position for this corporation.

G. The corporation may, to the extent authorized from time to time by the board of directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the corporation to the fullest extent of the provisions of this section with respect to the indemnification and advancement of expenses of directors and officers of the corporation.

ARTICLE TEN

A. Notwithstanding any other provisions of this Restated Certificate of Incorporation or any provision of law, the corporation shall not, following the closing of the initial public offering of the corporation's Common Stock (the "IPO Date"), engage in any business combination with any interested stockholder unless: (1) prior to the time that such stockholder became an interested stockholder, but after the IPO Date, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; (2) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder (provided that such transaction was consummated after the IPO Date), the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (3) at or subsequent to the time that such stockholder became an interested stockholder, but after the IPO Date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66-2/3% of the outstanding voting stock which is not owned by the interested stockholder.

B. The restrictions contained in this Article Ten shall not apply if:

(1) the corporation does not have a class of voting stock that is (i) listed on a national securities exchange; (ii) authorized for quotation on an The NASDAQ Stock Market; or (iii) held of record by more than 2,000 stockholders, unless any of the foregoing results from action taken, directly or indirectly, by an interested stockholder or from a transaction in which a person becomes an interested stockholder;

(2) a stockholder becomes an interested stockholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares so that the stockholder ceases to be an interested stockholder and (ii) would not, at any time within the 3-year period immediately prior to a business combination between the corporation and such

stockholder, have been an interested stockholder but for the inadvertent acquisition of ownership; or

(3) the business combination is proposed prior to the consummation or abandonment of and subsequent to the earlier of the public announcement or the notice required hereunder of a proposed transaction which: (i) constitutes one of the transactions described in the second sentence of this paragraph; (ii) is with or by a person who either was not an interested stockholder during the previous 3 years or who became an interested stockholder during the previous 3 years or who became an interested stockholder with the approval of the Corporation's board of directors; and (iii) is approved or not opposed by a majority of the members of the board of directors then in office (but not less than 1) who were directors prior to any person becoming an interested stockholder after the IPO Date or were recommended for election or elected to succeed such directors by a majority of such directors. The proposed transactions referred to in the preceding sentence are limited to (x) a merger or consolidation of the corporation (except for a merger in respect of which, pursuant to section 251(f) of the Delaware General Corporation Law, no vote of the stockholders of the corporation is required); (y) a sale, lease, exchange, mortgage, pledge, transfer or their disposition (in one transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of the corporation or of any direct or indirect majority-owned subsidiary of the corporation (other than to any direct or indirect wholly-owned subsidiary or to

the corporation) having an aggregate market value equal to 50% or more of either the aggregate market value of all of the assets of the corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the corporation; or (z) a proposed tender or exchange offer for 50% or more of the outstanding voting stock of the corporation. The corporation shall give not less than 20 days notice to all interested stockholders prior to the consummation of any of the transactions described in clauses (x) or (y) of the second sentence of this paragraph.

C. As used in this Article Ten only, the term:

(1) "affiliate" means a person that directly, or indirectly through one or more intermediates, controls, or is controlled by, or is under common control with, another person.

(2) "associate," when used to indicate a relationship with any person, means (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock, (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person or (iv) any parent, sibling or child of such person and any sibling of a parent of such person or any child of such sibling.

(3) "business combination," when used in reference to the corporation and any interested stockholders, means:

(i) any merger or consolidation of the corporation or any direct or indirect majority-owned subsidiary of the corporation with (A) the interested stockholder, or (B) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation subsection (a) of this Article Ten is not applicable to the surviving corporation;

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) except proportionately as a stockholder of the corporation, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of the corporation or of any direct or indirect majority-owned subsidiary of the corporation which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the corporation;

(iii) any transaction which results in the issuance or transfer by the corporation or by any direct or indirect majority-owned subsidiary of the corporation of any stock of the corporation or of such subsidiary to the interested stockholder, except (A) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the corporation or any such subsidiary which securities were outstanding prior to the later of (I) time that the interested stockholder became such and (II) the IPO date, (B) pursuant to a merger under Section 251(g) of the Delaware General Corporation Law, (C) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of such corporation subsequent to the time the interested stockholder became such, (D) pursuant to an exchange offer by the corporation to purchase stock made on the same terms to all holders of said stock, or (E) any issuance or transfer of stock by the corporation; provided, however, that in no case under (C)-(E) above shall there be an increase in the interested stockholder's proportionate share of the stock of any class or series of the corporation or of the voting stock of the corporation;

(iv) any transaction involving the corporation or any direct or indirect majority-owned subsidiary of the corporation which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any

class or series, of the corporation or of any such subsidiary which is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or

(v) any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the corporation) of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subparagraphs (i)-(iv) above) provided by or through the corporation or any direct or indirect majority-owned subsidiary.

(4) "control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly , of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is the owner of 20% or more of the outstanding voting stock of any corporation, partnership, unincorporated association or entity shall be presumed to have control of such corporation, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Article Ten, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

(5) "interested stockholder": means any person (other than the corporation) that (i) is the owner of 15% or more of the outstanding voting stock of the corporation, or (ii) is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder, and the affiliates and associates of such person; provided, however, that the term "interested stockholder" shall not include any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of action taken solely by the corporation; provided that such person shall be an interested stockholder if thereafter he acquires additional shares of voting stock of the corporation, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of paragraph (9) of this subsection but shall not include any other unissued stock of such corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

Notwithstanding the foregoing, in no event shall (a) (i) Triarc Companies, Inc., Nelson Peltz, or Peter W. May or (ii) Consolidated Press Holdings Limited, C.P. International Investments Limited, or Peter Stewart Nigel Fraser, or any of their respective affiliates and associates (each, a "Grandfathered Person"), be or become an interested stockholder so long as the percentage of shares of voting stock of the corporation a Grandfathered Person owns does not exceed the percentage of shares of voting stock it owned immediately prior to the IPO Date plus one percent (1%) (the "Percentage") (provided that a Grandfathered Person shall not be or become an interested stockholder as a result of corporate action taken solely by the corporation that causes the Grandfathered Person to

exceed the Percentage if thereafter the Grandfathered Person does not acquire additional shares of voting stock of the corporation except as a result of further corporate action taken by the corporation) or (b) a person who acquires ownership of any of the shares of Common Stock owned by a Grandfathered Person, or the affiliates or associates of any such person (other than pursuant to a sale made (i) in a registered public offering, (ii) pursuant to Rule 144 under the Securities Act of 1933, as amended, or (iii) through a normal brokerage transaction or to a dealer in the securities), be or become an interested

stockholder solely by becoming the owner of such shares so long as any such person, and its affiliates or associates, do not own more than the Percentage plus one percent (1%) (the "Transferee Percentage") (provided that no such person shall be or become an interested stockholder as a result of action taken solely by the corporation that causes such person to exceed the Transferee Percentage if thereafter the person does not acquire additional shares of voting stock of the corporation except as a result of further corporate action taken by the corporation).

(6) "person" means any individual, corporation, partnership, unincorporated association or other entity.

(7) "stock" shall mean, with respect to any corporation, capital stock, and with respect to any other entity, any equity interest.

(8) "voting stock" means, with respect to any corporation, stock of any class or series entitled to vote generally in the election of directors, and with respect to any entity that is not a corporation, any equity interest entitled to vote generally in the election of the governing body of such entity.

(9) "owner" including the terms "own" and "owned" when used with respect to any stock means a person that individually or with or through any of its affiliates or associates:

(i) beneficially owns such stock, directly or indirectly; or

(ii) has (A) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person's affiliates or associates until such tendered stock is accepted for purchase or exchange; or (B) the right to vote such stock pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any stock because of such person's right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more persons; or

(iii) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (B) of clause (ii) of this paragraph), or disposing of such stock with any

other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.

D. The corporation hereby elects not to be governed by Section 203 of the Delaware General Corporation Law.

E. The corporation expressly denies the application of the Arizona Corporate Takeover Laws, Arizona Revised Statutes Sections 10-2701 et seq., or any successor thereto.

ARTICLE ELEVEN

The corporation reserves the right to amend, alter, change, or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by the Delaware General Corporation Law.

IN WITNESS WHEREOF, MCM CAPITAL GROUP, INC., caused this Restated Certificate of Incorporation to be signed by the undersigned duly authorized officer who declares under penalty of perjury that the matters set forth in the foregoing Restated Certificate of Incorporation are true and correct to his knowledge.

Dated: June __, 1999.

MCM CAPITAL GROUP, INC.

By: _____
Gregory G. Meredith
Secretary

Exhibit 3.2

BYLAWS
OF
MCM CAPITAL GROUP, INC.

I. REFERENCES TO CERTAIN TERMS AND CONSTRUCTION

1.01. Certain References. Any reference herein made to law will be deemed to refer to the law of the State of Delaware, including any applicable provision of Chapter 1 of Title 8 of the Delaware Code, or any successor statutes, as from time to time amended and in effect (sometimes referred to herein as the "Delaware General Corporation Law"). Any reference herein made to the corporation's Certificate will be deemed to refer to its Certificate of Incorporation and all amendments thereto as at any given time on file with the Delaware Secretary of State (any reference herein to that office being intended to include any successor to the incorporating and related functions being performed by that office at the date of the initial adoption of these Bylaws). Except as otherwise required by law, the term "stockholder" as used herein shall mean one who is a holder of record of shares of the corporation.

1.02. Seniority. The law and the Certificate (in that order of precedence) will in all respects be considered senior and superior to these Bylaws, with any inconsistency to be resolved in favor of the law and such Certificate (in that order of precedence), and with these Bylaws to be deemed automatically amended from time to time to eliminate any such inconsistency which may then exist.

1.03. Computation of Time. The time during which an act is required to be done, including the time for the giving of any required notice herein, shall be computed by excluding the first day or hour, as the case may be, and including the last day or hour.

II. OFFICES

2.01. Principal Office. The principal office or place of business of the corporation in the State of Delaware shall be the registered office of the corporation in the State of Delaware. The corporation may change its registered office from time to time in accordance with the relevant provisions of the Delaware General Corporation Law. The corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors may designate or as the business of the corporation may require from time to time.

III. STOCKHOLDERS

3.01. Annual Stockholder Meeting. The annual meeting of stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders shall elect by a plurality vote members of the Board of Directors and transact such other business as may properly be brought before the meeting.

3.02. Special Stockholder Meetings. Unless otherwise prescribed by law or by the Certificate of Incorporation, special meetings of stockholders, for any purpose or purposes, may be called by the Chairman of the Board or the President, and shall be called by the President or the Secretary upon a written request signed by at least three members of the Board of Directors, or of the holders of at least a majority of the issued and outstanding shares of capital stock entitled to vote thereat. Any such written request by stockholders shall state the purpose or purposes of the proposed meeting, and business to be transacted at any such meeting shall be confined to the purposes stated in the notice thereof and to such additional matters as the chairman of the meeting may rule to be germane to such purposes.

3.03. Notice of Stockholders Meetings.

(a) Required Notice. Except as otherwise allowed or required by law, written notice stating the place, day and hour of any annual or

special stockholders meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting and to any other stockholder entitled to receive notice of the meeting by law or the Certificate. Such notice may be given either personally or by sending a copy thereof through the mail, by telegraph, by private delivery service (including overnight courier), or by facsimile transmission, charges prepaid, to each stockholder at his/her address as it appears on the records of the corporation. If the notice is sent by mail, by telegraph or by private delivery service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office or private delivery service for transmission to such person. If the notice is sent by facsimile transmission, it shall be deemed to have been given upon transmission, if transmission occurs on a business day before 5:00 p.m. at the place of receipt, and upon the business day following transmission, if transmission occurs after 5:00 p.m.

(b) Adjourned Meeting. If any stockholders meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, and place, if the new date, time, and place are announced at the meeting at which the adjournment is taken. But if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, then notice of the adjourned meeting shall be given to each stockholder of record entitled to such notice pursuant to Section 3.03(a) above.

(c) Waiver of Notice. Any stockholder may waive notice of a meeting (or any notice of any other action required to be given by the Delaware General Corporation Law,

the corporation's Certificate, or these Bylaws), at any time before, during, or after the meeting or other action, by a writing signed by the stockholder entitled to the notice. Each such waiver shall be delivered to the corporation for inclusion in the minutes or filing with the corporate records. Attendance of a stockholder at a meeting shall constitute a waiver of notice of the meeting, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(d) Contents of Notice. The notice of each special stockholders meeting shall include a description of the purpose or purposes for which the meeting is called. Except as required by law or the corporation's Certificate, the notice of an annual stockholders meeting need not include a description of the purpose or purposes for which the meeting is called.

3.04. Fixing of Record Date. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or in order to make a determination of stockholders for any other proper purpose, the Board of Directors may fix a date as the record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors. In the case of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, such record date shall not be more than sixty (60) days nor less than ten (10) days prior to the date of such meeting. In the case of determining stockholders entitled to consent to corporate action in writing without a meeting, the record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. In the case of determining stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the record date shall be not more than sixty (60) days prior to such action. If no record date is so fixed by the Board of Directors, the record date for the determination of stockholders shall be as provided in the Delaware General Corporation Law.

When a determination of stockholders entitled to notice of or to vote at any meeting of stockholders has been made as provided in this Section, such determination shall apply to any adjournment thereof, unless the Board of Directors fixes a new record date.

3.05. Stockholder List. The officer who has charge of the stock ledger of the corporation shall make, at least ten (10) days before every

meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address and the number of shares held by each. The stockholder list shall be available for inspection by any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting at a place within the city where the meeting is to be held, which place shall be specified in the meeting notice, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. Except as otherwise provided by law, failure to comply with this section shall not affect the validity of any action taken at the meeting.

3.06. Stockholder Quorum and Voting Requirements. Unless otherwise provided in the Certificate or these Bylaws or required by law,

(a) a majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at a meeting of stockholders;

(b) in all matters other than the election of directors, the affirmative vote of the majority of shares voting for or against the subject matter shall be the act of the stockholders;

(c) directors shall be elected by a plurality of the votes cast at the meeting; and

(d) where a separate vote by a class or classes is required, a majority of the outstanding shares of such class or classes, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter and the affirmative vote of the majority of shares of such class or classes present in person or represented by proxy at the meeting shall be the act of such class.

Except as provided below, voting will be by ballot on any question as to which a ballot vote is demanded prior to the time the voting begins by any person entitled to vote on such question; otherwise, a voice vote will suffice. Unless otherwise provided in the Certificate, all elections of directors will be by written ballot. No ballot or change of vote will be accepted after the polls have been declared closed following the ending of the announced time for voting.

3.07. Proxies. At all meetings of stockholders, a stockholder may vote in person or by proxy duly executed in writing by the stockholder or the stockholder's duly authorized attorney-in-fact. Such proxy shall comply with law and shall be filed with the Secretary of the corporation or other person authorized to tabulate votes before or at the time of the meeting. No proxy shall be valid after three (3) years from the date of its execution unless otherwise provided in the proxy. The burden of proving the validity of any undated, irrevocable, or otherwise contested proxy at a meeting of the stockholders will rest with the person seeking to exercise the same. A facsimile appearing to have been transmitted by a stockholder or by such stockholder's duly authorized attorney-in-fact may be accepted as a sufficiently written and executed proxy.

3.08. Voting of Shares. Unless otherwise provided in the Certificate or the Delaware General Corporation Law, each outstanding share entitled to vote shall be entitled to one (1) vote upon each matter submitted to a vote at a meeting of stockholders.

3.09. Election Inspectors. The Board of Directors, in advance of any meeting of the stockholders, may appoint an election inspector or inspectors to act at such meeting (and at any adjournment thereof). If an election inspector or inspectors are not so appointed, the chairman of the meeting may, or upon request of any person entitled to vote at the meeting will, make such appointment. If any person appointed as an inspector fails to appear or to act, a substitute may be

appointed by the chairman of the meeting. If appointed, the election inspector

or inspectors (acting through a majority of them if there be more than one) will determine the number of shares outstanding, the authenticity, validity, and effect of proxies, the credentials of persons purporting to be stockholders or persons named or referred to in proxies, and the number of shares represented at the meeting in person and by proxy; will receive and count votes, ballots, and consents and announce the results thereof; will hear and determine all challenges and questions pertaining to proxies and voting; and, in general, will perform such acts as may be proper to conduct elections and voting with complete fairness to all stockholders. No such election inspector need be a stockholder of the corporation.

3.10. Organization and Conduct of Meetings. Each meeting of the stockholders will be called to order and thereafter chaired by the Chairman of the Board of Directors if there is one, or, if not, or if the Chairman of the Board is absent or so requests, then by the President, or if both the Chairman of the Board and the President are unavailable, then by such other officer of the corporation or such stockholder as may be appointed by the Board of Directors. The corporation's Secretary or in his or her absence, an Assistant Secretary will act as secretary of each meeting of the stockholders. If neither the Secretary nor an Assistant Secretary is in attendance, the chairman of the meeting may appoint any person (whether a stockholder or not) to act as secretary for the meeting. After calling a meeting to order, the chairman thereof may require the registration of all stockholders intending to vote in person and the filing of all proxies with the election inspector or inspectors, if one or more have been appointed (or, if not, with the secretary of the meeting). After the announced time for such filing of proxies has ended, no further proxies or changes, substitutions, or revocations of proxies will be accepted. If directors are to be elected, a tabulation of the proxies so filed will, if any person entitled to vote in such election so requests, be announced at the meeting (or adjournment thereof) prior to the closing of the election polls. Absent a showing of bad faith on his or her part, the chairman of a meeting will, among other things, have absolute authority to fix the period of time allowed for the registration of stockholders and the filing of proxies, to determine the order of business to be conducted at such meeting, and to establish reasonable rules for expediting the business of the meeting and preserving the orderly conduct thereof (including any informal, or question and answer portions thereof).

3.11. Stockholder Approval or Ratification. The Board of Directors may submit any contract or act for approval or ratification of the stockholders at a duly constituted meeting of the stockholders. Except as otherwise required by law, if any contract or act so submitted is approved or ratified by a majority of the votes cast thereon at such meeting, the same will be valid and as binding upon the corporation and all of its stockholders as it would be if it were the act of its stockholders.

3.12. Informalities and Irregularities. All informalities or irregularities in any call or notice of a meeting of the stockholders or in the areas of credentials, proxies, quorums, voting, and similar matters, will be deemed waived if no objection is made at the meeting.

3.13. Stockholder Action by Written Consent. Any action required or permitted to be taken at a meeting of the stockholders may be taken without a meeting if one (1) or more consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Each consent shall bear the date of signature of each stockholder who signs the consent. The consents shall be delivered to the corporation in accordance with law for inclusion in the minutes or filing with the corporate record. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented to the action.

3.14. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the corporation. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders (a) by or at the direction of the Board of Directors (or any duly authorized commit tee thereof) or (b) by any stockholder of the corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 3.14 and on the record date for the determination of stockholders entitled to vote at such

annual meeting and (ii) who complies with the notice procedures set forth in this Section 3.14.

In addition to any other applicable requirements, for a nomination to be made by a stock holder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the corporation, as prescribed below.

No person shall be elected to the Board of Directors of this corporation at an annual meeting of the stockholders, or at a special meeting called for that purpose, unless, with respect to a person nominated by a stockholder of the corporation, a written notice of nomination of such person by the stockholder shall have been received by the Secretary of the corporation not earlier than one hundred and twenty (120) days and not later than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting if an annual meeting, or seven (7) days after notice of the meeting is mailed to stockholders if a special meeting. Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting (including the number of shares of stock of the corporation owned beneficially or of record by such stockholder and the nominee or nominees) and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholders and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had each nominee been nominated, or intended to be nominated, by the Board of Directors; and (e) the consent of each nominee to serve as a director of the corporation if so elected.

No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this Section 3.14. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Notwithstanding compliance with the foregoing provisions, the Board of Directors shall not be obligated to include information as to any stockholder nominee for director in any proxy statement or other communication sent to stockholders.

3.15. Business at Annual Meetings. No business may be transacted at an annual meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any stockholder of the corporation (i) who is a stock holder of record on the date of the giving of the notice provided for in this Section 3.15 and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 3.15.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company not earlier than one hundred and twenty (120) days and not later than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was

mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the corporation that are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business

and (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 3.15, provided, however, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 3.15 shall be deemed to preclude discussion by any stockholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

IV. BOARD OF DIRECTORS

4.01. General Powers. The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors.

4.02. Number, Tenure, and Qualification of Directors. Unless otherwise provided in the Certificate, the authorized number of directors shall be not less than one nor more than nine. The number of directors in office from time to time shall be within the limits specified above, as prescribed initially in the Certificate, or by the incorporator or incorporators of the corporation, or by the initial director or directors of the corporation and thereafter as prescribed from time to time by resolution adopted by either the stockholders or by the Board of Directors upon the affirmative vote of at least two-thirds of the directors then in office. The Board of Directors, upon the affirmative vote of at least two-thirds of the directors then in office, shall have the power to increase or decrease its size within the aforesaid limits and to fill any vacancies that may occur in its membership, whether resulting from an increase in the size of the Board or otherwise. Each director shall hold office until his or her successor shall have been duly elected and qualified or until his or her earlier resignation or removal. Unless required by the Certificate, directors do not need to be residents of the State of Delaware or stockholders of the corporation.

4.03. Regular Meetings of the Board of Directors. A regular annual meeting of the Board of Directors is to be held as soon as practicable after the adjournment of each annual meeting of the stockholders, either at the place of the stockholders meeting or at such other place as the directors elected at the stockholders meeting may have been informed of at or prior to the time of their election. Additional regular meetings may be held at regular intervals at such places and at such times as the Board of Directors may determine.

4.04. Special Meetings of the Board of Directors. Special meetings of the Board of Directors may be held whenever and wherever called for by the Chairman of the Board, the President, or the number of directors that would be required to constitute a quorum.

4.05. Notice of, and Waiver of Notice for, Directors Meetings. No notice need be given of regular meetings of the Board of Directors. Notice of the time and place (but not necessarily the purpose or all of the purposes) of any special meeting will be given to each director in person or by telephone, or

via mail or facsimile transmission. Notice to any director of any such special meeting will be deemed given sufficiently in advance when (i), if given by mail, the same is deposited in the United States mail at least four (4) days before the meeting date, with postage thereon prepaid, (ii), if given by facsimile transmission, the same is transmitted at least 24 hours prior to the convening of the meeting, or (iii), if personally delivered (including by overnight courier) or given by telephone, the same is handed, or the substance thereof is communicated over the telephone to the director or to an adult member of his or her office staff or household, at least 24 hours prior to the convening of the meeting. Any director may waive notice of any meeting and any adjournment thereof at any time before, during, or after it is held, as provided by law. Except as provided in the next sentence below, the waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or corporate records. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

4.06. Director Quorum. A majority of the total number of directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, unless the Certificate requires a greater number.

4.07. Directors, Manner of Acting.

(a) The affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the Certificate or these Bylaws require a greater percentage and except as otherwise required by law.

(b) Unless the Certificate provides otherwise, any or all directors may participate in a regular or special meeting by, or conduct the meeting through the use of, conference telephone or similar communications equipment by means of which all persons participating in the meeting may hear each other, in which case any required notice of such meeting may generally describe the arrangements (rather than or in addition to the place) for the holding thereof. A director participating in a meeting by this means is deemed to be present in person at the meeting.

(c) A director who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless: (1) the director objects at the beginning of the meeting (or promptly upon his/her arrival) to holding it or transacting business at the meeting; or (2) his/her dissent or abstention from the action taken is entered in the minutes of the meeting; or (3) he/she delivers written notice of his/her dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation before 5:00 p.m. on the next business day after the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

4.08. Director Action Without a Meeting. Unless the Certificate provides otherwise, any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting if the action is taken by unanimous written consent of the Board of Directors as evidenced by one (1) or more written consents describing the action taken, signed by each director and filed with the minutes or proceedings of the Board of Directors.

4.09. Removal of Directors by Stockholders. Except as limited by law, to the extent provided in the Certificate, any director or the entire Board of Directors may be removed, with or without cause, by the holders of two-thirds of the shares entitled to vote at an election of directors.

4.10. Board of Director Vacancies. Unless the Certificates provides otherwise and except as otherwise provided by law, any vacancy or newly created directorship may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

4.11. Director Compensation. Unless otherwise provided in the Certificate, by resolution of the Board of Directors, each director may be paid his/her expenses, if any, of attendance at each meeting of the Board of

Directors or any committee thereof, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the Board of Directors or any committee thereof, or both. No such payment shall preclude any director from serving the corporation in any capacity and receiving compensation therefor.

4.12. Director Committees.

(a) Creation of Committees. Unless the Certificate provides otherwise, the Board of Directors may create one (1) or more committees and appoint members of the Board of Directors to serve on them. Each committee shall have one (1) or more members, who serve at the pleasure of the Board of Directors.

(b) Selection of Members. The creation of a committee and appointment of members to it shall be approved by the greater of (1) two-thirds of all the directors in office when the action is taken or (2) the number of directors required by the Certificate to take such action. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he/she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(c) Required Procedures. Sections 4.03 through 4.08 of this Article IV, which govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board of Directors, apply to committees and their members.

(d) Authority. Unless limited by the Certificate and except to the extent limited by law, each committee may exercise those aspects of the authority of the Board of Directors which the Board of Directors confers upon such committee in the resolution creating the committee.

4.13. Director Resignations. Any director or committee member may resign from his or her office at any time by written notice delivered to the corporation as required by law. Any such resignation will be effective upon its receipt unless some later time is therein fixed, and then from that time. The acceptance of a resignation will not be required to make it effective.

4.14. Interested Directors. No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because such director's vote is counted for such purpose if (i) the material facts as to such director's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to such director's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

V. OFFICERS

5.01. Number of Officers. The officers of the corporation shall be a President, a Secretary, and a Treasurer, each of whom shall be appointed by the Board of Directors. Such other officers and assistant officers as may be deemed necessary, including any Vice Presidents, may be appointed by the Board of Directors. If specifically authorized by the Board of Directors, an officer may appoint one (1) or more other officers or assistant officers. The same

individual may simultaneously hold more than one (1) office in the corporation.

5.02. Appointment and Term of Office. The officers of the corporation shall be appointed by the Board of Directors for a term as determined by the Board of Directors. The designation of a specified term grants to the officer no contract rights, and the Board of Directors can remove the officer at any time prior to the termination of such term. If no term is specified, an officer of the corporation shall hold office until he or she resigns, dies, or until he or she is removed in the manner provided by law or in Section 5.03 of this Article V. The regular election or

appointment of officers will take place at each annual meeting of the Board of Directors, but elections of officers may be held at any other meeting of the Board.

5.03. Resignation and Removal of Officers. An officer may resign at any time by delivering written notice to the corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date or event. Any officer may be removed by the Board of Directors at any time, with or without cause. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Appointment of an officer shall not of itself create contract rights.

5.04. Duties of Officers. Officers of the corporation shall have authority to perform such duties as may be prescribed from time to time by law, in these Bylaws, or by the Board of Directors, the President, or the superior officer of any such officer. Each officer of the corporation (in the order designated herein or by the Board) will be vested with all of the powers and charged with all of the duties of his or her superior officer in the event of such superior officer's absence, death, or disability.

5.05. Bonds and Other Requirements. The Board of Directors may require any officer to give bond to the corporation (with sufficient surety and conditioned for the faithful performance of the duties of his or her office) and to comply with such other conditions as may from time to time be required of him or her by the Board of Directors.

5.06. President. Unless otherwise specified by resolution of the Board of Directors, the President shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall supervise and control all of the business and affairs of the corporation and the performance by all of its other officers of their respective duties and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President shall, when present, and in the absence of a Chairman of the Board, preside at all meetings of the stockholders and of the Board of Directors. The President will be a proper officer to sign on behalf of the corporation any deed, bill of sale, assignment, option, mortgage, pledge, note, bond, evidence of indebtedness, application, consent (to service of process or otherwise), agreement, indenture, contract, or other instrument, except in each such case where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed. The President may represent the corporation at any meeting of the stockholders or members of any other corporation, association, partnership, joint venture, or other entity in which the corporation then holds shares of capital stock or has an interest, and may vote such shares of capital stock or other interest in person or by proxy appointed by him or her, provided that the Board of Directors may from time to time confer the foregoing authority upon any other person or persons.

5.07. The Vice-President. If appointed, in the absence of the President or in the event of his/her death or disability, the Vice-President (or in the event there be more than one Vice-

President, the Vice-Presidents in the order designated at the time of their election, or in the absence of any such designation, then in the order of their appointment) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the

President. If there is no Vice-President or in the event of the death or disability of all Vice-Presidents, then the Treasurer shall perform such duties of the President in the event of his or her absence, death, or disability. Each Vice-President will be a proper officer to sign on behalf of the corporation any deed, bill of sale, assignment, option, mortgage, pledge, note, bond, evidence of indebtedness, application, consent (to service of process or otherwise), agreement, indenture, contract, or other instrument, except in each such case where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed. Any Vice-President may represent the corporation at any meeting of the stockholders or members of any other corporation, association, partnership, joint venture, or other entity in which the corporation then holds shares of capital stock or has an interest, and may vote such shares of capital stock or other interest in person or by proxy appointed by him or her, provided that the Board of Directors may from time to time confer the foregoing authority upon any other person or persons. A Vice-President shall perform such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

5.08. The Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the stockholders and of the Board of Directors and any committee of the Board of Directors and all unanimous written consents of the stockholders, Board of Directors, and any committee of the Board of Directors in one (1) or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of any seal of the corporation; (d) when requested or required, authenticate any records of the corporation; (e) keep a register of the address of each stockholder which shall be furnished to the Secretary by such stockholder; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors. Except as may otherwise be specifically provided in a resolution of the Board of Directors, the Secretary will be a proper officer to take charge of the corporation's stock transfer books and to compile the voting record pursuant to Section 3.05 above, and to impress the corporation's seal, if any, on any instrument signed by the President, any Vice President, or any other duly authorized person, and to attest to the same. In the absence of the Secretary, a secretary pro tempore may be chosen by the directors or stockholders as appropriate to perform the duties of the Secretary.

5.09. The Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such bank, trust companies, or other depositories as shall be selected by the Board of Directors or any proper officer; (c) keep full and accurate accounts of receipts and disbursements in books and records of the corporation; and (d) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to

him/her by the President or by the Board of Directors. The Treasurer will render to the President, the directors, and the stockholders at proper times an account of all his or her transactions as Treasurer and of the financial condition of the corporation. The Treasurer shall be responsible for preparing and filing such financial reports, financial statements, and returns as may be required by law.

5.10. Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and the Assistant Treasurers, when authorized by the Board of Directors, may sign with the President or a Vice-President certificates for shares of the corporation, the issuance of which shall have been authorized by a resolution of the Board of Directors. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

5.11. Chairman of the Board. The Board of Directors may elect a Chairman to serve as a general executive officer of the corporation, and, if specifically designated as such by the Board of Directors, as the chief executive officer of the corporation. If elected, the Chairman will preside at all meetings of the Board of Directors and be vested with such other powers and duties as the Board of Directors may from time to time delegate to him or her.

5.12. Salaries. The salaries of the officers of the corporation may be fixed from time to time by the Board of Directors or (except as to the President's own) left to the discretion of the President. No officer will be prevented from receiving a salary by reason of the fact that he or she is also a director of the corporation.

5.13. Additional Appointments. In addition to the officers contemplated in this Article V, the Board of Directors may appoint other agents of the corporation with such authority to perform such duties as may be prescribed from time to time by the Board of Directors.

VI. CERTIFICATES FOR SHARES AND THEIR TRANSFER

6.01. Certificates for Shares.

(a) Content. Certificates representing shares of the corporation shall, at a minimum, state on their face the name of the issuing corporation and that it is formed under the laws of the State of Delaware, the name of the person to whom issued, and the number and class of shares and the designation of the series, if any, the certificate represents. Such certificates shall be signed (either manually or by facsimile to the extent allowable by law) by any of the Chairman of the Board, the President, or any Vice-President and by the Secretary or any assistant secretary or the Treasurer or any assistant treasurer of the corporation, and may be sealed with a corporate seal or a facsimile thereof. Each certificate for shares shall be consecutively numbered or otherwise identified and will exhibit such information as may be required by law. If a supply of unissued certificates bearing the facsimile signature of a person remains when that person ceases to hold the office of the corporation indicated on such certificates or ceases to be the transfer agent or registrar

of the corporation, they may still be issued by the corporation and countersigned, registered, issued, and delivered by the corporation's transfer agent and/or registrar thereafter, as though such person had continued to hold the office indicated on such certificate.

(b) Legend as to Class or Series. If the corporation is authorized to issue different classes of shares or different series within a class, the powers, designations, preferences, and relative, participating, optional, or other special rights applicable to each class or series and the qualifications, limitations, or restrictions of such preference and/or rights shall be set forth in full or summarized on the front or back of each certificate as required by law. Alternatively, each certificate may state on its front or back that the corporation will furnish a stockholder this information on request and without charge.

(c) Stockholder List. The name and address of the person to whom shares are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation.

(d) Lost Certificates. In the event of the loss, theft, or destruction of any certificate representing shares of the corporation or of any predecessor corporation, the corporation may issue (or, in the case of any such shares as to which a transfer agent and/or registrar have been appointed, may direct such transfer agent and/or registrar to countersign, register, and issue) a new certificate, and cause the same to be delivered to the registered owner of the shares represented thereby; provided that such owner shall have submitted such evidence showing the circumstances of the alleged loss, theft, or destruction, and his, her, or its ownership of the certificate, as the corporation considers satisfactory, together with any other facts that the corporation considers pertinent; and further provided that, if so required by the corporation, the owner shall provide a bond or other indemnity in form and amount satisfactory to the corporation (and to its transfer agent and/or registrar, if applicable).

6.02. Registration of the Transfer of Shares. Registration of the transfer of shares of the corporation shall be made only on the stock transfer books of the corporation. In order to register a transfer, the record owner shall surrender the shares to the corporation for cancellation, properly endorsed by the appropriate person or persons with reasonable assurances that the endorsements are genuine and effective. Unless the corporation has established a procedure by which a beneficial owner of shares held by a nominee

is to be recognized by the corporation as the owner, the corporation will be entitled to treat the registered owner of any share of the capital stock of the corporation as the absolute owner thereof and, accordingly, will not be bound to recognize any beneficial, equitable, or other claim to, or interest in, such share on the part of any other person, whether or not it has notice thereof, except as may expressly be provided by applicable law, including as may be contemplated by Title 6, Subtitle I, Article 8 of the Delaware code (or any comparable successor statutes), as in effect from time to time.

6.03. Shares Without Certificates. The Board of Directors may authorize the issuance of uncertificated shares by the corporation and may prescribe procedures for the issuance

and registration of transfer thereof and with respect to such other matters as the Board of Directors shall deem necessary or appropriate.

VII. DISTRIBUTIONS

7.01. Distributions. Subject to such restrictions or requirements as may be imposed by applicable law or the corporation's Certificate or as may otherwise be binding upon the corporation, the Board of Directors may from time to time declare, and the corporation may pay or make, dividends or other distributions to its stockholders.

VIII. CORPORATE SEAL

8.01. Corporate Seal. The Board of Directors may provide for a corporate seal of the corporation that will have inscribed thereon any designation including the name of the corporation, Delaware as the state of incorporation, the year of incorporation, and the words "Corporate Seal."

IX. AMENDMENTS

9.01. Amendments. If the Certificate so provides, the corporation's Board of Directors may amend or repeal the corporation's Bylaws unless the Certificate or the Delaware General Corporation Law reserve any particular exercise of this power exclusively to the stockholders in whole or part; provided, that any amendment of the corporation's Bylaws that revises the requirement in Section 4.02 and/or Section 4.12 for an affirmative vote of at least two-thirds of the corporation's directors then in office shall require the affirmative vote of at least two-thirds of the corporation's directors then in office.. The corporation's stockholders may amend or repeal the corporation's Bylaws by the affirmative vote of the holders of at least two-thirds of the issued and outstanding capital stock of the corporation entitled to vote thereon, even though the Bylaws may also be amended or repealed by its Board of Directors.

Exhibit 5

[SNELL & WILMER L.L.P. LETTERHEAD]

June 11, 1999

MCM Capital Group, Inc.
500 West First Street
Hutchinson, Kansas 67501

Re: REGISTRATION STATEMENT ON FORM S-1 (FILE NO. 333-77483)

Ladies and Gentlemen:

In connection with the Registration Statement on Form S-1, File No. 333-77483, including amendments and exhibits thereto (the "Registration Statement"), for the proposed offer and sale by MCM Capital Group, Inc. (the "Company") and certain stockholders of the Company (the "Selling Stockholders"), of up to 5,750,000 shares of the Common Stock of the Company, including 750,000 of such shares which may be sold pursuant to an underwriters' over-allotment option (the "Shares"), we are of the opinion that:

1. at such time as (i) the registration or qualification provisions of the Securities Act of 1933, as amended, and such "Blue Sky" and securities laws as may be applicable have been complied with, (ii) the proposed form of Underwriting Agreement is duly executed and delivered by the parties thereto, and (iii) the certificates representing the Shares to be sold by the Company have been duly executed by the Company, countersigned and registered by the transfer agent/registrar, and delivered against payment therefor as contemplated in the Registration Statement and in accordance with the terms of the Underwriting Agreement, the Shares to be sold by the Company will be legally issued, fully paid, and nonassessable; and

2. the Shares being sold by the Selling Stockholders are legally issued, fully paid, and nonassessable.

In rendering this opinion, we have reviewed and relied upon such documents and records of the Company as we have deemed necessary and have assumed the following:

(i) the genuineness of all signatures and the authenticity of documents submitted to us as originals, and the conformity to originals of all documents submitted to us as copies;

(ii) the accuracy and completeness of Company records; and

(iii) the completion of the merger of Midland Corporation of Kansas, a Kansas corporation, with and into the Company in accordance with the terms thereof and applicable law.

The opinions expressed herein are limited solely to the laws of the State of Delaware.

The opinions expressed herein are based upon the law and other matters in effect on the date hereof, and we assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or should any facts or other matters upon which we have relied be changed.

We hereby consent to the filing of this opinion as an exhibit to the

Registration Statement, to the use of our name in the Registration Statement and to the discussion of our opinion in the prospectus included in the Registration Statement.

Very truly yours,

SNELL & WILMER L.L.P.

Exhibit 10.7

MIDLAND CREDIT MANAGEMENT, INC.
500 WEST FIRST STREET
HUTCHINSON, KANSAS 67504

June 9, 1999

Mr. R. Brooks Sherman
324 Nassau St. SE
Cedar Rapids, IA 52403

Dear Mr. Sherman:

It is with great pleasure that we hereby confirm your employment as Executive Vice President and Chief Financial Officer of Midland Credit Management, Inc. (the "Company"), on the terms and conditions set forth in this letter and in the attached term sheet (the "Term Sheet"). During the term of your employment with the Company you shall also serve as Executive Vice President and Chief Financial Officer of Midland Corporation of Kansas, the parent company of Midland Credit Management, Inc. ("MCK"), MCM Capital Group Inc. ("MCMC") and Midland Financial Services, Inc., wholly owned subsidiaries of MCK, and of any successor to the Company.

This letter agreement, which includes the Annexes hereto, contains the entire agreement between the parties with respect to the matters covered herein and supersedes all prior agreements, written or oral, with respect thereto. This letter agreement may only be amended, superseded, canceled, extended or renewed and the terms hereof waived, only by a written instrument signed by the parties hereto, or in the case of a waiver, by the party waiving compliance.

You will report to the Chief Executive Officer and the Board of Directors of the Company (the "Board") and your duties will be performed primarily at the Company's offices in Phoenix, Arizona. You acknowledge that the Company's principal executive offices are currently located in Hutchinson, Kansas and that you will need to spend time at such offices on a regular basis. The Company shall furnish sufficient facilities, services, staffing and assistance to enable you to perform your duties hereunder. The term of your employment shall continue through the first anniversary of the date hereof, provided that such term shall be automatically extended for successive one year

periods unless either you or the Company gives written notice to the other, at least ninety (90) calendar days before such extension is to take effect, that they do not wish the term to be extended. This Agreement may be terminated prior to the expiration of the original term, or any extension thereof: (i) in the event that you shall die; (ii) in the event that you shall become Disabled (for purposes of this clause (ii), "Disabled" shall mean that you shall have failed, due to illness or other physical or mental incapacity, to render services of the character contemplated by this Agreement for an aggregate of more than ninety (90) calendar days during any twelve (12) month period); (iii) for Cause (as hereafter defined); or (iv) in the event that you give written notice to the Company of your resignation.

For purposes of this letter agreement "Cause" means: (i) commission of any act of fraud or gross negligence by you in the course of your employment hereunder which, in the case of gross negligence, has a materially adverse effect on the business or condition (financial or otherwise) of the Company or any of its subsidiaries or affiliates; (ii) willful material misrepresentation at any time by you to the Chief Executive Officer, the Board, or any of MCM Holding Company LLC, C.P. International Investments Limited or their affiliates (collectively, the "Principal Stockholders"); (iii) willful failure or refusal to comply with any of your material obligations hereunder or to comply with a reasonable and lawful instruction of the Board; (iv) engagement

by you in any conduct or the commission by you of any act which is, in the reasonable opinion of the Board, materially injurious or detrimental to the substantial interest of any of the Principal Stockholders, MCK or the Company; (v) indictment for any felony involving fraud or moral turpitude, or conviction of any felony, whether of the United States or any state thereof or any similar foreign law to which you may be subject; (vi) any failure to substantially comply with any written rules, regulations, policies or procedures of the Company furnished to you which, if not complied with, could reasonably be expected to have a material adverse effect on the business of the Company or any of its subsidiaries or affiliates; or (vii) any willful failure to comply with the Company's, or any of its subsidiaries' or affiliates' policies regarding insider trading; provided, however, that in the case of clause (vi) of the definition of "Cause" set forth in this paragraph, if your failure or refusal referred to therein is curable by you, then "Cause" shall not be deemed to exist unless you fail or refuse to so cure within three (3) business days of your receipt from the Company of a request for such cure and such request to cure is the first such request delivered under this paragraph. A decision by the Company to deliver the notice referred to in the third sentence of the third paragraph of this letter agreement shall not constitute "Cause".

In the event of termination of your employment by the Company (i) for reasons other than those set forth in clauses (i) - (iv) of the third paragraph of this letter agreement, or (ii) as a result of a decision by the Company to deliver the notice referred to in the fourth sentence of the third paragraph of this letter agreement, the Company shall pay to you a sum equal to your annual base rate of salary in effect as of the effective date of such termination, payable in semi-monthly installments commencing with the month after such termination until the eighteen (18) month anniversary of such termination. In

addition, in such event, you will be entitled, (i) to receive a pro rata portion of your annual bonus for the portion of the calendar year that you worked for the Company prior to such termination of employment, and (ii) if you are currently enrolled in the Company's health and medical plans, you and your family members may continue this coverage under the provisions of "COBRA", the cost of such coverage to be allocated between you and the Company in a manner consistent with the allocation of health and medical coverage costs applicable to other active Company executive officers. The parties agree that you shall not be obligated to mitigate damages by seeking other employment and any earnings from subsequent employment shall not reduce the amounts payable by the Company under this paragraph and the following paragraph; provided, however, that in consideration of the monies to be paid and the benefits to be provided to you, you agree to execute and deliver to the Company on or before any payment by the Company a release substantially in the form of Annex B hereto, failing which, except to the extent required by law, the Company shall be relieved of all of its obligations hereunder. Upon any termination of your employment with the Company, you will return to the Company, all Company/or its subsidiary-owned property, such as credit cards, computers, faxes, pagers, cellular phones, files, etc.

You shall have the absolute right to resign as an officer and employee of the Company within twelve (12) months following a Change in Control (as hereinafter defined) if a Triggering Event (as hereinafter defined) occurs during the term of your employment hereunder and to receive, commencing on the date of such termination, the same payments and other benefits to which you would have been entitled had the Company terminated your employment without Cause. For purposes of this letter agreement, "Triggering Event" shall mean: (i) a material alteration of your duties, authority, title or compensation following a Change in Control or (ii) without your consent, relocation to a work situs not in Phoenix, Arizona following a Change in Control. For the purposes of this letter agreement, the term "Change in Control" shall mean: (i) the acquisition by any person of fifty percent (50%) or more of the combined voting power of the Company (or any direct or indirect parent corporation) or MCK's outstanding securities entitled to vote generally in the election of directors; (ii) a majority of the Directors of the Company (or any direct or indirect parent corporation) or MCK, being individuals who are not nominated by the Board of Directors of the Company (or any direct or indirect parent corporation) or MCK, as the case may be; or (iii) Nelson Peltz, Peter May, Triarc Companies, Inc. or any person affiliated with such persons own in the aggregate less than 5% of the combined voting power of the Company (or any direct or indirect parent corporation). Notwithstanding clauses (i) and (ii) of the foregoing sentence, (i) the acquisition of any portion of the combined voting power of the Company (or any direct or indirect parent corporation) or MCK by Nelson Peltz, Peter May, Triarc Companies, Inc., Kerry Packer, Consolidated Press Holdings Limited

or by any person affiliated with such persons, (ii) the distribution by means of a dividend or otherwise, of voting securities of the Company, any direct or indirect parent corporation or MCK or (iii) any sale of securities by the Company, any direct or indirect parent corporation or MCK, pursuant to a public offering, as the case may be, shall in no event constitute a Change in Control.

You acknowledge that as an executive officer of the Company you will be involved, at the highest level, in the development, implementation, and management of the Company's and its subsidiaries' businesses, strategies and plans, including those which involve the Company's and its subsidiaries' finances, marketing operations, industrial relations, operations and acquisitions. By virtue of your unique and sensitive position, your employment by a competitor of the Company or its subsidiaries represents a serious competitive danger to the Company and its subsidiaries and the use of your talent, knowledge, and information about the Company's and its subsidiaries' businesses, strategies, and plans can and would constitute a valuable competitive advantage over the Company and its subsidiaries. In view of the foregoing, you covenant and agree that, for a period of twelve (12) months following the termination of your employment with the Company or the expiration of the then current term of this letter agreement, as the case may be, you will not engage or be engaged in any capacity, directly or indirectly, including, but not limited to, as an employee, agent, consultant, manager, executive, owner or stockholder (except as a passive investor owning less than one percent (1%) interest in a publicly held company) in any business or entity that is engaged in the business of purchasing defaulted or charged-off retail installment contracts, retail revolving contracts or other promissory notes (and related security agreements) or other unsecured loan accounts in the auto deficiency, consumer loan, credit card and student product lines, and managing, restructuring, reselling and/or liquidating such accounts for itself as the owner of such accounts.

You agree to treat as confidential and not to disclose to anyone other than the Company, its subsidiaries and affiliated companies, and you agree that you will not at any time during your employment and for a period of eighteen (18) months thereafter, without the prior written consent of the Company, divulge, furnish, or make known or accessible to, or use of the benefit of anyone other than the Company, its subsidiaries and affiliated companies, any information of a confidential nature relating in any way to the business of the Company, its subsidiaries or any of the Principal Stockholders or any of their respective affiliates, members, shareholders, officers, employees or directors, or any other Person having a direct business relationship with the Company or its subsidiaries, unless (i) you are required to disclose such information by requirements of law, (ii) such information is in the public domain through no fault of yours, or (iii) such information has been lawfully acquired by you from other sources unless you know that such information was obtained in violation of an agreement of confidentiality. You further agree, that in consideration of this letter agreement, that you will (i) refrain from engaging in any conduct or making any statement, written or oral, which is detrimental to the Company, its subsidiaries or any of the Principal Stockholders or any of their respective affiliates, members, shareholders, officers, employees or directors.

You agree that in addition to any other remedy provided at law or in equity, (a) the Company shall be entitled to a temporary restraining order, and both preliminary and permanent injunctive relief restraining you from violating the provisions of the

preceding two paragraphs, (b) you will indemnify and hold each of the Company, its subsidiaries and either of the Principal Stockholders harmless from and against any and all damages or loss incurred by either of the Principal Stockholders, the Company or any of their affiliates (including reasonable attorneys' fees and expenses) as a result of any willful or reckless violation of such provisions; provided, however, that you shall not in connection with any one action or separate but substantially similar action arising out of the same allegation, be liable for the fees and expenses of more than one separate firm of attorneys at any time for all indemnified parties hereunder, except to the extent that local counsel, in addition to its regular counsel, is required in order to effectively pursue such claim, or to the extent that any conflict or potential conflict exists among the indemnified parties that would make separate representation advisable) as a direct result of any willful or reckless violation of such provisions; and (c) the Company's remaining obligations under this letter agreement, if any, shall cease (other than payment of your base salary through the date of such violation and any earned but unpaid vacation or except as may be required by law) as a result of any willful or reckless

violation of such provisions.

The provisions of the seventh, eighth and ninth paragraphs of this letter agreement shall specifically survive any termination of this letter agreement.

You agree that the Company may withhold from any amounts payable to you hereunder all federal, state, local or other taxes that the Company determines are required to be withheld pursuant to any applicable law or regulation. You further agree that if the Internal Revenue Service or other taxing authority asserts a liability against the Company for failure to withhold taxes on any payment hereunder, you will pay to the Company the amount determined by such taxing authority that had not been withheld, together with any interest imposed by such taxing authority on such amount, within ninety (90) days of notice to you of such determination.

Any notice or other communication required or permitted under this Agreement shall be in writing and shall be delivered personally, or sent by certified, registered or express mail, postage prepaid, return receipt requested. Any such notice shall be deemed given when so delivered personally, or, if mailed, on the date of receipt, (i) if to the Company, to the attention of the Chief Executive Officer at the address first written above, and (ii) if to you, at the address first written above.

This letter agreement and your rights and obligations hereunder may not be assigned by you. The Company may assign this letter agreement and its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or substantially all of its assets or business, whether by merger, consolidation or otherwise.

This letter agreement shall be governed by the laws of the State of Arizona applicable to agreements made and to be performed entirely within such State.

If you agree with the terms outlined above and in the Term Sheet, please date and sign the copy of this letter enclosed for that purpose and return it to me.

Sincerely,

MIDLAND CREDIT MANAGEMENT, INC.

By: /s/ Eric D. Kogan
Name: Eric D. Kogan
Title: Chairman of the Board

Agreed and Accepted this 9th day of June, 1999:

/s/ R. Brooks Sherman
R. Brooks Sherman

ANNEX A

R. BROOKS SHERMAN
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
OF
MIDLAND CREDIT MANAGEMENT, INC.,
MIDLAND CORPORATION OF KANSAS
MCM CAPITAL GROUP, INC.
MIDLAND FINANCIAL SERVICES, INC.

EMPLOYMENT TERM SHEET

PROVISION	TERM	COMMENTS
CONTRACT TERM	One year, subject to renewal.	Automatic one year extensions unless the Company or executive gives 90 days' notice of non-renewal.
BASE SALARY AND STARTING BONUS	$125,000/year, to be paid on a regular basis by Midland in accordance with Midland's payroll procedures and policies. A $25,000 starting bonus shall be payable on the date of executive's first regular paycheck; provided, however, that if executive voluntarily resigns within six months of employment, a pro rata portion of such bonus shall be refunded to the Company.	Subject to increase, but not decrease, during the original term and any extension in an amount determined by the Board, in its sole discretion.
ANNUAL CASH INCENTIVE	The executive shall be eligible to receive annual incentive cash bonuses based on Midland and individual performance assessed for each fiscal year relative to objectives agreed to in advance between the executive and the Board. Executive's bonus target shall be 50% of his annual salary.	Any annual cash incentive bonus payable hereunder shall be paid to the executive not later than 15 business days following the delivery of Midland's audited financial statements for the fiscal year with respect to which such bonus is payable.
BENEFITS	Benefits as are made available to other executives of Midland, including participation in Midland's health/medical and insurance programs.	
VACATION	A minimum of three weeks annually or commensurate with other executive officers.	
EXPENSES	Reasonable and necessary out-of-pocket expenses incurred in the performance of duties shall be reimbursed by Midland in accordance with its policies. Annual dues for professional associations and fees for licenses necessary to perform the executive's duties shall be reimbursed or paid by Midland.	
STOCK OPTIONS	Executive shall be granted options to acquire 50,000 shares of common stock, par value $0.01 per share, of MCM Capital Group, Inc. as follows: (i) options to acquire 25,000 shares shall be granted effective upon the closing of MCMC's initial public offering with an exercise price equal to the price to the public, and (ii) options to acquire 25,000 shares shall be granted to executive no later than 30 days following the closing of the initial public offering with an exercise price equal to the fair market value. The grant of such options assumes the merger of MCMC with Midland Corporation of Kansas and the 4.94 to 1 common stock split in connection with MCMC's initial public offering. In the event MCMC does not consummate its initial public offering prior to October 31, 1999, then executive shall be granted options to acquire shares of Midland Corporation of Kansas in lieu of MCMC options (with appropriate adjustments to reflect that the 4.94 to 1 stock split did not occur) with an exercise price equal to fair market value (to be determined by the Board in good faith).	Subject to the terms and conditions set forth in the stock option agreements, one-third of the stock options shall vest on each of the first, second and third anniversaries of the respective dates of grant.

RELOCATION SUPPORT

Executive will be provided relocation support upon commencement of his employment as set forth in the relocation policy attached hereto. All reimbursement of expenses and other amounts paid pursuant to the relocation policy shall be "grossed up" for income tax purposes.

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RELOCATION

RELOCATION ALLOWANCE

Officer will be provided with a relocation allowance payable in one lump sum (as fully taxed) equal to two months salary at the officer's new salary rate upon commencement of work at his or her new location. The purpose of the relocation allowance is to help defray incidental expenses connected with the move for which reimbursement is not provided. Examples of the types of expenses for which the relocation allowance are provided are:

- additional return home trips and/or additional travel for the spouse beyond the provisions of the moving policy
- charges for disconnection, reinstallation and/or alterations of draperies, carpets, television antennas, etc.
- telephone installation charges and utility deposits
- new automobile license plates and registration fees

HOUSE HUNTING TRIPS

The officer and spouse/fiancee (excluding children) are authorized three house hunting trips to locate housing in the new location, each trip not to exceed seven days. All reasonable expenses for such trips, including lodging, meals, business class air fare, car rental and car mileage will be reimbursed.

TRANSPORTATION OF HOUSEHOLD GOODS

The Company will be financially responsible for the packing, shipping, unloading and insurance of all normal household goods and two personal automobiles.

TRAVEL TO NEW LOCATION

All expenses associated with travelling from the location of the former residence to the new location will be reimbursed for the officer and family (including fiancee), including business class air fare.

TEMPORARY LIVING AT NEW LOCATION

If it becomes necessary for an officer to occupy temporary living quarters during the course of the relocation, reasonable expenses for the actual cost of lodging shall be reimbursed for a period of up to 90 days or the Company will rent for your use furnished housing for such period.

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RESIDENCE SALE

The Company will pay approved expenses incurred in selling a principal

residence at the old location. Such expenses include:

- broker's commission (normal and customary)
- escrow fees/seller's attorney's fees
- recording fees
- mortgage satisfaction fee
- mortgage prepayment penalty fee
- title policy fee
- documentary tax stamps and state and local sales transfer taxes

MAINTAINING TWO HOMES

If an officer purchases a new home prior to selling the present home, and therefore incurs duplicate house carrying expenses (subsequent to the provisions of "Temporary Living at New Location" above), the Company will reimburse the officer on a pro rated basis for the mortgage interest only for a maximum of 60 days.

RESIDENCE PURCHASE

The officer will be reimbursed for the normal closing costs associated with buying a new house. Such costs shall include those items which by local custom are normally paid by the buyer. Typical costs may include escrow fees, attorney's fees, appraisals, recording fees, state transfer taxes and fee (owner's) title insurance.

TENANT RELOCATION

If the transferee is a tenant rather than a homeowner, the Company will reimburse the transferee for reasonable expenses incurred in connection with early termination or breaking of the transferee's lease.

ANNEX B

GENERAL RELEASE
AND COVENANT NOT TO SUE

TO ALL WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW that:

R. Brooks Sherman, on his own behalf and on behalf of his descendants, dependents, heirs, executors and administrators and permitted assigns, past and present, in consideration for the amounts payable to the undersigned under that Letter Agreement dated June __, 1999 (the "Employment Agreement") between Executive and Midland Credit Management, Inc. (the "Company"), does hereby covenant not to sue or pursue any litigation (or file any charge or otherwise correspond with any Federal, state or local administrative agency) against, and waives, releases and discharges the Company, and its respective assigns, affiliates, subsidiaries, parents, predecessors and successors, and the past and present shareholders, employees, officers, directors, representatives and agents or any of them (collectively the "Company Group"), from any and all claims, demands, rights, judgments, defenses, actions, charges or causes of action whatsoever, of any and every kind and description, whether known or unknown, accrued or not accrued, that Executive ever had, now has or shall or may have or assert as of the date of this General Release against any of them, including, without limiting the generality of the foregoing, any claims, demands, rights, judgments, defenses, actions, charges or causes of action related to employment or termination of employment or that arise out of or relate in any way to the Age Discrimination in Employment Act of 1967, as amended, the Older Workers Benefit Protection Act, Title VII of the Civil Rights Act of 1964, as amended, and other Federal, state and local laws relating to discrimination on the basis of age, sex or other protected class, all claims under Federal, state or local laws for express or implied breach of contract, wrongful discharge, defamation, intentional infliction of emotional distress, and any related claims for attorneys' fees and costs; provided, however, that nothing herein shall release any member of the Company Group from any of its obligations under the Employment Agreement or any rights to indemnification under any

charter or by-laws (or similar documents) of any member of the Company Group.

The Company, on its own behalf and on behalf of its assigns, affiliates, subsidiaries, parents, predecessors and successors, and its past and present shareholders, employees, officers, directors, representatives and agents or any of them, does hereby covenant not to sue or pursue any litigation (or file any charge or otherwise correspond with any Federal, state or local administrative agency) against, and waives, releases and discharges Executive and his heirs, successors and assigns, descendants, dependents, executors and administrators, past and present, and any of his affiliates and each of them (collectively, the "Executive Releasees") from any and all claims, demands, rights, judgments, defenses, actions, charges or causes of action whatsoever, of any and every kind and description, whether known or unknown, accrued or not accrued, that the Company ever had, now has or shall or may have or assert as of the date of this General Release against any of them, based on facts known to any current executive officer of the Company or any subsidiary or other affiliate thereof, including specifically, but not exclusively and without limiting the generality of the foregoing, any and all claims, demands, agreements, obligations and causes of action arising out of or in any way connected with any transaction, occurrence, act or omission related to Executive's employment by the Company or the termination of that employment; provided, however, that nothing herein shall release the Executive Releasees from any obligations arising out of or related in any way to Executive's obligations under the Employment Agreement or impair the right or ability of the Company to enforce the terms thereof.

This General Release shall be governed by and construed in accordance with the laws of the State of Arizona, applicable to agreement made and to be performed entirely within such State.

Each of Executive and the Company acknowledge that they have entered into this General Release knowingly and willingly and has had ample opportunity to consider the terms and provisions of this General Release.

IN WITNESS WHEREOF, the parties hereto have caused this General Release to be executed on this ____ day of _____, 200__.

_____
R. BROOKS SHERMAN

MIDLAND CREDIT MANAGEMENT, INC.

By: _____
Name:
Title:

Exhibit 10.22

Draft-June 10, 1999

REGISTRATION RIGHTS AGREEMENT

MCM CAPITAL GROUP, INC.

Dated as of _____, 1999

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REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT is dated as of the ___ day of _____, 1999 among MCM Capital Group, Inc., a Delaware corporation (the "COMPANY"), C.P. International Investments Limited, a Bahamian company (together with its Affiliated Stockholders (as herein defined), if any, "CPII"), MCM Holding Company LLC, a New York limited liability company (together with its Affiliated Stockholders, if any, "MCM HOLDING"), and each of the persons whose names are listed on Schedule A hereto (together with their respective Affiliated Stockholders, if any, the "MCM HOLDING Distributees"). Capitalized terms used but not otherwise defined herein have their respective meanings set forth in Section 11.

WHEREAS, CPII and MCM Holding have entered into a Stock Purchase Agreement, dated February 13, 1998 (the "STOCK PURCHASE AGREEMENT"), with the Company and the then stockholders of the Company (the "INITIAL STOCKHOLDERS"), pursuant to which CPII and MCM Holding agreed to purchase from the Initial Stockholders certain shares of common stock of Midland Corporation of Kansas, the corporate predecessor to the Company ("MIDLAND KANSAS"), on the terms and subject to the conditions therein set forth;

WHEREAS, as a condition to execution and delivery by CPII and MCM Holding of the Stock Purchase Agreement, Midland Kansas, the Initial Stockholders, CPII and MCM Holding entered into a Stockholders' Agreement, dated as of February 13, 1998 (the "STOCKHOLDERS' AGREEMENT"), providing for certain rights and obligations of the parties thereto;

WHEREAS, pursuant to a [Certificate and Plan of Merger], filed with the Secretary of State of the State of Delaware, effective [ ], 1999, Midland Kansas merged with and into the Company with the Company as the surviving corporation, whereupon the Company succeeded to the rights and obligations of Midland Kansas and CPII and MCM Holding became stockholders of the Company;

WHEREAS, the Company desires to consummate an IPO and, in connection therewith, to eliminate certain rights held by CPII and MCM Holding pursuant to the Stockholders' Agreement pursuant to an amendment to the Stockholders' Agreement, dated as of the date hereof (the "STOCKHOLDERS' AGREEMENT AMENDMENT");

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WHEREAS, immediately following the consummation of the IPO, MCM Holding expects to distribute shares of Common Stock held by MCM Holding to the MCM Holding Distributees, who represent all of the members of MCM Holding; and

WHEREAS, it is a condition of the execution and delivery by CPII and MCM Holding of the Stockholders' Agreement Amendment, that the Company enter into this Agreement for the purpose of providing for certain registration rights for the benefit of holders of Registrable Securities;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and for other good and valuable

consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

1. Registrations Upon Request.

1.1. Requests by Stockholders. At any time, the MCM Holding Distributees (as a group) and CPII shall each have the right to make requests that the Company effect up to two separate registrations under the Securities Act of all or part of the Registrable Securities owned by them, respectively. In the case of the MCM Holding Distributees, such right to request up to two registrations will be exercisable by any MCM Holding Distributees owning singly or in the aggregate at least 25% of the then outstanding Registrable Securities then owned by all MCM Holding Distributees or, if less, the aggregate number of outstanding Registrable Securities then owned by all MCM Holding Distributees (the "QUALIFIED MCM STOCKHOLDERS"). A request made by either the Qualified MCM Stockholders or CPII (in either case, the "REQUESTING PARTY") shall not be counted for purposes of the request limitations set forth above (a) if the Requesting Party determines in its good faith judgment to withdraw the proposed registration of any Registrable Securities requested to be registered pursuant to this Section 1.1 due to marketing or regulatory reasons, (b) the registration statement relating to any such request is not declared effective within 90 days of the date such registration statement is first filed with the Commission, (c) if, within 180 days after the registration relating to any such request has become effective, such registration is interfered with by any stop order, injunction or other order or requirement of the Commission or other governmental agency or court for any reason and the Company fails to have such stop order, injunction or other order or requirement removed, withdrawn or resolved to the Requesting Party's reasonable satisfaction within 30 days, (d) if more than 10% of the Registrable Securities requested by the Requesting Party to be included in the registration are not so included pursuant to Section 1.4 or (e) the conditions to closing specified in the underwriting agreement or purchase agreement entered into in connection with the registration relating to any such request are not satisfied (other than as a result of a default or breach

thereunder by the Requesting Party). Upon any such request, the Company will promptly, but in any event within 15 days, give written notice of such request to all holders of Registrable Securities and thereupon the Company will, subject to Section 1.4, use its best efforts to effect the prompt registration under the Securities Act of:

(i) the Registrable Securities which the Company has been so requested to register by the Requesting Party, and

(ii) all other Registrable Securities which the Company has been requested to register by the holders thereof by written request given to the Company by such holders within 20 days after the giving of such written notice by the Company to such holders,

all to the extent required to permit the disposition of the Registrable Securities so to be registered in accordance with the intended method or methods of disposition of each seller of such Registrable Securities.

1.2. Registration Statement Form. A registration requested pursuant to Section 1.1 shall be effected by the filing of a registration statement on a form reasonably acceptable to the Requesting Party.

1.3. Expenses. The Company will pay all Registration Expenses in connection with any registration requested under Section 1.1; provided that each seller of Registrable Securities shall pay all Registration Expenses to the extent required to be paid by such seller under applicable law and all underwriting discounts and commissions and transfer taxes, if any.

1.4. Priority in Demand Registrations. If a registration pursuant to Section 1.1 involves an underwritten offering, and the managing underwriter (or, in the case of an offering which is not underwritten, a nationally recognized investment banking firm) shall advise the Company in

writing (with a copy to each Person requesting registration of Registrable Securities) that, in its opinion, the number of securities requested and otherwise proposed to be included in such registration exceeds the number which can be sold in such offering without materially and adversely affecting the offering price, the Company will include in such registration to the extent of the number which the Company is so advised can be sold in such offering without such material adverse effect, first, the Registrable Securities of all Stockholders (including the Requesting Party), on a pro rata basis (based on the number of shares of Registrable Securities owned by each such Stockholder), second, the securities, if any, being sold by the Company, and third, the securities, if any, of any other securitiesholder of the Company entitled to incidental registration rights with respect thereto, subject to the limitations of Section 7.

1.5. No Company or Other Stockholder Initiated Registration. After receipt of notice of a requested registration pursuant to Section 1.1, neither the Company nor any other Stockholder shall initiate, without the consent of the Requesting Party, a registration of any Company securities for its own account until 90 days after such registration has been effected or such registration has been terminated.

2. Incidental Registrations. If the Company at any time proposes to register any of its equity securities under the Securities Act for its own account (other than pursuant to a registration on Form S-4 or S-8 or any successor form) it shall give written notice thereof to each Stockholder. If, within 20 days after the receipt of any such notice, any Stockholder requests that the Company include all or any portion of the Registrable Securities owned by such Stockholder in such registration, then, subject to subsection (a) below, the Company will give prompt written notice to all holders of Registrable Securities regarding such proposed registration. Upon the written request of any such holder made within 20 days after the receipt of any such notice (which request shall specify the number of Registrable Securities intended to be disposed of by such holder and the intended method or methods of disposition thereof), the Company will use its best efforts to effect the registration under the Securities Act of such Registrable Securities on a pro rata basis (based on the number of shares of Registrable Securities owned by each such requesting holder) in accordance with such intended method or methods of disposition, provided that:

(a) without the prior written consent of the Stockholders, the Company shall not include any Registrable Securities of holders of Registrable Securities other than the Stockholders in such proposed registration if it believes in good faith that inclusion of such securities would not be in the best interests of the Company, provided that the Company will include in such registration that number of Registrable Securities of the holders of Registrable Securities that such managing underwriter and the Company determine would not be adverse to the best interests of the Company and provided, further, that the Company shall give the holders of Registrable Securities prompt notice after any such determination has been made (in lieu of the notice otherwise required under the second sentence of this Section 2);

(b) if, at any time after giving written notice (pursuant to this Section 2) of its intention to register equity securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register such equity securities, the Company may, at its election, give written notice of such determination to each holder of Registrable Securities and, thereupon, shall not be obligated to register any Registrable Securities in connection with such registration (but shall nevertheless

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pay the Registration Expenses in connection therewith), without prejudice, however, to the rights of the Qualified MCM Stockholders and CPII, respectively, to request that a registration be effected under Section 1.1; and

(c) if in connection with a registration pursuant to this Section 2, the managing underwriter of such registration (or, in the case of an offering that is not underwritten, a nationally recognized investment banking firm) shall advise the Company in writing (with a copy to each holder of Registrable Securities requesting registration thereof) that, in its opinion, the number of securities requested and otherwise proposed to be included in such registration exceeds the number which can be sold in such offering without materially and adversely affecting the offering price, then in the case of any registration pursuant to this Section 2, the Company will include in such registration to the extent of the number which the Company is so advised can be sold in such offering without such material adverse effect, first, the securities, if any, being sold by the Company, second, the Registrable Securities of the Stockholders, on a pro rata basis (based on the number of shares of Registrable Securities owned by each such Stockholder), third, the Registrable Securities of any other holder, on a pro rata basis (based on the number of shares of Registrable Securities owned by each such holder), and fourth, the securities, if any, of any other securitiesholder of the Company entitled to incidental registration rights with respect thereto, subject to the limitations of Section 7.

Notwithstanding the foregoing, the holders of Registrable Securities other than the Stockholders will not be entitled to participate in any registration pursuant to this Section 2 to the extent that the managing underwriter (or, in the case of an offering that is not underwritten, a nationally recognized investment banker) shall determine in good faith and in writing (with a copy to each affected Person requesting registration of Registrable Securities) that the participation of any such holder would adversely affect the marketability or offering price of the securities being sold by the Company or any Stockholder in such registration.

The Company will pay all Registration Expenses in connection with each registration of Registrable Securities requested pursuant to this Section 2, provided that each seller of Registrable Securities shall pay all Registration Expenses to the extent required to be paid by such seller under applicable law and all underwriting discounts and commissions and transfer taxes, if any. No registration effected under this Section 2 shall relieve the Company from its obligation to effect registrations under Sections 1.1.

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3. Registration Procedures. If and whenever the Company is required to use its best efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Sections 1.1 and 2, the Company will promptly:

(a) prepare, and as soon as practicable, but in any event within 60 days thereafter, file with the Commission, a registration statement with respect to such Registrable Securities, make all required filings with the NASD and use its best efforts to cause such registration statement to become effective as soon as practicable;

(b) prepare and promptly file with the Commission such amendments and post-effective amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for so long as is required to comply with the provisions of the Securities Act and to complete the disposition of all securities covered by such registration statement in accordance with the intended method or methods of disposition thereof, but in

no event for a period of more than six months after such registration statement becomes effective;

(c) furnish copies of all documents proposed to be filed with the Commission in connection with such registration to (i) in the case of a registration pursuant to Section 1.1 or 2 in which CPII is participating, counsel selected by CPII, and (ii) in the case of a registration pursuant to Section 1.1 or 2 in which MCM Holding Distributees are participating, counsel selected by the holders of at least 51% of the Registrable Securities proposed to be sold by such MCM Holding Distributees in connection with such registration (such holders, the "MAJORITY HOLDERS"), and such documents shall be subject to the review of such counsel and CPII and/or the Majority Holders, as the case may be, and the Company shall not file any registration statement or amendment or post-effective amendment or supplement to such registration statement or the prospectus used in connection therewith to which either such counsel or CPII or the Majority Holders, as the case may be, shall have reasonably objected in writing on the grounds that such amendment or supplement does not comply (explaining why) in all material respects with the requirements of the Securities Act or of the rules or regulations thereunder;

(d) furnish to each seller of Registrable Securities, without charge, such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits and documents filed therewith) and such number of copies of the prospectus included in such registration statement (including each preliminary prospectus and any

summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents, as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller in accordance with the intended method or methods of disposition thereof;

(e) use its best efforts to register or qualify such Registrable Securities covered by such registration statement under the securities or blue sky laws of such jurisdictions as each seller shall reasonably request, and do any and all other acts and things which may be necessary or advisable to enable such seller to consummate the disposition of such Registrable Securities in such jurisdictions in accordance with the intended method or methods of disposition thereof, provided that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it is not so qualified, subject itself to taxation in any jurisdiction wherein it is not so subject, or take any action which would subject it to general service of process in any jurisdiction wherein it is not so subject;

(f) use its best efforts to cause all Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies, authorities or self-regulatory bodies as may be necessary by virtue of the business and operations of the Company to enable the seller or sellers thereof to consummate the disposition of such Registrable Securities in accordance with the intended method or methods of disposition thereof;

(g) furnish to each seller of Registrable Securities a signed counterpart, addressed to the sellers, of

(i) an opinion of outside counsel for the Company experienced in securities law matters, dated the effective date of the registration statement (and, if such registration includes an underwritten public offering, the date of the closing under the underwriting agreement), and

(ii) a "comfort" letter (unless the registration is pursuant to Section 2 and such a letter is not otherwise being furnished to the Company), dated the effective date of such registration statement (and if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement), signed by the independent public accountants who have issued an audit report on the Company's financial statements included in the registration statement,

covering such matters as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to the underwriters in underwritten public offerings of securities and such other matters as any Stockholder participating in such registration may reasonably request;

(h) notify each seller of any Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event or existence of any fact as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and, as promptly as is practicable, prepare and furnish to such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(i) otherwise comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement of the Company (in form complying with the provisions of Rule 158 under the Securities Act) covering the period of at least 12 months, but not more than 18 months, beginning with the first month after the effective date of such registration statement;

(j) notify each seller of any Registrable Securities covered by such registration statement (i) when the prospectus or any prospectus supplement or post-effective amendment has been filed, and, with respect to such registration statement or any post-effective amendment, when the same has become effective, (ii) of any request by the Commission for amendments or supplements to such registration statement or to amend or to supplement such prospectus or for additional information, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of such registration statement or the initiation of any proceedings for that purpose and (iv) of the suspension of the qualification of such securities for offering or sale in any jurisdiction, or of the institution of any proceedings for any of such purposes;

(k) use every reasonable effort to obtain the lifting of any stop order that might be issued suspending the effectiveness of such registration statement at the earliest possible moment;

(l) use its best efforts (i) (A) to list such Registrable Securities on any securities exchange on which the equity securities of the Company are then listed or, if no such equity securities are then listed, on an exchange selected by the

Company, if such listing is then permitted under the rules of such exchange, or (B) if such listing is not practicable, to secure designation of such securities as a NASDAQ "national market system security" within the meaning of Rule 11Aa2-1 under the Exchange Act or, failing that, to secure NASDAQ authorization for such Registrable Securities, and, without limiting the foregoing, to arrange for at least two market makers to register as such with respect to such Registrable Securities with the NASD, and (ii) to provide a transfer agent and registrar for such Registrable Securities not later than the effective date of such registration statement and to instruct such transfer agent (A) to release any stop transfer order with respect to the certificates with respect to the Registrable Securities being sold and (B) to furnish certificates without restrictive legends representing ownership of the shares being sold, in such denominations requested by the sellers of the Registrable Securities or the lead underwriter;

(m) enter into such agreements and take such other actions as the sellers of Registrable Securities or the underwriters reasonably request in order to expedite or facilitate the disposition of such Registrable Securities, including, without limitation, preparing for, and participating in, such number of "road shows" and all such other customary selling efforts as the underwriters reasonably request in order to expedite or facilitate such disposition;

(n) furnish to any holder of such Registrable Securities such information and assistance as such holder may reasonably request in connection with any "due diligence" effort which such seller deems appropriate; and

(o) use its best efforts to take all other steps necessary to effect the registration of such Registrable Securities contemplated hereby.

As a condition to its registration of Registrable Securities of any prospective seller, the Company may require such seller of any Registrable Securities as to which any registration is being effected to furnish to the Company such information regarding such seller, its ownership of Registrable Securities and the disposition of such Registrable Securities as the Company may from time to time reasonably request in writing and as shall be required by law in connection therewith. Each such holder agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such holder not materially misleading.

The Company agrees not to file or make any amendment to any registration statement with respect to any Registrable Securities, or any amendment of or supplement to the prospectus used in connection therewith, which refers to any seller of any Registrable Securities covered thereby by name, or otherwise identifies such seller as the holder of any Registrable Securities, without the consent of such seller, such consent not to be unreasonably withheld or delayed, unless such disclosure is required by law.

By acquisition of Registrable Securities, each holder of such Registrable Securities shall be deemed to have agreed that upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(h), such holder will promptly discontinue such holder's disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(h). If so directed by the Company, each holder of Registrable Securities will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, in such holder's possession of the prospectus covering such Registrable Securities at the time of receipt of such notice. In the event that the Company shall give any such notice, the period mentioned in Section 3(b) shall be extended by the number of days during the period from and including the date of the giving of such

notice to and including the date when each seller of any Registrable Securities covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by Section 3(h).

4. Underwritten Offerings.

4.1. Underwriting Agreement. If requested by the underwriters for any underwritten offering pursuant to a registration requested under Section 1.1 or 2, the Company shall enter into an underwriting agreement with the underwriters for such offering, such agreement to be reasonably satisfactory in substance and form to the underwriters and to CPII (unless CPII is not participating in such registration) and to the Majority Holders (unless the MCM Holding Distributees are not participating in such registration). Any such underwriting agreement shall contain such representations and warranties by the Company and such other terms and provisions as are customarily contained in agreements of this type, including, without limitation, indemnities to the effect and to the extent provided in Section 9. The holders of Registrable Securities to be distributed by such underwriter shall be parties to such underwriting agreement and may, at their option, require that any or all of the representations and warranties by, and the agreements on the part of, the Company to and for the benefit of such underwriters be made to and for the benefit of such holders of Registrable Securities and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement shall also be conditions precedent to the obligations of such holders of

Registrable Securities. No underwriting agreement (or other agreement in connection with such offering) shall require any Stockholder, in its capacity as stockholder and/or controlling Person, to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such holder, the ownership of such holder's Registrable Securities and such holder's intended method or methods of disposition and any other representation required by law or to furnish any indemnity to any Person which is broader than the indemnity furnished by such holder pursuant to Section 9.2.

4.2. Selection of Underwriters. If the Company at any time proposes to register any of its securities under the Securities Act for sale for its own account pursuant to an underwritten offering, the Company will have the right to select the managing underwriter (which shall be of nationally recognized standing) to administer the offering, but if CPII or the MCM Holding Distributees at such time own at least 20% of the number of shares of Common Stock they own on the date hereof, only with the approval thereof, such approval not to be unreasonably withheld. Notwithstanding the foregoing sentence, whenever a registration requested pursuant to Section 1.1 is for an underwritten offering, the Requesting Party will have the right to select the managing underwriter (which shall be of nationally recognized standing) to administer the offering, but only with the approval of the Company, such approval not to be unreasonably withheld.

5. Holdback Agreements. (a) If and whenever the Company proposes to register any of its equity securities under the Securities Act for its own account (other than on Form S-4 or S-8 or any successor form) or is required to use its best efforts to effect the registration of any Registrable Securities under the Securities Act pursuant to Section 1.1 or 2, each holder of Registrable Securities agrees by acquisition of such Registrable Securities not to request registration under Section 1.1 of any Registrable Securities within seven days prior to and 90 days (unless advised in writing by the managing underwriter that a longer period, not to exceed 180 days, is required, or such shorter period as the managing underwriter for any underwritten offering may agree) after the effective date of the registration statement relating to such registration, except as part of such registration.

(b) The Company agrees not to effect any public sale or distribution of its equity securities or securities convertible into or exchangeable or exercisable for any of such securities within seven days prior to and 90 days (unless advised in writing by the managing underwriter

that a longer period, not to exceed 180 days, is required, or such shorter period as the managing underwriter for any underwritten offering may agree) after the effective date of any registration statement filed pursuant to Section 1.1 (except as part of such registration or pursuant to a registration on Form S-4 or S-8 or any successor form). In addition, upon the request of the managing underwriter, the Company shall use

its best efforts to cause each holder of its equity securities (or any securities convertible into or exchangeable or exercisable for any of such securities to the extent the underlying documents relating to such securities do not already so provide), whether outstanding on the date of this Agreement or issued at any time after the date of this Agreement (other than any such securities acquired in a public offering), to agree not to effect any such public sale or distribution of such securities during such period, except as part of any such registration if permitted, and to cause each such holder to enter into a similar agreement to such effect with the Company.

6. Preparation; Reasonable Investigation. In connection with the preparation and filing of each registration statement registering Registrable Securities under the Securities Act, the Company will give the holders of such Registrable Securities so to be registered and their underwriters, if any, and their respective counsel and accountants the opportunity to participate in the preparation of such registration statement, each prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto, and will give each of them such access to the financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries and such opportunities to discuss the business of the Company with its officers and the independent public accountants who have issued audit reports on its financial statements as shall be reasonably requested by such holders in connection with such registration statement.

7. No Grant of Future Registration Rights. The Company shall not grant any other demand or incidental registration rights to any other Person without the prior written consent of CPII and the MCM Holding Distributees Majority, so long as CPII and the MCM Holding Distributees, respectively, continue to own at least 10% of the number of shares of Common Stock owned thereby, respectively, on the date hereof. During the term of this Agreement, the Company shall not grant to any third party incidental registration rights that are of the same or a higher priority to the rights granted to the holders of Registrable Securities under Section 2 hereof.

8. [Reserved]

9. Indemnification.

9.1. Indemnification by the Company. In the event of any registration of any Registrable Securities pursuant to this Agreement (including, without limitation, any registration of Registrable Securities as part of any IPO by the Company closing on or after the date of this Agreement), the Company agrees to indemnify, defend and hold harmless (a) each seller of such Registrable Securities, (b) the directors, members, stockholders, officers, partners, employees, agents and Affiliates of such seller, (c) each

Person who participates as an underwriter in the offering or sale of such securities and (d) each person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) any of the foregoing against any and all losses, claims, damages, expenses or other liabilities (or actions or proceedings in respect thereof), jointly or severally, directly or indirectly, based upon or arising out of (i) any untrue statement or alleged untrue statement of a fact contained in any registration statement under which such Registrable Securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein or used in connection

with the offering of securities covered thereby, or any amendment or supplement thereto, or (ii) any omission or alleged omission to state a fact required to be stated therein or necessary to make the statements therein not misleading; and the Company will reimburse each such indemnified party for any legal or any other expenses reasonably incurred by them in connection with enforcing its rights hereunder or under the underwriting agreement entered into in connection with such offering or investigating, preparing, pursuing or defending any such loss, claim, damage, liability, action or proceeding, except insofar as any such loss, claim, damage, liability, action, proceeding or expense arises out of or is based upon an untrue statement or omission made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such seller expressly for use in the preparation thereof. Such indemnity shall remain in full force and effect, regardless of any investigation made by such indemnified party and shall survive the transfer of such Registrable Securities by such seller. If the Company is entitled to, and does, assume the defense of the related action or proceedings provided herein, then the indemnity agreement contained in this Section 9.1 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, action or proceeding if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld or delayed). The Company shall also indemnify any underwriters of the Registrable Securities, their officers, directors and employees, and each person who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) to the same extent as provided above with respect to indemnification of the seller of Registrable Securities.

9.2. Indemnification by the Sellers. The Company may require, as a condition to including any Registrable Securities in any registration statement filed pursuant to Section 1.1 or 2 that the Company shall have received an undertaking reasonably satisfactory to it from each of the prospective sellers of such Registrable Securities to indemnify and hold harmless, severally, not jointly, in the same manner and to the same extent as set forth in Section 9.1, the Company, its directors, officers, employees, agents and each person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) the Company, but only with respect to any written information furnished to the Company by such seller expressly for use in the

preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement. (The Company and the holders of the Registrable Securities hereby acknowledge and agree that, unless otherwise expressly agreed to in writing by such holders, the only information furnished or to be furnished to the Company for use in any registration statement or prospectus relating to the Registrable Securities or in any amendment, supplement or preliminary materials associated therewith are statements specifically relating to (a) transactions between such holder and its Affiliates, on the one hand, and the Company, on the other hand, (b) the beneficial ownership of shares of Common Stock by such holder and its Affiliates and (c) the name and address of such holder. If any additional information about such holder or the plan of distribution (other than for an underwritten offering) is required by law to be disclosed in any such document, then such holder shall not unreasonably withhold its agreement referred to in the immediately preceding sentence of this Section 9.2.) Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling Person and shall survive the transfer of such Registrable Securities by such seller. The indemnity agreement contained in this Section 9.2 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, action or proceeding if such settlement is effected without the consent of such seller (which consent shall not be unreasonably withheld or delayed). The indemnity provided by each seller of Registrable Securities under this Section 9.2 shall be limited in amount to the net amount of proceeds actually received by such seller from the sale of Registrable Securities pursuant to such registration statement giving rise to such liability.

9.3. Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding

involving a claim referred to in the preceding paragraphs of this Section 9, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the indemnifying party of the commencement of such action or proceeding, provided that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding paragraphs of this Section 9, except to the extent that the indemnifying party is materially prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, the indemnifying party will be entitled to participate therein and to assume the defense thereof, jointly with any other indemnifying party similarly notified, to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof except for the reasonable fees and expenses of any counsel retained by such indemnified party to monitor such action or proceeding. Notwithstanding the foregoing, if such indemnified party reasonably determines, based upon advice of independent counsel, that

either a conflict of interest may exist between the indemnified party and the indemnifying party with respect to such action and that it is advisable for such indemnified party to be represented by separate counsel or that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party, such indemnified party may retain other counsel, reasonably satisfactory to the indemnifying party, to represent such indemnified party, and the indemnifying party shall pay all reasonable fees and expenses of such counsel. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of such indemnified party, which consent shall not be unreasonably withheld, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation. The rights accorded to any indemnified party hereunder shall be in addition to any rights that such indemnified party may have at common law, by separate agreement or otherwise.

9.4. Other Indemnification. Indemnification similar to that specified in the preceding paragraphs of this Section 9 (with appropriate modifications) shall be given by the Company and each seller of Registrable Securities with respect to any required registration (other than under the Securities Act) or other qualification of such Registrable Securities under any federal or state law or regulation of any governmental authority.

9.5. Indemnification Payments. Any indemnification required to be made by an indemnifying party pursuant to this Section 9 shall be made by periodic payments to the indemnified party during the course of the action or proceeding, as and when bills are received by such indemnifying party with respect to an indemnifiable loss, claim, damage, liability or expense incurred by such indemnified party.

9.6. Other Remedies. If for any reason the foregoing indemnity is unavailable, or is insufficient to hold harmless an indemnified party, other than by reason of the exceptions provided therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages, liabilities, actions, proceedings or expenses in such proportion as is appropriate to reflect the relative benefits to and faults of the indemnifying party on the one hand and the indemnified party on the other in connection with the offering of Registrable Securities and the statements or omissions or alleged statements or omissions which resulted in such loss, claim, damage, liability, action, proceeding or expense, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and

opportunity to correct or prevent

such statements or omissions. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. No party shall be liable for contribution under this Section 9.6 except to the extent as such party would have been liable to indemnify under this Section 9 if such indemnification were enforceable under applicable law.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 9.6 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph.

10. Representations and Warranties. Each Stockholder, severally and not jointly, represents and warrants to the Company and each other Stockholder that:

(i) such Stockholder has the power, authority and capacity (or, in the case of any Stockholder that is a corporation or limited partnership, all corporate or limited partnership power and authority, as the case may be) to execute, deliver and perform this Agreement;

(ii) in the case of a Stockholder that is a corporation or limited partnership, the execution, delivery and performance of this Agreement by such Stockholder has been duly and validly authorized and approved by all necessary corporate or limited partnership action, as the case may be;

(iii) this Agreement has been duly and validly executed and delivered by such Stockholder and constitutes a valid and legally binding obligation of such Stockholder, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting or relating to creditors' rights generally and general principles of equity; and

(iv) the execution, delivery and performance of this Agreement by such Stockholder does not and will not violate the terms of or result in the acceleration of any obligation under (A) any material contract, commitment or other material instrument to which such Stockholder is a party or by which such Stockholder is bound or (B) in the case of a Stockholder that is a corporation or limited partnership, the certificate of incorporation, certificate of limited partnership, by-laws or limited partnership agreement, as the case may be.

11. Definitions. For purposes of this Agreement, the following terms shall have the following respective meanings:

Affiliate: (i) with respect to any Person, a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and (ii) with respect to any natural Person, (A) the spouse, parents and direct descendants of such Person, (B) the estate, testamentary trust, trustees, executors, administrators, legatees or testamentary beneficiaries of such Person, and (C) any trust established by such Person for the exclusive benefit of any of the foregoing Persons.

Affiliated Stockholder: with respect to CPII, MCM Holding, and the MCM Holding Distributees, each of their respective Affiliates, in each case, if and so long as it owns any Registrable Securities and has agreed in writing to be bound by the terms and conditions of this Agreement, a copy of which agreement shall have been delivered to the Company.

Board: the board of directors of the Company.

Commission: the Securities and Exchange Commission.

Common Stock: the Common Stock of the Company, par value $.01 per share, and any securities into which such Common Stock shall have been changed or any securities resulting from any reclassification of such Common Stock.

Exchange Act: the Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations thereunder which shall be in effect at the time.

IPO: the initial public offering of Common Stock.

Majority Holders: as defined in Section 3(c).

MCM Holding Distributees Majority: at any time, the owners of at least 51% of the Registrable Securities then owned by the MCM Holding Distributees.

NASD: National Association of Securities Dealers, Inc.

NASDAQ: the Nasdaq National Market.

Permitted Transferee: as defined in Section 12.2.

Person: an individual, corporation, partnership, limited liability company, joint venture, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

Registrable Securities: the shares of Common Stock beneficially owned (within the meaning of Rule 13d-3 of the Exchange Act) by CPII, MCM Holding, the MCM Holding Distributees or the Permitted Transferees. As to any particular shares of Common Stock, such securities shall cease to be Registrable Securities when (i) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (ii) they shall have been sold to the public pursuant to Rule 144 under the Securities Act, (iii) they shall have been otherwise transferred other than to a Permitted Transferee and subsequent disposition of them shall not require registration or qualification of them under the Securities Act or any similar state law then in force or (iv) they shall have ceased to be outstanding.

Registration Expenses: all expenses incident to the Company's performance of or compliance with any registration pursuant to this Agreement, including, without limitation, (i) registration, filing and NASD fees, (ii) fees and expenses of complying with securities or blue sky laws, (iii) fees and expenses associated with listing securities on an exchange or NASDAQ, (iv) word processing, duplicating and printing expenses, (v) messenger and delivery expenses, (vi) transfer agents', trustees', depositories', registrars' and fiscal agents' fees, (vii) fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits or "cold comfort" letters, (viii) reasonable fees and disbursements of any one counsel retained by the sellers of Registrable Securities, which counsel shall be designated in the manner specified in Section 3 and (ix) any fees and disbursements of underwriters customarily paid by issuers or sellers of securities, but excluding underwriting discounts and commissions and transfer taxes, if any.

Securities Act: the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations thereunder which shall be in effect at the time.

Stockholders: (i) CPII, MCM Holding and each MCM Holding

Distributee, in each case, if and so long as it owns any Registrable Securities and (ii) each Affiliated Stockholder.

12. Miscellaneous.

12.1. Rule 144, etc. If the Company shall have filed a registration statement pursuant to the requirements of Section 12 of the Exchange Act or a registration statement pursuant to the requirements of the Securities Act relating to any class of securities, the Company will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder, and will take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such rule may be amended from time to time or (b) any successor rule or regulation hereafter adopted by the Commission. Upon the request of any holder of Registrable Securities, the Company will deliver to such holder a written statement as to whether it has complied with such requirements.

12.2. Successors, Assigns and Transferees. This Agreement shall be binding upon and insure to the benefit of the parties hereto and their respective successors and permitted assigns under this Section 12.2. Provided that an express assignment shall have been made, a copy of which shall have been delivered to the Company, the provisions of this Agreement which are for the benefit of a holder of Registrable Securities shall be for the benefit of and enforceable by any subsequent holder of any Registrable Securities ("PERMITTED TRANSFEREES"), subject to the provisions respecting the minimum numbers or percentages of shares of Registrable Securities required in order to be entitled to certain rights, or to take certain actions, contained herein.

12.3. Amendment and Modification. This Agreement may be amended, modified or supplemented by the Company with the written consent of CPII, the MCM Holding Distributees Majority and a majority (by number of shares) of any other holder of Registrable Securities whose interests would be adversely affected by such amendment in a manner different from the effect thereof on other Registered Securities, provided that all Stockholders shall be notified of such amendment, modification or supplement.

12.4. Governing Law. This Agreement and the rights and obligations of the parties hereunder and the persons subject hereto shall be governed by, and construed and interpreted in accordance with, the law of the State of New York, without giving effect to the choice of law principles thereof.

12.5. Invalidity of Provision. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity or enforceability

of the remainder of this Agreement in that jurisdiction or the validity or enforceability of this Agreement, including that provision, in any other jurisdiction.

12.6. Notices. All notices, requests, demands, letters, waivers and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered personally, (b) mailed, certified or registered mail with postage prepaid, (c) sent by next-day or overnight mail or delivery or (d) sent by fax, as follows:

(i) If to the Company, to it at:

MCM Capital Group, Inc.
500 West First Street
Hutchinson, Kansas 67501-5222
Attention: Chief Executive Officer
Telecopier No.: (316) 665-0140

(ii) If to CPII, to it at:

C.P. International Investments Limited
2nd Floor, Block A, Russell Court
St. Stephen's Green
Dublin 2, Ireland
Attention: Managing Director
Telecopier No.: (011) (353) 475-6605

with a copy to:

Consolidated Press Holdings Limited
54-58 Park Street
Sydney, NSW 2000
Australia
Attention: Corporate Secretary
Telecopier No.: (011) (61) (2) 9267-2150

and a copy to

Debevoise & Plimpton
875 Third Avenue
New York, New York 10022
Attention: John M. Allen, Jr.
Telecopier No.: (212) 909-6836

(iii) If to MCM Holding or any MCM Holding Distributee, to it at:

c/o Triarc Companies, Inc.
280 Park Avenue
New York, NY 10017
Attention: General Counsel
Telecopier No.: (212) 451-3216

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, NY 10019
Attention: Neale Albert, Esq. And
Paul Ginsberg, Esq.
Telecopier No.: (212) 757-3990

or to such other person or address as any party shall specify by notice in writing to the Company. All such notices, requests, demands, letters, waivers and other communications shall be deemed to have been received (w) if by personal delivery on the day after such delivery, (x) if by certified or registered mail, on the eighth business day after the mailing thereof, (y) if by next-day or overnight mail or delivery, on the day delivered or (z) if by fax, on the next day following the day on which such fax was sent, provided that a copy is also sent by certified or registered mail.

12.7. Headings; Execution in Counterparts. The headings and captions contained herein are for convenience and shall not control or affect the meaning or construction of any provision hereof. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same instrument.

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12.8. Injunctive Relief. Each of the parties recognizes and agrees that money damages may be insufficient and, therefore, in the event of a breach of any provision of this Agreement the aggrieved party may elect to institute and prosecute proceedings in any court of competent jurisdiction to enforce specific performance or to enjoin the continuing breach of this Agreement. Such remedies shall, however, be cumulative and not exclusive, and shall be in addition to any other remedy which such party may have.

12.9. Term. This Agreement shall be effective as of the date hereof and shall continue in effect thereafter until the earlier of (a) its termination by the consent of the parties hereto or their respective successors in interest and (b) the date on which no Registrable Securities remain outstanding.

12.10. Further Assurances. Subject to the specific terms of this Agreement, each of the Company and the Stockholders shall make, execute, acknowledge and deliver such other instruments and documents, and take all such other actions, as may be reasonably required in order to effectuate the purposes of this Agreement and to consummate the transactions contemplated hereby.

12.11. Entire Agreement. This Agreement is intended by the parties hereto as a final expression of their agreement and intended to be a complete and exclusive statement of their agreement and understanding in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

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IN WITNESS WHEREOF this Agreement has been signed by each of the parties hereto, and shall be effective as of the date first above written.

MCM CAPITAL GROUP, INC.

By:

Name:
Title:

MCM HOLDING COMPANY LLC

By:

Name:
Title:

C.P. INTERNATIONAL INVESTMENTS LIMITED

By:

Name:
Title:

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SCHEDULE A

MCM HOLDING DISTRIBUTEES

EXHIBIT 10.23

MCM CAPITAL GROUP, INC.
1999 EQUITY PARTICIPATION PLAN

1. PURPOSE

The purpose of the 1999 Equity Participation Plan (the "Plan") of MCM Capital Group, Inc. (the "Company") is to promote the interests of the Company and its stockholders by (i) securing for the Company and its stockholders the benefits of the additional incentive inherent in owning stock of the Company by selected officers, directors, and employees of, and key consultants to, the Company and its subsidiaries and affiliates, as defined in Section 4 ("Eligible Participants"), and who are important to the success and growth of the business of the Company and its subsidiaries, and (ii) assisting the Company to secure and retain the services of such persons. The Plan provides for granting such persons options ("Options") for the purchase of shares of the Company's common stock, par value $0.01 per share (the "Shares").

2. ADMINISTRATION

The Plan shall be administered by the Board of Directors of the Company ("Board") or a committee or subcommittee of the Board as may be designated by the Board, upon the affirmative vote of at least two-thirds of the directors then in office, to administer the Plan (the "Committee"). If the Board appoints a Committee, the Committee will consist of at least two individuals, each of whom qualifies as (i) a "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934, as amended ("1934 Act"), and (ii) an "outside director" under Code Section 162(m) of the Internal Revenue Code of 1986, as amended ("Code") and the regulations issued thereunder to the extent Rule 16b-3 and Code Section 162(m apply to the Company and the Plan; however, the fact that a Committee member shall fail to qualify under either of the foregoing requirements shall not invalidate any award that is otherwise validly made under the Plan. Reference to the Committee will refer to the Board if the Board does not appoint a Committee.

The members of the Committee may be changed at any time and from time to time in the discretion of the Board. Subject to the limitations and conditions hereinafter set forth, the Committee shall have authority to grant Options hereunder, to determine the number of Shares for which each Option shall be granted and the Option price or prices and to determine any conditions pertaining to the exercise or to the vesting of each Option. The Committee shall have full power to construe and interpret the Plan and any Plan agreement executed pursuant to the Plan to establish and amend rules for its administration, and to establish in its discretion terms and conditions applicable to the exercise of Options. The determination of the Committee on all matters relating to the Plan or any Plan agreement shall be conclusive. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any award hereunder.

3. SHARES SUBJECT TO THE PLAN

The Shares to be transferred or sold pursuant to the exercise of Options granted under the plan shall be authorized Shares, and may be issued Shares reacquired by the Company and held in its treasury or may be authorized but unissued Shares. Subject to the provisions of Section 11 hereof (relating to adjustments in the number and classes or series of Shares to be delivered pursuant to the Plan), the maximum aggregate number of Shares to be delivered on the exercise of Options shall be 250,000. Notwithstanding any provision in the Plan to the contrary, and subject to the adjustment in Section 11, the maximum number of Shares with respect to one or more Options that may be granted to any employee under the Plan during any fiscal year of the Company is 125,000.

If an Option expires or terminates for any reason during the term of the Plan and prior to the exercise in full of such Option, the number of Shares previously subject to but not delivered under such Option shall be available for

the grant of Options thereafter.

4. ELIGIBILITY

Options may be granted from time to time to selected Eligible Participants of the Company or any subsidiary or affiliate, as defined in this Section 4. From time to time, the Committee shall designate those Eligible Participants who will be granted Options and in connection therewith, the number of Shares to be covered by each grant of Options. Persons granted Options are referred to hereinafter as "optionees." Nothing in the Plan or in any grant of Options pursuant to the Plan, shall confer on any person any right to continue in the employ of the Company or any of its subsidiaries or affiliates, nor in any way interfere with the right of the Company or any of its subsidiaries or affiliates to terminate the person's employment at any time.

The term "subsidiary" shall mean, at the time of reference, any corporation organized or acquired (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of reference, each of the corporations (including the Company) other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. The term "affiliate" shall mean any person or entity which, at the time of reference, directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company.

PROVISIONS RELATING TO OPTIONS

5. CHARACTER OF OPTIONS

Options granted hereunder shall not be incentive stock Options as such term is defined in Section 422 of the Code. Options granted hereunder shall be "non-qualified" stock options subject to the provisions of Section 83 of the Code.

If an Option granted under the Plan is exercised by an optionee, then, at the discretion of the Committee, the optionee may receive a replacement or reload Option hereunder to purchase a number of Shares equal to the number of Shares utilized to pay the exercise price and/or withholding taxes in the Option exercise, with an exercise price equal to the "fair market value" (as defined in Section 7 of the Plan) of a Share on the date such replacement or reload Option is granted, and, unless the Committee determines otherwise, with all other terms and conditions (including the date or dates of which the Option shall become exercisable and the term of the Option) identical to the terms and conditions of the Option with respect to which the reload Option is granted.

6. STOCK OPTION AGREEMENT

Each Option granted under the Plan shall be evidenced by a written stock option agreement, which shall be executed by the Company and by the person whom the Option is granted. The agreement shall contain such terms and provisions, not inconsistent with the Plan, as shall be determined by the Committee.

7. OPTION EXERCISE PRICE

The price per Share to be paid by the optionee on the date an Option is exercised as determined by the Committee shall not be less than 50 percent of the fair market value of one Share on the date the Option is granted.

For purposes of this Plan, the "fair market value" as of any date in respect of any Shares shall mean the closing price per Share on such date. The closing price for such day shall be (a) as reported on the composite transactions tape for the principal exchange on which the Shares are listed or admitted to trading (the "Composite Tape"), or if the Shares are not reported on the Composite Tape or if the Composite Tape is not in use, the last reported sales price regular way on the principal national securities exchange on which such Shares shall be listed or admitted to trading (which shall be the national securities exchange on which the greatest number of such Shares have been traded during the 30 consecutive trading days commencing 45 trading days before such date), or, in either case, if there is no transaction on any such day, the average of the bid and asked prices regular way of such day, or (b) if such Shares are not listed on any national securities exchange, the closing price, if

reported, or, if the closing price is not reported, the average of the closing bid and asked prices, as reported on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"). If on any such date the Shares are not quoted by any such exchange or NASDAQ, the fair market value of the Shares on such date shall be determined by the Committee based upon the advice of the Company's independent auditors or other independent/disinterested third party appraiser selected by the Committee in its sole discretion, which determination by the Committee shall be binding and conclusive. In no event shall the fair market value of any share be less than its par value.

8. OPTION TERM

The period after which Options granted under the Plan may not be exercised shall be determined by the Committee with respect to each Option granted, but may not exceed ten years from the date on which the Option is granted, subject to the third paragraph of Section 9 hereof.

9. EXERCISE OF OPTIONS

The time or times at which or during which Options granted under the Plan may be exercised, and any conditions pertaining to such exercise or to the vesting in the optionee of the right to exercise Options, shall be determined by the Committee in its sole discretion. Subsequent to the grant of an Option which is not immediately exercisable in full, the Committee, at any time before complete termination of such Option, may accelerate or extend the time or times at which such Option may be exercised in whole or in part.

Except as otherwise provided in this paragraph, no Option granted under the Plan shall be assignable or otherwise transferable by the optionee, either voluntarily or involuntarily, except by will or the laws of descent and distribution and an Option shall be exercisable during the optionee's lifetime only by the optionee. The Committee may in the applicable Option agreement or at any time thereafter in an amendment to an Option agreement provide that Options granted hereunder may be transferred with or without consideration by the optionee, subject to such rules as the Committee may adopt to preserve the purposes of the Plan, (i) pursuant to a domestic relations order, or (ii) to one or more of:

(x) the optionee's spouse, children, or grandchildren (including adopted children, stepchildren, and grandchildren) (collectively, the "Immediate Family");

(y) a trust solely for the benefit of the optionee and/or his or her Immediate Family;

(z) a partnership or limited liability company, the partners or members of which are limited to the optionee and his or her Immediate Family, or

(zz) any other person or entity authorized by the Committee.

(each transferee is hereafter referred to as a "Permitted Transferee"); provided, however, that the optionee gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the optionee in writing that such a transfer would comply with the requirements of the Plan, any applicable Option agreement and any amendments thereto.

The terms and conditions of any Option transferred in accordance with the immediately preceding sentence shall apply to the Permitted Transferee and any reference in the Plan or in an

Option agreement or any amendment thereto an optionee or grantee shall be deemed to refer to the Permitted Transferee, except that (a) Permitted Transferees shall not be entitled to transfer any Options, other than by will or the laws of descent and distribution; (b) Permitted Transferees shall not be entitled to exercise any transferred Options unless there shall be in effect a registration

statement on an appropriate form covering the shares to be acquired pursuant to the exercise of such Option if the Committee determines that such a registration statement is necessary or appropriate; (c) the Committee or the Company shall not be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the optionee under the Plan or otherwise; and (d) the events of termination of employment by, or services to, the Company under clause (b) of the third paragraph of Section 9 hereof shall continue to be applied with respect to the original optionee, following which the Options shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in Section 9.

Except as otherwise determined by the Committee at the time of grant or thereafter, the unexercised portion of any Option granted under the Plan shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following:

(a) the expiration of the period of time determined by the Committee upon the grant of such Option; provided that in no event shall such period exceed ten years from the date on which such Option was granted;

(b) the termination of the Optionee's employment by, or services to, the Company and its subsidiaries if such termination constitutes or is attributable to a breach by the optionee of an employment or consulting agreement with the Company or any of its subsidiaries, or if the optionee is discharged or if his or her services are terminated for cause; or

(c) the expiration of such period of time or the occurrence of such event or events as the Committee in its discretion may provide upon the granting thereof.

The Committee shall have the right to determine what constitutes cause for discharge or termination of services, whether the optionee has been discharged or his or her services terminated for cause and the date of such discharge or termination of services, and such determination of the Committee shall be final and conclusive.

Except as otherwise provided by the Committee at the time of grant or thereafter, in the event of the death of an optionee, Options exercisable by the optionee at the time of his or her death may be exercised within one year thereafter by the person or persons to whom the optionee's rights under the Options shall pass by will or by the applicable law of descent and distribution. However, in no event may any Option be exercised by anyone after the earlier of (a) the final date upon which the optionee could have exercised it had the optionee continued in the employment of the Company or its subsidiaries to such date, or (b) one year after the optionee's death.

An Option may be exercised only by a notice in writing complying in all respects with the applicable stock option agreement. Such notice may instruct the Company to deliver Shares due upon the exercise of the Option to any registered broker or dealer approved by the Company (an "approved broker") in lieu of delivery to the optionee. Such instructions shall designate the account into which the Shares are to be deposited. The optionee may tender such notice, properly executed by the optionee, together with the aforementioned delivery instructions, to an approved broker. The purchase price of the Shares as to which an Option is exercised shall be paid in cash or by check, except that the Committee may, in its discretion, allow such payment to be made by surrender of unrestricted Shares that have been held by the Optionee for at least six months (at their fair market value on the date of exercise), or by a combination of cash, check and unrestricted Shares.

Payment in accordance with this Section 9 may be deemed to be satisfied, if and to the extent provided in the applicable option agreement, by delivery to the Company of an assignment of a sufficient amount of the proceeds from the sale of Shares acquired upon exercise to pay for all of the Shares acquired upon exercise and an authorization to the broker or selling agent to pay that amount to the Company, which sale shall be made at the optionee's direction at the time of exercise, provided that the Committee may require the optionee to furnish an opinion of counsel acceptable to the Committee to the effect that such delivery would not result in the grantee incurring any liability under Section 16 of the 1934 Act, and does not require the consent,

clearance or approval of any governmental or regulatory body (including any securities exchange or similar self-regulatory organization).

Wherever in this Plan or any option agreement an optionee is permitted to pay the exercise price of an Option or taxes relating to the exercise of an Option by delivering Shares, the optionee may, subject to procedures satisfactory to the Committee, satisfy such delivery requirement by presenting proof of beneficial ownership of such Shares, in which case the Company shall treat the Option as exercised without further payment and shall withhold such number of Shares from the Shares acquired by the exercise of the Option (or if the Option is paid in cash, cash in an amount equal to the fair market value of such shares on the date of exercise).

The obligation of the Company to deliver Shares upon such exercise shall be subject to all applicable laws, rules and regulations, and to such approvals by governmental agencies as may be deemed appropriate by the Committee, including, among others, such steps as counsel for the Company shall deem necessary or appropriate to comply with requirements of relevant securities laws. Such obligation shall also be subject to the condition that the Shares reserved for issuance upon the exercise of Options granted under the Plan shall have been duly listed on any national securities exchange which then constitutes the principal trading market for the Shares.

GENERAL PROVISIONS

10. STOCKHOLDER RIGHTS

No optionee shall have any of the rights of a stockholder with respect to any Shares

unless and until he or she has exercised his or her Option with respect to such Shares and has paid the full purchase price therefor.

11. CHANGES IN SHARES

In the event of (i) any split, reverse split, combination of shares, reclassification, recapitalization or similar event which involves, affects or is made with regard to any class or series of Shares which may be delivered pursuant to the Plan ("Plan Shares"), (ii) any dividend or distribution on Plan Shares payable in Shares, or (iii) a merger, consolidation or other reorganization as a result of which Plan Shares shall be increased, reduced or otherwise changed or affected, then in each such event the Committee shall, to the extent it deems it to be consistent with such event and necessary or equitable to carry out the purposes of the Plan, appropriately adjust (a) the maximum number of Shares and the classes of series of such Shares which may be delivered pursuant to the Plan, (b) the number of Shares and the classes or series of Shares subject to outstanding Options, (c) the Option price per Share subject to outstanding Options, and (d) any other provisions of the Plan, provided, however, that (i) any adjustments made in accordance with clauses (b) and (c) shall make any such outstanding Option as nearly as practicable, equivalent to such Option immediately prior to such change and (ii) no such adjustment shall give any optionee additional benefits under any outstanding Option.

12. REORGANIZATION

In the event that the Company is merged or consolidated with another corporation, or in the event that all or substantially all of the assets of the Company are acquired by another corporation, or in the event of a reorganization or liquidation of the Company (each such event being hereinafter referred to as a "Reorganization Event") or in the event that the Board shall propose that the Company enter into a Reorganization Event, then the Committee may in its discretion take any or all of the following actions: (i) by written notice to each optionee, provide that his or her Options will be terminated unless exercised within thirty days (or such longer period as the Committee shall determine in its sole discretion) after the date of such notice (without acceleration of the exercisability of such Options); and (ii) advance the date or dates upon which any or all outstanding Options shall be exercisable.

Whenever deemed appropriate by the Committee, any action referred to in subparagraph (i) above may be made conditional upon the consummation of the applicable Reorganization Event. The provisions of this Section 12 shall apply

notwithstanding any other provision of the Plan.

13. WITHHOLDING TAXES

Whenever Shares are to be delivered under the Plan pursuant to an award, the Committee may require as a condition of delivery that the optionee or grantee remit an amount sufficient to satisfy all federal, state and other governmental holding tax requirements related thereto. Whenever cash is to be paid under the Plan, the Company may, as a condition of its payment,

deduct therefrom, or from any salary or other payments due to the optionee, an amount sufficient to satisfy all federal, state and other governmental withholding tax requirements related thereto or to the delivery of any Shares under the Plan. Notwithstanding any provision of this Plan to the contrary, in connection with the transfer of an Option to a Permitted Transferee pursuant to Section 9 of the Plan, the optionee shall remain liable for any withholding taxes required to be withheld upon the exercise of such Option by the Permitted Transferee.

Without limiting the generality of the foregoing, (i) the Committee may permit an optionee to satisfy all or part of the foregoing withholding requirements by delivery of unrestricted Shares owned by the optionee for at least six months (or such other period as the Committee may determine) having a fair market value (determined as of the date of such delivery by the optionee) equal to all or part of the amount to be so withheld, provided that the Committee may require, as a condition of accepting any such delivery, the optionee to furnish an opinion of counsel acceptable to the Committee to the effect that such delivery would not result in the optionee incurring any liability under Section 16(b) of the 1934 Act; and (ii) the Committee may permit any such delivery to be made by withholding Shares from the Shares otherwise issuable pursuant to the award giving rise to the tax withholding obligation (in which event the date of delivery shall be deemed the date such award was exercised); provided that such withholding shall be based on the minimum statutory withholding rates for federal and state purposes, including payroll taxes, that are applicable to such supplemental taxable income.

14. AMENDMENT AND DISCONTINUANCE

The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; provided that no such amendment, alteration, suspension, discontinuation, or termination shall be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan; and provided further that any such amendment, alteration, suspension, discontinuance, or termination that would impair the rights of any optionee or any holder or beneficiary of any Option theretofore granted shall not to that extent be effective without the consent of the affected optionee, holder, or beneficiary.

15. APPLICABLE LAWS

The obligation of the Company to deliver Shares shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be deemed appropriate by the Committee, including, among others, such steps as counsel for the Company shall deem necessary or appropriate to comply with requirements of relevant securities laws. Such obligation shall also be subject to the condition that the Shares reserved for issuance upon the exercise of Options granted under the Plan shall have been duly listed on any national securities exchange which then constitutes the principal trading market for the Shares.

16. GOVERNING LAWS

The Plan shall be applied and construed in accordance with and governed by the law of

the State of Delaware, to the extent such law is not superseded by or inconsistent with Federal law.

17. EFFECTIVE DATE AND DURATION OF PLAN

The Plan has been approved by the stockholders of the Company as of June __, 1999, and shall become effective upon the closing (the "Closing") of the initial public offering of the Company's Shares pursuant to Registration Statement No. 333-77483 filed with the Securities and Exchange Commission. The term during which Options may be granted under the Plan shall expire on the tenth anniversary of the Closing.

18. AMENDMENTS TO AGREEMENTS

Notwithstanding any other provision of the Plan, the Committee may amend the terms of any agreement entered into in connection with any award granted pursuant to the Plan, provided that the terms of such amendment are not inconsistent with the terms of the Plan.

Exhibit 10.24

NON-INCENTIVE STOCK OPTION AGREEMENT
Under
MCM CAPITAL GROUP, INC.
1999 EQUITY PARTICIPATION PLAN

___ Shares of Common Stock

MCM CAPITAL GROUP, INC. (the "Company"), pursuant to the terms of its 1999 Equity Participation Plan (the "Plan"), hereby irrevocably grants to __ (the "Optionee") the right and option to purchase __ shares of Common Stock, par value $.01 per share (the "Common Stock"), of the Company upon and subject to the following terms and conditions:

1. The Option is not intended to qualify as an incentive stock option under the provisions of Section 422 of the Internal Revenue Code of 1986, as amended, or its predecessor (the "Code").

2. _____ is the date of grant of the Option ("Date of Grant").

3. The purchase price of the shares of Common Stock subject to the Option shall be $ _____ per share.

4. Subject to the Optionee's continued provision of services to the Company, the Option shall be exercisable as follows:

(a) One-third of the shares of Common Stock subject to the Option shall be exercisable after _____.

(b) One-third of the shares of Common Stock subject to the Option shall be exercisable after _____.

(c) One-third of the shares of Common Stock subject to the Option shall be exercisable after _____.

[Notwithstanding the foregoing, in the event of the termination of the Optionee's services to the Company as a result of the Optionee's death, the Option shall be deemed to be fully (100%) vested and exercisable as of immediately prior to the Optionee's death.]

5. The unexercised portion of the Option shall automatically and without notice terminate and become null and void at the earlier of (a) expiration of ten (10) years from the Date of Grant and (b) the earliest applicable time specified in Section 6.

6. The unexercised portion of any such Option shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following:

(a) _____;

(b) the termination of the Optionee's services to the Company and its subsidiaries if the Optionee's services are terminated for "cause," that is for "cause" or any like term, as defined in any written contract between the Company and the Optionee; or if not so defined, (i) on account of fraud, embezzlement or other unlawful or tortious conduct, whether or not involving or against the Company or any affiliate, (ii) for violation of a policy of the Company or any affiliate, (iii) for serious and willful acts or misconduct detrimental to the business or reputation of the Company or any affiliate; or

(c) the termination of Optionee's services to the Company and its subsidiaries for reasons other than as provided in subsection (b) or (d) of this Section 6; provided, however, that the portion of Options granted to such Optionee which were exercisable immediately prior to such termination may be exercised until the earlier of (i) 90 days after his termination of service or (ii) the date on which such Options terminate or expire in accordance with the provisions of this Agreement (other than this Section 6); or

(d) the termination of Optionee's services to the Company and its subsidiaries by reason of the Optionee's death, or if the Optionee's services terminate in the manner described in subsection (c) of this Section 6 and the Optionee dies within such period for exercise provided for therein; provided, however, that the portion of Options exercisable by the Optionee immediately prior to the Optionee's death shall be exercisable by the Optionee's executors or administrators, as provided in Section 10, or by the person to whom such Options pass (the Optionee's "Beneficiary") under such Optionee's will (or, if applicable, pursuant to the laws of descent and distribution) until the earlier of (i) one year after the Optionee's death or (ii) the date on which such Options terminate or expire in accordance with the provisions of this Agreement (other than this Section 6).

7. The Option shall be exercised by the Optionee (or by the Optionee's Beneficiary, as provided in Section 6, or by the Optionee's executors or administrators, as provided in Section 9), subject to the provisions of the Plan and of this Agreement, as to all or part of the shares of Common Stock covered hereby, as to which the Option shall then be exercisable, by the giving of written notice of such exercise to the Company at its principal business office, accompanied by payment of the full purchase price for the shares being purchased. Payment of such purchase price shall be made (a) by cash or by check payable to the Company and/or (b) by delivery of unrestricted shares of Common Stock having a fair market value (determined as of the date the Option is exercised, but in no event at a price per share less than the par value per share of the Common Stock delivered) equal to all or part of the purchase price and that have been held for more than six months and, if applicable, of a check payable to the Company for any remaining portion of the purchase price. Whenever the Optionee is permitted to pay the exercise price of an Option or taxes relating to the exercise of an Option by deliveringshares of Common Stock, the Optionee may, subject to procedures satisfactory to the Committee (as defined in the Plan), satisfy such delivery requirement by presenting proof of beneficial ownership of such shares, in which case the Company shall treat the Option as exercised without further payment and shall withhold such number of shares from the shares acquired by the exercise of the Option (or if the Option is paid in cash, cash in an amount equal to the fair market value of such shares on the date of exercise). Payment in accordance with this Section 7 may be satisfied by delivery to the Company of an assignment of sufficient amount of the proceeds from the sale of shares of Common Stock acquired upon exercise of the Option to pay for all of the shares of Common Stock acquired upon

such exercise and on authorization to the broker or selling agent to pay that amount to the Company, which sale shall be made at the Optionee's direction at the time of exercise, provided that the Committee may require Optionee to furnish an opinion of counsel acceptable to the Committee to the effect that such delivery would not result in the Optionee incurring any liability under Section 16 of the Act and does not require the consent, clearance or approval of any governmental or regulatory body (including any securities exchange or similar self-regulatory organization).

The Company shall cause certificates for the shares so purchased to be delivered to the Optionee or the Optionee's executors or administrators, against payment of the purchase price, as soon as practicable following the Company's receipt of the notice of exercise.

8. Neither the Optionee nor the Optionee's Beneficiary, executors or administrators shall have any of the rights of a stockholder of the Company with respect to the shares subject to the Option until a certificate or certificates for such shares shall have been issued upon the exercise of the option.

9. The Option shall not be transferable by the Optionee other than to the Optionee's Beneficiary, executors or administrators by will or the laws of descent and distribution, and during the Optionee's lifetime shall be exercisable only by the Optionee.

10. In the event of the Optionee's death, the Option shall thereafter be exercisable (to the extent otherwise exercisable hereunder) only by the Optionee's Beneficiary, executors or administrators.

11. The terms and conditions of the Option, including the number of shares and the class or series of capital stock which may be delivered upon exercise of the Option and the purchase price per share, are subject to

adjustment as provided in Paragraph 11 of the Plan.

12. The Optionee, by the Optionee's acceptance hereof, represents and warrants to the Company that the Optionee's purchase of shares of capital stock upon the exercise hereof shall be for investment and not with a view to distribution and agrees that the shares of capital stock will not be disposed of except pursuant to an applicable effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), unless the Company shall have received an opinion of counsel satisfactory to the Company that such disposition is exempt from such registration under the Securities Act.

The Optionee agrees that the obligation of the Company to issue shares upon the exercise of the Option shall also be subject, as conditions precedent, to compliance with applicable provisions of the Act, state securities or corporation laws, rules and regulations under any of the foregoing and applicable requirements of any securities exchange upon which the Company's securities shall be listed.

The Company may endorse an appropriate legend referring to the foregoing

representations and restrictions upon the certificate or certificates representing any shares issued or transferred to the Optionee upon the exercise of the Option.

13. The Option has been granted subject to the terms and conditions of the Plan, a copy of which has been provided to the Optionee and which the Optionee acknowledges having received and reviewed. Any conflict between this Agreement and the Plan shall be decided in favor of the provisions of the Plan. Terms used but not defined in this Agreement shall have the meanings given to them in the Plan. This Agreement may not be amended in any manner adverse to the Optionee except by a written agreement executed by the Optionee and the Company.

14. This grant does not constitute an employment contract. Nothing herein shall confer upon the Optionee the right to continue to serve as a director or officer to the Company or any of its subsidiaries for the length of the vesting schedule set forth in Section 4 or for any portion thereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by an officer duly authorized thereto as of the ___ day of _____, _____.

MCM CAPITAL GROUP, INC.

By:_____
Name:
Title:

ACCEPTED AND AGREED TO:

_____

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the captions "Selected Financial Data" and "Experts" and to the use of our report dated April 29, 1999 (except for Note 13 as to which the date is , 1999) in Amendment No. 2 to the Registration Statement (Form S-1) and related Prospectus of MCM Capital Group, Inc. (formerly Midland Corporation of Kansas) dated June 11, 1999.

Ernst & Young LLP

Kansas City, Missouri

The foregoing consent is in the form that will be signed upon the completion of the restatement of capital accounts and the merger described in Note 13 to the consolidated financial statements.

/s/ Ernst & Young LLP

Kansas City, Missouri

June 10, 1999

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