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HOMECOM COMMUNICATIONS INC
Form PRER14A
June 26, 2003

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. 3)

Filed by the Registrant
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))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

HOMECOM COMMUNICATIONS, INC.

(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):

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

(1) Title of each class of securities to which transaction applies:

N/A

(2) Aggregate number of securities to which transaction applies:

N/A

(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:

\$3,000

(5) Total fee paid:

-0-, because fee is less than de minimis fee amount

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

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previously. Identify the previous filing by registration 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:

HOMECOM COMMUNICATIONS, INC.
3495 Piedmont Road
Building 12, Suite 110
Atlanta, Georgia 30305
Telephone: 404-237-4646

_____, 2003

To Our Stockholders:

As you may know, we have recently undertaken two transactions that will result in significant changes to the Company's business. First, we have acquired the rights to license certain technologies from Eurotech, Ltd. The advanced materials technologies that we license from Eurotech are used in the nuclear, environmental and chemical industries. Secondly, we have entered into an agreement to sell substantially all of the assets of our hosting and website maintenance business to Tulix Systems, Inc., a company in which Timothy R. Robinson, Gia Bokuchava and Nino Doijashvili, who are officers and directors of the Company, are the principal shareholders, directors and officers. These are significant developments for our Company, as the sale of our hosting and website maintenance business, if completed, would mark the disposition of the last remaining segment of the web design, financial applications and solutions business that HomeCom built over the last nine years. Our shift in focus to the technologies that we license from Eurotech represents our entry into a new line of business.

As you would expect, these changes to the Company's business will necessitate a number of other changes, including a change in the Company's name, a change in the Company's management, and other changes, all of which are described in the attached Proxy Statement. Many of these changes require your approval. In addition, our ability to retain the rights to the technologies that we have licensed from Eurotech depends on your approval of certain matters, as described in the attached Proxy Statement.

As such, we are having a Special Meeting of Stockholders of HomeCom Communications, Inc. to be held at the Company's offices at 3495 Piedmont Road, Building 12, Suite 110, Atlanta, Georgia 30305 on _____, _____, 2003, at 10:00 a.m. local time. You are cordially invited to attend this meeting.

At the Special Meeting, we will seek your approval of several proposals.

First, we will ask you to consider and vote upon a proposal to sell our remaining hosting and web site maintenance business to Tulix.

We will also ask you to consider several amendments to our Certificate of Incorporation. First, we will ask you to consider and vote upon a proposal to amend the Certificate of Incorporation to change the name of the Company to "Global Matrechs, Inc." Second, we will ask you to consider and vote upon a proposal to amend the Certificate of Incorporation to increase the number of authorized shares of common stock from 15,000,000 to 300,000,000. Third, we will

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ask you to consider and vote upon a proposal to amend the Certificate of Incorporation to allow corporate actions requiring stockholder approval to be approved without a stockholder meeting by fewer than all of the stockholders (currently, the Certificate of Incorporation requires the written approval of all of the stockholders if the approval is obtained without a stockholder meeting). Fourth, we will ask you to consider and vote upon a proposal to effect

a reverse split of the Company's common stock in a ratio of between 1-for-5 and 1-for-15, if and when (but before June 30, 2004) the Board of Directors determines that such a reverse split is in the best interests of the Company. And fifth, we will ask you to approve amendments to the terms of our Series B, Series C, Series D and Series E preferred stock to extend the mandatory conversion dates for those series until March 31, 2004.

Finally, we will ask you to consider the election of Michael Sheppard, Timothy R. Robinson, Gia Bokuchava, Nino Doijashvili, Don V. Hahnfeldt and Randolph A. Graves, Jr. to the Board of Directors.

We urge you to carefully review the enclosed materials, which explain the reasons for the proposals to be voted upon at the Special Meeting and contain other important information. Whether or not you plan to attend the Special Meeting, we ask that you read the information on the following pages and promptly submit your proxy card in the postage-paid envelope provided. If you attend the Special Meeting, you may vote in person if you wish, even though you have previously returned your proxy.

Your vote is very important, and we appreciate your cooperation in considering and acting on the matters presented.

Sincerely,

Timothy R. Robinson
Executive Vice President and
Chief Financial Officer

HOMECOM COMMUNICATIONS, INC.
3495 Piedmont Road
Building 12, Suite 110
Atlanta, Georgia 30305
Telephone: 404-237-4646

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON _____, 2003

To the Stockholders of HomeCom Communications, Inc.:

Notice is hereby given that a Special Meeting of Stockholders of HomeCom Communications, Inc., a Delaware corporation (the "Company"), will be held on the ___ day of _____, 2003 at 10:00 a.m., local time, at 3495 Piedmont Road, Building 12, Suite 110, Atlanta, Georgia 30305 (the "Special Meeting") for the following purposes:

1. To consider and vote upon the sale of substantially all of the assets of the Company to Tulix Systems, Inc., an entity in which Timothy R. Robinson,

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Gia Bokuchava and Nino Doijashvili, who are directors and officers of the Company, are the principal shareholders, directors and officers.

2. To consider and vote upon a proposal to amend the Company's Certificate of Incorporation to change the name of the Company to "Global Matrechs, Inc."
3. To consider and vote upon a proposal to amend the Company's Certificate of Incorporation to increase the number of authorized shares of common stock from 15,000,000 to 300,000,000.
4. To consider and vote upon a proposal to amend the Company's Certificate of Incorporation to allow fewer than all of the stockholders to approve corporate actions by written consent without a stockholder meeting. Currently, the Certificate of Incorporation requires the written approval of all of the stockholders if the approval is obtained without a stockholder meeting.
5. To consider and vote upon a proposal to effect a reverse split of the Company's common stock in a ratio between 1-for-5 and 1-for-15, if and when the Board of Directors determines that such a reverse split is in the best interests of the Company.
6. To consider and vote upon a proposal to amend the Certificates of Designations, Preferences and Rights of our Series B, Series C, Series D and Series E preferred stock to extend the mandatory conversion dates for those series until March 31, 2004.
7. To elect Michael Sheppard, Timothy R. Robinson, Gia Bokuchava, Nino Doijashvili, Don V. Hahnfeldt and Randolph A. Graves, Jr. to the Board of Directors.
8. To transact such other business as may properly come before the Special Meeting or at any adjournments or postponements thereof.

The disinterested members of the board of directors recommend that you vote "FOR" approval of the sale of assets to Tulix, notwithstanding the fact that owners of Tulix include three of our directors and officers, "FOR" approval of each of the amendments to the Certificate of Incorporation, the authorization of the Board of Directors to effect a reverse stock split and the amendments to the terms of our Series B, Series C, Series D and Series E preferred stock, notwithstanding the fact that two of our officers and directors are also officers and directors of one of our preferred shareholders, and "FOR" election of the nominees to the Board of Directors.

You do not have the right, under Delaware law, to dissent from the proposed actions.

A Proxy Statement describing the matters to be considered at the Special Meeting is attached to this notice. Only Stockholders of record at the close of business on _____, 2003 (the "Record Date") are entitled to notice of, and to vote at, the Special Meeting and at any adjournments thereof. A list of Stockholders entitled to vote at the Special Meeting will be located at the offices of the Company at 3495 Piedmont Road, Building 12, Suite 110, Atlanta, Georgia 30305, no later than _____, 2003. That list will remain available for inspection at the offices of the Company until the Special Meeting, and will also be available for inspection at the Special Meeting.

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To ensure that your vote will be counted, please complete, date and sign the enclosed proxy card and return it promptly in the enclosed prepaid envelope, whether or not you plan to attend the Special Meeting. Since proxies may be revoked at any time, you may attend the Special Meeting and vote in person even if you have previously returned a proxy.

By Order of the Board of Directors,

Timothy R. Robinson
Executive Vice President and
Chief Financial Officer

_____, 2003

PLEASE COMPLETE, SIGN AND DATE THE ACCOMPANYING PROXY AND RETURN IT IN THE ENCLOSED POSTAGE-PAID ENVELOPE. THIS WILL ENSURE THAT YOUR SHARES ARE VOTED IN ACCORDANCE WITH YOUR WISHES.

HOMECOM COMMUNICATIONS, INC.

PROXY STATEMENT FOR
SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON _____, 2003

The Board of Directors of HomeCom Communications, Inc., a Delaware corporation ("HomeCom," the "Company," "we" or "us"), is furnishing this Proxy Statement to you in connection with its solicitation of proxies to be voted at the Special Meeting of Stockholders to be held on the ____ day of _____, 2003 at 10:00 a.m., local time, at the offices of the Company, at 3495 Piedmont Road, Building 12, Suite 110, Atlanta, Georgia 30305, and at any adjournments or postponements thereof (the "Special Meeting"). This Proxy Statement and the enclosed proxy are first being sent to Stockholders on or about _____, 2003.

At the Special Meeting, we will ask you to:

- (1) consider and vote upon a proposal to sell substantially all of the assets of the Company to Tulix Systems, Inc. ("Tulix"), an entity in which Timothy R. Robinson, Gia Bokuchava and Nino Doijashvili, who are directors and officers of the Company, are the sole shareholders, directors and officers (the "Asset Sale").
- (2) consider and vote upon a proposal to amend the Company's Certificate of Incorporation to change the name of the Company to "Global Matrechs, Inc."
- (3) consider and vote upon a proposal to amend the Company's Certificate

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of Incorporation to increase the number of shares of common stock that the Company is authorized to issue from 15,000,000 to 300,000,000.

- (4) consider and vote upon a proposal to amend the Company's Certificate of Incorporation to allow fewer than all of the stockholders to approve actions by written consent without a stockholder meeting. Currently, the Certificate of Incorporation requires the written approval of all of the stockholders if the approval is obtained without a stockholder meeting.
- (5) consider and vote upon a proposal to effect a reverse split of the Company's common stock at a ratio of between 1-for-5 and 1-for-15, if and when the Board of Directors determines that such a reverse split is in the best interests of the Company.
- (6) consider and vote upon a proposal to amend the Certificates of Desingations, Preferences and Rights of our Series B, Series C, Series D and Series E preferred stock to extend the mandatory conversion dates for those series until March 31, 2004.
- (7) elect the following persons to serve on the Board of Directors of the Company: Michael Sheppard, Timothy R. Robinson, Gia Bokuchava, Nino Doijashvili, Don V. Hahnfeldt and Randolph A. Graves, Jr.
- (8) transact such other business as may properly come before the Special Meeting or at any adjournments or postponements thereof.

The disinterested members of the Board of Directors recommend that you vote in favor of the Asset Sale, the disinterested members of the Board of Directors recommend that you vote for each of the proposed amendments to our Certificate of Incorporation, for the authorization of the Board of Directors to effect the proposed reverse stock split, and for the amendments to the terms of our Series B, Series C, Series D and Series E preferred stock, and the entire Board of Directors recommends that your vote for the other proposals. Except for procedural matters, we do not know of any matters other than those listed above that will be brought before the Special Meeting. If, however, other matters are properly brought before the Special Meeting, we will vote your proxy on those matters as determined by the person identified on the proxy card as your proxy.

The principal executive offices of the Company are located at 3495 Piedmont Road, Building 12, Suite 110, Atlanta, Georgia 30305 and the telephone number is (404) 237-4646.

YOU SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION INCLUDED IN THIS PROXY STATEMENT AND ITS ATTACHMENTS BEFORE RETURNING YOUR PROXY.

THE DATE OF THIS PROXY STATEMENT IS _____, 2003.

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SUMMARY TERM SHEET FOR PROPOSED SALE OF ASSETS

We have prepared this summary term sheet to highlight the material terms of the Asset Sale. We have included page references to direct you to more complete information which appears elsewhere in this document. We and Tulix have entered into an Asset Purchase Agreement substantially in the form attached to this Proxy Statement as Exhibit A (the "Sale Agreement"). You should read the Proxy Statement, the Sale Agreement and the other documents attached to this Proxy Statement in their entirety to fully understand the Asset Sale and its consequences to you.

- o Parties to the Asset Sale (see page 4)

Tulix Systems, Inc. is a newly-formed Georgia corporation that has been created by Timothy R. Robinson, Gia Bokuchava and Nino Doijashvili, who are officers and directors of the Company, and who own all of the outstanding stock of Tulix and are its directors and officers, for the purpose of acquiring our hosting and web site maintenance business.

- o Assets being sold (see pages 4-5)

We intend to sell substantially all the assets used in our hosting and web site maintenance business to Tulix.

- o Assets and Liabilities of HomeCom after the Asset Sale (see page 13)

If the Asset Sale is completed, our primary assets will be the technologies that we license from Eurotech, Ltd., as described herein, the assets of our hosting and website maintenance business that we do not transfer to Tulix (consisting primarily of cash and accounts receivable) and the consideration that we receive from Tulix in the Asset Sale. HomeCom will also continue to be responsible for any liabilities that Tulix does not assume in the Asset Sale and any liabilities incurred in connection with the technologies licensed from Eurotech, and HomeCom may remain obligated for certain liabilities that Tulix does assume in the Asset Sale.

- o Payments by Tulix (see pages 4-5)

As consideration for the assets, Tulix will:

- (1) issue to us shares of Tulix common stock that will represent 15% of the outstanding shares of Tulix; and,
- (2) issue to us a secured promissory note for a principal amount of \$70,000 that will bear interest at an annual rate of 7.0%, will be secured by the assets of Tulix, and will become due one year from the closing of the Asset Sale (the principal amount of the note may be increased pursuant to the terms of the Sale Agreement); and,

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- (3) assume certain obligations of ours, including certain accounts payable related to ongoing operations, that are likely to amount

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to between approximately \$1,000 and \$50,000 depending on when the Asset Sale is completed.

- o Tulix (see page 20)

Tulix has no assets other than the \$20,000 initial capitalization that it received from Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili, and Tulix has no liabilities or business history.

- o Indirect Interest in Tulix (see page 8)

Upon completion of the Asset Sale, HomeCom stockholders will continue to hold stock in HomeCom. HomeCom, in turn, will own 15% of the outstanding stock of Tulix. HomeCom will also hold cash, accounts receivable, the \$70,000 secured promissory note from Tulix and the assets licensed from Eurotech. HomeCom will also continue to be responsible for any liabilities that Tulix does not assume in the Asset Sale, and may remain obligated for certain liabilities that Tulix does assume in the Asset Sale.

- o Illiquidity of Interest in Tulix; Other Characteristics of Interest in Tulix (see pages 4-5, 8)

Tulix is not a public company, and our 15% equity interest in Tulix will be illiquid. Tulix has agreed to grant us rights of first refusal, inspection rights and anti-dilution rights, and the shareholders of Tulix have agreed to grant us co-sale rights, all for a period of five years or for as long as HomeCom holds an equity interest in Tulix, whichever period is shorter.

- o Business of Tulix following the Asset Sale (see page 21)

Upon completion of the Asset Sale, Tulix's operating assets will be assets of our hosting and website maintenance business.

Our largest customer, Roadrunner, has indicated to us that it will transfer its business to Tulix upon completion of the Asset Sale, although our contract with Roadrunner has expired and there is no written agreement binding Roadrunner to do so. Roadrunner accounts for approximately 98% of our revenue. If, prior to the closing of the Asset Sale, Roadrunner notifies either HomeCom or Tulix that it intends to terminate its relationship with HomeCom or Tulix, that it does not intend to transfer the business to Tulix, or that it intends to materially change the amount of business that it does with HomeCom or Tulix, Tulix may elect not to complete the Asset Sale.

- o Management of the Company following the Sale (see page 18)

Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili have indicated their intent to resign their positions with us upon completion of the Asset Sale. We recently appointed Michael Sheppard, one of our directors, to serve as a vice president of the new unincorporated division, which we refer to as the Licensed Technology Division, that we have created in connection with the technologies that we license from Eurotech. In connection with the Eurotech transaction, we have appointed Don Hahnfeldt and Randolph Graves to serve as directors of HomeCom and as vice presidents of the new division. We expect that Mr. Sheppard, Mr. Hahnfeldt and Dr. Graves will remain with HomeCom following the sale of assets to Tulix.

- o Reasons for the Sale (see page 8-11)

We have been exploring the possible sale of the assets used in our hosting and web site maintenance business for several years. In 1999, we hired a professional advisor to assist us in our efforts, and we have contacted hundreds of potential buyers. Until Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili, on behalf of Tulix, expressed an interest in purchasing these assets from us, however, our efforts had not yielded any offers. We seek to complete the Asset Sale to Tulix because the Board of Directors believes (1) that the hosting and web site maintenance business is unprofitable and that its future is uncertain and (2) that the technologies that we license from Eurotech represent the most attractive business opportunities for the Company at this time.

The Board of Directors believes that the hosting and website maintenance business is unprofitable because it has generated losses for the past several years. The Board of Directors believes that the future of this business is uncertain because our contract with our largest customer has expired and our relationship with that customer can be terminated at any time. In addition, the business is dependent on a small number of key employees, namely Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili, and the departure of any of those key employees could have a significant adverse impact on the business.

- o Valuation of Transaction (see page 12)

The terms of the Asset Sale are being negotiated for Tulix by Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili and are being negotiated for HomeCom by the outside members of our Board of Directors (Messrs. Sheppard, Hahnfeldt and Graves and, previously, two other outside directors) and by Southridge Capital, L.P., which serves as an intermediary between us and the holders of our Series C and Series E preferred stock. We did not feel that it was economically feasible to obtain a fairness opinion, and parties from whom we solicited offers to purchase our assets have declined to respond to us. As such, we are relying on the negotiations of the parties, the approval of the disinterested members of the Board of Directors and the approval of our stockholders to ensure that the transaction is fair.

- o No Payments or Distributions to Stockholders (see page 8)

The Asset Sale is between HomeCom and Tulix. You will not receive anything for the Asset Sale.

- o Conditions of the Asset Sale (see pages 4-5)

There are several conditions that, unless waived, the parties must satisfy in order to complete the Asset Sale. These include:

- o stockholders who hold a majority of our outstanding shares of common stock must approve the Asset Sale;

- o third parties who have a contractual right to approve the assignment of their contracts to Tulix must consent to such assignment;

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- o Roadrunner must not have notified either us or Tulix that it intends to terminate its relationship with us or Tulix, that it does not intend to transfer its business to Tulix upon completion of the Asset Sale or that it intends to materially alter the amount of business that it does with us or Tulix; and,
 - o other standard closing conditions must be satisfied or waived.
- o Completion of the Asset Sale (pages 4-5)

If the stockholders approve the Asset Sale at the Special Meeting and if the closing conditions are satisfied or waived, we intend to complete the Asset Sale as soon as possible following the Special Meeting.

- o U.S. federal income tax consequences of the Asset Sale to you (see page 13)

Since you will not be receiving anything in the Asset Sale, there will not be any tax effect to you.

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PROXY AND VOTING INFORMATION

Who May Vote

Holders of record of HomeCom's common stock at the close of business on _____, 2003 may vote at the meeting or any adjournment or postponement of the meeting. On _____, 2003, 14,999,156 shares of our common stock were issued and outstanding and held of record by approximately 127 stockholders. Each stockholder is entitled to one vote per share. In addition, with respect to the proposal to amend the Series B, Series C, Series D and Series E Certificates of Designations, Preferences and Rights, the holders of our Series B, Series C, Series D and Series E preferred stock have the right to vote on the proposed amendment as to their respective series.

How Do You Vote

You may vote by proxy or in person at the meeting. To vote by proxy, please complete, sign, date and return your proxy card in the postage-paid envelope that we have provided.

How Do Proxies Work

Giving your proxy means that you authorize us to vote your shares at the Special Meeting in the manner you direct. If you sign, date and return the enclosed proxy card but do not specify how to vote, we will vote your shares for the sale of substantially all of our assets, for each amendment to the Certificate of Incorporation, for authorization of the Board of Directors to

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effect the proposed reverse stock split, for the amendments to the terms of our Series B, Series C, Series D and Series E preferred stock, and for the election of the six nominees of the Board of Directors as directors. We do not know of any other matters that will be brought before the Special Meeting. If, however, other matters are properly brought before the Special Meeting, we will vote your proxy on those matters as determined by a majority of the Board of Directors.

How Do You Revoke a Proxy

You may revoke your proxy before it is voted by submitting a new proxy with a later date or by written notice to such effect to our Secretary at 3495 Piedmont Road, Building 12, Suite 110, Atlanta, Georgia 30305.

What is a Quorum

In order to carry on the business of the meeting, we must have a quorum. A quorum requires the presence, in person or by proxy, of the holders of a majority of the votes entitled to be cast at the meeting. We count abstentions and broker non-votes as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when you fail to provide voting instructions to your broker for shares that your broker holds on your behalf in a nominee name, which is commonly referred to as holding your shares in "street name." Under those circumstances, your broker may be authorized to vote for you on some routine items but prohibited from voting on other items. Those items for which your broker cannot vote result in broker non-votes.

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How Many Votes are Required to Approve Each Proposal

The affirmative vote of a majority of the outstanding shares of common stock entitled to vote is necessary for approval of the Asset Sale and each proposed amendment to the Certificate of Incorporation, including the proposed reverse stock split and the proposed amendments to the terms of our Series B, Series C, Series D and Series E preferred stock. In addition, the affirmative vote of the holders of a majority of the outstanding shares of the Series B, Series C, Series D and Series E preferred stock is necessary to amend the respective terms of those series of preferred stock. For this purpose, if you vote to "abstain" on these proposals, your shares will have the same effect as if you voted against the proposals. A broker non-vote also will have the same effect as a vote against a proposal.

The six nominees for director receiving the greatest number of votes at the meeting will be elected as directors. Abstentions and broker non-votes are not counted for this purpose.

For all other matters that the stockholders vote upon at the meeting, the affirmative vote of a majority of shares present in person or represented by proxy, and entitled to vote on the matter, is necessary for approval. Accordingly, an abstention from voting or a broker non-vote on the proposal by a stockholder present in person or represented by proxy at the Special Meeting will have the same legal effect as a vote against the matter, even though the stockholder may interpret an abstention or broker non-vote differently.

Some Stockholders have Indicated their Intention to Vote

Brittany Capital Management Limited, which owns 5,640,000 shares, or 37.6%,

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of our common stock, has indicated that it intends to vote in favor of each of the proposals. This means that we will need the approval of 1,859,579 of the other 9,359,156 shares of common stock to approve all of the matters being submitted for your approval (and the approval of the holders of a majority of the outstanding shares of the Series B, Series C, Series D and Series E preferred stock to approve the respective amendments to the terms of those series). In addition, the holders of our Series C, Series D and Series E preferred stock and one holder of our Series B preferred stock have agreed that they will vote in favor of the proposed amendments to the terms of our Series B, Series C, Series D and Series E preferred stock.

Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili have indicated that they will abstain from voting on the Asset Sale. See "Conflicts of Interest; Interests of Certain Persons in Matters to be Acted Upon," page 11.

Who will Tabulate the Votes

Persons appointed by the chairman of the Special Meeting to act as inspectors of election for the Special Meeting will tabulate stockholders' votes. The inspectors of election will count all shares represented and entitled to vote on a proposal, whether voted for or against the proposal, or abstaining from voting, as present and entitled to vote on the proposal.

Who Pays for this Proxy Solicitation

Your proxy is being solicited by the Board of Directors. HomeCom will pay the expenses of soliciting proxies. We expect that legal and printing expenses will be our primary expenses in connection with the solicitation. In addition to solicitation by mail, our officers may solicit proxies in person or by telephone. We will also make arrangements with brokerage houses and other custodians, nominees and fiduciaries for forwarding solicitation materials to beneficial owners. We will reimburse these persons for their reasonable expenses.

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Dissenters' Rights

You do not have the right, under Delaware law, to dissent from the proposed actions.

Will Representatives of the Company's Accounting Firm Attend the Special Meeting

We do not expect any representatives of Sherb & Co., LLP, our accounting firm, to attend the Special Meeting.

How Can You Submit a Stockholder Proposal for Next Year's Meeting

We provide all stockholders with the opportunity, under certain circumstances, to participate in the governance of the Company by submitting proposals that they believe merit consideration at the next annual meeting of stockholders. We have not held an annual meeting since June 29, 2000. Under the Delaware General Corporation Law, our failure to hold an annual meeting for more than thirteen months gives our stockholders a right to appeal to a Delaware court to compel us to hold an annual meeting. This could place a financial burden on us. Assuming that our next annual meeting will be held in May 2004, in order to enable us to analyze and respond adequately to proposals and to prepare

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appropriate proposals for presentation in next year's proxy statement, you must submit your proposal to us no later than January 31, 2004, to the attention of our Secretary, at our principal place of business in Atlanta, Georgia. You may also submit the names of individuals whom you wish to be considered by the Board of Directors as nominees for directors. For each matter you intend to bring before the meeting, your notice must include a brief description of the business you wish to be considered, any material interest you have in that business and the reasons for conducting that business at the meeting. The notice must also include your name and address and the number of shares of our stock that you own. Any proposal for presentation at our next annual meeting which is outside the processes of Rule 14a-8 under the Securities Exchange Act of 1934 will be considered untimely for purposes of Rules 14a-4 and 14a-5 if we receive it after January 31, 2004, to the attention of our Secretary, at our principal place of business in Atlanta, Georgia.

Where Can You Find More Information About Us

We are subject to the informational requirements of the Exchange Act and are required to file reports, proxy statements and other information with the Securities and Exchange Commission. You may inspect and copy our reports, proxy statements and other information at the Public Reference Section of the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information about the public reference rooms. You may also obtain copies of the reports, proxy statements and other information from the Public Reference Section of the Commission, Washington, D.C. 20549, at prescribed rates. The Commission maintains a world-wide web site on the internet at <http://www.sec.gov> that contains reports, proxies, information statements, and registration statements and other information filed with the Commission through the EDGAR system.

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PROPOSAL 1 - SALE OF SUBSTANTIALLY ALL OF THE ASSETS

If the Asset Sale (as defined below) is approved, we intend to complete the sale of our remaining hosting and website maintenance business to Tulix, pursuant to the terms of the Sale Agreement (as defined below). The description of the Sale Agreement in this Proxy Statement is a summary, remains subject to change, and it is qualified in its entirety by the Sale Agreement, the form of which is attached to this Proxy Statement as Exhibit A.

Contact Information

HomeCom and Tulix are the parties to the proposed Asset Sale. The contact information for us and Tulix, as of any time prior to the completion of the Asset Sale, are set forth below:

HomeCom Communications, Inc.
3495 Piedmont Road
Building 12, Suite 110
Atlanta, Georgia 30305
Attention: Timothy R. Robinson
(404) 237-4646

Tulix Systems, Inc.
3495 Piedmont Road
Building 12, Suite 110
Atlanta, Georgia 30305

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Attention: Timothy R. Robinson
(404) 237-4646

Recent Developments

Asset Purchase Agreement with Tulix

On March 27, 2003, we entered into an Asset Purchase Agreement (the "Sale Agreement") with Tulix Systems, Inc. ("Tulix"), a company in which Gia Bokuchava, Nino Doijashvili and Timothy R. Robinson, who are officers and directors of the Company, are officers, directors and founding shareholders.

Under the Sale Agreement, Tulix will purchase the assets used in the operation of our hosting and web site maintenance business, including intellectual property, equipment, contracts, certain accounts receivable in an aggregate amount of approximately \$70,000, and cash of \$50,000 (the "Asset Sale"). As consideration for these assets, Tulix will:

- o issue to us shares of Tulix common stock that will represent 15% of the outstanding shares of Tulix;
 - o issue to us a secured promissory note (the "Note") for a principal amount of \$70,000 (subject to adjustment as described below) that will bear interest at an annual rate of 7%, will be secured by certain assets of Tulix that are transferred to Tulix as part of the Asset Sale, and will become due one year after the closing of the Asset Sale (the principal amount of the note may be increased at closing pursuant to the terms of the Agreement); and,
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- o assume certain obligations of ours, including certain accounts payable related to ongoing operations.

The note to be issued by Tulix to the Company will be for a principal amount of \$70,000, subject to adjustment as described below. If the sum of the cash and accounts receivable of the Company (as determined in accordance with GAAP in a manner consistent with the Company's past practices) on the day that we complete the Asset Sale is less than \$325,053 (subject to certain adjustments), the principal amount of the Note will be increased by an amount equal to the difference between \$325,053 (as adjusted) and the sum of the Company's cash and accounts receivable on the closing date. To the extent that the sum of cash and accounts receivable on the day that we complete the Asset Sale is more than \$325,053 (as adjusted), the excess will be divided evenly between the Company and Tulix. The Note will bear interest at a rate of 7% per year and will mature on the one year anniversary of the Closing of the Asset Sale. Interest will be due and payable at maturity. The Note will be secured by certain assets transferred to Tulix in the Asset Sale.

In connection with the Asset Sale, the Sale Agreement provides that we will enter into a Shareholders' Agreement with Tulix, Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili. The Shareholders' Agreement would give the Company certain rights as a holder of Tulix stock for a period of five years. These rights include rights of co-sale, rights of first refusal, anti-dilution rights and rights to inspect the books and records of Tulix. The co-sale rights will give us (and the other Tulix shareholders) the right to participate in any sales, subject to certain exclusions, of Tulix stock by other Tulix shareholders. The rights of first refusal granted to us in the Shareholders' Agreement will

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require that Tulix give us (and the other Tulix shareholders) the right to purchase any securities, subject to certain exclusions, that it intends to offer to third parties before it offers those securities to third parties. The anti-dilution rights contained in the Shareholders' Agreement require Tulix to grant us additional shares of common stock any time, subject to certain exclusions, it issues shares of common stock to other persons so that our aggregate ownership interest in Tulix is generally not diluted. Finally, the Shareholders' Agreement gives us the right to inspect the books and records of Tulix, subject to the specific terms of the Shareholders' Agreement.

The parties intend to complete the Asset Sale if (i) it is approved by the Company's stockholders as required under Delaware law and (ii) the other conditions to closing set forth in the Sale Agreement are satisfied or waived. These conditions include, among others, the requirement that all third parties who have a contractual right to approve the assignment of their contracts to Tulix must consent to such assignment and a condition in favor of Tulix that the largest customer of the business to which the assets relate not have notified HomeCom or Tulix that it intends to terminate its relationship with HomeCom or Tulix, that it does not intend to transfer its business to Tulix upon completion of the Asset Sale, or that it intends to materially change the amount of business that it does with HomeCom or Tulix. As such, we can offer no assurance that the Asset Sale will be completed. Neither we nor Tulix is under any obligation to pay any type of termination fee if we do not complete the Asset Sale, and there are no other deal protection measures. The Sale Agreement also contains a release from Tulix pertaining to certain matters and mutual releases with Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili regarding certain employment matters.

Transaction with Eurotech

On May 22, 2003, the Company completed a transaction with Eurotech, Ltd. ("Eurotech"). The Company had entered into a License and Exchange Agreement with Eurotech and, with respect to Articles V and VI thereof, Polymate, Ltd. and Greenfield Capital Partners LLC, on March 27, 2003 (the "Exchange Agreement").

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In connection with the completion of the transaction, the Company entered into a License Agreement, dated May 22, 2003 with Eurotech (the "License Agreement"). Pursuant to the Exchange Agreement and the License Agreement, Eurotech has licensed to the Company its rights to the EKOR, HNIPU and Electro Magnetic Radiography/Acoustic Core (EMR/AC) technologies, which are more fully described herein. In exchange for the license of these technologies, the Company (i) has issued to Eurotech 11,250 shares of Series F Preferred Stock and 1,069 shares of Series G Preferred Stock, both of which are new series of the Company's preferred stock, and (ii) will pay Eurotech a royalty of seven percent (7%) on net sales generated by the licensed technologies and a royalty of four percent (4%) on net sales generated by products and services that are improvements on the licensed technologies. The License Agreement provides that the licenses granted to the Company thereunder will become terminable at the option of Eurotech (i) after December 31, 2003 if at any time the Company does not have available a sufficient number of authorized but unissued shares of common stock to support the conversion of the then outstanding shares of Series F Convertible Preferred Stock and Series G Convertible Preferred Stock issued in connection with this transaction, (ii) if the Company has not effected a commercial sale of any licensed technology or improved licensed technology by April 1, 2006, or (iii) in certain other circumstances.

In connection with the closing of this transaction: (i) the holders of the Company's Series C, Series D, and Series E Preferred Stock and certain holders of the Company's Series B Preferred Stock (i) have agreed to extend the

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mandatory conversion dates of their respective shares of Preferred Stock until March 31, 2004 and (ii) have agreed to refrain from converting their shares of Preferred Stock into shares of common stock until the Company has amended its Certificate of Incorporation to authorize at least 150,000,000 shares of common stock. In addition, the holder of the outstanding shares of the Company's Series C, Series D and Series E Preferred Stock has agreed to accept payment for approximately \$1.6 million of penalties that may be owed to it in shares of common stock instead of cash. The Exchange Agreement provides that, during the period prior to closing of the Asset Sale, the financial needs of the hosting and web site maintenance business will be funded by the operations of that business, while the finances relating to the new licensed technologies will be kept separate. On May 22, 2003, we executed a note in favor of one of our preferred shareholders that provides that we may borrow up to \$150,000 for use solely in connection with the technologies that we have licensed from Eurotech. Advances under this agreement, which advances are secured by a security agreement, bear interest at a rate of 10% per annum and mature on December 31, 2003. We have borrowed \$100,000 under this agreement to date.

EMR/AC is a technology intended for the imaging of subterranean nuclear and hazardous wastes in ground and marine settings, and for oil exploration. HNIPU is a technology intended to improve upon conventional monolithic polyurethanes through a non-toxic process. EKOR is a family of non-toxic advanced composite polymer materials used in the containment of nuclear and hazardous materials. See "Information about the Company: Description of the Business," page 13. According to publicly-available information about Eurotech, Eurotech is a development stage company and has spent approximately \$31 million in connection with the development of these technologies, including costs of manufacturing, materials, testing, salaries, consulting fees and other expenses. According to publicly-available information, Eurotech had revenues of approximately \$66,000 relating to the EKOR technology during 2002 and did not have any revenues relating to the HNIPU or EMR/AC technologies during 2002. While we see opportunities for these technologies, we can offer no assurance that our efforts will be more successful or as successful as Eurotech's efforts.

Shares of Series F Convertible Preferred Stock are convertible into shares of common stock at a conversion rate of 10,000 shares of common stock per share of Series F Preferred Stock, subject to adjustment as set forth in the Certificate of Designations governing the Series F Preferred Stock. As such, the

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11,250 shares of Series F Preferred Stock that have been issued to Eurotech will be convertible into 112,500,000 shares of common stock. In addition, in connection with the closing of the transactions contemplated by the Exchange Agreement, we have issued 1,500 shares of Series F Preferred Stock to Polymate and 750 shares of Series F Preferred Stock to Greenfield. As such, we have issued a total of 13,500 shares of Series F Preferred Stock that will be convertible into 135,000,000 shares of common stock. The Certificate of Designations, however, provides that the shares of Series F Preferred Stock will only be convertible if the Company has a sufficient number of authorized but unissued shares of common stock available to support the conversion of the outstanding shares of all series of preferred stock (although the Certificate of Designations states that the shares of Series F Preferred Stock will become convertible on December 31, 2003 regardless of whether a sufficient number of shares of common stock have been authorized by such date). Currently, however, the Company has only 15,000,000 shares of authorized common stock, of which 14,999,156 shares have been issued and are outstanding. As such, our Board of Directors has approved, and has directed us to submit to our stockholders, a proposal to amend our Certificate of Incorporation to, among other things, increase the number of shares of common stock that we are authorized to issue to 300,000,000 shares. This proposed amendment is described in more detail under

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"Proposal 3: Amendment to the Certificate of Incorporation to Increase the Number of Authorized Shares of Common Stock." If this amendment is approved, and if Eurotech converts its shares of Series F Preferred Stock into shares of common stock, a change in control of the Company could occur. For example, if Eurotech were to convert all of its shares of Series F Preferred Stock, and if Polymate and Greenfield were to convert their shares of Series F Preferred Stock into shares of common stock, and if none of our other preferred shareholders were to convert their shares of preferred stock into shares of common stock, Eurotech would hold approximately 112,500,000 of the approximately 150,000,000 shares of common stock then-outstanding, or roughly 75% of the then-outstanding shares of common stock, and Polymate and Greenfield would hold, in the aggregate, approximately 22,500,000 shares of common stock, representing roughly 15% of the then-outstanding shares. Shares of Series F Preferred Stock have the right to vote on all matters with the common stock to the extent that such shares of Series F Preferred Stock are then convertible into shares of common stock. See "Description of Capital Stock: Series F Preferred Stock."

Pursuant to the License Agreement, the Company issued 1,069 shares of Series G Convertible Preferred Stock to Eurotech. Each share of Series G Convertible Preferred Stock is convertible into a number of shares of common stock determined by dividing \$1,000 by a number equal to 82.5% of the average closing price of the common stock over the preceding five business days. Shares of Series G Preferred Stock have no voting rights. See "Description of Capital Stock: Series G Preferred Stock."

The Company has agreed to enter into a commercially reasonable registration rights agreement with Eurotech, Polymate and Greenfield pursuant to which the Company would grant both demand and piggyback registration rights to those entities.

In anticipation of the transaction, Lawrence Shatsoff and David Danovitch resigned from the Company's Board of Directors, and Don V. Hahnfeldt, a director, the President and Chief Executive Officer of Eurotech, and Randolph A. Graves, Jr., a director and the Chief Financial Officer and Vice President of Eurotech, have been elected to fill these vacancies on the Company's Board of Directors. The Board of Directors has also appointed Mr. Hahnfeldt and Mr. Graves to serve as officers of the new division that we created in connection with the license of the above-referenced technologies from Eurotech.

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Private Equity Arrangement

On June 12, 2003, we entered into a Private Equity Credit Agreement with Market LLC ("Market"). Pursuant to this agreement, the Company has the right to sell, and to obligate Market to purchase, shares of the Company's common stock, up to a maximum amount of \$10,000,000. The Company may sell these shares to Market from time to time, in its discretion, subject to certain minimum and maximum limitations. The number of shares of common stock to be purchased by Market at any time will be determined by dividing (i) the dollar amount requested by the Company by (ii) the market price of the common stock, less a discount of 9% of the market price. The Company has agreed that, no later than September 30, 2003, it will reserve and keep available for issuance a number of shares of common stock sufficient to enable it to fulfill its obligations under this agreement. Also, in connection with this agreement, the Company has entered into a Registration Rights Agreement with Market pursuant to which the Company has agreed to register, within 150 days after the Company's Certificate of Incorporation is amended to increase the number of authorized shares of common stock, at least 20,000,000 shares of common stock, subject to increases if the number of shares of common stock sold under the Private Equity Credit Agreement exceeds 20,000,000 shares.

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Impact of the Asset Sale on Stockholders

The Sale Agreement is between the Company and Tulix. HomeCom stockholders will not receive anything in connection with the Asset Sale. Upon completion of the Asset Sale, HomeCom stockholders will continue to own shares of HomeCom. In turn, HomeCom will own 15% of the outstanding stock of Tulix. Therefore, the Asset Sale will result in HomeCom's stockholders owning (1) a 15% indirect interest in the assets used in our hosting and web site maintenance business and the other assets being acquired, in which they now hold a 100% direct interest, and (2) an indirect interest in \$3,000, which is 15% of the \$20,000 with which Tulix has been capitalized. In addition, HomeCom will hold a secured promissory note from Tulix for a principal amount of approximately \$70,000, will continue to own any assets not transferred to Tulix in connection with the Asset Sale, and will continue to license the EMR/AC, HNIPU and EKOR technologies from Eurotech. Also, HomeCom will continue to be responsible for any liabilities that Tulix does not assume in the Asset Sale and may remain obligated for certain liabilities that Tulix does assume in the Asset Sale. Because Tulix is not a publicly-traded company, HomeCom's 15% interest in Tulix will be illiquid. At the present time, we do not have any plan to sell, distribute to our stockholders or otherwise transfer this interest in Tulix. For a description of the business of Tulix, please see "- Information about Tulix," at page 20.

Background of the Sale, Reasons for Engaging in the Sale and Past Contacts, Transactions or Negotiations

Intent to Wind Down our Operating Businesses

On March 23, 2001, we issued a press release to announce our intention to wind down our operations and, to the extent possible, sell our remaining assets. In our press release, we stated, "HomeCom also announced that it has decided to wind down its operations... HomeCom has been unable to obtain additional financing and has insufficient assets to completely satisfy its obligations to creditors and the liquidation preferences of its preferred stock." The press release went on to state: "HomeCom continues to explore other possibilities, which may include the sale of other assets." We sold our Internet banking operations in March 2001 and our InsureRate division in January 2001. We have been trying to sell our other remaining business, our hosting and web site maintenance business, for approximately three years.

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Reasons for Selling the Hosting and Web Site Maintenance Business

We seek to complete the Asset Sale to Tulix because the Board of Directors believes:

- (1) that the hosting and web site maintenance business is unprofitable and that its future is uncertain, and
- (2) that the technologies that we license from Eurotech present the Company with the most attractive options currently available to us.

The hosting and web site maintenance business has generated net losses to the Company for the past several years. In addition to the failure of this business to generate a profit in the past, the Board of Directors believes that the future of this business is uncertain because our contract with the primary

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customer of this business, Roadrunner, has expired. Roadrunner accounts for approximately 98% of our revenues. While Roadrunner has indicated that it intends to continue to do business with us and that it intends to do business with Tulix upon completion of the Asset Sale, we do not have written agreements with Roadrunner to that effect. As such, without a contract, our relationship with Roadrunner can be terminated at any time. In addition, the dependence of the business on the retention of Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili contributes to the uncertainty of the business. If any of these employees were to leave, their departure could have a material adverse effect on our ability to operate the business. Moreover, we believe that competition in the hosting and web site maintenance business will lead to a decline in prices and margins. Given these considerations, the Board believes that it is in the best interests of the Company to dispose of the business. So far, however, we have been unsuccessful in our numerous efforts to do so. Consequently, the Board has determined that the sale of the business to Tulix is the best course of action for the Company at this time.

Past Contacts, Transactions or Negotiations

In late 1999, we engaged Raymond James & Associates, Inc. to assist us in locating persons willing to provide financing to the Company or interested in acquiring the Company. During 1999 and 2000, Raymond James & Associates, Inc. contacted over 100 potential investors and acquirors and explored various options to finance or sell the Company. These efforts did not result in any offers to purchase all or part of the Company or to provide financing to the Company. Given our lack of success, we terminated our relationship with Raymond James in November 2000.

In August 2000, we announced an agreement to sell our InsureRate division (formerly First Institutional Marketing, Inc., or "FIMI") to a management group composed of FIMI principals and other investors. In late September 2000, we announced that this transaction was being terminated due to the failure of the acquiring group to raise the required financing. Simultaneously, we also announced that we had entered into a new agreement to sell the InsureRate division to OneShield, Inc. In November of 2000, OneShield terminated the agreement to purchase FIMI. Ultimately, the FIMI operations were sold in February 2001 to Digital Insurance, Inc. for cash and the assumption of certain liabilities, resulting in net proceeds to the Company of \$458,000.

After we terminated Raymond James, we independently contacted several hundred potential investors and acquirors and explored various options to sell all or part of the remaining business or to obtain financing for the Company. These contacts resulted in numerous telephone discussions and led to actual meetings in person with representatives from seven different companies. None of

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these meetings, however, led to any offers to purchase the Company or provide any additional financing. While these efforts led to the sale of our Internet banking operations, the proceeds of \$406,000 from that disposition did not provide a significant amount of operating capital.

During this time, members of our board of directors began to resign from the board. Mr. Walker resigned in September 2000, and Messrs. Thomas and Delity resigned in November of 2000. Mr. Ellsworth resigned in December 2000 and Mr. Nebel resigned in February 2001. Finally, in March of 2001, Mr. Sax resigned. Mr. Robinson was not elected to the board until March 2001 to fill the vacancy created by Mr. Nebel's departure, and Ms. Doijashvili was not elected until April 2001, to fill the vacancy left by Mr. Thomas.

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By March of 2001, our continued inability to locate an acquiror or obtain financing led the Board of Directors to conclude that it was highly unlikely that any party would provide capital or acquire the remaining assets of the Company. The Board of Directors concluded that the orderly winding down of the Company was the course of action that was in the best interests of the stockholders. This conclusion was based on several considerations. First, the Company had tried unsuccessfully for more than a year to either raise capital or sell the business. Second, the general market conditions for companies in our market were very unfavorable. Lastly, the Company did not have sufficient resources to continue actively pursuing its business strategy.

After we announced that we were winding down operations, Roadrunner, our largest customer (representing approximately 98% of our revenues or approximately \$130,000 per month), contacted us and conveyed its concern about our viability and our ability to perform under our contract. We indicated to Roadrunner that we would perform our obligations under the contract and that there would be no disruption in service. As part of our discussions with Roadrunner, Roadrunner indicated to us that it was unwilling to consent to the assignment of its contract with us unless we could assure Roadrunner that the application that we were hosting and supporting would not be impacted in any manner. Due to the complexity of the application and the necessity that the application keep running without interruption, it would be very difficult to transition these services without interruption unless our principal officers and employees would continue to provide the services that they were providing with HomeCom. This requirement, together with the fact that our contract with Roadrunner allowed Roadrunner to terminate upon 30 days' notice and would expire at the end of December 2001, further restricted our ability to sell the remaining hosting and web site maintenance business.

During this same time period, we began discussions with Southridge Capital, L.P., an entity that sometimes acts as an intermediary between us and the holders of our Series C and E preferred stock. Southridge Capital informed us that holders of our Series C and Series E preferred stock shared our beliefs that: (1) it was advisable to try to sell our remaining hosting and web site maintenance business and (2) there may be some value in keeping the Company current in its reporting obligations under the Exchange Act after the sale of the business. Currently, the holders of our Series C and Series E preferred stock are the beneficial owners of 90.479 shares of Series C preferred stock and 106.35 shares of Series E preferred stock, respectively. (For illustration purposes only, assuming a market price of \$.036 per share of Common Stock, these shares of preferred stock would be convertible into approximately 135,730,580 shares of our Common Stock, although our Certificate of Incorporation contains restrictions that prevent certain holders of our preferred stock from beneficially owning more than 4.9% of the outstanding shares of our common stock at any one time). Holders of shares of our preferred stock do not have the right to vote on the Asset Sale.

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During the course of our discussions with the preferred stockholders, Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili expressed an interest in acquiring the remaining assets of the Company. Accordingly, Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili, on the one hand, and the representatives of the preferred stockholders, on the other hand, began discussions about a possible sale of the assets to Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili or an entity controlled by them. The management group proposed a sale of the assets for cash, but the representatives of the preferred stockholders indicated that they thought that the Company should maintain an equity interest in the business rather than sell it for cash. This would enable the Company to benefit from any success that Tulix may have. The management group has expressed its belief that

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the fair value of the assets is between \$75,000 and \$125,000, based on a survey of the used equipment market for like kind equipment. While the Company attempted to obtain an outside valuation for the equipment and sent a list of equipment to five different vendors, all declined to make an offer. In addition, we attempted to liquidate certain office furniture by contacting three used furniture dealers. These liquidators informed us that they were not interested in purchasing the furniture, but that, if we paid them, they would remove the furniture.

In November, 2001, David Danovitch, Larry Shatsoff, and Michael Sheppard were appointed to the Board of Directors to fill vacancies that had been created by the earlier resignations of members of the Board. Mr. Danovitch, Mr. Shatsoff and Mr. Sheppard negotiated the Asset Sale with Tulix on behalf of the Company until Mr. Shatsoff and Mr. Danovitch resigned from the Board of Directors on March 21, 2003. Mr. Hahnfeldt and Dr. Graves were appointed to fill the vacancies created by the resignations of Mr. Sheppard and Mr. Danovitch, and since then they have been acting in the capacity of independent directors much like Mr. Shatsoff and Mr. Danovitch had been. Collectively, the independent directors have negotiated for several modifications to the terms of the transaction, as negotiated by the representatives of our Series C and Series E preferred stock, including:

- o elimination of proposed severance payments to Mr. Robinson and Mr. Bokuchava;
- o the addition of rights of first refusal, rights of co-sale, anti-dilution rights and inspection rights pertaining to the equity interest in Tulix; and
- o the issuance of a secured note from Tulix to HomeCom as partial consideration for the assets to be transferred to Tulix in the Asset Sale.

Recommendation of the Board of Directors to Stockholders

The independent members of the Board of Directors have approved the Asset Sale and the Sale Agreement and have recommended the Asset Sale to the stockholders of the Company for their approval. In arriving at this decision, the Board considered a number of factors. As stated above, the Board determined that the hosting and web site maintenance business is unprofitable, that its future is uncertain and that the technologies that we license from Eurotech present the most attractive business opportunities to the Company at this time. See "Reasons for Selling the Hosting and Web Site Maintenance Business," above. The Board also considered the Company's continued inability to obtain financing or find potential bidders for this business despite several years of effort. See "Past Contacts, Transactions or Negotiations," above. This continued inability to generate interest in financing or acquiring the Company led the Board to conclude that there was a strong likelihood that the Asset Sale would be the only alternative available to the Company. The Board determined that these

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factors supported its decision to pursue the Asset Sale. On the other hand, the Board also considered the negative impact that the Asset Sale could have on the Company, specifically the fact that the Asset Sale will result in the loss of a significant source of revenue. After considering all of these factors, the Board decided that it was in the best interests of the Company to sell the hosting and web site maintenance business to Tulix.

Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili did not vote on the proposed Asset Sale, the Sale Agreement or other related matters when the Board

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of Directors approved the Asset Sale, the Sale Agreement and such other matters.

Valuation of Transaction

The terms of the Asset Sale are being negotiated for Tulix by Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili and are being negotiated for HomeCom by the outside members of the Board of Directors (formerly Mr. Danovitch, Mr. Shatsoff and Mr. Sheppard, now Mr. Sheppard, Mr. Hahnfeldt and Dr. Graves) and by Southridge Capital, L.P., acting as an intermediary between us and the holders of our Series C and Series E preferred stock. We did not feel that it was economically feasible to obtain a fairness opinion regarding the Asset Sale, and parties from whom we solicited offers to purchase our assets have declined to respond to us. As such, we are relying on the negotiations of the parties, the approval of the independent members of the Board of Directors and the approval of our stockholders to ensure that the transaction is fair.

Fairness To Stockholders

We will not obtain a fairness opinion with respect to the Asset Sale, given that the cost of obtaining such an opinion would be significant when viewed in light of our overall resources.

Conflicts of Interest; Interests of Certain Persons in Matters to be Acted Upon

As of May 31, 2003, Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili (each a director and officer of the Company) beneficially owned an aggregate of 265,227 shares of Common Stock of the Company (excluding options to purchase shares of common stock that have not yet vested), or approximately 1% of the outstanding shares of Common Stock of the Company. Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili also beneficially own 100% of the outstanding capital stock of Tulix. Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili are also directors and officers of both the Company and Tulix.

As such, the Asset Sale raises a number of potential conflicts of interest. Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili, as officers and directors of both the Company and Tulix, have negotiated and will continue to participate in the negotiation of the terms of the Asset Sale for both parties. Because these officers and directors have a significant economic interest in Tulix, Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili recused themselves from the vote of the Board of Directors on the approval of the Asset Sale. Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili will abstain from voting the shares of Common Stock beneficially owned by them with respect to the approval of the Asset Sale, as well.

Tax Consequences of the Asset Sale

For tax purposes, the Company believes that the assets will be sold to Tulix at the Company's book value for those assets. If, however, there is any gain upon the sale, the Company believes that it will be able to apply tax loss carry forwards to offset any taxable income. Consequently, the Company does not expect that the Asset Sale will result in any taxes to the Company. Since the stockholders will not be receiving anything directly in this transaction, there should be no tax consequences to them from this sale.

Regulatory Approvals

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To the best of our knowledge, the Company is not required to comply with any federal or state regulatory requirements or obtain approval from any federal or state agency in connection with the sale of assets described in this Proxy Statement. The Company has not made any inquiries as to whether Tulix or any of its principals is required to comply with any such requirements or obtain approval from any such agencies.

Reports, Opinions Appraisals

The Company has not received any report, opinion or appraisal materially relating to this transaction from an outside party. We did not seek any such reports, opinions or appraisals because of our limited financial resources.

Information About the Company

Description of Business

On May 22, 2003, we completed the transaction with Eurotech pursuant to which we now license the EKOR, HNIPU and EMR/AC technologies from Eurotech. If the stockholders approve the Asset Sale and we complete the Asset Sale, we will sell the assets of our hosting and website maintenance business to Tulix. Following the Asset Sale, our assets will consist of the technologies that we license from Eurotech and the assets related thereto, the cash and accounts receivable of our hosting and website maintenance business that we do not transfer to Tulix, and the note and stock that Tulix issues to us in the Asset Sale. Our liabilities after the completion of the Asset Sale will consist of all liabilities currently reflected on our financial statements other than the liabilities that Tulix assumes from us (and possibly some liabilities that Tulix does assume from us), as well as any liabilities that we incur in connection with the business that we establish with respect to the licensed technologies, including any advances under our \$150,000 credit agreement, under which we have already borrowed \$100,000. In connection with the closing of the Eurotech transaction, the holder of the Company's Series C, Series D and Series E preferred stock has agreed to accept payment for approximately \$1.6 million of penalties that may be owed to it in shares of common stock instead of cash.

We have created an unincorporated division to run the business related to the technologies that we license from Eurotech. Mr. Sheppard, Mr. Hahnfeldt and Dr. Graves serve as vice presidents of this new division.

History

HomeCom was organized in 1994 to provide complex web-based software applications and integration services to businesses seeking to take advantage of the Internet. Over time, we evolved into a Web design, financial applications and solutions provider to the financial services market, including banking, insurance, securities brokerage firms and other financially oriented web portals.

Prior to and during 2000, we derived revenue from, among other sources, professional web development services, software licensing, application development, insurance and securities sales commissions, and hosting and transactions fees. However, following our various divestitures, including the sales of our InsureRate division and our Internet banking operations during 2001, we derived revenue only from hosting and web site maintenance services.

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On April 16, 1998, we acquired all of the outstanding capital stock of The Insurance Resource Center, Inc. ("IRC") for 351,391 shares of our common stock. IRC provided Internet development and hosting services to the insurance industry and was incorporated into our FAST group. We wrote off the remaining goodwill for IRC during 1999.

On June 9, 1998, we sold substantially all of the assets of our HostAmerica Internet network outsourcing services division to Sage Acquisition Corp. ("Sage") for cash of \$4,250,000 and Sage's assumption of approximately \$250,000 of unearned revenue. We recorded a gain on the sale of approximately \$4,402,000. This transaction allowed us to further consolidate our business focus on the financial services market.

On March 24, 1999, we acquired all of the outstanding shares of First Institutional Marketing, Inc. ("FIMI") and certain of its affiliates for 1,252,174 shares of common stock. In addition, we entered into employment agreements for an initial term of three years with the three principals of FIMI, calling for them to continue in their roles for the acquired companies. Prior to the closing of the acquisition, we loaned the shareholders of FIMI \$370,000 ("FIMI notes"). The FIMI notes were to be repaid in either cash or common stock and were collateralized by common stock. We also granted these FIMI shareholders 300,000 warrants to acquire shares of our common stock at an exercise price of \$3.74 per share. Vesting of the warrants was contingent upon FIMI meeting certain operating goals.

On April 23, 1999, we acquired all the outstanding shares of Ganymede Corporation for total consideration of 185,342 shares of common stock and \$100,000 cash. Ganymede was a Chicago-based web site developer for financial institutions. In addition, we entered into employment agreements with the three principals of Ganymede, calling for them to continue in their current roles for the acquired company.

On October 1, 1999 we sold our security consulting and integration service operations in exchange for \$200,000 in cash, certain security audit rights and shares of a non-public entity originally valued at approximately \$823,000, and entered into a joint marketing program with the acquirer.

On January 31, 2001, we sold substantially all of the assets of FIMI and its affiliates to Digital Insurance, Inc. ("Digital") for approximately \$458,000 in cash and the assumption of certain liabilities. In connection with the sale, the FIMI principals surrendered the shares of common stock that collateralized the FIMI notes and forfeited their warrants.

On March 15, 2001, we sold substantially all of the assets used in our Internet banking operations to Netzee, Inc. The sale generated net proceeds to HomeCom of approximately \$407,000.

Products and Services

Currently, we have two operating businesses: our hosting and web site maintenance business, which we intend to sell to Tulix, and the business that we conduct in connection with the EKOR, HNIPU and EMR/AC technologies that we license from Eurotech.

EKOR

EKOR(TM) is a brand name for a family of materials designed for long-term isolation of hazardous and radioactive materials. As a silicon-based elastomer, EKOR's adhesive properties allow it to stick to a wide variety of wet or dry surfaces and materials. When applied, EKOR(TM) materials surround and "glue

down" radioactive or hazardous debris ranging from fine dust to large pieces of

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equipment and, in combination with their fire-resistant and water-proof properties, prevent such debris from migrating by water or as air-borne particles. EKOR(TM) materials also possess other highly desirable performance characteristics such as chemical resistance, fire resistance, heat resistance, and resistance to environmental aging and degradation from radiation. In addition to its unique combination of performance characteristics, EKOR(TM) comes in multiple product forms and can be applied with a variety of application methods. This allows EKOR(TM) to be used as a solution for a broad spectrum of nuclear and hazardous waste management problems.

The EKOR(TM) product family's performance characteristics and flexibility of form make it a useful tool for a broad spectrum of applications. There are currently five basic forms of EKOR(TM):

1. Sealer Plus, which can be brushed, poured or sprayed to coat containers or cover contaminated surfaces;
2. Foam, which is pumped in a range of densities to fill crevices, ducts or pipes;
3. Grout, applied in a pour and mix method, which can be used to make shapes for shielding or to macroencapsulate items to form an unleachable monolith for transportation or disposal;
4. Matrix, applied in a pour and mix method, which can be used to microencapsulate radioactive or hazardous wastes to form an elastomeric monolith for transportation or disposal; and
5. StoneStore is in research and development and is intended to be applied in a pour and mix method, which can be used to microencapsulate highly radioactive waste and will form a ceramic monolith for permanent disposal.

It is our understanding that EKOR(TM) has been shown to be highly resistant to radiation and structural degradation from exposure to radiation. We also understand that EKOR(TM) has proven to be highly fire resistant, waterproof, and capable of being formulated in densities that display considerable structural strength and weight-bearing properties of 100 pounds per square inch.

HNIPU

HNIPU is a hybrid polyurethane that does not involve the toxic isocyanates utilized in the production of conventional polyurethane and that has lower permeability and greater chemical resistance qualities as compared to conventional polyurethane. We believe that these advanced characteristics, in addition to the potential reduced risk from the elimination of isocyanates in its production, make HNIPU superior to conventional polyurethanes in connection with their use in a number of industrial application contexts such as manufacturing automotive components, paints, foams, plastics and truck bed liners; aerospace sealants, industrial adhesives, coatings, flooring, glues; industrial equipment and machinery; and consumer goods such as appliances, footwear, furniture and plastic products. Because of HNIPU's lower permeability and improved chemical resistance, we think that industrial paints and coatings are a potential target market for HNIPU.

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EMR/AC

ElectroMagnetic Radiography/Acoustic Core (EMR/AC(TM)) uses a non-contact inspection methodology that creates signals that are then interpreted by a digital analyzer that allows identification of elemental or compound materials from their empirically determined properties. EMR/AC(TM) is used in wet and dry environments. It is our understanding that research and development studies have verified that EMR/AC(TM) can uniquely identify materials by their acoustic or electromagnetic signatures. Moreover, EMR/AC(TM) has the ability to map in three dimensions the existence of target materials at extremely low concentrations at depths of up to 300 feet. The capabilities of these technologies complement the EKOR(TM) technologies by, for example, allowing tanks of waste to be monitored for leaks and the leaks, when discovered, targeted for repair. EMR/AC(TM) potentially has applications in markets that involve subsurface evaluation, from contamination discovery and monitoring to resource discovery.

Sales and Marketing

We currently have no active marketing strategies or plans for the hosting and website maintenance business.

We intend to market EKOR for use in nuclear waste encapsulation and nuclear debris fixation for nuclear cleanup projects, nuclear facility decontamination and decommissionings, and nuclear waste transportation and disposal. As part of this strategy, we intend to seek affiliations and joint ventures with large prime contractors in the nuclear industry on a project by project basis.

In conjunction with the marketing of EKOR, we intend to market EMR/AC to a variety of facilities requiring detection of nuclear waste contaminants and other environmentally hazardous substances in subsurface soil and ground water resulting from leaking storage tanks or toxic chemical spills. By marketing EMR/AC in conjunction with EKOR, we hope to capitalize on preexisting contacts and networks.

Because HNIPU represents a new class of polymer compounds closely related to polyurethanes, we expect that a variety of products will emerge from the development of variations and improvements to the existing HNIPU binders that have worldwide industrial applications. For this reason, we intend to seek to license HNIPU to large industrial polymer and chemical manufacturers who can sell the various HNIPU binders to international industrial manufacturers. The focus will be to transfer the existing binder product technologies under licensing agreements from the laboratory to manufacturing. We intend to follow up on existing agreements, current evaluations, and active discussion for HNIPU binder production.

It appears that, prior to our acquisition of the licenses of these technologies, Eurotech's efforts to market these technologies had been unsuccessful, as publicly-available information shows that Eurotech generated no revenues from the HNIPU or EMR/AC technologies and generated only \$66,000 in revenues from the EKOR technology during 2002. While we see opportunities for these technologies, we can offer no assurance that our efforts will be more successful or as successful as Eurotech's efforts.

Intellectual Property Rights

In accordance with industry practice, we have relied primarily on a combination of copyright, patent and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect the proprietary rights related to our hosting and website maintenance business. We have sought

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to protect our software, documentation and other written materials principally under trade secret and copyright laws, which afford only limited protection. We have tried to use non-disclosure and confidentiality agreements with employees, vendors, contractors, consultants and customers to address these concerns.

We do not believe that the products used in our hosting and website maintenance business infringe the proprietary rights of third parties. There can be no assurance, however, that third parties will not claim infringement by us with respect to our products. In addition, Web site developers such as ours face potential liability for the actions of customers and others using their services, including liability for infringement of intellectual property rights, rights of publicity, defamation, libel, fraud, misrepresentation, unauthorized computer access, theft, tort liability and criminal activity under the laws of the United States, various states and foreign jurisdictions.

EKOR Intellectual Property Rights

We understand that the Euro-Asian Physical Society (EAPS) has patented EKOR(TM) in the U.S., Russia, and other industrialized countries. On March 23, 1999, the U.S. Patent and Trademark Office issued to EAPS Patent No. 5,886,060 on the process for manufacturing one of the EKOR(TM) compound variants. Pursuant to sub-license agreement, Eurotech became the exclusive global licensee of all right, title and interest (inclusive of all patent and other intellectual property rights now or in the future) in EKOR(TM). We are a licensee of Eurotech. As a regular part of our business activities, we plan to submit patent applications to protect our developed intellectual property. We do not know if additional proprietary technology that we develop relating to EKOR(TM) will prove patentable.

HNIPU Intellectual Property Rights

We understand that U.S. Patent Number #6120905 for HNIPU was issued to Eurotech on September 19, 2000 and that Eurotech also filed under the Patent Cooperation Treaty (PCT/US99/13413) on June 15, 1999. As a regular part of our business activities, we intend to submit patent applications to protect our developed intellectual property, improvements and extensions, although we do not know whether any technologies that we develop will be patentable. We are a licensee of Eurotech.

EMR/AC Intellectual Property Rights

We understand that U.S. Patent Number #4,922,467 for Acoustic Detection Apparatus (Acoustic Core) was issued to David Caulfield on May 1, 1990 and subsequently assigned to Ocean Data Equipment Corporation; and that this patent was significantly improved, for which U.S. Patent Number #6,545,945 was issued on April 8, 2003. We understand that Electromagnetic Radiography technology is protected by trade secret. We further understand that the worldwide exclusive licensing rights to these technologies for the detection of nuclear and hazardous materials at nuclear remediation and marine dredging sites, and for oil exploration, were obtained by Eurotech, Ltd. and were subsequently licensed to HomeCom.

Employees

As of May 31, 2003, we had ten full-time employees and consultants, including Mr. Sheppard, Mr. Hahnfeldt and Dr. Graves, who work exclusively with our Licensed Technology Division. If we complete the Asset Sale, we expect that all seven of the employees who work with the hosting and website maintenance business, including Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili, will resign from their positions with us and go to work for Tulix.

Customers

Our hosting and website maintenance business has one principal customer, Roadrunner. During 2002, Roadrunner accounted for approximately 98% of our sales, and during 2001 Roadrunner accounted for approximately 82% of our sales. Our contract with Roadrunner expired in December 2002 and we currently are performing services for Roadrunner without a contract. Roadrunner has indicated that it will continue to do business with Tulix after the Asset Sale is completed, although it has not committed formally to doing so. We expect that the other customers of our hosting and website maintenance business also will become customers of Tulix after the Asset Sale is completed.

During 2000, two customers accounted for over 10% of our total revenue each, with one of those customers accounting for over 40%. During 2001 and 2002, there was only one customer that accounted for more than 10% of revenues. Our sales to our five largest customers represented approximately 76%, 89% and 98% of total revenues for 2000, 2001 and 2002, respectively.

Insurance

We maintain liability and other insurance that we believe to be customary and generally consistent with industry practice. We believe that such insurance is adequate to cover potential claims relating to our existing business activities.

Government Regulation

Except with regard to insurance and securities sales, as discussed below, we do not believe that our hosting and website maintenance business is currently subject to direct regulation by any government agency, other than regulations applicable to businesses generally, and also believe that there are currently few laws or regulations directly applicable to Web site service companies. The Federal Communications Commission is studying the possible regulation of the Internet. Any such regulations adopted by the Federal Communications Commission may adversely impact the manner in which we conduct our business, our financial condition and our operating results. Moreover, the applicability to the Internet of existing laws governing issues such as property ownership, libel, and personal privacy is uncertain. We cannot predict the impact, if any, that future regulation or regulatory changes may have on our business. In addition, Web site developers such as us face potential liability for the actions of customers and others using their services, including liability for infringement of intellectual property rights, rights of publicity, defamation, libel, fraud, misrepresentation, unauthorized computer access, theft, tort liability and criminal activity under the laws of the U.S., various states and foreign jurisdictions. Any imposition of liability could have a material adverse effect on us.

In addition, our network services are transmitted to our customers over dedicated and public telephone lines. These transmissions are governed by regulatory policies establishing charges and terms for communications. Changes in the regulatory environment relating to the telecommunications and media industry could have an effect on our business, including regulatory changes which directly or indirectly affect use or access of the Internet or increase the likelihood or scope of competition from regional telephone companies, could have a material adverse effect on us.

Of course, if the Asset Sale is completed, the matters discussed above could adversely affect the value of our stock in Tulix.

The use of EKOR(TM) is subject to U.S. environmental safety laws and regulations pertaining to the safe use and containment of hazardous and nuclear waste. Based on the results of tests conducted by Eurotech, we believe that the EKOR(TM) compounds meet current applicable regulations for safe use, containment and storage of hazardous and nuclear materials. It is, however, possible that more stringent or different standards may be adopted or applied in the future that might influence the intended use for EKOR(TM), and it is also possible that the standards, if adopted or applied, may materially increase the cost to us of using EKOR(TM) compounds or prevent their use altogether. We are not aware of any other U.S. or foreign laws or regulations that significantly hinder the marketing, sale, or use of EKOR(TM) based materials.

The manufacture of HNIPU and operation of EMR/AC equipment is not expected to be impacted adversely by government regulations. HNIPU's MDDS identifies the limited risks associated with the manufacture, handling and application of the non-isocyanate polyurethane. OSHA outlines operational regulations as related to acoustic frequencies and power levels as might be applied to EMR/AC operations.

The manufacture and use of HNIPU is subject to U.S. environmental safety laws and regulations pertaining to the safe use of chemicals and polymeric materials. While HNIPU does not use highly toxic compounds like isocyanates, it is still subject to governmental regulations, but based on preliminary assessments by Eurotech we believe that HNIPU compounds will meet current and future regulations. If we are successful in licensing various HNIPU binders to chemical and polymer manufacturers, the licensees will bear the costs of applying for governmental approvals required for manufacturing and industrial usage. We are not aware of any other U.S. or foreign laws or regulations that significantly hinder the marketing, sale, or use of HNIPU based materials.

We own, and prior to January 31, 2001, operated a subsidiary named "FIMI Securities, Inc." FIMI Securities was a NASD regulated broker/dealer and was affiliated with various insurance agencies until it terminated its membership in the NASD on December 29, 2000. We still own FIMI Securities, but it no longer conducts any broker/dealer activities and is a dormant company.

Properties

As of May 31, 2003, we occupy approximately 7,000 square feet in one office building in Atlanta, Georgia under a lease expiring in October 2003. This facility serves as our headquarters and computer center. We intend to assign this lease to Tulix if the Asset Sale is completed. Our landlord has indicated that it will allow Tulix to assume our lease, although it has not formally consented to an assignment of the lease. If, however, Tulix were to default under the lease, we will be liable for payments under the lease.

Our Licensed Technology Division will be managed from offices that we currently lease on a month-to-month basis in Ridgefield, Connecticut. We believe that we will be able to find suitable facilities following the completion of the Asset Sale with no material adverse effect on the Company.

We have abandoned an office in New York City where we used to occupy approximately 3,400 square feet under a lease that expired in January 2003, and abandoned an office in Atlanta. As of December 31, 2002, we have an accrual for real estate disposition liabilities of approximately \$206,000, which we believe

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will be sufficient to settle all obligations related to the closing and abandonment of our offices in New York and Atlanta.

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Legal Proceedings

On or about February 8, 2002, we received a complaint filed by Properties Georgia OBJLW One Corporation in the State Court of Fulton County, Georgia on December 6, 2001, alleging that we defaulted on our lease in Building 14 at 3495 Piedmont Road, Atlanta, Georgia 30305. The complaint sought damages in the amount of \$141,752 plus interest of \$23,827, plus attorneys' fees and court costs. On December 18, 2002 we reached a settlement with Georgia OBJLW One Corporation in the amount of \$135,000, consisting of one payment of \$30,000 paid at that time, followed by seven monthly payments of \$15,000 to be made from February thru August, 2003. We are currently in compliance with this agreement.

We are not a party to any other material legal proceedings. From time to time, we are involved in various routine legal proceedings incidental to the conduct of our business.

Information About Tulix

Description of Tulix

Tulix was incorporated under the laws of the State of Georgia in January 2002 for the purpose of acquiring the assets used in our hosting and web site maintenance business. Timothy R. Robinson was the incorporator of Tulix and serves as its registered agent. Tulix has informed the Company that as of May 31, 2003, Tulix had assets of \$20,000 in cash. This amount was contributed by Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili to capitalize Tulix. Tulix has informed us that it has no liabilities or business history and has been formed for the purpose of acquiring the Assets. If the Asset Sale is completed, Tulix will own and operate the hosting and web site maintenance business that we now own and operate. Tulix has represented to us that Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili, as of May 31, 2003, own in the aggregate 100% of the outstanding capital stock of Tulix. Each will also be a director and officer of Tulix. Mr. Robinson is also a director of the Company and serves our Executive Vice President and Chief Financial Officer. Mr. Bokuchava serves as a director and the President of Tulix. He is also a director of the Company and our Chief Technical Officer. Ms. Doijashvili serves as a director and vice president of Tulix. She is also a director of the Company and our Director of Technical Services. Mr. Robinson does not own any shares of Common Stock of the Company, although he holds options to acquire 150,000 shares of our Common Stock. Mr. Bokuchava beneficially owns 64,559 shares of Common Stock of the Company, and Ms. Doijashvili beneficially owns 50,668 shares of Common Stock of the Company. Each of Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili has advised the Company that he or she intends to abstain from voting on the Asset Sale. We expect Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili to resign from their positions with the Company upon completion of the Asset Sale. If the Asset Sale is completed, we have been informed that our other employees also intend to resign from the Company and go to work for Tulix.

Description of Property

At this time, Tulix does not have any office space. If the Asset Sale is completed, we intend to assign to Tulix our lease for approximately 7,000 square feet at 3495 Piedmont Road, Building 12, Suite 110, Atlanta, Georgia 30305. This lease expires in October 2003.

Legal Proceedings

Tulix has informed us that it is not a party to any material legal proceedings. From time to time, it may become involved in various routine legal proceedings incidental to the conduct of our business.

Tulix Financial Statements

Tulix is a Georgia corporation that has been recently formed for the purpose of acquiring the assets used in the hosting and web site maintenance business of HomeCom. Because Tulix is a newly-formed entity, we have not provided any financial information for Tulix. Tulix has been capitalized with a total of \$20,000 from Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili and, if the Asset Sale is completed, will have assets consisting of the assets acquired from HomeCom and \$20,000.

Description of the Tulix Business Following the Asset Sale

The hosting and web site maintenance business currently consists of a small number of hosting clients, minimal hourly maintenance work, and the administration and maintenance of the Roadrunner application. Tulix has informed us that it intends to use these operations to establish a new small business, aimed at a new marketplace and offering a new product not previously offered by HomeCom. Tulix plans to develop and offer a new internet-based community software system ("Community"). The Community will be offered and targeted toward small to medium-sized internet service providers ("ISP"). The system will allow ISP's to offer their users a community that has features such as a message board and chat and that also allows them to build their own web sites. Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili have indicated that they do not have any reason to believe that they will be more successful running the hosting and website maintenance business than the Company has been. However, given that the Board of Directors has determined that it is in the best interests of the Company to dispose of this business, Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili are willing to invest an aggregate of \$20,000 in Tulix and are willing to devote their time to Tulix with the hope that the business will be viable as a stand-alone business.

The resources necessary for Tulix to produce and successfully market the Community product are: the principals of Tulix and their skills and willingness to take the financial risk necessary to develop and market the product, the experience of technicians and business personnel acquainted with the principals, and the network operations facility assumed from HomeCom.

The principals of Tulix do not feel that Tulix will be a viable business without Roadrunner as a customer. Even if Roadrunner remains a customer, Mr. Robinson, Mr. Bokuchava and Ms. Doijashvili believe that additional measures will be needed for the business to survive. By operating the business as a private company rather than a public company, they hope to reduce the legal and accounting costs associated with the business because Tulix will not be required to comply with the securities laws. In addition, the principals expect to take pay reductions and may seek new sources of capital.

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Accompanying this Proxy Statement are copies of the Company's Annual Report on Form 10-K for the year ended December 31, 2002 and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.

SELECTED FINANCIAL DATA

The following selected financial data of HomeCom should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes, all of which are included in the copy of our Annual Report on Form 10-K for the year 2002 enclosed herewith as Exhibit E.

	Year Ended December 31,			
	1998	1999	2000	
Statement of Operations Data:				
Revenues	\$ 2,481,905	\$ 3,907,282	\$ 4,509,977	\$ 1
Cost of revenues	2,085,598	951,406	2,722,309	1
Gross profit	396,307	2,955,876	1,787,668	
Operating expenses:				
Sales and marketing	1,142,222	2,878,302	1,944,020	
Product development	633,268	315,809	321,259	
General and administrative	2,896,287	3,765,514	1,182,192	
Depreciation and amortization	542,269	1,757,124	1,605,345	
Asset Impairment			1,436,078	
Total operating expenses	5,214,046	8,716,749	6,488,894	1
Operating loss	(4,817,739)	(5,760,873)	(4,701,226)	
Other expenses (income):				
Gain on sale of division	(4,402,076)			
Interest expense	445,216	32,583	(5,981)	
Other expense (income), net	(166,917)	(103,175)	(90,793)	
Loss from continuing operations before income taxes	(693,962)	(5,690,281)	(4,604,452)	
Income tax provision (benefit)	--	--	--	
Loss from continuing operations	(693,962)	(5,690,281)	(4,604,452)	
Loss from discontinued operations	(510,178)	(4,630,508)	(1,755,898)	
Gain (loss) on disposal of business segment		1,144,591	(3,000,377)	
Loss	(1,204,140)	(9,176,198)	(9,360,727)	
Deemed preferred stock dividend	(666,667)	(2,557,466)	(1,526,728)	
Loss applicable to common shareholders	\$ (1,870,807)	\$ (11,733,664)	\$ (10,887,455)	\$ (1)
Loss per common share--basic and diluted				
Continuing operations	\$ (0.16)	\$ (0.90)	\$ (0.72)	\$
Discontinued operations	(0.28)	(0.96)	(0.55)	
Total	\$ (0.44)	\$ (1.86)	\$ (1.27)	\$
Weighted average common shares outstanding	4,287,183	6,324,791	8,549,693	9

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	1998	1999	2000	
Balance Sheet Data:				
Working capital (deficit)	\$ 2,265,725	\$ 1,033,802	\$ (823,406)	\$
Total assets	4,565,490	10,535,718	2,528,973	
Long-term obligations	88,242	315,275	357,757	
Total liabilities	1,117,041	2,930,600	2,298,013	1
Redeemable Preferred Stock		1,624,920	251,750	
Stockholders' equity (deficit)	\$ 3,448,449	\$ 5,980,198	\$ (20,790)	\$ (1

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PRO-FORMA FINANCIAL STATEMENTS

The tables below set forth the historical balance sheets and results of operations for the Company for the fiscal year ended December 31, 2002 and the unaudited balance sheet and results of operations for the three months ended March 31, 2003 and the unaudited balance sheet and results of operations of the Company as of those dates on a pro-forma basis. These unaudited pro-forma financial statements are not necessarily indicative of results that actually would have occurred if the transaction had been in effect as of and for the periods presented or the results that may be achieved in the future. The adjustments related to the pro-forma balance sheet assume the transaction was consummated at March 31, 2003, while adjustments to the pro-forma statements of operations assume the transaction was consummated at January 1, 2002. These statements should be read in conjunction with the description of the proposed sale described elsewhere in this Proxy Statement, and the financial statements of the Company included in the company's the Company's form 10-Q for the first quarter ended March 31, 2003, included as a part of Exhibit D to this Proxy Statement, and Form 10-K for the year ended December 31, 2002, included as Exhibit E to this Proxy Statement.

HOMECOM COMMUNICATIONS, INC.
Unaudited Historical and Pro-forma Statements of Operations

	Year Ended December 31, 2002		Three	
	HOMECOM Historical	Pro-forma Adjustments (1)	HOMECOM Pro-forma	HOMECOM Historical
Revenues	\$ 1,484,836	\$ 1,484,836	\$	\$ 406,5
Cost of Revenues	1,036,961	1,036,961		250,7
GROSS PROFIT	447,875	447,875		155,7
OPERATING EXPENSES:				
Sales and marketing				
Product development				
General and administrative	517,323	339,530	177,793	86,2
Depreciation and amortization				
Asset Impairment Charge	52,584		52,584	
Total operating expenses	569,907	339,530	230,377	86,2

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OPERATING INCOME (LOSS)	(122,032)	108,345	(230,377)	69,5
OTHER EXPENSES (INCOME)				
Other income, net	(26,637)		(26,637)	(70,1
	-----	-----	-----	-----
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(95,395)	108,345	(203,740)	139,7
	=====	=====	=====	=====
EARNINGS (LOSS) PER SHARE BEFORE TAXES AND DEEMED DIVIDEND - BASIC AND DILUTED	\$ (0.007)	\$ 0.007	\$ (0.014)	\$ 0.0
WEIGHTED NUMBER OF SHARES OUTSTANDING	14,199,156	14,199,156	14,199,156	14,999,1

Notes to Pro-forma Statements of Operations:

- Historically, the Company was organized into five separate business units. The Company's reportable segments were: custom Web development (FAST), Internet outsourcing services (HostAmerica), Internet security services (HISS), internet banking, and InsureRate/FIMI. On June 9, 1998, the Company sold substantially all of the assets of its HostAmerica internet outsourcing services business unit to Sage Acquisition Corp. On October 1, 1999 the Company sold all of its HISS unit to Infrastructure Defense, Inc. On January 31, 2001 the Company sold all of the assets of its InsureRate/FIMI unit to Digital Insurance, Inc. On March 15, 2001 the company sold the remaining assets of its internet banking unit to Netzee, Inc. As such the only remaining business represents hosting and web site maintenance services (formerly included in FAST), with all other business units being reported as discontinued operations. These Pro-forma Adjustments represent the sale of the remaining business unit, FAST, leaving only corporate general expenses, which were incurred to sustain public corporate operations and were unrelated to FAST.

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HOMECOM COMMUNICATIONS, INC.
Unaudited Historical and Pro-forma Balance Sheets as of March 31, 200

	HOMECOM Historical

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 138,248
Accounts receivable, net	251,051

Total current assets	389,299
Prepaid Expenses	5,451
Furniture, fixtures and equipment held for sale	104,860
Note Receivable from Tulix	
Investment in Tulix	

Total assets	\$ 499,610
	=====
LIABILITIES AND STOCKHOLDERS' DEFICIT	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 2,120,999

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Total current liabilities	2,120,999
Other liabilities	
Total liabilities	2,120,999
Redeemable Preferred stock, Series B, \$.01 par value, 125 shares authorized, 125 shares issued at March 31, 2003 and December 31, 2002 and 17.8 shares outstanding at March 31, 2003 and December 31, 2002, convertible, participating; \$427,500 liquidation value as of March 31, 2003	
	251,750
STOCKHOLDERS' DEFICIT:	
Common stock, \$.0001 par value, 15,000,000 shares authorized, 14,999,156 shares issued and outstanding at March 31, 2003 and December 31, 2002	1,500
Preferred stock, Series C, \$.01 par value, 175 shares issued and authorized, 90.5 shares outstanding at March 31, 2003 and December 31, 2002, convertible, participating; \$2,208,765 liquidation value at March 31, 2003	1
Preferred stock, Series D, \$.01 par value, 75 shares issued and authorized, 1.3 shares outstanding at March 31, 2003 and December 31, 2002, convertible, participating; \$31,253 liquidation value at March 31, 2003	1
Preferred stock, Series E, \$.01 par value, 106.4 shares issued and authorized, 106.4 shares outstanding at March 31, 2003 and December 31, 2002, convertible, participating; \$2,630,953 liquidation value at March 31, 2003	1
Treasury stock, 123,695 shares at March 31, 2003 and December 31, 2002	(8,659)
Additional paid-in capital	23,789,980
Accumulated deficit	(25,655,963)
Total stockholder's equity (deficit)	(1,873,139)
Total liabilities and stockholder's equity	\$ 499,610

Notes to Pro-forma Balance Sheet:

1. Historically, the Company was organized into five separate business units. The Company's reportable segments were: custom Web development (FAST), Internet outsourcing services (HostAmerica), Internet security services (HISS), internet banking, and InsureRate/FIMI. On June 9, 1998, the Company sold substantially all of the assets of its HostAmerica internet outsourcing services business unit to Sage Acquisition Corp. On October 1, 1999 the Company sold all of its HISS unit to Infrastructure Defense, Inc. On January 31, 2001 the Company sold all of the assets of its InsureRate/FIMI unit to Digital Insurance, Inc. On March 15, 2001 the company sold the remaining assets of its internet banking unit to Netzee, Inc. As such the only remaining business represents hosting and web site maintenance services (formerly included in FAST), with all other business units being reported as discontinued operations. The Pro-forma Adjustments represent the sale of the remaining business unit, FAST.

2. HomeCom will account for its investment in Tulix using the cost method. There are no mechanisms that will allow HomeCom to exercise any significant influence or control over the operating or financial policies of Tulix. The value assigned to the investment in Tulix was calculated by adding (i) 15% of the historical value of the HomeCom assets and (ii) 15%, or \$3,000, of the initial capitalization of Tulix. We believe that this amount approximates fair value.

3. The total amount of our outstanding debts is approximately \$2.1 million, including approximately \$1.7 million of accrued penalties

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payable to the holders of our preferred stock. The holder of our Series C, Series D and Series E preferred stock has agreed to accept payment of these penalties in shares of common stock instead of cash.

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Forward-Looking Statements

This Proxy Statement contains certain statements, such as statements regarding HomeCom's future plans, that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including certain statements concerning our expectations, beliefs, or strategies regarding future revenues and operations, and certain statements concerning our future business plans. When used in this Proxy Statement, the words "expects", "believes," "intends," "anticipates" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected or implied by such forward-looking statements. Such risks and uncertainties include things such as changes in the value and condition of our assets, the loss of key personnel, whether we are able to complete the proposed transactions described in the Proxy Statement, a change in control of the Company or changes in financial markets and general, economic conditions. Reference is also made in particular to the discussion set forth in our Registration Statements on Forms S-1 (File Nos. 333-12219, 333-42599, 333-45383, 333-8637, 333-88491, and 333-56795) and S-3 (333-73123 and 333-81581).

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PROPOSAL 2: AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO CHANGE THE NAME OF THE COMPANY

The Board of Directors has adopted a resolution and recommends to the Stockholders for their adoption and approval an amendment to the Company's Certificate of Incorporation to change the name of the Company from "HomeCom Communications, Inc." to "Global Matrechs, Inc."

Purpose of Proposed Change of Name

Following the Asset Sale, we will no longer conduct any business that has historically been associated with the "HomeCom Communications" name. Moreover, the business that is currently associated with the HomeCom name will be owned and operated by Tulix, and we believe that confusion would likely result if we continue to call our company "HomeCom Communications" while another company owns and operates the business associated with the "HomeCom Communications" name. Moreover, a new name signifies that the Company has decided to move in a new direction, which we have done through the licensing of the EKOR, HNIPU and EMR technologies from Eurotech. Accordingly, management believes that a change of the corporate name to "Global Matrechs, Inc." is appropriate and recommends a vote for the adoption of the amendment to the Certificate Incorporation.

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Amendment to Certificate of Incorporation

If approved, Article I of our Certificate of Incorporation would be restated in its entirety as follows:

"I.

The name of the Corporation is Global Matrechs, Inc."

The form of amendment to the Certificate of Incorporation to amend Article I of our Certificate of Incorporation changing the name from "HomeCom Communications, Inc." to "Global Matrechs, Inc." is included in Exhibit B attached hereto.

Vote Required and Board Recommendation

The adoption and approval of the amendment to the Certificate of Incorporation requires approval by a vote of the holders of a majority of all of the outstanding shares of capital stock of the Company entitled to vote at the Special Meeting of Stockholders (or the holders of a majority of the Common Stock). If the amendment is approved by the Stockholders, the Board of Directors intends to make the change effective at the earliest appropriate time consistent with an orderly transition to the new name.

Upon the effective date of the name change we will take action to change the stock trading symbol for our Common Stock. Stock certificates representing the Common Stock issued prior to the effective date of the change in the corporate name to "Global Matrechs, Inc." will continue to represent shares in the Company, remain authentic, and will not be required to be returned to us or to our transfer agent for reissuance. New stock certificates issued upon transfer of shares of Common Stock after the name change will bear the name "Global Matrechs, Inc.", and will have a new CUSIP number. Delivery of existing stock certificates will continue to be accepted in transactions made by a Stockholder after the corporate name is changed.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSED AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION.

PROPOSAL 3: AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO
INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK

The Board of Directors has approved, and is recommending to the Stockholders for approval at the Special Meeting of Stockholders, an amendment to the Company's Certificate of Incorporation to increase the number of shares of Common Stock which we are authorized to issue from fifteen million (15,000,000) shares to three hundred million (300,000,000) shares. The Board of Directors has determined that this amendment is advisable and should be considered at the Special Meeting of Stockholders.

Purposes and Effects of Proposed Increase in the Number of Shares of Common Stock.

The proposed amendment would increase the number of shares of Common Stock which we are authorized to issue from 15,000,000 shares to 300,000,000 shares. The additional 285,000,000 shares would be part of the existing class of Common Stock and, if and wh