

NEW CENTURY EQUITY HOLDINGS CORP

Form PREM14A

March 30, 2004

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**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.)

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.
- x 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.

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

5) Total fee paid: \$1,267

o 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 450, 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

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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 450, 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,

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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, 20