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On July 21, 2004, we issued a press release announcing our earnings for the quarter ended June 30, 2004, and provided further details relating to our previously announced plan to convert to a real estate investment trust (REIT). The text of the press release follows.

News Release

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NEW CENTURY ANNOUNCES RECORDS IN LOAN PRODUCTION OF $12.3 BILLION AND

EPS OF $2.41 FOR THE SECOND QUARTER 2004

Company Increases 2004 EPS Guidance to $8.25 to $8.75

Irvine, Calif., July 21, 2004, New Century Financial Corporation (Nasdaq: NCEN), one of the nation s largest non-prime mortgage finance companies, announced results for the three months ended June 30, 2004, affirmed 2004 loan production guidance, increased 2004 earnings-per-share (EPS) guidance, and provided additional information about converting to a real estate investment trust (REIT).

Second Quarter 2004 Financial Highlights

Record loan production of $12.3 billion

Record EPS of $2.41

Affirmed 2004 loan production guidance of $40 billion or more

Increased 2004 EPS guidance to $8.25 to $8.75

Increased on-balance sheet portfolio to $9.1 billion

Financial Results

For the three months ended June 30, 2004, net earnings increased to $102.4 million, or $2.41 per share on a diluted basis, compared with $60.8 million, or $1.61 per share on a diluted basis, for the same quarter a year ago, an increase of 68.4 percent. Excluding the favorable impact of an income tax adjustment explained below, net earnings for the second quarter 2004 were $94.2 million, or $2.22 per share on a diluted basis. Total revenues for the quarter increased 92.5 percent to $414.8 million, compared with total revenues of $215.5 million for the same quarter a year ago.

For the six months ended June 30, 2004, net earnings increased to $189.6 million, or $4.46 per share on a diluted basis, compared with $106.6 million, or $2.83 per share on a diluted basis, for the same period a year ago, an increase of 77.9 percent. Total revenues increased 95.7 percent to $775.8 million, compared with $396.5 million for the same period a year ago.

In the second quarter, New Century set new records in loan production volume and net earnings while many traditional A paper lenders experienced significant decreases in loan volume compared to a year ago, said Robert K. Cole, chairman and chief executive officer. These results underscore some of the differences between the prime and non-prime markets that have become apparent recently.

Over the last year with loan volume almost doubled, we substantially increased earnings per share and increased the size of our balance sheet strength and earnings potential through our on-balance sheet securitization (OBS) portfolio. For the first half of 2004, the OBS assets generated 24% of current EPS compared to just 2.3% for the same period a year ago. By year-end 2005, we are expecting that approximately 50% of our earnings will come from our OBS asset portfolio. Additionally, following our conversion to a REIT, which we expect to occur by the end of the fourth quarter of 2004, we will be able to pursue our business model in a more tax efficient manner.

Our record financial results as of June 30 and the solid business fundamentals we have in place give us the confidence to increase fiscal 2004 EPS guidance to a range of $8.25 - $8.75, said Cole.

The following table summarizes financial information for the periods shown:

Financial Summary (in thousands except per share data)	**Three Months Ended 6/30/04**	**Three Months Ended 6/30/03**	**Six Months Ended 6/30/04**	**Six Months Ended 6/30/03**
Total revenues	$ 414,768	$ 215,464	$ 775,768	$ 396,452
Earnings before income taxes	$ 162,386	$ 104,134	$ 318,853	$ 182,191
Net earnings	$ 102,377	$ 60,815	$ 189,622	$ 106,554
Diluted earnings per share	$ 2.41	$ 1.61	$ 4.46	$ 2.83
Diluted wtd. avg. shares outstanding (1)	43,046	37,827	43,089	37,651

(1) 2004 periods include approximately 6.0 million shares currently issuable upon conversion of the company s convertible senior notes

Loan Originations

Second quarter loan production totaled $12.3 billion, an increase of 112.1 percent compared with loan production for the corresponding period a year ago.

Our record second quarter production volume reflects the hard work of our Associates, as well as the company s proven ability to operate in a changing interest rate environment, said Brad A. Morrice, vice chairman, president and chief operating officer. For the third and fourth quarter of this year, we expect normalized production levels of $10 billion to $12 billion, which will result in 2004 production of $40 billion or more.

The following table summarizes our loan originations by channel and product type for the periods shown:

	Three Months Ended				**Six Months Ended**			
(in thousands)	**06/30/04**	**%**	**06/30/03**	**%**	**06/30/04**	**%**	**06/30/03**	**%**
Wholesale	$ 11,086,242	90.5	$ 5,324,063	91.7	$ 18,781,248	90.8	$ 9,561,251	91.1
Retail	1,169,625	9.5	478,934	8.3	1,910,975	9.2	931,217	8.9
Total	**$ 12,255,867**	**100.0**	**$ 5,802,997**	**100.0**	**$ 20,692,223**	**100.0**	**$ 10,492,468**	**100.0**
Fixed rate	$ 4,333,968	35.4	$ 1,374,767	23.7	$ 6,659,613	32.2	$ 2,617,379	24.9
Adjustable rate	7,921,899	64.6	4,428,230	76.3	14,032,610	67.8	7,875,089	75.1
Total	**$ 12,255,867**	**100.0**	**$ 5,802,997**	**100.0**	**$ 20,692,223**	**100.0**	**$ 10,492,468**	**100.0**
Refinance	$ 8,036,888	65.6	$ 4,468,157	77.0	$ 13,988,870	67.6	$ 8,292,307	79.0

Purchase	4,218,979	34.4	1,334,840	23.0	6,703,353	32.4	2,200,161	21.0
Total	**$ 12,255,867**	**100.0**	**$ 5,802,997**	**100.0**	**$ 20,692,223**	**100.0**	**$ 10,492,468**	**100.0**

Credit Quality

The following table summarizes loan origination by risk grades for the periods shown:

	Three Months Ended 6/30/04				Three Months Ended 6/30/03			
(in thousands)	**Amount**	**%**	**Avg. LTV**	**FICO**	**Amount**	**%**	**Avg. LTV**	**FICO**
Risk Grades								
AA	$ 9,544,860	77.9	78.1	648	$ 3,664,464	63.1	80.1	615
A+	1,151,393	9.4	78.5	601	988,519	17.1	79.3	585
A-	747,676	6.1	76.8	581	563,710	9.7	77.3	562
B	455,605	3.7	73.7	569	372,432	6.4	74.4	555
C/C-	328,881	2.7	68.3	557	208,846	3.6	68.4	547
Subtotal	**$ 12,228,415**	**99.8**	**77.6**	**634**	**$ 5,797,971**	**99.9**	**78.9**	**599**
Commercial (1)	17,609	0.1	66.8	698	1,566		N/A	N/A
Private label prime (2)	9,843	0.1	N/A	N/A	3,460	0.1	N/A	N/A
Total	**$ 12,255,867**	**100.0**	**77.6**	**634**	**$ 5,802,997**	**100.0**	**78.9**	**599**

(1) Commercial loans represent real estate mortgage loans on five or more unit multifamily and mixed-use properties
(2) Private label prime loans represent agency-qualifying loans originated for the company by a third party under a private label agreement

The following table sets forth the weighted average FICO score and credit trends on production for the periods indicated:

	2Q04	**1Q04**	**4Q03**	**3Q03**	**2Q03**
Wtd. avg. FICO score	634	619	615	626	599
% of production in top 2 credit grades	87.3%	84.1%	82.6%	85.4%	80.2%
% of production in bottom 2 credit grades	2.7%	3.5%	3.5%	2.6%	3.6%

In response to the rising interest rate environment and competitive market conditions, we added incremental volume of loans with higher FICO scores and a higher percentage of fixed-rate loans, said Morrice.

Net Operating Margin

The following table sets forth the components of operating margin for the periods indicated:

	2Q04	**1Q04**	**4Q03**	**3Q03**	**2Q03**

Gain on sale	4.27%	3.82%	3.75%	4.59%	4.45%
Net interest income (1)	0.48%	0.58%	0.54%	0.46%	0.53%
Loan acquisition cost (2)	(2.08)%	(2.35)%	(2.35)%	(2.06)%	(2.46)%
Operating margin	**2.67%**	**2.05%**	**1.94%**	**2.99%**	**2.52%**

(1) Represents net interest income on mortgage loans held for sale divided by origination volume for the corresponding period

(2) Loan acquisition cost and operating margin are non-GAAP financial measures; for comparable GAAP information see below and Schedule 1

Our second quarter gain on sale was considerably higher than the first quarter as a result of a very favorable secondary market environment, said Patti M. Dodge, executive vice president and chief financial officer. We anticipate prices in the second half of 2004 to be lower than recent levels, and for all of 2004 we expect our net execution to be between 3.50% and 3.75%.

Loan Acquisition Costs

The following table sets forth the components of loan acquisition costs for the periods indicated:

	2Q04	1Q04	4Q03	3Q03	2Q03
Points and fees					
Wholesale	(0.69)%	(0.73)%	(0.76)%	(0.65)%	(0.76)%
Retail	3.21%	3.70%	4.19%	4.29%	4.26%
Net points and fees	**(0.33)%**	**(0.36)%**	**(0.38)%**	**(0.30)%**	**(0.35)%**
Overhead	**(1.75)%**	**(1.99)%**	**(1.97)%**	**(1.76)%**	**(2.11)%**
Loan acquisition costs	**(2.08)%**	**(2.35)%**	**(2.35)%**	**(2.06)%**	**(2.46)%**
Wholesale production as a % of total production	90.5%	91.2%	91.9%	92.5%	91.7%

The decrease in loan acquisition costs in the second quarter reflects the increase in production volume. Based on our expectations that volume will stabilize during the second half of 2004, we anticipate loan acquisition costs to normalize to 2.25% for the remainder of the year, added Dodge.

Loan acquisition costs is a non-GAAP financial measure within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The most directly comparable GAAP financial measure is total expenses as reflected in our income statement. We believe that the presentation of loan acquisition costs provides useful information to investors regarding our financial performance because it allows us to monitor the performance of our core operations, which is more difficult to do using the most directly comparable GAAP measure. Our management uses loan acquisition cost data for the same purpose. The presentation of this additional information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP. As required by Regulation G, a reconciliation of loan acquisition costs to the most directly comparable GAAP financial measure is set forth in the table attached as Schedule 1 to this press release.

Forward Sale Commitments

Current forward sales commitments totaling $5.3 billion will settle during the third quarter of 2004. We expect these sales to close at prices ranging from 103.0% to 104.0%.

Secondary Market Transactions

The following table summarizes our secondary market transactions for the periods shown below:

	Three Months Ended		Six Months Ended	
	06/30/04	06/30/03	06/30/04	06/30/03
(in thousands)				

	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Whole loan sales	$ 6,403,993	62.5	$ 4,820,523	86.2	$ 13,713,146	78.0	$ 8,928,265	87.2
Off-balance sheet securitizations (1)	337,148	3.3			337,148	1.9		
Total premium sales	**$ 6,741,141**	**65.8**	**$ 4,820,523**	**86.2**	**$ 14,050,294**	**79.9**	**$ 8,928,265**	**87.2**
Discounted loan sales	50,153	0.5	60,594	1.1	90,675	0.5	108,076	1.0
Total sales	**$ 6,791,294**	**66.3**	**$ 4,881,117**	**87.3**	**$ 14,140,969**	**80.4**	**$ 9,036,341**	**88.2**
On-balance sheet securitizations	3,457,776	33.7	712,410	12.7	3,457,776	19.6	1,206,015	11.8
Total secondary market transactions	**$ 10,249,070**	**100.0**	**$ 5,593,527**	**100.0**	**$ 17,598,745**	**100.0**	**$ 10,242,356**	**100.0**
Total secondary market transactions as a % of production	83.6%		96.4%		85.1%		97.6%	

(1) Represents loans securitized by the Carrington investment fund further explained below in Residual Interests

Gain on Sale of Loans

The following table reflects the components of our gain on sale of loans for the periods shown below:

	Three Months Ended		Six Months Ended	
	06/30/04	**06/30/03**	**06/30/04**	**06/30/03**