

SECURITIES AND EXCHANGE COMMISSION

FORM DEF 14A

Definitive proxy statements

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FILER

NEW CENTURY EQUITY HOLDINGS CORP

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SIC: **8742** Management consulting services

Mailing Address
7411 JOHN SMITH DRIVE
STE 200
SAN ANTONIO TX 78229

Business Address
10101 REUNION PLACE,
SUITE 970
SAN ANTONIO TX 78216
2103020444

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

SCHEDULE 14A
(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
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 / /

Check the appropriate box:

- / / Preliminary Proxy Statement
- / / Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- /X/ Definitive Proxy Statement
- / / Definitive Additional Materials
- / / Soliciting Material Pursuant to ss. 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):

- /X/ No fee required.
- / / Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

/ / Fee paid previously with preliminary materials:

/ / 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:

NEW CENTURY EQUITY HOLDINGS CORP.

May 2, 2005

Dear Stockholder:

You are cordially invited to attend the 2005 Annual Meeting of Stockholders (the "Annual Meeting") of New Century Equity Holdings Corp. (the "Company"). The Annual Meeting will be held on Friday, May 27, 2005, at 10:00 a.m. local time, at the Company's offices located at 300 Crescent Court, Suite 1110, Dallas, Texas, or at any adjournment or postponement thereof.

This year, you are being asked to act upon (i) the election of one (1) director to serve until the 2007 Annual Meeting of Stockholders, one (1) director to serve until the 2008 Annual Meeting of Stockholders and two (2) directors to serve until the 2006 Annual Meeting of Stockholders, and (ii) any other matter that may properly come before the Annual Meeting or any adjournment or postponement thereof. These matters are discussed in greater detail in the attached Notice of Annual Meeting of Stockholders and Proxy Statement.

REGARDLESS OF THE NUMBER OF SHARES YOU OWN AND WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE ANNUAL MEETING, PLEASE MARK, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED. RETURNING THE PROXY CARD WILL NOT DEPRIVE YOU OF YOUR RIGHT TO ATTEND THE MEETING AND VOTE YOUR SHARES IN PERSON. IF YOU ATTEND THE MEETING, YOU MAY WITHDRAW YOUR PROXY AND VOTE YOUR OWN SHARES.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in our Company. We look forward to seeing you at the Annual Meeting.

Sincerely,

Mark E. Schwarz
CHAIRMAN OF THE BOARD

NEW CENTURY EQUITY HOLDINGS CORP.
300 CRESCENT COURT, SUITE 1110
DALLAS, TEXAS 75201
(214) 661-7488

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Annual Meeting") of New Century Equity Holdings Corp. (the "Company") will be held on Friday, May 27, 2005, at 10:00 a.m., local time, at the Company's offices located at 300 Crescent Court, Suite 1110, Dallas, Texas, or at any adjournment or postponement thereof to consider and vote on the following matters described in the accompanying Proxy Statement:

1. For holders of Common Stock, \$0.01 par value (the "Common Stock"), and Series A 4% Convertible Preferred Stock, \$0.01 par value (the "Series A Preferred Stock"), to elect one (1) director to hold office until the 2007 Annual Meeting of Stockholders and until his successor is duly elected and qualifies and one (1) director to hold office until the 2008 Annual Meeting of Stockholders and until his successor is duly elected and qualifies, and for holders of Series A Preferred Stock, to elect two (2) directors to hold office until the 2006 Annual Meeting of Stockholders and until their successors are duly elected and qualify.
2. To act upon any other matter that may properly come before the Annual Meeting or any adjournment thereof. The Board of Directors of the Company is presently unaware of any other business to be presented to a vote of the stockholders at the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors of the Company has fixed the close of business on April 28, 2005 as the record date (the "Record Date") for determining stockholders entitled to notice of and to vote at the Annual Meeting. A complete list of the stockholders entitled to vote at the Annual Meeting will be maintained and available for inspection at the Company's principal executive offices at 300 Crescent Court, Suite 1110, Dallas, Texas 75201 during ordinary business hours for a period of ten (10) days prior to the meeting. The list will be open for the examination of any stockholder for any purpose germane to the Annual Meeting during this time. The list will be produced at the time and place of the Annual Meeting and will be open during the whole time thereof.

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE ANNUAL MEETING. WE URGE YOU TO PROMPTLY SIGN, DATE AND RETURN THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE.

ANY STOCKHOLDER GIVING A PROXY MAY REVOKE IT AT ANY TIME BEFORE THE PROXY IS VOTED BY GIVING WRITTEN NOTICE OF REVOCATION TO THE SECRETARY OF THE COMPANY, BY SUBMITTING A LATER-DATED PROXY, OR BY ATTENDING THE ANNUAL MEETING AND VOTING IN PERSON.

By Order of the Board of Directors

Steven J. Pully
CHIEF EXECUTIVE OFFICER

Dated: May 2, 2005

WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE ANNUAL MEETING, YOU ARE URGED TO SIGN, DATE AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE THAT IS PROVIDED, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

NEW CENTURY EQUITY HOLDINGS CORP.
300 CRESCENT COURT, SUITE 1110
DALLAS, TEXAS 75201

PROXY STATEMENT

INTRODUCTION

This Proxy Statement is being provided to the stockholders of New Century Equity Holdings Corp., a Delaware corporation (the "Company", "we," "our" or "us"), in connection with the solicitation of proxies by the Board of Directors for use at the 2005 Annual Meeting of Stockholders or any adjournment thereof (the "Annual Meeting") to be held on Friday, May 27, 2005, at 10:00 a.m., local time, at the Company's offices located at 300 Crescent Court, Suite 1110, Dallas, Texas, or at any adjournment or postponement thereof, for the purposes set forth in the foregoing Notice of Annual Meeting of Stockholders. Properly executed proxies received in time for the Annual Meeting will be voted.

At the Annual Meeting, stockholders will be asked to act upon, (i) the election of two (2) directors to serve until the 2006 Annual Meeting of

Stockholders and until their successors are duly elected and qualify, one (1) director to serve until the 2007 Annual Meeting of Stockholders and until his successor is duly elected and qualifies, and one (1) director to serve until the 2008 Annual Meeting of Stockholders and until his successor is duly elected and qualifies, and (ii) any other matter that may properly come before the Annual Meeting or any adjournment or postponement thereof. The mailing address of the Company's principal executive offices is 300 Crescent Court, Suite 1110, Dallas, Texas 75201.

THE ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2004 HAS BEEN OR IS BEING FURNISHED WITH THIS PROXY STATEMENT AND PROXY CARD, WHICH ARE BEING MAILED ON OR ABOUT MAY 6, 2005 TO THE HOLDERS OF RECORD OF COMMON STOCK AND SERIES A PREFERRED STOCK ON THE RECORD DATE (AS DEFINED BELOW). THE ANNUAL REPORT ON FORM 10-K DOES NOT CONSTITUTE A PART OF THIS PROXY STATEMENT.

RECORD DATE AND VOTING SECURITIES

The securities of the Company entitled to vote at the Annual Meeting consist of shares of Common Stock, \$0.01 par value (the "Common Stock") and shares of Series A Convertible Preferred Stock, \$0.01 par value (the "Series A Preferred Stock"). At the close of business on April 28, 2005, the record date for determining stockholders entitled to notice of and to vote at the Annual Meeting (the "Record Date"), there were 34,653,104 outstanding shares of Common Stock and 4,807,692 outstanding shares of Series A Preferred Stock.

QUORUM AND VOTING REQUIREMENTS

A majority of the outstanding Common Stock and Series A Preferred Stock, together, entitled to vote as of the Record Date must be present in person or represented by proxy at the Annual Meeting in order to hold the meeting and conduct business. This presence is called a quorum. Your shares will be counted as present at the Annual Meeting if you are present and vote in person at the Annual Meeting, or if you have properly submitted a proxy card. Abstentions and broker non-votes (which are described below) will be considered to be shares present at the Annual Meeting for purposes of a quorum.

The holders of record of Common Stock (the "Common Stockholders") on the Record Date will be entitled to one (1) vote per share. The holders of record of Series A Preferred Stock (the "Preferred Stockholders") on the Record Date will be entitled to four (4) votes per share (which represents the number of shares of Common Stock that each share of Series A Preferred Stock is convertible into) on all matters on which the Common Stockholders are entitled to vote and one (1) vote per share on all matters on which the Preferred Stockholders are entitled to vote as a separate class.

ABSTENTIONS AND BROKER NON-VOTES

The effect of abstentions (i.e., if you or your broker mark "ABSTAIN" on a proxy card or "WITHHOLD" in the case of election of directors) and broker non-votes on the counting of votes for each proposal is described below. Broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (1) the broker does not receive voting instructions from the beneficial owner, and (2) the broker lacks discretionary authority to vote the shares. Banks and brokers cannot vote on their clients' behalf on "non-routine" proposals. For the purpose of determining whether stockholders have approved a matter, abstentions are treated as shares present or represented and voting. Broker non-votes are not counted or deemed to be present or represented for the purpose of determining whether stockholders have approved a matter, though they are counted toward the presence of a quorum as discussed above.

REQUIRED VOTES

As further discussed herein, the Common Stockholders are entitled to elect two (2) directors at the Annual Meeting. A plurality of the total votes cast by the stockholders entitled to vote is required for the election of such directors. As the election of such directors is a matter on which the Common Stockholders are entitled to vote, the Common Stockholders shall be entitled to one (1) vote per share on the election of such directors and the Preferred Stockholders shall be entitled to four (4) votes per share (which represents the number of shares of Common Stock that each share of Series A Preferred Stock is convertible into) on the election of such directors. The Preferred Stockholders are also entitled to elect, voting separately as a single class, two (2) additional directors. Newcastle Partners, L.P. ("Newcastle"), the sole owner of the Series A Preferred Stock, has informed the Company that it intends to vote

all its shares of Series A Preferred Stock to re-elect Mark E. Schwarz and Steven J. Pully.

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VOTING OF PROXIES

Stockholders whose shares are registered in their own names may vote by mailing a completed Proxy Card. To vote by mailing a Proxy Card, please complete, date and sign the accompanying Proxy Card and promptly return it in the enclosed envelope or otherwise mail it to the Company. Properly executed Proxy Cards received in time for the Annual Meeting will be voted. Stockholders are urged to specify their choices on the Proxy Card, but if no choice is specified, eligible shares will be voted FOR the election of the director nominees named in this Proxy Statement. As of the date of this Proxy Statement, management of the Company knows of no other matters that are likely to be brought before the Annual Meeting. However, if any other matters should properly come before the Annual Meeting, the persons named in the enclosed Proxy Card will have discretionary authority to vote such Proxy Card in accordance with their best judgment on such matters. Any stockholder giving a proxy may revoke it at any time before the proxy is voted by giving written notice of revocation to the Secretary of the Company, by submitting a later-dated proxy, or by attending the Annual Meeting and voting in person.

ATTENDANCE AT THE ANNUAL MEETING

If your shares are held by a bank, broker or other intermediary and you plan to attend the Annual Meeting, please send written notification to New Century Equity Holdings Corp., 300 Crescent Court, Suite 1110, Dallas, Texas 75201 and enclose evidence of your ownership (such as a letter from the bank, broker or intermediary confirming your ownership or a bank or brokerage firm account statement). The names of all those planning to attend will be placed on an admission list held at the registration desk at the entrance to the meeting.

RECENT CHANGE OF CONTROL TRANSACTION

During the last year, significant changes were made to the Company's capital structure and its Board of Directors. On June 18, 2004, the Company sold approximately 4.8 million newly issued shares of Series A Preferred Stock to Newcastle for \$5.0 million (the "Newcastle Transaction"). Prior to the consummation of the Newcastle Transaction, the Board of Directors determined that it was not in the best interests of the Company's stockholders to liquidate the Company and concluded that all proxy materials previously filed with the Securities and Exchange Commission ("SEC") related to a proposed liquidation of the Company should be withdrawn. Immediately prior to the Newcastle Transaction, the Board of Directors consisted of C. Lee Cooke, Jr., Gary D. Becker, Justin L. Ferrero, Parris H. Holmes, Jr. and Stephen M. Wagner.

The Series A Preferred Stock is convertible into Common Stock at any time after the expiration of twelve months from the date of its issuance at a conversion price of \$0.26 per share of Common Stock, subject to adjustment for dilution. The holders of the Series A Preferred Stock are entitled to a four percent annual cash dividend (the "Preferred Dividends"). The Preferred Dividends shall accrue and shall be cumulative from the date of initial issuance of the shares of the Series A Preferred Stock, whether or not declared by the Board of Directors. In lieu of cash dividends, the holders of Series A Preferred Stock may elect to receive such number of shares of Series A Preferred Stock that is equal to the aggregate dividend amount divided by \$1.04.

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So long as any shares of Series A Preferred Stock remain outstanding, (1) the Board of Directors shall not exceed four members, (2) the Company may not increase its authorized capitalization, and (3) the Company may not adversely affect the rights, rankings, and preferences of the Series A Preferred Stock, without the written consent of the holders of at least a majority of the shares of Series A Preferred Stock then outstanding, voting as a separate class. So long as any shares of the Series A Preferred Stock remain outstanding, the holders of shares of Series A Preferred Stock shall be entitled (1) to vote as a separate class to elect two directors to the Company's Board of Directors and to pass upon any matters that affect the rights, value, or ranking of the Series A Preferred Stock and (2) to vote on all other matters on which holders of Common Stock shall be entitled to vote, casting such number of votes

in respect of such shares of Series A Preferred Stock as shall equal the largest whole number of shares of Common Stock into which such shares of Series A Preferred Stock are then convertible. The other powers, preferences, rights, qualifications and restrictions of the Series A Preferred Stock are more fully set forth in the Certificate of Designations of Series A Convertible Preferred Stock filed with the Secretary of State of the State of Delaware simultaneously with the closing of the Newcastle Transaction.

In conjunction with the Newcastle Transaction, (1) Parris H. Holmes, Jr., Gary D. Becker and Stephen M. Wagner resigned from the Board of Directors and (2) Mr. Holmes resigned as the Company's Chief Executive Officer and David P. Tusa resigned as the Company's Chief Financial Officer, Executive Vice President and Corporate Secretary. Pursuant to employment agreements executed prior to the Newcastle Transaction, upon their resignation, the Company paid severance, accrued vacation and other amounts to Mr. Holmes and Mr. Tusa totaling approximately \$2.1 million and \$0.5 million, respectively. In addition, the Company entered into consulting agreements with Mr. Holmes and Mr. Tusa through October 31, 2004 and September 30, 2004, respectively. Mr. Holmes and Mr. Tusa were paid pro-rated consulting payments for the month of June 2004 in conjunction with their severance. Thereafter, the Company engaged Mr. Tusa's consulting services for the month of July 2004 only and did not engage Mr. Holmes. No payments were made to either Mr. Holmes or Mr. Tusa during the time period that they were not engaged by the Company.

Mark E. Schwarz, currently the Chief Executive Officer and Chairman of Newcastle Capital Management, L.P. ("Newcastle Management"), and Steven J. Pully, currently the President of Newcastle Management, were appointed to fill the director positions vacated by Messrs. Holmes, Becker and Wagner. Mr. Schwarz, Mr. Pully and John P. Murray, Chief Financial Officer of Newcastle Management, assumed positions as Chairman of the Board, Chief Executive Officer and Chief Financial Officer, respectively, of the Company.

Pursuant to the Newcastle Transaction, not later than August 1, 2004, the Company was to have caused the number of directors serving on the Board of Directors to be increased and fixed at five (5) directors and an additional representative of Newcastle was to have been appointed as a director of the class whose term of office expires at the 2004 Annual Meeting of Stockholders to fill the vacancy created by such expansion. Newcastle has waived the requirement that an additional representative of Newcastle was to have been appointed under this provision. Following the resignation of Mr. Ferrero as a director on August 11, 2004, on October 27, 2004, the Company announced that James Risher had been appointed to the Company's Board of Directors. Mr. Risher was also named as a member of the Company's audit committee.

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On June 10, 2004, the Company amended its July 10, 1996 Shareholder Rights Agreement by reducing the Common Stock ownership threshold for triggering the distribution of rights under such agreement from fifteen percent to five percent and permitting Newcastle and its successors and assigns to purchase Common Stock without triggering the distribution of rights. The purpose of such amendment was to ensure the preservation of the Company's net operating and capital loss carryforwards.

On August 11, 2004, Craig Davis, allegedly a stockholder of the Company, filed a complaint in the Chancery Court of New Castle County, Delaware against various former directors and current directors of the Company and the Company as a nominal defendant. See the section entitled "LEGAL PROCEEDINGS" for a description of this matter.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to the Company with respect to beneficial ownership as of the Record Date of the Company's voting securities by (i) all persons who are beneficial owners of five percent (5%) or more of the Company's voting securities, (ii) each director and nominee for election as director at the Annual Meeting, (iii) the Named Executive Officers, and (iv) all directors and executive officers as a group.

As of the Record Date, 34,653,104 shares of the Company's Common Stock and 4,807,692 shares of the Company's Series A Preferred Stock were outstanding. For purposes of this Proxy Statement, beneficial ownership is defined in accordance with the rules of the SEC. 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. Unless otherwise indicated, the address of each beneficial owner listed in the table is c/o New Century Equity Holdings Corp., 300 Crescent Court, Suite 1110, Dallas, Texas 75201.

Information with respect to beneficial ownership of the persons and entities named in the table below is based upon information furnished by them to the Company or contained in filings made with the SEC.

Name of Beneficial Owner	Shares Beneficially Owned				% Total Voting Power (3)
	Series A Preferred Stock		Common Stock		
	Shares	% (1)	Shares	% (2)	
5% SECURITY HOLDERS					
Newcastle Partners, L.P. (4) 300 Crescent Court Suite 1110 Dallas, TX 75201	4,807,692	100%	19,380,768 (5)	36.0%	36.0%
Jack Silver 660 Madison Avenue New York, NY 10021	0	0%	3,423,000 (6)	9.9%	6.4%

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Name of Beneficial Owner	Shares Beneficially Owned				% Total Voting Power (3)
	Series A Preferred Stock		Common Stock		
	Shares	% (1)	Shares	% (2)	
Michael R. Smith 5302 Avenue Q Lubbock, TX 79412	0	0%	2,308,841 (7)	6.7%	4.3%
NAMED EXECUTIVE OFFICERS, DIRECTORS AND NOMINEES					
Mark E. Schwarz	4,807,692 (4)	100%	19,480,768 (8)	36.1%	36.1%
Steven J. Pully	0	0%	50,000 (9)	*	*
John Murray	0	0%	16,667 (10)	*	*
James Risher 1900 Eastwood Road Suite 11 Wilmington, NC 28403	0	0%	67,500 (11)	*	*
Jonathan Bren 767 5th Avenue 23rd Floor New York, NY 10153	0	0%	0	0%	0%
C. Lee Cooke, Jr. 2705 Bee Caves Road Suite 160 Austin, TX 78746	0	0%	566,866 (12)	1.6%	1.0%
Parris H. Holmes, Jr. 330 Metate Place Palm Desert, CA 92260	0	0%	1,125,368 (13)	3.2%	2.1%
David P. Tusa 3030 Post Oak Boulevard Unit 312 Houston, TX 77056	0	0%	856,667 (14)	2.4%	1.6%
All present directors and executive officers as a group (five persons)	4,807,692	100%	20,181,801 (15)	36.9%	36.9%

* Less than 1%.

(1) Percentage ownership is based on 4,807,692 shares of Series A Preferred Stock outstanding as of the Record Date.

- (2) Percentage ownership is based on 34,653,104 shares of Common Stock outstanding as of the Record Date. With the exception of shares that may be acquired by employees pursuant to the Company's 401(k) retirement plan,

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a person is deemed to be the beneficial owner of Common Stock that can be acquired within 60 days after the Record Date (or acquired as discussed in footnote (5) below) upon exercise of options or conversion of convertible securities. Each beneficial owner's percentage ownership of Common Stock is determined by assuming that options or convertible securities that are held by such person, but not those held by any other person, and that are exercisable or convertible within 60 days of the Record Date (or as discussed in footnote (5) below) have been exercised or converted.

- (3) Percentage total voting power represents voting power with respect to all shares of the Company's voting securities. The Series A Preferred Stock vote on all matters on which holders of Common Stock are entitled to vote, except as otherwise provided in the Certificate of Designations of Series A Preferred Stock. The shares of Series A Preferred Stock are currently entitled to four votes per share. The shares of Common Stock are entitled to one vote per share. Accordingly, the total number of votes that can be cast is 53,883,872.
- (4) Represents securities held by Newcastle as disclosed in a Schedule 13D filed by Newcastle with the SEC on June 28, 2004. Newcastle Management, as the general partner of Newcastle, may be deemed to beneficially own the securities beneficially owned by Newcastle. Newcastle Capital Group, L.L.C. ("Newcastle Capital"), as the general partner of Newcastle Management, which in turn is the general partner of Newcastle, may be deemed to beneficially own the securities beneficially owned by Newcastle. Mark E. Schwarz, as the managing member of Newcastle Capital, the general partner of Newcastle Management, which in turn is the general partner of Newcastle, may also be deemed to beneficially own the securities beneficially owned by Newcastle. Each of Newcastle Management, Newcastle Capital and Mr. Schwarz disclaims beneficial ownership of the securities beneficially owned by Newcastle except to the extent of their pecuniary interest therein.
- (5) Consists of 150,000 shares of Common Stock held directly by Newcastle and 19,230,768 shares of Common Stock underlying the Series A Preferred Stock held by Newcastle. Pursuant to the Newcastle Transaction, Newcastle acquired 4,807,692 shares of Series A Preferred Stock that are convertible into 19,230,768 shares of Common Stock, subject to adjustment, at any time after June 18, 2005. As the shares of Series A Preferred Stock were acquired by Newcastle in a transaction having the effect of changing the control of the Company, Newcastle may be deemed to beneficially own the 19,230,768 shares of Common Stock underlying the Series A Preferred Stock in accordance with Rule 13d-3(d)(1)(i) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").
- (6) Represents shares of Common Stock held by Jack Silver as disclosed in a Schedule 13G/A filed by Mr. Silver with the SEC on February 14, 2005. The 3,423,000 shares of Common Stock beneficially owned by Mr. Silver consist of (i) 2,610,500 shares of Common Stock held by the Sherleigh Associates Profit Sharing Plan, a trust of which Mr. Silver is the trustee, (ii) 106,500 shares of Common Stock held by the Sherleigh Associates Defined Benefit Pension Plan, a trust of which Mr. Silver is the principal investor and Manager, and (iii) 706,000 shares of Common Stock held by Sherleigh Associates LLC, a New York limited liability company of which Mr. Silver is the principal investor and Manager. Mr. Silver has sole voting and dispositive power with respect to all such shares.

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- (7) Based on information disclosed in the Company's definitive proxy statement on Schedule 14A filed with the SEC on May 10, 2004. 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.
- (8) Consists of 100,000 shares of Common Stock issuable upon the exercise of options within 60 days of the Record Date and the 19,380,768 shares of

Common Stock beneficially owned by Newcastle of which Mr. Schwarz may also be deemed to beneficially own by virtue of his power to vote and dispose of such shares. Mr. Schwarz disclaims beneficial ownership of the 19,380,768 shares of Common Stock beneficially owned by Newcastle except to the extent of his pecuniary interest therein.

- (9) Consists of shares of Common Stock issuable upon the exercise of options within 60 days of the Record Date. Mr. Pully is the President of Newcastle Management. Mr. Pully disclaims beneficial ownership of the 19,380,768 shares of Common Stock beneficially owned by Newcastle.
- (10) Consists of shares of Common Stock issuable upon the exercise of options within 60 days of the Record Date. Mr. Murray is the Chief Financial Officer of Newcastle Management. Mr. Murray disclaims beneficial ownership of the 19,380,768 shares of Common Stock beneficially owned by Newcastle.
- (11) Consists of shares of Common Stock issuable upon the exercise of options within 60 days of the Record Date.
- (12) Consists of 559,406 shares of Common Stock issuable upon the exercise of options within 60 days of the Record Date, 5,960 shares of Common Stock that Mr. Cooke holds in an individual retirement account and 1,500 shares of Common Stock held by his mother's estate. Mr. Cooke disclaims beneficial ownership of the 1,500 shares of Common Stock beneficially owned by his mother's estate.
- (13) Based on information disclosed in the Company's definitive proxy statement on Schedule 14A filed with the SEC on May 10, 2004 and a Form 4 filed with the SEC by Mr. Holmes on July 1, 2004.
- (14) Consists of shares of Common Stock issuable upon the exercise of options within 60 days of the Record Date.
- (15) Includes the shares and options held by the present directors and executive officers named in the security ownership table.

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PROPOSAL 1

ELECTION OF DIRECTORS

There are currently four (4) directors serving on the Board of Directors consisting of Mark E. Schwarz, Steven J. Pully, James Risher and C. Lee Cooke, Jr. The Certificate of Designations of Series A Convertible Preferred Stock of the Company (the "Certificate of Designations") relating to the Series A Preferred Stock, all of which is currently owned by Newcastle, provides that the Board of Directors shall not exceed four members and entitles the holders of the Series A Preferred Stock to vote as a separate class to elect two directors. The Amended and Restated Certificate of Incorporation of the Company (the "Charter") and the Amended and Restated By-Laws of the Company (the "By-Laws") provide that the directors, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, shall be classified into three classes, as nearly equal in number as possible, serving staggered three-year terms. Accordingly, the two (2) director designees of the holders of Series A Preferred Stock are elected annually, and the remaining directors serve staggered three-year terms.

In connection with the Newcastle Transaction, Newcastle appointed Messrs. Schwarz and Pully to serve as directors of the Company and, in accordance with the Certificate of Designations, informed the Company that it intends to nominate Messrs. Schwarz and Pully for election at the Annual Meeting to serve for a one-year term expiring at the 2006 Annual Meeting of Stockholders. Newcastle has also informed the Company that it intends to vote all its shares of Series A Preferred Stock to re-elect Messrs. Schwarz and Pully at the Annual Meeting. Mr. Cooke's term was due to expire at the 2004 Annual Meeting of Stockholders; however, as an annual meeting of stockholders was not held in 2004, Mr. Cooke's term will expire at the Annual Meeting. Mr. Risher's term will also expire at the Annual Meeting. The Board of Directors has nominated Mr. Risher to serve for an additional term and Jonathan Bren has been nominated for the seat currently held by Mr. Cooke. In order to comply with the requirement in the Charter and By-Laws that these directors be classified into three classes as nearly equal in number as possible, Mr. Bren, if elected, will serve for a term expiring at the 2007 Annual Meeting of Stockholders and until his successor shall be duly elected and qualifies and Mr. Risher, if elected, will serve for a term expiring at the 2008 Annual Meeting of Stockholders and

until his successor shall be duly elected and qualifies.

Unless otherwise specified, all of the Proxies received will be voted in favor of the election of Messrs. Schwarz, Pully, Risher and Bren. Management has no reason to believe that any of the director nominees will be unable or unwilling to serve as directors, if elected. Should Mr. Risher and/or Mr. Bren not remain a candidate for election at the date of the Annual Meeting, the Proxies may be voted for a substitute nominee or nominees selected by the Board of Directors. Should Mr. Schwarz and/or Mr. Pully not remain a candidate for election at the date of the Annual Meeting, the Proxies may be voted for a substitute nominee or nominees selected by Newcastle.

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NOMINEES FOR ELECTION BY THE PREFERRED STOCKHOLDERS AT THE ANNUAL MEETING

Name ----	Age ---	Position with Company -----	Director Since -----
Mark E. Schwarz	44	Chairman of the Board	June 2004
Steven J. Pully	45	Director, Chief Executive Officer and Secretary	June 2004

NOMINEES FOR ELECTION BY THE COMMON STOCKHOLDERS AND PREFERRED STOCKHOLDERS
AT THE ANNUAL MEETING

Name ----	Age ---	Position with Company -----	Director Since -----
James Risher	62	Director	October 2004
Jonathan Bren	44	--	--

There are no family relationships between any two directors or executive officers.

MARK E. SCHWARZ has served as Chairman of the Board of the Company since June 18, 2004 as a result of the Newcastle Transaction. He has served as the general partner, directly or through entities which he controls, of Newcastle, a private investment firm, since 1993. Mr. Schwarz has served as Chairman of the Board of Directors of Hallmark Financial Services, Inc., a property and casualty insurance holding company, since October 2001, and as its Chief Executive Officer since January 2003. Mr. Schwarz currently serves as Chairman of the Board of Bell Industries, Inc. and Pizza Inn, Inc. ("Pizza Inn") and a director of Nashua Corporation, SL Industries, Inc. ("SL") and WebFinancial Corporation. Mr. Schwarz was named in a lawsuit filed by an alleged stockholder of the Company against various former directors and current directors of the Company, and the Company as a nominal defendant. See the section entitled "LEGAL PROCEEDINGS" for a description of this matter.

STEVEN J. PULLY has served as a director, Chief Executive Officer and Secretary of the Company since June 18, 2004 as a result of the Newcastle Transaction. Mr. Pully has served as the President of Newcastle Management, the general partner of Newcastle, since January 2003 and has been with Newcastle since December 2001. He has served as a director of Pizza Inn since December 2002. From January 2003 to June 2004, he served as Chief Executive Officer of privately-held Pinnacle Frames and Accents, Inc., a domestic picture frame manufacturer. Prior to joining Newcastle Management, from May 2000 to December 2001, he was a managing director in the mergers and acquisitions department of Banc of America Securities and from January 1997 to May 2000 he worked in the investment banking department at Bear Stearns, where he became a Senior Managing Director in 1999.

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Prior to becoming an investment banker, Mr. Pully practiced securities and corporate law at the law firm Baker & Botts. Mr. Pully is a CPA, a member of the Texas Bar and is also a CFA charterholder. Mr. Pully was named in a lawsuit by an alleged stockholder of the Company against various former directors and current directors of the Company, and the Company as a nominal defendant. See the section entitled "LEGAL PROCEEDINGS" for a description of this matter.

JAMES A. RISHER has served as a director of the Company since October 2004. Mr. Risher has been the Managing Partner of Lumina Group, LLC, a private company engaged in the business of consulting and investing in small and mid-size companies, since 1998. He has also served as a director of SL since May 2003. From February 2001 to May 2002, Mr. Risher served as Chairman and Chief Executive Officer of BlueStar Battery Systems International, Inc. ("BlueStar"), a Canadian public company that is an e-commerce distributor of electrical and electronic products to selected automotive aftermarket segments and targeted industrial markets. BlueStar filed a CCAA (a petition for reorganization under Canadian bankruptcy laws) in August 2001, and a plan of reorganization was approved in November 2001. From 1986 to 1998, Mr. Risher served as a director, Chief Executive Officer and President of Exide Electronics Group, Inc. ("Exide"), a global leader in the uninterruptible power supply industry. He also served as Chairman of Exide from December 1997 to July 1998.

JONATHAN BREN serves as the Global Managing Partner of Bren Ventures L.L.C., an entity he formed in January of 2005 to make strategic investments in early stage hedge fund managers. From July 1998 to December 2004, Mr. Bren was a partner of Hunt Financial Ventures, L.P., which made strategic investments in early stage and emerging hedge fund managers and also made direct investments into other hedge fund operations. He also served as President of HFV Investments Inc., a broker dealer affiliated with Hunt Financial Ventures, L.P. During the fifteen years prior to joining Hunt Financial Ventures, L.P., Mr. Bren worked for a series of asset management, investment banking and merchant banking organizations.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION
OF THE INDIVIDUALS NOMINATED FOR ELECTION AS DIRECTORS

CORPORATE GOVERNANCE

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The business of the Company is managed under the direction of its Board of Directors. The Board of Directors held two regular meetings, 12 special meetings and took action on seven occasions by unanimous written consent during 2004. Each of the incumbent directors of the Company attended at least 75% of the aggregate of the total number of meetings of the Board of Directors (held during the period for which he has been a director) and the total number of meetings held by all committees of the Board of Directors on which he served (during the periods that he served) during 2004. Each director is expected to make reasonable efforts to attend Board Meetings, meetings of committees of which such director is a member and the Annual Meeting of Stockholders. All of the Company's current directors were present at the previous Annual Meeting of Stockholders to the extent they served as directors at such time. The Board of

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Directors currently has an Audit Committee, a Compensation Committee and a Special Litigation Committee, but does not have a Nominating Committee. It is the intention of the Board of Directors to establish a Nominating Committee, consisting solely of independent directors.

AUDIT COMMITTEE

The Audit Committee is currently comprised of James Risher, who is not an employee of the Company or any of its subsidiaries. The Audit Committee is only comprised of one director although the Charter of the Audit Committee provides that at least three directors shall serve as members of the Audit Committee. The Company's inability to comply with this provision of the Charter of the Audit Committee is attributable to the recent turnover of the Board of Directors as a result of the Newcastle Transaction. Upon the election of Mr. Bren to the Board of Directors, the Board of Directors intends to appoint Mr. Bren to the Audit Committee. During fiscal 2004, up until the Newcastle Transaction, the members of the Audit Committee were Gary D. Becker, Justin L. Ferrero and Stephen M. Wagner. The Audit Committee meets with the independent auditors and management representatives, recommends to the Board of Directors appointment of independent auditors, approves the scope of audits and other services to be performed by the independent auditors, considers whether the performance of any professional services by the auditors other than services provided in connection with the audit function could impair the independence of the auditors and reviews the results of audits and the accounting principles applied in financial reporting and financial and operational controls. The independent auditors have unrestricted access to the Audit Committee and vice versa. The Board of Directors has determined that James Risher satisfies the "audit committee financial expert" criteria established by the SEC. The Audit Committee held two meetings during the fiscal year ended December 31, 2004.

James Risher is independent as independence is defined in Rule 4200(a)(15) of the NASD listing standards. The Board of Directors has adopted a written Charter of the Audit Committee which is attached hereto as APPENDIX A.

COMPENSATION COMMITTEE

The Compensation Committee is comprised of C. Lee Cooke, Jr., who is not an employee of the Company or any of its subsidiaries. Mr. Cooke is currently the sole member of the Compensation Committee. Prior to the Newcastle Transaction, the Compensation Committee also included former directors Gary D. Becker and Stephen M. Wagner. Upon the election of Mr. Bren to the Board of Directors, the Board of Directors intends to appoint Mr. Bren as well as Mr. Risher as members of the Compensation Committee following the Annual Meeting.

The Compensation Committee's functions include making recommendations to the Board of Directors on policies and procedures relating to compensation and employee stock and other benefit plans of key executives and approval of individual salary adjustments and stock awards. The Compensation Committee held one meeting during the fiscal year ended December 31, 2004.

SPECIAL LITIGATION COMMITTEE

On October 27, 2004, the Board of Directors formed the Special Litigation Committee consisting of Messrs. Pully, Risher and Schwarz for the purpose of investigating the claims of an alleged stockholder who claims that five former and three current directors breached their fiduciary duties to the Company. See the section entitled "LEGAL PROCEEDINGS" for a further description

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of this matter. The Special Litigation Committee held two meetings during the fiscal year ended December 31, 2004.

CODE OF CONDUCT AND ETHICS

The Company has adopted a code of conduct and ethics (the "Code") that applies to all directors, officers and employees. The Code is reasonably designed to deter wrongdoing and promote (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, (ii) full, fair, accurate, timely and understandable disclosure in reports and documents filed with, or submitted to, the SEC and in other public communications made by the Company, (iii) compliance with applicable governmental laws, rules and regulations, (iv) the prompt internal reporting of violations of the Code to appropriate persons identified in the Code, and (v) accountability for adherence to the Code. Amendments to the Code and any grant of a waiver from a provision of the Code requiring disclosure under applicable SEC rules will be disclosed in a Form 8-K. The Code is filed as Exhibit 14.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003.

NOMINATION OF DIRECTORS

Currently, the Board of Directors does not have a Nominating Committee and the independent directors of the Board serve such function. The Board of Directors believes it would be appropriate for the Company to have a Nominating Committee. Therefore, the Board of Directors intends to establish a Nominating Committee following the Annual Meeting to be comprised of Messrs. Risher and Bren and to adopt a formal charter of the Nominating Committee. The independent directors of the Board of Directors identify prospective candidates to serve as directors by reviewing candidates' credentials and qualifications, and interviewing prospective candidates before submitting their respective names to the Board of Directors. Each of the independent directors of the Board of Directors that serve the function of the Nominating Committee meet the criteria for being "independent" set forth under Section 4200(a)(15) of Nasdaq's listing standards.

The independent directors of the Board of Directors consider recommendations for director nominees from a wide variety of sources, including members of the Company's Board of Directors, business contacts, community leaders, other third-party sources and members of management. The independent directors of the Board of Directors also consider stockholders' recommendations for director nominees that are properly received in accordance with the procedures for contacting directors described in this Proxy Statement.

The Board of Directors believes that all of its directors should have the highest personal integrity and have a record of exceptional ability and judgment. The Board of Directors also believes that its directors should ideally

reflect a mix of experience and other qualifications. There is no firm requirement of minimum qualifications or skills that candidates must possess. The independent directors of the Board of Directors evaluate director candidates based on a number of qualifications, including their independence, judgment, leadership ability, expertise in the industry, experience developing and analyzing business strategies, financial literacy, risk management skills, and, for incumbent directors, his or her past performance.

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The independent directors of the Board of Directors initially evaluate a prospective nominee on the basis of his or her resume and other background information that has been made available to the Board of Directors. An independent director of the Board of Directors will contact for further review and interview those candidates who the independent directors of the Board of Directors believe are qualified, who may fulfill a specific Board of Directors need and who would otherwise best make a contribution to the Board of Directors. If, after further discussions with the candidate, and other review and consideration as necessary, the independent directors of the Board of Directors believe that they have identified a qualified candidate, they will consider nominating the candidate for election as a director.

OTHER EXECUTIVE OFFICERS

In addition to Mr. Pully, the only other Executive Officer of the Company is John Murray, whose biographical information is set forth below:

JOHN MURRAY (Age 36) has served as the Chief Financial Officer of the Company since June 18, 2004 as a result of the Newcastle Transaction. Mr. Murray has served as the Chief Financial Officer of Newcastle Management, the general partner of Newcastle, since January 2003. From January 1998 until June 2001, Mr. Murray served as a partner at Speer & Murray, Ltd., a Dallas-based accounting firm. From October 1991 until November 1995, Mr. Murray served as an accountant with Ernst & Young, LLP. Mr. Murray has been a Certified Public Accountant since January 1992.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires that the Company's directors, executive officers and persons who own more than 10% of a registered class of the Company's equity securities file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Directors, executive officers and greater than 10% stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of the Section 16(a) reports furnished to the Company and written representations that no other reports were required during the fiscal year ended December 31, 2004, there was compliance with all Section 16(a) filing requirements applicable to its directors, executive officers and greater than 10% stockholders.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following Summary Compensation Table sets forth certain information concerning compensation of the Chief Executive Officer and each of the following executive officers who served with the Company during fiscal 2004 (the "Named Executive Officers").

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NAME AND PRINCIPAL POSITION	FISCAL YEAR	ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS (1)	
		SALARY	BONUS	OTHER ANNUAL COMPENSATION	SECURITIES UNDERLYING OPTIONS (#)	ALL OTHER COMPENSATION
STEVEN J. PULLY CHIEF EXECUTIVE OFFICER AND SECRETARY	2004	\$ 81,346	\$ --	\$ --	150,000	\$ 3,229 (2)
	2003	\$ --	\$ --	\$ --	--	\$ --
	2002	\$ --	\$ --	\$ --	--	\$ --

JOHN MURRAY	2004	\$ --	\$ --	\$ --	50,000	\$ --
CHIEF FINANCIAL OFFICER	2003	\$ --	\$ --	\$ --	--	\$ --
	2002	\$ --	\$ --	\$ --	--	\$ --
PARRIS H. HOLMES, JR.	2004	\$ 120,000	\$ --	\$ 264,943(3)	--	\$3,318,595(4)
FORMER CHAIRMAN OF THE BOARD	2003	\$ 344,883	\$ --	\$ 361,296(5)	--	\$ 285,619(6)
AND CHIEF EXECUTIVE OFFICER	2002	\$ 375,000	\$ --	\$ 85,660(7)	450,000	\$ 201,853(8)
DAVID P. TUSA	2004	\$ 89,653(9)	\$ --	\$ 8,369(10)	--	\$ 561,605(11)
FORMER EXECUTIVE VICE PRESIDENT,	2003	\$ 192,500(12)	\$ --	\$ 18,541(13)	--	\$ 9,625(14)
CHIEF FINANCIAL OFFICER AND	2002	\$ 192,500	\$ 20,000	\$ 20,178(15)	200,000	\$ 13,723(16)
CORPORATE SECRETARY						

(1) The Named Executive Officers received no restricted stock awards or long-term incentive plan payouts during 2004, 2003 and 2002.

(2) Represents \$3,229 in 401(k) Retirement Plan contributions made on behalf of Mr. Pully during 2004.

(3) Represents \$23,529 related to the transfer and personal use of a Company owned automobile, \$208,819 for the payment of taxes reimbursed to Mr. Holmes in conjunction with the termination of three split-dollar life insurance agreements, \$19,100 for the payment of country club dues and \$13,495 for the payment of taxes reimbursed to Mr. Holmes in conjunction with the transfer and personal use of a Company owned automobile during 2004.

(4) Represents a \$2,005,000 lump sum cash payment paid upon a change of control as defined in Mr. Holmes' amended employment agreement, a \$600,000 cash payment made purportedly as a result of a restricted stock grant (see section entitled "Related Transactions") during 2004, \$95,192 paid in accrued vacation in accordance with the terms of Mr. Holmes' amended employment agreement, \$604,403 in cash payments related to the settlement of three split-dollar life insurance agreements between the Company and Mr. Holmes, \$6,000 in 401(k) Retirement Plan contributions and \$8,000 in consulting payments.

(5) Represents \$165,404 for the payment of taxes reimbursed to Mr. Holmes in conjunction with the termination of three split-dollar life insurance agreements, \$135,000 of compensation issued in the form of Company stock to Mr. Holmes in exchange for a salary reduction for the period October 1, 2003 to September 30, 2004, \$14,115 in conjunction with the personal use of a Company provided automobile, \$8,095 for payment of certain taxes reimbursed to Mr. Holmes during 2003 for taxable fringe benefits, \$25,922 for the payment of country club dues and \$12,760 in taxable benefits derived from certain split-dollar life insurance policies.

(6) Represents \$10,000 in 401(k) Retirement Plan contributions, \$172,000 in life insurance premiums paid on behalf of Mr. Holmes during 2003 and \$103,619 of cash payments in conjunction with the termination of a split-dollar life insurance policy.

(7) Represents \$14,115 in conjunction with the personal use of a Company provided automobile, \$23,953 for payment of certain taxes reimbursed to Mr. Holmes during 2002 for taxable fringe benefits, \$25,852 for the payment of country club dues and \$21,740 in taxable benefits derived from certain split-dollar life insurance policies.

(8) Represents \$10,000 in 401(k) Retirement Plan contributions, \$7,500 in deferred compensation contributions and \$184,353 in life insurance premiums paid on behalf of Mr. Holmes during 2002.

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(9) During the year ended December 31, 2004, \$70,000 of Mr. Tusa's salary included herein was billed to and reimbursed by Sharps Compliance Corp. of which the Company owns a small equity interest.

(10) Represents \$4,500 related to an automobile allowance, \$817 related to health club benefits and \$3,052 for the payment of certain taxes reimbursed to Mr. Tusa during 2004 for taxable fringe benefits.

(11) Represents a \$506,000 lump sum cash payment paid upon a change of control as defined in Mr. Tusa's amended employment agreement, \$4,812 in 401(k) Retirement Plan contributions during 2004, \$26,654 paid in accrued

vacation in accordance with the terms of Mr. Tusa's amended employment agreement and \$24,139 in consulting payments.

- (12) During the year ended December 31, 2003, \$112,500 of Mr. Tusa's salary included herein was billed to and reimbursed by Sharps Compliance Corp. of which the Company owns a small equity interest.
- (13) Represents \$10,800 related to an automobile allowance, \$983 related to health club benefits and \$6,758 for the payment of certain taxes reimbursed to Mr. Tusa during 2003 for taxable fringe benefits.
- (14) Represents \$9,625 in 401(k) Retirement Plan contributions made on behalf of Mr. Tusa during 2003.
- (15) Represents \$9,888 related to an automobile allowance, \$2,209 related to health club benefits and \$8,081 for the payment of certain taxes reimbursed to Mr. Tusa during 2002 for taxable fringe benefits.
- (16) Represents \$9,223 in 401(k) Retirement Plan contributions and \$4,500 in deferred compensation contributions made on behalf of Mr. Tusa during 2002.

OPTIONS GRANTED IN 2004

The following table provides information related to options of the Company granted to the Named Executive Officers of the Company during 2004.

NAME (a)	NUMBER OF SECURITIES UNDERLYING OPTION/SARS GRANTED (#) (b)	PERCENT OF TOTAL OPTIONS/SARS GRANTED TO EMPLOYEES IN FISCAL YEAR (c)	EXERCISE OF BASE PRICE (\$/SH) (d)	EXPIRATION DATE (e)	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
					5% (\$) (f)	10% (\$) (g)
Steven J. Pully	150,000	75%	.28	6/28/2014	27,000	67,500
John Murray	50,000	25%	.28	06/18/2014	9,000	22,500
Parris H. Holmes, Jr.	0	--	--	--	--	--
David P. Tusa	0	--	--	--	--	--

AGGREGATED OPTION EXERCISES IN 2004 AND YEAR-END OPTION VALUES

The following table provides information related to options of the Company exercised by the Named Executive Officers of the Company during 2004 and the number and value of options held at December 31, 2004.

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED (1)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FY-END		VALUE (2) OF UNEXERCISED IN-THE-MONEY OPTIONS AT FY-END (\$)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Steven J. Pully	0	\$0	0	150,000	0	1,500
John Murray	0	\$0	0	50,000	0	500
Parris H. Holmes, Jr.	0	\$0	0	0	0	0
David P. Tusa	0	\$0	856,667	0	0	0

- (1) Market value of the underlying securities at exercise date, minus the exercise price.
- (2) Market value of the underlying securities at December 31, 2004 (\$0.29), minus the exercise price.

EMPLOYEE BENEFIT AND STOCK OPTION PLANS

The Company maintains the New Century Equity Holdings Corp. 401(k) Retirement Plan (the "401(k) Retirement Plan"). Participation in the 401(k) Retirement Plan is offered to all employees of the Company who are 21 years of age and who have completed six months of service during which they worked at least 500 hours (collectively, the "Participants").

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The 401(k) Retirement Plan is a 401(k) plan, a form of defined contribution plan, which provides that Participants may make voluntary salary deferral contributions, on a pre-tax basis, of between 1% and 15% of their base compensation in the form of voluntary payroll deductions up to a maximum amount as indexed for cost-of-living adjustments. During 2004, the Company made matching contributions equal to 100% of the first 5% of a Participant's compensation contributed as salary deferral. The Company may from time to time make additional discretionary contributions at the sole discretion of the Company's Board of Directors. The discretionary contributions, if any, are allocated to Participants' accounts based on a discretionary percentage of the Participants' respective salary deferrals. During 2004, the Company made no additional discretionary contributions to the 401(k) Retirement Plan.

1996 EMPLOYEE COMPREHENSIVE STOCK PLAN

The Company has adopted the New Century Equity Holdings Corp. 1996 Employee Comprehensive Stock Plan (the "Employee Stock Plan"). The Employee Stock Plan provides for (i) the grant of incentive stock options ("ISOs") under Section 422 of the Code, (ii) the grant of non-qualified stock options ("NQSOs") that do not qualify under Section 422 of the Code, and (iii) the award of shares of restricted stock of the Company. Under the terms of the Employee Stock Plan, 14,500,000 shares of Common Stock have been reserved for the granting of options and awards of restricted stock. At December 31, 2004, options to purchase 2,767,857 shares were outstanding under the Employee Stock Plan. If any option or award granted under the Employee Stock Plan terminates, expires or is surrendered as to any shares, new options or awards may thereafter be made covering such shares.

The Employee Stock Plan is administered by the Compensation Committee. The Employee Stock Plan grants broad authority to the Compensation Committee to grant options or award restricted shares to full-time employees and officers of the Company and its subsidiaries (a total of two (2) eligible individuals at December 31, 2004), to determine the number of shares subject to options or awards and to provide for the appropriate periods and methods of exercise and requirements regarding the vesting of options and awards of restricted shares. The option price per share with respect to each option shall be determined by the Compensation Committee, but shall in no instance be less than the par value of the shares subject to the option. In addition, the option price for ISOs may not be less than 100% of the fair market value of the Common Stock on the date of grant. The options are issued to the employees for a term of ten years. An ISO may be granted to a participant only if such participant, at the time the option is granted, does not own stock possessing more than 10% of the total combined voting power of all classes of Common Stock of the Company or a subsidiary. The preceding restriction shall not apply if at the time the option is granted the option price is at least 110% of the fair market value of the Common Stock subject to the option and such option by its terms is not exercisable after the expiration of five years from the date of grant. The aggregate fair market value of the stock (determined at the time the option is granted) with respect to which ISOs are exercisable for the first time by a participant in any calendar year (under all plans of the Company and of any parent or subsidiary), shall not exceed \$100,000. There is no price requirement for NQSOs, other than the option price must exceed the par value of the Common Stock. The Compensation Committee may permit the option purchase price to be payable by transfer to the Company of Common Stock owned by the option holder with a fair market value at the time of exercise equal to the option purchase price.

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The Employee Stock Plan permits the Compensation Committee to make awards of restricted shares of Common Stock that are subject to a designated period during which such shares of Common Stock may not be sold, assigned,

transferred, pledged or otherwise encumbered, which period shall not be less than one (1) year nor more than two (2) years from the date of grant. As a condition to any award, the Compensation Committee may require an employee to pay to the Company the amount (such as the par value of such shares) required to be received by the Company in order to assure compliance with applicable state law. Any award for which such requirement is established shall automatically expire if not purchased in accordance with the Compensation Committee's requirements within 60 days after the date of grant. The Compensation Committee may, at any time, reduce the restricted period with respect to any outstanding shares of restricted stock and any retained distributions with respect thereto awarded under the Employee Stock Plan. Shares of restricted stock awarded under the Employee Stock Plan shall constitute issued and outstanding shares of Common Stock for all corporate purposes.

Each employee has the right to vote the restricted stock held by such employee, to receive and retain all cash dividends and distributions thereon and exercise all other rights, powers and privileges of a holder of Common Stock with respect to such restricted stock, subject to certain exceptions. Unless otherwise provided in the agreement relating to an award, upon the occurrence of a change of control, as defined in the Employee Stock Plan, all restrictions imposed on the employee's restricted stock and any retained distributions shall automatically terminate and lapse and the restricted period shall terminate; provided, however, that if the change of control occurs within six months of the date of grant, the restrictions and the restricted period shall terminate on the six-month anniversary of the date of grant.

1999 COMMSOFT ACQUISITION STOCK OPTION PLAN

In December 1998, in connection with the Company's acquisition of Communications Software Consultants, Inc. ("CommSoft"), the Company adopted the Billing Concepts Corp. 1999 CommSoft Acquisition Stock Option Plan (the "CommSoft Employee Stock Plan"). The CommSoft Employee Stock Plan provides for the grant of NQSOs. Under the terms of the CommSoft Employee Stock Plan, 173,153 shares of Common Stock were reserved for the granting of options. At December 31, 2004, options to purchase 1,747 shares were outstanding under the CommSoft Employee Stock Plan.

The CommSoft Employee Stock Plan is administered by the Compensation Committee. The CommSoft Employee Stock Plan granted authority to the Compensation Committee to grant options to those employees of CommSoft holding stock options to purchase shares of Class B common stock, \$0.001 par value, of CommSoft on the closing date of the Company's acquisition of all of the issued and outstanding capital stock of CommSoft under the terms of the Plan of Merger and Acquisition Agreement (the "Merger Agreement"). The Merger Agreement closed on December 18, 1998, at which date 88 former employees of CommSoft were eligible for grants under the CommSoft Employee Stock Plan. In addition, the Compensation Committee has the authority to determine methods of exercise. The option price per share with respect to each option was determined by a formula set forth in the Merger Agreement. The Compensation Committee may permit the

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option purchase price to be payable by transfer to the Company of Common Stock owned by the option holder with a fair market value at the time of exercise equal to the option purchase price.

EXECUTIVE QUALIFIED DISABILITY PLAN

The Company has adopted the New Century Equity Holdings Corp. Executive Qualified Disability Plan (the "Disability Plan"). The Disability Plan provides long-term disability benefits for certain key employees occupying management positions and/or certain other highly compensated employees of the Company who are determined by the Board of Directors, from time to time, to be eligible to participate. Benefits under the Disability Plan are provided directly by the Company based on definitions, terms and conditions contained in the Disability Plan documents. Benefits under the Disability Plan supplement benefits provided under the Company's insured long-term disability plan. As of December 31, 2004, there were no participants in the Executive Qualified Disability Plan.

EQUITY COMPENSATION PLAN INFORMATION

NUMBER OF
SECURITIES

NUMBER OF
SECURITIES TO BE
REMAINING AVAILABLE
FOR FUTURE ISSUANCE

PLAN CATEGORY	ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (a)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (b)	UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A)) (c)
Equity compensation plans approved by security holders.....	2,769,604	\$2.90	13,030,396
Equity compensation plans not approved by security holders.....	0	\$0.00	0
Total.....	2,769,604	\$2.90	13,030,396

COMPENSATION OF DIRECTORS

A total of 1,300,000 shares of Common Stock are subject to the Company's 1996 Non-Employee Director Plan (the "Director Plan"). In November of 2002, the Board of Directors revised the Director Plan to reflect the following (effective with the Board of Director meetings to be held in 2003): each non-employee director of the Company will be entitled to annual compensation consisting of \$28,000 or stock options to purchase 100,000 shares of Common Stock. As an alternative, each non-employee director may choose a combination of stock and options. For the year 2004, Mr. Schwarz chose to receive his annual compensation all in stock options to purchase 100,000 shares of Common Stock and Mr. Risher chose to receive his annual compensation half in the form of stock options to purchase 50,000 shares of Common Stock and half in the form of cash compensation equal to \$14,000. In addition to the above, the Chairman of the Audit Committee is awarded an additional annual stock option to purchase 40,000 shares of Common Stock and the Chairman of the Compensation Committee is issued an additional annual stock option to purchase 30,000 shares of Common Stock.

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In conjunction with the Director Plan, options to purchase Common Stock were awarded to Messrs. Risher and Schwarz as compensation for their services in 2004 as follows:

James Risher	90,000 shares
Mark E. Schwarz	100,000 shares

The awards are for services performed during 2004. For each quarterly Board meeting not attended by a non-employee director, twenty-five percent (25%) of such annual compensation (both cash and stock options) will be forfeited.

EMPLOYMENT AGREEMENTS

EMPLOYMENT AGREEMENT AND ARRANGEMENTS WITH PARRIS H. HOLMES, JR.

The Company entered into an Amended and Restated Employment Agreement ("Holmes Employment Agreement") with its former Chairman, Chief Executive Officer and President, Parris H. Holmes, Jr. in November 2001. The Holmes Employment Agreement provided 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 the Company for "cause" (as defined in the Holmes Employment Agreement) or termination by Mr. Holmes for "good reason" (as defined in the Holmes Employment Agreement). The Holmes Employment Agreement provided for an annual, calendar year base salary of \$375,000 and an incentive bonus at the discretion of the Compensation Committee. This Holmes Employment Agreement also provided for a company-paid automobile allowance, club memberships, certain tax reimbursements and other benefits.

The Holmes Employment Agreement also provided that, if the Company terminated Mr. Holmes' employment without cause (including the Company's election to not extend the Holmes Employment Agreement at any renewal date) or if he resigned from his employment for "good reason", he would be entitled to a lump-sum payment in the amount equal to his base salary for the unexpired portion of the five-year term of the Holmes Employment Agreement then in effect and without giving effect to any further extension (a maximum payment of approximately \$1,875,000), continuation of his benefits through the unexpired term of the Holmes 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 death or permanent disability, Mr. Holmes would receive his then effective salary for 60 months and Company paid premiums for 60 months.

The Holmes Employment Agreement provided that if, at any time within 24 months of a change of control, he ceased to be an employee of the Company (or its successor) by reason of (i) termination by the Company without "cause" (as defined in the Holmes Employment Agreement), or (ii) voluntary termination by the employee for "good reason upon change of control" (as defined in the Holmes Employment Agreement), in addition to the severance stated above, he would 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, would 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

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payment or payments equaling the amount of any taxes and interest imposed on any payment or distribution by the Company to the employee upon termination under (i) or (ii) above that constitutes an excess parachute payment.

In August 2003, the Company issued 435,484 shares of its Common Stock to Mr. Holmes in exchange for a salary reduction of \$135,000 for the employment period of October 1, 2003 to September 30, 2004. These shares were issued under the New Century Equity Holdings Corp. 1996 Employee Comprehensive Stock Plan, which allows for this type of issuance without any material amendments.

As part of the Holmes Employment Agreement, the Company entered into a Split-Dollar Life Insurance Agreement ("Insurance Agreement") with a trust beneficially owned by Mr. Holmes pursuant to which the Company paid the annual insurance premium of approximately \$172,000. The underlying life insurance policy had a face value of \$4,500,000 and required remaining annual premium payments through March 2012, totaling \$1,500,000. In December 2003, Mr. Holmes and the Company agreed to amend the Holmes Employment Agreement and terminate the provisions of the Holmes Employment Agreement related to the Insurance Agreement in exchange for payments by the Company to, and on behalf of, Mr. Holmes totaling approximately \$700,000 in cash. Accordingly, the Company assigned to Mr. Holmes, and Mr. Holmes assumed, all future obligations and benefits related to the Insurance Agreement. Mr. Holmes released and discharged the Company from any further obligation to provide or fund any life insurance for the benefit of Mr. Holmes, including the Insurance Agreement. The entire \$700,000 was included in general and administrative expenses during the year ended December 31, 2003. In December 2003, approximately \$200,000 of the total \$700,000 was paid. The remaining \$500,000 was accrued at December 31, 2003 and paid in January 2004. In conjunction with the Insurance Agreement, the Company relinquished its rights under two other split-dollar life insurance policies previously entered into with Mr. Holmes. All premiums had been paid under the two policies prior to 2004. The Company paid approximately \$3,800 on behalf of Mr. Holmes in connection with the transfer of rights to Mr. Holmes.

On May 28, 2004, the Company and Mr. Holmes agreed to further amend the Holmes Employment Agreement (the "Holmes Amended Employment Agreement") whereby Mr. Holmes' employment would be terminated by the Company upon a Change of Control (as defined in the agreement). Upon such Change of Control, the Company agreed to pay Mr. Holmes (i) any base salary earned pro rata as of the date of such Change of Control of the Company (i.e., salary due since last pay period), (ii) all accrued and unpaid vacation as reflected in the books and records of the Company then totaling \$95,191.80, less any vacation taken through the date of the Change of Control, (iii) certain tax gross-up amounts and (iv) any unpaid employment related expenses incurred. The Company also agreed to provide to Mr. Holmes at the Company's cost, health insurance benefits (medical and dental) for the six-month period subsequent to the Change of Control of the Company under the Company's current health insurance benefit plan. In addition, upon a Change of Control of the Company, the Company agreed to pay to Mr. Holmes a lump sum cash payment in the amount of \$2,005,000. Mr. Holmes agreed to purchase from the Company certain assets at an agreed purchase price of \$9,059.49. Pursuant to the terms of his employment agreement, Mr. Holmes was provided with the title of an automobile. The automobile was acquired by the Company for \$75,000 in 2000. At the time of transfer, the net book value of the automobile was zero and the fair market value was \$20,000. In accordance with

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the terms of Mr. Holmes' employment agreement, the income taxes incurred by Mr. Holmes as a result of the transfer of title to him were borne by the Company.

Upon such Change of Control of the Company, Mr. Holmes agreed to resign as an officer and director of the Company. Additionally, Mr. Holmes and the Company agreed to enter into a Consulting Agreement dated May 28, 2004 (the "Holmes Consulting Agreement") whereby Mr. Holmes would perform for the Company certain consulting services for a period commencing upon a Change of Control (as defined in the agreement) and continuing through October 31, 2004. Upon a Change of Control, the Company agreed to pay Mr. Holmes \$20,000 per month in June, July, August, and September of 2004 and \$31,250 in October 2004 (\$111,250 in the aggregate) as compensation. As a result of the Newcastle Transaction, a Change of Control under the Holmes Amended Employment Agreement and Holmes Consulting Agreement was deemed to have taken place, triggering the parties' obligations thereunder. Mr. Holmes was paid a pro-rata consulting payment of \$8,000 for the month of June 2004 in conjunction with his severance and the Company has not engaged Mr. Holmes' consulting services, or paid any amount to him, since then.

EMPLOYMENT AGREEMENT AND ARRANGEMENTS WITH DAVID P. TUSA

The Company entered into an Amended Employment Agreement (the "Tusa Employment Agreement") with David P. Tusa in November 2001. This agreement was for a term of eighteen months from its effective date, subject to automatic extension of successive eighteen-month terms unless the Company elected not to extend the Tusa Employment Agreement. The Tusa Employment Agreement was subject to early termination as provided therein, including termination by the Company for "cause" (as defined in the Tusa Employment Agreement) or terminated by Mr. Tusa for "good reason" (as defined in the Tusa Employment Agreement). Mr. Tusa's annual base salary under the Tusa Employment Agreement was \$192,500. The Tusa Employment Agreement provided for incentive bonuses at the discretion of the Compensation Committee. The Tusa Employment Agreement also provided for a company-paid automobile allowance, club memberships, certain tax reimbursements and other benefits.

The Tusa Employment Agreement provided that if the Company terminated Mr. Tusa's employment without cause (including the Company's election to not extend the Tusa Employment Agreement at any renewal date) or if he resigned his employment for "good reason" (as defined in the Tusa Employment Agreement) he would be entitled to a lump-sum payment equal to 18 months of his then effective annual base salary 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 24 months of his then effective annual base salary and continuation of his benefits through the severance period.

The Tusa Employment Agreement provided that if, at any time within 24 months of a change of control or liquidation of the Company, Mr. Tusa ceased to be an employee of the Company (or its successor) by reason of (i) termination by the Company (or its successor) without "cause" (as defined in the Tusa Employment Agreement), or (ii) voluntary termination by the employee for "good reason upon change of control" (as defined in the Tusa Employment Agreement), he would 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.

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On May 28, 2004, the Company and Mr. Tusa agreed to further amend the Tusa Employment Agreement (the "Tusa Amended Employment Agreement") whereby Mr. Tusa's employment would be terminated by the Company upon a Change of Control (as defined in the agreement). Upon such Change of Control, the Company agreed to pay Mr. Tusa (i) any base salary earned pro rata as of the date of such Change of Control of the Company (i.e., salary due since last pay period), (ii) all accrued and unpaid vacation as reflected in the books and records of the Company then totaling \$26,653.85, less any vacation taken through the date of the Change of Control, (iii) certain tax gross-up amounts and (iv) any unpaid employment related expenses incurred. In addition, upon a Change of Control of the Company, the Company agreed to pay to Mr. Tusa a lump sum cash payment in the amount of \$506,000. Upon termination, any options to purchase Common Stock held by Mr. Tusa would be deemed fully vested and exercisable by Mr. Tusa for a period of two (2) years following a Change of Control. Upon such Change of Control of the Company, Mr. Tusa agreed to resign as an officer of the Company. For a period of three (3) years following termination of his employment, Mr. Tusa agreed to consult on business affairs and litigation matters of the Company at the Company's request, such consulting services not to exceed an aggregate of 72 hours per year. Additionally, Mr. Tusa and the Company agreed to enter into a Consulting Agreement dated May 28, 2004 (the "Tusa Consulting Agreement") whereby Mr. Tusa would perform for the Company certain consulting services for a period commencing upon a Change of Control (as defined in the agreement) and continuing through September 30, 2004. Upon a Change of Control, the Company agreed to pay Mr. Tusa \$16,041.67 per month (\$64,166.67 in the aggregate) as

compensation, such monthly payments being payable in advance on the first day of each such month, and \$1,200 per month for automobile expenses. As a result of the Newcastle Transaction, a Change of Control under the Tusa Amended Employment Agreement and Tusa Consulting Agreement was deemed to have taken place, triggering the parties' obligations thereunder. Mr. Tusa was paid a pro-rata consulting payment of \$6,897 for the month of June 2004 in conjunction with his severance and, thereafter, the Company engaged Mr. Tusa's consulting services for the month of July 2004 only. No amounts have been paid to Mr. Tusa since July 2004.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Parris H. Holmes, Jr., former Chairman of the Board and Chief Executive Officer of the Company, also served as Chairman of the Board of Tanisys Technology, Inc. ("Tanisys"), an entity in which the Company formerly had an investment. In August 2002, the Company appointed David P. Tusa and Justin L. Ferrero, former directors of the Company, to the Board of Tanisys. In February 2002, upon the resignation of Mr. Holmes as Chairman of the Board of Tanisys, C. Lee Cooke, Jr. became Chairman of the Board. Mr. Cooke was then appointed as Chief Executive in March 2002 until his resignation in February 2003. Mr. Ferrero resigned as a Tanisys Board member in February 2003. Mr. Cooke and Mr. Tusa resigned as members of the Board of Tanisys in March 2003.

Mr. Holmes served as a director of the Board of Princeton eCom Corporation ("Princeton") an entity in which the Company formerly had an investment, from September 1998 to March 2004. Mr. Holmes also served as Chairman of the Board of Princeton from January 2002 to December 2002. From December 2001 to June 2002, Mr. Tusa served as a member of the Board of Princeton.

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Mr. Holmes and Mr. Cooke serve on the Board of Sharps Compliance Corp. ("Sharps"), an entity in which the Company currently has an investment. Mr. Tusa served as an Advisor to the Board of Directors of Sharps from October 2001 to January 2003. Mr. Tusa has served as the CFO of Sharps since February 2003. In March 2003, Sharps began reimbursing the Company for certain expenses incurred by Mr. Tusa.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

GENERAL

The Compensation Committee has furnished the following report on the Company's executive compensation policies relating to compensation paid during fiscal 2004. Prior to the Newcastle Transaction, compensation payable to the Company's executives during 2004 was largely dictated by employment agreements that were entered into prior to 2004. The Compensation Committee did not award any discretionary bonuses pursuant to those agreements in 2004, nor did it recommend the award of any discretionary restricted stock or stock options to those executives during the year. Compensation issues relating to the two former executives in connection with the proposed liquidation of the Company in 2004 and the Newcastle Transaction were addressed by a Special Committee of the Board formed in early 2004 and the whole Board. The Special Committee at the time consisted of Gary D. Becker, C. Lee Cooke, Jr., Justin Ferrero and Stephen M. Wagner and the Board consisted of Gary D. Becker, C. Lee Cooke, Jr., Justin L. Ferrero, Parris H. Holmes, Jr. and Stephen M. Wagner. Since the Newcastle Transaction, the Company has been in a period of transition seeking potential acquisition and merger candidates and new business opportunities. The Compensation Committee is currently comprised of one outside director, C. Lee Cooke, Jr. (Chairman).

ELEMENTS OF COMPENSATION SINCE THE NEWCASTLE TRANSACTION

In June 2004, in connection with the Newcastle Transaction, Mr. Cooke spoke with Mr. Pully in connection with the chief executive officer position vacated by Mr. Holmes. Based on his interview and his understanding of the Board's intentions with respect to executive compensation going forward, Mr. Cooke, as the sole member of the Compensation Committee, recommended to the full Board that Mr. Pully receive a salary of \$150,000 and 150,000 stock options

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exercisable at the then-current fair market value of the Common Stock. In

addition, he recommended to the full board that John Murray, the new CFO of the Company, receive 50,000 stock options at the then-current fair market value of the Common Stock. None of the current executives is a party to an employment agreement with the Company. Following the Newcastle Transaction and recommendations of Mr. Cooke, Mr. Pully and Mr. Murray were approved as CEO and CFO by the Board of Directors. The Compensation Committee expects if and when the Company announces a business and additional individuals are hired, that the Company will modify its compensation procedures. However, the Compensation Committee will continue to evaluate Mr. Pully on an annual basis based on performance.

CONCLUSION

The Compensation Committee has furnished this report on its activities with respect to its oversight responsibilities during the year ended December 31, 2004. The report is not deemed to be "soliciting material" or to be "filed" with the SEC or subject to the SEC's proxy rules or to the liabilities of Section 18 of the Exchange Act, and the report shall not be deemed incorporated by reference into any prior or subsequent filing by the Company under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, except to the extent that the Company specifically incorporates it by reference to such filing.

Compensation Committee of the Board of
Directors

C. Lee Cooke Jr., Chairman

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PERFORMANCE GRAPH

The Company's Common Stock has been traded publicly since August 5, 1996. Prior to such date, there was no established market for the Common Stock. Set forth below is a line graph comparing the yearly percentage change in the cumulative total stockholder return on our Common Stock to the cumulative return of the S&P 500 Stock Index and the S&P Data Processing and Outsourced Services Index for the period commencing on September 30, 1999 and ending December 31, 2004 (the "Measuring Period"). The Company selected the S&P Data Processing and Outsourced Services Index as a basis of comparison as it believes the issuers comprising this index are in the same line of business as Princeton, the investment in which the Company held a 36% interest up until June 2004. The graph assumes that the value of the investment in the Company's Common Stock and each index was \$100 on September 30, 1999. The yearly change in cumulative total return is measured by dividing (1) the sum of (i) the cumulative amount of dividends for the Measuring Period, assuming dividend reinvestment, and (ii) the change in share price between the beginning and end of the Measuring Period, by (2) the share price at the beginning of the Measuring Period.

[PERFORMANCE GRAPH]

COMPANY NAME/ INDEX	BASE PERIOD	SEPTEMBER	SEPTEMBER	DECEMBER	DECEMBER	DECEMBER	DECEMBER	DECEMBER
	SEPTEMBER 30, 1999	30, 2000	31, 2000	31, 2001	31, 2002	31, 2003	31, 2004	
NEW CENTURY EQUITY HOLDINGS - NASB	100.00	63.76	40.00	10.00	5.20	6.40	6.00	
S&P 500	100.00	113.28	104.42	92.01	71.68	92.24	102.27	
S&P DATA PROCESSING & OUTSOURCED SERVICES	100.00	135.57	141.92	154.50	109.81	128.52	135.51	

The Performance Graph is based on historical data and is not necessarily indicative of future performance. The Performance Graph is not deemed to be "soliciting material" or to be "filed" with the SEC or subject to the SEC's proxy rules or to the liabilities of Section 18 of the Exchange Act, and the Performance Graph shall not be deemed incorporated by reference into any prior or subsequent filing by the Company under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference to such filing.

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INDEPENDENT AUDITORS

The Company has not selected independent auditors for the current fiscal year because the Company is currently reviewing various auditors based on their expertise and the cost of their services. Burton McCumber & Cortez, L.L.P. was the Company's independent auditors for the fiscal year ended December 31, 2004. A representative of Burton McCumber & Cortez, L.L.P. will not be present at the Annual Meeting.

Aggregate fees for professional services rendered to the Company by Burton McCumber & Cortez, L.L.P. for the years ended December 31, 2004 and December 31, 2003 were as follows:

	2004	2003
	-----	-----
Audit.....	\$ 129,195	\$ 82,381
Audit Related.....	0	0
Tax.....	0	0
Other.....	0	0
Total.....	\$ 129,195	\$ 82,381

AUDIT FEES

The aggregate fees billed by Burton McCumber & Cortez, L.L.P. for professional services required for the audit of the Company's annual financial statements and the review of the interim financial statements included in the Company's Forms 10-Q were \$129,195 and \$82,381 for 2004 and 2003, respectively.

AUDIT-RELATED FEES

The Company did not engage nor pay Burton McCumber & Cortez, L.L.P. for assurance and related services related to the performance of the audit of the Company's annual financial statements or the review of the interim financial statements included in the Company's Forms 10-Q for 2004 and 2003.

TAX FEES

The Company did not engage nor pay Burton McCumber & Cortez, L.L.P. for professional services relating to tax compliance, tax advice or tax planning in 2004 and 2003.

ALL OTHER FEES

The Company did not engage nor pay Burton McCumber & Cortez, L.L.P. for additional services, other than the services described above, in 2004 and 2003.

PRE-APPROVAL POLICIES AND PROCEDURES

All audit and non-audit services to be performed by the Company's independent auditors must be approved in advance by the Audit Committee. Consistent with applicable law, limited amounts of services, other than audit, review or attest services, may be approved by one or more members of the Audit

Committee pursuant to authority delegated by the Audit Committee, provided each such approved service is reported to the full Audit Committee at its next meeting.

All of the engagements and fees for the Company's fiscal year ended December 31, 2004 were approved by the Audit Committee. In connection with the audit of the Company's financial statements for the fiscal year ended December 31, 2004, Burton McCumber & Cortez, L.L.P. only used full-time, permanent employees.

The Audit Committee has considered whether the provision by Burton McCumber & Cortez, L.L.P. of the services covered by the fees other than the audit fees is compatible with maintaining Burton McCumber & Cortez, L.L.P.'s independence and believes that it is compatible.

AUDIT COMMITTEE REPORT

GENERAL

The Audit Committee currently consists of one director, who is independent as defined in the listing standards of Nasdaq. A brief description of the responsibilities of the Committee is set forth above under the heading "CORPORATE GOVERNANCE - Audit Committee."

The Audit Committee has reviewed and discussed the Company's audited financial statements for the year ended December 31, 2004 with management of the Company. The Audit Committee has discussed with Burton McCumber & Cortez, L.L.P., the Company's independent accountants for the year ended December 31, 2004, the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards). The Audit Committee has also received the written disclosures and the letter from Burton McCumber & Cortez, L.L.P. required by Independence Standards Board Standard No. 1 (Independent Standards Board No. 1, Independence Discussions with Audit Committees), and has discussed with Burton McCumber & Cortez, L.L.P. its independence.

Based on the review and the discussions referred to above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 for filing with the SEC.

During the year ended December 31, 2004, the Audit Committee approved in advance any and all audit services, including the audit engagement fees and terms, and non-audit services provided to the Company by its independent auditors (subject to the de minimus exception for non-audit services contained in Section 10A(i)(1)(B) of the Exchange Act). The independent auditors and the Company's management are required to periodically report to the Audit Committee the extent of services provided by the independent auditors and the fees associated with these services.

The Audit Committee has forwarded this report on its activities with respect to its oversight responsibilities during the year ended December 31, 2004. The report is not deemed to be "soliciting material" or to be "filed" with the SEC or subject to the SEC's proxy rules or to the liabilities of Section 18 of the Exchange Act, and the report shall not be deemed incorporated by reference into any prior or subsequent filing by the Company under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference to such filing.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

JAMES RISHER

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RELATED TRANSACTIONS

Parris H. Holmes, Jr. (former Chairman of the Board and Chief Executive Officer of the Company) served on the Board of Princeton from September 1998 until March 2004. Mr. Holmes served as Chairman of the Board of Princeton from January 2002 until December 2002. David P. Tusa (former Chief Financial Officer of the Company) served as a member of the Board of Princeton from August 2001 until June 2002.

Mr. Holmes has been a member of the Board of Sharps since July 1998. According to public filings of Sharps, Mr. Holmes continues to be a director of Sharps, although he is not serving in such capacity on behalf of the Company. Mr. Tusa was appointed Chief Financial Officer of Sharps in February 2003. In March 2003, Sharps began reimbursing the Company for certain expenses incurred by Mr. Tusa. As of December 31, 2004, no amount was due to the Company by Sharps for these expenses. C. Lee Cooke, Jr., a current member of the Company's Board of Directors, served on the Board of Sharps from March 1992 until November 2004.

Mr. Holmes served as Chairman of the Board of Tanisys from the time of the Company's investment in Tanisys until his resignation in February 2002. Mr. Cooke also served as Tanisys' Chairman of the Board and Chief Executive Officer from February 2002 until February 2003 and as a member of Tanisys' Board from February 2002 to March 2003. Mr. Cooke was entitled to receive approximately \$15,000 per month from Tanisys as compensation for services as Chairman of the Board and Chief Executive Officer. The Company also appointed Mr. Tusa and another one of its former directors, Mr. Ferrero, to the Board of Tanisys. Mr. Ferrero resigned from the Board of Tanisys in February 2003 and Mr. Tusa resigned from the Board Tanisys in March 2003.

In August 2003, the Company issued 435,484 shares of its Common Stock to Mr. Holmes in exchange for a salary reduction of \$135,000 for the employment period of October 1, 2003 to September 30, 2004. These shares were issued under the New Century Equity Holdings Corp. 1996 Employee Comprehensive Stock Plan, which allows for this type of issuance without any material amendments.

As part of the Holmes Employment Agreement, the Company entered into the Insurance Agreement with a trust beneficially owned by Mr. Holmes pursuant to which the Company paid the annual insurance premium of approximately \$172,000. The underlying life insurance policy had a face value of \$4,500,000 and required remaining annual premium payments through March 2012, totaling \$1,500,000. In December 2003, Mr. Holmes and the Company agreed to amend the Holmes Employment Agreement and terminate the provisions of the Holmes Employment Agreement related to the Insurance Agreement in exchange for payments by the Company to, and on behalf of, Mr. Holmes totaling approximately \$700,000 in cash. Accordingly, the Company assigned to Mr. Holmes, and Mr. Holmes assumed, all future obligations and benefits related to the Insurance Agreement. Mr. Holmes released and discharged the Company from any further obligation to provide or fund any life insurance for the benefit of Mr. Holmes, including the Insurance Agreement. The entire \$700,000 was included in general and administrative expenses during the year ended December 31, 2003. In December 2003, approximately \$200,000 of the total \$700,000 was paid. The remaining \$500,000 was accrued at December 31, 2003 and paid in January 2004. In conjunction with the Insurance Agreement, the Company relinquished its rights under two other split-dollar life insurance policies previously entered into with Mr. Holmes. All premiums had been paid under the two policies prior to 2004. The Company paid approximately \$3,800 on behalf of Mr. Holmes in connection with the transfer of rights to Mr. Holmes.

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Prior to the Newcastle Transaction, during the quarter ended June 30, 2004, the Company sold certain office furniture to Mr. Holmes for approximately \$7,000 and provided Mr. Holmes with title to the automobile that had been furnished to him by the Company at no cost. The Company had purchased the office furniture for approximately \$28,000 during the period October 1994 through April 2003 and the furniture had a book value of \$4,000. Pursuant to the terms of his employment agreement, Mr. Holmes was provided with an automobile. The automobile was acquired by the Company for \$75,000 in 2000. At the time of transfer, the net book value of the automobile was zero and the fair market value was \$20,000. In accordance with the terms of Mr. Holmes' employment agreement, the income taxes incurred by Mr. Holmes as a result of the transfer of title to him were borne by the Company.

The Company paid Mr. Holmes approximately \$600,000 on June 2, 2004, purportedly as a result of a restricted stock grant as described below. In April 2000, the Board of Directors of the Company approved a restricted stock grant to Mr. Holmes. The restricted stock grant consisted of 400,000 shares of Princeton common stock and was modified in June 2001 to provide for certain anti-dilution and ratchet protections. The restricted stock grant vested on April 30, 2003. The Company expensed the fair market value of the restricted stock grant over the three-year period ended April 30, 2003. The Company recognized \$150,000 during the year ended December 31, 2003 as compensation expense related to the stock grant. The Company has commenced an investigation of various transactions involving former management, including, among other things, the \$600,000 payment.

In June 2004, in connection with the Newcastle Transaction, Mr. Schwarz, Chief Executive Officer and Chairman of Newcastle Management, Mr. Pully, President of Newcastle Management, and Mr. Murray, Chief Financial Officer of Newcastle Management, assumed positions as Chairman of the Board, Chief Executive Officer and Chief Financial Officer, respectively, of the Company. Mr. Pully receives an annual salary of \$150,000 as Chief Executive Officer of the Company. Newcastle Management is the general partner of Newcastle, which owns 4,807,692 shares of Series A Preferred Stock and 150,000 shares of Common Stock of the Company.

The Company's corporate headquarters are currently located at 300 Crescent Court, Suite 1110, Dallas, Texas 75201, which are also the offices of Newcastle. Pursuant to an oral agreement, the Company subleases a portion of Newcastle's space on a month-to-month basis at no charge.

The Company also receives accounting and administrative services from employees of Newcastle Management at no charge.

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PROPOSALS FOR THE 2006 ANNUAL MEETING

REQUIREMENTS FOR STOCKHOLDER PROPOSALS TO BE CONSIDERED FOR INCLUSION IN THE COMPANY'S PROXY MATERIALS

Stockholder proposals submitted pursuant to Rule 14a-8 of the Exchange Act ("Rule 14a-8"), and intended to be presented at the Company's 2006 Annual Meeting of Stockholders, must be received by the Company and addressed to the Corporate Secretary at 300 Crescent Court, Suite 1110, Dallas, Texas 75201, no later than January 6, 2006 to be considered for inclusion in the Company's proxy materials for that meeting. After January 6, 2006, notice to the Company of a stockholder proposal will be considered untimely and the person named in proxies solicited by the Board of Directors of the Company for its 2006 Annual Meeting of Stockholders may exercise discretionary authority voting power with respect to any such proposal.

REQUIREMENTS FOR STOCKHOLDER PROPOSALS OUTSIDE THE SCOPE OF RULE 14A-8

A stockholder may present a proposal for consideration at the 2006 Annual Meeting of Stockholders by providing written notice in a timely manner to the Secretary of the Company setting forth the following information: a brief description of the proposal to be brought before the annual meeting and the reasons for conducting such business at the annual meeting; the name and address of the stockholder making the proposal; the class and number of shares of the Company which are beneficially owned by the stockholder and a representation that the stockholder intends to appear in person or by proxy at the meeting to introduce the proposal or proposals specified in the notice. To be timely, notice must be received by the Company (a) in the case of an annual meeting, not less than 120 days prior to the date of the Company's proxy materials for the previous year's annual meeting, or (b) in the case of a special meeting, not less than the close of business on the seventh day following the day on which notice of such meeting is first given to stockholders. No business shall be conducted at a meeting except business brought before the annual meeting in accordance with the procedures set forth above. If the Chairman or other officer presiding at a meeting determines that the stockholder proposal was not properly brought before such meeting, such proposal will not be introduced at such meeting.

The provisions of the foregoing will be subject to the rules of the SEC with respect to stockholder proposals so long as the Company is required to file reports with the SEC under the Exchange Act. Any stockholder proposal that is submitted in compliance with such rules and is required by such rules to be set forth in the proxy statement of the Company will be set forth despite the requirements of the By-Laws of the Company with respect to the timing and form of notice for such proposals.

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REQUIREMENTS FOR STOCKHOLDER NOMINATIONS OF DIRECTORS

The advance notification procedures that stockholders must follow in order to nominate directors (the "Nomination Procedure"), set forth in Section 8.3 of the Charter and Section 3.16 of the By-Laws, provides that only persons who are nominated by or at the direction of the Board of Directors, or by a stockholder who has given timely prior written notice to the Secretary of the Company prior to the meeting at which directors are to be elected will be eligible for election as directors. To be timely, notice must be received by the Company (a) in the case of an annual meeting, not less than 90 days prior to the annual meeting, or (b) in the case of a special meeting, not later than the seventh day following the day on which notice of such meeting is first given to stockholders.

Under the Nomination Procedure, notice to the Company from a stockholder who proposes to nominate a person or persons at a meeting for election as a director must contain certain information, including the name and address of the stockholder who intends to make the nomination and the person to be nominated, a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy to nominate the person, a description of all arrangements or understandings between the stockholder and each nominee and any other person pursuant to which the nomination is to be made, such other information regarding

each nominee as would be required to be included in a proxy statement filed pursuant to the Proxy Rules of the SEC had the nominee been nominated by the Board of Directors and the consent of such nominee to serve as a director if so elected. If the Chairman presiding at the meeting determines that a person was not nominated in accordance with the Nomination Procedure, such person will not be eligible for election as a director.

PROCEDURES FOR CONTACTING DIRECTORS

The Board of Directors has established a process for stockholders to send communications to the Board of Directors. Stockholders may communicate with the Board of Directors generally or a specific director at any time by writing to: Corporate Secretary, New Century Equity Holdings Corp., 300 Crescent Court, Suite 1110, Dallas, Texas 75201. The Corporate Secretary reviews all messages received, and forwards any message that reasonably appears to be a communication from a stockholder about a matter of stockholder interest that is intended for communication to the Board of Directors. Communications are sent as soon as practicable to the director to whom they are addressed, or if addressed to the Board of Directors generally, to the Chairman of the Board. Because other appropriate avenues of communication exist for matters that are not of stockholder interest, such as general business complaints or employee grievances, communications that do not relate to matters of stockholder interest are not forwarded to the Board of Directors. The Corporate Secretary has the right, but not the obligation, to forward such other communications to appropriate channels within the Company.

LEGAL PROCEEDINGS

On August 11, 2004, Craig Davis, allegedly a stockholder of the Company, filed a complaint in the Chancery Court of New Castle County, Delaware (the "Complaint"). That Complaint asserts direct claims, and also derivative claims on the Company's behalf, against five former and three current directors of the Company. The individual defendants are Parris H. Holmes, Jr., C. Lee

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Cooke, Jr., Justin L. Ferrero, Gary D. Becker, J. Stephen Barley, Stephen M. Wagner, Mark E. Schwarz and Steven J. Pully; the Company is a nominal defendant. In his Complaint, Mr. Davis seeks the appointment of a receiver for the Company under Section 226(a) of the Delaware General Corporation Law and other remedies. Mr. Davis alleges that different director defendants breached their fiduciary duties to the Company. The allegations involve, among other things, transactions with, and payments to, Mr. Holmes, and whether the Company operated as an unregistered investment company. The Company is currently funding legal expenses of the defendants pursuant to indemnification arrangements that were in place during the respective terms of each of the defendants.

The Company and certain of the defendants responded to the Complaint by filing a motion to dismiss or stay the action on October 18, 2004 and on November 3, 2004 filed a memorandum of law in support of such positions. The motion to dismiss filed by the Company and various defendants was heard by the Chancery Court of New Castle County, Delaware on January 18, 2005. The court denied the motion to dismiss. On February 23, 2005, Mr. Davis filed a motion for the appointment of a receiver. The Company plans to vigorously contest this motion.

On October 27, 2004, the Board of Directors appointed Messrs. Pully, Risher and Schwarz to the Special Litigation Committee to investigate the claims of the plaintiff. Prior to the filing of the Complaint, the Company had commenced an investigation of various transactions involving former management, including, among other things, the payment of approximately \$600,000 to Mr. Holmes in connection with a restricted stock agreement and the reimbursement of various expenses involving meals and entertainment, travel and other reimbursed expenses. See the section entitled "RELATED TRANSACTIONS" for a further description of this matter. As part of the investigative work commenced by the Company prior to the filing of the Complaint, the Company sought reimbursement from Mr. Holmes for various amounts paid to him. The Company and Mr. Holmes were unable to agree on the amount that Mr. Holmes should reimburse the Company.

The Company has been notified by counsel to both Messrs. Holmes and Tusa that each of Messrs. Holmes and Tusa believe that approximately \$60,000 and \$34,000, respectively, are owed to each of them under their respective consulting agreements. In addition to notifying both Messrs. Holmes and Tusa that their consulting services were not required and that no obligation therefore existed under their respective agreements, both have also been notified that the Company is investigating various transactions, including, among other things, the payment of approximately \$600,000 to Mr. Holmes in

connection with a restricted stock agreement and the reimbursement of various expenses involving meals and entertainment, travel and other reimbursed expenses. See the section entitled "RELATED TRANSACTIONS" for a further description of this matter. The Company disputes that any additional amounts are owed under the consulting agreements and, therefore, has not provided for such amounts in the Company's financial statements for the period ended December 31, 2004.

Pursuant to the Newcastle Transaction, the Company agreed to indemnify Newcastle, as the purchaser of the Series A Preferred Stock, from any liability, loss or damage, together with all costs and expenses related thereto that the Company may suffer which arises out of affairs of the Company, its Board of Directors or employees prior to the closing of the Newcastle

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Transaction. The Company's obligation to indemnify may be satisfied at the option of Newcastle by issuing additional Series A Preferred Stock to Newcastle, modifying the conversion price of the Series A Preferred Stock, a payment of cash or a redemption of Series A Preferred Stock or a combination of the foregoing. The Company and Newcastle have not yet determined whether events that have arisen since the closing will trigger the indemnity provisions.

ANNUAL REPORT

ANY STOCKHOLDER OF THE COMPANY MAY OBTAIN WITHOUT CHARGE A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2004 (WITHOUT EXHIBITS), INCLUDING THE COMPANY'S CERTIFIED FINANCIAL STATEMENTS, AS FILED WITH THE SEC, BY WRITING TO THE CORPORATE SECRETARY, NEW CENTURY EQUITY HOLDINGS CORP., 300 CRESCENT COURT, SUITE 1110, DALLAS TEXAS 75201.

OTHER MATTERS

As of the date of this Proxy Statement, management does not intend to present any other items of business and is not aware of any matters to be presented for action at the Annual Meeting other than those described above. However, if any other matters should come before the Annual Meeting, it is the intention of the persons named as proxies in the accompanying Proxy Card to vote in accordance with their best judgment on such matters.

EXPENSES OF SOLICITATION

The cost of preparing, assembling and mailing this Proxy Statement is being paid by the Company. In addition to solicitation by mail, Company directors, officers and employees may solicit proxies by telephone or other means of communication. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries that hold the voting securities of record for the forwarding of solicitation materials to the beneficial owners thereof. The Company will reimburse such brokers, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection therewith.

By order of the Board of Directors,

Steven J. Pully
SECRETARY

May 2, 2005

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APPENDIX A

NEW CENTURY EQUITY HOLDINGS CORP.
(FORMERLY KNOWN AS BILLING CONCEPTS CORP.)
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
CHARTER

I. PURPOSE

The primary function of the Audit Committee of New Century Equity Holdings Corp. (Corporation) is to assist the Board of Directors in fulfilling its oversight

responsibilities by reviewing: the financial reports and other financial information provided by the Corporation to any governmental body or the public; the Corporation's Systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Corporation's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.

Review and appraise the audit efforts of the Corporation's independent accountants.

Provide an open avenue of communication among the independent accountants, financial and senior management and the Board of Directors.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

II. COMPOSITION

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. Any of the following would be considered to impair a director's independence:

- o A director who is an employee or has been an employee during the past three years.
- o A director who accepts compensation in excess of \$60,000 from the Corporation or any of its affiliates during the previous fiscal year,
- o other than compensation for board service, benefits under a tax-qualified retirement plan, or non-discretionary compensation.

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- o A director who is a partner in, a controlling shareholder or executive officer of any for-profit business organization to which the Corporation made or received payments in any of the past three years that exceed 5% of the Corporation's or business organization's consolidated gross revenues for that year, or \$200,000, whichever is greater. Payments resulting solely from investments in the Corporation's securities need not be considered for this purpose.
- o A director who is employed as an executive of another corporation where any of the Corporation's executives serve on that corporation's compensation committee.
- o A director who is an immediate family member of an individual who has been an executive officer of the Corporation or its affiliates during the past three years.

All members of the Committee shall be financially literate, and at least one member of the Committee shall have accounting or related financial management expertise. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant. The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. MEETINGS

The Committee shall meet at least three times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management and the independent accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should be available as requested

by the independent accountants or management to discuss any issues related to the Corporation's quarterly financials prior to filing its Form 10-Q.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

DOCUMENTS/REPORTS REVIEW

1. Review and update this Charter periodically, at least annually, as conditions dictate.
2. Review the Corporation's annual financial statements and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent accountants.

INDEPENDENT ACCOUNTANTS

3. Recommend to the Board of Directors the selection of the independent accountants, and review the scope of work to be performed by the independent accountants in connection with

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both the annual audit and the quarterly reviews. On an annual basis, the Committee should review and discuss with the accountants all significant relationships the accountants have with the Corporation to determine the accountants' independence.

4. Review the performance of the independent accountants and approve any proposed discharge of the independent accountants when circumstances warrant.
5. Periodically consult with the independent accountants out of the presence of management about internal controls and the fullness and accuracy of the Corporation's financial statements.

FINANCIAL REPORTING PROCESSES

6. In consultation with the independent accountants, review the integrity of the organization's financial reporting processes, both internal and external.
7. Consider the independent accountants' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
8. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent accountants or management.

PROCESS IMPROVEMENT

9. Establish regular and separate systems of reporting to the Audit Committee by each of management and the independent accountants regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.
10. Following completion of the annual audit, review with each of management and the independent accountants any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
11. Review any significant disagreement among management and the independent accountants in connection with the preparation of the financial statements.
12. Review with the independent accountants and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or

ETHICAL AND LEGAL COMPLIANCE

- 13. Establish, review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this Code.
- 14. Review management's monitoring of the Corporation's compliance with the Corporation's Ethical Code, and ensure that management has the proper review system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations, and the public, satisfy legal requirements.
- 15. Review, with the Corporation's counsel, legal compliance matters including corporate securities trading policies.
- 16. Review with the Corporation's counsel, any legal matter that could have a significant impact on the Corporation's financial statements.
- 17. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

NEW CENTURY EQUITY HOLDINGS CORP.

PROXY CARD FOR HOLDERS OF COMMON STOCK

ANNUAL MEETING OF STOCKHOLDERS

May 27, 2005

The undersigned, a stockholder of New Century Equity Holdings Corp., a Delaware corporation (the "Company"), does hereby appoint Mark E. Schwarz and Steven J. Pully, and each of them, the true and lawful attorneys and proxies with full power of substitution, for and in the name, place and stead of the undersigned, to vote all of the shares of Common Stock of the Company which the undersigned would be entitled to vote if personally present at the 2005 Annual Meeting of Stockholders of the Company to be held at the offices of the Company located at 300 Crescent Court, Suite 1110, Dallas, Texas, on May 27, 2005 at 10:00 a.m., local time, or at any adjournment or adjournments thereof.

The undersigned hereby instructs said proxies or their substitutes:

ELECTION OF DIRECTORS:

The election of James Risher to the Board of Directors, to serve until the 2008 Annual Meeting of Stockholders, and the election of Jonathan Bren to the Board of Directors, to serve until the 2007 Annual Meeting of Stockholders, and until their respective successors are duly elected and shall qualify.

FOR ALL
NOMINEES _____

WITHHOLD AUTHORITY
TO VOTE FOR ALL
NOMINEES _____

TO WITHHOLD AUTHORITY TO VOTE
FOR ANY INDIVIDUAL NOMINEE,
PRINT NAME ABOVE.

DISCRETIONARY AUTHORITY:

In their discretion, the proxies are authorized to vote upon such other and further business as may properly come before the meeting.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH ANY DIRECTIONS HEREINBEFORE GIVEN. UNLESS OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF DIRECTORS NAMED HEREIN.

The undersigned hereby revokes any proxy or proxies heretofore given, and ratifies and confirms that all the proxies appointed hereby, or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: _____, 2005

(L.S.)
(L.S.)

Signature(s)

NOTE: PLEASE SIGN EXACTLY AS YOUR NAME OR NAMES APPEAR HEREON. WHEN SIGNING AS ATTORNEY, EXECUTOR, ADMINISTRATOR, TRUSTEE OR GUARDIAN, PLEASE INDICATE THE CAPACITY IN WHICH SIGNING. WHEN SIGNING AS JOINT TENANTS, ALL PARTIES IN THE JOINT TENANCY MUST SIGN. WHEN A PROXY IS GIVEN BY A CORPORATION, IT SHOULD BE SIGNED WITH FULL CORPORATE NAME BY A DULY AUTHORIZED OFFICER.

PLEASE MARK, DATE, SIGN AND MAIL THIS PROXY IN THE ENVELOPE PROVIDED FOR THIS PURPOSE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

NEW CENTURY EQUITY HOLDINGS CORP.

PROXY CARD FOR HOLDERS OF SERIES A CONVERTIBLE PREFERRED STOCK
VOTING ON ALL MATTERS ON WHICH HOLDERS OF COMMON STOCK ARE ENTITLED TO VOTE

ANNUAL MEETING OF STOCKHOLDERS
May 27, 2005

The undersigned, a stockholder of New Century Equity Holdings Corp., a Delaware corporation (the "Company"), does hereby appoint Mark E. Schwarz and Steven J. Pully, and each of them, the true and lawful attorneys and proxies with full power of substitution, for and in the name, place and stead of the undersigned, to vote 19,230,768 shares of Common Stock (representing all 4,807,692 shares of its Series A Convertible Preferred Stock on an as-converted basis) of the Company which the undersigned would be entitled to vote as one class with, and in the same manner and with the same effect as, the holders of Common Stock if personally present at the 2005 Annual Meeting of Stockholders of the Company to be held at the offices of the Company located at 300 Crescent Court, Suite 1110, Dallas, Texas, on May 27, 2005 at 10:00 a.m., local time, or at any adjournment or adjournments thereof.

The undersigned hereby instructs said proxies or their substitutes:

ELECTION OF DIRECTORS:

The election of James Risher to the Board of Directors, to serve until the 2008 Annual Meeting of Stockholders, and the election of Jonathan Bren to the Board of Directors, to serve until the 2007 Annual Meeting of Stockholders, and until their respective successors are duly elected and shall qualify.

FOR ALL WITHHOLD AUTHORITY
NOMINEES _____ TO VOTE FOR ALL
NOMINEES _____

TO WITHHOLD AUTHORITY TO VOTE FOR
ANY INDIVIDUAL NOMINEE, PRINT
NAME ABOVE.

DISCRETIONARY AUTHORITY:

In their discretion, the proxies are authorized to vote upon such other and further business as may properly come before the meeting.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH ANY DIRECTIONS HEREINBEFORE GIVEN. UNLESS OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF DIRECTORS NAMED HEREIN.

The undersigned hereby revokes any proxy or proxies heretofore given, and ratifies and confirms that all the proxies appointed hereby, or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: _____, 2005

NEWCASTLE PARTNERS, L.P.

By: Newcastle Capital Management, L.P.
its General Partner

By: Newcastle Capital Group, L.L.C.
its General Partner

By: _____
Mark E. Schwarz
Managing Member

NOTE: PLEASE SIGN EXACTLY AS YOUR NAME OR NAMES APPEAR HEREON. WHEN SIGNING AS ATTORNEY, EXECUTOR, ADMINISTRATOR, TRUSTEE OR GUARDIAN, PLEASE INDICATE THE CAPACITY IN WHICH SIGNING. WHEN SIGNING AS JOINT TENANTS, ALL PARTIES IN THE JOINT TENANCY MUST SIGN. WHEN A PROXY IS GIVEN BY A CORPORATION, IT SHOULD BE SIGNED WITH FULL CORPORATE NAME BY A DULY AUTHORIZED OFFICER.

PLEASE MARK, DATE, SIGN AND MAIL THIS PROXY IN THE ENVELOPE PROVIDED FOR THIS PURPOSE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

NEW CENTURY EQUITY HOLDINGS CORP.

PROXY CARD FOR HOLDERS OF SERIES A CONVERTIBLE PREFERRED STOCK
VOTING AS A SEPARATE CLASS

ANNUAL MEETING OF STOCKHOLDERS
May 27, 2005

The undersigned, a stockholder of New Century Equity Holdings Corp., a Delaware corporation (the "Company"), does hereby appoint Mark E. Schwarz and Steven J. Pully, and each of them, the true and lawful attorneys and proxies with full power of substitution, for and in the name, place and stead of the undersigned, to vote all 4,807,692 shares of its Series A Convertible Preferred Stock of the Company which the undersigned would be entitled to vote as a separate class if personally present at the 2005 Annual Meeting of Stockholders of the Company to be held at the offices of the Company located at 300 Crescent Court, Suite 1110, Dallas, Texas, on May 27, 2005 at 10:00 a.m., local time, or at any adjournment or adjournments thereof.

The undersigned hereby instructs said proxies or their substitutes:

ELECTION OF DIRECTORS:

The election of Mark E. Schwarz and Steven J. Pully to the Board of Directors, to serve until the 2006 Annual Meeting of Stockholders and until their respective successors are duly elected and shall qualify.

FOR ALL WITHHOLD AUTHORITY
NOMINEES _____ TO VOTE FOR ALL
NOMINEES _____

TO WITHHOLD AUTHORITY TO VOTE FOR
ANY INDIVIDUAL NOMINEE, PRINT

DISCRETIONARY AUTHORITY:

In their discretion, the proxies are authorized to vote upon such other and further business as may properly come before the meeting.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH ANY DIRECTIONS HEREINBEFORE GIVEN. UNLESS OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF DIRECTORS NAMED HEREIN.

The undersigned hereby revokes any proxy or proxies heretofore given, and ratifies and confirms that all the proxies appointed hereby, or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: _____, 2005

NEWCASTLE PARTNERS, L.P.

By: Newcastle Capital Management, L.P.
its General Partner

By: Newcastle Capital Group, L.L.C.
its General Partner

By: _____
Mark E. Schwarz
Managing Member

NOTE: PLEASE SIGN EXACTLY AS YOUR NAME OR NAMES APPEAR HEREON. WHEN SIGNING AS ATTORNEY, EXECUTOR, ADMINISTRATOR, TRUSTEE OR GUARDIAN, PLEASE INDICATE THE CAPACITY IN WHICH SIGNING. WHEN SIGNING AS JOINT TENANTS, ALL PARTIES IN THE JOINT TENANCY MUST SIGN. WHEN A PROXY IS GIVEN BY A CORPORATION, IT SHOULD BE SIGNED WITH FULL CORPORATE NAME BY A DULY AUTHORIZED OFFICER.

PLEASE MARK, DATE, SIGN AND MAIL THIS PROXY IN THE ENVELOPE PROVIDED FOR THIS PURPOSE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.