NEW CENTURY EQUITY HOLDINGS CORP
Form PRER14A
March 31, 2004

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OMB APPROVAL	
OMB Number:	3235-0059
Expires:	February 28, 2006
Estimated average burden hours per response	12.75

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

x Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

NEW CENTURY EQUITY HOLDINGS CORP.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies: New Century Equity Holdings Corp. common stock, par value $0.01 per share

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): $0.2886 (maximum anticipated consideration for sale of substantially all assets) x 34,653,104 (aggregate number of securities to which transaction applies). The estimated high range of distribution of the plan of liquidation approved is $.27 per share of common stock.

4) Proposed maximum aggregate value of transaction: $10,000,000

5) Total fee paid: $1,267

x Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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, 2004

To our stockholders:

I am writing to invite you to a very important meeting of stockholders that will take place on , 2004 at 10:00 A.M., local time, at the offices of , located at , Wilmington, Delaware. Your board of directors has determined that it is in the best interests of the stockholders to sell our holdings in Princeton eCom Corporation. In connection with the decision to sell our holdings, we have also determined that it is advisable and in the best interests of the stockholders to liquidate our company and distribute the net proceeds to our stockholders. We are seeking stockholder approval of the sale of our holdings in Princeton eCom, which is by far our largest asset. As a result, this sale would constitute the sale of substantially all of the assets of the company, and in connection with that sale we are also seeking approval of a related plan of liquidation and dissolution.

This decision was difficult, and came only after we had examined our other opportunities. As we explain in more detail in the enclosed proxy statement, Princeton eCom engaged in an additional financing for $10.3 million in March 2004 in connection with the transactions discussed in this proxy statement, and we did not participate, since we no longer have the cash resources to participate in additional financings of Princeton eCom. In addition, because we did not participate in this most recent financing, we lost our seat on Princeton eCom s board of directors as well as certain of our rights as holders of preferred stock, and our holdings in Princeton eCom have been diluted to 23%. If and when Princeton eCom engages in additional equity financings, our inability to participate will result in our holdings in Princeton eCom being further diluted, resulting in decreased value available to our stockholders. In addition, we have no ongoing operations and therefore no additional cash to continue to support our current holdings or invest in new businesses. We currently anticipate that if this transaction and our liquidation are not approved, as early as mid to late 2005 we will be required to begin the process of liquidating portions of our position in Princeton eCom to raise cash necessary to pay our corporate overhead expenses and expenses associated with being a public company. This means we would have used all of our available cash, New Century s interest in Princeton eCom would be further diluted, and eventually we would have no assets to distribute to our stockholders. As a result, your board of directors feel that it is very important that we sell our holdings in Princeton eCom now to maximize the amount of cash available to the stockholders. Since the sale of Princeton eCom would result in the sale of substantially all our assets, and we do not feel that we have any viable alternatives as a continuing operating company, we also feel that the subsequent liquidation of the company is advisable and in the best interest of our stockholders. Our liquidation, however, is related to and dependent on the sale of our holdings in Princeton eCom. Consequently, if the sale does not close, we will not liquidate.

The ability to have your vote counted at the meeting is an important stockholder right. Regardless of the number of shares you hold, and whether or not you plan to attend the meeting, we urge you to cast your vote. If you are a stockholder of record, you may vote by mailing the enclosed proxy card in the envelope provided, by phone, by Internet, or in person at the meeting. You will find voting instructions in the proxy statement and on the enclosed proxy card. If your shares are held in street name that is, held for your account by a broker or other nominee you will receive instructions that you must follow for your shares to be voted. **The sale of our holdings in Princeton eCom and the related plan of liquidation and dissolution requires the approval of the holders of at least two thirds (66 2/3%) of our common stock. Consequently, it is very important that you vote. If you do not vote, or if you abstain, it is the same as a no vote.**

If you have any questions regarding this proposal, please contact David P. Tusa, our Executive Vice President, Chief Financial Officer and Corporate Secretary, at (210) 302-0410, or D.F. King, our solicitation agent, at .

Sincerely,

PARRIS H. HOLMES, JR.
Chairman of the Board and
Chief Executive Officer

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NEW CENTURY EQUITY HOLDINGS CORP.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On , 2004

A special meeting of stockholders of New Century Equity Holdings Corp. will be held on , 2004 at 10:00 A.M., local time, at the offices of , , Wilmington, Delaware, to consider and act upon the following matters:

(1) To approve the sale of the stock of Princeton eCom Corporation held by New Century Equity Holdings Corp. to Conning Capital Partners VI, L.P., Lazard Technology Partners II, L.P., and Mellon Ventures, L.P. for cash, to approve and adopt the related Plan of Liquidation and Dissolution of New Century Equity Holdings Corp., and to approve the dissolution of New Century Equity Holdings Corp.

(2) To transact such other business as may properly come before the special meeting or any adjournment thereof.

These items of business are more fully described in the proxy statement accompanying this notice. The board of directors has no knowledge of any other business to be transacted at the special meeting or at any adjournment or postponement thereof. The board of directors has fixed the close of business on , 2004 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting or any adjournment or postponement thereof.

All stockholders are cordially invited to attend the special meeting.

By Order of the Board of Directors,

DAVID P. TUSA
Corporate Secretary

San Antonio, Texas
, 2004

Whether or not you plan to attend the special meeting, please complete, date and sign the enclosed proxy card and promptly mail it in the enclosed envelope or vote using telephone or Internet options described in the proxy card in order to ensure representation of your shares at the special meeting. No postage need be affixed if the proxy card is mailed in the United States.

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NEW CENTURY EQUITY HOLDINGS CORP.

PROXY STATEMENT

Special Meeting of Stockholders
To Be Held On 2004

New Century Equity Holdings Corp., a Delaware corporation, often referred to as New Century, the Company, we, our or us in this document, is sending you this proxy statement and the enclosed proxy card because our board of directors is soliciting your proxy to vote at a special meeting of stockholders. The special meeting will be held on , 2004 at 10:00 A.M., local time, at the offices of , , Wilmington, Delaware. If the special meeting is adjourned for any reason, then the proxies may be used at any adjournment or postponement of the special meeting.

This proxy statement summarizes information about the proposal to be considered at the special meeting and other information you may find useful in determining how to vote. The proxy card is a means by which you actually authorize another person to vote your shares in accordance with your instructions.

At the special meeting, stockholders will consider and act upon the following matters:

(1) To approve the sale of the stock of Princeton eCom Corporation held by New Century Equity Holdings Corp. to Conning Capital Partners VI, L.P., Lazard Technology Partners II, L.P., and Mellon Ventures, L.P. for cash, to approve and adopt the related Plan of Liquidation and Dissolution of New Century Equity Holdings Corp., and to approve the dissolution of New Century Equity Holdings Corp.

(2) To transact such other business as may properly come before the special meeting or any adjournment thereof.

Our principal executive offices are located at 10101 Reunion Place, Suite 970, San Antonio, Texas 78216. The telephone number for our principal executive offices is (210) 302-0444. We are mailing this proxy statement and the accompanying proxy card to stockholders on or about , 2004.

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SUMMARY TERM SHEET

The following Summary Term Sheet, together with the Questions and Answers About the Special Meeting following this Summary Term Sheet, briefly summarize the key aspects of the Princeton Sale, the related Plan of Liquidation and Dissolution, the special meeting and other significant information contained in this proxy statement. It may not contain all of the information that is important to you. To understand the proposal more fully, and for a more complete description of the terms of the Princeton Sale and the Plan of Liquidation and Dissolution, you should read this entire proxy statement, including the documents attached as exhibits.

Unless we otherwise indicate or unless the context requires otherwise, all references in this proxy statement to New Century, we, our, us or similar references mean New Century Equity Holdings Corp. and its predecessors, acquired and disposed businesses.

Princeton Sale (page 25)

We have entered into a Stock Purchase Agreement, dated as of March 25, 2004, which we refer to as the Princeton Purchase Agreement, for the sale to Conning Capital Partners VI, L.P., Lazard Technology Partners II, L.P., and Mellon Ventures, L.P. of all of the securities of Princeton eCom that we hold. The purchase price is $10,000,000, and we expect to receive net proceeds of approximately $9,460,000. The Princeton Purchase Agreement is attached to this proxy statement as Exhibit A. We refer to the sale of our holdings in Princeton eCom as the Princeton Sale, and we refer to the three purchasers collectively as the Purchasers.

Why has the board approved the Princeton Sale?

The board of directors has approved the Princeton Sale because it has determined that the sale to the Purchasers provides the best alternative available to New Century for realizing value from its equity holding in Princeton eCom, and is in the best interests of our stockholders. New Century currently does not have any ongoing operations that would result in positive cash flow for the company, and does not anticipate having ongoing operations in the future. In addition, since 1998, Princeton eCom has raised approximately $130 million, of which $77 million was contributed by New Century. Princeton eCom engaged in an additional financing in March 2004 in connection with the transactions discussed in this proxy statement, and we did not participate, since we no longer have the cash resources to participate in additional financings of Princeton eCom. Because we did not participate in this last financing, we lost our seat on Princeton eCom s board of directors as well as other rights as holders of preferred stock. If and when Princeton eCom engages in additional equity financings, our inability to participate will result in our holdings in Princeton eCom being further diluted, resulting in decreased value available to our stockholders. In addition, we have no ongoing operations and therefore no additional cash to continue to support our current holdings or invest in new businesses. We currently anticipate that if this transaction and our liquidation are not approved, as early as mid to late 2005, we will have to begin the process of liquidating portions of our position in Princeton eCom to raise cash necessary to pay our corporate overhead expenses as well as expenses associated with being a public company. This means we would have used all of our available cash, our interest in Princeton eCom would be further diluted, and eventually we would have no assets for distribution to our stockholders. As a result, we have determined that the offer from the Purchasers is the best available alternative for our stockholders.

What are the material terms of the Princeton Purchase Agreement?

The following is a summary of the material terms of the Princeton Purchase Agreement:

- The purchase price is $10,000,000 for our holdings in Princeton eCom, which consists of 10,166,667 shares of Series A-1 preferred stock, 2,000,000 shares of Series B-1 preferred stock, 4,000,000 shares of Series D-1 preferred stock, 16,911,137 shares of common stock, 2 warrants to purchase Series A-1 preferred stock which are exercisable for 1,793,333 shares of Series C-1 preferred stock, and 1 warrant to purchase 1,000,000 shares of Series D-1 preferred stock.

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The purchase price and the securities are being held in escrow by a third-party bank pending the vote of our stockholders. If our stockholders do not approve the transaction, the funds in escrow will be returned to the Purchasers, the sale will not close, and we will not liquidate.

As a condition to our entering into the Princeton Purchase Agreement, Princeton eCom has obtained our release from a guarantee of the lease of Princeton eCom s office space in Princeton, New Jersey.

Plan Of Liquidation And Dissolution (page 27)

Why has the board of directors adopted a Plan of Liquidation and Dissolution related to the Princeton Sale?

Our board of directors has determined that upon sale of our holdings in Princeton eCom, it is advisable and in the best interests of the stockholders to liquidate as soon as possible to maximize the distribution of the cash held in the company. Our board of directors has determined that it is not advisable to continue to operate our business on an independent basis, and that the distribution of our assets in a liquidation has a greater probability of producing more value to our stockholders than other alternatives. See Special Factors Background of the Princeton Sale and Related Plan of Liquidation and Dissolution. The only current business we have is our holdings in Princeton eCom and Sharps Compliance Corp., which we refer to as Sharps. As described in more detail below, we do not anticipate any cash flow from these investments in the foreseeable future. On the contrary, if the Princeton Sale is not approved, the board of directors believes that our holdings in Princeton eCom will be further diluted over time. In addition, our cash on hand will be depleted to cover current corporate overhead expenses, and we will eventually have to begin liquidating a portion of our holdings in Princeton eCom to cover corporate overhead expenses in the future. As a result, on March 22, 2004, our board of directors approved the Princeton Sale and on March 25, 2004 adopted a resolution approving our related Plan of Liquidation and Dissolution. The Plan of Liquidation and Dissolution, which we refer to as the Plan of Liquidation, is attached to this proxy statement as Exhibit B.

What will happen if the Plan of Liquidation and our dissolution are approved?

If the Plan of Liquidation is approved, we will:

close the Princeton Sale for cash in the amount of $10,000,000, with expected net proceeds of approximately $9,460,000;

sell the 375,000 shares of common stock of Sharps that we own in a private transaction for cash, with expected net proceeds of $277,500;

file a certificate of dissolution with the Secretary of State of the State of Delaware, dissolving us as a corporation;

conduct business operations only to the extent necessary to wind-up our business affairs;

liquidate our remaining assets;

pay approximately $601,000 to Parris H. Holmes, Jr., our Chief Executive Officer, for his interest in our holdings in Princeton eCom;

pay or attempt to adequately provide for the payment of all of our known obligations and liabilities, which we currently estimate to be approximately $2,900,000, including the payment of employee severance arrangements of $2.5 million to our two executive officers and $124,000 to three other employees;

pay legal, consultant, insurance and other transaction-related costs currently estimated to range from $777,000 to $1,700,000;

establish a contingency reserve in a range from $573,000 to $773,000, which is designed to satisfy any additional liabilities; and

make one or more distributions to our stockholders of available liquidation proceeds.

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Mutual Dependence of the Princeton Sale and the Plan of Liquidation

The Plan of Liquidation is related to and dependent on approval of the Princeton Sale. If the Princeton Sale does not close, we will not liquidate, and our board of directors will continue to manage the company as a publicly-owned corporation and will explore what, if any, alternatives are then available for the future of our business. As we explain in more detail below, we believe that the value of New Century will continue to decline if the Princeton Sale and the related Plan of Liquidation are not approved.

Payment of Proceeds of the Princeton Sale and Other Available Liquidation Proceeds (Pages 27-35)

When will the proceeds of the Princeton Sale and other available liquidation proceeds be distributed to stockholders?

If our stockholders approve the Princeton Sale and the related Plan of Liquidation, we currently anticipate that the Princeton Sale will close within 10 days of receiving stockholder approval. We are currently unable to predict the precise timing of any distributions pursuant to the Plan of Liquidation, although we anticipate that a substantial majority of the liquidation proceeds, including the proceeds of the Princeton Sale, will be distributed within 60 days after we file our certificate of dissolution. Further distributions may be made over a period of three years, although distributions could be made over a longer period of time if unanticipated claims are made against us. The timing of any distributions will be determined by our board of directors and will depend upon our ability to pay and settle our remaining liabilities and obligations, including contingent claims.

How much will stockholders receive in the liquidation?

At this time, we cannot predict with certainty the amount of any liquidating distributions to our stockholders. However, based on information currently available to us, assuming, among other things, no unanticipated actual or contingent liabilities, we estimate that over time stockholders will receive one or more distributions of cash of approximately $0.23 to $0.27 per share. Actual distributions could be higher or lower.

This estimated range is based upon, among other things, the fact that as of July 31, 2004 (the anticipated date of the stockholders vote), we expect to have approximately $4.0 million in cash and cash equivalents, and we expect to receive net proceeds after transaction costs from the Princeton Sale of $9,460,000, and net proceeds after transaction costs of approximately $277,500 from the private sale of 375,000 shares of Sharps common stock.

We expect to use cash of approximately $2.9 million to satisfy liabilities during the sixty (60) day period following shareholder approval, including the payment of employee severance arrangements of $2.5 million to our two executive officers and $124,000 to three other employees. In addition to the above, we anticipate using or reserving cash for a number of items, including but not limited to:

- ongoing operating costs of at least approximately $233,000 for the sixty (60) day period after stockholder approval;
- paying approximately $601,000 to Parris H. Holmes, Jr., our Chief Executive Officer, for his interest in the Company s holdings in Princeton eCom;
- paying legal, consultant, insurance and other transaction related costs currently estimated to range from $777,000 to $1,700,000; and
- establishing a contingency reserve in a range from $573,000 to $773,000, which is designed to satisfy any additional liabilities.

In addition, we may incur additional liabilities arising out of contingent claims, such as lawsuits that could be brought against us in the future, that are not yet reflected as liabilities on our balance sheet. We are unable at this time to predict what amount, if any, may be paid on these contingent claims. We are unable at this time to predict the precise nature, amount and timing of any distributions, due in part to our inability to predict the ultimate amount of our liabilities. We may incur additional liabilities, and the settlement of our existing liabilities or contingent claims could cost more than we anticipate, any of which could result in a lower final distribution to our stockholders.

Interests of Directors and Officers in the Princeton Sale and Related Plan of Liquidation and Dissolution (Page 16)

In considering the recommendation of our board of directors to approve the Plan of Liquidation and our dissolution, you should be aware that some of our directors and officers might have interests that are different from or in addition to your interests as a stockholder. These interests include:

- as discussed below beginning on page 16, our two current executive officers will receive an aggregate of approximately $2.5 million in severance related payments, in connection with the liquidation and dissolution and termination of their employment;

- In April 2000, we made a grant to our Chief Executive Officer, Parris H. Holmes, Jr., of an interest in our holdings in Princeton eCom equal to 2% of Princeton eCom s fully diluted equity, which, as a result of this sale, will result in a payment of approximately $601,000 to Mr. Holmes.

- Our current directors and officers hold options to purchase 4,612,406 shares of our common stock. All of these options become exercisable upon a liquidation or dissolution of the company; however, the options currently have an exercise price in excess of the anticipated distribution amount, and consequently we do not expect any of the options to be exercised.

For information as to the number of shares of our common stock and options beneficially owned by our directors and officers, see pages 20 and 42.

Can I still sell my shares?

Yes, you may sell your shares at this time, but it may be difficult or impossible to sell your shares in the near future. If the Plan of Liquidation and our dissolution are approved, we expect to close our stock transfer books and prohibit transfers of record ownership of our common stock after filing the certificate of dissolution with the State of Delaware. (See page 27).

In addition, our common stock was delisted from the NASDAQ SmallCap Market effective at the opening of business on October 10, 2003 and began trading on the over-the-counter electronic bulletin board of the National Association of Securities Dealers, Inc., or the OTCBB. As a result of this delisting:

- stockholders may find it more difficult to dispose of, or to obtain accurate quotations as to the price of, our stock;

- the liquidity of our stock may be reduced, making it difficult for a stockholder to buy or sell our stock at competitive market prices; and

- the price of our stock could decrease.

Also, our stock could in the future become ineligible for trading on the OTCBB, which could make it more difficult for a stockholder to sell shares of our stock and decrease the price of our stock.

Tax Consequences of the Liquidation

As a result of our liquidation, for federal income tax purposes stockholders will recognize a gain or loss equal to the difference between (1) the sum of the amount of cash distributed to them and the aggregate fair market value of any property distributed to them, and (2) their tax basis for their shares of our stock. A stockholder s tax basis in the stockholder s shares will depend upon various factors, including the stockholder s cost and the amount and nature of any distributions received with respect to the shares. Any loss generally will be recognized only when the final distribution from us has been received, which is likely to be more than three years after our dissolution and possibly longer.

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A brief summary of the material federal income tax consequences of the Plan of Liquidation appears on pages 35 37 of this proxy statement. Tax consequences to stockholders may differ depending on their circumstances. You should consult your tax advisor as to the tax effect of your particular circumstances.

No Dissenters Appraisal Rights

Under Delaware law, stockholders will not have dissenters appraisal rights in connection with the Princeton Sale, the related Plan of Liquidation or our dissolution.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

What is the purpose of the special meeting?

At the special meeting, stockholders will consider and vote on a proposal to approve the Princeton Sale, which will result in the sale of substantially all of our assets, the related Plan of Liquidation and our dissolution.

Who is entitled to vote?

The record date for the special meeting is , 2004. Only stockholders of record at the close of business on that date are entitled to notice of and to vote at the special meeting. At the close of business on the record date there were 34,653,104 shares of our common stock issued and outstanding.

A list of stockholders entitled to vote will be available at the special meeting. In addition, the list will be open to the examination of any stockholder, for any purpose germane to the special meeting, at our executive offices between the hours of 9:00 a.m. and 5:00 p.m., local time, on any business day from , 2004 up to the time of the special meeting.

How may I vote if my shares are registered in my name?

You may vote your shares at the meeting by written proxy, in person, by telephone proxy or by Internet proxy:

To vote **by written proxy,** you must mark, sign and date the enclosed proxy card and then mail the proxy card in the enclosed postage-paid envelope. Your proxy will be valid only if you complete and return the proxy card before the special meeting. By completing and returning the proxy card, you will direct the designated persons to vote your shares at the special meeting in the manner you specify in the proxy card. If you complete the proxy card but do not provide voting instructions, then the designated persons will vote your shares FOR the Princeton Sale and the related Plan of Liquidation of our dissolution.

To vote **in person,** you must attend the special meeting, and then complete and submit the ballot provided at the meeting.

To vote **by telephone proxy,** you must call toll-free and follow the instructions. Have your control number and the proxy card available when you call.

To vote **by Internet proxy,** you must access the web page at and follow the on-screen instructions. Have your control number available when you access the web page.

How may I vote if my shares are held in street name?

If the shares you own are held in street name by a bank or brokerage firm, the nominee of your bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the directions your bank or brokerage firm provides you. Many banks and brokerage firms also offer the option of voting over the Internet or by telephone, instructions for which would be provided by your bank or brokerage firm.

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If you do not give instructions to your bank or brokerage firm, your bank or brokerage firm will not be permitted to vote your shares with respect to the Princeton Sale and the related Plan of Liquidation. **If you do not vote or you abstain, it is the same as a no vote on the Princeton Sale and the related Plan of Liquidation and our dissolution.**

If you wish to come to the meeting to personally vote your shares held in street name, you will need to obtain a proxy card from the holder of record (*i.e.*, the nominee of your brokerage firm or bank).

Can I change my vote after I submit my proxy?

Yes, you may revoke your proxy and change your vote by:

- sending us another signed proxy with a later date or voting at a later date by telephone or Internet proxy;
- giving written notice of the revocation of your proxy to our Secretary at 10101 Reunion Place, Suite 970, San Antonio, Texas 78216 prior to the special meeting; or
- voting in person at the special meeting.

How many shares must be present to hold the meeting?

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting on all matters.

What if a quorum is not present at the meeting?

If a quorum is not present at the special meeting, we expect to attempt to adjourn the special meeting in order to solicit additional proxies. In such event, the persons named in the proxy card will have the authority to, and currently intend to, vote your shares in favor of adjournment.

What vote is required to approve each matter?

Proposal 1 Princeton Sale, Related Plan of Liquidation and Our Dissolution

The affirmative vote of the holders of at least two thirds (66 2/3%) of the shares of common stock issued and outstanding is required to approve the Princeton Sale, the related Plan of Liquidation and our dissolution.

Will any other business be conducted at the meeting?

Our board of directors knows of no other business that will be presented at the meeting. If any other proposal properly comes before the stockholders for a vote at the meeting, the persons named in the proxy card that accompanies this proxy statement will, to the extent permitted by law, vote your shares in accordance with their judgment on such matter.

How will votes be counted?

Each share of common stock will be counted as one vote. Shares will not be voted in favor of a matter, and will not be counted as voting on a matter, if the holder of the shares abstains from voting on a particular matter, or the shares are broker non-votes. **This means that abstentions and broker non-votes will be the same as a vote against the proposal to approve the Princeton Sale and the related Plan of Liquidation and our dissolution.**

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How does our board of directors recommend I vote on the proposal to approve the Princeton Sale and the related Plan of Liquidation?

The board of directors, based on the recommendation of the special committee and the opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc. related to the Princeton Sale as to the fairness, from a financial point of view, of the consideration received by New Century in the Princeton sale as described in more detail below, recommends that you vote FOR authorization and approval of the Princeton Sale, the related Plan of Liquidation and our dissolution.

What do I need to do now?

After carefully reading and considering the information contained in this proxy statement, you should complete and sign your proxy and return it in the enclosed return envelope as soon as possible or submit a proxy by telephone or on the Internet as soon as possible so that your shares are represented at the special meeting. A majority of shares entitled to vote must be represented at the special meeting to enable us to conduct business at the special meeting.

Who can help answer questions?

If you have any additional questions about the proposed Plan of Liquidation and the dissolution, you should contact David P. Tusa, our Executive Vice President, Chief Financial Officer and Corporate Secretary at (210) 302-0410 or D.F. King, a proxy solicitation firm that we have engaged, at (   )   .

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains forward-looking statements with respect to our plans and objectives, distributions resulting from the sale and liquidation of our assets, general economic conditions and other matters. For this purpose, any statement that is not a statement of historical fact and any statement using the term believes, expects, plans, anticipates, estimates or any similar expression is a forward-looking statement, including without limitation statements concerning the estimated amount and timing of closing of the Princeton Sale, the future state of our business assuming the Princeton Sale and related Plan of Liquidation and our dissolution are not approved by our stockholders, and any distribution(s) to stockholders, the timing of our dissolution, liquidation and closure of our stock transfer books and the future operation and wind-down of our business. Those statements include statements regarding our intent, belief, or current expectations, as well as the assumptions on which such statements are based. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those contemplated by such forward-looking statements. Important factors that could cause the results to differ materially from those in forward-looking statements include the factors described or referred to under the captions Special Factors beginning on page 7 of this proxy statement and Factors to be Considered by Stockholders in Deciding Whether to Approve the Princeton Sale, the Related Plan of Liquidation and Our Dissolution beginning on page 22 of this proxy statement.

SPECIAL FACTORS

Background of the Princeton Sale and the Related Plan of Liquidation and Dissolution

New Century (formerly Billing Concepts Corp.) was originally in a telecommunications-related industry, and provided billing services to long distance companies through local exchange carriers. The Company also was a provider of telecommunications related billing software and associated professional services. In the late 1990s, our board of directors decided that the company would be in a better position strategically by exiting the telecommunications-related businesses. Therefore, in October 2000, we sold our three primary operating companies (Billing Concepts Inc., Aptis Inc, and Operator Service Company, which we refer to as OSC). This strategy allowed us to focus on our interest in Princeton eCom and the growing electronic bill presentment and payment industry. In addition to Princeton eCom, we have owned or had interests in several companies including Sharps. These businesses are explained in more detail in Information About New Century on page 38.

In 1998 we made our original investment in Princeton eCom, an electronic bill presentment and payment company, and over the past six years we have invested approximately $77 million in Princeton eCom through equity financings. Since 1998, Princeton eCom has raised over $130 million in equity capital from investors, including New Century. In June 2003, as a result of Princeton eCom s continued need for additional financing, and after considering the cash position of New Century, which had no ongoing operations, the board began to discuss the possibility of selling New Century s interest in Princeton eCom. Additionally, the board discussed alternatives if New Century sold its interest in Princeton eCom, including possibly liquidating and distributing the proceeds from the sale to New Century s stockholders.

During the later part of 2002 and the first half of 2003, New Century s management held discussions with a potential merger candidate for New Century, but the conversations ultimately ended without any transaction occurring. In addition, New Century management contemplated other alternatives, such as locating an acquiror that could use the substantial net operating losses and capital loss carryforwards held by New Century. Ultimately, these efforts were not successful.

In September 2003, the management of Princeton eCom engaged in unsolicited discussions with several potential strategic acquirors. Discussions continued through December 2003 without any agreement being reached. During this period, Princeton eCom expressed the desire to engage in an additional financing to raise growth capital and fund losses which were generated as a result of the loss of several customers. New Century had informed Princeton eCom in October 2003 that it would not participate in any additional financings, and in December 2003, the board authorized Mr. Holmes to discuss with Princeton eCom the possibility that, in the event Princeton eCom was not acquired, one or more of the new or existing investors in a financing of Princeton eCom might have an interest in purchasing New Century s holdings in Princeton eCom.

On January 20, 2004, Princeton eCom received a non-binding term sheet for a new financing from Conning Capital, which included amounts for buying out New Century s interest in Princeton eCom. The initial proposal was not acceptable. Therefore, New Century s management engaged in negotiations with the Princeton eCom investors regarding the provisions of the term sheet related to the buyout of New Century s holding in Princeton eCom. Over the next month, New Century s management continued to engage in negotiations with the investors regarding the non-binding term sheet. The items negotiated were primarily the purchase price for New Century s interests in Princeton eCom, the closing conditions, and our requirement that New Century be released from its guarantee of the lease of the Princeton eCom offices in Princeton, New Jersey.

On February 18, 2004, the board was conducting a special meeting regarding the Princeton Sale when it was informed that the Princeton eCom investors had agreed to pay $10,000,000 for New Century s holdings in Princeton eCom, and that Princeton eCom had agreed to obtain a release for New Century from its guarantee of the Princeton eCom office lease. The board then established a special committee of its independent directors to review the offer. The special committee engaged Houlihan Lokey as its financial advisor with respect to the offer. A final non-binding term sheet was agreed to on February 23, 2004.

Drafts of the financing documents for the Princeton eCom financing that provided the funds for the Princeton Sale were delivered to Princeton eCom and New Century on February 27, 2004. A draft of the Princeton Purchase Agreement was delivered to New Century on March 8, 2004. After negotiations with respect to such documents, final documents for both transactions were executed by the parties on March 29, 2004, and effective as of March 25, 2004.

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On March 22, 2004, our board of directors held a meeting for the purpose of considering the Princeton Sale and related Plan of Liquidation and the other alternatives available to us. Also present at this meeting were representatives of Gibson, Dunn & Crutcher LLP, our outside special legal counsel, Houlihan Lokey, our financial advisor, and members of management. At this meeting, Gibson, Dunn presented a summary of the terms of the proposed Princeton Sale, the Plan of Liquidation and discussed our board of directors fiduciary duties. Management presented its analysis of the alternatives available to us, including liquidation, and the net assets that management believed would be available for distribution to stockholders pursuant to the Plan of Liquidation. Houlihan Lokey presented its opinion that the consideration to be paid by the Purchasers in the Princeton Sale was fair, from a financial point of view, to our stockholders other than Mr. Holmes. After meeting separately, the special committee then recommended approval of the Princeton Sale and related Plan of Liquidation. After lengthy discussions, our board of directors unanimously approved the Princeton Sale and approved our dissolution, subject to stockholder approval. At a subsequent meeting on March 25, 2004, the board of directors approved the Plan of Liquidation. Our board of directors concluded that the Princeton Sale was in the best interests of the stockholders, and that the Plan of Liquidation and our dissolution were advisable and in the best interests of New Century and its stockholders.

The Princeton Purchase Agreement was signed on March 29, 2004, effective as of March 25, 2004, and publicly announced after the close of trading that day.

Recommendation of Our Board of Directors

At meetings on March 22 and 25, 2005, our board of directors, by unanimous vote, recommended that our stockholders vote for the approval of the Princeton Sale, the related Plan of Liquidation and our dissolution.

In making its decision regarding the proposal, the board of directors considered the following factors:

- we do not currently have any operating businesses;

- our interest in Princeton eCom was diluted and we lost our seat on Princeton eCom s board of directors as well as other rights as a stockholder in connection with a Princeton eCom financing in March 2004 in which we did not participate;

- the board believes that the value of Princeton eCom stock held by New Century will decrease significantly over time due to Princeton eCom s potential need for continued financing, and the fact the New Century cannot participate in additional financings;

- as early as mid-to-late 2005, we anticipate that we will have to begin liquidating our holdings in Princeton eCom to pay our operating expenses thereby further diluting our interest in Princeton;

- the low probability that we would obtain, within a reasonable period of time under the circumstances, any viable offer to engage in an attractive alternative transaction;

- our board of directors belief that distribution of our assets in liquidation could produce more value to our stockholders than if the stockholders held their shares;

- our board of directors belief that it would be in the best interests of our stockholders to allow our stockholders to determine how to invest available cash rather than us pursuing an acquisition strategy involving the investment of our limited amount of available cash in other businesses;

- the special committee of the board, comprised of the board s independent directors, had reviewed and recommended the transaction for approval by the board;

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the special committee has received the opinion of Houlihan Lokey that the consideration to be received in the Princeton Sale was fair, from a financial point of view, to our stockholders other than Mr. Holmes; and

the board believes that liquidating now will provide the greatest value to our stockholders, because the sooner the Princeton Sale and related liquidation is approved, the less cash will be used for operations prior to the distribution.

Our board of directors also identified and considered potentially negative factors involved in the Princeton Sale and related Plan of Liquidation, including the possibility that liquidation would not yield distributions to stockholders in excess of the amount that stockholders could have received upon a sale of New Century or a sale of shares on the open market, that stockholders will lose the opportunity to capitalize on any potential future success of Princeton eCom, that stockholders will lose the opportunity to capitalize on any potential future success of New Century had we elected to pursue an acquisition strategy or otherwise use our available cash to continue as a going concern, that distributions might not be made in the near future and that under applicable law our stockholders could be required to return to creditors some or all of the distributions made to stockholders in the liquidation.

The foregoing discussion of the information and positive and negative factors considered and given weight by our board of directors is not intended to be exhaustive. Our board of directors did not quantify or otherwise assign relative weights to the specific factors considered in reaching its determination.

Our board of directors believes that the Princeton Sale, the related Plan of Liquidation and the dissolution of our company are in the best interests of our stockholders and recommends a vote FOR this proposal. It is intended that shares represented by the enclosed form of proxy will be voted in favor of this proposal unless otherwise specified in such proxy.

The Special Committee

On February 18, 2004, the board of directors established a special committee of the board of directors, consisting of C. Lee Cooke, Gary Becker, Justin Ferrero and Steve Wagner, our independent outside directors. On February 18, 2004, the special committee approved the retention of Houlihan Lokey as financial advisor. On March 22, 2004, the special committee recommended that, subject to the approval of our stockholders, the board of directors approve the Princeton Sale, and on March 25, 2004 the special committee recommended that, subject to the approval of our stockholders, the board of directors adopt the Plan of Liquidation and approve our dissolution.

Opinion of Houlihan Lokey

The special committee to the board of directors of New Century engaged Houlihan Lokey to act as their financial advisor in connection with the Princeton Sale, and to assist the special committee in evaluating the Princeton Sale. The special committee did not engage Houlihan Lokey in connection with the Plan of Liquidation. On March 22, 2004, Houlihan Lokey rendered its written opinion to the Special Committee that, as of such date, and based upon qualifications, assumptions, limitations and other matters set forth in the written opinion, the consideration to be received by New Century in the Princeton Sale is fair, from a financial point of view, to the stockholders of New Century, other than Parris H. Holmes, Jr.

The full text of Houlihan Lokey s written opinion, which sets forth the assumptions made, matters considered and limits on the review undertaken, is attached as Exhibit C to this proxy statement and is incorporated herein by reference. You are urged to read the Houlihan Lokey opinion carefully and in its entirety. This summary of the opinion of Houlihan Lokey is qualified in its entirety by reference to the full text of the opinion.

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In reading the description of the Houlihan Lokey fairness opinion set forth below, you should be aware that such fairness opinion:

- was provided to the special committee for their benefit and use in connection with their consideration of the Princeton Sale;
- did not constitute a recommendation to the special committee in connection with the Princeton Sale or the Plan of Liquidation;
- does not constitute a recommendation to any holders of New Century s common stock as to how to vote in connection with the Princeton Sale or the Plan of Liquidation; and
- did not address the underlying business decision to pursue the Princeton Sale or the relative merits of the Princeton Sale.

Overview of Houlihan Lokey s Fairness Opinion

Although Houlihan Lokey evaluated the financial fairness of the Princeton Sale, the terms and conditions of the Princeton Sale were determined by arm s-length negotiations between New Century s management and the buyers of New Century s capital stock in Princeton eCom. None of New Century, its board of directors or the special committee provided specific instructions to, imposed any limitations on the scope of investigation by, or put in place any procedures to be followed or factors to be considered by, Houlihan Lokey in performing its analyses or providing its fairness opinion.

In connection with rendering its fairness opinion, Houlihan Lokey, among other things:

- reviewed the Company s annual reports to shareholders on Form 10-K for the fiscal years ended 2001 and 2002, and the quarterly report on Form 10-Q for the three quarters ended September 30, 2003;
- reviewed Princeton eCom s audited financial statements for the fiscal years ended December 31, 2001 and 2002, and unaudited interim financial statements for the fiscal year ended December 31, 2003, which Princeton eCom s management has identified as being the most current financial statements available;
- reviewed copies of the following documents:
  - Princeton eCom Business Review Presentations to Conning and Mellon dated February 9, 2004 and February 13, 2004, respectively;
  - the draft Stock Purchase Agreement by and among the Company, and each of Mellon, Lazard and Conning (the Stock Purchase Agreement) dated March 18, 2004; and
  - the draft Series D-1 Convertible Preferred Stock and Warrant Purchase Agreement by and among Princeton eCom and each of Mellon, Lazard and Conning dated March 18, 2004;
- reviewed the Company s draft proxy statement dated March 19, 2004;
- met with certain members of the senior management of Princeton eCom to discuss the operations, financial condition, future prospects and projected operations and performance of Princeton eCom;
- visited the business offices of Princeton eCom;
- reviewed forecasts and projections prepared by Princeton eCom s management with respect to Princeton eCom for the years ended December 31, 2004 through 2006;
- reviewed the historical market prices and trading volume for New Century s publicly traded securities;

reviewed certain other publicly available financial data for certain companies that Houlihan Lokey deemed comparable to Princeton eCom, and publicly available prices and premiums paid in other transactions that Houlihan Lokey considered similar to the Princeton Sale; and

conducted such other studies, analyses and inquiries as Houlihan Lokey deemed appropriate.

In preparing its opinion, Houlihan Lokey relied upon and assumed, without independent verification, that the financial forecasts and projections provided by Princeton eCom have been reasonably prepared and reflect the best currently available estimates of the future financial results and condition of Princeton eCom, and that there has been no material change in the assets, financial condition, business or prospects of Princeton eCom since the date of the most recent financial statements made available to Houlihan Lokey.

Houlihan Lokey did not independently verify the accuracy and completeness of the information supplied to it with respect to Princeton eCom. It did not make any physical inspection or independent appraisal of any of the properties or assets of Princeton eCom. Nor did Houlihan Lokey solicit third party indications of interest in acquiring all or any part of Princeton eCom. Its opinion is necessarily based on business, economic, market and other conditions as they exist and can be evaluated by Houlihan Lokey at the date of its opinion.

Overview of Houlihan Lokey s Reviews and Analyses

The following is a summary of the principal reviews and financial and valuation analyses presented by Houlihan Lokey to the Special Committee at its meeting held on March 22, 2004, upon which Houlihan Lokey s fairness opinion is based. This summary does not purport to be a complete description of the analyses underlying Houlihan Lokey s fairness opinion. All such reviews and financial and valuation analyses were based on information available to Houlihan Lokey on March 22, 2004, and Houlihan Lokey has assumed no responsibility for updating or revising its opinion based on circumstances or events occurring after such date, except as may be requested by the Special Committee in accordance with the terms of its engagement letter with Houlihan Lokey.

With respect to the Princeton Sale, Houlihan Lokey noted that the total consideration to be paid to the Company consists of $10 million in cash and the release of New Century s guarantee of the lease of the Princeton eCom offices in Princeton, New Jersey (the Guarantee). As a result of Princeton eCom s present financial status, Houlihan Lokey placed a high probability on the necessity of New Century to perform under the Guarantee. Houlihan Lokey estimated the value of the release of the Guarantee based on its estimate of the probability of Princeton eCom defaulting under the lease and different assumptions on the timing of the potential default. Houlihan Lokey then discounted the results using a risk-adjusted rate resulting in a present value of the Guarantee of between $3.7 million and $7.4 million. Total consideration to be received by the Company with respect to the Princeton eCom sale was determined to be in the range of $13.7 million and $17.4 million.

New Century holds approximately 24.0% of Princeton eCom s Series D-1 Convertible Preferred Stock (Series D-1), 35.6% of the Series A-1 Convertible Preferred Stock (Series A-1), Series B-1 Convertible Preferred Stock (Series B-1), and Series C-1 Convertible Preferred Stock (Series C-1) on a combined basis and 56.9% of the common stock. New Century also holds warrants to purchase Series A-1 exercisable for 1,793,333 shares of Series C-1, and 1,000,000 shares of Series D-1, both priced at $0.30 a share. Houlihan Lokey analyzed New Century s equity interests in Princeton eCom under different approaches and compared the results to the consideration to be received in the Princeton Sale.

Valuation of Princeton eCom:

Houlihan Lokey performed the following analyses in order to determine the equity value of Princeton eCom:

Market Multiple Methodology: Houlihan Lokey reviewed certain financial information of comparable, publicly traded companies selected by Houlihan Lokey. The comparable public companies included:

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Checkfree Corporation, Corillian Corporation, Cybersource Corporation and Online Resources Corporation (collectively, the Comparables). Houlihan Lokey calculated multiples of enterprise value (EV) to latest twelve months (LTM) revenue and EV to next-fiscal-year (NFY) revenue. Market value of equity (MVE) is calculated by multiplying the per share price of an entity s common equity securities by the fully diluted shares of the entity. EV is calculated by adding an entity s MVE plus the face value of its existing debt, net of holdings of cash and equivalents and preferred stock.

Houlihan Lokey s analysis showed that the multiples exhibited by the Comparables are as follows:

	Market Multiple Methodology			
	Low	**High**	**Mean**	**Median**
EV/LTM Revenue	2.89x	4.12x	3.63x	3.75x
EV/NFY Revenue	2.55x	3.99x	3.25x	3.22x

Houlihan Lokey derived indications of the EV of Princeton eCom by (i) applying selected EV/Revenue multiples in the range of 1.5x to 1.75x to certain adjusted operating results for the latest twelve months ended December 31, 2003, and (ii) applying selected EV/Revenue multiples in the range of 1.0x to 1.25x to certain adjusted operating results for the projected twelve months ending December 31, 2004 to arrive at an indication of EV. Houlihan Lokey believes that investors would view Princeton eCom as a privately-held, early stage venture, and providers of capital will expect returns on their investment that are materially in excess of the public company comparables. As such, Houlihan Lokey selected revenue multiples at a significant discount to the Comparables revenue multiples in order to capture a potential investor s risk-adjusted return requirements. Based on the above, Houlihan Lokey estimated the EV of Princeton eCom to be in the range of $28.4 million to $34.2 million.

To determine Princeton eCom s equity value, EV was reduced by the face amount of $1.6 million of debt and increased by the value of the net operating losses (as described below) of $1.7 million. This resulted in the aggregate value of equity, as expressed on a minority interest basis, of between $28.4 million and $34.3 million.

From the aggregate value of equity, Houlihan Lokey deducted the $5.3 million of liquidation preference attributable to the currently outstanding Series D-1 resulting in a remaining equity value of between $23.1 million and $29.0 million for the Series A-1, Series B-1, Series C-1 and common stock. The Series A-1, Series B-1 and Series C-1, however, have an aggregate liquidation preference of $36.5 million which results in no value to be allocated to the common stock. Applying New Century s respective ownership percentages of each class of stock yields an implied value of between $9.5 million and $11.6 million.

Comparable Transaction Methodology: Houlihan Lokey reviewed the consideration paid in certain change of control transactions of selected, publicly disclosed transactions that Houlihan Lokey deemed relevant.

As demonstrated below, the analysis showed that the multiples exhibited in the change of control transactions were as follows:

	Comparable Transaction Methodology			
	Low	**High**	**Mean**	**Median**
EV/LTM Revenue	0.72x	4.64x	2.42x	2.42x

In performing its analysis under this approach, Houlihan Lokey considered that the merger and acquisition transaction environment varies over time because of, among other things, interest rate and equity market fluctuations and industry results and growth expectations. No company or transaction used in the analysis described above was directly comparable to Princeton eCom. However, Houlihan Lokey reviewed the foregoing transactions to understand the range of multiples of EV/LTM Revenue paid for companies similar to Princeton eCom.

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Houlihan Lokey derived indications of the EV of Princeton eCom by applying selected EV/Revenue multiples in the range of 1.75x to 2.0x to the adjusted operating results for the latest twelve months ended December 31, 2003 to arrive at an indication of EV. Based on the above, Houlihan Lokey estimated the EV of Princeton eCom to be in the range of $34.1 million to $39.0 million.

To determine Princeton eCom s equity value, the face amount of $1.6 million of debt was deducted from, and the value of the net operating losses (as described below) of $1.7 million was added to the estimated EV. This resulted in the aggregate value of equity, as expressed on a controlling interest basis, of between $34.2 million and $39 million. This approach must be further adjusted to capture the minority interest represented by New Century s equity position in Princeton eCom. A minority discount of 17% was applied resulting in the aggregate value of equity, as expressed on a minority basis, of between $28.4 million and $32.4 million.

From the aggregate value of equity, Houlihan Lokey deducted the $5.3 million of liquidation preference attributable to the currently outstanding Series D-1 resulting in a remaining equity value of between $23.1 million and $27.1 million for the Series A-1, Series B-1, Series C-1 and common stock. The Series A-1, Series B-1 and Series C-1, however, have an aggregate liquidation preference of $36.5 million which results in no value to be allocated to the common stock. Applying New Century s respective ownership percentages of each class of stock yields an implied value of between $9.5 million and $10.9 million.

Value Implied from Current D-1 Financing

Princeton eCom s current issuance of $10.3 million of Series D-1 Preferred stock is another valuation indication considered by Houlihan Lokey. The investors participating in the current financing are receiving, as a group, a 19.3% ownership interest in Princeton eCom, on a fully-diluted basis, which implies a post-money valuation of $53.4 million. To calculate the implied pre-money valuation of $43.1 million, Houlihan Lokey deducted the amount of the new investment, $10.3 million, from the implied post-money valuation. New Century s fully-diluted ownership of Princeton eCom is 33.7%. Therefore, New Century s ownership of Princeton eCom, based on the pre-money valuation of Princeton eCom implied from the current Series D-1 financing, has an implied value of $14.5 million. Houlihan Lokey also noted that the investors in this Series D-1 round of financing will own securities that are senior to all other outstanding securities and will have significant control of six of the seven seats on Princeton eCom s board of directors.

Liquidation Approach

In the event a company may not be viewed as a going-concern, then it is appropriate to also include an analysis that calculates the value of the business in the context of a wind-down of its operations. Absent the current financing, Princeton eCom would be faced with a severe cash short fall, therefore, Houlihan Lokey also valued Princeton eCom under the liquidation approach.

Under the liquidation approach, a company is assumed to be liquidated in an orderly manner. All assets are assumed sold at their estimated fair market value. The liquidation process is assumed to incur transaction costs to effect the orderly sale of all assets. Net cash proceeds are distributed to creditors based on their seniority in the company s capital structure. Cash available, if any, after the creditors have been satisfied is distributed to the equity holders according to their respective liquidation preference.

Using the liquidation approach, Houlihan Lokey estimated the aggregate equity value of Princeton eCom to have speculative value on the low end of the range and $0.9 million on the high end of the range. From these amounts, Houlihan Lokey deducted the liquidation preference attributable to the currently outstanding Series D-1. As the $5.3 million liquidation preference for the Series D-1 is not satisfied, no value is allocated to the other series of preferred stock and common stock. Applying New Century s respective ownership percentage of the Series D-1 yields an implied value of between $0.0 million and $0.2 million.

Value Implied from New Century s Market Capitalization

Houlihan Lokey also considered the implied value of New Century s investment in Princeton eCom as reflected in New Century s market capitalization. New Century s market capitalization (as of March 16, 2004) was approximately $11.1 million, based on a per share price of $0.32. Reducing New Century s market capitalization by cash, net of all liabilities, yields an implied equity value attributable to operations and investments of $7.1 million. Subtracting the book value of New Century s investment in Sharps (the only other investment held by New Century) of $0.7 million yields an implied equity value attributable to New Century s investment in Princeton eCom of $6.4 million.

Valuation Conclusion

Based on the analyses and factors described in the foregoing, Houlihan Lokey determined that New Century s equity interests in Princeton eCom had a speculative value on the low end of the range and $14.5 million on the high end of the range.

Valuation of the Net Operating Losses

Princeton eCom has net operating losses (NOL) that have been valued assuming a change of control transaction for purposes of Internal Revenue Code Section 382. In determining the value of the NOL, Houlihan Lokey estimated the annual utilization rate, which is estimated at approximately $1.4 million as calculated under the Section 382 regulations, and discounted the resulting estimated annual tax savings using a risk adjusted rate. The resulting present value of the tax savings from the NOL is estimated at approximately $1.7 million.

Other Considerations

The preparation of a fairness opinion is a complex process that involves various judgments and determinations as to the most appropriate and relevant methods of financial and valuation analysis and the application of those methods to the particular circumstances. The opinion is, therefore, not necessarily susceptible to partial analysis or summary description. Houlihan Lokey believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered, without considering all of the analyses and factors, would create a misleading and incomplete view of the processes underlying its opinion. Houlihan Lokey did not form an opinion as to whether any individual analysis or factor, whether positive or negative, considered in isolation, supported or failed to support its opinion. In arriving at its opinion, Houlihan Lokey did not assign any particular weight to any analysis or factor considered by it, but rather made qualitative judgments based upon its experience in providing such opinions and on then-existing economic, monetary, financial, capital markets, general business and other conditions as to the significance of each analysis and factor. Any assumed estimates implicitly contained in Houlihan Lokey s opinion or relied upon by Houlihan Lokey in rendering its opinion do not necessarily reflect actual values or predict future results or values. Any estimates relating to the value of the business or securities do not purport to be appraisals or to necessarily reflect the prices at which companies or securities may actually be sold or traded.

The Special Committee retained Houlihan Lokey based upon Houlihan Lokey s qualifications, experience and expertise. Houlihan Lokey is an internationally recognized investment banking firm which, as part of its investment banking business, is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, spin-offs and split-offs, recapitalizations, restructurings and valuations for corporate and other purposes. In the ordinary course of business, Houlihan Lokey and its affiliates may actively trade the equity and debt securities of New Century and may at any time hold a long or short position in such securities.

Under an engagement letter, New Century agreed to pay Houlihan Lokey a customary fee of $100,000 for its services as financial advisor to the Special Committee. In addition, New Century agreed to reimburse Houlihan Lokey, upon request from Houlihan Lokey from time to time, for all out-of-pocket expenses, including the reasonable fees and expenses of its legal counsel, incurred by Houlihan Lokey in

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connection with its engagement. New Century has also agreed to indemnify Houlihan Lokey against specific liabilities in connection with its engagement, including liabilities under the federal securities laws.

Houlihan Lokey had previously provided New Century with valuation services in 2000 in connection with the sale of its three primary operating companies to Platinum Equity. Houlihan Lokey received a customary fee for its services and was reimbursed for its out-of-pocket expenses.

Interests of Management and Directors in Princeton Sale and Plan of Liquidation

The approval of the Princeton Sale and related Plan of Liquidation and our dissolution by our stockholders will have certain effects upon our officers and directors, including those set forth below.

Executive Officer Severance Arrangements. New Century entered into an amended and restated employment agreement with Parris H. Holmes, Jr., our Chief Executive Officer, in November 2001. The agreement provides for a five-year term, subject to automatic extension for an additional one-year term on each one-year anniversary of the Agreement unless terminated early as provided therein, including termination by New Century for cause or termination by Mr. Holmes for good reason. Cause and good reason are defined below. The employment agreement provides for an annual, calendar year base salary of $375,000 and an incentive bonus at the discretion of the compensation committee of the board of directors. The Agreement also provides for a company-paid automobile allowance, club memberships, participation in benefit plans, split-dollar life insurance coverage, certain tax reimbursements and other benefits.

If New Century terminates Mr. Holmes employment without cause (including New Century s election to not extend the employment agreement at any renewal date) or if he resigns his employment for good reason , he will be entitled under his employment agreement to a lump-sum payment in the amount equal to his base salary for the unexpired portion of the five-year term of his Agreement then in effect and without giving effect to any further extension (a maximum payment of $1,875,000), continuation of his benefits through the unexpired term of his employment agreement and vesting of all outstanding stock options, which options would remain exercisable for the longer of the remainder of the exercise period established under the option agreement or three years following the date of termination. Upon permanent disability, Mr. Holmes would receive his then effective salary for 60 months and Company paid benefits for 60 months.

The employment agreement with Mr. Holmes also provides that if, at any time within 24 months of a change of control, he ceases to be an employee of New Century (or its successor) by reason of (i) termination by New Century without cause, or (ii) voluntary termination by the employee for good reason, in addition to the severance stated above, he will be entitled to receive (a) an additional payment, if any, that, when added to all other payments received in connection with a change of control, will result in the maximum amount allowed to be paid to an employee without triggering an excess parachute payment (as defined by the Internal Revenue Code), and (b) a payment or payments equaling the amount of any taxes and interest imposed on any payment or distribution by New Century to the employee upon termination under (i) or (ii) above that constitutes an excess parachute payment.

In an effort to reduce corporate cash expenses, in 2003 Mr. Holmes proposed reductions in his contractual Split-Dollar Life Insurance benefit saving New Century $0.8 million in future cash premium payments and a $135,000 one-time reduction in his cash salary (in exchange for New Century common stock), both of which are explained below in further detail.

As part of Mr. Holmes employment agreement, New Century entered into a split-dollar life insurance agreement with a trust beneficially owned by Mr. Holmes, pursuant to which New Century paid the annual insurance premium of $0.2 million. The underlying life insurance policy had a face value of $4.5 million and required remaining annual premium payments through March 2012, totaling $1.5 million. In December 2003, Mr. Holmes and New Century agreed to amend the employment agreement and terminate the provisions of the employment agreement related to the split-dollar insurance agreement in exchange for payments by New Century to, and on behalf of, Mr. Holmes totaling $0.7 million in cash.

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Accordingly, New Century assigned to Mr. Holmes, and Mr. Holmes assumed, all future obligations and benefits related to the split-dollar insurance agreement. Mr. Holmes released and discharged New Century from any further obligation to provide or fund any life insurance for his benefit, including through the split-dollar insurance agreement.

In August 2003, New Century issued 435,484 shares of its common stock to Mr. Holmes in exchange for a one-time salary reduction of $135,000 for the employment period of October 1, 2003 to September 30, 2004. These shares were issued under New Century s Comprehensive Stock Plan.

New Century entered into an amended employment agreement with David P. Tusa, our Chief Financial Officer, in November 2001. This agreement expires eighteen months from its effective date, subject to automatic extension of successive eighteen-month terms unless New Century elects not to extend the employment agreement. The employment agreement is subject to early termination as provided therein, including termination by New Century for cause or termination by Mr. Tusa for good reason. Mr. Tusa s annual base salary under the employment agreement is $192,500. The employment agreement provides for incentive bonuses at the discretion of the compensation committee of the board of directors. The agreement also provides for a company-paid automobile allowance, club memberships, participation in benefit plans, certain tax reimbursements and other benefits.

Mr. Tusa s employment agreement provides that if New Century terminates his employment without cause (including New Century s election to not extend the employment agreement at any renewal date) or if he resigns his employment for good reason, he will be entitled to a lump-sum payment equal to eighteen months of his then effective annual base salary, currently $288,750, and continuation of his benefits through the severance period. After August 1, 2004, Mr. Tusa would be entitled to a lump-sum payment equal to twenty-four months of his then effective annual base salary and continuation of his benefits through the severance period.

The employment agreement also provides that if, at any time within 24 months of a change of control, Mr. Tusa ceases to be an employee of New Century (or its successor) by reason of (i) termination by New Century (or its successor) without cause, or (ii) voluntary termination by the employee for good reason, he will be entitled to receive a lump-sum payment in the amount equal to 24 months of his then effective annual base salary, continuation of his benefits for 24 months from such termination and vesting of all outstanding stock options.

For both employment agreements, termination for cause is limited to termination upon the following events:

- conviction of or a plea of nolo contendere to the charge of a felony (which, through lapse of time or otherwise, is not subject to appeal);
- willful refusal without proper legal cause to perform, or negligence in performing, the employee s duties and responsibilities;
- material breach of fiduciary duty to New Century through the misappropriation of company funds or property; or
- the unauthorized absence of employee from work (other than for sick leave or disability) for a period of thirty (30) working days or more during any period of forty-five (45) working days during the term of this Agreement.

After a change of control, cause is limited to the conviction of or a plea of nolo contendere to the charge of a felony which, through lapse of time or otherwise, is not subject to appeal, or material breach of fiduciary duty to New Century through the misappropriation of company funds or property.

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For both agreements, the executives may terminate employment for good reason upon the occurrence of any of the following events:

- removal from the offices employee held on the date of the agreement;
- a material reduction in employee s authority or responsibility, including, without limitation, involuntary removal from the board of directors, but, prior to a change of control, not including termination of employee for cause;
- a reduction in the employee s then effective base salary;
- a requirement that employee relocate more than thirty-five (35) miles from New Century s current corporate headquarters, or in the case of Mr. Holmes, relocation of New Century s headquarters from Bexar County, Texas; or
- New Century otherwise commits a material breach of the agreement.

A change of control is deemed to have occurred if

- more than 30% of the combined voting power of New Century s then outstanding securities is acquired, directly or indirectly;
- at any time during the 24 month period after a tender offer, merger, consolidation, sale of assets or contested election or any combination of such transactions, at least a majority of New Century s board of directors ceases to consist of continuing directors (meaning directors of New Century who either were directors prior to such transaction or who subsequently became directors and whose election or nomination for election by New Century s stockholders, was approved by a vote of at least two-thirds of the directors then still in office who were directors prior to such transaction);
- the stockholders of New Century approve a merger or consolidation of New Century with any other corporation other than a merger or consolidation that would result in the voting securities of New Century outstanding, immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 60% of the total voting power represented by the voting securities of New Century or such surviving entity outstanding, immediately after such merger or consolidation; or
- the stockholders of New Century approve a plan of complete liquidation of New Century or an agreement of sale or disposition by New Century of all, or substantially all, of New Century s assets.

Consummation of either the Princeton Sale or the related Plan of Liquidation would constitute a change of control under the employment agreements.

In connection with its deliberations about the Princeton Sale and the related Plan of Liquidation, the special committee considered the termination and severance provisions of the employment agreements with the assistance of outside counsel. The special committee with the assistance of outside counsel determined that the effect of the liquidation on the employment agreements was unclear, in that it was unclear whether the employees would be deemed terminated without cause at the end of the three year dissolution period, which would entitle them to severance for termination without cause. The special committee also determined with the assistance of outside counsel that it was unclear whether the employees would be able to exercise termination for good reason under their contracts due to the arguable reduction in responsibility after New Century files its articles of dissolution in connection with the Plan of Liquidation, which would result in the executives being able to terminate their employment for good reason within 24 months of the change in control. The special committee, after discussions with outside counsel, felt that strong arguments could be made that the employees would be deemed terminated without cause at the end of the three year dissolution period, and that they would be able to terminate their employment for good reason.

In addition, the special committee considered the fact that the Princeton Sale and related Plan of Liquidation, while a change of control under the employment agreements, would not be deemed a change of control under the Internal Revenue Code, and thus the excess parachute payment regulations of the Internal Revenue Code would not apply to payments received by Mr. Holmes, even if Mr. Holmes were terminated as a result of the change in control. As a result, the special committee with the assistance of outside counsel determined that it is unclear whether the provision of the employment agreement entitling Mr. Holmes to an additional payment to bring him to the maximum amount payable that would not be considered an excess parachute payment is applicable with respect to the Princeton Sale and related Plan of Liquidation, although the special committee with the assistance of outside counsel felt that a strong argument could be made that he would be entitled to such a payment. The special committee also considered the poor health of Mr. Holmes, and whether Mr. Holmes would be able to terminate his contract pursuant to its disability provisions, which would result in Mr. Holmes receiving severance of five years salary plus benefits.

The special committee, with the assistance of outside counsel, determined that if after a change of control, Mr. Holmes were to be terminated without cause, or he were to terminate his employment for good reason, and the provisions of his employment agreement regarding excess parachute payments applied, he would be entitled to a severance payment of approximately $2.5 million, consisting of salary, benefits and tax gross-up payments, as well as the additional payment to bring him to the maximum amount payable that would not be considered an excess parachute payment.

Based on these considerations, Mr. C. Lee Cooke, one of New Century s independent directors representing the special committee, entered into discussions with Mr. Holmes and Mr. Tusa regarding their employment agreements. As a result of conversations between Messrs. Cooke and Holmes, Mr. Holmes agreed to accept, and the board of directors without Mr. Holmes participating agreed to pay him, a severance payment of approximately $2.005 million, consisting of 60 months salary, medical coverage and related tax payments. Mr. Holmes agreed to give up his right to his other fringe benefits over the remaining term of his contract, his right to claim a payment that would allow him to receive the maximum amount payable without creating an excess parachute payment, and his right to indemnification with respect to any excess parachute payment or any subsequent Internal Revenue Service investigations in respect of a potential excess parachute payment. The amount of salary, benefits and tax gross-up payments that Mr. Holmes will be paid is equal to the amount he would be entitled to receive (assuming the additional payment with respect to the excess parachute payment limit is not payable) if his contract were terminated without cause on November 1, 2004, the date on which his contract automatically renews for a five year term, less approximately $245,000 in fringe benefits that he has given up his right to claim. If Mr. Holmes employment were terminated without cause on any other day than November 1, 2004, the amount of salary, benefits and tax gross-up payments he would be entitled to under his contract would be less, because his contract entitles him to these amounts for the remaining term of his contract, and the remaining term of his contract would be less than a full five years. Assuming that Mr. Holmes were to be deemed entitled to the payment described above to bring him to the maximum amount payable that would not be considered an excess parachute payment (which may or may not be the case), his payment under the severance arrangement approved by the board of directors would be approximately $495,000 less than what he would have been entitled to had his employment been terminated without cause. In agreeing to this severance arrangement, the board of directors, with Mr. Holmes not participating, also took into account the actions Mr. Holmes took in 2003 to reduce New Century s expenses with respect to his salary and his split-dollar life insurance arrangements.

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In reviewing Mr. Tusa s severance arrangements, the special committee noted that Mr. Tusa was entitled to 24 months severance after a change in control, and that the amount of Mr. Tusa s severance was not unreasonable in view of his services to New Century. Consequently, given the uncertainties over the interpretations of the agreement, the special committee decided to pay Mr. Tusa s severance as set forth in the agreement. Those payments are also set forth below.

Name and Principal Position	Severance Period	Total Severance Payments	Certain Other Benefits
Parris H. Holmes, Jr. Chairman of the Board and Chief Executive Officer	60 months	$1,875,000	Continued medical and tax gross-up payments(1) for 60 months; full acceleration of all outstanding options(3)
David P. Tusa Executive Vice President, Chief Financial Officer and Corporate Secretary	24 months	$ 385,000	Continued employee benefits (medical, club, automobile and tax gross-up payments)(2) for 24 months; full acceleration of all outstanding options(3)

(1) Payments to Mr. Holmes for these benefits are estimated to be $130,000.

(2) Payments to Mr. Tusa for these benefits are estimated to be $121,000.

(3) As noted above, none of these options are in-the-money, and we do not expect them to be exercised.

Other Interests of Executive Officers and Directors. Prior to and unrelated to the Princeton Sale, in April 2000, the Board of Directors of Princeton eCom approved a restricted stock grant to Mr. Holmes. The restricted stock grant consisted of an interest in the Princeton eCom stock held by New Century, equal to 2% of Princeton eCom s fully diluted shares. The restricted stock grant vested on April 30, 2003. As a result of the Princeton Sale, Mr. Holmes would receive a payment of approximately $601,000 for his 2% interest. Mr. Holmes has served on the Board of Princeton eCom since September 1998. Mr. Holmes served as Chairman of the Board of Princeton eCom from January 2002 until December 2002. Mr. Holmes also directly owns 333,333 shares of Princeton eCom s Series B-1 preferred stock and 208,770 shares of Princeton eCom s Series D-1 preferred stock. Mr. Holmes direct holdings are not part of the Princeton Sale.

Mr. Tusa served as a member of the Board of Princeton from August 2001 until June 2002. Mr. Tusa does not own any Princeton eCom stock and would not receive any payments as a result of the Princeton Sale.

As of March 22, 2004, our current executive officers and directors held, directly or indirectly, an aggregate of 1,283,428 shares of our common stock and options to purchase an aggregate of 4,612,406 shares of our common stock.

The table below sets forth information concerning stock options held by each of our executive officers and directors, as of March 22, 2004.

Name	Total Options Outstanding
Parris H. Holmes, Jr.	2,858,333(1)
David P. Tusa	856,667
Gary D. Becker	140,000
C. Lee Cooke, Jr.	577,406
Justin L. Ferrero	130,000
Stephen M. Wagner	50,000

(1) Includes options for 333,333 shares of common stock held by Mr. Holmes spouse.

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None of the options held by our executive officers and directors are considered in-the-money. Options would be considered in-the-money if the exercise price of the option were less than $0.27 per share, which is the high end of our estimated range of aggregate approximate liquidation distributions to stockholders. As a result, we do not anticipate that any currently outstanding options will be exercised.

Severance Amounts for Non-Executive Employees. The board of directors has approved severance arrangements for our three non-executive employees that consist of six months severance and certain benefits for total payments of approximately $124,000.

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PROPOSAL 1 APPROVAL OF PRINCETON SALE AND RELATED PLAN OF LIQUIDATION AND DISSOLUTION AND APPROVAL OF DISSOLUTION

Our board of directors is proposing the Princeton Sale, the related Plan of Liquidation and our dissolution for approval by our stockholders at the special meeting. The Princeton Sale and our related liquidation and dissolution was approved by our board of directors, subject to stockholder approval, at meetings on March 22 and March 25, 2004. A copy of the Princeton Purchase Agreement is attached to this proxy statement as Exhibit A, and a copy of the proposed Plan of Liquidation is attached as Exhibit B. The material features of the Princeton Sale and the related Plan of Liquidation are summarized below. This summary is not complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Princeton Purchase Agreement and the Plan of Liquidation. **Stockholders are urged to read the Princeton Purchase Agreement and the related Plan of Liquidation in their entirety.**

Our board of directors recommends that our stockholders vote FOR the approval of the Princeton Sale, the related Plan of Liquidation and our dissolution.

Factors to be Considered by Stockholders in Deciding Whether to Approve the Princeton Sale, the Related Plan of Liquidation and Our Dissolution

There are many factors that stockholders should consider when deciding whether to vote to approve the Princeton Sale, the related Plan of Liquidation and our dissolution, including those set forth under the captions Special Factors and Background of the Princeton Sale and the Related Plan of Liquidation and Dissolution, and the following factors:

We believe that the Princeton Sale allows us to obtain more for our holdings in Princeton eCom than other available alternatives.

As explained below in more detail, Princeton eCom is a company that offers electronic bill presentment and payment services. Its business is highly competitive and capital intensive. As a result of our inability to participate in Princeton eCom financings, our interest in Princeton eCom was diluted, and we lost out seat on the Princeton eCom board of directors in conjunction with the financing completed in March 2004. We also believe that Princeton eCom may need to raise additional funds through future financings to support its business plan. If Princeton eCom requires additional financing and/or we sell a portion of our interest in Princeton eCom to fund corporate operating expenses, our position in Princeton eCom will be further and significantly diluted. In addition, as explained below, we continue to incur expenses of operating our company without any incoming cash flow. Therefore, in order to maximize the value to our stockholders, we believe that the Company should be liquidated as soon as practicable.

The investment in Princeton eCom to date has not provided cash returns to New Century to help us fund our operations, and we do not anticipate that the investment will provide cash returns to us in the future.

The assets of New Century consist primarily of our equity investments in Princeton eCom and Sharps, and we have no sources of cash flow to fund our operations besides realization of our equity investments. We currently anticipate that as early as mid to late 2005, we will need to begin the process of liquidating portions of our position in Princeton eCom to raise cash necessary to pay our corporate overhead expenses as well as expenses associated with being a public company. This would further dilute the Company s interest in Princeton eCom.

We do not currently have a viable plan to continue as an operating business.

If our stockholders fail to approve the Princeton Sale and the related Plan of Liquidation, we will be required to sell assets to fund our operating expenses or sell New Century. Assuming the current level of overhead of approximately $185,000 per month, we estimate that New Century could operate until mid to late 2005. We would then be required to begin liquidating a portion of our holdings in Princeton eCom to pay our corporate operating expenses. The board of directors has considered other alternatives, and believes

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the Princeton Sale and the related Plan of Liquidation to be the strategy that results in the greatest return to our stockholders.

Our anticipated timing of the Princeton Sale and the related liquidation and dissolution may not be achieved.

Immediately after the special meeting, if our stockholders approve the Princeton Sale, the related Plan of Liquidation and our dissolution, we intend to file a certificate of dissolution with the Secretary of State of the State of Delaware, close the Princeton Sale and sell 375,000 shares of Sharps common stock in a separate private sale. Although we anticipate that we will make an initial distribution to stockholders within 60 days following the special meeting, there are a number of factors that could delay our anticipated timetable, including the following:

- unanticipated delays in closing, or a failure to close, the Princeton Sale;
- unanticipated delays in selling, or a failure to sell, the Sharps common stock;
- any lawsuits or other claims that may be asserted against us;
- any legal, regulatory or administrative delays; and
- any delays in settling our remaining obligations.

We cannot determine with certainty the amount of the distributions to stockholders.

We cannot determine at this time the amount of distributions to our stockholders pursuant to the Plan of Liquidation. This determination depends on a variety of factors, including, but not limited to, the amount required to settle known and unknown debts and liabilities, the resolution of any contingent liabilities, the net proceeds, if any, from the Princeton Sale and the Sharps sale, and other factors. Examples of uncertainties that could reduce the value of or eliminate distributions to our stockholders include unanticipated costs relating to:

- closing either the Princeton Sale or the sale of the Sharps common stock;
- the defense, satisfaction or settlement of lawsuits or other claims that may be made or threatened against us in the future; and
- delays in our liquidation and dissolution, including due to our inability to settle claims.

As a result, we cannot determine with certainty the amount of distributions to our stockholders.

We may not be able to settle all of our obligations to creditors.

We have current and contingent obligations to creditors. Our estimated distribution to stockholders takes into account all of our known obligations and our best estimate of the amount reasonably required to satisfy such obligations. As part of the wind-down process, we will attempt to settle those obligations with our creditors. We cannot assure you that we will be able to settle all of these obligations or that they can be settled for the amount we have estimated for purposes of calculating the likely distribution to stockholders. If we are unable to reach an agreement with a creditor relating to an obligation, that creditor may bring a lawsuit against us. Amounts required to settle obligations or defend lawsuits in excess of the amounts estimated by us will reduce the amount of remaining capital available for distribution to stockholders.

Our board of directors may abandon or delay implementation of the Plan of Liquidation and our dissolution even if approved by our stockholders.

Even if the Princeton Sale, the related Plan of Liquidation and our dissolution are approved by our stockholders, our board of directors has reserved the right, in its discretion, to abandon or delay

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implementation of the Plan of Liquidation and our dissolution. As a result, the Princeton Sale could close without the subsequent liquidation of New Century.

Our stockholders may be liable to our creditors for an amount up to the amount distributed by us if our reserves for payments to creditors are inadequate.

If our stockholders approve the Plan of Liquidation and our dissolution and our board of directors determines to proceed with our liquidation and dissolution, a certificate of dissolution will be filed with the State of Delaware dissolving New Century. Pursuant to Delaware law, we will continue to exist for three years after the dissolution becomes effective, or for such longer period as the Delaware Court of Chancery directs, for the purpose of prosecuting and defending suits against us and enabling us to close our business, to dispose of our property, to discharge our liabilities and to distribute to our stockholders any remaining assets. Under applicable Delaware law, in the event we fail to create an adequate contingency reserve for payment of our expenses and liabilities, each of our stockholders could be held liable for payment to our creditors for his or her pro rata amount of the inadequacy, up to the amount distributed to such stockholder in the liquidation. Accordingly, in such event, a stockholder could be required to return as much as all distributions previously made to such stockholder pursuant to the Plan of Liquidation and could receive nothing from New Century under the Plan of Liquidation. Moreover, in the event a stockholder has paid taxes on amounts previously received by the stockholder, a repayment of all or a portion of such amount could result in a stockholder incurring a net tax cost if the stockholder s repayment of an amount previously distributed does not cause a commensurate reduction in taxes payable. We cannot assure you that the contingency reserve established by us will be adequate to cover all expenses and liabilities.

Stockholders may not be able to recognize a loss for federal income tax purposes until they receive a final distribution from us, which is likely to be three years after our dissolution and could be longer.

As a result of our liquidation, for federal income tax purposes stockholders will recognize gain or loss equal to the difference between (1) the sum of the amount of cash distributed to them and the aggregate fair market value of any property distributed to them, and (2) their tax basis for their shares of our capital stock. A stockholder s tax basis in our shares will depend upon various factors, including the stockholder s cost and the amount and nature of any distributions received with respect thereto. Any loss generally will be recognized only after the final distribution from us has been received, which is likely to be more than three years after our dissolution.

We may be the potential target of a reverse acquisition or other acquisition.

Until we dissolve, we will continue to exist as a public, non-operating shell company. Public companies that exist as non-operating shell entities have from time to time been the target of reverse acquisitions, meaning acquisitions of public companies by private companies in order to bypass the costly and time-intensive registration process to become publicly traded companies. In addition, we could become an acquisition target, through a hostile tender offer or other means, as a result of our cash holdings or for other reasons. If we become the target of a successful acquisition, the new board of directors could potentially decide to either delay or completely abandon the liquidation and dissolution, and our stockholders may not receive any proceeds that would have otherwise been distributed in connection with the liquidation.

Our board members and executive officers may have interests that are different from our stockholders in recommending approval of the Princeton Sale, the related Plan of Liquidation and our dissolution.

As a result of the compensation and benefits payments to our executive officers and employees being made in conjunction with the termination of employment, our possible purchase of an indemnification insurance policy for the benefit of directors and executive officers, and our indemnification obligations to directors and executive officers, members of our board of directors and our executive officers may be deemed to have interests that are different from or in addition to other stockholders in recommending approval of the Plan of Liquidation and our dissolution. Please also refer to Special Factors Interests of Management and Directors in Princeton Sale and Plan of Liquidation on page 16.

The Princeton Purchase Agreement

Princeton eCom Stock

As of March 25, 2004, New Century s ownership percentage of the preferred stock, the outstanding stock and the fully diluted stock of Princeton eCom was 26.5%, 28.9% and 22.9%, respectively. We currently hold 10,166,667 shares of Princeton eCom Series A-1 preferred stock, 2,000,000 shares of Princeton eCom Series B-1 preferred stock, 4,000,000 shares of Princeton eCom Series D-1 preferred stock, 16,911,137 shares of common stock of Princeton eCom, two warrants to purchase Series A-1 preferred stock that are exercisable for 1,793,333 shares of Series C-1 preferred stock, and one warrant to purchase 1,000,000 shares of Series D-1 preferred stock.

Information About the Purchasers

Lazard Technology Partners is a venture capital fund focusing on early stage investments in the ebusiness, communications and enterprise software sectors. Its principal executive offices are located at 30 Rockefeller Plaza, New York, New York 10020. Their telephone number is (212) 632-2626.

Conning Capital Partners is a private equity firm focused on investing in financial services and healthcare services companies. Its main areas of investment include all forms of insurance, banking and finance, capital markets, health care services and employee benefits, and supporting services and technology enterprises within these industries. Its principal executive offices are located at CityPlace II, 185 Asylum Street, Hartford, Connecticut 06103-4105, and its phone number is (860) 541-5300.

Mellon Ventures, Inc. sources, evaluates and structures private equity investments. Its principal executive offices are located at Mellon Ventures, Inc., One Mellon Center, Suite 5210, Pittsburgh, Pennsylvania 15258, and its phone number is (412) 236-3594.

Purchase Price

The purchase price for the Princeton eCom stock is $10,000,000. The purchase price and the Princeton eCom securities owned by New Century have been placed in escrow pending the outcome of our stockholder vote. In the event the stockholders approve the Princeton Sale and the other closing conditions are met, the purchase price will be released to New Century, and the securities will be released to the purchasers. In the event the stockholders do not approve the Princeton Sale, the purchase price will be returned to the Purchasers, and the securities will be returned to New Century.

Princeton eCom Lease Guarantee

As a condition precedent to New Century entering into the Princeton Purchase Agreement, New Century required that it be released from its guarantee of the lease for the Princeton eCom offices. That release was effective as of March 25, 2004.

Contingency Provisions

The Princeton Purchase Agreement includes customary conditions to closing. In the event that we do not receive stockholder approval for the Princeton Sale and the related Plan of Liquidation, or the Princeton Sale does not close for any other reason, then we will continue to hold the Princeton stock, and we will not liquidate New Century.

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Certain Representations, Warranties and Covenants

The Princeton Purchase Agreement contains representations and warranties by us and the Purchasers that are customary for transactions of this type, including representations and warranties with respect to the following:

- due organization;
- good standing;
- authority to enter into the Princeton Purchase Agreement;
- the absence of conflicts or violations of other agreements resulting from the Princeton Sale;
- required governmental filings and consents;
- broker s fees; and
- the absence of litigation.

In addition, New Century has made additional representations and warranties in the Princeton Purchase Agreement with respect to information in the proxy statement, other than information relating to the audited financial statements and related notes of Princeton eCom and information provided by the Purchasers for inclusion in the proxy statement, its title to the securities being sold pursuant to the agreement, and the lack of liens with respect to the securities. New Century has also agreed to call a special meeting of its stockholders and send this proxy statement to its stockholders.

The purchasers have made additional representations and warranties with respect to:

- sufficiency of funds to pay the purchase price;
- each purchaser s status as an accredited investor and the investment purpose of each purchaser; and
- the fact that New Century has made no representations or warranties with respect to Princeton eCom.

The purchasers have also agreed not to challenge the Plan of Liquidation, and to not seek indemnification from New Century s directors, officers, employees or stockholders, provided that New Century makes provision for any outstanding indemnity claims as set forth in the Princeton Purchase Agreement.

Indemnification

Each of New Century, on the one hand, and the Purchasers, severally and not jointly, on the other hand, have agreed to indemnify the other for breaches of representations, covenants or warranties in the Princeton Purchase Agreement. In addition, New Century has agreed to indemnify the purchasers and Princeton eCom in the event that a New Century stockholder or other third party brings an action or asserts a claim against Princeton eCom or the purchasers challenging the Princeton Sale in any manner, including its fairness, or the Plan of Liquidation.

Termination

The Princeton Purchase Agreement will terminate without closing if the stockholders have not approved the Princeton Sale prior to , 2004. If the Princeton Purchase Agreement is terminated, the purchase price shall be returned from escrow to the Purchasers, and the Princeton eCom securities will be returned to New Century. In addition, New Century will pay the purchasers interest on the purchase price at the rate of 6% per annum for the period the purchase price was in escrow.

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Application of Princeton Sale Proceeds

We estimate that net proceeds to New Century for the Princeton Sale will be approximately $9,460,000. New Century currently intends to utilize the net proceeds from the purchase price as set forth below. New Century may modify, however, the use of the proceeds from the Princeton Sale without further approval of our stockholders. We have estimated the transaction expenses as set forth in more detail in the Liquidation Analysis and Estimates section on page 34, but the high range of our estimated expenses is set forth below:

Legal Expenses	$325,000
Proxy Solicitor	20,000
Printing Expenses	60,000
Transfer Agent	25,000
Financial Advisor	110,000
Total	$540,000

Accounting for the Princeton Sale

The Princeton Sale will be accounted for as a sale of an equity interest in an affiliate. The Company will recognize an accounting gain to the extent that the net proceeds from the sale exceeds the carrying value of the Company s equity interest in Princeton.

Tax Consequences to New Century of Princeton Sale

The Princeton Sale will result in a capital loss of approximately $70 million for income tax purposes. The Company will receive no income tax benefit from this capital loss as capital losses are only utilizable to the extent of capital gains (of which the Company has none).

Regulatory Approvals for Princeton Sale

No regulatory approvals are required in connection with the Princeton Sale or related Plan of Liquidation and our dissolution.

Principal Provisions of the Plan of Liquidation

We will distribute pro rata to our stockholders, in cash or in-kind, or sell or otherwise dispose of, all our property and assets. Our distributions will include the following:

Cash and cash equivalents on hand, including the net proceeds after transaction costs from the Princeton Sale; and

Approximately $277,500, representing the net proceeds from the sale of 375,000 shares of Sharps common stock.

We expect to commence the liquidation as soon as practicable after approval of the Princeton Sale, the Plan of Liquidation and our dissolution by our stockholders and to conclude it on or about the third anniversary thereof by a final liquidating distribution either directly to the stockholders or to one or more liquidating trusts. Any sales of our remaining assets will be made in private or public transactions and on such terms as are approved by our board of directors. We do not anticipate that we will solicit any further votes of our stockholders with respect to the approval of the specific terms of any particular sale of assets approved by our board of directors.

Subject to the payment or the provision for payment of our indebtedness and other obligations, we will distribute from time to time pro rata to the holders of the common stock our cash on hand, together with the cash proceeds of any sales of our other assets. Although the Plan of Liquidation permits us to distribute non-cash assets to our stockholders, our non-cash assets other than our holdings in Princeton

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eCom and Sharps consist mainly of office equipment. As a result, we do not anticipate distributing any non-cash assets. We intend to establish a reserve, referred to as the Contingency Reserve, in an amount determined by our board of directors to be sufficient to satisfy actual and potential liabilities, expenses and obligations. The net balance, if any, of the Contingency Reserve remaining after payment, provision or discharge of all such liabilities, expenses and obligations will also be distributed to our stockholders pro rata.

If deemed necessary by our board of directors for any reason, we may, from time to time, transfer any of our unsold assets to one or more trusts established for the benefit of our stockholders, which assets would be sold or distributed on terms approved by our trustees. If all of our assets, including the Contingency Reserve, are not sold or distributed prior to the third anniversary of our dissolution, we will transfer in a final distribution such remaining assets to a trust. Any of such trusts are sometimes referred to in this proxy statement as liquidating trusts.

In the event of a transfer of assets to a liquidating trust, we would distribute, pro rata to the holders of our common stock, beneficial interests in any such liquidating trust or trusts. We anticipate that the interests in any such trusts will not be transferable. Therefore, although the recipients of the interests would be treated for tax purposes as having received their pro rata share of property transferred to the liquidating trust or trusts and will thereafter take into account for tax purposes their allocable portion of any income, gain or loss realized by such liquidating trust or trusts, the recipients of the interests will not realize the value thereof unless and until such liquidating trust or trusts distribute cash or other assets to them.

The Plan of Liquidation authorizes our board of directors to appoint one or more individuals or entities to act as trustee or trustees of the liquidating trust or trusts and to cause New Century to enter into a liquidating trust agreement or agreements with such trustee or trustees on such terms and conditions as may be approved by our board of directors. Approval of the Plan of Liquidation and our dissolution also will constitute the approval by our stockholders of any such appointment and any liquidating trust agreement or agreements.

We expect to close our stock transfer books and discontinue recording transfers of shares of common stock on the date of our dissolution. In this proxy statement, we sometimes refer to this date of dissolution as the Final Record Date. Thereafter, certificates representing shares of common stock will not be assignable or transferable on our books, except by will, intestate succession or operation of law. After the Final Record Date, we will not issue any new stock certificates, other than replacement certificates.

Following approval of the Plan of Liquidation and our dissolution by our stockholders, a certificate of dissolution will be filed with the State of Delaware. The dissolution will become effective, in accordance with the General Corporation Law of the State of Delaware, or DGCL, upon proper filing of the certificate of dissolution with the Secretary of State or upon such later date as may be specified in the certificate of dissolution. We currently intend to file the certificate of dissolution within approximately 20 days following stockholder approval of the Plan of Liquidation and our dissolution. Pursuant to the DGCL, we will continue to exist for three years after the dissolution or for such longer period as the Delaware Court of Chancery shall direct, for the purpose of prosecuting and defending suits, whether civil, criminal or administrative, by or against our company, and enabling us to gradually settle and close our business, to dispose of and convey our property, to discharge our liabilities and to distribute to our stockholders any remaining assets, but not for the purpose of continuing the business for which we were organized. However, any action commenced by or against us during the three year dissolution period will not terminate by reason of the expiration of the period.

Abandonment or Amendment

Under the Plan of Liquidation, our board of directors may modify, amend or abandon the Plan of Liquidation, notwithstanding stockholder approval, to the extent permitted by the DGCL. We may not amend or modify the Plan of Liquidation under circumstances that would require additional stockholder

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solicitations under the DGCL or the federal securities laws without complying with the DGCL and the federal securities laws.

Liquidating Distributions

Although our board of directors has not established a firm timetable for distributions to our stockholders if the Plan of Liquidation and our dissolution are approved by the stockholders, our board of directors intends to, subject to contingencies inherent to wind-down our business, the closing of the Princeton Sale, and the closing of the sale of 375,000 shares of Sharps common stock, authorize such distributions as promptly as reasonably practicable. We currently anticipate that we will make an initial liquidating distribution to stockholders within approximately 60 days following the Final Record Date, and that the wind-down of administrative operations would be completed by December 2004. We currently expect to distribute in this distribution an initial amount between $0.23 and $0.27 per share (based on 34,653,104 shares of common stock). Our board of directors is, however, currently unable to predict the precise amount or timing of this distribution or any other distributions pursuant to the Plan of Liquidation. Our board of directors, in its sole discretion, will determine the actual amount and timing of all distributions. We expect to conclude the liquidation on or about the third anniversary of the filing of the certificate of dissolution in Delaware by a final liquidating distribution either directly to our stockholders or to a liquidating trust.

If we do not satisfy all of our liabilities and obligations prior to making distributions to our stockholders, we plan to establish a Contingency Reserve and reserve assets deemed by our board of directors to be adequate to provide for such liabilities and obligations.

Uncertainties as to the precise net value of our non-cash assets and the ultimate amount of our liabilities make it impracticable to predict the exact net value ultimately distributed to stockholders. Claims, liabilities and expenses from operations (including operating costs, salaries, income taxes, payroll and local taxes, legal and accounting fees and miscellaneous office expenses), will continue to be incurred following approval of the Plan of Liquidation and our dissolution. These expenses will reduce the amount of assets available for ultimate distribution to stockholders. While we do not believe that a precise estimate of those expenses can currently be made, we believe that available cash and amounts received on the sale of assets will be adequate to provide for our obligations, liabilities, expenses and claims (including contingent liabilities) and that we will make one or more cash or in-kind distributions to stockholders. However, we can give no assurances that available cash and amounts received on the sale of assets will be adequate to provide for our obligations, liabilities, expenses and claims and that we will make cash distributions to stockholders.

Sales of Our Assets

The Plan of Liquidation gives our board of directors the authority to sell all of our remaining assets. Agreements for the sale of assets may be entered into prior to the special meeting and, to the extent required by law, may be contingent upon the approval of the Plan of Liquidation and our dissolution at the special meeting. As mentioned above, the Plan of Liquidation is contingent on the closing of the Princeton Sale. Approval of the Plan of Liquidation and our dissolution will constitute approval of any such agreements and sales. We will sell such remaining assets on such terms as are approved by our board of directors. We may conduct sales by any means, including by competitive bidding or privately negotiated sales. We do not anticipate that we will solicit any further stockholder votes with respect to the approval of the specific terms of any particular sale of assets approved by our board of directors. We do not anticipate amending or supplementing the proxy statement to reflect any such agreement or sale, unless required by applicable law. The prices at which we will be able to sell our various assets will depend largely on factors beyond our control, including, without limitation, the supply and demand for such assets, the rate of inflation, changes in interest rates, the condition of financial markets, the availability of financing to prospective purchasers of the assets and regulatory approvals. In addition, we may not obtain as high a price for a particular asset as we might secure if we were not in liquidation.

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Our sale of an appreciated asset will result in the recognition of taxable gain to the extent the fair market value of such asset exceeds our tax basis in such asset. We believe that we have sufficient useable net operating losses to offset substantially all of the federal income or gain that could be recognized by us for federal income tax purposes.

Our Conduct Following Adoption of the Plan of Liquidation

Following approval of the Plan of Liquidation and our dissolution by our stockholders, our activities will be limited to winding down our affairs, taking such action as we believe may be necessary to preserve the value of our assets and distributing our assets in accordance with the Plan of Liquidation. We will seek to distribute or liquidate all of our assets in such manner and upon such terms as our board of directors determines to be in the best interests of our stockholders. The continuing directors, officers and employees will receive compensation for the duties then being performed as determined by our board of directors. This could include compensation above their regular compensation. We will not make any additional payments above regular compensation to our two executive officers other than the severance arrangements described in Interests of Management and Directors in Princeton Sale and Plan of Liquidation.

Following the approval of the Plan of Liquidation and our dissolution by our stockholders, we will continue to indemnify our officers, directors and employees in accordance with our certificate of incorporation for actions taken in connection with the Plan of Liquidation and the winding down of our affairs. Our obligation to indemnify such persons may be satisfied out of our remaining assets or the assets of any liquidating trust. Our board of directors and the trustees of any liquidating trust may obtain and maintain such insurance as they believe may be necessary or desirable to cover our indemnification obligations under the Plan of Liquidation, including a tail insurance policy described in more detail below.

Contingency Reserve

Under the DGCL, we are generally required, in connection with our dissolution, to pay or make reasonable provision for payment of our liabilities and obligations. Following approval of the Plan of Liquidation and our dissolution by our stockholders, we will pay all expenses and fixed and other known liabilities, or set aside a Contingency Reserve consisting of cash or other assets that we believe to be adequate for payment of those known liabilities, as well as claims that are unknown or have not yet arisen but that, based on facts known to us, are likely to arise or become known to us within 10 years after the date of our dissolution. We currently estimate that the amount of any Contingency Reserve will range from $573,000 to $773,000, but we cannot provide assurance of the actual amount that may be required. Any such amount (in addition to any cash contributed to a liquidating trust, if one is utilized) will be deducted before the determination of amounts initially available for distribution to stockholders.

The actual amount of the Contingency Reserve will be based upon estimates and opinions of our board of directors, derived from consultations with management and a review of, among other things, our estimated contingent liabilities and our estimated operating expenses, including, without limitation, anticipated compensation payments, estimated investment banking, legal and accounting fees, rent, payroll, taxes, miscellaneous office expenses and expenses accrued in our financial statements. The Contingency Reserve may not be sufficient to satisfy all obligations, expenses and liabilities, in which case a creditor could bring a claim against one or more of our stockholders for each stockholder s pro rata portion of the claim, up to the total amount distributed by us to the stockholder pursuant to the Plan of Liquidation. Subsequent to the establishment of the Contingency Reserve, we will distribute to our stockholders any portions of the Contingency Reserve that our board deems no longer to be required.

Liquidating Trust

If deemed necessary, appropriate or desirable by our board of directors for any reason, we may, from time to time, transfer any of our unsold assets to one or more liquidating trusts established for the benefit of our stockholders, which property would thereafter be sold or distributed on terms approved by our trustees. Our board of directors may determine to transfer assets to a liquidating trust in circumstances

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where the nature of an asset is not susceptible to distribution (for example, interests in intangibles) or where our board of directors determines that it would not be in our best interests and our stockholders for such assets to be distributed directly to stockholders at such time. If all of our assets, including the Contingency Reserve, are not sold or distributed to our stockholders prior to the third anniversary of the dissolution, we must transfer in a final distribution such remaining assets to a liquidating trust. Notwithstanding the foregoing, to the extent that the distribution to our stockholders or transfer of any asset cannot be effected without the consent of a governmental authority, no such distribution or transfer shall be effected without such consent. The purpose of a liquidating trust would be to distribute such property or to sell such property on terms satisfactory to the liquidating trustees, and distribute the proceeds of such sale after paying our liabilities, if any, assumed by the trust, to our stockholders. Any liquidating trust acquiring all of our unsold assets will assume all of our liabilities and obligations and will be obligated to pay any expenses and liabilities that remain unsatisfied. If the Contingency Reserve transferred to the liquidating trust is exhausted, such expenses and liabilities will be satisfied out of the liquidating trust s other unsold assets.

The Plan of Liquidation authorizes our board of directors to appoint one or more individuals or entities, including officers, directors, employees, agents or representatives of New Century, to act as trustee or trustees of the liquidating trust or trusts and to cause New Century to enter into a liquidating trust agreement or agreements with such trustee or trustees on such terms and conditions as may be approved by our board of directors. Approval of the Plan of Liquidation and our dissolution by our stockholders will also constitute the approval by our stockholders of any such appointment and any liquidating trust agreement or agreements.

We have no present plans to use a liquidating trust or trusts, but our board of directors believes the flexibility provided by the Plan of Liquidation with respect to the liquidating trusts to be advisable. The trust would be evidenced by a trust agreement between New Century and the trustees. The purpose of the trust would be to serve as a temporary repository for the trust property prior to its disposition or distribution to our stockholders. The transfer to the trust and distribution of interests therein to our stockholders would enable us to divest ourselves of the trust property and permit our stockholders to enjoy the economic benefits of ownership thereof. Pursuant to the trust agreement, the trust property would be transferred to the trustees immediately prior to the distribution of interests in the trust to our stockholders, to be held in trust for the benefit of the stockholder beneficiaries subject to the terms of the trust agreement. We anticipate that the interests would be evidenced only by the records of the trust and there would be no certificates or other tangible evidence of such interests and that no holder of common stock would be required to pay any cash or other consideration for the interests to be received in the distribution or to surrender or exchange shares of common stock in order to receive the interests, subject to our election to require the surrender of stock certificates. See Final Record Date below. We also anticipate that interests in the trust would generally not be transferable.

Potential Liability of Stockholders

Under the DGCL, in the event we fail to create an adequate Contingency Reserve for payment of our expenses and liabilities, or if the Contingency Reserve and the assets held by the liquidating trust or trusts is exceeded by the amount ultimately found payable in respect of our expenses and liabilities, each stockholder could be held liable for the payment to creditors of the amounts received by such stockholder from us or from the liquidating trust or trusts under the Plan of Liquidation. The amount of this liability is limited to the stockholder s pro rata portion of the payment to the creditor in the event we create an adequate Contingency Reserve under the DGCL.

If we were held by a court to have failed to make adequate provision for our expenses and liabilities or if the amount ultimately required to be paid in respect of the liabilities exceeded the amount available from the Contingency Reserve and the assets of the liquidating trust or trusts, a creditor could seek an injunction against us making distributions under the Plan of Liquidation. Any such action could delay or substantially diminish the cash distributions to stockholders.

Also, as stockholders will be deemed to have received a liquidating distribution equal to their pro rata share of the value of the net assets distributed to an entity which is treated as a liquidating trust for tax purposes, the distribution of non-transferable interests could result in tax liability to the interest holders without their being readily able to realize the value of such interests to pay such taxes or otherwise. See Certain Federal Income Tax Consequences.

Final Record Date

We will close our stock transfer books and discontinue recording transfers of shares of common stock on the Final Record Date. Accordingly, after the Final Record Date, certificates representing shares of common stock will not be assignable or transferable on our books except by will, intestate succession or operation of law. After the Final Record Date, we will not issue any new stock certificates, other than replacement certificates. It is anticipated that no further trading of our shares will occur on or after the Final Record Date. All liquidating distributions made by us or a liquidating trust on or after the Final Record Date will be made to stockholders according to their holdings of common stock as of the Final Record Date. Stockholders should not forward their stock certificates before receiving instructions to do so. If surrender of stock certificates should be required, all distributions otherwise payable by New Century or the liquidating trust, if any, to stockholders who have not surrendered their stock certificates may be held in trust for such stockholders, without interest, until the surrender of their certificates (subject to escheat pursuant to the laws relating to unclaimed property). If a stockholder s certificate evidencing the common stock has been lost, stolen or destroyed, the stockholder may be required to furnish us with satisfactory evidence of the loss, theft or destruction, together with a surety bond or other indemnity, as a condition to the receipt of any distribution.

Listing and Trading of the Common Stock and Interests in the Liquidating Trust or Trusts

We currently intend to close our stock transfer books on the Final Record Date and to cease recording stock transfers and issuing stock certificates (other than replacement certificates) at such time. Accordingly, it is expected that trading in record ownership of the shares will cease on and after the Final Record Date.

We do not anticipate that the interests in a liquidating trust or trusts will be transferable.

Absence of Appraisal Rights

Under the DGCL, our stockholders are not entitled to appraisal rights for their shares of common stock in connection with the transactions contemplated by the Princeton Sale or the related Plan of Liquidation.

Regulatory Approvals

We do not believe that any material United States federal or state regulatory requirements must be complied with or approvals obtained in connection with the liquidation.

Reporting Requirements

Even if the Plan of Liquidation and our dissolution are authorized and approved, we will have an obligation to continue to comply with the applicable reporting requirements of the Exchange Act even though compliance with such reporting requirements is economically burdensome. If the Plan of Liquidation and our dissolution are authorized and approved, in order to curtail expenses, we will, after filing our certificate of dissolution, seek relief from the Commission from these reporting requirements. We anticipate that, if such relief were granted, we would continue to file current reports on Form 8-K to disclose material events relating to our liquidation and dissolution along with any other reports that the Commission might require.

Continuing Indemnification and Insurance

Following stockholder approval of the Plan of Liquidation and our dissolution, we will continue to indemnify our officers, directors and employees for their actions in accordance with the terms of our restated certificate of incorporation, including for actions taken in connection with the Plan of Liquidation and the wind-down of our business and affairs. We may enter into indemnification agreements to provide this indemnification. We have maintained, and intend to continue to maintain, director and officer liability insurance for the benefit of such persons. As part of our wind-down, we are considering purchasing a tail policy, meaning we would prepay the premium to continue to maintain such insurance for a period of time for claims made following the filing of our certificate of dissolution. Since our insurance policy may, depending upon the circumstances, require us to pay the initial amount of any liability incurred and then to pay the further costs of defending a claim, subject to reimbursement from the insurance carrier, we intend to provide for this contingency in the Contingency Reserve.

Treatment of Stock Options

Stock options currently outstanding will accelerate because of our liquidation. Because no options have an exercise price less than the expected distribution per share, we do not anticipate that any options will be exercised.

Payment of Expenses

We may, in the discretion of our board of directors, pay any brokerage, agency, professional and other fees and expenses to any person in connection with the sale or other disposition of our assets and the implementation of the Plan of Liquidation.

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Liquidation Analysis and Estimates

Our management has estimated, as of March 22, 2004, the following potentially realizable values or ranges of realizable values for our assets, estimated liabilities and estimated costs of liquidation after we cease operations. There can be no assurance, however, that we will incur costs or be able to settle our liabilities or dispose of our assets within the indicated ranges, or at all. We have not sought current, independent appraisals for any of our assets or liabilities.

	Low Range of Distribution	High Range of Distribution
	(In thousands, except per share data)	
Estimated Value of Assets of New Century		
Cash, cash equivalents(1)	$14,247	$14,247
Total estimated assets	$14,247	$14,247
Estimated Liabilities and Expenses of New Century		
Executive severance costs	$ 2,260	$ 2,260
Executive benefits-related severance costs	251	251
Operating expenses during liquidation	233	233
Payment for stock grant to Mr. Holmes	601	601
Accrued expenses(2)	231	231
Non-executive severance related costs	124	124
D & O insurance and other	1,182	332
Total estimated liabilities and expenses	$ 4,882	$ 4,032
Estimated Costs of Liquidation Transaction	540	445
Reserve for Potential Liabilities and Escrow	773	573
Estimated Net Proceeds Available for Distribution to Stockholders	$ 8,052	$ 9,197
Estimated Net Proceeds Available for Distribution per Outstanding Common Share(3)	$0.2323	$0.2654

(1) Includes cash on hand and the estimated net proceeds of $10,000,000 from the Princeton Sale and $277,500 from the sale of 375,000 shares of Sharps common stock in a privately negotiated transaction.

(2) Includes an estimated settlement of accrued vacation pay, audit fees and franchise/property taxes.

(3) Based upon 34,653,104 shares of common stock outstanding as of March 22, 2004.

The method used by us in estimating the values and value ranges of our assets other than cash and cash equivalents is inexact and may not approximate values actually realized. In addition, our estimates of our liabilities and operating costs are subject to numerous uncertainties beyond our control and also do not reflect any unknown liabilities or contingent liabilities that may materialize. For these reasons, the actual net proceeds distributed to stockholders in liquidation could be significantly less than the estimated amounts shown.

Since the terms of any disposition of assets other than the proceeds from the sale of the stock of Princeton eCom and Sharps have not been determined, we have concluded that pro forma financial information concerning the Plan of Liquidation cannot be presented in any meaningful fashion. The following table sets forth a reconciliation of relevant portions of the estimates set forth above under Liquidation Analysis and Estimates with New Century s stockholders equity, as set forth in its unaudited balance sheet as of March 22, 2004.

	Low Range of Distribution	**High Range of Distribution**
	(In thousands)	
Total stockholders equity as of March 22, 2004	$10,100	$10,100
Decrease in carrying value of assets and liabilities as of March 22, 2004 compared to the estimated fair value	(1,815)	(670)
Total estimated operating costs net of interest income during liquidation	(233)	(233)
Estimated Net Proceeds Available for Distribution to Stockholders	$ 8,052	$ 9,197

Certain Federal Income Tax Consequences

The following discussion is a general summary of the material federal income tax consequences of the Plan of Liquidation to our stockholders, but is not a complete analysis of all the potential tax effects. The discussion addresses neither the tax consequences that may be relevant to particular categories of stockholders subject to special treatment under certain federal income tax laws (such as dealers in securities, banks, insurance companies, tax-exempt organizations, mutual funds, and foreign individuals and entities) nor any tax consequences arising under the laws of any state, local or foreign jurisdiction. The discussion is based upon the Internal Revenue Code of 1986, as amended, which we refer to in this proxy statement as the Code, U.S. Department of the Treasury regulations, Internal Revenue Service, or the IRS, rulings, and judicial decisions now in effect, all of which are subject to change or to varying interpretation at any time. Any such changes or varying interpretations may also be applied with retroactive effect. The following discussion has no binding effect on the IRS or the courts and assumes that we will liquidate substantially in accordance with the Plan of Liquidation.

Distributions pursuant to the Plan of Liquidation may occur at various times and in more than one tax year. We can give no assurance that the tax treatment described herein will remain unchanged at the time of such distributions. No ruling has been requested from the IRS with respect to the anticipated tax treatment of the Plan of Liquidation and one will not be sought. In addition, we will not seek an opinion of counsel with respect to the anticipated tax treatment. If any of the anticipated tax consequences stated herein proves to be incorrect, the result could be increased taxation at the corporate or stockholder level, thus reducing the benefit to New Century and our stockholders of the liquidation. Tax considerations applicable to particular stockholders may vary with and be contingent on the stockholder s individual circumstances and stockholders are urged to consult their own tax advisors.

Consequences to New Century

After the approval of the Plan of Liquidation and our dissolution and until the liquidation is completed, we will continue to be subject to income tax on our taxable income such as interest income, gain from the sale of our assets or income from operations. We will recognize gain or loss with respect to the sale of our assets in an amount equal to the difference between the fair market value of the consideration received for each asset and our adjusted tax basis in the asset sold. Upon the distribution of any non-cash asset to our stockholders pursuant to the Plan of Liquidation (including distributions of assets to a liquidating trust or trusts), we will recognize gain or loss as if such asset were sold to the stockholders at its fair market value, unless certain exceptions to the recognition of loss apply. We anticipate that no such exception will apply and, accordingly, that we should recognize gain or loss on any

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distribution of non-cash assets to stockholders pursuant to the Plan of Liquidation. We believe that we have sufficient useable net operating losses to offset substantially all of the federal income or gain that may be recognized by us for federal income tax purposes.

Consequences to Stockholders

Amounts received by stockholders pursuant to the liquidation will be treated as full payment in exchange for their shares of our common stock. As a result of our liquidation, stockholders will recognize gain or loss equal to the difference between

the sum of the amount of cash distributed to them and the fair market value, at the time of distribution, of any property distributed to them (including distributions of assets to a liquidating trust or trusts), and

their tax basis for their shares of common stock.

A stockholder s tax basis in such stockholder s shares will depend upon various factors, including the stockholder s cost and the amount and nature of any distributions received with respect thereto. A stockholder s gain or loss will be computed on a per share basis. We expect to make more than one liquidating distribution, each of which will be allocated proportionately to each share of stock owned by a stockholder. The value of each liquidating distribution will be applied against and reduce a stockholder s tax basis in such stockholder s shares of stock. Gain will be recognized by reason of a liquidating distribution only to the extent that the aggregate value of such distributions received by a stockholder with respect to a share exceeds such stockholder s tax basis for that share. Any loss generally will be recognized only when our final distribution to stockholders has been received and then only if the aggregate value of the liquidating distributions with respect to a share is less than the stockholder s tax basis for that share. Gain or loss recognized by a stockholder will be capital gain or loss provided the shares are held as capital assets and will be long-term capital gain or loss if the stock has been held for more than one year at the time of the distribution.

Upon any distribution of property, the stockholder s tax basis in such property immediately after the distribution will be the fair market value of such property at the time of distribution. The gain or loss realized upon the stockholder s future sale of that property will be measured by the difference between the stockholder s tax basis in the property at the time of such sale and the proceeds of such sale.

After the close of our taxable year, we will provide our stockholders and the IRS with a statement of the amount of cash distributed to stockholders and our best estimate as to the value of any property distributed to them during that year, although it is not anticipated that we will distribute property other than cash. The IRS could challenge such valuation. As a result of such a challenge, the amount of gain or loss recognized by stockholders might be changed. To the extent we make distributions of property to our stockholders such distributions could result in tax liability to any given stockholder exceeding the amount of cash received, requiring that stockholder to meet the tax obligations from other sources or by selling all or a portion of the assets received.

If a stockholder is required to satisfy any liability of ours not fully covered by our Contingency Reserve, payments by a stockholder in satisfaction of such liabilities would generally produce a capital loss. The deduction of capital losses is subject to limitation under the Code.

Consequences to Optionholders

Terminated (Unexercised) Options. Unexercised options have exercise prices in excess of the anticipated distribution, and consequently we do not expect that any unexercised options will be exercised.

Incentive Stock Options. Generally, holders of ISOs who exercise their options prior to the termination of the options upon our dissolution are not subject to ordinary income tax at the time of exercise. However, the difference, or spread, between the fair market value of the stock received on the date of exercise and the exercise price is included in the employee s alternative minimum taxable income in the year of exercise. Any alternative minimum tax incurred will generally result in an alternative minimum credit carryover. If the employee makes a sale or other disposition (such as a disposition as a result of liquidation), within two years after the grant or within one year after the exercise, of stock received on the exercise of an ISO (a disqualifying disposition), the employee forfeits ISO tax treatment and recognizes ordinary compensation income in the year of disposition, generally equal to the spread on the date of exercise. Any additional gain is capital gain, which will be short-term if the stock is held for one year or less at the time of liquidation. Ordinary income and short-term capital gain are currently subject to tax at a maximum income tax rate of 35%. The maximum amount of the alternative minimum taxable income resulting from a disqualifying disposition made in the year of exercise is the amount of gain upon the disposition and not the spread.

Accordingly, holders of ISOs who were granted their options within the two-year period preceding the liquidation or exercise their options within one year preceding the liquidation will be treated as having made a disqualifying disposition and will recognize ordinary compensation income in the year of liquidation equal to the spread on the date of exercise. It is anticipated that the liquidation will, for this purpose, be deemed to occur within the year 2004 and accordingly holders of ISOs who exercise their options in 2004 will not include the spread in the computation of the alternative minimum tax.

The Liquidating Trust or Trusts

If we transfer assets to a liquidating trust or trusts, we intend to structure such trust or trusts so that stockholders will be treated for tax purposes as having received their pro rata share of the property transferred to the liquidating trust or trusts. In such event, the amount of the distribution will be reduced by the amount of known liabilities assumed by the liquidating trust or trusts or to which the property transferred is subject. The liquidating trust or trusts themselves should not be subject to tax. After formation of the liquidating trust or trusts, the stockholders will take into account for federal income tax purposes their allocable portion of any income, gain or loss recognized by the liquidating trust or trusts. As a result of the transfer of property to the liquidating trust or trusts and the ongoing operations of the liquidating trust or trusts, stockholders should be aware that they may be subject to tax, whether or not they have received any actual distributions from the liquidating trust or trusts with which to pay such tax.

Taxation of Non-United States Stockholders

Foreign corporations or persons who are not citizens or residents of the United States should consult their tax advisors with respect to the U.S. and non-U.S. tax consequences of the Plan of Liquidation.

State and Local Tax

Stockholders may also be subject to state or local taxes and should consult their tax advisors with respect to the state and local tax consequences of the Plan of Liquidation.

The foregoing summary of certain federal income tax consequences is included for general information only and does not constitute legal advice to any stockholder. The tax consequences of the plan may vary depending upon the particular circumstances of the stockholder. We recommend that each stockholder consult his, her or its own tax advisor regarding the tax consequences of the Plan of Liquidation.

Vote Required and Board Recommendation

The approval of the Princeton Sale, the related Plan of Liquidation and our dissolution requires the affirmative vote of the holders of at least two thirds (66 2/3%) of the outstanding shares of common stock.

Our board of directors believes that the Plan of Liquidation and the dissolution of our company are in the best interests of our stockholders and recommends a vote FOR this proposal. It is intended that shares represented by the enclosed form of proxy will be voted in favor of this proposal unless otherwise specified in such proxy.

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INFORMATION ABOUT NEW CENTURY

Overview

New Century has been focused on high-growth companies. We have an equity interest in Princeton eCom, which offers electronic bill presentment and payment services via the internet and telephone. The Company also has an equity interest in Sharps, which provides medical-related disposal solutions for the healthcare, retail, residential and hospitality industries. The following table is a summary of our holdings as of December 31, 2003 (in thousands, except ownership percentages):

Investment	Ownership %	Gross Investment	Net Book Value
Princeton	36.2%	$77,276	$6,567
Sharps	8.5%	$ 970	$ 666

In January 2004, our investment in Sharps decreased to $277,000, which represents 3.6% of the outstanding shares (see section Continuing Operations Sharps for further discussion). In March 2004, our ownership percentage in Princeton eCom decreased to 28.9% of the outstanding shares, in conjunction with a $10.3 million equity financing of Princeton eCom, in which the Company did not participate.

In October 2000, we completed the sale of our Transaction Processing and Software divisions to Platinum Holdings of Los Angeles, California. The initial consideration for the sale was $49.7 million. Under the terms of the sale, we were entitled to receive up to $20 million of additional consideration in the form of royalty payments if the divisions that we sold achieved certain post-closing revenue targets, though none of the divisions we sold to Platinum achieved the post-closing revenue targets necessary to generate royalty payments to us. However, we did receive payments totaling $7.5 million for consulting services provided to Platinum over the twenty-four month period subsequent to the sale, which were reported in other income (expense) as consulting income.

Continuing Operations Princeton eCom

Since 1998, we have made multiple investments in Princeton eCom, all of which we account for under the equity method of accounting. As of December 31, 2003, we owned approximately 34.0% of the preferred stock of Princeton eCom, which represents approximately 36.2% of Princeton eCom s outstanding stock, or approximately 31.7% of Princeton eCom s stock on a fully diluted basis. In March 2004, our ownership percentage of the preferred stock, the outstanding stock and fully diluted stock in Princeton eCom decreased to 26.5%, 28.9% and 22.9%, respectively, in conjunction with the March 2004 equity financing of Princeton eCom in which we did not participate.

Princeton eCom s executive offices are located at 650 College Road East, Princeton, New Jersey 08540, and its phone number is (609) 606-3000.

Products

Princeton eCom provides electronic bill presentment and payment, or EBPP, solutions to businesses and financial institutions serving their consumers or other businesses. Princeton eCom s primary solutions include the following:

Electronic Collection, or eCollect , which is the electronic withdrawal of authorized funds from a customer s credit card or bank account for the purposes of paying a delinquent account or making a one-time electronic bill payment. eCollect is accessible through a website, the telephone or a customer service specialist.

Consumer Billing, or ePaybill , which is an integrated electronic billing solution that presents a bill to a customer electronically, through a biller s website, and allows a customer to execute an electronic payment.

Business Billing, or ePaybill Plus , which is an interactive electronic invoicing solution.

Electronic Payment, or Pay Anyone , which is a back office payment processing that integrates with a customer s online banking service or home banking software provider.

Electronic Balance Transfer or eBalance Transfer , which is the transfer of outstanding balances to the customer s credit services. Credit card and other balances, such as home equity loans, can be transferred electronically and consolidated into one credit service.

Electronic Lockbox, or eLockbox which is an error-detection platform designed to search for and correct errors prior to posting to the accounts receivable system.

Each of Princeton eCom s solutions is designed to integrate with its customers accounting systems. The use of electronic methods to deliver billing solutions and to receive payment is designed to:

allow the customer to reduce billing and collection costs,

reduce the processing time typically experienced with the traditional paper method,

result in faster access to funds upon payment, and

increase customer satisfaction by providing an interactive means by which the customer can access at their convenience.

Markets

Princeton eCom markets its products to businesses and financial institutions which provide a large volume of bills to its customers. The consumer billing market consists primarily of businesses which bill consumers on a regular basis, typically monthly. This market includes telecommunication companies, mortgage institutions, insurance companies and utility and cable companies. Princeton eCom also provides services and solutions to the business billing market. This market includes small businesses and service companies with regular recurring monthly bills and large manufacturing enterprises that require a more comprehensive and complex invoicing solution such as NetTransact®, a Bottomline Technologies business invoicing solution hosted and implemented by Princeton eCom for large business billers. The payment processing business consists of financial institutions that offer customers electronic bill payment services as part of online banking products, electronic collections and payments made as part of an electronic bill presentment and payment solution.

Competition

The market for EBPP is highly competitive. Princeton eCom competes with other providers and developers of EBPP solutions and services, as well as the internal departments of companies that choose to develop their own EBPP solutions. Two of Princeton eCom s competitors, Checkfree and Metavante, are large organizations with greater financial resources. The principal competitive factors in Princeton eCom s market include:

responsiveness to client needs,

timeliness of implementation,

quality of service, and

technical expertise.

Princeton eCom s ability to compete also depends on a number of competitive factors outside Princeton eCom s control, such as,

comparable services and products,

the extent of competitors responsiveness to customer needs, and

the ability of Princeton s competitors to hire, retain and motivate key personnel.

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Continuing Operations Sharps Compliance Corp.

Sharps is a provider of solutions for disposing of medical waste. In October 2001, we participated in a private placement financing and purchased 700,000 shares of common stock of Sharps for $770,000. In January 2003, we purchased an additional 200,000 shares of Sharp s common stock for $200,000. As of December 31, 2003, we owned approximately 8.5% of the outstanding common stock of Sharps. In January 2004, our ownership percentage decreased to 3.6% of outstanding shares. We account for our investment in Sharps under Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities.

In January 2004, we transferred 525,000 shares of our Sharps common stock, valued at $389,000, to the former majority shareholders of Operator Service Company, which we will refer to as OSC. We accomplished this transfer under a settlement agreement with the former majority shareholders of OSC to settle all claims related to our April 2000 acquisition of OSC. In connection with that settlement, we entered into a voting rights agreement with the former OSC majority shareholders which allows us to direct the vote of shares of New Century shares that they own. As a result of this transfer, our percentage interest in Sharps dropped to approximately 3.6% of the outstanding shares.

Continuing Operations FIData, Inc./ MicroBilt Corporation

We used to provide Internet-based loan approval products to the financial services industry through our former wholly owned subsidiary, FIData, Inc. FIData developed and marketed a loan application engine for use primarily by credit unions and small financial institutions throughout the United States.

In October 2001, FIData merged with and into privately held Microbilt Corporation. In the merger, we exchanged our shares of FIData for shares representing 9.0% of the outstanding capital stock of Microbilt.

In April 2003, we received notice that Bristol Investments, Ltd. and Microbilt filed suit against us and one of its officers alleging breach of contract and misrepresentation in connection with the merger of FIData into Microbilt. In October 2003, the Company settled the suit by surrendering its ownership of the common stock of Microbilt to Bristol. This settlement resolves all claims brought by and against the Company and one of its officers.

Discontinued Operations Tanisys Technology, Inc.

In August 2001, we purchased, for $1 per share, 1,060,000 shares of the Series A Preferred Stock of Tanisys Technology, Inc. (Tanisys), in a private placement financing. As of December 31, 2002, our 1,060,000 shares of Series A Preferred Stock represented approximately 36.2% of the voting power of Tanisys. Because we were deemed to control Tanisys for accounting purposes, we consolidated the financial statements of Tanisys. However, because we had a different accounting year than Tanisys, we consolidated Tanisys financial statements on a three-month lag. Accordingly, the operating results of Tanisys from the purchase date to September 30, 2002, were included herein.

Tanisys designed, manufactured and marketed production level automated test equipment for a variety of semiconductor memory technologies, including Dynamic Random Access Memory, Synchronous Dynamic Random Access Memory, Double Data Rate Synchronous DRAM, Rambus DRAM, and flash memory.

In February 2003, we sold our preferred stock in Tanisys to ATE Worldwide LLC. Accordingly, the operations of Tanisys have been classified as discontinued operations. The Company received approximately $0.2 million in exchange for its preferred stock.

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Discontinued Operations Transaction Processing

Through our former wholly owned subsidiaries Billing Concepts, Inc., Enhanced Services Billing, Inc., BC Transaction Processing Services, Inc. and Operator Service Company, we provided third-party billing clearinghouse and information management services to the telecommunications industry.

Discontinued Operations Software

Aptis, Inc. developed, marketed and supported convergent billing and customer care software applications primarily to the telecommunications industry. Aptis offered products and services to these companies through licensing agreements and outsourcing arrangements. Aptis was sold as part of the Billing Concepts sale.

Employees

As of December 31, 2003, we had five full-time corporate employees and no part-time employees. None of our employees are represented by a union. We believe that our employee relations are good.

Properties

In February 2004, we leased approximately 1,700 square feet of space at 10101 Reunion Place, Suite 970, San Antonio, Texas, which will serve as the corporate headquarters, beginning in April 2004. In the event the Princeton Sale and related Plan of Liquidation is not approved, we believe that the new facility is adequate to meet our current and future needs.

Legal Proceedings

We were engaged in discussions with the staff of the Federal Trade Commission s, or FTC s, Bureau of Consumer Protection regarding a proposed complaint by the FTC alleging potential liability arising primarily from the alleged cramming of charges for non-regulated telecommunication services by certain of the our customers. Cramming is the addition of charges to a telephone bill for programs, products or services the consumer did not knowingly authorize. These allegations related to business conducted by subsidiaries that we sold on October 23, 2000. In August 2001, we reached a settlement with the FTC, which included a payment to the FTC of $350,000. We believe that this settlement fully resolves all issues related to the FTC s inquiry.

In April 2003, we received notice that Bristol and Microbilt filed suit against us and one of our officers alleging breach of contract and misrepresentation in conjunction with the October 2001 merger of FIData into Microbilt. In October 2003, we settled the suit by surrendering our ownership of the common stock of Microbilt to Bristol. We believe that this settlement resolves all claims brought by and against us and our officers.

In January 2004, we entered into an agreement with the former majority shareholders of OSC to settle all claims related to our April 2000 acquisition of that company. Under the terms of the agreement, we transferred 525,000 shares of the common stock of Sharps, valued at $389,000, to the former majority shareholders of OSC. In connection with that settlement, we also entered into a voting rights agreement with the former OSC majority shareholders which allows us to direct the vote of shares of New Century shares that they own. As a result of this transfer, our percentage interest in Sharps dropped to approximately 3.6% of the outstanding shares.

We are not currently aware of any other material litigation, claims or assessments against us.

Market for Our Common Equity and Related Stockholder Matters

Market Information

Our common stock, par value $0.01 per share, is currently quoted on the Over-the-Counter Bulletin Board under the symbol NCEH.OB . From June 21, 2002 to October 9, 2003, our common stock was

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quoted on the Nasdaq SmallCap Market under the symbol NCEH . From February 8, 2001 to June 20, 2002, our common stock was quoted on the Nasdaq National Market under the symbol NCEH . Prior to February 8, 2001, our common stock was quoted on the Nasdaq National Market under the symbol BILL . The table below sets forth the high and low bid prices for our common stock from January 1, 2002, through December 31, 2003, as reported by Nasdaq. These price quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions:

	High	Low
Year Ended December 31, 2002:		
1st Quarter	$0.78	$0.39
2nd Quarter	$0.78	$0.14
3rd Quarter	$0.47	$0.29
4th Quarter	$0.39	$0.25
Year Ended December 31, 2003:		
1st Quarter	$0.45	$0.27
2nd Quarter	$0.59	$0.19
3rd Quarter	$0.75	$0.20
4th Quarter	$0.52	$0.27

Stockholders

As of March 22, 2004, there were 34,653,104 shares of our common stock outstanding, held by 538 holders of record. The last reported sales price of our common stock on March 22, 2004, was $0.34 per share.

Dividend Policy

We have never declared or paid any cash dividends on our common stock. Unless and until we make liquidating distributions to our shareholders pursuant to the Plan of Liquidation and dissolution discussed in this proxy, we presently do not anticipate paying any cash dividends on the common stock.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information known to us with respect to beneficial ownership of our common stock as of March 22, 2004, and includes:

- all persons who are beneficial owners of five percent (5%) or more of our common stock;
- each director of New Century;
- the named executive officers of New Century; and
- all current directors and executive officers as a group.

As of March 22, 2004, 34,653,104 shares of our common stock were outstanding. For purposes of this proxy statement, beneficial ownership is defined in accordance with the rules of the SEC to mean generally the power to vote or to dispose of shares, regardless of any economic interest therein. The persons listed have sole voting power and sole dispositive power with respect to all shares set forth in the table unless otherwise specified in the footnotes to the table.

Information with respect to beneficial ownership of the directors and named executive officers is based upon information furnished by each director or officer of New Century or contained in filings made with the SEC. With the exception of shares that may be acquired by employees pursuant to the 401(k) Retirement Plan, the amount of beneficial ownership includes shares subject to acquisition within 60 days of March 22, 2004 by such person or group.

Name	Amount and Nature of Beneficial Ownership	Percent of Class(1)
5% Stockholders		
Jack Silver 660 Madison Avenue New York, NY 10021	2,392,000(2)	6.9%
Michael R. Smith 5302 Avenue Q Lubbock, TX 79412	2,308,841(4)	6.7%
Named Executive Officers and Directors		
Parris H. Holmes, Jr.	3,646,201(5)	10.5%
David P. Tusa	725,367(6)	2.1%
Gary D. Becker	263,400(7)	*
C. Lee Cooke, Jr.	554,616(8)	1.6%
Justin L. Ferrero	100,000(9)	*
Stephen M. Wagner	50,000(10)	*
All executive officers and directors as a group	5,339,584(11)	15.4%

* Represents less than 1% of the issued and outstanding shares of common stock.

(1) Based on a total of 34,653,104 shares of Common Stock issued and outstanding on March 22, 2004, and shares of common stock deemed beneficially owned as described above. The shares deemed beneficially owned as described above are deemed outstanding when computing the percentage of ownership of each person or group of persons named above, but are not deemed outstanding for the purpose of computing the percentage ownership of any other person or group.

(2) Based on information provided by The Nasdaq Stock Market, Inc. for record ownership as of December 31, 2003, the most recent date for which information is available to the Company.

(3) Based on record ownership as of March 22, 2004.

(4) Based upon a January 2004 voting rights agreement, the Company holds the right to direct the vote of the common stock owned by Mr. Smith.

(5) Includes 2,187,500 shares that Mr. Holmes has the right to acquire upon the exercise of stock options, 333,333 shares that his spouse has the right to acquire upon the exercise of stock options, 3,500 shares held in an individual retirement account and 63,319 shares held by his spouse in an individual retirement account.

(6) Includes 706,667 shares that Mr. Tusa has the right to acquire upon the exercise of stock options.

(7) Includes 130,000 shares that Mr. Becker has the right to acquire upon the exercise of stock options.

(8) Represents 548,656 shares that Mr. Cooke has the right to acquire upon the exercise of stock options and 5,960 shares that Mr. Cooke holds in an individual retirement account.

(9) Represents 100,000 shares that Mr. Ferrero has the right to acquire upon the exercise of stock options.

(10) Represents 50,000 shares that Mr. Wagner has the right to acquire upon the exercise of stock options.

(11) Includes 4,056,156 shares that the six (6) Directors and Executive Officers have the right to acquire upon exercise of stock options and 72,779 shares held in individual retirement accounts at March 22, 2004.

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Selected Financial Data

The following table presents selected financial and other data for New Century. The statement of operations data for the years ended December 31, 2003, 2002 and 2001, the transition quarter ended December 31, 2000 and the years ended September 30, 2000 and 1999, and the balance sheet data as of December 31, 2003, 2002, 2001 and 2000, and September 30, 2000 and 1999, presented below are derived from the audited Consolidated Financial Statements of New Century. The data presented below for the years ended December 31, 2003, 2002 and 2001 should be read in conjunction with the Consolidated Financial Statements and the notes thereto, Management s Discussion and Analysis of Financial Condition and Results of Operations and the other financial information included elsewhere in this proxy statement.

	Year Ended December 31,			Quarter Ended	Year Ended September 30,	
	2003	2002	2001	2000(1)	2000	1999
	(In thousands, except per share data)					
Consolidated Statement of Operations Data:						
Operating revenues	$	$	$ 502	$ 163	$ 410	$
Gross (loss) profit			(62)	10	61	
Operating loss from continuing operations	(3,174)	(3,560)	(14,590)	(2,316)	(16,303)	(5,421)
Net loss from continuing operations	(6,486)	(18,538)	(38,328)	(5,086)	(26,579)	(5,224)
Net (loss) income from discontinued operations, net of income taxes		(962)	(98)		(6,565)	21,046
Net income (loss) from disposal of discontinued operations, net of income taxes	(30)	2,254	2,385		(9,277)	
Net (loss) income	(6,516)	(17,246)	(36,041)	(5,086)	(42,421)	15,822
Basic and diluted (loss) income per common share:						
Net loss from continuing operations	$ (0.19)	$ (0.54)	$ (1.10)	$ (0.13)	$ (0.67)	$ (0.14)
Net (loss) income from discontinued operations, net of income taxes		(0.03)			(0.16)	0.57
Net income (loss) from disposal of discontinued operations, net of income taxes		0.07	0.07		(0.23)	
Net (loss) income	(0.19)	$ (0.50)	$ (1.03)	$ (0.13)	$ (1.06)	$ 0.43
Dividends per common share	$	$	$	$	$	$
Weighted average common shares outstanding	34,379	34,217	34,910	38,737	39,909	37,116
Consolidated Balance Sheet Data:						
Working capital	$ 4,357	$ 8,454	$ 9,532	$32,454	$ 2,968	$ 73,553
Total assets	13,036	20,124	39,577	81,176	97,103	113,417
Long-term obligations and redeemable preferred stock						
Additional paid-in capital	70,476	70,346	70,342	90,403	88,819	63,771
(Accumulated deficit) Retained earnings	(59,097)	(52,581)	(35,335)	706	5,792	48,213

(1) The quarter ended December 31, 2000, represents the three-month transition period between fiscal years 2001 and 2000.

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Management s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our discussion elsewhere in Information About New Century , our Consolidated Financial Statements, the Notes thereto and the other financial information included elsewhere in this proxy statement.

Continuing Operations

Operating Revenues

We do not presently have revenues from operations. In the past, FIData, our former subsidiary, was responsible for generating substantially all of our operating revenues. FIData s earned revenues primarily through transaction fees for processing loan applications, implementation fees for new customers and a variety of customer service related fees. As discussed above on page 40, we sold FIData in October 2001.

Cost of Revenues

Cost of revenues, also generated by FIData, included the costs incurred to offer a variety of customer service opportunities to its customers. We sold FIData in October 2001.

Selling, General and Administrative Expenses

Selling, general and administrative expenses are comprised of all selling, marketing and administrative costs incurred in direct support of our business operations. During the year ended December 31, 2003, our selling, general and administrative expenses totaled $3.0 million, compared to $3.4 million during the year ended December 31, 2002 and $7.9 million during the year ended December 31, 2001. The decrease in selling, general and administrative expenses relates to an overall reduction in expenditures and corporate personnel, as well as the sale of FIData in October 2001.

In November 2001, we entered into an Amended and Restated Employment Agreement with our Company s Chairman and Chief Executive Officer, Parris H. Holmes, Jr. As part of the employment agreement, we purchased a split-dollar life insurance policy with a trust beneficially owned by Mr. Holmes pursuant to which we paid the annual insurance premium of $172,000. The underlying life insurance policy had a face value of $4.5 million and required remaining annual premium payments through March 2012, totaling $1,548,000. In December 2003, Mr. Holmes and we agreed to amend the employment agreement cease payments on the split dollar life insurance policy in exchange for payments by us to, and on behalf of, Mr. Holmes totaling $699,391 in cash. Accordingly, we assigned to Mr. Holmes, and Mr. Holmes assumed, all future obligations and benefits related to the split dollar life insurance policy. Mr. Holmes released and discharged us from any further obligation to provide or fund any life insurance for his benefit. The remaining provisions of our employment agreement with Mr. Holmes remain in full force and effect. We included the entire $0.7 million, in our selling, general and administrative expenses during the year ended December 31, 2003. In December 2003, we paid $0.2 million of the total $0.7 million. We accrued the remaining $0.5 million at December 31, 2003 and paid it to Mr. Holmes in January 2004.

Depreciation and Amortization

We incur depreciation and amortization expense with respect to certain assets, including computer hardware, software, office equipment, furniture, goodwill and other intangibles. During the year ended December 31, 2003, depreciation and amortization expense totaled $0.2 million, compared to $0.2 million during the year ended December 31, 2002 and $1.7 million during the year ended December 31, 2001. Depreciation and amortization expense primarily related to our amortization of the goodwill of FIData during the year ended December 31, 2001. The decrease in depreciation and amortization expense results from the sale of FIData in October 2001.

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Impairment Loss

Impairment loss for the year ended December 31, 2001, includes a $5.0 million impairment related to the long-lived assets of FIData. The impairment loss reflects the difference between the carrying value and the net realizable value of the assets. The impairment loss consisted of $4.5 million related to goodwill (whose carrying value prior to impairment was $4.5 million) and $0.5 million related to capitalized software (whose carrying value prior to impairment was $0.8 million).

Equity in Net Loss of Affiliates

Equity in net loss of affiliates totaled $2.7 million during the year ended December 31, 2003, compared to $18.9 million and $28.8 million during the years ended December 31, 2002 and 2001, respectively. The decline in the equity pickups of Princeton eCom is the result of the declining net loss generated by Princeton eCom, coupled with our lower ownership percentages over the years. See *Princeton eCom* caption below for further discussion on the results of operations of Princeton eCom.

Impairment of Investments in Affiliates

During the year ended December 31, 2003, we evaluated the realizability of our investment in Sharps in accordance with Statement of Financial Accounting Standards (SFAS) No. 115, Accounting for Certain Investments in Debt and Equity Securities . We compared the fair market value of our investment in Sharps to the carrying value of the investment to determine the impairment. Based upon the current fair market value, we determined that our investment in Sharps was permanently impaired by $0.3 million and accordingly, recorded an impairment write-down, which is included in other income (expense) as impairment of investments in affiliates.

During the year ended December 31, 2001, we evaluated the realizability of our investment in Princeton in accordance with SFAS No. 121, Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of . We compared the fair market value of our investment in Princeton to the carrying value of the investment to determine the impairment. Based upon private equity markets at that time, we determined that our investment in Princeton was impaired by $1.8 million and accordingly, recorded an impairment write-down, which is included in other income (expense) as impairment of investments in affiliates.

Litigation Settlement

During the year ended December 31, 2003, our net other expense includes a litigation settlement of $0.3 million, representing the transfer of our capital stock of Microbilt to Bristol. In April 2003, we received notice that Bristol and Microbilt filed suit against us and one of our officers alleging breach of contract and misrepresentation in conjunction with the October 2001 merger of FIData into Microbilt. In October 2003, we settled the suit by surrendering our Microbilt common stock to Bristol. We believe that this settlement resolves all claims brought by and against us and one of our officers.

Income Tax Benefit

Our effective income tax benefit rate was 0% for the years ended December 31, 2003 and 2002, compared to 2.1% for the year ended December 31, 2001. Our effective income tax benefit rate was lower than the federal statutory benefit rate due to certain expenses we recorded for financial reporting purposes that are not deductible for federal income tax purposes, including the equity in net loss and impairment of affiliates and the amortization and impairment of FIData goodwill.

Princeton eCom

Princeton eCom s statements of operations for the years ended September 30, 2003, 2002 and 2001, have been used to calculate the equity in net loss recorded in our statements of operations for the years

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ended December 31, 2003, 2002 and 2001, respectively. Princeton eCom s summarized statements of operations are as follows:

	Year Ended September 30,		
	2003	2002	2001
		(In thousands)	
Revenues	$35,309	$ 28,559	$ 19,920
Gross profit	16,026	11,300	3,442
Loss from operations	(7,965)	(30,234)	(55,771)
Net loss	(7,674)	(32,462)	(59,435)

Earnings before interest, taxes, depreciation and amortization, or EBITDA, is a key indicator used by management to evaluate the operating performance of Princeton eCom. While EBITDA is not intended to represent cash flow from operations as defined by generally accepted accounting principles and should not be considered as an indicator of operation performance or an alternative to cash flow as a measure of liquidity, it is included herein to provide additional information with respect to Princeton s ability to meet future debt service, capital expenditure and working capital requirements. This calculation may differ in method of calculation from similarly title measures used by other companies. Princeton eCom s EBITDA is calculated as follows:

	Year Ended September 30,		
	2003	2002	2001
		(In thousands)	
Net loss	$(7,674)	$(32,462)	$(59,435)
Less:			
Depreciation and amortization expense	(5,878)	(6,620)	(5,298)
Interest (expense) income		(2,294)	(2,992)
Income tax benefit	292		
EBITDA	$(2,088)	$(23,548)	$(51,145)

Princeton eCom s revenues increased to $35.3 million during the year ended September 30, 2003, from $28.6 million and $19.9 million during the years ended September 30, 2002 and 2001, respectively. The increase in revenues is a result of an increase in the number of financial institution and biller customers coupled with an increase in bill presentment and payment transactions.

During the quarter ended December 31, 2003, Princeton eCom s revenues were adversely affected by the loss of certain customers. As a result, the management team of Princeton eCom intensified its new sales efforts and implemented a channel partner strategy with the goal of replacing the loss of revenues as quickly as possible. There can be no assurances that Princeton eCom will replace the revenues attributable to the lost customers.

Princeton eCom s gross profit, loss from operations and net loss improved during the year ended September 30, 2003 compared to the prior years. This improvement is the result of the increase in revenues (discussed above), reductions to operating expenses made in 2002 and impairment charges recorded during the years ended September 30, 2002 and 2001, relating to property and equipment, employee separations and contract settlements (discussed below). Princeton eCom s gross profit, loss from operations and net loss for the year ending September 30, 2004, will be negatively impacted by the loss of revenues mentioned above.

For the year ended September 30, 2002, loss from operations of $30.2 million includes special charges totaling $12.5 million. Approximately $9.3 million of the special charges relate to the implementation of a strategic restructuring plan to streamline Princeton eCom s operations by reducing operating expenses primarily through workforce reductions ($5.8 million) and renegotiating significant contracts and leases ($3.5 million). The additional charges relate to the write-down of a portion of the asset value of Princeton eCom s property and equipment. The impairment was recognized as the future undiscounted cash flows for

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Princeton eCom were estimated to be insufficient to recover the related carrying values of the property and equipment.

For the year ended September 30, 2001, loss from operations of $55.8 million includes special charges totaling $13.3 million. Approximately $10.7 million of the special charges relate to the impairment of the long-lived assets acquired through the Quicken Bill Manager acquisition (see further discussion below). The impairment of the long-lived assets was measured by Princeton eCom due to factors including accumulated costs significantly in excess of the amount originally expected, a significant current period operating and cash flow loss and a projection that demonstrated continuing losses associated with these assets. The additional impairment charges of $2.6 million relate to capitalized software license fees used by Princeton eCom to generate revenues from multiple customers. The solutions to generate these revenues were no longer being utilized by Princeton eCom s customers and, therefore, the assets were impaired.

In May 2001, Princeton eCom announced its acquisition of Quicken Bill Manager from Intuit Inc. Quicken Bill Manager provides online bill presentment and payment services by processing payments for customers utilizing Intuit s Quicken personal financial management software. Under the terms of the acquisition agreement, Princeton eCom acquired the assets of Intuit s Quicken Bill Manager through the purchase of certain technologies from Intuit and all of the outstanding shares of Venture Finance Services Corp., a wholly owned subsidiary of Intuit.

In the first quarter of 2002, Princeton eCom suspended its development of the Quicken Bill Manager as a result of an overall corporate shift in focus and an effort to reduce expenditures. Princeton eCom continues to retain the front-end technology acquired from Intuit, but is currently placing greater emphasis on its core transaction processing businesses.

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Discontinued Operations

Net Loss from Discontinued Operations

Tanisys statements of operations for the year ended September 30, 2002 and from the purchase date through September 30, 2001, including adjustments made under the purchase method of accounting, were consolidated in our statements of operations for the years ended December 31, 2002 and 2001, respectively. Tanisys statements of operations consolidated herein (presented as net loss from discontinued operations) are as follows:

	Year Ended September 30, 2002	Purchase Date through September 30, 2001
	(In thousands)	
Operating revenues	$ 2,619	$ 686
Operating expenses:		
Cost of revenues	1,999	367
Selling, general and administrative expenses	1,511	378
Research and development expenses	1,506	411
Depreciation and amortization expense	139	16
Operating loss from discontinued operations	(2,536)	(486)
Other income (expense):		
Interest income	5	2
Interest expense	(816)	(110)
Other income (expense), net	83	(23)
Minority interest in consolidated affiliate	2,302	519
Total other income, net	1,574	388
Net loss from discontinued operations	$ (962)	$ (98)

Operating revenues were comprised of sales of production-level equipment along with related hardware and software, less returns and discounts.

Cost of revenues was comprised of the costs of all components and materials purchased for the manufacture of products, direct labor and related overhead costs. Cost of revenues for the year ended September 30, 2002, included a $0.5 million inventory write-down for excess and obsolete inventories of Tanisys, due to the decline in the semiconductor industry and the uncertainty of future sales volumes.

Selling, general and administrative expenses were comprised of all selling, marketing and administrative costs incurred in direct support of the business operations of Tanisys.

Research and development expenses consisted of all costs associated with the engineering design and testing of new technologies and products.

Depreciation and amortization expenses were incurred with respect to certain assets, including computer hardware, software, office equipment, furniture and other intangibles.

Net other income consisted primarily of interest income, interest expense and minority interest, plus other miscellaneous income and expenses including interest expense resulting from the amortization of debt discount related to the note payable to the minority stockholders.

Net (Loss) Income from Disposal of Discontinued Operations

During the year ended December 31, 2003, net loss from disposal of discontinued operations is comprised of income of $0.2 million from the sale of Tanisys and $0.2 million from the reduction of

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accruals related to discontinued operations, offset by expense of $0.4 million to settle claims related to the April 2000 acquisition of OSC. In exchange for approximately $0.2 million, we sold our preferred stock in Tanisys to ATE Worldwide LLC, whose majority shareholder is a leader in the semiconductor testing equipment market. Based upon estimates of future liabilities related to the divested entities classified as discontinued operations, we reduced our related accruals to $0 and accordingly, recorded $0.2 million as income. In January 2004, we entered into an agreement with the former majority shareholders of OSC to settle all claims related to our April 2000 acquisition of OSC. Under the terms of the agreement, we transferred to the former OSC majority shareholders 525,000 shares of the common stock of Sharps, which results in a non-cash charge in 2003 of approximately $0.4 million in conjunction with the settlement agreement.

During the year ended December 31, 2002, net income from disposal of discontinued operations is comprised of income of $2.2 million related to an income tax refund and $0.1 million from the reduction of accruals related to the divested entities classified as discontinued operations (based upon estimates of future liabilities at that time). During 2002, we filed our federal income tax return with the Internal Revenue Service for the tax fiscal year ended September 30, 2001 (which includes the Transaction completed in October 2000) and received a refund claim totaling $2.2 million. The income tax refund is included in net income from disposal of discontinued operations as the refund relates to those companies sold in the Transaction.

During the year ended December 31, 2001, net income from disposal of discontinued operations includes income of $2.4 million related to the reduction of accruals related to the divested entities classified as discontinued operations (based upon estimates of future liabilities at that time).

Liquidity and Capital Resources

Our cash balance decreased to $5.3 million at December 31, 2003, from $8.7 million at December 31, 2002. This decrease relates to the receipt of $0.2 million from the sale of Tanisys preferred stock in January 2003, offset by the $1.2 million invested in Princeton eCom in August 2003, the $0.2 million invested in Sharps in January 2003 and the cash portion of corporate expenses.

Our operating cash requirements consist principally of funding of corporate expenses and capital expenditures.

During the year ended December 31, 2003, we incurred capital expenditures totaling $6,000, which related primarily to the purchase of computer equipment and software. We currently anticipate minimal capital expenditures before acquisitions, if any, during the year ended December 31, 2004.

Our cash balance of $5.3 million at December 31, 2003, is expected to decrease to approximately $3.1 million at December 31, 2004, primarily as a result of anticipated corporate cash expenditures of $1.6 million, plus payments totaling $0.5 million related to Mr. Holmes split-dollar life insurance. If the Princeton Sale and related Plan of Liquidation is not approved, we believe that the cash balance at December 31, 2003 is sufficient to fund our operations for the next twelve-month period. As we have noted previously, we do not plan to participate in any future financings of Princeton, Sharps or any other investment. Our cash position could be increased by any proceeds from the sale of our investments in Princeton or Sharps.

In the event the Princeton Sale and related Plan of Liquidation is approved, we would use our cash to liquidate. As of July 31, 2004 (the anticipated date of a special stockholder meeting), our cash position is estimated to be approximately $4.0 million. In addition to our corporate cash, the liquidation proceeds would include proceeds of $10.0 million in cash from the Princeton Sale. We also currently hold 375,000 common shares in Sharps which would be sold for an estimated $0.3 million. The above items represent approximately $14.3 million in estimated liquidation proceeds, before related transaction expenses.

In conjunction with the proposed Plan of Liquidation, we anticipate utilizing cash through completion of the liquidation, including but not limited to: (i) ongoing operating costs of approximately $0.2 million for a sixty (60) day period subsequent to shareholder approval, (ii) payment of approximately $0.6 million

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to Mr. Holmes for his interest in the Company s holdings of Princeton eCom, (iii) legal, consulting and other transaction related fees estimated at $0.5 million, (iv) severance related expenditures totaling approximately $2.6 million, (iii) other costs, including costs of accrued liabilities, insurance, vendor arrangement and lease termination and other wind down costs estimated to range from $0.6 million to $1.5 million. In addition, the Company has initially determined that approximately $0.6 million to $0.8 million should be reserved for any unknown liabilities that may arise. As a result, the Company currently estimates that it should be able to distribute to its shareholders, in one or more cash distributions over time, approximately $8.1 million to $9.2 million, or $0.23 to $0.27 per share, in liquidation. These amounts are estimates only, and the amount distributed could be higher or lower.

Lease Guarantees

During the year ended September 30, 1999, we entered into an agreement to guarantee the terms of Princeton eCom s lease for office space at 650 College Road East, Princeton, New Jersey. This guarantee has been terminated with a substitute collateral arrangement entered into by Princeton eCom and its landlord.

Under the terms of the sale of Billing Concepts to Platinum, Platinum agreed to assume all leases and corresponding obligations associated with the Transaction Processing and Software divisions. Prior to the sale, we guaranteed two operating leases for office space of the divested divisions. The first lease is related to office space located in San Antonio, Texas, and expires in 2006. Under the original terms of the first lease, the remaining undiscounted minimum rent payments total $5.2 million at December 31, 2003. The second lease is related to office space located in Austin, Texas, and expires in 2010. Under the original terms of the second lease, the remaining undiscounted minimum rent payments total $8.5 million at December 31, 2003. We do not believe it is probable that we will be required to perform under these lease guarantees. In addition, Platinum has agreed to indemnify us for any claims under our guarantees.

Off-Balance-Sheet Arrangements

As discussed above, we presently guarantee the terms of two leases for office space (discussed above). However, we do not believe it is reasonably likely that we will be required to perform under the lease guarantees nor will the guarantees have a future effect on our financial condition.

Contractual Obligations

Our contractual obligations are as follows (in thousands):

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Long-term debt obligations	$	$	$	$	$
Capital lease obligations					
Operating lease obligations	114	41	73		
Purchase obligations					
Other long-term liabilities reflected on balance sheet under GAAP					
Total	$114	$ 41	$ 73	$	$

The operating lease obligations reflected in the table above represent our lease for office space, which is discussed further under the caption Properties in this proxy statement.

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Seasonality

Our operations are not significantly affected by seasonality.

Effect of Inflation

Inflation has not been a material factor affecting our business. General operating expenses, such as salaries, employee benefits, insurance and occupancy costs, are subject to normal inflationary pressures.

New Accounting Standards

In June 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities , which requires among other items, that liabilities for the costs associated with exit or disposal activities be recognized when the liabilities are incurred, rather than when an entity commits to an exit plan. SFAS No. 146 is effective for exit or disposal activities initiated after December 31, 2002. The effect of adoption of SFAS No. 146 is dependent on our activities subsequent to adoption.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others , which requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee and expands the disclosures required to be made by a guarantor about its obligations under guarantees that it has issued. Initial recognition and measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified. The disclosure requirements were effective immediately and adopted for our Annual Report on Form 10-K for the year ended December 31, 2002.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure , which provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation and amends the disclosure requirements of SFAS 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition guidance and annual disclosure requirements were effective for fiscal years ending after December 15, 2002. We adopted the disclosure provisions for our Annual Report on Form 10-K for the year ended December 31, 2002. As we continue to apply APB Opinion No. 25, Accounting for Stock Issued to Employees , the accounting for stock-based employee compensation will not change as a result of SFAS No. 148. The new interim disclosure provisions were effective for New Century beginning with the quarter ended March 31, 2003.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities , which requires that companies that control another entity through interests other than voting interests should consolidate the controlled entity. FIN 46 applies to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. The related disclosure requirements were effective immediately. Management does not believe the adoption of FIN 46 will have any impact on our financial position or results of operations.

In May 2003, the Financial Accounting Standards Board issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity . SFAS No. 150 establishes standards on the classification and measurement of financial instruments with characteristics of both liabilities and equity. We do not believe the adoption of SFAS No. 150 will have a material impact on our consolidated financial statements.

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Critical Accounting Policies

Impairment of Investments

We evaluate our investments in affiliates when events or changes in circumstances, such as a significant economic slowdown, indicate that the carrying value of the investments may not be recoverable. We perform reviews to determine whether the carrying value of an investment is impaired. If the comparison indicates that impairment exists, we write down the value of an investment to fair value. A decision regarding whether and how much an investment is impaired involves significant management judgment based on estimates available at the time.

Consolidation of Subsidiaries

In general, the accounting rules and regulations require the consolidation of entities in which we hold an interest greater than 50% and the use of the equity method of accounting for entities in which we hold an interest between 20% and 50%. Exceptions to these rules are (i) when a company does not exercise control over the decision making of an entity although the company does own over 50% of the entity and (ii) when a company does exercise control over the decision making of an entity but the company owns between 20% and 50% of the entity.

The first exception existed with respect to our ownership interest in Princeton eCom. As of December 31, 2001, we owned 57.4% of the outstanding shares of Princeton eCom, but the voting control was only temporary and we did not have the ability to exercise control over the decision making of Princeton eCom. Therefore, we did not consolidate the financial statements of Princeton eCom into our consolidated financial statements. Accordingly, we recorded our interest in Princeton eCom under the equity method of accounting. As of December 31, 2003, we owned 34.0% of the outstanding shares of Princeton eCom. Due to the significance of Princeton eCom to us, we file Princeton eCom s complete audited financial statements as a financial statement schedule to our Form 10-K.

The second exception existed with respect to our ownership interest in Tanisys. As of December 31, 2002 and 2001, our ownership interest was only 36.2% and 35.2%, respectively. However, we exercised control over the decision making of Tanisys. Therefore, Tanisys was consolidated into our financial statements. We sold our interest in Tanisys in February 2003.

Quantitative and Qualitative Disclosure About Market Risk

We face interest rate risk primarily through our portfolio of cash equivalents and short-term marketable securities. We do not believe that we have significant exposure to market risks associated with changing interest rates as of December 31, 2003, because our intention is to maintain a liquid portfolio. We do not use derivative financial instruments in our operations.

VOTING AND VOTES REQUIRED

All proxies will be voted in accordance with the stockholders instructions contained therein, and if no choice is specified, the proxies will be voted FOR the Princeton Sale, related Plan of Liquidation and our dissolution. With respect to any other matter properly presented at the special meeting, the persons named in the proxy will be authorized to vote, or otherwise act, in accordance with their judgment on such matter.

A stockholder may revoke any proxy at any time before it is exercised by delivery of written revocation to the Secretary of New Century or by voting in person at the special meeting. A stockholder may also change a vote by signing another proxy with a later date or voting at a later date by telephone or Internet proxy. Attendance at the special meeting will not itself be deemed to revoke a proxy unless the stockholder gives affirmative notice at the special meeting that the stockholder intends to revoke the proxy and vote in person.

At the close of business on , 2004, the record date for the determination of stockholders entitled to notice of and to vote at the special meeting, there were issued, outstanding and entitled to vote an aggregate of shares of our common stock. Each share is entitled to one vote.

Under our amended and restated by-laws, the holders of a majority of the shares of common stock issued, outstanding and entitled to vote at the special meeting shall constitute a quorum at the special meeting. Shares of common stock present in person or represented by proxy, including shares that abstain, represent broker non-votes or do not vote with respect to one or more of the matters presented for stockholder approval, will be counted for purposes of determining whether a quorum is present.

The affirmative vote of the holders of at least two thirds (66 2/3%) of the shares of common stock issued and outstanding is required to approve and adopt the Princeton Sale, related Plan of Liquidation and our dissolution.

Shares that abstain from voting as to a particular matter, and shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular matter, will not be counted as votes in favor of such matter and will also not be counted as votes cast or shares voting on such matter. Accordingly, abstentions and broker non-votes will have the effect of a vote against the proposal to approve the Plan of Liquidation and our dissolution.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On May 13, 2002, the Audit Committee of our Board of Directors elected to terminate our relationship with and dismiss Arthur Andersen LLP as our independent public accountants. Andersen s report on our consolidated financial statements as of December 31, 2001, December 31, 2000 and September 30, 2000 and for the year ended December 31, 2001, the transition quarter ended December 31, 2000 and the years ended September 30, 2000 and September 30, 1999, did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles. No disagreements occurred with Andersen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to Andersen s satisfaction, would have caused Andersen to make reference to the subject matter in connection with its report on our consolidated financial statements for such years; and there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

On July 2, 2002, the Audit Committee of our Board of Directors engaged Burton McCumber & Cortez, L.L.P. as the Company s independent public accountants for the year ended December 31, 2002. Prior to Burton McCumber & Cortez s engagement, neither we nor anyone on our behalf consulted with Burton McCumber & Cortez regarding any of the matters or reportable events listed in Items 304(a)(2)(i) and (ii) of Regulation S-K.

OTHER MATTERS

Our board of directors does not know of any other matters that may come before the meeting. However, if any other matters are properly presented to the meeting, it is the intention of the persons named in the accompanying proxy to vote, or otherwise act, in accordance with their judgment on such matters.

Cost of Solicitation

We will bear all costs of soliciting proxies. In addition to solicitations by mail, our directors, officers and regular employees, without additional remuneration, may solicit proxies by telephone, fax, email and in-person meetings. We will also request that brokers, custodians and fiduciaries forward proxy soliciting material to the owners of stock held in their names, and we will reimburse them for their reasonable out-of-pocket expenses incurred in connection with the distribution of proxy materials. We have engaged

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D.F. King, an independent proxy solicitation firm, to assist us in soliciting proxies. We will pay the firm a fee of $, plus incremental costs, and will reimburse the firm for its expenses.

Householding of Special Meeting Materials

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements. This means that only one copy of our proxy statement may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of the proxy statement to you if you call or write us at the following address or phone number: New Century Equity Holdings Corp., 10101 Reunion Place, Suite 970, San Antonio, Texas 78216, Attention: Secretary, (210) 302-0444. If you would like to receive separate copies of shareholder materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the above address or phone number.

Future Stockholder Proposals

If the Princeton Sale does not occur or the Princeton Sale and the related Plan of Liquidation are not approved by our stockholders, we will inform our stockholders, by press release or other means determined reasonable by us, of the date by which stockholder proposals must be received by us for inclusion in the proxy materials relating to the annual meeting, which proposals must comply with the rules and regulations of the SEC then in effect.

WHERE YOU CAN FIND MORE INFORMATION

The public may read and copy any materials that we file with the SEC at the SEC s Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (www.sec.gov) that contains information that we file electronically with the SEC.

Our board of directors encourages stockholders to attend the meeting. Whether or not you plan to attend, you are urged to complete, date, sign and return the enclosed proxy in the accompanying envelope. A prompt response will greatly facilitate arrangements for the meeting and your cooperation will be appreciated. Stockholders who attend this meeting may vote their stock personally even though they have previously voted by proxy.

By Order of the Board of Directors,

DAVID P. TUSA
Corporate Secretary

, 2004

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FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements of New Century and Princeton eCom, and the related reports of New Century s and Princeton eCom s independent public accountants thereon, are included in this report at the page indicated.

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REPORT OF MANAGEMENT

The financial statements included herein have been prepared in conformity with accounting principles generally accepted in the United States of America. Management is responsible for preparing the consolidated financial statements and maintaining and monitoring the Company s system of internal accounting controls. The Company believes that the existing system of internal controls provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected in a timely manner. Key elements of the Company s system of internal controls include careful selection of management personnel, appropriate segregation of conflicting responsibilities, periodic evaluations of Company financial and business practices, communication practices that provide assurance that policies and managerial authorities are understood throughout the Company, and periodic meetings between the Company s audit committee, senior financial management personnel and independent public accountants.

The consolidated financial statements as of and for the years ended December 31, 2003 and 2002, were audited by Burton McCumber & Cortez, L.L.P., independent public accountants, who have also issued a report on the consolidated financial statements.

Parris H. Holmes, Jr.
Chairman of the Board of Directors
and Chief Executive Officer

David P. Tusa
Executive Vice President,
Chief Financial Officer
and Corporate Secretary

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors

New Century Equity Holdings Corp.

We have audited the accompanying consolidated balance sheets of New Century Equity Holdings Corp. (a Delaware corporation) and Subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders equity and cash flows for the years then ended. 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 auditing standards generally accepted in the United States of America. 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of New Century Equity Holdings Corp. and Subsidiaries as of December 31, 2003 and 2002, and the consolidated results of their operations and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BURTON MCCUMBER & CORTEZ, L.L.P.

Brownsville, Texas
March 29, 2004

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of

New Century Equity Holdings Corp.:

We have audited the accompanying consolidated balance sheets of New Century Equity Holdings Corp. (formerly Billing Concepts Corp.) (a Delaware corporation) and subsidiaries (collectively, the Company) as of December 31, 2001, December 31, 2000 and September 30, 2000, and the related consolidated statements of operations, changes in stockholders equity and cash flows for the year ended December 31, 2001, for the transition quarter ended December 31, 2000 and for the years ended September 30, 2000 and September 30, 1999. We did not audit the financial statements of Tanisys Technology, Inc. (Tanisys), which reflect total assets and total revenues, respectively, of 9 percent and 58 percent of the related consolidated totals in 2001, and are summarized and included in Note 4. Those statements were audited by other auditors whose report, which was qualified as to Tanisys ability to continue as a going concern, has been furnished to us, and our opinion, insofar as it relates to the amounts included for Tanisys and the data in Note 4, is based solely on the report of the other auditors. 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 auditing standards generally accepted in the United States. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2001, December 31, 2000 and September 30, 2000 and the results of their operations and their cash flows for the year ended December 31, 2001, for the transition quarter ended December 31, 2000 and for the years ended September 30, 2000 and September 30, 1999 in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

San Antonio, Texas
March 25, 2002, except as discussed in Note 22
to the consolidated financial statements for which
the date is April 11, 2002

THIS REPORT IS A COPY OF A PREVIOUSLY ISSUED ARTHUR ANDERSEN LLP

REPORT AND IT HAS NOT BEEN REISSUED BY ARTHUR ANDERSEN LLP.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Tanisys Technology, Inc.:

We have audited the accompanying consolidated balance sheet of Tanisys Technology, Inc. (a Wyoming corporation), and subsidiaries as of September 30, 2001, and the related consolidated statements of operations, stockholders equity and cash flows for the year then ended. The consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tanisys Technology, Inc., and subsidiaries as of September 30, 2001, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule II is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the financial statements, the Company has incurred net losses of $2,360,995 for the year ended September 30, 2001. These factors, and others discussed in Note 1, raise substantial doubt about Tanisys Technology, Inc. s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

/s/ BROWN, GRAHAM AND COMPANY, P.C.

Austin, Texas
October 30, 2001

NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2003	2002
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,330	$ 8,704
Accounts receivable	28	9
Prepaid and other assets	309	330
Net current assets from discontinued operations		1,427
Total current assets	5,667	10,470
Property and equipment	616	687
Accumulated depreciation	(533)	(439)
Net property and equipment	83	248
Other non-current assets	53	53
Investments in affiliates	7,233	9,353
Total assets	$ 13,036	$ 20,124
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 58	$ 30
Accrued liabilities	1,252	551
Net current liabilities from discontinued operations		1,435
Total current liabilities	1,310	2,016
Other non-current liabilities		1
Total liabilities	1,310	2,017
Commitments and contingencies see Note 6		
Stockholders equity:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized; no shares issued or outstanding		
Common stock, $0.01 par value, 75,000,000 shares authorized; 34,653,104 and 34,217,620 shares issued and outstanding	347	342
Additional paid-in capital	70,476	70,346
Accumulated deficit	(59,097)	(52,581)
Total stockholders equity	11,726	18,107
Total liabilities and stockholders equity	$ 13,036	$ 20,124

The accompanying notes are an integral part of these consolidated financial statements.

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NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2003	2002	2001
	(In thousands, except per share data)		
Operating revenues	$	$	$ 502
Operating expenses:			
Cost of revenues			564
Selling, general and administrative expenses	3,021	3,403	7,879
Depreciation and amortization expense	153	157	1,684
Impairment loss			4,965
Operating loss from continuing operations	(3,174)	(3,560)	(14,590)
Other income (expense):			
Interest income	77	158	1,043
Interest expense		(4)	(1)
Equity in net loss of affiliates	(2,723)	(18,891)	(28,830)
Impairment of investments in affiliates	(306)		(1,777)
Litigation settlement	(354)		
Consulting income		3,125	3,750
Realized gains on available-for-sale securities			566
Other (expense) income, net	(6)	634	691
Total other expense, net	(3,312)	(14,978)	(24,558)
Loss from continuing operations before income tax benefit	(6,486)	(18,538)	(39,148)
Income tax benefit			820
Net loss from continuing operations	(6,486)	(18,538)	(38,328)
Discontinued operations:			
Net loss from discontinued operations		(962)	(98)
Net (loss) income from disposal of discontinued operations, including income tax benefit of $0, $2,176 and $500, respectively	(30)	2,254	2,385
Net (loss) income from discontinued operations	(30)	1,292	2,287
Net loss	$ (6,516)	$ (17,246)	$ (36,041)
Basic and diluted net (loss) income per common share:			
Net loss from continuing operations	$ (0.19)	$ (0.54)	$ (1.10)
Net loss from discontinued operations		(0.03)	
Net income from disposal of discontinued operations		0.07	0.07
Net loss	$ (0.19)	$ (0.50)	$ (1.03)
Weighted average common shares outstanding	34,379	34,217	34,910

The accompanying notes are an integral part of these consolidated financial statements.

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NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

For the Years Ended December 31, 2003, 2002 and 2001

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Deferred Compensation	Treasury Stock Shares	Treasury Stock Amount	Total
				(In thousands)				
Balances at December 31, 2000	42,507	$425	$ 90,403	$ 706	$(49)	(6,854)	$(18,755)	$ 72,730
Issuance of common stock	7		7					7
Exercise of stock options	4		8					8
Forfeiture of restricted common stock	(20)		(89)					(89)
Compensation expense					49			49
Purchase of treasury stock						(1,438)	(1,315)	(1,315)
Cancellation of treasury stock	(8,292)	(83)	(19,987)			8,292	20,070	
Net loss				(36,041)				(36,041)
Balances at December 31, 2001	34,206	342	70,342	(35,335)				35,349
Issuance of common stock	12		4					4
Net loss				(17,246)				(17,246)
Balances at December 31, 2002	34,218	342	70,346	(52,581)				18,107
Issuance of common stock	435	5	130					135
Net loss				(6,516)				(6,516)
Balances at December 31, 2003	34,653	$347	$ 70,476	$(59,097)	$		$	$ 11,726

The accompanying notes are an integral part of these consolidated financial statements.

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NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2003	**2002**	**2001**
		(In thousands)	
Cash flows from operating activities:			
Net loss from continuing operations	$(6,486)	$(18,538)	$(38,328)
Adjustments to reconcile net loss from continuing operations to net cash provided by (used in) operating activities:			
Depreciation and amortization expense	153	157	1,684
Equity in net loss of and impairment of investments in affiliates	3,029	18,891	30,607
Litigation settlement	354		
Loss on disposition of fixed assets	17		
Impairment loss			4,965
Realized gains on available-for-sale securities			(566)
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(19)	821	3,934
Decrease (increase) in prepaid and other assets	156	620	(68)
Increase (decrease) in accounts payable	28	(1)	(22)
Increase (decrease) in accrued liabilities	486	(744)	(1,550)
Increase (decrease) in other liabilities and other noncash items	136	620	(129)
Net cash (used in) provided by continuing operating activities	(2,146)	1,826	527
Net cash provided by (used in) discontinued operating activities	178	2,002	(5,006)
Net cash (used in) provided by operating activities	(1,968)	3,828	(4,479)
Cash flows from investing activities:			
Purchases of property and equipment	(6)	(20)	(615)
Investments in available-for-sale securities			(16,500)
Proceeds from sale of available-for-sale securities			17,265
Investments in affiliates	(1,400)	(3,849)	(23,549)
Redemption of investments in affiliates		1,471	
Other investing activities		(9)	(21)
Net cash used in investing activities	(1,406)	(2,407)	(23,420)
Cash flows from financing activities:			
Proceeds from issuance of common stock		4	14
Purchases of treasury stock			(1,314)
Net cash provided by (used in) financing activities		4	(1,300)
Net (decrease) increase in cash and cash equivalents	(3,374)	1,425	(29,199)
Cash and cash equivalents, beginning of period	8,704	7,279	36,478
Cash and cash equivalents, end of period	$ 5,330	$ 8,704	$ 7,279
Supplemental cash flow information:			
Cash payments for income taxes	$	$	$ 500
Cash payments for interest		4	1

Non-cash investing and financing activities:	
Assets disposed of in connection with FIData, Inc. disposition	(711)
Liabilities disposed of in connection with FIData, Inc. disposition	355

The accompanying notes are an integral part of these consolidated financial statements.

NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003, 2002 and 2001

Note 1. Business Activity

New Century Equity Holdings Corp. (NCEH), formerly known as Billing Concepts Corp. (BCC), was incorporated in the state of Delaware in 1996. BCC was previously a wholly owned subsidiary of U.S. Long Distance Corp. (USLD) that, upon its spin-off from USLD, became an independent, publicly held company. NCEH and its subsidiaries (collectively, the Company) is focused on high-growth companies. The Company has an equity interest in Princeton eCom Corporation (Princeton), which offers electronic bill presentment and payment services via the internet and telephone. In August 2001, the Company purchased an interest in Tanisys Technology, Inc. (Tanisys), which designed, manufactured and marketed production level automated test equipment for a variety of memory technologies. The Company sold its interest in Tanisys in February 2003. The Company has an equity interest in Sharps Compliance Corp. (Sharps), which provides cost-effective medical-related disposal solutions for the healthcare, retail, residential and hospitality industries. Through its former wholly owned subsidiary FIData, Inc. (FIData), the Company provided Internet-based automated loan approval products to the financial services industries. In October 2001, the Company exchanged 100% of its stock of FIData for an equity interest in Microbilt Corporation (Microbilt), which was surrendered in October 2003 (see Note 3).

In October 2000, the Company completed the sale of its Transaction Processing and Software divisions to Platinum Holdings (Platinum) of Los Angeles, California (the Transaction), for initial consideration of $49.7 million. In conjunction with the Transaction, the Company may have potentially received additional consideration consisting of royalty payments, assuming the achievement of certain post-closing revenue targets, of $10.0 million related to the LEC Billing division, $5.0 million related to the Aptis division and $5.0 million related to the OSC division. The post-closing revenue target for the LEC Billing division applied to the eighteen-month period subsequent to the Transaction, while the post-closing revenue targets for the Aptis and OSC divisions apply to the three-year period subsequent to the Transaction. None of the three divisions achieved the post-closing revenue targets necessary to generate a potential royalty payment to the Company. The Company also received payments totaling $7.5 million for consulting services provided to Platinum over the twenty-four month period subsequent to the Transaction, which were reported in other income (expense) as consulting income.

In February 2003, the Company sold its interest in Tanisys. In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets , the operations of Tanisys, as consolidated herein, have been classified as discontinued operations. All financial information presented for the year ended December 31, 2001, was restated to reflect Tanisys as discontinued operations (see Note 18).

Effective March 25, 2004, the Company entered into a definitive agreement to sell all of its holdings in Princeton to existing and new investors of Princeton for $10.0 million in cash. In addition, the Company s Board of Directors unanimously approved a plan of liquidation of the Company. See Note 19 for further discussion.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and subsidiaries in which the Company is deemed to have control for accounting purposes. The Company s investments in Princeton and Core*intellect,* Inc. (Core*intellect*) are accounted for using the equity method of accounting. The Company s investment in Sharps is accounted for in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities . The

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NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Company s investment in Microbilt was accounted for under the cost method of accounting. All significant intercompany accounts and transactions have been eliminated in consolidation.

Estimates in the Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be classified as cash and cash equivalents.

Financial Instruments

SFAS No. 107, Disclosures About Fair Value of Financial Instruments , requires the disclosure of fair value information about financial instruments, whether or not recognized on the balance sheet, for which it is practicable to estimate the value. SFAS No. 107 excludes certain financial instruments from its disclosure requirements. Accordingly, the aggregate fair market value amounts are not intended to represent the underlying value of the Company. The carrying amounts of cash and cash equivalents, current receivables and payables and long-term liabilities approximate fair value because of the short-term nature of these instruments.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the related assets, which range from three to seven years. Upon disposition, the cost and related accumulated depreciation or amortization are removed from the accounts and the resulting gain or loss is reflected in other income (expense) for that period. Expenditures for maintenance and repairs are charged to expense as incurred and major improvements are capitalized.

Investments in Equity Securities

The Company follows the standards of SFAS No. 115 for those investments in which the securities are publicly traded. For those investments in which the securities are privately held, the Company follows the guidance of Accounting Principles Board (APB) Opinion No. 18, The Equity Method of Accounting for Investments in Common Stock . The Company accounts for its investment in Sharps under SFAS No. 115, as Sharps common stock is publicly traded. SFAS No. 115 establishes standards for accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. Unrealized holdings gains and losses, other than those considered permanent, related to the Company s investment in Sharps are excluded from net loss and reported as a separate component of other comprehensive loss.

Treasury Stock

In 2000, the Company s Board of Directors approved the adoption of a common stock repurchase program. Under the terms of the program, the Company may purchase an aggregate $25.0 million of the Company s common stock in the open market or in privately negotiated transactions. The Company records repurchased common stock at cost (see Note 8).

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NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Revenue Recognition

The Company recognized FIData s transaction processing revenue when loans were processed. Implementation and customer service revenues were recognized when an agreement was in place, services had been rendered, the cost of services performed was determinable and collectibility was reasonably assured.

Income Taxes

Deferred tax assets and liabilities are recorded based on enacted income tax rates that are expected to be in effect in the period in which the deferred tax asset or liability is expected to be settled or realized. A change in the tax laws or rates results in adjustments to the deferred tax assets and liabilities. The effects of such adjustments are required to be included in income in the period in which the tax laws or rates are changed.

Discontinued Operations

Effective for the Company s fiscal year ended December 31, 2002, SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets , establishes standards for accounting and reporting for long-lived assets to be disposed of by sale. The Company adopted SFAS No. 144 and determined that the operations of Tanisys qualified as discontinued operations and accordingly, are reported separately from continuing operations.

Net Loss per Common Share

SFAS No. 128, Earnings Per Share , establishes standards for computing and presenting earnings per share for entities with publicly held common stock or potential common stock. As the Company had a net loss from continuing operations for the years ended December 31, 2003, 2002 and 2001, diluted EPS equals basic EPS, as potentially dilutive common stock equivalents are antidilutive in loss periods.

Stock-Based Compensation

The Company adopted SFAS No. 123, Accounting for Stock-Based Compensation, but elected to apply APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its stock option plans (see Note 9). Accordingly, the Company has not recognized compensation expense for stock options granted where the exercise price is equal to or greater than the market price of the underlying stock at the date of grant. In accordance with the provisions of APB Opinion No. 25, the Company did not recognize compensation expense for employee stock purchased under the NCEH Employee Stock Purchase Plan (ESPP).

NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table illustrates the effect on net loss and net loss per common share had compensation expense for the Company s stock option grants and ESPP purchases been determined based on the fair value at the grant dates consistent with the methodology of SFAS No. 123 and SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure. . For purposes of the pro forma disclosures, the estimated fair value of options is amortized to pro forma compensation expense over the options vesting periods.

	Year Ended December 31,		
	2003	**2002**	**2001**
	(In thousands, except per share data)		
Net loss, as reported	$(6,516)	$(17,246)	$(36,041)
Less: Total stock based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(347)	(602)	(4,640)
Net loss, pro forma	$(6,863)	$(17,848)	$(40,681)
Basic and diluted net loss per common share:			
Net loss, as reported	$ (0.19)	$ (0.50)	$ (1.03)
Net loss, pro forma	$ (0.20)	$ (0.52)	$ (1.17)

The fair value for these options was estimated at the respective grant dates using the Black-Scholes option-pricing model with the following weighted average assumptions: expected volatility of 96.3%, 96.3% and 95.1% for the years ended December 31, 2003, 2002 and 2001, respectively; no dividend yield; expected life of 2.5 years for all option grants and 0.5 years for all ESPP purchases; and risk-free interest rates of 1.8%, 2.2% and 3.2% for the years ended December 31, 2003, 2002 and 2001, respectively.

Note 3. Acquisitions and Investments

Princeton

The Company made its initial investment in Princeton in September 1998. Princeton is a privately held company located in Princeton, New Jersey, that specializes in electronic bill presentment and payment solutions utilizing the internet and telephone. The Company accounts for its investment in Princeton under the equity method of accounting.

In September 1998, the Company acquired 22% of the capital stock of Princeton for $10.0 million. During the year ended September 30, 1999, the Company acquired additional shares of Princeton stock, increasing the Company s ownership percentage to approximately 24%.

In March 2000, the Company invested $33.5 million in the equity of Princeton, consisting of $27.0 million of convertible preferred stock and $6.5 million of common stock. In June 2000, under the terms of a Convertible Promissory Note, the Company advanced $5.0 million to Princeton, which converted into shares of Princeton preferred stock, during the quarter ended September 30, 2000. The Company s ownership percentage in Princeton, based upon its voting interest, as of September 30, 2000, was approximately 42.5%.

In April 2001, the Company invested $15.0 million, of an aggregate $22.5 million private convertible debt financing, in Princeton. In exchange, the Company received $15.0 million of convertible promissory notes. In addition to the convertible debt, the Company also received warrants to purchase shares of Princeton s convertible preferred stock.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In November 2001, the Company advanced $1.8 million, of an aggregate $3.1 million, to Princeton under the terms of a secured debt financing. Under the terms of the debt financing with Princeton, the Company received a convertible promissory note secured by certain data center assets of Princeton. The note accrued interest at a rate per annum of 15% and the principal with accrued interest was payable in November 2002. Notwithstanding the terms set forth above, upon the occurrence of a qualifying change of control or an equity financing of Princeton, the rate of interest under the note increased to a rate per annum equal to 50%, which would be prepaid upon such event. If such payment was made, no additional interest was payable.

In December 2001, in conjunction with a recapitalization of the capital structure of Princeton, the Company invested $6.0 million, of an aggregate $8.5 million, in the preferred stock of Princeton through a private equity financing. In addition, the convertible promissory notes issued in April and November 2001, plus accrued interest, were converted into equity. The Company s ownership percentage of the outstanding shares (based upon voting interest) and the fully diluted shares of Princeton as of December 31, 2001, was approximately 57.4% and 49.0%, respectively. Although the Company s ownership percentage was greater than 50%, the Company did not consolidate the financial statements of Princeton as the voting control was only temporary and the Company was not deemed to have control of Princeton.

During the quarter ended March 31, 2002, the Company invested $1.5 million, of a total $2.5 million equity financing, in Princeton. In exchange for its investment, the Company received 1.5 million shares of Princeton s mandatorily redeemable convertible preferred stock. In April 2002, the Company committed to finance $3.75 million, of a total $8.5 million equity commitment, to Princeton during the year ended December 31, 2002. During April and May 2002, the Company funded $2.4 million of its total $3.75 million commitment in exchange for shares of Princeton s mandatorily redeemable convertible preferred stock.

In conjunction with the completion of Princeton s equity financing in June 2002, the Company received $1.5 million in proceeds from the redemption of mandatorily redeemable convertible preferred stock of Princeton. In addition, the Company is no longer required to fund its remaining $1.4 million commitment to Princeton. As of December 31, 2002, the Company s ownership of the outstanding and fully diluted shares (considering all issued options and warrants) of Princeton was 38.0% and 32.9%, respectively.

In September 2003, the Company invested $1.2 million, of a total $5.0 million equity financing, in Princeton. In exchange for its investment, the Company received 4.0 million shares of Princeton s mandatorily redeemable convertible preferred stock. As of December 31, 2003, the Company s ownership of the outstanding and fully diluted shares (considering all issued options and warrants) of Princeton was 36.2% and 31.7%, respectively. See Note 19.

FIData/ Microbilt

In November 1999, the Company completed the acquisition of FIData, a company located in Austin, Texas that provided Internet-based automated loan approval products to the financial services industries. Total consideration for the acquisition was approximately $4.2 million in cash and debt assumption and 1.1 million shares of the Company s common stock. Approximately $7.4 million was recorded as goodwill and other intangibles. This acquisition was accounted for as a purchase. Accordingly, the results of operations for FIData have been included in the Company s consolidated financial statements and the shares related to the acquisition have been included in the weighted average shares outstanding for purposes of calculating net loss per common share since the date of acquisition.

In October 2001, the Company completed the merger of FIData into privately held Microbilt of Kennesaw, Georgia. Microbilt provides credit bureau data access and retrieval to the financial, healthcare,

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NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

leasing, insurance, law enforcement, educational and utilities industries. In exchange for 100% of the stock of FIData, the Company received a 9% equity interest in Microbilt. For accounting purposes, the Company valued its investment in Microbilt at approximately $0.4 million. In addition, the Company was entitled to appoint one member of Microbilt s Board of Directors.

In April 2003, the Company received notice that Bristol Investments, Ltd. (Bristol) and Microbilt filed suit against the Company and one of its officers alleging breach of contract and misrepresentation in conjunction with the merger of FIData into Microbilt. In October 2003, the Company settled the suit by surrendering its ownership of the common stock of Microbilt to Bristol. This settlement resolves all claims brought by and against the Company and one of its officers.

Sharps

In October 2001, the Company participated in a private placement financing with publicly traded Sharps. Sharps, a Houston, Texas-based company, provides medical-related waste services to the healthcare, retail, residential and hospitality markets. The Company purchased 700,000 shares of Sharps common stock for $770,000, of an aggregate $1.2 million financing. In January 2003, the Company purchased an additional 200,000 shares of Sharps common stock for $200,000. As of December 31, 2003, the Company owned approximately 8.5% of Sharps outstanding stock. During the year ended December 31, 2003, the Company recorded a $0.3 million impairment write-down related to its investment in Sharps (see Note 10 for further discussion).

In January 2004, the Company entered into an agreement with the former majority shareholders of OSC to settle all claims related to the April 2000 acquisition of OSC by the Company. Under the terms of the agreement, the Company transferred to the former OSC majority shareholders 525,000 shares of the common stock of Sharps owned by the Company, valued at approximately $389,000. Additionally, the former OSC majority shareholders agreed to a voting rights agreement which allows the Company to direct the vote of New Century shares owned by them. Subsequent to the transfer of the Sharps common stock shares, the Company s interest in Sharps is 3.6% of the outstanding shares. The Company recorded a non-cash charge to net loss from disposal of discontinued operations in 2003 of $389,000 in conjunction with the settlement agreement.

Coreintellect

In March 2000, the Company completed the purchase of a voting preferred stock investment of $6.0 million in Core*intellect,* a Dallas, Texas-based company that develops and markets Internet-based business-to-business products for the acquisition, classification, retention and dissemination of business-critical knowledge and information.

During the year ended December 31, 2001, the Company s investment in Core*intellect* was reduced to $0 by the Company s portion of Core*intellect* s net losses. Core*intellect* ceased operations in August 2001.

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NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Investments in Affiliates

Investments in affiliates is comprised of the following:

	December 31, 2003	December 31, 2002
	(In thousands)	
Investment in Princeton:		
Cash investments	$ 77,276	$ 76,076
In-process research and development costs	(4,465)	(4,465)
Amortization and equity loss pick-up	(62,986)	(60,263)
Impairment of investment	(1,777)	(1,777)
Other	(1,481)	(1,344)
Net investment in Princeton	6,567	8,227
Investment in Sharps:		
Cash investments	970	770
Other	2	2
Impairment of investment	(306)	
Net investment in Sharps	666	772
Investment in Microbilt:		
Equity investments		348
Other		6
Net investment in Microbilt		354
Total investments in affiliates	$ 7,233	$ 9,353

Note 5. Accrued Liabilities

Accrued liabilities is comprised of the following:

	December 31, 2003	December 31, 2002
	(In thousands)	
Accrued income taxes	$	$ 174
Accrued vacation	136	140
Accrued audit fees	62	90
Accrued annual report fees	53	56
Accrued split dollar life insurance (see Note 16)	561	
Accrued purchase price	389	

Other	51	91
Total accrued liabilities	$1,252	$551

Note 6. Commitments and Contingencies

During the year ended September 30, 1999, the Company entered into an agreement to guarantee the terms of Princeton s lease for office space at 650 College Road East, Princeton, New Jersey. Effective

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 25, 2004, this guarantee was terminated with a substitute collateral arrangement entered into by Princeton and its landlord.

Under the terms of the Transaction, all leases and corresponding obligations associated with the Transaction Processing and Software divisions were assumed by Platinum. Prior to the Transaction, the Company guaranteed two operating leases for office space of the divested divisions. The first lease is related to office space located in San Antonio, Texas, and expires in 2006. Under the original terms of the first lease, the remaining minimum undiscounted rent payments total $5.2 million at December 31, 2003. The second lease is related to office space located in Austin, Texas, and expires in 2010. Under the original terms of the second lease, the remaining minimum undiscounted rent payments total $8.5 million at December 31, 2003. The Company does not believe it is probable that it will be required to perform under these lease guarantees and therefore, no liability has been accrued on the Company s financial statements. In conjunction with the Transaction, Platinum indemnified the Company should the underlying operating companies not perform under the terms of the office leases.

Note 7. Share Capital

On July 10, 1996, the Company, upon authorization of the Board of Directors, adopted a Shareholder Rights Plan (Rights Plan) and declared a dividend of one preferred share purchase right on each share of its outstanding common stock. The rights will become exercisable if a person or group acquires 15% or more of the Company s common stock or announces a tender offer, the consummation of which would result in ownership by a person or group of 15% or more of the Company s common stock. These rights, which expire on July 10, 2006, entitle stockholders to buy one ten-thousandth of a share of a new series of participating preferred shares at a purchase price of $130 per one ten-thousandth of a preferred share. The Rights Plan was designed to ensure that stockholders receive fair and equal treatment in the event of any proposed takeover of the Company.

No cash dividends were paid on the Company s common stock during the years ended December 31, 2003, 2002 and 2001.

Note 8. Treasury Stock

In 2000, the Company s Board of Directors approved the adoption of a common stock repurchase program. Under the terms of the program, the Company may purchase an aggregate $25.0 million of the Company s common stock in the open market or in privately negotiated transactions. During the year ended December 31, 2001, the Company purchased $1.3 million or 1,437,700 shares of treasury stock. As of December 31, 2003, the Company had purchased an aggregate $20.1 million, or 8.3 million shares, of treasury stock under this program. The Company has no plans to make any future treasury stock purchases.

Note 9. Stock Options and Stock Purchase Warrants

The Company has adopted the NCEH 1996 Employee Comprehensive Stock Plan (Comprehensive Plan) and the NCEH 1996 Non-Employee Director Plan (Director Plan) under which officers and employees, and non-employee directors, respectively, of the Company and its affiliates are eligible to receive stock option grants. Employees of the Company are also eligible to receive restricted stock grants under the Comprehensive Plan. The Company has reserved 14.5 million and 1.3 million shares of its common stock for issuance pursuant to the Comprehensive Plan and the Director Plan, respectively. Under each plan, options vest and expire pursuant to individual award agreements; however, the expiration date of unexercised options may not exceed ten years from the date of grant under the Comprehensive Plan and seven years from the date of grant under the Director Plan.

NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Option activity for the years ended December 31, 2003, 2002 and 2001, is summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding, December 31, 2000	8,931,599	$8.16
Granted	1,852,333	$0.57
Canceled	(2,117,518)	$8.64
Exercised	(4,278)	$1.98
Outstanding, December 31, 2001	8,662,136	$6.42
Granted	1,040,000	$0.36
Canceled	(2,988,704)	$7.77
Outstanding, December 31, 2002	6,713,432	$4.88
Granted	90,000	$0.29
Canceled	(1,025,245)	$9.53
Outstanding, December 31, 2003	5,778,187	$3.98

At December 31, 2003, 2002 and 2001, stock options to purchase an aggregate of 4,995,062, 4,955,685 and 6,820,182 shares were exercisable and had weighted average exercise prices of $4.53, $6.38 and $7.78 per share, respectively.

Stock options outstanding and exercisable at December 31, 2003, were as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life (Years)	Remaining Average Exercise Price	Weighted Number Exercisable	Weighted Average Exercise Price
$0.29 $ 1.98	2,767,951	5.3	$ 0.44	1,999,201	$0.45
$2.03 $ 4.56	1,691,653	3.3	$ 3.34	1,677,778	$3.35
$4.88 $ 8.31	636,583	2.4	$ 7.04	636,083	$7.05
$9.75 $29.00	682,000	1.4	$17.09	682,000	
$17.09	5,778,187	3.9	$ 3.98	4,995,062	$4.53

The weighted average fair value and weighted average exercise price of options granted where the exercise price was equal to the market price of the underlying stock at the grant date were $0.20 and $0.29 for the year ended December 31, 2003, $0.22 and $0.35 for the year ended December 31, 2002 and $0.30 and $0.57 for the year ended December 31, 2001, respectively.

Note 10. Impairment

During the year ended December 31, 2003, the Company evaluated the realizability of its investment in Sharps in accordance with SFAS No. 115. The Company compared the fair market value of its investment in Sharps to the carrying value of the investment to determine the impairment. Based upon the current fair market value, the Company determined that its investment in Sharps was permanently impaired by $0.3 million and accordingly, recorded an impairment write-down, which is included in other income (expense) as impairment of investments in affiliates.

During the year ended December 31, 2001, the Company evaluated the long-lived assets of FIData for impairment in accordance with SFAS No. 121, Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of . The Company compared the net realizable value of the

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NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

long-lived assets of FIData to the carrying value of those assets to determine the impairment. The Company recorded a $5.0 million impairment, which consisted of $4.5 million related to goodwill (carrying value prior to write-down was $4.5 million) and $0.5 million related to capitalized software (carrying value prior to write-down was $0.8 million). This impairment is included in operating loss from continuing operations as impairment loss.

During the year ended December 31, 2001, the Company evaluated the realizability of its investment in Princeton in accordance with SFAS No. 121. The Company compared the net realizable value of its investment in Princeton to the carrying value of the investment to determine the impairment. Based upon private equity markets at that time, the Company determined that its investment in Princeton was impaired by $1.8 million and accordingly, recorded an impairment write-down, which is included in other income (expense) as impairment of investments in affiliates.

Note 11. Realized Gains on Available-for-Sale Securities

In January 2001, the Company invested $15.0 million in a portfolio of fixed income securities. The Company classified these investments as available-for-sale securities in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities . The maturities of these investments ranged from two to five years. The Company sold $1.0 million and $0.5 million of the investments in April and May 2001, respectively. In June 2001, the Company re-invested the $1.5 million in the investments, for a net investment of $15.0 million. In September 2001, the Company sold the $15.0 million investment due to changes in the market conditions of fixed income securities. The Company realized a $0.6 million gain on the sale of these securities. The Company invested the proceeds from the sale in short-term securities.

Note 12. Leases

The Company leases certain office space and equipment under operating leases. Rental expense was $164,000, $173,000 and $311,000 for the years ended December 31, 2003, 2002 and 2001. Future minimum lease payments under non-cancelable operating leases as of December 31, 2003 are $41,000 for the year ending December 31, 2004, $35,000 for the year ending December 31, 2005, $35,000 for the year ending December 31, 2006, $3,000 for the year ending December 31, 2007 and $0 for all years thereafter.

Note 13. Income Taxes

The income tax benefit is comprised of the following:

	Year Ended December 31,		
	2003	2002	2001
	(In thousands)		
Current:			
Federal	$	$	$776
State			44
Total	$	$	$820

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NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The income tax benefit differs from the amount computed by applying the statutory federal income tax rate of 35% to loss from continuing operations before income tax benefit. The reasons for these differences were as follows:

	Year Ended December 31,		
	2003	2002	2001
		(In thousands)	
Computed income tax benefit at statutory rate	$ 2,270	$ 6,488	$ 13,702
(Decrease) increase in taxes resulting from:			
Nondeductible losses in and impairments of affiliates	(1,060)	(6,790)	(10,712)
Nondeductible goodwill amortization and impairment			(2,116)
State income taxes, net of federal benefit			45
Permanent and other deductions, net	(218)	(85)	(99)
Valuation allowance	(992)	387	
Income tax benefit	$	$	$ 820

The tax effect of significant temporary differences, which comprise the deferred tax liability, is as follows:

	December 31,	
	2003	2002
	(In thousands)	
Deferred tax asset:		
Net loss carryforward	$ 2,428	$ 1,436
Valuation allowance	(2,428)	(1,436)
Deferred tax liability:		
Estimated tax liability		(174)
Net deferred tax liability	$	$ (174)

As of December 31, 2003, the Company had a federal tax loss carryforward of $6.9 million, which begins expiring in 2019. Realization of the Company s carryforward is dependent on future taxable income. At this time, the Company cannot assess whether or not the carryforward will be realized; therefore, a valuation allowance has been recorded as shown above.

Note 14. Benefit Plans

The Company established the NCEH 401(k) Plan (the Plan) for eligible employees of the Company. Generally, all employees of the Company who are at least twenty-one years of age and who have completed one-half year of service are eligible to participate in the Plan. The Plan is a defined contribution plan which provides that participants may make voluntary salary deferral contributions, on a pretax basis, between 1% and 15% of their compensation in the form of voluntary payroll deductions, up to a maximum amount as indexed for cost-of-living adjustments. The Company will match a participant s salary deferral, up to 5% of a participant s compensation. The Company may make additional discretionary contributions. No discretionary contributions were made during the years ended December 31, 2003, 2002 or 2001. The Company s matching contributions to this plan totaled approximately $29,000, $30,000 and $66,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

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NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 15. Summarized Financial Information for Unconsolidated Subsidiary

The Company accounts for its investment in Princeton under the equity method of accounting (as the Company does not exhibit control over Princeton) and records the equity in net loss of Princeton on a three-month lag. The Company s ownership percentage of the preferred stock, the outstanding stock and the fully diluted stock of Princeton was 34.0%, 36.2% and 31.7%, respectively, as of December 31, 2003. The Company s ownership percentage of the preferred stock, the outstanding stock and the fully diluted stock of Princeton was 35.6%, 38.0% and 32.9%, respectively, as of December 31, 2002. See Note 19.

Princeton s summarized balance sheets are as follows:

	September 30,	
	2003	2002
	(In thousands)	
Current assets	$34,750	$59,363
Non-current assets	12,681	17,522
Current liabilities	30,386	56,648
Non-current liabilities	486	934
Mandatorily redeemable convertible preferred stock	39,587	31,767

Princeton s statements of operations for the years ended September 30, 2003, 2002 and 2001, have been used to calculate the equity in net loss recorded in the Company s statements of operations for the years ended December 31, 2003, 2002 and 2001, respectively. Princeton s summarized statements of operations are as follows:

	Year Ended September 30,		
	2003	2002	2001
	(In thousands)		
Total revenues	$35,309	$ 28,559	$ 19,920
Gross profit	16,026	11,300	3,442
Loss from operations	(7,965)	(30,234)	(55,771)
Net loss	(7,674)	(32,462)	(59,435)

During the quarter ended December 31, 2003, Princeton s revenues were adversely affected by the loss of certain customers. As a result, the management team of Princeton intensified its new sales efforts and implemented a channel partner strategy with the goal of replacing the loss of revenues as quickly as possible. There can be no assurances that Princeton will replace the revenues attributable to the lost customers.

For the year ended September 30, 2002, loss from operations of $30.2 million includes special charges totaling $12.5 million. Approximately $9.3 million of the special charges relate to the implementation of a strategic restructuring plan to streamline Princeton s operations by reducing operating expenses primarily through workforce reductions ($5.8 million) and renegotiating significant contracts and leases ($3.5 million). The additional charges relate to the write-down of a portion of the asset value of Princeton s property and equipment. The impairment was recognized as the future undiscounted cash flows for Princeton were estimated to be insufficient to recover the related carrying values of the property and equipment.

For the year ended September 30, 2001, loss from operations of $55.8 million includes special charges totaling $13.3 million. Approximately $10.7 million of the special charges relate to the impairment of the long-lived assets acquired through the Quicken Bill Manager acquisition (see further discussion below). The impairment of the long-lived assets was measured by Princeton due to factors including accumulated costs significantly in excess of the amount originally expected, a significant current period operating and

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NEW CENTURY EQUITY HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

cash flow loss and a projection that demonstrated continuing losses associated with these assets. The additional impairment charges of $2.6 million relate to capitalized software license fees used by Princeton to generate revenues from multiple customers. The solutions to generate these revenues were no longer being utilized by Princeton s customers and, therefore, the assets were impaired.

In May 2001, Princeton announced its acquisition of Quicken Bill Manager from Intuit Inc. (Intuit). Quicken Bill Manager provides online bill presentment and