

NEW CENTURY EQUITY HOLDINGS CORP  
Form PRER14A  
December 18, 2008

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

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. 2)

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 § 240.14a-12

New Century Equity Holdings Corp.  
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies: 62,550,606 shares of common stock of New Century Equity Holdings Corp.

(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):

Filing fee of \$910.00 based on (i) \$8,131,579 (the value of 62,550,606 shares of common stock of New Century Equity Holdings Corp. at the average of the bid and ask prices reported as of October 7, 2008 (\$0.13)); and (ii) \$15,000,000 in cash.

(4) Proposed maximum aggregate value of transaction: \$30,000,000

(5) Total fee paid: \$910.00

x Fee paid previously with preliminary materials:

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

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PRELIMINARY COPY-SUBJECT TO COMPLETION, DATED DECEMBER 18, 2008

[•], 2008

Dear Stockholder:

You are cordially invited to attend the 2008 Annual Meeting of Stockholders (the “Annual Meeting”) of New Century Equity Holdings Corp. (the “Company”). The Annual Meeting will be held on [•], 2009, at [•] local time, at the Company’s offices located at 200 Crescent Court, Suite 1400, Dallas, Texas 75201, or at any adjournment or postponement thereof.

Please take note that the purpose of this year’s Annual Meeting is not only to elect directors and ratify the appointment of auditors as in prior annual meetings but to also allow our stockholders to consider and approve our proposed acquisition of Wilhelmina International, Ltd. and its affiliated entities and various amendments to our Certificate of Incorporation and Bylaws. We therefore urge you to carefully consider the information contained in the accompanying Notice of Annual Meeting and Proxy Statement and vote your shares at the Annual Meeting.

Whether or not you expect to attend the Annual Meeting, please mark, sign, date and promptly return the enclosed proxy card in the prepaid envelope provided. Returning the proxy card will not deprive you of your right to attend the Annual Meeting. If you attend the Annual Meeting, you may withdraw your proxy and vote your shares in person at the Annual Meeting.

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

Sincerely,

Mark E. Schwarz  
Chairman of the Board

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PRELIMINARY COPY-SUBJECT TO COMPLETION, DATED DECEMBER 18, 2008

This Notice of Annual Meeting and Proxy Statement is dated [·], 2008  
and is being distributed to New Century stockholders on or about [·], 2008.

NEW CENTURY EQUITY HOLDINGS CORP.  
200 Crescent Court, Suite 1400  
Dallas, Texas 75201  
(214) 661-7488

NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS  
AND PROXY STATEMENT

TO THE STOCKHOLDERS OF NEW CENTURY EQUITY HOLDINGS CORP.:

NOTICE IS HEREBY GIVEN that the 2008 annual meeting of stockholders of New Century Equity Holdings Corp. (“New Century”, the “Company”, “us”, “we” or “our”), a Delaware corporation, will be held at [●], local time, on [●], 2009, at the Company’s offices located at 200 Crescent Court, Suite 1400, Dallas, Texas 75201, or any adjournment or postponement thereof (the “Annual Meeting”). You are cordially invited to attend the Annual Meeting, which will be held for the following purposes:

- (1) to consider and vote upon a proposal to approve our acquisition of Wilhelmina International, Ltd. and its affiliated entities (the “Acquisition Proposal”);
  - (2) to consider and vote upon a proposal to approve and adopt an amendment to our Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) to change our name from “New Century Equity Holdings Corp.” to “Wilhelmina International, Inc.” (the “Name Change Proposal”);
  - (3) to consider and vote upon a proposal to approve and adopt an amendment to the Certificate of Incorporation to increase the number of authorized shares of our common stock, par value \$0.01 per share (the “Common Stock”) from 75,000,000 to 250,000,000 (the “Capitalization Proposal”);
  - (4) to consider and vote upon a proposal to grant authority to our Board of Directors (the “Board” or “Board of Directors”) to effect at any time prior to December 31, 2009 a reverse stock split of our Common Stock at a ratio within the range from one-for-ten to one-for-thirty, with the exact ratio to be set at a whole number within this range to be determined by our Board of Directors in its discretion (the “Reverse Stock Split Proposal”);
  - (5) to consider and vote upon a proposal to approve and adopt an amendment to the Certificate of Incorporation and our Bylaws (the “Bylaws”) to provide for the annual election of directors (the “Declassification Proposal”);
  - (6) to elect the following number of directors to our Board of Directors (the “Director Proposal”):
    - (a) seven directors in the event that both the Acquisition Proposal and the Declassification Proposal are approved;
    - (b) three directors in the event that the Acquisition Proposal is not approved and the Declassification Proposal is approved;
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- (c) five directors in the event that the Acquisition Proposal is approved and the Declassification Proposal is not approved; or
- (d) one director in the event that neither the Acquisition Proposal nor the Declassification Proposal is approved;
- (7) to ratify the appointment of Burton McCumber & Cortez, L.L.P. as our independent registered public accounting firm for the fiscal year ending December 31, 2008 (the “Auditor Proposal”);
- (8) to consider and vote upon a proposal to adjourn the Annual Meeting to a later date or dates, if necessary, to permit the further solicitation and voting of proxies if, based upon the tabulated vote at the time of the Annual Meeting, any of the foregoing proposals have not been approved (the “Adjournment Proposal”); and
- (9) to consider such other business as may properly be brought before the Annual Meeting.

These items of business are described in this proxy statement, which we encourage you to read in its entirety before voting. Only holders of record of our Common Stock at the close of business on December 16, 2008 (the “Record Date”) are entitled to notice of the Annual Meeting and to vote and have their votes counted at the Annual Meeting.

Both the Acquisition Proposal and the Declassification Proposal must be approved by the holders of not less than 66-2/3% of the outstanding shares of our Common Stock entitled to vote thereon. Each of the Name Change Proposal, the Capitalization Proposal and the Reverse Stock Split Proposal must be approved by the holders of a majority of the outstanding shares of our Common Stock entitled to vote thereon. The Auditor Proposal and the Adjournment Proposal must be approved by a majority of the votes cast thereon and represented at the Annual Meeting. With respect to the Director Proposal, those director nominees who receive a plurality of votes cast will be elected. Approval of the Name Change Proposal, the Capitalization Proposal and the Reverse Stock Split Proposal are conditioned upon the approval of the Acquisition Proposal.

Your broker, bank or nominee cannot vote your shares on any proposal unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank or nominee. If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute “broker non-votes.” Abstentions and broker non-votes, though considered present for the purposes of establishing a quorum, will have the same effect as a vote “AGAINST” each of the Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal and the Declassification Proposal. Abstentions (or withhold votes in the case of the Director Proposal) and broker non-votes will have no effect on the Director Proposal, the Auditor Proposal and the Adjournment Proposal.

After careful consideration, a majority of our Board has determined that each of the Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal, the Declassification Proposal, the Director Proposal, the Auditor Proposal and the Adjournment Proposal is fair to and in the best interests of the Company and its stockholders.

A majority of our Board recommends that you vote or give instruction to vote “FOR” the approval of each of the Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal, the Declassification Proposal, the Auditor Proposal and the Adjournment Proposal and “FOR” the election of each of the director nominees as set forth in the Director Proposal.

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All our stockholders are cordially invited to attend the Annual Meeting in person. To ensure your representation at the Annual Meeting, however, you are urged to complete, sign, date and return the enclosed proxy card as soon as possible. If you are a stockholder of record of our Common Stock, you may also cast your vote in person at the Annual Meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares or, if you wish to attend the meeting and vote in person, obtain a proxy from your broker or bank. If you do not vote or do not instruct your broker or bank how to vote, it will have the same effect as voting against each of the abovementioned proposals other than the Director Proposal, the Auditor Proposal and the Adjournment Proposal.

A complete list of our stockholders of record entitled to vote at the Annual Meeting will be available for 10 days before the Annual Meeting at our principal executive offices for inspection by stockholders during ordinary business hours for any purpose germane to the Annual Meeting.

Your vote is important regardless of the number of shares you own. Whether you plan to attend the Annual Meeting or not, please sign, date and return the enclosed proxy card as soon as possible in the envelope provided.

Thank you for your participation. We look forward to your continued support.

By Order of the Board of Directors

Mark E. Schwarz  
Chairman of the Board

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS DETERMINED IF THIS PROXY STATEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

SEE "RISK FACTORS" ON PAGE 28 OF THIS PROXY STATEMENT FOR A DISCUSSION OF VARIOUS FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE PROPOSALS.

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SUMMARY OF THE MATERIAL TERMS OF THE ACQUISITION

This Summary of the Material Terms of the Acquisition, together with the section entitled “Questions and Answers About the Proposals,” summarizes certain material information contained in this proxy statement. You should carefully read this entire proxy statement for a more complete understanding of the matters to be considered at the 2008 annual meeting of stockholders of New Century Equity Holdings Corp.

Parties to the Acquisition

- The parties to the Acquisition Agreement (as defined below) are New Century, Wilhelmina Acquisition Corp., a wholly owned subsidiary of the Company (“Wilhelmina Acquisition” or “Merger Sub”), Dieter Esch (“Esch”), Lorex Investments AG (“Lorex”), Brad Krassner (“Krassner”), Krassner Family Investments Limited Partnership (“Krassner L.P.” and together with Esch, Lorex and Krassner, the “Control Sellers”), Wilhelmina International, Ltd. (“Wilhelmina International”), Wilhelmina – Miami, Inc. (“Wilhelmina Miami”), Wilhelmina Artist Management LLC (“WAM”), Wilhelmina Licensing LLC (“Wilhelmina Licensing”), Wilhelmina Film & TV Productions LLC (“Wilhelmina TV” and together with Wilhelmina International, Wilhelmina Miami, WAM and Wilhelmina Licensing, the “Wilhelmina Companies”) Sean Patterson (“Patterson”), and the stockholders of Wilhelmina Miami (the “Miami Holders” and together with the Control Sellers and Patterson, the “Sellers”).
- The Control Sellers own all of the equity interests in Wilhelmina International, Wilhelmina Licensing and WAM, and a majority of the equity interests in Wilhelmina TV and Wilhelmina Miami. Patterson owns a minority equity interest in Wilhelmina TV.
- New Century, formerly known as Billing Concepts Corp., was incorporated in the State of Delaware in 1996 and for the past few years has been seeking to redeploy its assets to enhance stockholder value and has been analyzing and evaluating potential acquisition and merger candidates. New Century currently has an investment in ACP Investments L.P. (d/b/a Ascendant Capital Partners), an alternative asset management company. This investment currently represents the Company’s sole operating business.
- The Wilhelmina Companies provide modeling and talent management services, specializing in the representation and placement of models, entertainers, artists, athletes and other “talent” and celebrities, to various customers and clientele including retailers, designers, advertising agencies and catalog companies.

See “Proposal No. 1 – Approval of the Acquisition – Description of New Century” beginning on page 57 and “Proposal No. 1 – Approval of the Acquisition – Description of the Wilhelmina Companies” beginning on page 65.

Structure of the Merger

- Pursuant to the terms of an agreement entered into by the abovementioned parties (the “Acquisition Agreement”), Wilhelmina Acquisition will merge with and into Wilhelmina International in a stock-for-stock transaction, as a result of which Wilhelmina International will become a wholly owned subsidiary of the Company, and the Company will purchase the outstanding equity interests of the remaining Wilhelmina Companies for cash (the “Acquisition”). See “Proposal No. 1 – Approval of the Acquisition – Acquisition Agreement – General” beginning on page 84.

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Acquisition Consideration

- At the closing of the Acquisition Agreement (the “Closing”), the Company will pay an aggregate purchase price of \$30,000,000 in connection with the Acquisition, of which \$24,000,000 will be paid for the outstanding equity interests of the Wilhelmina Companies and \$6,000,000 in cash will repay the outstanding balance of a note held by a Control Seller. The purchase price includes \$15,000,000 of Common Stock of New Century, valued at book value as of July 31, 2008 (which the parties agreed is \$0.247 per share of Common Stock, subject to adjustment) to be issued in connection with the merger of Wilhelmina Acquisition with and into Wilhelmina International. The remaining \$9,000,000 of cash will be paid to acquire the equity interests of the remaining Wilhelmina Companies.
- The purchase price is subject to certain post-closing adjustments, which will be effected against a total of \$4,600,000 of Common Stock that will be held in escrow pursuant to the Acquisition Agreement (the “Seller Restricted Shares”). The \$30,000,000 to be paid at Closing, less \$4,500,000 of Common Stock to be held in escrow in respect of the “core business” purchase price adjustment, provides for a floor purchase price of \$25,500,000 (which amount may be further reduced in connection with certain indemnification matters). The shares of Common Stock held in escrow may be repurchased by the Company for a nominal amount, subject to certain earnouts and offsets. See “Proposal No. 1 – Approval of the Acquisition – Acquisition Agreement – Acquisition Consideration” beginning on page 85.
- The shares held in escrow support earnout offsets and indemnification obligations of the Sellers. The Sellers will be required to leave in escrow, through 2011, any stock “earned” following resolution of “core” adjustment, up to a total value of \$1,000,000. Losses at WAM and Wilhelmina Miami, respectively, can be offset against any positive earnout with respect to the other Wilhelmina Company. Losses in excess of earnout amounts could also result in the repurchase of the remaining shares of Common Stock held in escrow for a nominal amount. Working capital deficiencies may also reduce positive earnout amounts. The earnouts are payable in 2011. See “Proposal No. 1 – Approval of the Acquisition – Acquisition Agreement – Acquisition Consideration” beginning on page 85.

Conditions to Closing of the Acquisition Agreement

- The parties plan to consummate the Acquisition and effect the Closing provided that:
    - o New Century’s stockholders approve the Acquisition Proposal and the Capitalization Proposal;
- o there are not any legal restraints preventing, prohibiting or rendering illegal the consummation of the Acquisition;
- o there are not any legal proceedings or orders seeking to restrain or to invalidate the Acquisition or otherwise questioning the validity of the Acquisition Agreement or any of the related documents, which could reasonably be expected to result in a material adverse effect on the Wilhelmina Companies or New Century; and
- o the other conditions precedent to the Closing specified in the Acquisition Agreement have been satisfied or waived. See “Proposal No. 1 – Approval of the Acquisition – Acquisition Agreement – Closing Conditions” beginning on page 97.

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Indemnification

- Subject to certain limitations and in varying amounts, Esch, Krassner and each other Seller will indemnify, defend and hold harmless New Century, Wilhelmina Acquisition and their respective directors, officers, employees, agents, attorneys and stockholders (collectively, the “Purchaser Group”) in respect of claims or losses incurred by the Purchaser Group, in connection with any breach or non-fulfillment of any representation, warranty, covenant, agreement or obligation by or of the Wilhelmina Companies, the Control Sellers or the other Sellers in the Acquisition Agreement or any related document.
- Additionally, subject to certain limitations, New Century will indemnify, defend and hold harmless the Sellers and their respective directors, officers, employees, agents, attorneys and stockholders (collectively, the “Seller Group”) in respect of any and all claims or losses incurred by the Seller Group, in connection with any breach or non-fulfillment of any representation, warranty, covenant, agreement or obligation by or of New Century or Wilhelmina Acquisition in the Acquisition Agreement or any related document.

See “Proposal No. 1 – Approval of the Acquisition – Acquisition Agreement – Indemnification” beginning on page 100.

Termination of the Acquisition Agreement

- The Acquisition Agreement may be terminated prior to the Closing as follows:
  - o by mutual written consent of the Wilhelmina Companies and the Control Sellers on the one hand and New Century on the other hand;
  - o at the election of the Control Sellers or New Century if the Closing has not occurred on or before February 15, 2009; provided that this right to terminate will not be available if the terminating party’s actions or failure to act has been a principal cause of or resulted in the failure of the Closing to occur on or before such date and such action or failure to act constitutes a breach of the Acquisition Agreement;
  - o at the election of the Control Sellers or New Century if the Acquisition Proposal and the Capitalization Proposal have not been approved at the stockholder meeting of New Century at which such proposals are voted on;
  - o at the election of the Control Sellers if the Board of New Century has changed its recommendation with respect to the requisite proposals to be submitted at a stockholder meeting of New Century in a manner adverse to the Sellers and the Wilhelmina Companies; or
  - o in certain other events at the election of one of or either the Control Sellers or New Century, as specified in the Acquisition Agreement.
- In the event that (i) either New Century or the Control Sellers validly terminates the Acquisition Agreement as a result of the failure of New Century to obtain the requisite approvals at a stockholder meeting held for that purpose, or (ii) the Control Sellers validly terminate the Acquisition Agreement as a result of the Board of New Century changing its recommendations with respect to the requisite proposals to be submitted at the stockholder meeting of New Century in a manner adverse to the Sellers and the Wilhelmina Companies, New Century will pay to the Control Sellers their expenses incurred in connection with the Acquisition up to a maximum of \$150,000.

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See “Proposal No. 1 – Approval of the Acquisition – Acquisition Agreement – Termination” beginning on page 101.

### Registration Rights Agreement

- In connection with the Acquisition Agreement, the Company entered into a registration rights agreement (the “Registration Rights Agreement”) with the Control Sellers and Patterson (collectively, the “Registration Rights Holders”). Pursuant to the Registration Rights Agreement, effective upon the Closing, the Registration Rights Holders will obtain certain demand and piggyback registration rights with respect to the Common Stock to be issued to the Registration Rights Holders under the Acquisition Agreement. The Registration Rights Agreement contains certain indemnification provisions for the benefit of the Company and the Registration Rights Holders, as well as certain other customary provisions. See “Proposal No. 1 – Approval of the Acquisition – Other Transaction Documents – Registration Rights Agreement” beginning on page 102.

### Equity Financing Agreement

- Concurrently with the execution of the Acquisition Agreement, the Company entered into a purchase agreement (the “Equity Financing Agreement”) with Newcastle Partners, L.P., a Texas limited partnership (“Newcastle”), which currently owns 19,380,768 shares or approximately 36% of the outstanding Common Stock, for the purpose of obtaining financing to complete the transactions contemplated by the Acquisition Agreement. Pursuant to the Equity Financing Agreement, subject to and conditioned upon the closing of the Acquisition Agreement, the Company will sell to Newcastle \$3,000,000 of shares of Common Stock at \$0.247 per share, or approximately (but slightly higher than) the per share price applicable to the Common Stock issuable under the Acquisition Agreement (the “Financing Transaction”). In addition, under the Equity Financing Agreement, Newcastle committed to purchase, at the Company’s election at any time or times prior to six months following the Closing, up to an additional \$2,000,000 of Common Stock on the same terms. The Equity Financing Agreement is subject to certain other conditions, including the parties’ entry into a registration rights agreement upon the closing of the Acquisition Agreement, pursuant to which Newcastle will be granted certain demand and piggyback registration rights with respect to the Common Stock it holds, including the Common Stock issuable under the Equity Financing Agreement. See “Proposal No. 1 – Approval of the Acquisition – Other Transaction Documents – Equity Financing Agreement” beginning on page 104.

### Mutual Support Agreement

- Concurrently with the execution of the Acquisition Agreement, Newcastle and the Control Sellers entered into a mutual support agreement (the “Mutual Support Agreement”), pursuant to which Newcastle agreed to vote its shares of Common Stock in favor of the Acquisition Agreement and related proposals at a meeting of the Company’s stockholders to be held for the purpose of approving the transactions contemplated under the Acquisition Agreement. The parties to the Mutual Support Agreement agreed, effective upon the Closing, (i) to use their commercially reasonable efforts to cause their representatives serving on the Board to vote to nominate and recommend the election of individuals designated by such parties (three designees of Newcastle, one designee of Esch and one designee of Krassner (collectively, the “Designees”)) and, in the event the Board appoints directors without stockholder approval, to use their commercially reasonable efforts to cause their representatives on the Board to appoint the Designees to the Board, (ii) to vote their shares of Common Stock to elect the Designees at any meeting of the Company’s stockholders or pursuant to any action by written consent in lieu of a meeting pursuant to which directors are to be elected to the Board, and (iii) not to propose, and to vote their Common Stock against, any amendment to the Company’s Certificate of Incorporation or Bylaws, or the adoption of any other corporate measure, that frustrates or circumvents the provisions of the Mutual Support Agreement with respect to the election of the Designees. The parties to the Mutual Support Agreement also agreed, effective upon the Closing, that for a period of three years thereafter the parties will use their commercially reasonable efforts to cause their

representatives on the Board to vote to maintain the size of the Board at no more than nine persons, unless otherwise agreed to by the Designees. See “Proposal No. 1 – Approval of the Acquisition – Other Transaction Documents – Mutual Support Agreement” beginning on page 105.

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The Escrow Agreement

- Pursuant to the terms of the Acquisition Agreement, the Control Sellers will enter into escrow agreements prior to the Closing of the Acquisition Agreement (one agreement for Esch and Lorex, and another separate agreement for Krassner and Krassner L.P.), a form of which is attached hereto as Annex E (the “Escrow Agreement” and once executed, each an “Escrow Agreement”) with respect to the Seller Restricted Shares. While the Escrow Agreements remain effective, the Seller Restricted Shares may not be sold, exchanged, assigned, gifted, encumbered, pledged, mortgaged, set over, hypothecated, transferred or otherwise disposed of, whether voluntarily or involuntarily, or by operation of law by any of the Control Sellers, except with the express written consent of the Company. The property required to be deposited with the escrow agent under the Escrow Agreements may be subject to repurchase by the Company in accordance with the terms of the Escrow Agreements based on certain adjustments with respect to the aggregate purchase price in connection with the Acquisition, indemnification obligations of the Control Sellers and loss offset provisions with respect to WAM and Wilhelmina Miami under the Acquisition Agreement. See “Proposal No. 1 – Approval of the Acquisition – Other Transaction Documents – Escrow Agreement” beginning on page 106.

Post-Acquisition Board of Directors and Management

- Upon the consummation of the Acquisition, Wilhelmina International will be a wholly owned subsidiary of the Company and will be the Company’s primary operating subsidiary. The current executive management of the Company will not change as a result of the Acquisition. The executive management of the Company will oversee the operations of the Wilhelmina International subsidiary along with Sean Patterson, the current President of Wilhelmina International, who will serve as the President of the subsidiary after the consummation of the Acquisition. The Wilhelmina International subsidiary will also have other officers appointed in accordance with the Acquisition Agreement, however, these officers will not have any policy-making functions. See “Proposal No. 1 – Approval of the Acquisition – Post-Acquisition Management and Ownership” beginning on page 115.
- In the event that each of the Acquisition Proposal and the Declassification Proposal are approved, the following persons will stand for election to the Board: Mark E. Schwarz, Jonathan Bren, James Risher, John Murray, Evan Stone, Dr. Hans-Joachim Bohlk and Derek Fromm. In the event that the Acquisition Proposal is approved and the Declassification Proposal is not approved, the following persons will stand for election to the Board: James Risher, John Murray, Evan Stone, Dr. Hans-Joachim Bohlk and Derek Fromm. See “Proposal No. 6 – Election of Director Nominees” beginning on page 132.



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- Pursuant to the Acquisition Agreement, the effectiveness of the election of John Murray, Evan Stone, Dr. Hans-Joachim Bohlk and Derek Fromm to the Board is conditioned on the consummation of the Acquisition. See “Proposal No. 6 – Election of Director Nominees” beginning on page 132.

Post-Acquisition Ownership

- It is anticipated that, immediately following the consummation of the Acquisition, there will be 128,580,227 shares of Common Stock outstanding.
- It is anticipated that, immediately following the consummation of the Acquisition, Newcastle, Esch and his affiliates, and Krassner and his affiliates, will own approximately 24.5%, 23.6% and 23.6% of the Common Stock outstanding, respectively.

See “Proposal No. 1 – Approval of the Acquisition – Post-Acquisition Management and Ownership” beginning on page 115.

Other Proposals to be Acted Upon at the Annual Meeting

- In addition to considering and voting upon a proposal to approve our acquisition of Wilhelmina International and its affiliated entities, the Company’s stockholders will be asked to do the following:

o consider and vote upon a proposal to approve and adopt an amendment to the Certificate of Incorporation to change our name from “New Century Equity Holdings Corp.” to “Wilhelmina International, Inc.”;

o consider and vote upon a proposal to approve and adopt an amendment to the Certificate of Incorporation to increase the number of authorized shares of Common Stock from 75,000,000 to 250,000,000;

o consider and vote upon a proposal to grant authority to our Board of Directors to effect at any time prior to December 31, 2009 a reverse stock split of our Common Stock at a ratio within the range from one-for-ten to one-for-thirty, with the exact ratio to be set at a whole number within this range to be determined by our Board in its discretion;

o consider and vote upon a proposal to approve and adopt an amendment to the Certificate of Incorporation and Bylaws to provide for the annual election of directors;

o to elect the following number of directors to our Board of Directors:

§ seven directors in the event that both the Acquisition Proposal and the Declassification Proposal are approved;

§ three directors in the event that the Acquisition Proposal is not approved and the Declassification Proposal is approved;

§ five directors in the event that the Acquisition Proposal is approved and the Declassification Proposal is not approved; or

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§ one director in the event that neither the Acquisition Proposal nor the Declassification Proposal is approved;  
to ratify the appointment of Burton McCumber & Cortez, L.L.P. as our independent registered public accounting firm for the fiscal year ending December 31, 2008; and

o to consider and vote upon a proposal to adjourn the Annual Meeting to a later date or dates.

See “Proposal No. 2 – Change of Name to ‘Wilhelmina International, Inc.’” beginning on page 122, “Proposal No. 3 – Increase in Number of Shares of Common Stock Authorized” beginning on page 123, “Proposal No. 4 – Authority to Effect Reverse Stock Split” beginning on page 125, “Proposal No. 5 – Provide For the Annual Election of Directors” beginning on page 131, “Proposal No. 6 – Election of Director Nominees” beginning on page 132, “Proposal No. 7 – Ratification of Appointment of Independent Registered Public Accounting Firm” beginning on page 142 and “Proposal No. 8 – Adjournment of the Annual Meeting if Necessary” beginning on page 144.

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QUESTIONS AND ANSWERS ABOUT THE PROPOSALS

Q: Why did I receive this proxy statement?

A: You are being asked to consider and vote upon the Acquisition Proposal, which, among other things, will result in Wilhelmina Acquisition merging with and into Wilhelmina International in a stock-for-stock transaction resulting in Wilhelmina International becoming a wholly owned subsidiary of the Company, and the Company purchasing the outstanding equity interests of the remaining Wilhelmina Companies for cash and possible earnout amounts. You are also being asked to consider and vote upon the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal, the Declassification Proposal, the Director Proposal, the Auditor Proposal and the Adjournment Proposal.

A copy of the Acquisition Agreement is attached hereto as Annex A. Copies of the Registration Rights Agreement, the Equity Financing Agreement, the Mutual Support Agreement and the Escrow Agreement are attached hereto as Annexes B, C, D and E, respectively. The forms of Certificates of Amendment to the Certificate of Incorporation relating to the Name Change Proposal, Capitalization Proposal, Reverse Stock Split Proposal and Declassification Proposal are attached hereto as Annex F. The form of Amendment to the Bylaws relating to the Declassification Proposal is attached hereto as Annex G.

Approval of the Capitalization Proposal, the Name Change Proposal and the Reverse Stock Split Proposal are conditioned upon the approval of the Acquisition Proposal.

The Board is soliciting your proxy to vote at the Annual Meeting because you were a stockholder at the close of business on December 16, 2008, the Record Date, and are entitled to vote at the Annual Meeting.

This proxy statement, along with either a proxy card or a voting instruction card, is being mailed to the Company's stockholders beginning on or around [•]. This proxy statement summarizes the information you need to know to vote at the Annual Meeting. You do not need to attend the Annual Meeting to vote your shares.

Q: Why is the Company proposing the Acquisition Proposal?

A: New Century is a company in transition. The Company has been seeking to redeploy its assets to enhance stockholder value and has been seeking, analyzing and evaluating potential acquisition and merger candidates. Based upon its evaluation, the Board, at a special meeting held on August 20, 2008 at which all of the directors were present, resolved by a vote of 3 directors in favor and 1 against to approve the Acquisition Agreement and the transactions contemplated thereby and to recommend to our stockholders that they vote in favor of the Acquisition.

In the course of reaching its recommendation, the Board consulted with management and outside legal counsel and considered a wide variety of factors it deemed relevant in connection with its evaluation of the Acquisition. In reaching its determination that approving the Acquisition is in the best interests of the Company's stockholders, a majority of the Board considered, among other things, the nature of the business of the Wilhelmina Companies, their operating results, the extent of due diligence conducted by the Company's management team, the various risks discussed in "Risk Factors" beginning on page 28 and the following factors (although not weighted or in any order of significance):

- the Wilhelmina Companies' financial results, including their consistent historical revenue, margin and cash flow characteristics;
- the Wilhelmina Companies' leading competitive position in the modeling business;

- the Wilhelmina Companies' forty year history and strong reputation;

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- the Wilhelmina Companies’ extensive, diverse and quality roster of talent and clients, including their lack of reliance on particular “supermodels” or significant large clients;
  - the Wilhelmina Companies’ growth prospects, including in talent management and brand licensing;
  - acquisition opportunities within the modeling and talent management industries worldwide;
- the relative size and consideration mix of the Acquisition, including the ability of the Company and its management team to execute the Acquisition without significant additional financing;
- the opportunity for the Company – which has been searching extensively for an appropriate acquisition candidate since June 2004 – to execute and complete a transaction of a high quality business at a price that the management team considered attractive;
- the willingness and desire of the principal owners of the Wilhelmina Companies to receive a meaningful portion of the sale consideration in Company equity and structured earnouts, whose value in each case would be dependent on the future operating success of the Company and the Wilhelmina Companies;
- the experience, ability and relationships of the Wilhelmina Companies’ executives and their principal owners in the modeling and talent management businesses;
- the experience and ability of the Company’s management in analyzing, investing in, acquiring and building businesses in the U.S. and abroad;
  - the relative simplicity and attractiveness of the Wilhelmina Companies’ existing business model;
  - the limited capital requirements associated with the Wilhelmina Companies’ business;
- the possible excitement and interest generated for a small public company through the ownership of a “high profile” modeling business;
- strong indemnification and set-off provisions in the Acquisition Agreement to cover any pre-existing problems and certain future operating losses, including security in the form of shares of Company stock; and
  - strong noncompetition covenants applying to the Control Sellers.

The Board members who voted in favor of the Acquisition concluded that the potentially negative factors associated with the Acquisition were substantially outweighed by the positive factors identified above and the opportunity and potential to enhance stockholder value through the Acquisition.

Q: When does the Company expect the Acquisition to be completed?

A: The Closing of the Acquisition Agreement is expected to occur in the first quarter of 2009.

Q: What is required to complete the Acquisition?

A: To complete the Acquisition, the stockholders of the Company must approve the Acquisition Proposal and the Capitalization Proposal. In addition to obtaining stockholder approval for the abovementioned proposals, the Company and the Control Sellers (on behalf of the Wilhelmina Companies and the Sellers) must satisfy or waive all other closing conditions set forth in the Acquisition Agreement. For a more complete discussion of the conditions to the closing, see “Proposal No. 1 – Approval of the Acquisition – Acquisition Agreement — Closing Conditions” beginning on page 97.

Q: What do I need to do now?

A. The Company urges you to read carefully and consider the information contained in this proxy statement, including the annexes hereto, and to consider how the Acquisition will affect you as a stockholder of the Company. You should then vote as soon as possible in accordance with the instructions provided in this proxy statement and on the enclosed proxy card or a voting instruction card.



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Q: Are there any risks that I should be aware of before I vote?

A: Yes. Before you vote, you should be aware that the occurrence of certain events described in “Risk Factors” beginning on page 28, and elsewhere in this proxy statement could have a material adverse effect on the results of operations and business of the Company and the Wilhelmina Companies.

Q: Upon completion of the Acquisition, will current holders of Common Stock be subject to a dilution of their equity interest in and voting power with respect to the Company?

A: Current holders of Common Stock will experience some dilution of their equity and voting power. Immediately after completion of the Acquisition, the Control Sellers are expected to own approximately 47.0% of the Common Stock outstanding, on a fully diluted basis.

Q: Do I have appraisal rights if I object to the Acquisition Proposal?

A: No. Stockholders do not have appraisal rights in connection with the Acquisition Proposal under the Delaware General Corporation Law (the “DGCL”).

Q: What am I voting on?

A: You are voting on the following matters:

- the Acquisition Proposal – a proposal to approve our acquisition of Wilhelmina International and its affiliated entities;
- the Name Change Proposal – a proposal to approve and adopt an amendment to our Certificate of Incorporation to change our name from “New Century Equity Holdings Corp.” to “Wilhelmina International, Inc.”;
- the Capitalization Proposal – a proposal to approve and adopt an amendment to our Certificate of Incorporation to increase the number of authorized shares of our Common Stock from 75,000,000 to 250,000,000;
- the Reverse Stock Split Proposal – a proposal to grant authority to our Board of Directors to effect at any time prior to December 31, 2009 a reverse stock split of our Common Stock at a ratio within the range from one-for-ten to one-for-thirty, with the exact ratio to be set at a whole number within this range to be determined by our Board in its discretion;
- the Declassification Proposal – a proposal to approve and adopt an amendment to our Certificate of Incorporation and Bylaws to provide for the annual election of directors;
- the Director Proposal – to elect the following number of directors to our Board of Directors:
  - o seven directors in the event that both the Acquisition Proposal and the Declassification Proposal are approved;
  - o three directors in the event that the Acquisition Proposal is not approved and the Declassification Proposal is approved;
  - o five directors in the event that the Acquisition Proposal is approved and the Declassification Proposal is not approved; or
  - o one director in the event that neither the Acquisition Proposal nor the Declassification Proposal is approved;

- the Auditor Proposal – a proposal to ratify the appointment of Burton McCumber & Cortez, L.L.P. as our independent registered public accounting firm for the fiscal year ending December 31, 2008; and
- the Adjournment Proposal – a proposal to adjourn the Annual Meeting to a later date or dates, if necessary, to permit the further solicitation and voting of proxies if, based upon the tabulated vote at the time of the Annual Meeting, any of the foregoing proposals have not been approved.



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A majority of our Board recommends that you vote or give instruction to vote “FOR” the approval of each of the Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal, the Declassification Proposal, the Auditor Proposal and the Adjournment Proposal and “FOR” the election of each of the director nominees as set forth in the Director Proposal.

Q: What are the voting requirements to approve each of the proposals?

A: Both the Acquisition Proposal and the Declassification Proposal must be approved by the holders of not less than 66-2/3% of the outstanding shares of our Common Stock entitled to vote thereon.

Newcastle, which currently owns 19,380,768 shares or approximately 36% of our outstanding Common Stock, has, pursuant to the Mutual Support Agreement more fully described beginning on page 105, agreed to vote in favor of the Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal and the Declassification Proposal.

Each of the Name Change Proposal, the Capitalization Proposal and the Reverse Stock Split Proposal must be approved by the holders of a majority of the outstanding shares of our Common Stock entitled to vote thereon. The Auditor Proposal and the Adjournment Proposal must be approved by a majority of the votes cast thereon and represented at the Annual Meeting. With respect to the Director Proposals, those director nominees who receive a plurality of votes cast will be elected.

Approval of the Capitalization Proposal, the Name Change Proposal and the Reverse Stock Split Proposal are conditioned upon the approval of the Acquisition Proposal.

Your broker, bank or nominee cannot vote your shares on any proposal unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank or nominee. If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute “broker non-votes”. Abstentions and broker non-votes, though considered present for the purposes of establishing a quorum, will have the same effect as a vote “AGAINST” each of the Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal and the Declassification Proposal. Abstentions (and withhold votes in the case of the Director Proposal) and broker non-votes will have no effect on the Director Proposal, the Auditor Proposal and the Adjournment Proposal.

Q: How many votes do I have?

A: You are entitled to one vote for each share of Common Stock that you hold. As of the Record Date, there were [●] shares of Common Stock issued and outstanding.

Q: How do I vote?

A: You may vote using any of the following methods:

- Proxy card or voting instruction card. Be sure to complete, sign and date the card and return it in the prepaid envelope. If you are a stockholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote “FOR” the approval of each of the Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal, the Declassification Proposal, the Auditor Proposal and the Adjournment Proposal, “FOR” the election of each of the director nominees as set forth in the Director Proposal and in the discretion of the proxy holders on any additional matters properly presented for a vote at the Annual Meeting.

- In person at the Annual Meeting. All stockholders may vote in person at the Annual Meeting. You may also be represented by another person at the Annual Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or nominee and present it to the inspectors of election with your ballot when you vote at the Annual Meeting.

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Q: What can I do if I change my mind after I vote my shares?

A: If you are a stockholder of record, you may revoke your proxy at any time before it is voted at the Annual Meeting by:

- sending written notice of revocation to the Company's Secretary;
- submitting a new, proper proxy after the date of the revoked proxy; or
- attending the Annual Meeting and voting in person.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your broker, bank or nominee. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the answer to the previous question. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

Q: What happens if additional matters are presented at the Annual Meeting?

A: Other than the eight items of business described in this proxy statement, the Company is not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxy holders, Mark E. Schwarz and John P. Murray, will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting.

Q: How many shares must be present or represented to conduct business at the Annual Meeting?

A: A quorum will be present if at least a majority of the outstanding shares of our Common Stock entitled to vote is represented at the Annual Meeting, either in person or by proxy.

Both abstentions and broker non-votes (described in more detail above) are counted for the purpose of determining the presence of a quorum.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: If your shares are registered directly in your name with our transfer agent, Securities Transfer Corporation, you are considered, with respect to those shares, the "stockholder of record." In that event, this proxy statement and proxy card have been sent directly to you by the Company.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the "beneficial owner" of shares held in street name. In that event, this proxy statement has been forwarded to you by your broker, bank or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or nominee how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by telephone or the Internet, if they offer that alternative. Since a beneficial owner is not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the Annual Meeting.

Q: How can I attend and vote my shares in person at the Annual Meeting?

A: You are entitled to attend the Annual Meeting only if you were a Company stockholder or joint holder as of the close of business on December 16, 2008, the Record Date, or you hold a valid proxy for the Annual Meeting. You

should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, your name will be verified against the list of stockholders of record on the record date prior to your being admitted to the Annual Meeting. If you are not a stockholder of record but hold shares through a broker, trustee or nominee (i.e., in street name), and you plan to attend the Annual Meeting, please send written notification to New Century Equity Holdings Corp., 200 Crescent Court, Suite 1400, Dallas, Texas 75201, Attn: Corporate Secretary, and enclose evidence of your ownership (such as your most recent account statement prior to the Record Date, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership). If you do not provide photo identification or comply with the other procedures outlined above, you will not be admitted to the Annual Meeting.

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The Annual Meeting will begin promptly on [●], 2009, at [●] local time. You should allow adequate time for the check-in procedures.

Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting. Shares held beneficially in street name may be voted in person at the Annual Meeting only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy card or voting instruction card as described herein so that your vote will be counted if you later decide not to attend the Annual Meeting.

Q: What is the deadline for voting my shares?

A: If you hold shares as the stockholder of record, your vote by proxy must be received before the polls close at the Annual Meeting.

If you hold shares beneficially in street name with a broker, trustee or nominee, please follow the voting instructions provided by your broker, trustee or nominee. You may vote your shares in person at the Annual Meeting only if at the Annual Meeting you provide a legal proxy obtained from your broker, trustee or nominee.

Q: How are votes counted?

A: For all items of business other than the election of directors, you may vote "FOR," "AGAINST" or "ABSTAIN." Abstentions will have the same effect as a vote "AGAINST" each of the Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal and the Declassification Proposal, but will have no effect on the Auditor Proposal and the Adjournment Proposal. For the election of directors, you may vote "FOR" or "WITHHOLD."

If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items. If you sign your proxy card or voting instruction card without giving specific instructions, your shares will be voted in accordance with the recommendations of the Board "FOR" the approval of each of the Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal, the Declassification Proposal, the Auditor Proposal and the Adjournment Proposal, "FOR" the election of each of the director nominees as set forth in the Director Proposal and in the discretion of the proxy holders, Mark E. Schwarz and John P. Murray, on any other matters that properly come before the Annual Meeting.

Q: Where can I find the voting results of the Annual Meeting?

A: We intend to announce preliminary voting results at the Annual Meeting. The final voting results will be published as soon as practicable thereafter.

Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

Q:

How may I obtain an additional set of proxy materials, the Company's 2007 Annual Report on Form 10-K or other financial information?

A: A copy of the Company's 2007 Annual Report on Form 10-K, as amended, is being sent to stockholders along with this proxy statement. Stockholders may request an additional free copy of all of the proxy materials, the Company's 2007 Annual Report on Form 10-K, as amended, and other financial information from:

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New Century Equity Holdings Corp.  
200 Crescent Court, Suite 1400  
Dallas, Texas 75201  
Attention: Corporate Secretary

We will also furnish copies of any exhibit to the Company's 2007 Annual Report on Form 10-K, as amended, if specifically requested. Our SEC filings are also available free of charge at the SEC's web site at <http://www.sec.gov>.

Q: Who can help answer my questions?

A: If you have any questions about the abovementioned proposals, the Annual Meeting or how to vote or revoke your proxy, you should contact us at:

New Century Equity Holdings Corp.  
200 Crescent Court, Suite 1400  
Dallas, Texas 75201  
Attention: Corporate Secretary

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SELECTED COMBINED HISTORICAL FINANCIAL  
INFORMATION OF THE WILHELMINA COMPANIES

New Century is providing the following financial information to assist you in the analysis of the financial aspects of the Acquisition. The selected combined historical financial information of the Wilhelmina Companies includes all divisions of the Wilhelmina Companies including the core modeling business (“Core”) which is being acquired under the Acquisition Agreement and includes all divisions of the business except for the Wilhelmina Miami division and the WAM division. The Wilhelmina Miami division is being acquired through the Miami Earnout (defined below) and the WAM business is being acquired through the WAM Earnout (defined below).

We derived the Wilhelmina Companies historical financial information from the audited combined financial statements of the Wilhelmina Companies as of and for each of the years ended December 31, 2007 and December 31, 2006 and from unaudited financial statements as of and for the nine months ended September 30, 2008 and September 30, 2007. The unaudited combined financial information included in this proxy statement includes, in the opinion of management, all adjustments necessary to present fairly the results of operations and financial condition of the Wilhelmina Companies at the dates and periods presented. The information is only a summary and should be read in conjunction with the historical combined financial statements and related notes contained elsewhere herein. The historical results included below and elsewhere in this document are not indicative of the future performance of the Wilhelmina Companies.

SELECTED COMBINED HISTORICAL FINANCIAL INFORMATION OF THE COMBINED WILHELMINA  
COMPANIES

For the Nine Months Ended September 30, 2008

(in thousands)	Core	WAM (4)	Miami (5)	Total
Statement of Operations Data:	Unaudited	Unaudited	Unaudited	Unaudited
Revenues	\$ 8,155	\$ 899	\$ 835	\$ 9,889
Salaries and service costs	4,218	999	463	5,680
Office and general expenses	1,677	285	203	2,165
Owner’s compensation and fees	731	-	-	731
Income (loss) from operations	1,529	(385)	169	1,313
Interest expense-net (3)	774	-	(10)	764
Equity in income (loss) of affiliate	13	-	-	13
Income (loss) before income tax	768	(385)	179	562
Income tax (benefit) expense	188	-	-	188
Net income (loss)	\$ 580	\$ (385)	\$ 179	\$ 374

Selected Balance Sheet Data:

(at period end):

Total Assets	\$ 11,147	\$ 1,664	\$ 1,268	\$ 14,079
Long term obligations and capital leases	\$ 174	\$ -	\$ -	\$ 174

Selected Operating Data:

Gross billings (unaudited) (2)	\$ 27,359	\$ 3,988	\$ 2,627	\$ 33,974
Less: Client cost and expenses (6)	19,855	3,125	1,797	24,777
	\$ 7,504	\$ 863	\$ 830	\$ 9,197



Revenues from commissions, residuals and service charges

Net income (loss)	\$	580	\$	(385)	\$	179	\$	374
Interest expense-net (3)		774		-		(10)		764
Depreciation and amortization		54				13		67
Income tax (benefit) expense		188		-		-		188
EBITDA (1)	\$	1,596	\$	(385)	\$	182	\$	1,393

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## SELECTED COMBINED HISTORICAL FINANCIAL INFORMATION OF THE COMBINED WILHELMINA COMPANIES

For the Nine Months Ended September 30, 2007

	Core	WAM (4)	Miami (5)	Total
(in thousands)				
Statement of Operations Data:	Unaudited	Unaudited	Unaudited	Unaudited
Revenues	\$ 6,910	\$ 163	\$ 616	\$ 7,689
Salaries and service costs	3,973	482	523	4,978
Office and general expenses	1,518	206	461	2,185
Owner's compensation and fees	731	-	-	731
Income (loss) from operations	688	(525)	(368)	(205)
Interest expense-net(3)	690	-	56	746
Equity in income (loss) of affiliate	12	-	-	12
Income (loss) before income tax	10	(525)	(424)	(939)
Income tax (benefit) expense	(329)	-	-	(329)
Net income (loss)	\$ 339	\$ (525)	\$ (424)	\$ (610)

## Selected Balance Sheet Data:

(at period end):

Total Assets	\$ 11,053	\$ 480	\$ 338	\$ 11,871
Long term obligations and capital leases	\$ 6,482	\$ -	\$ -	\$ 6,482

## Selected Operating Data:

Gross billings (unaudited)(2)	\$ 23,995	\$ 1,812	\$ 1,442	\$ 27,249
Less: Client Cost and expenses (6)	17,455	1,657	819	19,931
Revenues from commissions, residuals and service charges	\$ 6,540	\$ 155	\$ 623	\$ 7,318
Net income (loss)	\$ 339	\$ (525)	\$ (424)	\$ (610)
Interest expense-net(3)	690	-	56	746
Depreciation and amortization	48	-	3	51
Income tax (benefit) expense	(329)	-	-	(329)
EBITDA(1)	\$ 748	\$ (525)	\$ (365)	\$ (142)

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## SELECTED COMBINED HISTORICAL FINANCIAL INFORMATION OF THE COMBINED WILHELMINA COMPANIES

For the Year Ended December 31, 2007

	Core	WAM (4)	Miami (5)	Total
(in thousands)				
Statement of Operations Data:				
Revenues	\$ 9,978	\$ 483	\$ 1,029	\$ 11,490
Salaries and service costs	5,351	692	701	6,744
Office and general expenses	2,139	314	546	2,999
Owner's compensation and fees	975	-	-	975
Income (loss) from operations	1,513	(523)	(218)	772
Interest expense-net (3)	924	-	55	979
Equity in income (loss) of affiliate	18	-	-	18
Income (loss) before income tax	607	(523)	(273)	(189)
Income tax (benefit) expense	(23)			(23)
Net income (loss)	\$ 630	\$ (523)	\$ (273)	\$ (166)
Selected Balance Sheet Data:				
(at period end):				
Total Assets	\$ 11,839	\$ 749	\$ 1,490	\$ 14,078
Long term obligations and Capital leases	\$ 6,437	\$ -	\$ -	\$ 6,437
Selected Operating Data:				
Gross billings (unaudited) (2)	\$ 33,224	\$ 1,999	\$ 2,341	\$ 37,564
Less: Client Cost and expenses (6)	24,126	1,806	1,391	27,323
Revenues from commissions, residuals and service charges	\$ 9,098	\$ 193	\$ 950	\$ 10,241
Net income (loss)	\$ 630	\$ (523)	\$ (273)	\$ (166)
Interest expense-net (3)	924	-	55	979
Depreciation and amortization	69	-	2	71
Income tax (benefit) expense	(23)	-	-	(23)
EBITDA (1)	\$ 1,600	\$ (523)	\$ (216)	\$ 861

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## SELECTED COMBINED HISTORICAL FINANCIAL INFORMATION OF THE COMBINED WILHELMINA COMPANIES

For the Year Ended December 31, 2006

	Core	WAM (4)	Miami (5)	Total
(in thousands)				
Statement of Operations Data:				
Revenues	\$ 9,194	\$ 679	\$ 866	\$ 10,739
Salaries and service costs	4,653	474	640	5,766
Office and general expenses	1,754	210	664	2,629
Owner's compensation and fees	975	-	-	975
Income (loss) from operations	1,812	(5)	(438)	1,369
Interest expense-net (3)	946	-	(86)	860
Equity in income (loss) of affiliate	(22)	-	-	(22)
Income (loss) before income tax	844	(5)	(352)	487
Income tax (benefit) expense	21	-	-	21
Net income (loss)	\$ 823	\$ (5)	\$ (352)	\$ 466

## Selected Balance Sheet Data:

(at period end):

Total Assets	\$ 9,418	\$ 931	\$ 1,065	\$ 11,414
Long term obligations and Capital leases	\$ 6,608	\$ -	\$ -	\$ 6,608

## Selected Operating Data:

Gross billings (unaudited) (2)	\$ 29,003	\$ 1,055	\$ 1,929	\$ 31,987
Less: Client Cost and expenses (6)	20,883	779	1,069	22,731
Revenues from commissions, residuals and service charges	\$ 8,120	\$ 276	\$ 860	\$ 9,256
Net income (loss)	\$ 823	\$ (5)	\$ (352)	\$ 466
Interest expense-net (3)	946	-	(86)	860
Depreciation and amortization	72	-	6	78
Income tax (benefit) expense	21	-	-	21
EBITDA (1)	\$ 1,862	\$ (5)	\$ (432)	\$ 1,425

(1) Represents net income (loss) before deductions for interest, income taxes, depreciation and amortization. We believe that EBITDA is useful to stockholders as a measure of comparative operating performance, as it is less susceptible to variances in actual performance resulting from depreciation and amortization and more reflective of changes in pricing decisions, cost controls and other factors that affect operating performance. EBITDA is not intended as a measure of the Wilhelmina Companies' operating performance, as an alternative to net income (loss) or as an alternative to any other performance measure in conformity with U.S. generally accepted accounting principles.

(2) Gross billings are an unaudited non-GAAP financial measure estimated by management that includes the gross amount billed by the agent (the Wilhelmina Companies) to customers on behalf of its clients (models, artists and talent) for services performed. Gross billings are not reflected in the financial statements of the Wilhelmina

Companies included in this proxy statement. The Wilhelmina Companies use gross billings information internally in connection with planning and budgeting analyses. The Wilhelmina Companies believe gross billings information is useful in assessing different divisions of the business and facilitates an understanding of financial performance as the Wilhelmina Companies retain a percentage of the gross billings to its customers for services performed by their models, artists and talent on behalf of the Wilhelmina Companies' customers.

- (3) Interest expense includes \$750,000 paid to a stockholder of the Wilhelmina Companies for the year ended December 31, 2007 and 2006 and \$563,000 for the nine months ended September 30, 2008 and 2007. The note payable to a Control Seller is for \$6,000,000 with a stated interest rate of 12.5% per annum.
- (4) The WAM Earnout: Not later than thirty (30) days following the third anniversary of the Closing Date, the Company will inform the Control Sellers of its calculation of the WAM Earnout. In the event that the Company receives an objection notice relating to such calculations from the Control Sellers in accordance with the Acquisition Agreement, such dispute as to the calculation will be resolved pursuant to the Acquisition Agreement. Subject to the paragraph entitled "Payment Reduction" discussed below (the "Payment Reduction"), and the resolution of any objection appropriately raised, the Company will pay to the Control Sellers, pro rata in accordance with their pre-closing ownership of WAM, an amount (if positive) in cash in immediately available funds equal to (a) five (5) multiplied by (b) the three (3) year average of audited WAM EBITDA for the twelve (12) month periods beginning on the Closing Date, the first anniversary of the Closing and the second anniversary of the Closing Date, respectively; provided that aggregate payments (determined prior to any adjustment pursuant to the Payment Reduction) described in this paragraph will not exceed \$10,000,000; and provided further that revenue associated with any cash included in the calculation of the Closing Net Asset Adjustment described above will be excluded from WAM EBITDA for purposes of the foregoing calculation. The Earn-Out Payment described in this paragraph, subject to the Payment Reduction, is referred to as the "WAM Earnout." Any positive WAM Earnout payment owed by the Company will be paid by the Company within the later of (a) thirty (30) calendar days following the Company's delivery of the calculation of the WAM Earnout or (b) ten (10) days following the resolution, in accordance with the Acquisition Agreement, or any related objections properly raised.

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- (5) The Miami Earnout: Not later than thirty (30) days following the third anniversary of the Closing Date, the Company will inform the Control Sellers of its calculation of the Miami Earnout. In the event that the Company receives an objection notice relating to such calculations from the Control Sellers in accordance with the Acquisition Agreement, such dispute as to the calculation will be resolved pursuant to the Acquisition Agreement. Subject to the Payment Reduction, and the resolution of any objection validly raised, the Company will pay to the Control Sellers, pro rata in accordance with their pre-closing ownership of Wilhelmina Miami, an amount (if positive) in cash in immediately available funds equal to (a) 7.5 multiplied by (b) the three (3) year average of audited Wilhelmina Miami EBITDA for the twelve (12) month periods beginning on the Closing Date, the first anniversary of the Closing and the second anniversary of the Closing Date, respectively; provided that revenue associated with any cash included in the calculation of the Closing Net Asset Adjustment described above will be excluded from Wilhelmina Miami EBITDA for purposes of the foregoing calculation. The Earn-Out Payment described in this paragraph, subject to the Payment Reduction is referred to as the “Miami Earnout.” Any positive Miami Earnout payment owed by the Company will be paid by the Company within the later of (a) thirty (30) calendar days following the Company’s delivery of the calculation of the Miami Earnout or (b) ten (10) days following the resolution, in accordance with the Acquisition Agreement, of any related objections properly raised.
- (6) Client cost and expenses include all amounts paid by the Wilhelmina Companies to their models, artists and talent for services performed on behalf of the Wilhelmina Companies' customers.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At the Closing of the Acquisition Agreement, New Century will pay an aggregate purchase price (before estimated transaction fees of \$1,200,000 and \$450,000 in shares of Common Stock that are anticipated to be issued to Sean Patterson, the President of Wilhelmina International) of \$30,000,000 in connection with the Acquisition, of which \$24,000,000 will be paid for the outstanding equity interests of the Wilhelmina Companies and \$6,000,000 in cash will repay the outstanding balance of a note held by a Control Seller. The purchase price includes \$15,000,000 of Common Stock of New Century, valued at book value as of July 31, 2008 (which the parties agreed is \$0.247 per share of Common Stock, subject to adjustment) to be issued in connection with the merger of Wilhelmina Acquisition with and into Wilhelmina International. The remaining \$9,000,000 of cash will be paid to acquire the equity interests of the remaining Wilhelmina Companies. The purchase price is subject to certain post-closing adjustments, which will be effected against a total of \$4,600,000 of Common Stock that will be held in escrow pursuant to the Acquisition Agreement. The \$30,000,000 to be paid at Closing, less \$4,500,000 of Common Stock to be held in escrow in respect of the “core business” purchase price adjustment, provides for a floor purchase price of \$25,500,000 (which amount may be further reduced in connection with certain indemnification matters). The shares of Common Stock held in escrow may be repurchased by New Century for a nominal amount, subject to certain earnouts and offsets.

Equity Financing Agreement

Concurrently with the execution of the Acquisition Agreement, New Century entered into the Equity Financing Agreement with Newcastle, which currently owns 19,380,768 shares or approximately 36% of the outstanding Common Stock, for the purpose of obtaining financing to complete the transactions contemplated by the Acquisition Agreement. Pursuant to the Equity Financing Agreement, subject to and conditioned upon the Closing of the Acquisition Agreement, New Century will sell to Newcastle \$3,000,000 of shares of Common Stock at \$0.247 per share, or approximately (but slightly higher than) the per share price applicable to the Common Stock issuable under the Acquisition Agreement. In addition, under the Equity Financing Agreement, Newcastle committed to purchase, at New Century’s election at any time or times prior to six months following the Closing, up to an additional \$2,000,000 of Common Stock on the same terms. The Equity Financing Agreement is subject to certain other conditions, including the parties’ entry into a registration rights agreement upon the Closing, pursuant to which Newcastle will be granted certain demand and piggyback registration rights with respect to the Common Stock it holds, including the Common Stock issuable under the Equity Financing Agreement.

The unaudited pro forma condensed consolidated financial statements combine (i) the historical balance sheets of New Century and the Wilhelmina Companies as of September 30, 2008, giving pro forma effect to the Acquisition as if it had occurred on September 30, 2008, (ii) the historical statements of operations of New Century and the Wilhelmina Companies for the year ended December 31, 2007, giving pro forma effect to the Acquisition as if it had occurred on January 1, 2007, and (iii) the historical statements of operations of New Century and the Wilhelmina Companies for the nine month period ended September 30, 2008, giving pro forma effect to the Acquisition as if it had occurred on January 1, 2008.

New Century is providing this information to aid you in your analysis of the financial aspects of the Acquisition. The unaudited pro forma condensed consolidated financial statements are based on the estimates and assumptions set forth in the notes to such statements, which are preliminary and have been made solely for purposes of developing such pro forma information. The unaudited pro forma condensed financial statements described above should be read in conjunction with the historical financial statements of the Wilhelmina Companies and New Century and the related notes thereto. The unaudited pro forma information is not necessarily indicative of the financial position or results of operations that may have actually occurred had the Acquisition taken place on the dates noted, or the future financial position or operating results of the consolidated company.





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Under the purchase method of accounting, the total preliminary purchase price has been allocated to the net tangible and intangible assets acquired and liabilities assumed, based on various preliminary estimates, which assume that historical cost approximates fair value of the assets and liabilities of the Wilhelmina Companies. The intangible assets acquired will include intangible assets with indefinite lives, such as the Wilhelmina brand/trademarks and customer relationships and intangible assets with finite lives, such as model contracts, talent contracts, property leases, noncompetition agreements and license agreements, and the remainder of any intangible assets not meeting the above criteria will be allocated to goodwill. Some of these assets, such as goodwill and the Wilhelmina brand/trademarks will be non-amortizable. Other assets, such as model contracts, talent contracts, property leases, noncompetition agreements and license agreements will be amortized on a straight line basis over their estimated useful lives which range from 3-10 years. New Century is in the process of completing its assessment of the estimated fair value of the Wilhelmina Companies net assets acquired (which will include an assessment of the noncompetition agreements) and plans to engage a third-party valuation firm to assist in this process after the closing of the Acquisition. At this time, all excess purchase price over the historical net book value of the Wilhelmina Companies net assets acquired has been allocated to trademarks and intangible assets with indefinite lives, other intangible assets with finite lives and other goodwill until such analysis is complete. These estimates are subject to change upon the finalization of the valuation of certain assets and liabilities and may be adjusted in accordance with Statement of Financial Accounting Standard (“SFAS”) No. 141, Business Combinations.

Management currently estimates the fair value of the stock to be issued to the Wilhelmina Companies stockholders and members at Closing will approximate New Century’s book value (which the parties agreed is \$0.247 per share of Common Stock, subject to adjustment) at Closing. If the fair value of New Century’s Common Stock (which is the closing price of New Century’s Common Stock on the Closing date) is higher or lower than the agreed book value per share then the corresponding estimated purchase price will be higher or lower resulting in a different purchase price allocation than management has estimated in the unaudited pro forma consolidated financial information. For example, if the closing price of New Century’s Common Stock on the Closing date is \$0.17 (which was the closing price of New Century’s Common Stock on August 25, 2008, the day before the Acquisition Agreement was announced) the stock portion of the total estimated purchase price would be \$10,633,603. This amount is significantly lower than the amount of \$15,450,000 that New Century has estimated in the table below as the value of the stock to be issued to the Wilhelmina Companies stockholders and members at Closing. In addition, if the closing price of New Century’s Common Stock on the Closing date is \$0.37 (which was the highest price at which New Century’s Common Stock traded on August 26, 2008, the day the Acquisition Agreement was announced) the stock portion of the total estimated purchase price would be \$23,143,724. This amount is significantly higher than the amount of \$15,450,000 that New Century has estimated in the table below as the value of the stock to be issued to the Wilhelmina Companies stockholders and members at Closing. The fair value of New Century’s Common Stock at Closing will not affect the number of shares issued to the Wilhelmina Companies stockholders and members and the number of shares issued to Newcastle under the Equity Financing Agreement.

The estimated total purchase price (assuming the closing price of New Century’s Common Stock at the Closing date is \$0.247) is summarized as follows:

Cash paid to the Wilhelmina Companies stockholders and members:	\$ 9,000,000
Stock issued to the Wilhelmina Companies stockholders and members:(1)	15,450,000
Transaction expenses:	1,200,000
Total estimated purchase price: (2)	\$ 25,650,000

The estimated shares of Common Stock outstanding post-Closing:

Common Stock of New Century outstanding pre-Closing:	53,883,872
\$3,000,000 of Common Stock issued to Newcastle at Closing:	12,145,748
\$15,450,000 of Common Stock issued to the Wilhelmina Companies stockholders and members:(1)	62,550,607

Total Common Stock outstanding post-Closing:	128,580,227
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- (1) Includes \$450,000 in shares of Common Stock that are anticipated to be issued to Sean Patterson, the President of Wilhelmina International, in connection with Mr. Patterson's current employment agreement. This amount represents a portion of bonus consideration payable in connection with the Acquisition under Mr. Patterson's existing employment agreement, which portion New Century has agreed to bear in the form of stock payable to Mr. Patterson at Closing.
- (2) Does not include the \$6,000,000 in cash which will repay the outstanding balance of a note held by a Control Seller at Closing.

The Acquisition Agreement is subject to the approval of New Century's stockholders, as well as certain other closing conditions set forth in the Acquisition Agreement. In addition to the Acquisition Agreement itself, New Century will also submit for the approval of its stockholders certain amendments to its Certificate of Incorporation and Bylaws designed to, among other things, facilitate the Closing and consummation of the transactions contemplated under the Acquisition Agreement, including but not limited to (i) an increase in the number of shares of Common Stock authorized, (ii) the declassification of New Century's Board of Directors and (iii) a change in the corporate name of New Century (new name expected to be "Wilhelmina International, Inc.").

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## Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2008

Assets	New Century	Wilhelmina Companies	Pro Forma Adjustments (in thousands)		Pro Forma Adjusted
Cash and cash equivalents	\$ 12,088	\$ 680	\$ (12,277)	(a)	\$ 491
Other current assets	815	12,395	(1,053)	(b)	12,157
Total current assets	12,903	13,075	(13,330)		12,648
Property and equipment, net	-	373	-		373
Goodwill & other intangible assets	803	162	30,580	(c)	31,545
Other long-term assets	-	469	-		469
Total assets	\$ 13,706	\$ 14,079	\$ 17,250		\$ 45,035
Liabilities and stockholders equity (deficit)					-
Current liabilities	\$ 366	\$ 12,835	\$ (131)	(i)	\$ 13,070
Current portion note payable to stockholder	-	6,000	(6,000)	(d)	-
Other long-term liabilities	-	174	-		174
Total liabilities	366	19,009	(6,131)		13,244
Commitments and contingencies					
Equity (deficit)					
Common stock	539	35	712	(e)	1,286
Additional paid-in capital	75,357	1,499	16,205	(f)	93,061
Members' deficit	-	(1,612)	1,612	(g)	-
Accumulated equity (deficit)	(62,556)	(4,852)	4,852	(h)	(62,556)
Total equity (deficit)	13,340	(4,930)	23,381		31,791
Total liabilities and stockholders equity (deficit)	\$ 13,706	\$ 14,079	\$ 17,250		\$ 45,035

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Unaudited Pro Forma Condensed Consolidated Statement of Operations  
for Nine Months Ended September 30, 2008

	New Century	Wilhelmina Companies (in thousands, except per share data)	Pro Forma Adjustments	Pro Forma Adjusted
<b>Revenues</b>				
Commissions and residuals	\$ -	\$ 4,367	\$ -	\$ 4,367
Service charges	-	4,831	-	4,831
Management fees, license fees and other income	-	691	-	691
<b>Total revenues</b>	<b>-</b>	<b>9,889</b>	<b>-</b>	<b>9,889</b>
<b>Operating expenses</b>				
Salaries and service costs	-	5,680	150 (p)	5,830
Office and general expenses	271	2,165	2,348 (t)	4,784
Stockholder's compensation and consulting fees	-	731	(731) (o)	-
<b>Total operating expenses</b>	<b>271</b>	<b>8,576</b>	<b>1,767</b>	<b>10,614</b>
<b>Operating income</b>	<b>(271)</b>	<b>1,313</b>	<b>(1,767)</b>	<b>(725)</b>
<b>Other income (expense):</b>				
Interest income	223	20	(223) (l)	20
Interest expense	-	(784)	563 (m)	(221)
Equity in income (loss) of affiliate	-	13	-	13
<b>Total other expense</b>	<b>223</b>	<b>(751)</b>	<b>340</b>	<b>(188)</b>
<b>(Loss) income before provision for income taxes</b>	<b>(48)</b>	<b>562</b>	<b>(1,427)</b>	<b>(913)</b>
<b>Provision for (benefit from) income taxes</b>				
Current	-	175	(175) (n)	-
Deferred	-	13	(13) (n)	-
	-	188	(188)	-

Net (loss) income	\$	(48)	\$	374	\$	(1,239)	\$	(913)
Weighted average shares outstanding:								
Basic								128,580,227
Diluted								128,820,227
Earnings per share								
Basic							\$	(0.01)
Diluted							\$	(0.01)

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Unaudited Pro Forma Condensed Consolidated Statement of Operations  
for Year Ended December 31, 2007

	New Century	Wilhelmina Companies (in thousands, except per share data)	Pro Forma Adjustments	Pro Forma Adjusted
<b>Revenues</b>				
Commissions and residuals	\$ -	\$ 4,914	\$ -	\$ 4,194
Service charges	-	5,327	-	5,327
Consulting income	-	226	-	226
Management fees, license fees and other income	-	1,023	-	1,023
<b>Total revenues</b>	<b>-</b>	<b>11,490</b>	<b>-</b>	<b>11,490</b>
<b>Operating expenses</b>				
Salaries and service costs	-	6,744	200 (q)	6,944
Office and general expenses	552	2,999	3,131 (s)	6,682
Stockholder's compensation and consulting fees	-	975	(975) (r)	-
<b>Total operating expenses</b>	<b>552</b>	<b>10,718</b>	<b>2,356</b>	<b>13,626</b>
<b>Operating income</b>	<b>(552)</b>	<b>772</b>	<b>(2,356)</b>	<b>(2,136)</b>
<b>Other income (expense):</b>				
Interest income	607	12	(607) (j)	12
Interest expense	-	(992)	750 (k)	(242)
Equity in income (loss) of affiliate	-	18	-	18
<b>Total other expense</b>	<b>607</b>	<b>(962)</b>	<b>143</b>	<b>(212)</b>
<b>(Loss) income before provision for income taxes</b>	<b>55</b>	<b>(190)</b>	<b>(2,213)</b>	<b>(2,348)</b>
<b>Provision for (benefit from) income taxes</b>				
Current	-	212	(212) (n)	-
Deferred	-	(235)	235 (n)	-
	-	(23)	23	-
<b>Net (loss) income</b>	<b>\$ 55</b>	<b>\$ (167)</b>	<b>\$ (2,236)</b>	<b>\$ (2,348)</b>

Weighted average shares  
outstanding:

Basic	128,580,227
Diluted	128,820,227
Earnings per share	
Basic	\$ (0.02)
Diluted	\$ (0.02)

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## Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

## Description of Transaction and Basis for Presentation

In connection with the Closing of the Acquisition Agreement, New Century will pay an aggregate purchase price of \$30,000,000 in connection with the Acquisition, of which \$24,000,000 will be paid for the outstanding equity interests of the Wilhelmina Companies and \$6,000,000 in cash will repay the outstanding balance of a note held by a Control Seller. The purchase price includes \$15,000,000 of Common Stock of New Century, valued at book value as of July 31, 2008 (which the parties agreed is \$0.247 per share of Common Stock, subject to adjustment) is to be issued in connection with the merger of Wilhelmina Acquisition with and into Wilhelmina International. The remaining \$9,000,000 of cash will be paid to acquire the equity interests of the remaining Wilhelmina Companies.

## Preliminary Purchase Price and Allocation

The preliminary allocation of the purchase price used in the unaudited pro forma condensed consolidated financial statements is based upon management's preliminary estimates of the fair value of the tangible and intangible assets of the Wilhelmina Companies as of the assumed date of completion of the Acquisition. The excess of the purchase price over the net tangible and identifiable intangible assets after considering the impact of deferred taxes is recorded as goodwill. The final determination of the allocation of the purchase price will be based on the fair value of such assets as of the actual date of completion of the Acquisition, and such values may be significantly different than those used in these pro forma financial statements.

New Century is in the process of obtaining third-party valuations of certain intangible assets; thus, the allocation of the purchase price is subject to refinement. FASB 109, "Accounting for Income Taxes" requires the recognition of deferred tax assets and liabilities for the tax effects of differences between the assigned values in the purchase price allocation and the tax basis of assets acquired and liabilities assumed in a purchase business combination. As New Century has not completed its assessment of the estimated fair value of the Wilhelmina Companies' net assets acquired, no adjustment has been or will be made to deferred income taxes until such analysis is complete.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of completion of the Acquisition. Included in the purchase price is an estimate of Acquisition related transaction costs of \$1,200,000, legal and accounting fees of approximately \$1,000,000 and other external costs directly related to the Acquisition of approximately \$200,000. The table below assumes the \$6,000,000 note payable to a Control Seller will be paid at Closing:

(in thousands)

Current assets	\$	13,075
Property, plant and equipment		373
Intangible assets		162
Trademarks and intangibles with indefinite lives		10,300
Other intangible assets with finite lives		18,600
Goodwill		1,680
Other assets		469
Total assets acquired		44,659
Current liabilities		(12,835)
Note payable to Control Seller		(6,000)
Long-term debt		(174)
Total liabilities assumed		(19,009)



Net assets acquired	\$	25,650
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Pro Forma adjustments included in the unaudited pro forma condensed consolidated financial statements are as follows (in thousands):

a. Adjustments to cash and cash equivalents:		
To record proceeds from the private placement transaction	\$	3,000
To record payment to Wilhelmina stockholders		(8,809)
To record payment of note payable to a Control Seller		(6,000)
To record payment of remaining transaction expenses		(660)
To record payment to LLC member for interest in Wilhelmina Film & TV, LLC		93
To record proceeds from repayment of advances to officers		285
	\$	(12,277)
b. Adjustments to other current assets:		
To record repayment of due from officer	\$	(285)
To reclass New Century prepaid transaction fees to capitalized cost of the Acquisition		(768)
	\$	(1,053)
c. Adjustment to goodwill & other intangible assets:		
To record goodwill adjustment for purchase accounting	\$	30,580
d. Adjustment to note payable to a Control Seller:		
To record payment of note payment of a Control Seller	\$	6,000
e. Adjustments to Common Stock:		
To record Common Stock related to private placement transaction	\$	121
To record issuance of shares to Wilhelmina selling stockholders		608
To record issuance of shares to Sean Patterson		18
To record elimination of Wilhelmina International Group		(35)
	\$	712
f. Adjustments to paid in capital:		
To record proceeds from private placement transaction	\$	2,879
To record issuance of shares to Wilhelmina selling shareholders		14,392
To record issuance of shares to Sean Patterson		433
To record elimination entry of subsidiary shares in Wilhelmina		(1,499)
	\$	16,205
g. Adjustments to accumulated members' deficit:		
To record elimination entry of subsidiary shares in Wilhelmina	\$	1,612
h. Adjustments to accumulated deficit:		
To record elimination entry of Wilhelmina Companies accumulated deficit	\$	4,852
i. Adjustment to accrued expenses:		
To record Designated Matter Cash Deduction, as defined in the Acquisition Agreement	\$	95
To record payment of accrued transaction expenses on New Century balance sheet as of 06/30/08		(226)
	\$	(131)
j. Adjustment to interest income:		
To record elimination of interest income earned by NCEH on cash balances	\$	(607)



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k. Adjustment to interest expense:		
To record elimination of interest expenses on note payable to a Control Seller	\$	(750)
l. Adjustment to interest income:		
To record elimination of interest income earned by New Century on cash balances	\$	(223)
m. Adjustment to interest expense:		
To record elimination of interest expense on note payable to a Control Seller	\$	(563)
n. As of December 31, 2007, New Century had a federal income tax loss carryforward of approximately \$13,400,000, which begins expiring in 2019. In addition, New Century had a federal capital loss carryforward of approximately \$70,300,000 which expires in 2009. Realization of New Century's carryforwards is dependent on future taxable income and capital gains. At this time, New Century cannot assess whether or not the carryforward will be realized; therefore, a valuation allowance in the amount of \$29,319,000 has been recorded for the entire value of the deferred tax asset related to these carryforwards.		
<p>Ownership changes, as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), may have limited the amount of net operating loss carryforwards that can be utilized annually to offset future taxable income.</p> <p>New Century's ability to utilize its U.S. federal tax net operating loss carryforwards will become subject to annual limitations if it undergoes an ownership change as defined under Section 382 of the Code, which may jeopardize New Century's ability to use some or all of its U.S. federal tax net operating loss carryforwards following the Closing of the Acquisition. New Century does not believe that the current structure of the Acquisition Agreement will cause an ownership change as defined in Section 382 of the Code. Therefore, an adjustment has been recorded to eliminate federal income taxes recorded by Wilhelmina during the pro forma periods presented as the Company believes its NOLs would have been available to offset Wilhelmina taxable income during those periods.</p>		
o. Adjustment to stockholders compensation and consulting fees:		
To eliminate stockholders compensation and consulting fees paid to certain owners as post acquisition the Wilhelmina Companies will have no contractual obligation to continue these payments	\$	(731)
p. Adjustment to salaries and service costs:		
To increase salaries for new members of executive management which will be responsible for certain roles previously performed by the Control Sellers and new roles required as a public company	\$	150
q. Adjustment to salaries and service costs:		
To increase salaries for new members of executive management which will be responsible for certain roles previously performed by the Control Sellers and new roles required as a public company	\$	200
r. Adjustment to stockholders compensation and consulting fees:		

To eliminate stockholders compensation and consulting fees paid to certain owners		
as post acquisition the Wilhelmina Companies will have no contractual obligation to continue these payments	\$	(975)
s. Adjustment to office and general expenses:		
To record amortization expense associated with finite lived intangible assets acquired in the Acquisition	\$	3,131
t. Adjustment to office and general expenses:		
To record amortization expense associated with finite lived intangible assets acquired in the Acquisition	\$	2,348

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RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in this proxy statement, before you decide whether to vote or instruct your vote to be cast to approve the Acquisition Proposal and the other proposals to be presented for consideration at the Annual Meeting. As New Century's operations will include those of the Wilhelmina Companies if the Acquisition is consummated, a number of the following risk factors relate to the business and operations of the Wilhelmina Companies. If any of these factors actually occur, the business, financial condition or results of operations of New Century could be materially and adversely affected, the value of the Common Stock could decline and stockholders could lose all or part of their investment.

Risks Related to the Acquisition

A substantial number of shares of our Common Stock will be issued in connection with the Acquisition and the transactions contemplated thereby, which will result in substantial dilution of the ownership interest of current stockholders.

A substantial number of shares of our Common Stock will be issued in connection with the Acquisition and the transactions contemplated thereby, which will result in substantial dilution of the ownership interest of current stockholders. Based upon the book value of the Common Stock on July 31, 2008, approximately 74,696,354 shares of Common Stock are expected to be issued upon the Closing of the Acquisition Agreement (in connection with the Acquisition Agreement and the Equity Financing Agreement). As a result, immediately after the Acquisition, the Control Sellers are expected to own approximately 47.2% of the outstanding Common Stock, Newcastle Partners, our largest stockholder, is expected to own approximately 24.5% of the outstanding Common Stock, and our remaining stockholders are expected to own approximately 28.3% of the outstanding Common Stock.

The pro forma financial statements are not an indicator of New Century's financial condition or results of operations following the Acquisition.

The pro forma financial statements contained in this proxy statement are not an indicator of New Century's financial condition or results of operations following the Acquisition. The pro forma financial statements have been derived from the historical financial statements of the Wilhelmina Companies and New Century and many adjustments and assumptions have been made regarding the Wilhelmina Companies after giving effect to the Acquisition. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy. As a result, the actual financial condition and results of operations of New Century following the Acquisition may not be consistent with, or evident from, these pro forma financial statements.

New Century currently does not have substantial operations and the Wilhelmina Companies have never operated in a public company regulatory environment. Fulfilling New Century's obligations as a public company after the Acquisition will be expensive and time consuming.

The Wilhelmina Companies have not been required to prepare or file periodic and other reports with the SEC under applicable federal securities laws or to comply with the requirements of the federal securities laws applicable to public companies, including the documentation and assessment of the effectiveness of their internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Although New Century has maintained disclosure controls and procedures and internal control over financial reporting as required under the federal securities laws with respect to its activities, New Century has not had substantial operations. Under the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC, New Century will be required to

implement additional corporate governance practices and adhere to a variety of reporting requirements and accounting rules. Compliance with these obligations will require significant time and resources from New Century's management and finance and accounting staff and will significantly increase New Century's legal, insurance and financial compliance costs. As a result of the increased costs associated with being a public company after the Acquisition, New Century's operating income as a percentage of revenue will likely be lower.

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New Century and the Wilhelmina Companies expect to incur significant costs associated with the Acquisition, whether or not the Acquisition is completed, which will reduce the amount of cash otherwise available for other corporate purposes.

New Century and the Wilhelmina Companies expect to incur significant costs associated with the Acquisition, whether or not the Acquisition is completed. These costs will reduce the amount of cash otherwise available for other corporate purposes. We estimate that the aggregate costs associated with the Acquisition will be approximately \$1,200,000. There is no assurance that the actual costs may not exceed New Century's estimates. New Century and/or the Wilhelmina Companies may incur additional material charges reflecting additional costs associated with the Acquisition in fiscal quarters subsequent to the quarter in which the Acquisition is consummated. There is no assurance that the significant costs associated with the Acquisition will prove to be justified in light of the benefit ultimately realized.

Failure to consummate the Acquisition could negatively impact the market price of our Common Stock and may make it more difficult for us to attract another acquisition candidate, potentially causing investors to experience a loss on their investment.

If the Acquisition is not completed for any reason, New Century may be subject to a number of material risks, including:

- the market price of the Common Stock may decline to the extent that the current market price of the Common Stock reflects a market assumption that the Acquisition will be consummated;
- costs related to the Acquisition, such as legal and accounting fees, must be paid even if the Acquisition is not completed; and
- charges will be made against earnings for transaction-related expenses, which could be higher than expected.

Such decreased market price and added costs and charges of the failed Acquisition, together with the challenges in identifying suitable acquisition candidates, may make it more difficult for New Century to attract another target business, potentially causing investors to experience a loss on their investment.

Newcastle might not be able to meet its commitments under the Financing Transaction, which could significantly impact our ability to consummate the Acquisition and operate our business thereafter.

In order to consummate the transactions contemplated by the Acquisition Agreement, Newcastle intends to provide equity financing to us under the Equity Financing Agreement by (i) purchasing \$3,000,000 of Common Stock at approximately the same per share price at which the Common Stock will be issued in connection with the Acquisition and (ii) committing to purchase, at our election at any time or times prior to six months following the Closing of the Acquisition Agreement, up to an additional \$2,000,000 of Common Stock at approximately the same per share price applicable to the Common Stock issuable in the Acquisition. The sale of additional equity securities in connection with the Financing Transaction may cause the market price of our common stock to decline. In addition, there is no guarantee that Newcastle will be able to meet these obligations, which could significantly impact our ability to consummate the Acquisition or operate our business thereafter.



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The price of the Common Stock after the Acquisition may be volatile and less than what you originally paid for your shares of Common Stock prior to the Acquisition.

The price of our Common Stock after the Acquisition may be volatile, and may fluctuate due to factors such as:

- the actual operating results of the Wilhelmina Companies as a result of the Acquisition;
- earnings estimates and actual or anticipated fluctuations in quarterly and annual results;
- mergers, consolidations and strategic alliances in our industry;
  - market conditions in our industry; and
  - the general state of the stock markets.

Our Common Stock after the Acquisition may trade at prices lower than what you originally paid for your shares of Common Stock prior to the Acquisition.

If the Adjournment Proposal is not approved, and an insufficient number of votes have been obtained to authorize the consummation of the Acquisition and the increase of our authorized capital stock, the Board will not have the ability to adjourn the Annual Meeting to a later date in order to solicit further votes, and, therefore, the Acquisition will not be approved.

The Board is seeking approval to adjourn the Annual Meeting to a later date or dates if, at the Annual Meeting, based upon the tabulated votes, there are insufficient votes to approve the consummation of the Acquisition and the increase of our authorized capital stock. If the Adjournment Proposal is not approved, the Board may not have the ability to adjourn the Annual Meeting to a later date and, therefore, will not have more time to solicit votes to approve the Acquisition Proposal and the Capitalization Proposal. In such event, the Acquisition would not be completed.

## Risks Related to the Business of the Wilhelmina Companies

Competition in the fashion model industry could result in the Wilhelmina Companies losing market share and charging lower prices for services, which could reduce their revenue.

The Wilhelmina Companies compete in the fashion model management industry with numerous competitors. Approximately half of the industry is relatively concentrated while the other half is fragmented: the top five companies represent approximately 50% of the billings in the industry, while hundreds of companies represent the balance. The concentrated half of the industry is comprised of the Wilhelmina Companies and their principal competitors, which are: DNA Model Management, Elite Model Management, Ford Models, Inc., IMG Models, Marilyn Model Agency, NEXT Model Management and Women Model Management.

The Wilhelmina Companies also compete in the general talent management industry, “talent” meaning any model, entertainer, artist, athlete or other talent or celebrity (“Talent”), and, through WAM, endeavor to secure product endorsement contracts from branded consumer products companies for their Talent.

In each of the Wilhelmina Companies’ markets, their competitors may possess greater resources, greater name recognition and longer operating histories than the Wilhelmina Companies, which may give them an advantage in obtaining future clients and attracting qualified models and other Talent in such markets. Increased competition may lead to pricing pressures that could negatively impact the Wilhelmina Companies’ business.



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If the Wilhelmina Companies fail to attract and retain qualified and experienced agents, their revenue could decline and their business could be harmed.

The Wilhelmina Companies compete with other fashion model management businesses for qualified agents or “bookers”. Attracting and retaining qualified bookers in the fashion model industry is particularly important because, generally, a small number of bookers have primary responsibility for a Talent relationship. Because Talent responsibility is so concentrated, the loss of key bookers may lead to the loss of Talent relationships. Any decrease in the quality of the Wilhelmina Companies’ reputation, reduction in their bookers’ compensation levels or restructuring of their compensation program, whether as a result of insufficient revenue or for any other reason, could impair their ability to retain existing bookers or attract additional qualified bookers with the requisite experience, skills and established Talent relationships. The Wilhelmina Companies’ failure to retain their most productive bookers or maintain the quality of service to which their clients are accustomed could result in a loss of clients, which could in turn cause their revenue to decline and their business to be harmed.

If the Wilhelmina Companies are unable to retain their President and other key management personnel, they may not be able to successfully manage their business in the future.

The President and other key management personnel of the Wilhelmina Companies and their skills and relationships with clients are among the Wilhelmina Companies’ most important assets. An important aspect of the Wilhelmina Companies’ competitiveness is their ability to attract and retain their President and other key management personnel. The Wilhelmina Companies’ future success depends upon the continued service or involvement of their President and other key management personnel. If the Wilhelmina Companies lose the services of their President or one or more of their other key management personnel, or if one or more of them decides to join a competitor or otherwise compete directly or indirectly with the Wilhelmina Companies, the Wilhelmina Companies may not be able to successfully manage their business or achieve their business objectives.

If the Wilhelmina Companies are unable to maintain their professional reputation and brand name, the Wilhelmina Companies’ business will be harmed.

The Wilhelmina Companies depend on their overall reputation and brand name recognition to secure new engagements and to sign qualified Talent. The Wilhelmina Companies’ success also depends on the individual reputations of the Talent they represent. In addition, any adverse effect on the Wilhelmina Companies’ reputation might negatively impact the Wilhelmina Companies’ licensing business, which is driven largely by the value of the Wilhelmina brand. If any client is dissatisfied with the Wilhelmina Companies’ services, this may adversely affect the Wilhelmina Companies’ ability to secure new engagements.

If any factor, including poor performance, hurts the Wilhelmina Companies’ reputation, the Wilhelmina Companies may experience difficulties in competing successfully for both new client engagements and qualified Talent. Failing to maintain the Wilhelmina Companies’ professional reputation and the goodwill associated with their brand name could seriously harm the Wilhelmina Companies’ business.

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The Wilhelmina Companies' operations are headquartered in and largely concentrated on New York City, which is generally recognized as the center of the global fashion industry. This lack of geographic diversification increases their risk profile.

The Wilhelmina Companies' operations are headquartered in New York City, which is generally recognized as the global center of the fashion industry. As a result of this geographic concentration, the Wilhelmina Companies' business, results of operations or financial condition depend largely upon the state of the New York City-based fashion industry and advertising market. Deterioration in economic and business conditions in these sectors and the economic and business conditions in New York City could have a material adverse impact on the demand for the Wilhelmina Companies' and their advertising sector clients' services, which in turn may have a material adverse effect on the Wilhelmina Companies' results of operations and overall profitability.

A major disaster in New York City could result in material loss to the Wilhelmina Companies. New York City, as a major urban area, is at risk from terrorist attack. Many of the Wilhelmina Companies' clients could experience interruption of their business or financial distress, file for bankruptcy protection or go out of business after a major disaster, including a terrorist attack. Most of the Wilhelmina Companies' talent resides in New York City and may also be severely affected in the event of such a disaster. If there are terrorist attacks in New York City or within close proximity, the Wilhelmina Companies may experience a decrease in the demand for their talent management services, which may have a material adverse effect on their results of operations and overall profitability.

The Wilhelmina Companies' revenue and net income may be affected by adverse economic conditions.

Recessions may impact gross billings for modeling services. An important segment of the modeling industry is advertising, with advertising assignments typically generating amongst the highest daily fees in the business. Because advertising expenditures are viewed by companies as discretionary and are curtailed during economic downturns, agency gross billings may also decline over recessionary periods. There can be no assurance that economic conditions will improve or even remain stable. Although we believe that larger agencies, such as the Wilhelmina Companies, are less affected by negative economic fluctuations than local agencies (as advertisers frequently cut spending with smaller modeling agencies first) the Wilhelmina Companies' business, financial condition and results of operations could suffer if economic conditions weaken.

If some of the Wilhelmina Companies' clients experience financial distress, their weakened financial position could negatively affect the Wilhelmina Companies' financial position and results.

The Wilhelmina Companies have a large and diverse client base, and at any given time, one or more of their clients may experience financial distress, file for bankruptcy protection or go out of business. If any client with whom the Wilhelmina Companies have a substantial amount of business experiences financial difficulty, it could delay or jeopardize the collection of accounts receivable, may result in significant reductions in services provided by the Wilhelmina Companies and may have a material adverse effect on the Wilhelmina Companies' financial position, results of operations and liquidity.

Terms of the settlement of a class action lawsuit may adversely impact the Wilhelmina Companies' ability to sign models on favorable terms.

In 2002, a class action lawsuit was filed on behalf of some 10,000 current and former models against 13 of the leading modeling agencies, including Wilhelmina International, alleging price collusion beginning 30 years ago. The lawsuit was settled in June 2004 pursuant to a settlement agreement by which the Wilhelmina Companies and other modeling agencies are bound. The terms of the settlement agreement include, among others, that the Wilhelmina Companies will:



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- refrain from entering into any agreement or understanding with any other agency regarding models' commissions or communicate pricing with any other agency (except under limited circumstances);
- disclose to the settling defendant models all compensation received by the Wilhelmina Companies on all bookings for that model; and
- enter into contracts that (i) provide in clear language the contract's term and duration, (ii) include full disclosure of all relevant compensation terms and practices; (iii) include a description of the management services that are available to the model pursuant to the contract and (iv) do not automatically renew for the full contract term.

The restrictions imposed upon the Wilhelmina Companies pursuant to the settlement agreement may have an adverse effect on the Wilhelmina Companies' ability to remain competitive in the industry. Furthermore, no assurance can be given that the Wilhelmina Companies will not in the future be subject to similar or other class action lawsuits that could have a material adverse effect on their business practices.

The Wilhelmina Companies' prospects and financial results may be adversely affected if they fail to identify, sign and retain quality Talent.

The Wilhelmina Companies are dependent on identifying, signing and retaining models and other Talent who are well received by clients and are likely to generate repeat business. The Wilhelmina Companies' competitive position is dependent on their continuing ability to attract and develop Talent whose work can achieve a high degree of client acceptance. The Wilhelmina Companies' financial results may be adversely affected if they are unable to identify, sign and retain such Talent under terms that are economically attractive to the Wilhelmina Companies. The Wilhelmina Companies' financial results may also be affected by the ability to sign and retain "supermodels" who are well known in the industry and by the public. The Wilhelmina Companies' business would be adversely affected by any of the following:

- inability to recruit new models;
- the loss of popularity of models among clients;
- increased competition to maintain existing relationships with models;
- non-renewals of current agreements with models; and
- poor performance or negative publicity of models.

Most of the Wilhelmina Companies' current model contracts have a term of two years. Upon expiration, models may not renew these contracts on reasonable terms, if at all. If models decide to re-locate to another agency when their agreements terminate, the Wilhelmina Companies may be unable to recoup their costs expended to develop and promote such models, or to find a quality replacement that is satisfactory to the Wilhelmina Companies' clients.

The Wilhelmina Companies have relied upon their ability to enforce contracts entered into by models and other Talent they represent. If the Wilhelmina Companies are unable to protect and enforce their contractual rights, the Wilhelmina Companies may suffer a loss of revenue.

The Wilhelmina Companies' success depends, to a large degree, on their current Talent under management and, in the future, scouting new Talent and entering into new contracts. To protect their contractual rights, the Wilhelmina Companies have traditionally vigorously defended their contractual rights vis-à-vis models and other Talent, as well

as other agencies and companies, for both financial reasons and to encourage ongoing strict adherence to contracts by all models and other Talent. Such strict enforcement through litigation and other legal means could result in substantial costs and diversion of resources and the potential loss of contractual rights, which could impair the Wilhelmina Companies' financial and business condition.

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The Wilhelmina Companies may undertake acquisitions to expand their business, which may pose risks to their business and dilute the ownership of existing stockholders.

As the Wilhelmina Companies pursue their business plans, they may pursue acquisitions of businesses, both domestic and international. Integrating newly acquired businesses or services is likely to be expensive and time consuming. To finance any acquisitions, it may be necessary for the Wilhelmina Companies to raise additional funds through public or private financings. Additional funds may not be available on favorable terms and, in the case of equity financings, would result in additional dilution to existing stockholders of New Century. If the Wilhelmina Companies do acquire any businesses and are unable to integrate any newly acquired entities effectively, their business and results of operations may suffer. The time and expense associated with finding suitable and compatible businesses or services could also disrupt the Wilhelmina Companies' ongoing business and divert management's attention. Future acquisitions by the Wilhelmina Companies could result in large and immediate write-offs or assumptions of debt and contingent liabilities, any of which could substantially harm their business and results of operations.

The Wilhelmina Companies might not be successful in positioning the "Wilhelmina" brand for future consumer product initiatives.

The Wilhelmina Companies have taken steps to position the "Wilhelmina" brand for several future consumer product initiatives, including fashion apparel (such as lingerie and sportswear), cosmetics and beauty, and health and lifestyle products. If consumer response to the "Wilhelmina" brand is not as favorable as management anticipates, or if the Wilhelmina Companies' reputation is adversely affected, these consumer product initiatives might not be successful and the Wilhelmina Companies would incur substantial expense that could have a material adverse effect on the Wilhelmina Companies' results of operations.

The Wilhelmina Companies may need additional debt or equity to sustain their growth, but they do not have commitments for such funds beyond financing commitments related to the Acquisition Proposal.

The Wilhelmina Companies finance their growth through a combination of borrowings, cash flow from operations, and equity financing. The Wilhelmina Companies' ability to continue growing at the pace they have historically grown will depend in part on their ability to obtain either additional debt or equity financing. The terms on which debt and equity financing is available to the Wilhelmina Companies varies from time to time and is influenced by their performance and by external factors, such as the economy generally and developments in the market, that are beyond their control. If the Wilhelmina Companies are unable to obtain additional debt or equity financing beyond financing commitments related to the Acquisition Proposal on acceptable terms, they may have to curtail their growth by delaying new initiatives.

If the Wilhelmina Companies are unable to adequately protect the "Wilhelmina" brand name, their business could suffer significant harm.

The Wilhelmina Companies have invested significant resources in the "Wilhelmina" brands in order to obtain the public recognition that these brands currently have. The Wilhelmina brand is essential to their success and competitive position. If the Wilhelmina Companies fail to protect their intellectual property rights adequately, they may lose an important advantage in the markets in which they compete. Third parties have in the past and may continue to misappropriate or infringe on their brand. If third parties misappropriate or infringe the Wilhelmina Companies' intellectual property, their image, brand and the goodwill associated therewith may be harmed, their brand may fail to achieve and maintain market recognition, and their competitive position may be harmed, any of which could have a material adverse effect on their business.





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The protection of the “Wilhelmina” brand name requires substantial resources.

The Wilhelmina Companies rely upon trademark laws, license agreements and nondisclosure agreements to protect the “Wilhelmina” brand name used in their business. The steps the Wilhelmina Companies have taken to protect and enforce their proprietary rights to their brand name may not be adequate. For instance, the Wilhelmina Companies may not be able to secure trademark or service mark registrations for marks in the U.S. or in foreign countries. Third parties may infringe upon or misappropriate their trademarks, service marks and similar proprietary rights, which could have an adverse effect on their business, financial condition and results of operations. If the Wilhelmina Companies believe a third-party has misappropriated their intellectual property, litigation may be necessary to enforce and protect those rights, which would divert management resources, would be expensive and may not effectively protect their intellectual property.

Third parties may claim that the Wilhelmina Companies are infringing their intellectual property, and the Wilhelmina Companies could suffer significant litigation or licensing expenses or be prevented from selling products or services as a result.

The Wilhelmina Companies are not aware of any claims of infringement or challenges to their right to use any of their trademarks in the U.S. Nevertheless, the Wilhelmina Companies could be subject to claims that they are misappropriating or infringing intellectual property or other proprietary rights of others. These claims, even if not meritorious, could be expensive to defend and divert management’s attention from their operations. If the Wilhelmina Companies become liable to third parties for infringing these rights, they could be required to pay a substantial damage award and cease selling the products or services that use or contain the infringing intellectual property. The Wilhelmina Companies may be unable to develop non-infringing products or services or obtain a license on commercially reasonable terms. The Wilhelmina Companies may also be required to indemnify their licensees and customers if they become subject to third-party claims relating to intellectual property that they license or otherwise provide to them, which could be costly.

Risks Relating to the Business and Securities of New Century

Our results of operations could be harmed as a result of certain issues relating to the settlement of the Davis litigation.

On August 11, 2004, Craig Davis, allegedly a stockholder of New Century, filed a lawsuit in the Chancery Court of New Castle County, Delaware. The lawsuit asserted direct claims, and also derivative claims on the Company’s behalf, against five former and three current directors of the Company. On April 13, 2006, we announced that we reached an agreement with all of the parties to the lawsuit to settle all claims relating thereto. On July 25, 2006, the settlement became final and non-appealable.

The settlement provides that, if the Company has not acquired a business that generates revenues by March 1, 2007, the plaintiff maintains the right to pursue a claim to liquidate the Company. If the Company’s previous investments (particularly its investment in ACP Investments L.P. (d/b/a Ascendant Capital Partners) (“Ascendant”)) are not held to meet the foregoing requirement to acquire a business, and the Acquisition is not consummated, the Company may be vulnerable to claims under the settlement. See “Proposal No. 1 – Approval of the Acquisition – Description of New Century – Derivative Lawsuit” beginning on page 58.

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The SEC or a court may take the position that the Company was previously in violation of the Investment Company Act of 1940.

Among the claims filed by Mr. Davis was a claim that the Company operated as an illegal investment company in violation of the Investment Company Act of 1940 (the “Investment Company Act”). Although we do not believe that we have violated the Investment Company Act in the past, or at present, there can be no assurance that we have not, or are not, in violation of, the Investment Company Act. In the event the SEC or a court were to take the position that we were an investment company, our failure to register as an investment company would not only raise the possibility of an enforcement or other legal action by the SEC and potential fines and penalties, but also could threaten the validity of corporate actions and contracts entered into by us during the period we were deemed to be an unregistered investment company, among other remedies. See “Proposal No. 1 – Approval of the Acquisition – Description of New Century – Legal Proceedings” beginning on page 60.

We may be unable to redeploy our assets successfully.

As part of our strategy to limit operating losses and enable us to redeploy our assets and use our cash and short-term investment assets to enhance stockholder value, we have been pursuing a strategy of identifying suitable acquisition candidates, merger partners or otherwise developing new business operations. Should the proposed acquisition of the Wilhelmina Companies fail, we may not be successful in acquiring such a business or in operating any business that we acquire, merge with or develop. Failure to redeploy our assets successfully will prevent us from becoming profitable. Future cash expenditures are expected to consist of funding corporate expenses, the cost associated with maintaining a public company and expenses incurred in pursuing and operating new business activities, during which time operating losses are likely to be generated.

Any acquisitions that we attempt or complete could prove difficult to integrate or require a substantial commitment of management time and other resources.

Our strategy of acquiring other businesses involves a number of unique risks including: (i) completing due diligence successfully, (ii) exposure to unforeseen liabilities of acquired companies and (iii) increased risk of costly and time-consuming litigation, including stockholder lawsuits. We may be unable to address these problems successfully. Moreover, our future operating results will depend to a significant degree on our ability to integrate acquisitions (if any) successfully and manage operations while also controlling our expenses. We may be unable to select, manage or absorb or integrate any future acquisitions successfully, particularly acquisitions of large companies. Any acquisition, even if effectively integrated, may not benefit our stockholders.

We may be unable to realize the benefits of our net operating losses (“NOLs”) and capital loss carryforwards.

NOLs and capital losses may be carried forward to offset federal and state taxable income and capital gains, respectively, in future years and eliminate income taxes otherwise payable on such taxable income and capital gains, subject to certain adjustments. Based on current federal corporate income tax rates, our NOLs and capital loss carryforwards, if fully utilized, could provide a benefit to us of future tax savings. However, our ability to use these tax benefits in future years will depend upon the amount of our otherwise taxable income and capital gains. If we do not have sufficient taxable income and capital gains in future years to use the tax benefits before they expire, we will lose the benefit of these NOLs and capital loss carryforwards, permanently. Consequently, our ability to use the tax benefits associated with our NOLs and capital loss carryforwards will depend largely on our success in identifying suitable merger partners and/or acquisition candidates, and once identified, consummating a merger with and/or acquisition of these candidates.



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Additionally, if we underwent an ownership change within the meaning of Sections 382 and 383 of the Code, the NOLs and capital loss carryforward limitations would impose an annual limit on the amount of the taxable income and capital gain that may be offset by our NOLs and capital loss generated prior to the ownership change. If an ownership change were to occur, we may be unable to use a significant portion of our NOLs and capital loss carryforwards to offset taxable income and capital gains. In general, an ownership change occurs when, as of any testing date, the aggregate of the increase in percentage points of the total amount of a corporation's stock owned by "5-percent shareholders" (within the meaning of Section 382 and 383 of the Code) whose percentage ownership of the stock has increased as of such date over the lowest percentage of the stock owned by each such "5-percent shareholder" at any time during the three-year period preceding such date, is more than 50 percentage points. In general, persons who own 5% or more of a corporation's stock are "5-percent shareholders," and all other persons who own less than 5% of a corporation's stock are treated, together as a single, public group "5-percent shareholder," regardless of whether they own an aggregate of 5% of a corporation's stock. We do not believe the current structure of the Acquisition Agreement will cause a change in ownership as defined above.

The amount of NOLs and capital loss carryforwards that we have claimed have not been audited or otherwise validated by the United States Internal Revenue Service (the "IRS"). The IRS could challenge our calculation of the amount of our NOLs and capital loss or our determinations as to when a prior change in ownership occurred and other provisions of the Internal Revenue Code may limit our ability to carry forward our NOLs and capital loss to offset taxable income and capital gains in future years. If the IRS were successful with respect to any such challenge, the potential tax benefit of the NOLs and capital loss carryforwards to us could be substantially reduced.

Any transfer restrictions implemented by us to preserve our NOLs may not be effective or may have some unintended negative effects.

The Board previously adopted an amendment to our former stockholder rights plan (the "Original Rights Plan") that reduced the triggering of the Original Rights Plan from 15% of the Common Stock to 5% of the Common Stock. On July 10, 2006, the Board replaced the Original Rights Plan with a new rights plan (the "Rights Plan") with the same lowered 5% threshold. This 5% threshold was adopted to help preserve our NOLs and capital loss carryforwards. The Rights Plan was subsequently amended on August 25, 2008 so that the Acquisition Agreement and any subsequent acquisition of shares of Common Stock pursuant to the Acquisition Agreement does not affect any rights under the Rights Plan. Nonetheless, there is no guarantee that the Rights Plan will prevent a stockholder from acquiring more than 5% of the Common Stock.

Any transfer restrictions will require any person attempting to acquire a significant interest in the Company to seek the approval of our Board. This may have an "anti-takeover" effect because our Board may be able to prevent any future takeover. Similarly, any limits on the amount of capital stock that a stockholder may own could have the effect of making it more difficult for stockholders to replace current management. Additionally, because transfer restrictions will have the effect of restricting a stockholder's ability to dispose of or acquire our Common Stock, the liquidity and market value of our Common Stock might suffer.

Our success is dependent on our key personnel whom we may not be able to retain, and we may not be able to hire enough additional qualified personnel to meet our growing needs.

Our performance is substantially dependent on the services and on the performance of our officers and directors. Our performance also depends on our ability to attract, hire, retain, and motivate our officers and key employees. The loss of the services of any of the executive officers or other key employees could have a material adverse effect on our business, prospects, financial condition, and results of operations. We have not entered into employment agreements with any of our key personnel and currently have no "Key Man" life insurance policies. Our future success may also depend on our ability to identify, attract, hire, train, retain, and motivate other highly skilled technical, managerial,

marketing and customer service personnel. Competition for such personnel is intense, and there can be no assurance that we will be able to successfully attract, assimilate or retain sufficiently qualified personnel. The failure to attract and retain the necessary technical, managerial, marketing and customer service personnel could have a material adverse effect on our business.

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The assets on our balance sheet include a revenue interest in Ascendant, and any impairment of the revenue interest could adversely affect our results of operations and financial position.

As of September 30, 2008, our total assets were approximately \$13,706,000 of which approximately \$803,000 were intangible assets relating to the revenue interest in Ascendant. We cannot be certain that we will ever realize the value of such intangible assets. If we were to record an impairment charge for the intangible asset, our results of operations could be adversely affected.

The application of the purchase method of accounting will result in additional goodwill on our balance sheet, which could become impaired and adversely affect our net worth and the market value of our Common Stock.

Under the purchase method of accounting, the Wilhelmina Companies' assets and liabilities will be recorded, as of completion of the Acquisition, at their respective fair values. The purchase price will be allocated to the Wilhelmina Companies' tangible assets and liabilities and identifiable intangible assets, if any are identified, based on their fair values as of the date of completion of the Acquisition. The excess of such price over those fair values will be recorded as goodwill. Goodwill and other acquired intangibles expected to contribute indefinitely to New Century's cash flows are not amortized, but must be evaluated by management at least annually for impairment. To the extent the value of goodwill or intangibles becomes impaired, New Century may be required to incur material charges relating to such impairment. Such a potential impairment charge could have a material impact on the combined company's operating results.

Our securities are quoted on the OTC Bulletin Board, which may limit the liquidity and price of our securities more than if our securities were quoted or listed on The NASDAQ Stock Market or a national exchange.

Our Common Stock is currently quoted on the OTC Bulletin Board ("OTCBB"), and has traded as low as \$0.18 per share during 2007 and \$[●] per share during 2008. Since our Common Stock was delisted from a national exchange and is trading at a price below \$5.00 per share, it is subject to certain other rules of the Securities Exchange Act of 1934, as amended. Such rules require additional disclosure by broker-dealers in connection with any trades involving a stock defined as a "penny stock". "Penny stock" is defined as any non-NASDAQ equity security that has a market price of less than \$5.00 per share, subject to certain exceptions. Such rules require the delivery of a disclosure schedule explaining the penny stock market and the risks associated with that market before entering into any penny stock transaction. Disclosure is also required to be made about compensation payable to both the broker-dealer and the registered representative and current quotations for the securities. The rules also impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors. For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and must receive the purchaser's written consent to the transaction prior to the sale. Finally, monthly statements are required to be sent disclosing recent price information for the penny stocks. The additional burdens imposed upon broker-dealers by such requirements could discourage broker-dealers from effecting transactions in our Common Stock. This could severely limit the market liquidity of our Common Stock and the ability of a stockholder to sell the Common Stock.

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We do not foresee paying cash dividends in the foreseeable future and, as a result, our investors' sole source of gain, if any, will depend on capital appreciation, if any.

We do not plan to declare or pay any cash dividends on our shares of Common Stock in the foreseeable future and currently intend to retain any future earnings for funding growth. As a result, investors should not rely on an investment in our securities if they require the investment to produce dividend income. Capital appreciation, if any, of our Common Stock may be investors' sole source of gain for the foreseeable future. Moreover, investors may not be able to resell their shares of Common Stock at or above the price they paid for them.



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FORWARD-LOOKING STATEMENTS

We believe that some of the information in this proxy statement constitutes forward-looking statements within the definition of the Private Securities Litigation Reform Act of 1995. However, the safe-harbor provisions of that act do not apply to statements made in this proxy statement. You can identify these statements by forward-looking words such as “may,” “expect,” “anticipate,” “contemplate,” “believe,” “estimate,” “intends,” and “continue” or similar words. You should read statements that contain these words carefully because they:

- discuss future expectations;
- contain projections of future results of operations or financial condition; or
- state other “forward-looking” information.

We believe it is important to communicate our expectations to our stockholders. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risk factors and cautionary language used in this proxy statement provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by us or the Wilhelmina Companies in their forward-looking statements.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this proxy statement.

All forward-looking statements included herein attributable to any of New Century, the Wilhelmina Companies or any person acting on either party’s behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, New Century and the Wilhelmina Companies undertake no obligations to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events.

Before you grant your proxy or instruct how your vote should be cast or vote on the approval of the Acquisition Agreement or any of the other proposals, you should be aware that the occurrence of the events described in the “Risk Factors” section beginning on page 28 and elsewhere in this proxy statement could have a material adverse effect on New Century and/or the Wilhelmina Companies.

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ANNUAL MEETING OF NEW CENTURY STOCKHOLDERS

The Company is furnishing this proxy statement to you as part of the solicitation of proxies by the Board for use at the Annual Meeting, to be held on [●], 2009, and at any adjournment or postponement thereof. This proxy statement is first being furnished to the Company's stockholders on or about [●], 2008. This proxy statement provides you with information you need to know to be able to vote or instruct your vote to be cast at the Annual Meeting.

Date, Time and Place

The Annual Meeting will be held on [●], 2009, at [●] local time, at the Company's offices located at 200 Crescent Court, Suite 1400, Dallas, Texas 75201, or at any adjournment or postponement thereof.

Purpose

At the Annual Meeting, stockholders will be asked to vote on the following matters:

- the Acquisition Proposal – a proposal to approve our acquisition of Wilhelmina International and its affiliated entities;
- the Name Change Proposal – a proposal to approve and adopt an amendment to our Certificate of Incorporation to change our name from “New Century Equity Holdings Corp.” to “Wilhelmina International, Inc.”;
- the Capitalization Proposal – a proposal to approve and adopt an amendment to our Certificate of Incorporation to increase the number of authorized shares of our Common Stock from 75,000,000 to 250,000,000;
- the Reverse Stock Split Proposal – a proposal to grant authority to our Board of Directors to effect at any time prior to December 31, 2009 a reverse stock split of our Common Stock at a ratio within the range from one-for-ten to one-for-thirty, with the exact ratio to be set at a whole number within this range to be determined by our Board in its discretion;
  - the Declassification Proposal – a proposal to approve and adopt an amendment to our Certificate of Incorporation and Bylaws to provide for the annual election of directors;
  - the Director Proposal – to elect the following number of directors to our Board of Directors:
    - o seven directors in the event that both the Acquisition Proposal and the Declassification Proposal are approved;
    - o three directors in the event that the Acquisition Proposal is not approved and the Declassification Proposal is approved;
    - o five directors in the event that the Acquisition Proposal is approved and the Declassification Proposal is not approved; or
    - o one director in the event that neither the Acquisition Proposal nor the Declassification Proposal is approved;
- the Auditor Proposal – a proposal to ratify the appointment of Burton McCumber & Cortez, L.L.P. as our independent registered public accounting firm for the fiscal year ending December 31, 2008; and



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- the Adjournment Proposal – a proposal to adjourn the Annual Meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies if, based upon the tabulated vote at the time of the Annual Meeting, any of the foregoing proposals have not been approved.

### Recommendation of the Board

After careful consideration, a majority of the Board has determined that each of the Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal, the Declassification Proposal, the Director Proposal, the Auditor Proposal and the Adjournment Proposal is fair to and in the best interests of the Company and its stockholders. Steven J. Pully was the sole director to vote against all of the foregoing proposals.

A majority of our Board recommends that you vote or give instruction to vote as follows:

- “FOR” the approval of the Acquisition Proposal;
- “FOR” the approval of the Name Change Proposal;
- “FOR” the approval of the Capitalization Proposal;
- “FOR” the approval of the Reverse Stock Split Proposal;
- “FOR” the approval of the Declassification Proposal;
- “FOR” the election of each of the director nominees as set forth in the Director Proposal;
  - “FOR” the approval of the Auditor Proposal; and
  - “FOR” the approval of the Adjournment Proposal.

### Record Date and Voting Securities

The Board has fixed the close of business on December 16, 2008 as the Record Date for the determination of stockholders entitled to notice of and to attend and vote at the Annual Meeting and any adjournment or postponement thereof. On the Record Date, there were [●] shares of Common Stock outstanding and entitled to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote per share on each proposal on which such shares are entitled to vote at the Annual Meeting.

### Quorum and Voting Requirements

A quorum will be present if at least a majority of the outstanding shares of our Common Stock entitled to vote is represented at the Annual Meeting, either in person or by proxy, totaling [●] shares. Your shares will be counted as present at the Annual Meeting if you are present and vote in person at the Annual Meeting or if you have properly submitted a proxy card. Both abstentions (and withhold votes in the case of the Director Proposal) and broker non-votes (described in more detail below) are counted for the purpose of determining the presence of a quorum.

### Abstentions and Broker Non-Votes

For all items of business other than the election of directors, you may vote “FOR,” “AGAINST” or “ABSTAIN.” Abstentions will have the same effect as a vote “AGAINST” each of the Acquisition Proposal, the Name

Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal and the Declassification Proposal, but will have no effect on the Auditor Proposal and the Adjournment Proposal.

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Your broker, bank or nominee cannot vote your shares on any proposal unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank or nominee. If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute “broker non-votes.” Broker non-votes will have the same effect as a vote “AGAINST” each of the Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal and the Declassification Proposal. Broker non-votes will have no effect on the Director Proposal, the Auditor Proposal and the Adjournment Proposal.

### Vote Required

Both the Acquisition Proposal and the Declassification Proposal must be approved by the holders of not less than 66-2/3% of the outstanding shares of our Common Stock entitled to vote thereon. Each of the Name Change Proposal, the Capitalization Proposal and the Reverse Stock Split Proposal must be approved by the holders of a majority of the outstanding shares of our Common Stock entitled to vote thereon. The Auditor Proposal and the Adjournment Proposal must be approved by a majority of the votes cast thereon and represented at the Annual Meeting. With respect to the Director Proposal, those director nominees who receive a plurality of votes cast, meaning that the individuals who receive the largest number of votes cast “FOR”, will be elected as directors.

Newcastle, which currently owns 19,380,768 shares or approximately 36% of our outstanding Common Stock, has, pursuant to the Mutual Support Agreement more fully described beginning on page 104, agreed to vote in favor of the Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal and the Declassification Proposal.

Approval of the Name Change Proposal, the Capitalization Proposal and the Reverse Stock Split Proposal are conditioned upon the approval of the Acquisition Proposal.

### Voting Your Shares

Holders of Common Stock as of the Record Date will be entitled to one vote per share and may vote using any of the following methods:

Proxy card or voting instruction card. Be sure to complete, sign and date the card and return it in the prepaid envelope. If you are a stockholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote “FOR” the approval of each of Acquisition Proposal, the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal, the Declassification Proposal, the Auditor Proposal and the Adjournment Proposal, “FOR” the election of each of the director nominees as set forth in the Director Proposal and in the discretion of the proxy holders on any additional matters properly presented for a vote at the Annual Meeting.

In person at the Annual Meeting. All stockholders may vote in person at the Annual Meeting. You may also be represented by another person at the Annual Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or nominee and present it to the inspectors of election with your ballot when you vote at the Annual Meeting.

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### Revoking Your Proxy

If you are a stockholder of record, you may revoke your proxy at any time before it is voted at the Annual Meeting by:

- sending written notice of revocation to the Company's Secretary;
- submitting a new, properly executed proxy after the date of the revoked proxy; or
- attending the Annual Meeting and voting in person.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your broker, bank or nominee. You may also vote in person at the Annual Meeting if you obtain a legal proxy from your broker, bank or nominee and present it to the inspectors of election with your ballot when you vote at the Annual Meeting. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

### Attendance at the Annual Meeting

You are entitled to attend the Annual Meeting only if you were a Company stockholder or joint holder as of the close of business on the Record Date, or you hold a valid proxy for the Annual Meeting. You should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, your name will be verified against the list of stockholders of record on the Record Date prior to your being admitted to the Annual Meeting. If you are not a stockholder of record but hold shares through a broker, trustee or nominee (i.e., in street name), and you plan to attend the Annual Meeting, please send written notification to New Century Equity Holdings Corp., 200 Crescent Court, Suite 1400, Dallas, Texas 75201, Attn: Corporate Secretary, and enclose evidence of your ownership (such as your most recent account statement prior to the Record Date, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership). If you do not provide photo identification or comply with the other procedures outlined above, you will not be admitted to the Annual Meeting.

The Annual Meeting will begin promptly on [●], 2009, at [●] local time. You should allow adequate time for the check-in procedures.

Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting. Shares held beneficially in street name may be voted in person at the Annual Meeting only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy card or voting instruction card as described herein so that your vote will be counted if you later decide not to attend the Annual Meeting.

### Additional Information

If you would like to request an additional free copy of all of the proxy materials, the Company's 2007 Annual Report on Form 10-K, as amended, or other financial information, or if you have any questions about the abovementioned proposals, the Annual Meeting or how to vote or revoke your proxy, you should contact us at:

New Century Equity Holdings Corp.  
200 Crescent Court, Suite 1400  
Dallas, Texas 75201  
Attention: Corporate Secretary





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Other Items of Business

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

Appraisal Rights

The Company's stockholders will not have appraisal rights in connection with the Acquisition Proposal or any of the other proposals under the DGCL.

Proxies and Proxy Solicitation Costs

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

The Company has hired MacKenzie Partners, Inc. to assist in the proxy solicitation process. The Company will pay MacKenzie Partners, Inc. a fee not to exceed \$[●], together with reimbursement for its reasonable out-of-pocket expenses, for such service.

The Company will bear the entire cost of this proxy solicitation.

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the number of shares of our Common Stock beneficially owned as of [●], 2008 and anticipated to be beneficially owned after the consummation of the Acquisition by:

- (i) each person who is known by us to beneficially own 5% or more of our Common Stock;
- (ii) each person who is anticipated to own 5% or more of our Common Stock as a result of the Acquisition;
- (iii) each of our directors and our director nominees;
- (iv) each of our Named Executive Officers; and
- (v) all of our directors and executive officers as a group.

As of [●], 2008, 53,883,872 shares of the Common Stock were outstanding. Unless otherwise indicated, the Common Stock beneficially owned by a holder includes shares owned by a spouse, minor children and relatives sharing the same home, as well as entities owned or controlled by the named person, and also includes options to purchase shares of our Common Stock exercisable within 60 days of [●], 2008. Except as otherwise set forth below, the address of each of the persons or entities listed in the table is c/o New Century Equity Holdings Corp., 200 Crescent Court, Suite 1400, Dallas, Texas 75201.

Name of Beneficial Owner	Common Stock Beneficially Owned Before the Acquisition		Common Stock Beneficially Owned After the Acquisition	
	Shares	Approximate Percentage of Outstanding(1)	Shares	Approximate Percentage of Outstanding(2)
<b>5% or Greater Stockholders</b>				
Newcastle Partners, L.P.	19,380,768(3)	36.0%	31,526,516	24.5%
Brad Krassner and Krassner Family Investments Limited Partnership	0	0%	30,364,372(4)	23.6%
1521 Alton Road Suite 824 Miami Beach, FL 33139				

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Name of Beneficial Owner	Common Stock Beneficially Owned Before the Acquisition		Common Stock Beneficially Owned After the Acquisition	
	Shares	Approximate Percentage of Outstanding(1)	Shares	Approximate Percentage of Outstanding(2)
Dieter Esch and Lorex Investments AG	0	0%	30,364,372(5)	23.6%
Treuhand und Revisionsgesellschaft Mattig-Suter und Partner Bahnhofstrasse 28 Postfach 556 CH-6431 Schwyz Switzerland				
Directors, Director Nominees and Named Executive Officers				
Mark E. Schwarz	19,480,768(6)	36.1%	31,626,516	24.6%
John Murray	50,000(7)	*	50,000	*
James Risher	90,000(8)	*	90,000	*
Jonathan Bren	0	0%	0	0%
Steven J. Pully	0	0%	0	0%
Evan Stone(9)	0	0%	0	0%
Dr. Hans-Joachim Bohlk	50,000	*	50,000	*
Derek Fromm	0	0%	(10)	(10)
All directors and executive officers as a group (five persons)	19,620,768	36.3%	31,766,516	24.7%

\* Less than 1%

(1) Based on 53,883,872 shares of Common Stock outstanding as of [•], 2008. With the exception of shares that may be acquired by employees pursuant to the Company's 401(k) retirement plan, a person is deemed to be the beneficial owner of Common Stock that can be acquired within 60 days after [•], 2008 upon exercise of options. Each beneficial owner's percentage ownership of Common Stock is determined by assuming that options that are held by such person, but not those held by any other person, and that are exercisable within 60 days of the Record Date have been exercised.

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(2) Solely for illustrative purposes, these columns are designed to set forth information regarding the beneficial ownership of the Common Stock of each person who is anticipated to own greater than 5% of the outstanding Common Stock and each person who will be an executive officer or director of the Company following the approval of the Acquisition Proposal and Closing of the Acquisition Agreement, based on the following assumptions:

- the current ownership of the entities and individuals identified above remains unchanged;
- the capital structure of the Company remains as prior to the Acquisition such that only the pre-Acquisition number of shares remains 53,883,872 shares of Common Stock; and
- immediately following the consummation of the Acquisition, there will be 128,580,227 shares of Common Stock outstanding.

The columns reflecting the beneficial ownership after consummation of the Acquisition and the issuance of (i) 60,728,744 shares of Common Stock, including shares to be held in escrow, to the Control Sellers, (ii) 12,145,748 shares of Common Stock to Newcastle pursuant to the Equity Financing Agreement and (iii) 1,821,862 shares of Common Stock to Sean Patterson.

- (3) Represents securities held by Newcastle, as disclosed in a Schedule 13D/A filed by Newcastle with the SEC on August 27, 2008, including 19,230,768 shares of Common Stock issued by the Company upon the conversion of 4,807,692 shares of Series A Convertible Preferred Stock on July 3, 2006. Newcastle Capital Management, L.P. (“NCM”), as the general partner of Newcastle, may be deemed to beneficially own the securities beneficially owned by Newcastle. Newcastle Capital Group, L.L.C. (“NCG”), as the general partner of NCM, which in turn is the general partner of Newcastle, may be deemed to beneficially own the securities beneficially owned by Newcastle. Mark E. Schwarz, as the managing member of NCG, the general partner of NCM, which in turn is the general partner of Newcastle, may also be deemed to beneficially own the securities beneficially owned by Newcastle. Each of NCM, NCG and Mr. Schwarz disclaims beneficial ownership of the securities beneficially owned by Newcastle except to the extent of their pecuniary interest therein.
- (4) Shares of Common Stock to be issued to Krassner L.P. in connection with the Acquisition (including shares that are and/or may be transferable to Derek Fromm at or immediately after the Closing of the Acquisition Agreement, as discussed in footnote 10 to this table). Brad Krassner is the president of the general partner of Krassner L.P. By virtue of his position with Krassner L.P., Mr. Krassner will have the power to vote and dispose of the shares of the Common Stock to be owned by Krassner L.P.
- (5) Shares of Common Stock to be issued to Lorex (including shares that may be transferable to Derek Fromm at or immediately after the Closing of the Acquisition Agreement, as discussed in footnote 10 to this table). Dieter Esch is the sole shareholder of Lorex. By virtue of his position with Lorex, Mr. Esch will have the power to vote and dispose of the shares of the Common Stock to be owned by Lorex.
- (6) Consists of 100,000 shares of Common Stock issuable upon the exercise of options held by Mr. Schwarz individually and 19,380,768 shares of Common Stock beneficially owned by Newcastle and of which Mr. Schwarz may also be deemed to beneficially own by virtue of his power to vote and dispose of such shares. Mr. Schwarz disclaims beneficial ownership of the 19,380,768 shares of Common Stock beneficially owned by Newcastle except to the extent of his pecuniary interest therein.
- (7) Consists of shares of Common Stock issuable upon the exercise of options. Mr. Murray is the Chief Financial Officer of NCM. Mr. Murray disclaims beneficial ownership of the 19,380,768 shares of Common Stock beneficially owned by Newcastle.

(8) Consists of shares of Common Stock issuable upon the exercise of options.

(9) Mr. Stone is the Vice President and General Counsel of NCM. Mr. Stone disclaims beneficial ownership of the 19,380,768 shares of Common Stock beneficially owned by Newcastle.

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(10) In connection with the transactions more fully discussed in “Proposal No. 6 – Election of Director Nominees – Transactions with Related Persons” beginning on page 137, Krassner L.P. will transfer to Mr. Fromm 404,858 shares of Common Stock and both Krassner L.P. and Lorex may transfer to Mr. Fromm up to an additional 1,776,316 shares of Common Stock at or immediately after the Closing of the Acquisition Agreement.

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DESCRIPTION OF SECURITIES

General

The Certificate of Incorporation provides that the Company is authorized to issue up to 85,000,000 shares of all classes of the Company's stock, including 75,000,000 shares of Common Stock, par value \$0.01 per share, and 10,000,000 shares of preferred stock, par value \$0.01 per share, of which 1,000,000 are designated shares of Series A Junior Participating Preferred Stock (the "Series A Stock"). As of the Record Date, [•] shares of Common Stock were issued and outstanding and no shares of Series A Stock were issued and outstanding.

The following description of our securities is intended as a summary only and is qualified in its entirety by reference to our Certificate of Incorporation, Certificate of Designation of our Series A Stock and the applicable provisions of the DGCL.

Common Stock

Holders of Common Stock are entitled to one vote for each share held of record on all matters to be voted on by stockholders.

Currently, our Board is divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. Our Certificate of Incorporation does not provide for cumulative voting.

Holders of Common Stock are entitled to receive ratably such dividends, if any, as may be declared by the Board out of legally available funds. However, the Company may not pay dividends on its Common Stock unless all declared and unpaid dividends of the Company's preferred stock have been paid, and the current policy of the Board is to retain earnings, if any, for the operation and expansion of the Company. Upon liquidation, dissolution or winding-up of the Company, holders of Common Stock are entitled to share ratably in all assets of the Company that are legally available for distribution, after payment of or provision for all liabilities and the liquidation preference of any outstanding preferred stock. Holders of Common Stock have no preemptive, subscription, redemption or conversion rights and there are no sinking fund provisions applicable to the Common Stock.

Preferred Stock

The Certificate of Incorporation provides that the Company is authorized to issue up to 10,000,000 shares of blank check preferred stock with such designations, rights and preferences as may be determined from time to time by the Board. Accordingly, the Board is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of Common Stock.

The Company may issue some or all of the preferred stock to effect a business combination. In addition, the preferred stock could be utilized as a method of discouraging, delaying or preventing a change in control of the Company. There are no shares of preferred stock outstanding and the Company does not currently intend to issue any preferred stock.

One thousand shares of the Company's preferred stock are designated shares of Series A Stock. Currently, there are no shares of Series A Stock issued and outstanding. Shares of Series A Stock may be issued in accordance with the Rights Plan.





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Rights to Purchase Series A Junior Participating Preferred Stock

On July 10, 2006, the Company entered into the Rights Plan that replaced the Original Rights Plan dated July 10, 1996 that expired according to its terms on July 10, 2006. The Rights Plan provides for a dividend distribution of one preferred share purchase right (each a “Right”) for each outstanding share of Common Stock. The dividend was payable on July 10, 2006 to the Company’s stockholders of record at the close of business on that date. The terms of the Rights and the Rights Plan are set forth in a Rights Agreement, dated as of July 10, 2006, by and between the Company and The Bank of New York Trust Company, N.A., now known as The Bank of New York Mellon Trust Company, N.A., as Rights Agent (the “Rights Agreement”), as amended. The Board adopted the Rights Plan to protect stockholder value by protecting the Company’s ability to realize the benefits of its net operating loss carryforwards (“NOLs”) and capital loss carryforwards.

In general terms, the Rights Plan imposes a significant penalty upon any person or group that acquires 5% or more of the outstanding Common Stock without the prior approval of the Board. Stockholders that own 5% or more of the outstanding Common Stock as of the close of business on July 10, 2006 may acquire up to an additional 1% of the outstanding Common Stock without penalty so long as they maintain their ownership above the 5% level (such increase subject to downward adjustment by the Board if it determines that such increase will endanger the availability of the Company’s NOLs and/or its capital loss carryforwards). In addition, the Board has exempted Newcastle, the Company’s largest stockholder, as well as others in connection with the Acquisition (as discussed below), and may exempt any person or group that owns 5% or more if the Board determines that the person or group’s ownership will not endanger the availability of the Company’s NOLs and/or its capital loss carryforwards. A person or group that acquires a percentage of the Common Stock in excess of the applicable threshold is called an “Acquiring Person.” Any Rights held by an Acquiring Person are void and may not be exercised.

On August 25, 2008, in connection with the Acquisition, the Company entered into an amendment (the “Rights Agreement Amendment”) to the Rights Agreement. The Rights Agreement Amendment, among other things, (i) provides that the execution of the Acquisition Agreement, the acquisition of shares of Common Stock pursuant to the Acquisition Agreement, the consummation of the other transactions contemplated by the Acquisition Agreement and the issuance of stock options to the Sellers or the exercise thereof, will not be deemed to be events that cause the Rights to become exercisable, (ii) amends the definition of Acquiring Person to provide that the Sellers and their existing or future Affiliates and Associates (each as defined in the Rights Agreement) will not be deemed to be an Acquiring Person solely by virtue of the execution of the Acquisition Agreement, the acquisition of Common Stock pursuant to the Acquisition Agreement, the consummation of the other transactions contemplated by the Acquisition Agreement or the issuance of stock options to the Sellers or the exercise thereof and (iii) amends the Rights Agreement to provide that a Distribution Date (as defined below) shall not be deemed to have occurred solely by virtue of the execution of the Acquisition Agreement, the acquisition of Common Stock pursuant to the Acquisition Agreement, the consummation of the other transactions contemplated by the Acquisition Agreement or the issuance of stock options to the Sellers or the exercise thereof. The Rights Agreement Amendment also provides for certain other conforming amendments to the terms and provisions of the Rights Agreement.

The Board authorized the issuance of one Right per share of Common Stock outstanding on July 10, 2006. If the Rights become exercisable, each Right would allow its holder to purchase from the Company one one-hundredth of a share of Series A Stock for a purchase price of \$10.00. Each fractional share of Series A Stock would give the stockholder approximately the same dividend, voting and liquidation rights as does one share of Common Stock. Prior to exercise, however, a Right does not give its holder any dividend, voting or liquidation rights.

The Rights will not be exercisable until the earlier of: (i) 10 days after a public announcement by the Company that a person or group has become an Acquiring Person; and (ii) 10 business days (or a later date determined by the Board) after a person or group begins a tender or exchange offer that, if completed, would result in that person or group

becoming an Acquiring Person.

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The date that the Rights become exercisable is known as the “Distribution Date.” Until the Distribution Date, the Common Stock certificates will also evidence the Rights and will contain a notation to that effect. Any transfer of shares of Common Stock prior to the Distribution Date will constitute a transfer of the associated Rights. After the Distribution Date, the Rights will separate from the Common Stock and be evidenced by Rights certificates, which the Company will mail to all holders of Rights that have not become void.

**Flip-in Event.** After the Distribution Date, all holders of Rights, except the Acquiring Person, may exercise their Rights upon payment of the purchase price to purchase shares of Common Stock (or other securities or assets as determined by the Board) with a market value of two times the purchase price (a “Flip-In Event”).

**Flip-over Event.** After the Distribution Date, if a Flip-In Event has already occurred and the Company is acquired in a merger or similar transaction, all holders of Rights except the Acquiring Person may exercise their Rights upon payment of the purchase price, to purchase shares of the acquiring corporation with a market value of two times the purchase price of the Rights (a “Flip-Over Event”).

The Rights will expire on July 10, 2016 unless earlier redeemed or exchanged.

The Board may redeem all (but not less than all) of the Rights for a redemption price of \$0.01 per Right at any time before the later of the Distribution Date and the date of the first public announcement or disclosure by the Company that a person or group has become an Acquiring Person. Once the Rights are redeemed, the right to exercise Rights will terminate, and the only right of the holders of Rights will be to receive the redemption price. The redemption price will be adjusted if the Company declares a stock split or issues a stock dividend on its Common Stock.

After the later of the Distribution Date and the date of the first public announcement by the Company that a person or group has become an Acquiring Person, but before an Acquiring Person owns 50% or more of the Common Stock, the Board may exchange each Right (other than Rights that have become void) for one share of Common Stock or an equivalent security.

The Board may adjust the purchase price of the Series A Stock, the number of shares of Series A Stock issuable and the number of outstanding Rights to prevent dilution that may occur as a result of certain events, including among others, a stock dividend, a stock split or a reclassification of the Series A Stock or Common Stock. No adjustments to the purchase price of less than 1% will be made.

Before the time the Rights cease to be redeemable, the Board may amend or supplement the Rights Plan without the consent of the holders of the Rights, except that no amendment may decrease the redemption price below \$0.01 per Right. At any time thereafter, the Board may amend or supplement the Rights Plan only to cure an ambiguity, to alter time period provisions, to correct inconsistent provisions or to make any additional changes to the Rights Plan, but only to the extent that those changes do not impair or adversely affect any Rights holder and do not result in the Rights again becoming redeemable.

**Transfer Agent**

The transfer agent for the Common Stock is Securities Transfer Corporation, 2591 Dallas Parkway, Suite 102, Frisco, Texas 75034, phone (469) 633-0101.

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Certain Anti-Takeover Provisions of the Certificate of Incorporation and Bylaws

The Certificate of Incorporation and Bylaws include a number of provisions that may have the effect of delaying, deferring or discouraging another party from acquiring control of the Company and encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with the Board rather than pursue non-negotiated takeover attempts. These provisions include the items described below.

- **Classified Board.** The Certificate of Incorporation and Bylaws provide that the Company's directors, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, are classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, serving staggered three-year terms. If the Declassification Proposal is approved by the stockholders at the Annual Meeting, the Certificate of Incorporation and Bylaws will be amended to provide for the annual election of all directors of the Company.
- **Removal of Directors and Filling Vacancies.** The Certificate of Incorporation and Bylaws provide that, subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, directors may be removed from office by stockholders with or without cause, upon the affirmative vote of at least 66-2/3% of all then outstanding shares of the Company's voting stock, voting together as a single class. The Certificate of Incorporation and Bylaws also provide that any vacancy on the Board, however occurring, including a vacancy resulting from a removal for cause or from an increase in the size of the Board, shall be filled by a majority of our directors then in office, even if less than a quorum.
- **Limitation on Stockholder Action by Written Consent.** The Certificate of Incorporation and Bylaws provide that except with respect to changing the name of the Company, stockholders may only take actions at a duly called and held stockholder meeting.
- **Approval of Certain Transactions.** The Certificate of Incorporation provides that any proposal of the Company to reorganize, merge, or consolidate with any other corporation, or sell, lease, or exchange all of its assets or business requires the affirmative vote of at least 66-2/3% of all then outstanding shares entitled to vote.
- **Heightened Vote Requirement for Amending or Repealing Certain Provisions of the Certificate of Incorporation and Bylaws.** The Certificate of Incorporation and Bylaws provide that altering, amending, or adopting any provisions inconsistent with or repealing specified provisions, including those relating to (i) the structure of the Board, (ii) the threshold for stockholder approval of a reorganization, merger or consolidation of the Company, or the sale, lease or exchange of substantially all of its assets or business and (iii) the limitation on stockholder action outside of a duly called stockholder meeting, requires the affirmative vote of at least 66-2/3% of all then outstanding shares of the Company's voting stock, voting together as a single class.
- **Undesignated Preferred Stock.** The Certificate of Incorporation provides for 10,000,000 authorized shares of blank check preferred stock, 1,000,000 of which are designated as Series A Stock, and all of which are currently available for issuance. The existence of authorized but unissued shares of preferred stock, including certain unissued shares of blank check preferred stock, may enable the Board to render more difficult or to discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise.

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- Advance Notice Requirements. The Bylaws establish advance notice procedures with regard to the submission by stockholders of director nominations and other business proposals to be brought before meetings of stockholders. These procedures provide that notice of stockholder nominations and other business proposals must be timely given in writing to the Company's Secretary prior to the meeting at which the action is to be taken. The notice must contain information specified in the Bylaws.

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PROPOSAL NO. 1

APPROVAL OF THE ACQUISITION

The discussion in this proxy statement of the Acquisition Proposal and the principal terms of the Acquisition Agreement and the associated ancillary agreements are subject to and qualified in their entirety by reference to the Acquisition Agreement, which is attached as Annex A to this proxy statement and is incorporated herein by reference.

General Description of the Acquisition

On August 20, 2008, a majority of the Board approved and deemed advisable that the Company enter into the Acquisition Agreement, pursuant to which Wilhelmina Acquisition will merge with and into Wilhelmina International in a stock-for-stock transaction, as a result of which Wilhelmina International will become a wholly owned subsidiary of the Company, and the Company will purchase the outstanding equity interests of the remaining Wilhelmina Companies for cash and possible earnout amounts.

Parties to the Acquisition Agreement

The parties to the Acquisition Agreement are New Century, Wilhelmina Acquisition (a wholly owned subsidiary of New Century); Esch, Lorex, Krassner, Krassner L.P. (collectively referred to herein as the "Control Sellers"); Wilhelmina International, Wilhelmina Miami, WAM, Wilhelmina Licensing, Wilhelmina TV (collectively referred to herein as the "Wilhelmina Companies"); Patterson, and the stockholders of Wilhelmina Miami (the stockholders of Wilhelmina Miami, together with the Control Sellers and Patterson, collectively referred to herein as the "Sellers"). The Control Sellers own all of the equity interests in Wilhelmina International, Wilhelmina Licensing and WAM, and a majority of the equity interests in Wilhelmina TV and Wilhelmina Miami. Patterson owns a minority equity interest in Wilhelmina TV.

The mailing address and telephone number of the principal executive offices of New Century and Wilhelmina Acquisition are 200 Crescent Court, Suite 1400, Dallas, Texas 75201 and (214) 661-7488. The mailing address and telephone number of the principal executive offices of the Wilhelmina Companies and the Sellers are 300 Park Avenue South, New York, New York 10010 and (212) 473-0700.

Acquisition Consideration

At the Closing of the Acquisition Agreement, the Company will issue \$15,000,000 of Common Stock of New Century, valued at book value as of July 31, 2008 (which the parties agreed is \$0.247 per share of Common Stock, subject to adjustment) in connection with the merger of Wilhelmina Acquisition with and into Wilhelmina International. The Company will pay an aggregate of \$9,000,000 in cash to acquire the outstanding equity interests of the Wilhelmina Companies and will repay \$6,000,000 in cash to repay the outstanding balance of a note of Wilhelmina International held by a Control Seller. The purchase price is subject to certain post-closing adjustments, which will be affected against a total of \$4,600,000 of Common Stock that will be held in escrow pursuant to the Acquisition Agreement. The aggregate stock, cash and debt repayment of \$30,000,000 to be paid at Closing, less \$4,500,000 of Common Stock to be held in escrow in respect of the "core business" purchase price adjustment, provides for a floor purchase price of \$25,500,000 (which amount may be further reduced in connection with certain indemnification matters). The shares of Common Stock held in escrow may be repurchased by the Company for a nominal amount, subject to certain earnouts and offsets. The issuance of the \$15,000,000 of Common Stock in connection with the Acquisition will be made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act").



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The aggregate amount of stock and cash payable in the transaction, and the timing thereof, was determined through extensive negotiation between New Century and the principal owners of the Wilhelmina Companies. Through such negotiations, the parties determined that the principal purchase price payable in the transaction (in respect of equity in the Wilhelmina Companies and debt repayment to a Control Seller) would be the average of the Wilhelmina Companies' actual 2007 and 2008 "core business" EBITDA multiplied by a 7.5 EBITDA multiple, subject to an overall \$25,500,000 "floor" price. New Century nevertheless agreed to issue at Closing cash and stock in an amount which, together with \$6,000,000 in respect of debt to be repaid to a Control Seller, is approximately equivalent to the upper end of New Century management's good faith estimate of 2008 "core business" EBITDA, multiplied by a relevant multiple. The general "floor" purchase price of \$25,500,000 is approximately equivalent to the lower end of New Century management's good faith estimate of 2008 "core business" EBITDA, multiplied by a relevant multiple. It was agreed by the parties that the difference between \$30,000,000 and \$25,500,000, or \$4,500,000, would be held in escrow pending final determination of 2008 "core business" EBITDA and certain other adjustments.

The shares held in escrow support indemnification obligations of the Control Sellers and loss offsets for WAM and Wilhelmina Miami. The Sellers will be required to leave in escrow, through 2011, any stock "earned" following resolution of "core" adjustment, up to a total value of \$1,000,000. Losses at WAM and Wilhelmina Miami, respectively, can be offset against any positive earnout with respect to the other Wilhelmina Company. Losses in excess of earnout amounts could also result in the repurchase of the remaining shares of Common Stock held in escrow for a nominal amount. Working capital deficiencies may also reduce positive earnout amounts. The earnouts are payable in 2011. Included in the purchase price is \$100,000 in Common Stock to be held in escrow pending resolution of a designated due diligence matter and an amount (expected to be approximately \$400,000) to be paid to Patterson, in the form of Common Stock and/or cash, in connection with the change of control of Wilhelmina International.



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DESCRIPTION OF NEW CENTURY

Introduction

New Century is a company in transition. The Company has been seeking to redeploy its assets to enhance stockholder value and has been seeking, analyzing and evaluating potential acquisition and merger candidates. On October 5, 2005, the Company made an investment in ACP Investments L.P. (d/b/a Ascendant Capital Partners) (“Ascendant”). Ascendant is a Berwyn, Pennsylvania based alternative asset management company whose funds have investments in long/short equity funds and which distributes its registered funds primarily through various financial intermediaries and related channels. The Company’s interest in Ascendant currently represents the Company’s sole operating business.

Historical Overview

The Company, which was formerly known as Billing Concepts Corp. (“BCC”), was incorporated in the state of Delaware in 1996. BCC was previously a wholly-owned subsidiary of U.S. Long Distance Corp. (“USLD”) and principally provided third-party billing clearinghouse and information management services to the telecommunications industry (the “Transaction Processing and Software Business”). Upon its spin-off from USLD, BCC became an independent, publicly-held company. In October 2000, the Company completed the sale of several wholly-owned subsidiaries that comprised the Transaction Processing and Software Business to Platinum Holdings (“Platinum”) for consideration of \$49,700,000 (the “Platinum Transaction”). The Company also received payments totaling \$7,500,000 for consulting services provided to Platinum over the twenty-four month period subsequent to the Platinum Transaction.

Beginning in 1998, the Company made multiple investments in Princeton eCom Corporation (“Princeton”) totaling approximately \$77,300,000 before selling all of its interest for \$10,000,000 in June 2004. The Company’s strategy, beginning with its investment in Princeton, of making investments in high-growth companies was also facilitated through several other investments.

In early 2004, the Company announced that it would seek stockholder approval to liquidate the Company. In June of 2004, the Board of the Company determined that it would be in the best interest of the Company to accept an investment from Newcastle, an investment fund with a long track record of investing in public and private companies. On June 18, 2004, the Company sold 4,807,692 newly issued shares of its Series A 4% Convertible Preferred Stock (the “Series A Convertible Preferred Stock”) to Newcastle for \$5,000,000 (the “Newcastle Transaction”). The Series A Convertible Preferred Stock was convertible into approximately thirty-five percent of the Company’s Common Stock, at any time after the expiration of twelve months from the date of its issuance at a conversion price of \$0.26 per share of Common Stock, subject to adjustment for dilution. The holders of the Series A Convertible Preferred Stock were entitled to a four percent annual cash dividend (the “Preferred Dividends”). Following the investment by Newcastle, the management team resigned and new executives and board members were appointed. On July 3, 2006, Newcastle converted its Series A Convertible Preferred Stock into 19,230,768 shares of Common Stock.

During May 2005, the Company sold its equity interest in Sharps Compliance Corp. (“Sharps”) for approximately \$334,000. Following the sale of its interest in Sharps, the Company no longer holds any investments made by former management and which reflected former management’s strategy of investing in high-growth companies.

On August 25, 2008, the Company entered into the Acquisition Agreement, pursuant which Wilhelmina Acquisition will merge with and into Wilhelmina International in a stock-for-stock transaction, as a result of which Wilhelmina International will become a wholly owned subsidiary of the Company, and the Company will purchase the outstanding

equity interests of the remaining Wilhelmina Companies for cash. Upon the consummation of the Acquisition, Wilhelmina International will be the Company's primary operating business.

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### Derivative Lawsuit

On August 11, 2004, Craig Davis, allegedly a stockholder of the Company, filed a lawsuit in the Chancery Court of New Castle County, Delaware (the "Lawsuit"). The Lawsuit asserted direct claims, and also derivative claims on the Company's behalf, against five former and three current directors of the Company. On April 13, 2006, the Company announced that it reached an agreement with all of the parties to the Lawsuit to settle all claims relating thereto (the "Settlement"). On June 23, 2006, the Chancery Court approved the Settlement, and on July 25, 2006, the Settlement became final and non-appealable. As part of the Settlement, the Company set up a fund (the "Settlement Fund"), which was distributed to stockholders of record as of July 28, 2006, with a payment date of August 11, 2006. The portion of the Settlement Fund distributed to stockholders pursuant to the Settlement was \$2,270,017 or approximately \$.04 per common share on a fully diluted basis, provided that any Common Stock held by defendants in the Lawsuit who were formerly directors of the Company would not be entitled to any distribution from the Settlement Fund. The total Settlement proceeds of \$3,200,000 were funded by the Company's insurance carrier and by Parris H. Holmes, Jr., the Company's former Chief Executive Officer, who contributed \$150,000. Also included in the total Settlement proceeds is \$600,000 of reimbursement for legal and professional fees paid to the Company by its insurance carrier and subsequently contributed by the Company to the Settlement Fund. Therefore, the Company recognized a loss of \$600,000 related to the Lawsuit for the year ended December 31, 2006. As part of the Settlement, the Company and the other defendants in the Lawsuit agreed not to oppose the request for fees and expenses by counsel to the plaintiff of \$929,813. Under the Settlement, the plaintiff, the Company and the other defendants (including Mr. Holmes) also agreed to certain mutual releases.

The Settlement provided that, if the Company had not acquired a business that generated revenues by March 1, 2007, the plaintiff maintained the right to pursue a claim to liquidate the Company. This custodian claim was one of several claims asserted in the Lawsuit. Even if such a claim is elected to be pursued, there is no assurance that it will be successful. In addition, the Company believes that it has preserved its right to assert that the Ascendant investment meets the foregoing requirement to acquire a business.

In connection with the resolution of the Lawsuit, the Company has ceased funding of legal and professional fees of the current and former director defendants. The funding of legal and professional fees was made pursuant to indemnification arrangements that were in place during the respective terms of each of the defendants. The Company has met the \$500,000 retention as stipulated in the Company's directors' and officers' liability insurance policy. The directors' and officers' liability insurance policy carries a maximum coverage limit of \$5,000,000. During October 2007, the Company and the insurance carrier agreed to settle all claims for reimbursement of legal and professional fees associated with the Lawsuit for \$240,000.

### Alternative Asset Management Operations

On October 5, 2005, the Company entered into an agreement (the "Ascendant Agreement") with Ascendant to acquire an interest in the revenues generated by Ascendant. Pursuant to the Ascendant Agreement, the Company is entitled to a 50% interest, subject to certain adjustments, in the revenues of Ascendant, which interest declines if the assets under management of Ascendant reach certain levels. Revenues generated by Ascendant include revenues from assets under management or any other sources or investments, net of any agreed commissions. On November 5, 2007, John Murray, Chief Financial Officer of the Company, was appointed to the Investment Advisory Committee of Ascendant to serve in the place of the Company's former CEO. The total potential purchase price under the terms of the Ascendant Agreement is \$1,550,000, payable in four equal installments of \$387,500. The first installment was paid at the closing and the second installment was paid on January 5, 2006. Subject to the provisions of the Ascendant Agreement, including Ascendant's compliance with the terms thereof, the third installment was payable on April 5, 2006 and the fourth installment was payable on July 5, 2006. On April 5, 2006, the Company elected not to make the April installment payment and subsequently determined not to make the installment payment due July 5, 2006. The

Company believed that it was not required to make the payments because Ascendant did not satisfy all of the conditions in the Ascendant Agreement.

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Subject to the terms of the Ascendant Agreement, if the Company does not make an installment payment and Ascendant is not in breach of the Ascendant Agreement, Ascendant has the right (which is its only remedy in the event of a payment breach by the Company) to acquire the Company's revenue interest at a price which would yield a 10% annualized return to the Company. The Company has been notified by Ascendant that Ascendant is exercising this right as a result of the Company's election not to make its third and fourth installment payments. The Company believes that Ascendant has not satisfied the requisite conditions to repurchase the Company's revenue interest.

Ascendant had assets under management of approximately \$40,800,000 and \$37,500,000 as of September 30, 2008 and December 31, 2007, respectively. Under the Ascendant Agreement, revenues earned by the Company from the Ascendant revenue interest (as determined in accordance with the terms of the Ascendant Agreement) are payable in cash within 30 days after the end of each quarter. Under the terms of the Ascendant Agreement, Ascendant has 45 days following notice by the Company to cure any material breach by Ascendant of the Ascendant Agreement, including with respect to payment obligations. Ascendant failed to make the required revenue sharing payments for the calendar quarters including June 30, 2006 through June 30, 2008 in a timely manner and did not cure such failures within the required 45-day period. In addition, Ascendant has not made the payment for the quarter ended September 30, 2008. Under the terms of the Ascendant Agreement, upon notice of an uncured material breach, Ascendant is required to fully refund all amounts paid by New Century, and New Century's revenue interest remains outstanding. New Century has provided notice to Ascendant that Ascendant has materially breached the Ascendant Agreement, that such material breaches are not curable and, accordingly, that Ascendant is required to fully refund amounts paid by New Century. Ascendant and New Century disagree as to which party remains in breach of the Ascendant Agreement and have held discussions with respect to the matter and possible resolutions thereof. While the parties have not resolved the matter, New Century anticipates that discussions will continue to be held by the parties in an effort to resolve the matter. New Century does not believe the consummation of the Acquisition will have any effect on the Ascendant Agreement or the discussions between the parties on a resolution of this matter.

The Company has not recorded any revenue or received any revenue sharing payments for the period from July 1, 2006 through September 30, 2008. According to the Ascendant Agreement, if Ascendant acquires the revenue interest from the Company, Ascendant must pay the Company a return on the capital that it invested. Pursuant to the Ascendant Agreement, the required return on the Company's invested capital will not be impacted by any revenue sharing payments made or not made by Ascendant.

In connection with the Ascendant Agreement, the Company also entered into the Principals Agreement with Ascendant and certain limited partners and key employees of Ascendant (the "Principals Agreement") pursuant to which, among other things, the Company has the option to purchase limited partnership interests of Ascendant under certain circumstances. Effective March 14, 2006, in accordance with the terms of the Principals Agreement, the Company acquired a 7% limited partnership interest from a limited partner of Ascendant for nominal consideration. The Principals Agreement contains certain noncompete and nonsolicitation obligations of the partners of Ascendant that apply during their employment and the twelve month period following the termination thereof.

Since the Ascendant revenue interest meets the indefinite life criteria outlined in Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," the Company does not amortize this intangible asset, but instead reviews this asset quarterly for impairment. Each reporting period, the Company assesses whether events or circumstances have occurred which indicate that the carrying amount of the intangible asset exceeds its fair value. If the carrying amount of the intangible asset exceeds its fair value, an impairment loss will be recognized in an amount equal to that excess. After an impairment loss is recognized, the adjusted carrying amount of the intangible asset shall be its new accounting basis. Subsequent reversal of a previously recognized impairment loss is prohibited.

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The Company assesses whether the entity in which the acquired revenue interest exists meets the indefinite life criteria based on a number of factors including: the historical and potential future operating performance; the historical and potential future rates of attrition among existing clients; the stability and longevity of existing client relationships; the recent, as well as long-term, investment performance; the characteristics of the entities' products and investment styles; the stability and depth of the management team and the history and perceived franchise or brand value.

### Employees

As of [•], 2008, the Company had one employee. The Company's employee is not represented by a union. The Company believes that its employee relations are good.

### Properties

The Company's corporate headquarters are currently located at 200 Crescent Court, Suite 1400, Dallas, Texas 75201, which are also the offices of NCM. NCM is the general partner of Newcastle. The Company occupies a portion of NCM's office space on a month-to-month basis at \$2,500 per month, pursuant to a services agreement entered into between the parties on October 1, 2006.

### Legal Proceedings

On December 12, 2005, the Company received a letter from the SEC, based on a review of the Company's Form 10-K filed for the year ended December 31, 2004, requesting that the Company provide a written explanation as to whether the Company is an "investment company" (as such term is defined in the Investment Company Act of 1940). The Company provided a written response to the SEC, dated January 12, 2006, stating the reasons why it believes it is not an investment company. The Company has provided certain confirmatory information requested by the SEC. In the event the SEC or a court took the position that the Company is an investment company, the Company's failure to register as an investment company would not only raise the possibility of an enforcement or other legal action by the SEC and potential fines and penalties, but also could threaten the validity of corporate actions and contracts entered into by the Company during the period it was deemed to be an unregistered investment company, among other remedies.

In a letter to the Company dated October 16, 2007, a lawyer representing Steven J. Pully (a director who served as the Company's Chief Executive Officer from June 18, 2004 to October 15, 2007) alleged that the Company filed false and misleading disclosure with the SEC with respect to the elimination of Mr. Pully's compensation (see the Company's Forms 8-K filed on September 5, 2007 and October 17, 2007). No specifics were provided as to such allegations. The Company believes such allegations are unfounded and, if a claim is made, the Company intends to vigorously defend itself.

### Market Price of and Dividends on New Century's Common Stock

The Common Stock is currently quoted on the OTC Bulletin Board under the symbol "NCEH.OB". The table below sets forth the high and low bid prices for the Common Stock for the periods indicated. These price quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions:

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	High	Low
Year Ending December 31, 2008:		
1st Quarter	\$ 0.20	\$ 0.13
2nd Quarter	\$ 0.22	\$ 0.05
3rd Quarter	\$ 0.37	\$ 0.16
4th Quarter (through [·], 2008)	\$ [·]	\$ [·]
Year Ended December 31, 2007:		
1st Quarter	\$ 0.31	\$ 0.22
2nd Quarter	\$ 0.29	\$ 0.22
3rd Quarter	\$ 0.26	\$ 0.21
4th Quarter	\$ 0.23	\$ 0.18
Year Ended December 31, 2006:		
1st Quarter	\$ 0.23	\$ 0.15
2nd Quarter	\$ 0.25	\$ 0.19
3rd Quarter	\$ 0.26	\$ 0.18
4th Quarter	\$ 0.23	\$ 0.20

As of [·], 2008, there were [·] shares of Common Stock outstanding, held by [·] holders of record as of the Record Date. The last reported sales price of the Common Stock on August 25, 2008, the date immediately prior to the public announcement of the Acquisition, was \$0.17. The last reported sales price of the Common Stock on [·] was \$[·].

The Company has never declared or paid any cash dividends on the Common Stock. Approximately \$2,270,017 was distributed to certain stockholders pursuant to the Settlement in August 2006. On June 30, 2006, Newcastle elected to receive dividends on its Series A Convertible Preferred Stock in cash for the period from June 19, 2005 through June 30, 2006. On July 3, 2006, Newcastle elected to convert all of its Series A Convertible Preferred Stock into 19,230,768 shares of Common Stock. The Company may not pay dividends on its Common Stock unless all declared and unpaid dividends on preferred stock have been paid. In addition, whenever the Company shall declare or pay any dividend on its Common Stock, the holders of Series A Stock are entitled to receive such Common Stock dividends on a ratably as-converted basis.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF NEW CENTURY

The following is a discussion of New Century's financial condition and results of operations comparing the calendar years ended December 31, 2007 and 2006, as well as the three and nine months ended September 30, 2008 and 2007. You should read this section in conjunction with New Century's Consolidated Financial Statements and the Notes thereto that are incorporated herein by reference and the other financial information included elsewhere in this proxy statement and the notes thereto.

New Century Overview

New Century is a company in transition. New Century has been seeking to redeploy its assets to enhance stockholder value and has been seeking, analyzing and evaluating potential acquisition and merger candidates. On August 25, 2008, New Century entered into the Acquisition Agreement pursuant to which it will acquire the Wilhelmina Companies as discussed in further detail in this proxy statement. Upon consummation of the Acquisition, the business of the Wilhelmina Companies will constitute New Century's primary business.

On October 5, 2005, New Century made an investment in Ascendant. Ascendant is a Berwyn, Pennsylvania based alternative asset management company whose funds have investments in long/short equity funds and which distributes its registered funds primarily through various financial intermediaries and related channels. New Century's interest in Ascendant currently represents New Century's sole operating business.

Ascendant and Operating Revenues

Pursuant to the Ascendant Agreement, New Century is entitled to a 50% interest, subject to certain adjustments, in the revenues of Ascendant, which interest declines if the assets under management of Ascendant reach certain levels. Revenues generated by Ascendant include revenues from assets under management or any other sources or investments, net of any agreed commissions. New Century also agreed to provide various marketing services to Ascendant. On November 5, 2007, John Murray, Chief Financial Officer of New Century, was appointed to the Investment Advisory Committee of Ascendant to replace New Century's former CEO. The total potential purchase price under the terms of the Ascendant Agreement was \$1,550,000, payable in four equal installments of \$387,500. The first installment was paid at the closing and the second installment was paid on January 5, 2006. Subject to the provisions of the Ascendant Agreement, including Ascendant's compliance with the terms thereof, the third installment was payable on April 5, 2006 and the fourth installment was payable on July 5, 2006. On April 5, 2006, New Century elected not to make the April installment payment and subsequently determined not to make the installment payment due July 5, 2006. New Century believed that it was not required to make the payments because Ascendant did not satisfy all of the conditions in the Ascendant Agreement.

Subject to the terms of the Ascendant Agreement, if New Century does not make an installment payment and Ascendant is not in breach of the Ascendant Agreement, Ascendant has the right to acquire New Century's revenue interest at a price which would yield a 10% annualized return to New Century. New Century has been notified by Ascendant that Ascendant is exercising this right as a result of New Century's election not to make its third and fourth installment payments. New Century believes that Ascendant has not satisfied the requisite conditions to repurchase New Century's revenue interest.

Ascendant had assets under management of approximately \$40,800,000 and \$37,500,000 as of September 30, 2008 and December 31, 2007, respectively. Under the Ascendant Agreement, revenues earned by New Century from the Ascendant revenue interest (as determined in accordance with the terms of the Ascendant Agreement) are payable in cash within 30 days after the end of each quarter. Under the terms of the Ascendant Agreement, Ascendant has 45



days following notice by New Century to cure any material breach by Ascendant of the Ascendant Agreement, including with respect to payment obligations. Ascendant failed to make the required revenue sharing payments for all calendar quarters including June 30, 2006 through June 30, 2008, in a timely manner and did not cure such failures within the required 45 day period. In addition, Ascendant has not made the payment for the quarter ended September 30, 2008. Under the terms of the Ascendant Agreement, upon notice of an uncured material breach, Ascendant is required to fully refund all amounts paid by New Century, and New Century's revenue interest remains outstanding.

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New Century has not recorded any revenue or received any revenue sharing payments for the period from July 1, 2006 through September 30, 2008. According to the Ascendant Agreement, if Ascendant acquires the revenue interest from New Century, Ascendant must pay New Century a return on the capital that it invested. Pursuant to the Ascendant Agreement, the required return on New Century's invested capital will not be impacted by any revenue sharing payments made or not made by Ascendant.

Results of Operations for the Three and Nine Months Ended September 30, 2008 compared to the Three and Nine Months Ended September 30, 2007

General and Administrative Expenses

General and administrative ("G&A") expenses are comprised of all costs incurred in direct support of the business operations of New Century. G&A expenses decreased by \$40,000, or 33%, and \$177,000, or 40%, to \$81,000 and \$271,000, respectively, during the three and nine months ended September 30, 2008, respectively, as compared to the corresponding periods of the prior fiscal year. This decrease is primarily attributable to the absence of legal and professional fees associated with the Lawsuit, officers' compensation and stock based compensation during the three and nine months ended September 30, 2008.

Interest Income

Interest income decreased by \$95,000, or 61%, and \$243,000, or 52%, to \$60,000 and \$223,000, respectively, during the three and nine months ended September 30, 2008, respectively, as compared to the corresponding periods of the prior fiscal year. This decrease is attributable to a decrease in yields on cash balances available for short term investment.

Results of Operations for the Year Ended December 31, 2007 compared to the Year Ended December 31, 2006

General and Administrative Expenses

During the year ended December 31, 2007, G&A expenses totaled \$552,000 compared to \$642,000 during the year ended December 31, 2006. The decrease in G&A for the year ended December 31, 2007, when compared to the year ended December 31, 2006, is primarily attributable to a decrease in legal and professional fees and officer compensation expense.

Depreciation and Amortization

Depreciation and amortization expense is incurred with respect to certain assets, including computer hardware, software, office equipment, furniture, goodwill and other intangibles. During each of the years ended December 31, 2007 and December 31, 2006, depreciation and amortization expense totaled \$0. The decrease in depreciation and amortization from prior periods is principally the result of fixed asset sales. New Century made no fixed asset purchases during the year ended December 31, 2007.

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### Interest Income

Interest income totaled \$607,000 during the year ended December 31, 2007, compared to \$582,000 during the year ended December 31, 2006. The increase in interest income for the year ended December 31, 2007, as compared to the year ended December 31, 2006, was attributable to higher average cash balances.

### Derivative Settlement Costs

On April 13, 2006, New Century announced that it reached an agreement with all of the parties to the Lawsuit to settle all claims relating thereto. The total Settlement proceeds of \$3,200,000 were funded by New Century's insurance carrier and by Parris H. Holmes, Jr., New Century's former Chief Executive Officer, who contributed \$150,000. Also included in the total Settlement proceeds is \$600,000 of reimbursement for legal and professional fees paid to New Century by its insurance carrier and subsequently contributed by New Century to the Settlement Fund. New Century has recognized a net loss of \$600,000 related to the Lawsuit for the year ended December 31, 2006. See "Proposal No. 1 – Approval of the Acquisition – Description of New Century – Derivative Lawsuit" beginning on page 58.

### Income Taxes

As a result of the operating losses incurred for the year ended December 31, 2006 and the utilization of prior year net operating losses to offset income for the year ended December 31, 2007, no provision or benefit for income taxes was recorded for the years ended December 31, 2007 and 2006.

### Liquidity and Capital Resources

New Century's cash balance decreased to \$12,088,000 at September 30, 2008, from \$12,679,000 at December 31, 2007. The decrease resulted from cash funding of general and administrative expenses and expenses associated with the Acquisition offset by interest income of approximately \$223,000 during the nine months ended September 30, 2008.

During the next 12 months, New Century's operating cash requirements are expected to consist principally of funding corporate expenses, the costs associated with maintaining a public company and expenses incurred in pursuing New Century's business plan. New Century expects to incur operating losses through fiscal 2008 which will continue to have a negative impact on liquidity and capital resources.

Assuming the Acquisition Agreement is approved by the stockholders of New Century, New Century will be obligated to fund \$15,000,000 at closing of the Acquisition, subject to the conditions set forth in the Acquisition Agreement. New Century expects to fund the cash closing obligations with cash on hand and funds from the Equity Financing Agreement.

### Lease Guarantees

In October 2000, New Century completed the Platinum Transaction. Under the terms of the Platinum Transaction, all leases and corresponding obligations associated with the Transaction Processing and Software Business were assumed by Platinum. Prior to the Platinum Transaction, New Century guaranteed two operating leases for office space of the divested companies. The first lease is related to office space located in San Antonio, Texas, and expired in 2006. The second lease is related to office space located in Austin, Texas, and expires in 2010. Under the original terms of the second lease, the remaining minimum undiscounted rent payments total approximately \$1,773,000 at September 30, 2008. In conjunction with the Platinum Transaction, Platinum agreed to indemnify New Century should the underlying operating companies not perform under the terms of the office leases. New Century can provide no

assurance as to Platinum's ability, or willingness, to perform its obligations under the indemnification. New Century does not believe it is probable that it will be required to perform under the remaining lease guarantee and, therefore, no liability has been accrued in New Century's financial statements.

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### Off-Balance-Sheet Arrangements

New Century guaranteed two operating leases for office space for certain of its wholly-owned subsidiaries prior to the Platinum Transaction (see Liquidity and Capital Resources – Lease Guarantees above). One such lease expired in 2006.

### Seasonality

New Century's current operations are not significantly affected by seasonality.

### Effect of Inflation

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

### New Accounting Standards

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"), which establishes a framework for reporting fair value and expands disclosures about fair value measurements. SFAS 157 was effective for New Century on January 1, 2008, with the exception that the applicability of SFAS 157's fair value measurement requirements to nonfinancial assets and liabilities that are not required or permitted to be recognized or disclosed at fair value on a recurring basis has been delayed by the FASB for one year. New Century does not believe that the requirements of SFAS 157, which were effective for New Century on January 1, 2008, will have a material impact on New Century's consolidated financial statements. New Century is currently evaluating the impact of the SFAS 157 requirements, which will be effective for New Century on January 1, 2009, on New Century's financial position and results of operations.

### Critical Accounting Policies

#### Impairment of Investments

New Century evaluates its investments in affiliates when events or changes in circumstances, such as a significant economic slowdown, indicate that the carrying value of the investments may not be recoverable. Reviews are performed to determine whether the carrying value is impaired and if the comparison indicates that impairment exists, the investment is written down to fair value. Significant management judgment based on estimates is required to determine whether and how much an investment is impaired.

## DESCRIPTION OF THE WILHELMINA COMPANIES

### Overview

The Wilhelmina Companies (also referred to in this description as Wilhelmina) provide traditional, full-service fashion model and talent management services, specializing in the representation and management of models, entertainers, artists, athletes and other talent to various customers and clients, including retailers, designers, advertising agencies and catalog companies.

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Wilhelmina's primary business is fashion model management, which activity is headquartered in New York City. Wilhelmina is one of the oldest and largest fashion model management companies in the world. Since it was founded in 1967 by Wilhelmina Cooper, a renowned fashion model, Wilhelmina has been a privately held company and has grown to include operations located in Los Angeles, as well as a growing network of licensees comprising leading modeling agencies in various local markets across the U.S as well as in Panama.

The Wilhelmina Companies also include New York City-based entities focused on business areas complimentary to Wilhelmina's fashion model and talent management business. Wilhelmina Artist Management LLC ("WAM"), a New York corporation founded in 1998, is a talent management company that seeks to secure endorsement and spokesperson work for various high-profile talent from the worlds of sports, music and entertainment. Wilhelmina Licensing LLC ("Wilhelmina Licensing"), a Delaware company founded in 1999, oversees the licensing of the "Wilhelmina" name, mainly to local modeling agencies across the U.S. Wilhelmina Film & TV Production, LLC ("Wilhelmina TV"), a Delaware company founded in 2004, holds certain rights to and managed aspects of the production of certain reality television shows such as "The Agency" (2007) and "She's Got the Looks" (2008) that seek to capitalize on the "Wilhelmina" brand.

## Organizational Structure

Wilhelmina International, Ltd. ("Wilhelmina International") has three wholly-owned subsidiaries: Wilhelmina West, Inc. ("Wilhelmina West"), LW1, Inc. ("LW1") and Wilhelmina Models, Inc. ("Wilhelmina Models"). Wilhelmina West is a full-service fashion model agency based in Los Angeles. LW1, also based in Los Angeles, offers some models the opportunity to be showcased on TV and film through its membership in the Screen Actors Guild. Wilhelmina Models, based in New York City, holds certain contractual rights related to the business of Wilhelmina International. Wilhelmina International also owns a non-consolidated 50% interest in Wilhelmina Kids & Creative Management LLC, a New York City-based modeling agency that specializes in representing child models, from newborns to children 14 years of age. Wilhelmina-Miami, Inc. ("Wilhelmina Miami") is an independent fashion model agency affiliated with Wilhelmina International that is located in Miami and operates as a licensee of the "Wilhelmina" name. Collectively, these businesses represent the Wilhelmina Companies' model management business. Operating on the same entity level as Wilhelmina International are WAM, Wilhelmina TV and Wilhelmina Licensing, which represent the Wilhelmina Companies' other business ventures complimentary to Wilhelmina's fashion model management business.

## Industry Overview

The fashion model management industry is highly fragmented, with smaller, local talent management firms frequently competing with a small group of internationally operating talent management firms for client assignments. New York City, Los Angeles and Miami, as well as Paris, Milan and London are considered the most important markets for the fashion talent management industry; most of the leading international firms are headquartered in New York City, which is considered to be the "capital" of the global fashion industry. Apart from Paris-based and publicly-listed Elite SA, all fashion talent management firms are privately-held.

The fashion model management industry can be divided into many subcategories, including advertising campaigns as well as catalog, runway and editorial work. Advertising work involves modeling for advertisements featuring consumer products such as cosmetics, clothing and other items, to be placed in magazines, in newspapers, on billboards and with other types of media. Catalog work involves modeling for promotional catalogs that are produced throughout the year. Runway work involves modeling at fashion shows, which primarily take place in Paris, Milan, London and New York City. Editorial work involves modeling for the cover and editorial section of magazines.



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### Economic Environment

The business of talent management firms such as Wilhelmina is related to the state of the advertising industry, as demand for talent is driven by print and TV advertising campaigns for consumer goods and retail clients. Nevertheless, reductions in overall advertising expenditures typically impact talent management firms less due to the fact that photo shoots will be required irrespective of any reduction in size of traditional print media editions, or of the frequency with which ads containing pictures of fashion talent are shown.

With total advertising expenditures on major media (newspapers, magazines, television, cinema, outdoor and internet) amounting to approximately \$179 billion in 2007, the U.S. is by far the world's largest advertising market. Recent forecasts by ZenithOptimedia(1), a recognized media services group, predict that year-on-year growth in the U.S. will amount to 3.4% (2008 versus 2007), 2.6% (2009 versus 2008) and 3.6% (2010 versus 2009), for total ad expenditures of \$197 billion forecast for 2010. According to ZenithOptimedia(1), in 2007 global ad expenditures were split among the following media: Television (37.3%), Newspapers (27.2%), Magazines (12.1%), internet (8.6%), Radio (8%), Outdoor (6.2%), and Cinema (0.5%). For the fashion talent management industry, including Wilhelmina, advertising expenditures on magazines, television and outdoor are of particular relevance, with internet advertising becoming increasingly important.

### Talent Management Business

The talent management industry is focused on providing fashion modeling and celebrity product-endorsement services to clients such as ad agencies, branded consumer goods companies, fashion designers, magazines, retailers and department stores, product catalogs and internet sites.

Clients pay talent for their appearance in photo shoots for magazine features, print advertising, direct mail marketing, product catalogs and internet sites, as well as for their appearance in runway shows to present new designer collections, fit modeling, and on-location presentations and event appearances. In addition, talent may also appear in film and TV commercials.

Talent management firms develop and diversify their talent portfolio through a combination of ongoing local, regional or international scouting and talent-search efforts to source new talent, and cooperate with other agencies that represent talent, but lack specific booking opportunities for such talent. Depending on the individual talent agency, talent may either be represented by the firm or a specialized "board" within the firm, or by individual talent managers or bookers. Depending on the breadth of their service, talent management firms may in effect manage the entire modeling career of the individual talent they represent. Talent management firms typically represent talent on an exclusive basis for periods of up to three years, subject to renewals. Similarly, employment agreements with individual booking agents typically include non-compete clauses.

When seeking to hire talent services, clients will typically directly contact individual talent managers at a select number of talent management firms (pre-selected on the basis of specific talent represented by the firms or the firms' reputation and depth of its talent portfolio), describe the client's specific requirements and invite the talent management firm to make a certain talent available for an "audition" for a photo shoot or appearance. The booking agent will negotiate pricing for the talent and will prepare the talent for the audition. If the talent succeeds at the audition and is selected for the project, the booker will handle and coordinate all scheduling and client requirements, and invoice the client on the basis of the agreed fees specified in the voucher the talent returns to the firm upon completion of the project.



1 Source: “Western ad markets continue to slow, but surging developing markets propel healthy world growth in ad expenditure” Press Release, June 30, 2008, ZenithOptimedia Group Limited.

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In exchange for their services, talent management firms charge their talent a commission, representing a percentage of the amount billed to the client. The amount talent firms can charge clients for the talent's services depends on the talent's reputation and success in the marketplace, and his or her corresponding negotiating position with the firm. In addition, the talent management firms charge a service charge to the clients. This charge is typically negotiated and amounts to a percentage of the talent's services and is paid by the client in addition to the amount paid for the talent's services.

### Competition

Wilhelmina's principal competitors in the U.S. include DNA Model Management, Elite Model Management, Ford Models, Inc., IMG Models, Marilyn Model Agency, NEXT Model Management and Women Model Management. Smaller agencies typically tend to cater primarily to local market needs, such as local magazine and television advertising. Several of the larger fashion talent firms operate offices in multiple cities and countries, or alternatively have chosen to partner with local or foreign agencies to attempt to harness synergies without increasing overhead. In Europe, clients typically look to local firms as well as leading international firms for talent, or will seek models from talent management firms with a presence on location for the shoot, such as Miami, which has a strong, seasonal demand for several international catalog clients.

In recent years, several of the leading agencies have experienced structural changes, such as the establishment of Elite SA as a standalone and publicly-listed European entity and the formal separation from its former U.S.-based affiliate, as well as the ownership change and recapitalization of Ford Models. Other firms, such as IMG, have changed their business strategy from full-service agency to a narrowly-focused female-only supermodel talent segment. Other firms, including Wilhelmina, are expanding into related talent management areas, such as sports representation.

Several of the leading talent management firms, whether through modeling contests or reality TV shows and contests, are actively seeking to develop brand-awareness for their status within the fashion talent management industry for product licensing and related purposes.

### Wilhelmina's Business Model

#### Fashion Model Management Business

Within its fashion model management business, Wilhelmina has two primary sources of revenue: commissions paid by models as a percentage of their gross earnings and a separate service charge, paid by clients in addition to the booking fees, calculated as a percentage of the models' booking fees. Wilhelmina believes that its commission rates and service charge are comparable to those of its principal competitors.

Wilhelmina's fashion model management operations are organized into divisions called "boards," each of which specializes by the type of models it represents. Wilhelmina's boards are generally described in the table below.

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Board Name	Location	Target Market
Women	LA, NYC	High-end female fashion models
Men	LA, NYC	High-end male fashion models
Wilhelmina Women	NYC	Established female fashion models (ages 18-29)
Wilhelmina Men	NYC	Established male fashion models (ages 18+)
Sophisticated Women	NYC	Established female fashion models (ages 30+)
Ten-20	NYC	Full-figured female fashion models
Runway	LA, NYC	Catwalk and designer client services
Lifestyle	LA, NYC	Commercial print bookings
Kids*	NYC	Child models (age 14 and under)

\*Through partial ownership of Wilhelmina Kids & Creative Management LLC

Each board is headed by a director who is in charge of the agents assigned to such board. The agents of each board act both as bookers (includes promoting models, negotiating fees and contracting work) and as talent scouts/managers (includes providing models with career guidance and helping them better market themselves). Although agents individually develop professional relationships with models, models are represented by a board collectively, and not by a specific agent. Also, in contrast to the industry norm, Wilhelmina's agents typically work on one board throughout their tenure with Wilhelmina and rarely change agencies. Wilhelmina's organization into boards thereby enables Wilhelmina to provide clients with services tailored to their particular needs, to allow models to benefit from agents' specialized experience in their particular markets, and to limit Wilhelmina's dependency on any specialty market or agent.

Once the agents become proven, Wilhelmina pursues employment contracts with agents that include noncompetition provisions such as a prohibition from working with Wilhelmina's models and clients for a certain period of time after the end of the agent's employment with Wilhelmina. These terms are now considered standard practice throughout the industry.

Wilhelmina typically signs its models to two-year exclusive contracts, which it actively enforces. Models typically do not switch from one agency to another, since they develop relationships with agents and become well known by certain of Wilhelmina's clients. The average model remains with Wilhelmina for eight to ten years and often progresses through a number of Wilhelmina's boards as his or her career matures.

#### Talent Management Business

WAM has two primary sources of revenue: commissions paid by talent as a percentage of their gross earnings and royalties (WAM may occasionally obtain an equity interest in a product line or company in consideration for its services). WAM currently represents superstars such as Fergie, Natasha Bedingfield, Ciara, Estelle and Isabella Rossellini and many others for whom Wilhelmina seeks to secure fashion campaigns, endorsements and marketing opportunities. In addition, the sports roster of WAM represents golf teaching legend David Leadbetter in selected markets, including the U.S., and the recently created "Wilhelmina 7" or "W7" referring to group of seven leading women professional golfers represented as WAM talent. WAM has secured commercial endorsements, fashion campaigns and sponsorships for its talent with clients such as Avon, Brown Shoe, Coca-Cola, Cover Girl, Dessert Beauty, Donna Karan, Hershey's, Hugo Boss, L'Oreal, Mattel, Nautica, Nestle, Nike and Pizza Hut. Additionally, WAM is engaged in cooperation agreements with certain artist management companies and music labels, such as Atlantic Group.

Although Wilhelmina's fashion model management business remains its primary business, WAM plays an increasingly important role at Wilhelmina. The visibility of WAM's talent and clients help enhance the profile and penetration of the "Wilhelmina" brand with prospective models, other talent and clients, in turn providing Wilhelmina's fashion model management business and other complimentary businesses with significant new opportunities.

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### Licensing Business

Wilhelmina Licensing collects third-party licensing fees in connection with the licensing of the “Wilhelmina” name and then pays a royalty fee to Wilhelmina International. Third-party licensees include Wilhelmina Miami, an independent entity controlled by the owners of Wilhelmina International, as well as numerous leading fashion model agencies in local markets across the U.S. and Panama. The acquisition of Wilhelmina Miami is part of the Acquisition.

### Film and Television Production Business

The film and television production business consists of television syndication royalties and a production series contract. In 2005, the Wilhelmina Companies produced the television show “The Agency” for the VH1 television network. In 2007, the Wilhelmina Companies entered into an agreement with the TV Land television network to develop a television series entitled “She’s Got the Look”.

### Clients and Customers

As of September 30, 2008, Wilhelmina had a roster of over 1,800 models under management contract, of which some 950 are active models. Wilhelmina’s active models include Mark Vanderloo, Gabriel Aubry, Alex Lundqvist, Enrique Palacios, Andreas Segura, Nicolas Malleville, Noah Mills, Josh Wald, Tyson Ballou, RJ Rogenski, Alexandra Richards, Rebecca Romijn, Manon Von Gerkan, Line Goost, Esther Canadas, Ingrid Vandebosch, Camila Alves, Kate Dillon, Beverly Johnson and Roshumba.

Wilhelmina serves approximately 1,200 external clients. Wilhelmina’s customer base is highly diversified, with no customer accounting for more than 5% of overall gross revenues. The top 100 customers of Wilhelmina together account for no more than approximately 60% of overall gross revenues; the top-10 customers of Wilhelmina’s New York City operations historically generate approximately 20% of annual gross revenues; the top-10 customers of Wilhelmina’s California operations typically account for approximately 30% of annual gross revenues. Both of Wilhelmina’s New York City and Los Angeles operations enjoy significant year-on-year repeat business from Wilhelmina’s stable of key accounts. Each entity’s customer mix reflects the difference between the New York City and Los Angeles markets.

### Competitive Attributes

Wilhelmina has created a diversified portfolio of talent under management, clients and business activities, which provides exposure to diverse markets and demographics, while serving as a platform for various growth opportunities.

The following are among Wilhelmina’s competitive attributes:

- Strong brand recognition and high-end image. Wilhelmina has achieved recognition in key fashion markets across the U.S. and internationally. Wilhelmina’s favorable and high-end image enables it to attract and retain top talent to service a broad universe of quality media and retail clients.
- Extensive, diverse and high-quality roster of talent. Since its formation in 1967, Wilhelmina has rapidly evolved into a leading, full-service fashion model management company. As a result, Wilhelmina has attracted and is able to retain a strong supply of agents and has built a deep pool of fashion models under management.

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- Strong relationships with retailing companies and media buyers. Wilhelmina has worked as partner with its retailing and media clients since its formation and has developed long-standing relationships with many leading buyers of fashion modeling services. These relationships have been solidified through Wilhelmina's ability to provide reliable high-quality models on a consistent basis.
- Professional and developed workforce. Highly credentialed professionals with years of talent management experience lead Wilhelmina. Wilhelmina's leadership effectively combines entrepreneurial talent management experience with demonstrated management capabilities.
- Strong platform for expansion and profit enhancement. Wilhelmina believes its leadership position in the fashion model management industry and brand recognition provide an excellent platform for organic growth, business line extension and branded consumer goods opportunities, as well as acquisitive growth.

## Business Focus and Strategy

Wilhelmina's operational strategy has been to limit its risk profile by ensuring that it remains diversified and it enjoys a limited dependence on any particular fashion model, client or line of business. In that interest, management has pursued various initiatives, including those set out below:

- a shift in Wilhelmina's focus from the high-end segment of the fashion model market to the much larger and more stable, although lower-profile "catalog" segment of the market;
- the formation of WAM to handle endorsements and licensing for entertainers, artists, athletes and other talent;
- licensing the "Wilhelmina" name to leading, local model management agencies, rather than acquiring and operating a wide network of local agencies;
- exploring the use of the "Wilhelmina" brand in connection with consumer products, including fashion apparel (such as lingerie and sportswear), cosmetics and other beauty products, and health and lifestyle products; and
  - producing television shows and promoting model search contests.

Management's current strategic plans include the following initiatives:

- organic growth through optimization of existing pool of modeling talent;
- expansion of talent pool through domestic and international scouting activities;
- engaging in additional licensing arrangements with local model management firms;
- development of product licensing and merchandizing opportunities; and
  - growth through acquisitions, with an international focus.

## Management and Employees

The executive management of Wilhelmina is carried out from Wilhelmina's corporate headquarters located in New York City, where the majority of Wilhelmina's employees are located. Wilhelmina's management structure is flat, with several relatively independent boards and a small, central administrative infrastructure. The directors of the various

boards are significantly involved in all key decisions regarding model acquisition, and matters affecting clients, which are frequently shared across several boards. Wilhelmina International's New York City operations also carry out the administrative support for Wilhelmina Kids & Creative LLC, in which Wilhelmina International holds a 50% interest, as well as for Wilhelmina Miami. As of September 30, 2008, Wilhelmina had 70 employees, 55 of whom were located at Wilhelmina's corporate headquarters in New York City, 9 of whom were located at Wilhelmina's Miami office in Florida and the remaining 6 of whom were located at Wilhelmina's California office in Los Angeles.

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## Securities

Messrs. Esch and Krassner and their affiliates own all of the equity interests in Wilhelmina International, Wilhelmina Licensing and WAM, and a majority of the equity interests in Wilhelmina TV and Wilhelmina Miami. There is no established trading market for any of the securities of any of the Wilhelmina Companies.

## Properties

The following table summarizes information with respect to the material facilities of the Wilhelmina Companies, all of which are leased office space:

Description of Property	Area (sq. feet)	Month of Lease Expiration
office for New York-based operations – New York, NY	11,400	December 31, 2010
office for California-based operations – Los Angeles, CA	6,000	June 30, 2011
office for Wilhelmina Miami – Miami Beach, FL	2,100	October 15, 2009

The Wilhelmina Companies also lease three apartments in New York City, one apartment in Los Angeles and one apartment in Miami for use by models in connection with the business.

## Legal Proceedings

On February 1, 2006, Wilhelmina Models and Tony Dias commenced an action against PUIG Beauty and Fashion Group, S.L. (“PUIG”), a corporation with offices in Spain, for breach of PUIG’s contract relating to modeling services provided by Mr. Dias. The action, entitled Wilhelmina Models, Inc., et al. v. PUIG Beauty and Fashion Group, S.L., Index No. 600312/06 (Sup. Ct., N.Y. County), asserts claims for breach of contract and quantum meruit. On the breach of contract claim, the plaintiffs seek recovery of the contractual fees owed to Mr. Dias for use of his likeness in the total amount of \$165,657.50, plus Wilhelmina’s agency fee. On the quantum meruit claim, the plaintiffs seek an amount to be determined at trial, but not less than \$200,000 plus interest. The parties’ attempts to mediate this case have not been successful. The plaintiffs filed a motion for summary judgment on June 12, 2008 and defendant cross-moved for summary judgment on July 21, 2008. The parties’ cross-motions for summary judgment were orally argued on November 8, 2008 and are fully submitted.

On October 3, 2007, Elite Model Management Corp. (“Elite”) commenced an action in the Florida Circuit Court, 11th Judicial Circuit, Miami-Dade County, entitled Elite Models Management Corp. v. Lisa Cortes & Wilhelmina - Miami, Inc., Case No.: 07-32723 (CA 09), in which Elite alleges that Wilhelmina-Miami tortiously interfered with a contract between Elite and Ms. Cortes by inducing her to terminate their relationship. Elite is seeking damages in an unspecified amount to be determined at trial. On July 30, 2008, in an action filed in New York State Supreme Court, New York County, Wilhelmina Models served Elite with a complaint asserting that Elite tortiously interfered with Wilhelmina Models’ contract with Ms. Cortes and claiming damages in an unspecified amount to be determined at trial. On October 17, 2008, in lieu of answering Wilhelmina’s complaint, Elite moved to dismiss the complaint pursuant to N.Y. CPLR 3211(a)(4), based on the pendency of the Florida action referred to above.



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On August 13, 2008, Wilhelmina entered into a Voluntary Compliance Agreement with the New York State Comptroller's Office of Unclaimed Funds ("OUF"), pursuant to which, among other things, Wilhelmina will submit to the OUF an analysis of amounts owed by Wilhelmina with respect to unclaimed property. No interest or penalties are expected to be imposed on Wilhelmina under the terms of any resulting settlement agreement.

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### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE WILHELMINA COMPANIES

The following is a discussion of the financial condition and results of operations of the Wilhelmina Companies and their subsidiaries (also referred to in this description as Wilhelmina), comparing the calendar years ended December 31, 2007 and December 31, 2006, as well as the nine months ended September 30, 2008 and September 30, 2007. You should read this section together with the Wilhelmina Companies' combined financial statements including the notes to those financial statements for the periods mentioned above included in this proxy statement.

#### Wilhelmina Companies Overview

Wilhelmina's primary business is fashion model management, which activity is headquartered in New York City. Wilhelmina is one of the oldest and largest fashion model management companies in the world. Since it was founded in 1967 by Wilhelmina Cooper, a renowned fashion model, Wilhelmina has been a privately held company and has grown to include operations located in Los Angeles, as well as a growing network of licensees comprising leading modeling agencies in various local markets across the U.S. as well as in Panama. The Wilhelmina Companies also include New York City-based entities such as WAM and Wilhelmina Licensing, which focus on business areas complimentary to Wilhelmina's fashion model and talent management business.

Since 1999, when the most recent ownership change relating to Wilhelmina International occurred, several new entities were incorporated to become part of Wilhelmina. Each of these entities was created to pursue a specific line of business. Several of these entities were organized as limited liability companies and are owned directly or indirectly by Krassner and Esch. In addition, the entity now known as Wilhelmina-Miami was acquired from its founder in 1990 and became majority-owned by Krassner and Esch in 1999, with certain private individuals becoming minority investors.

#### Organizational Structure

Wilhelmina International has three wholly-owned subsidiaries: Wilhelmina West, LW1 and Wilhelmina Models. Wilhelmina West is a full-service fashion model agency based in Los Angeles. LW1, also based in Los Angeles, offers some models the opportunity to be showcased on TV and film through its membership in the Screen Actors Guild. Wilhelmina Models, based in New York City, holds certain contractual rights related to the business of Wilhelmina International. Wilhelmina International also owns a non-consolidated 50% interest in Wilhelmina Kids & Creative Management LLC, a New York City-based modeling agency that specializes in representing child models, from newborns to children 14 years of age. Wilhelmina Miami is an independent fashion model agency affiliated with Wilhelmina International that is located in Miami and operates as a licensee of the "Wilhelmina" name. Collectively, these businesses represent the Wilhelmina Companies' model management business. Operating on the same entity level as Wilhelmina International are WAM, Wilhelmina TV and Wilhelmina Licensing, which represent the Wilhelmina Companies' other business ventures complimentary to Wilhelmina's fashion model management business. These ventures include, but are not limited to, the licensing of the "Wilhelmina" name and the holding of rights to, and certain management responsibility in connection with, the production of certain reality television shows such as "The Agency" (2007) and "She's Got the Looks" (2008) that seek to capitalize on the "Wilhelmina" brand.

The Wilhelmina Companies provide traditional, full-service fashion model and talent services, specializing in the representation and management of models, entertainers, artists, athletes and other talent to various customers and clients, including retailers, designers, advertising agencies and catalog companies. Since its foundation in 1967, the Wilhelmina Companies have grown largely organically to their current size, and have developed into a broadly diversified full service agency with offices in New York City, Los Angeles and Miami. In addition to their traditional fashion model management activities, the Wilhelmina Companies have also expanded into music and sports talent

endorsement, television show production, licensing opportunities for the Wilhelmina brand name and also entered into arrangements with licensees across the U.S. as well as in Panama, who serve as the Wilhelmina Companies' local representatives.

The Wilhelmina Companies contract with fashion models, artists and celebrities to perform modeling and endorsement services for their clients. The standard Wilhelmina contract is an exclusive contract between the two parties for a term and requires the model, artist or celebrity to pay the Wilhelmina Companies a commission on all gross billings the model receives for performing modeling services during the term of the agreement. For the consideration paid, the Wilhelmina Companies manage the booking, scheduling and invoicing and collections process on behalf of the model. All models under contract are classified as contractors to the Wilhelmina Companies, not employees. In addition, the Wilhelmina Companies charge the clients a service charge for brokering and managing the relationship between the client and the model, artist or celebrity.

The Wilhelmina Companies act as an agent and record revenue equal to the net amount retained when the commission and service charge is earned. The Wilhelmina Companies recognize services provided as revenue upon the rendering of services to their clients. Commissions and residual income represents a percentage charged to the models upon the completion of their services to the clients. While gross billings are not formally recorded as a line item in the combined financial statements of the Wilhelmina Companies, it remains an important business metric that ultimately drives revenues and profits.

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### Trends and Opportunities

The business of talent management firms such as Wilhelmina is related to the state of the advertising industry, as demand for talent is driven by print and TV advertising campaigns for consumer goods and retail clients. Nevertheless, reductions in overall advertising expenditures typically impact talent management firms less due to the fact that photo shoots will be required irrespective of any reduction in size of traditional print media editions, or of the frequency with which ads containing pictures of fashion talent are shown.

Wilhelmina's management expects that the combination of Wilhelmina's main operating base in New York as the industry's capital, with the depth and breadth of its talent pool and client roster and its diversification across various talent management segments, together with its geographical reach should make Wilhelmina's operations more resilient to industry changes and economic swings than those of many of the smaller firms operating in the industry. Similarly, in the segments where Wilhelmina competes with other leading full service agencies, Wilhelmina continues to compete successfully. Accordingly, Wilhelmina's management believes that the current economic climate will create new growth opportunities for strong industry leaders such as Wilhelmina.

In light of the growing importance of advertising markets in developing countries, including China, Wilhelmina is actively looking at such markets from a talent management agency licensing perspective to explore new revenue opportunities, while limiting any financial risk to or requirement for operational resources from Wilhelmina. Wilhelmina's management anticipates that Wilhelmina's model for expansion into developing markets, such as China, will help offset any potential decline in gross billing volume from U.S. domestic or European markets resulting from the current weak economic climate.

With total advertising expenditures on major media (newspapers, magazines, television, cinema, outdoor and internet) amounting to approximately \$179 billion in 2007, the U.S. is by far the world's largest advertising market. For the fashion talent management industry, including Wilhelmina, advertising expenditures on magazines, television and outdoor are of particular relevance, with internet advertising becoming increasingly important.

Due to the increasing ubiquity of the internet as a standard business tool, the Wilhelmina Companies have increasingly sought to harness the opportunities of the internet and other digital media to improve their communications with clients and to facilitate the effective exchange of fashion model and talent information. The Wilhelmina Companies have also continued their efforts to expand the geographical reach of the Wilhelmina Companies through this medium in order to both support revenue growth and to reduce operating expenses.

### Expense Trends

Since 1999, Krassner and Esch, the principal owners of the Wilhelmina Companies, have received salary, bonus and consulting fee payments in an amount of approximately \$975,000 annually. This expense is recorded under "Stockholder's compensation and consulting fees" in the Financial Statements of Wilhelmina International Group as provided herein. Upon the closing of the Acquisition Agreement, neither Krassner nor Esch will be officers or directors of the Wilhelmina Companies, and accordingly, these payments will no longer be made. Similarly, upon the closing of the Acquisition Agreement, the \$6,000,000 promissory note, carrying an interest rate of 12.5% for an annual interest payment of \$750,000, in favor Krassner L.P., a Control Seller, will be repaid. Taken together, following the closing of the Acquisition Agreement, annual operating expenses and interest expense will decrease by a combined total of \$1,725,000.

As described in greater detail in the sections entitled "Revenues" and "Operating Expenses", gross billings as well as total revenues and operating expenses, particularly salary and service costs and advertising and promotion expenditure, have increased significantly on a year-on-year basis and again during the first nine months of 2008 relative to 2007

and 2006. In addition, during 2007, Wilhelmina Miami, which during the last six months of 2007 had been reorganized to better capture strong seasonal, local client demand for its talent, was for the first time included in the combined accounts of Wilhelmina International.

Management does not have any current plans to significantly increase corporate overhead following closing of the Acquisition Agreement in the absence of any major corporate transaction. No such transaction is currently under consideration.

#### Competition and Risks

Wilhelmina's principal competitors in the U.S. include DNA Model Management, Elite Model Management, Ford Models, Inc., IMG Models, Marilyn Model Agency, NEXT Model Management and Women Model Management. Smaller agencies typically tend to cater primarily to local market needs, such as local magazine and television advertising. Several of the larger fashion talent firms operate offices in multiple cities and countries, or alternatively have chosen to partner with local or foreign agencies to attempt to harness synergies without increasing overhead. In Europe, clients typically look to local firms as well as leading international firms for talent, or will seek models from talent management firms with a presence on location for the shoot, such as Miami, which has a strong, seasonal demand for several international catalog clients.

Several of the leading talent management firms, whether through modeling contests or reality TV shows and contests, are actively seeking to develop brand-awareness for their status within the fashion talent management industry for product licensing and related purposes.

Since 2007, Wilhelmina has seen an increasingly strong influx of talent, at both the new and seasoned talent levels and it believes it is increasingly attractive as an employer for successful agents across the industry as evidenced by the quality of agents expressing an interest in joining Wilhelmina. Similarly, Wilhelmina's reputation and operational and financial stability make it increasingly attractive as an acquirer or business partner and new business and branding opportunities directly or indirectly relating to the fashion industry are being brought to Wilhelmina's attention with increasing frequency. In order to take advantage of these opportunities and support its continued growth, Wilhelmina will need to continue to successfully allocate resources and staffing in a way that enhances its ability to respond to these new opportunities.

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Results of Operations for the Nine Months Ended September 30, 2008 compared to the Nine Months Ended September 30, 2007

Revenues

During the nine months ended September 30, 2008, gross billings increased \$6,725,000, or 24.7%, to \$33,974,000 compared to \$27,249,000 during the nine months ended September 30, 2007. The Wilhelmina Companies saw increases in gross billings across the various divisions of the business, including artist management, the Miami division, licensing and the core modeling business. The increases are primarily attributable to a renewed focus on customers, additional marketing and hiring of key personnel.

Commissions and Residuals

Commissions and residual income represents a percentage charged to the models upon the completion of their services to the clients. During the nine months ended September 30, 2008, commissions and residuals increased \$794,288, or 22.2%, to \$4,367,201 compared to \$3,572,913 during the nine months ended September 30, 2007. The increase is primarily attributable to an increase in gross billings.

Service Charges

Service charges represent amounts charged to the client for brokering and managing the relationship between the client and the model. During the nine months ended September 30, 2008, service charges increased \$1,085,927, or 29.0%, to \$4,830,588 compared to \$3,744,661 during the nine months ended September 30, 2007. The increase is primarily attributable to an increase in gross billings.

Management Fees, License Fees and Other Income

Wilhelmina has entered into agreements with both affiliated and non-affiliated entities to provide management and administrative services, as well as sharing of space where applicable. Compensation under these agreements may be either a fixed amount or contingent upon the other parties' commission income. Management fee income under these agreements totaled approximately \$51,000 and \$113,000 for the nine months ended September 30, 2008 and the nine months ended September 30, 2007, respectively. The portion of management fee income from an unconsolidated affiliate amounted to \$51,000 and \$83,000 for the nine months ended September 30, 2008 and the nine months ended September 30, 2007, respectively.

License fees consist primarily of franchise revenues from independently owned model agencies that use the Wilhelmina trademark name and various services provided to them by the Wilhelmina Companies. License fees totaled approximately \$221,000 and \$178,000 for the nine months ended September 30, 2008 and the nine months ended September 30, 2007, respectively.

Other income consists of mother agency fees which are paid to the Wilhelmina Companies by another agency when the other agency books a Wilhelmina contracted model for a client engagement. Other income also consists of fees derived from participants in the Wilhelmina model search contest. Search fees totaled approximately \$0 for the nine months ended September 30, 2008 and the nine months ended September 30, 2007.

Other income also consists of television syndication royalties and a production series contract. In 2005, the Wilhelmina Companies produced the television show "The Agency" and in 2007, the Wilhelmina Companies entered into an agreement with a television network to develop a television series called "She's Got the Looks". The television series documents the lives of women competing in a modeling competition. The Wilhelmina Companies will provide

to the television series the talent, together with the brand image of Wilhelmina and agrees to a modeling contract with the winner of the competition, in consideration of a fee per episode produced, plus 15% of Modified Gross Adjusted Receipts by the television network for the series, as defined. Other income for the nine months ended September 30, 2007 includes \$124,000 from this production series.

#### Operating Expenses

Operating expenses consist of costs that support the operations of the Wilhelmina Companies, including, payroll, rent, overhead, insurance, travel and professional fees. During the nine months ended September 30, 2008, total operating expenses increased \$681,675, or 8.6%, to \$8,576,109 compared to \$7,894,434 during the nine months ended September 30, 2007.

Because the Wilhelmina Companies provide professional services to the models, artists and celebrities, salary and service costs represent the largest part of the Wilhelmina Companies' operating expenses. Salary and service costs are comprised of payroll and related costs and travel costs required to deliver the Wilhelmina Companies' services and to allow them to pursue new business. During the nine months ended September 30, 2008, the Wilhelmina Companies continued to invest in professional personnel and pursue new business. Salary and service costs as a percentage of total operating expenses were 66.2% and 63.1% for the nine months ended September 30, 2008 and the nine months ended September 30, 2007, respectively. The increase in total operating expenses resulted mostly from increases in salary and service costs. This increase was attributable to the increase in revenues for the nine months ended September 30, 2008, which drove necessary increases in the direct costs required for the Wilhelmina Companies to deliver their services, including travel related costs.

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Office and general expenses are comprised of office and equipment rents, advertising and promotion, overhead expenses, insurance expenses, professional fees, technology cost and depreciation. These costs are less directly linked to changes in the Wilhelmina Companies' revenues than the salary and service costs. Office and general expenses as a percentage of total operating expenses were 25.2% and 27.7% for the nine months ended September 30, 2008 and the nine months ended September 30, 2007, respectively.

	2008		Nine months ended September 30, (in thousands)		2007	
	\$	% of Revenue	% of Operating Expenses	\$	% of Revenue	% of Operating Expenses
Revenues	\$ 9,889			\$ 7,689		
Operating Expenses:						
Salary and services costs	5,680	57.4%	66.2%	4,978	64.7%	63.1%
Office and general expenses	2,165	21.9%	25.2%	2,185	28.4%	27.7%
Owner's compensation	731	7.4%	8.5%	731	9.5%	9.3%
Total Operating Expenses	8,576	86.7%		7,894	102.6%	
Operating Income	\$ 1,313			\$ (205)		

## Interest Expense

Interest expense increased \$26,714, or 3.5%, to \$784,333 during the nine months ended September 30, 2008, compared to \$757,619 during the nine months ended September 30, 2007. The Wilhelmina Companies are obligated under a note payable to a Control Seller for \$6,000,000 that matures on June 3, 2009. The note bears a stated rate of interest of 12.5% per annum. Interest is paid monthly and aggregated \$563,000 in each nine months ended September 30, 2008 and 2007.

## Equity in income (loss) of affiliate

The Wilhelmina Companies account for their investment in their 50% owned affiliate using the equity method of accounting. Accordingly, the Wilhelmina Companies recognize their pro-rata share of the affiliate's income or loss in earnings. Distributions from the affiliate are reflected as a reduction of the investment. Equity in income of affiliate totaled \$13,658 during the nine months ended September 30, 2008, compared to \$12,304 during the nine months ended September 30, 2007. The increase in equity income of affiliate for the nine months ended September 30, 2008, as compared to the nine months ended September 30, 2007, was attributable to an increase in the net income of the affiliate.

## Net income (loss)



During the nine months ended September 30, 2008, the Wilhelmina Companies recorded net income of \$374,039 compared to a net loss of \$609,575 during the nine months ended September 30, 2007. The increase in profits and resulting income for the nine months ended September 30, 2008 as compared to the loss for the nine months ended September 30, 2007 was primarily attributable to significant increases in gross billings by the WAM and Wilhelmina Miami businesses for the nine months ended September 30, 2008 as compared to the nine months ended September 30, 2007. The increase was also attributable to a 14% increase in gross billings for the Core business for the nine months ended September 30, 2008 when compared to the nine months ended September 30, 2007.

Results of Operations for the Year Ended December 31, 2007 compared to the Year Ended December 31, 2006

#### Revenues

During the year ended December 31, 2007, gross billings increased approximately \$5,577,000, or 17.4%, to \$37,564,000 compared to \$31,987,000 during the year ended December 31, 2006. The Wilhelmina Companies saw increases in gross billings across the various divisions of the business, including artist management, the Miami division, licensing and the core modeling business. The increases are primarily attributable to changes in key personnel and marketing.

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Commissions and Residuals

Commissions and residual income represents a percentage charged to the models upon the completion of their services to the clients. During the year ended December 31, 2007, commissions and residuals increased \$212,651, or 4.5%, to \$4,914,400 compared to \$4,701,749 during the year ended December 31, 2006. The increase is primarily attributable to an increase in gross billings.

Service Charges

Service charges represent amounts charged to the client for brokering and managing the relationship between the client and the model. During the year ended December 31, 2007, service charges increased \$772,204, or 16.9%, to \$5,326,951 compared to \$4,554,747 during the year ended December 31, 2006. The increase is primarily attributable to an increase in gross billings.

Management Fees, License Fees and Other Income

Wilhelmina has entered into agreements with both affiliated and non-affiliated entities to provide management and administrative services, as well as sharing of space where applicable. Compensation under these agreements may be either a fixed amount or contingent upon the other parties' commission income. Management fee income under these agreements totaled approximately \$160,000 and \$328,000 for the year ended December 31, 2007 and the year ended December 31, 2006, respectively. The portion of management fee income from an unconsolidated affiliate amounted to \$110,000 for the year ended December 31, 2007 and the year ended December 31, 2006.

License fees consist primarily of franchise revenues from independently owned model agencies that use the Wilhelmina trademark name and various services provided to them by the Wilhelmina Companies. License fees totaled approximately \$295,000 and \$170,000 for the year ended December 31, 2007 and the year ended December 31, 2006, respectively.

Other income consists of mother agency fees which are paid to the Wilhelmina Companies by another agency when the other agency books a Wilhelmina contracted model for a client engagement. Other income also consists of fees derived from participants in the Wilhelmina model search contest. Search fees totaled approximately \$298,000 and \$389,000 for the year ended December 31, 2007 and the year ended December 31, 2006, respectively.

Other income also consists of television syndication royalties and a production series contract. In 2005, the Wilhelmina Companies produced the television show "The Agency" and in 2007, the Wilhelmina Companies entered into an agreement with a television network to develop a television series called "She's Got the Looks". The television series documents the lives of women competing in a modeling competition. The Wilhelmina Companies will provide to the television series the talent, together with the brand image of Wilhelmina and agrees to a modeling contract with the winner of the competition, in consideration of a fee per episode produced, plus 15% of Modified Gross Adjusted Receipts by the television network for the series, as defined. Other income for the year ended December 31, 2007 includes \$120,000 from this production series.

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## Operating Expenses

Operating expenses consist of costs which support the operations of the Wilhelmina Companies, including, payroll, rent, overhead, insurance, travel and professional fees. During the year ended December 31, 2007, operating expenses increased \$1,347,402, or 14.4%, to \$10,717,575 compared to \$9,370,173 during the year ended December 31, 2006.

Because the Wilhelmina Companies provide professional services to the models, artists and celebrities, salary and service costs represent the largest part of the Wilhelmina Companies' operating expenses. Salary and service costs are comprised of payroll and related costs and travel costs required to deliver the Wilhelmina Companies' services and to allow them to pursue new business. During the year ended December 31, 2007, the Wilhelmina Companies continued to invest in professional personnel and pursue new business. Salary and service costs as a percentage of total operating expenses were 62.9% and 61.5% for the year ended December 31, 2007 and the year ended December 31, 2006, respectively. Approximately \$978,000, or 72.6%, of the approximately \$1,348,000 increase in total operating expenses in 2007 resulted from increases in salary and service costs. This increase was attributable to the increase in revenues in 2007, which drove necessary increases in the direct costs required to deliver the Wilhelmina Companies' services, including travel related cost.

Office and general expenses are comprised of office and equipment rents, advertising and promotion, overhead expenses, insurance expenses, professional fees, technology cost and depreciation. These costs are less directly linked to changes in the Wilhelmina Companies' revenues than their salary and service costs. As a percentage of total operating expenses, office and general expenses were 28.0% for the year ended December 31, 2007 and 28.1% for the year ended December 31, 2006. The majority of the increase in office and general expenses in 2007 of approximately \$370,000 relates to additional advertising and promotion cost.

	2007		Year ended December 31, (in thousands)		2006	
	\$	% of Revenue	% of Operating Expenses	\$	% of Revenue	% of Operating Expenses
Revenues	\$ 11,491			\$ 10,739		
<b>Operating Expenses:</b>						
Salary and service costs	6,744	58.6%	62.9%	5,766	53.7%	61.5%
Office and general expenses	2,999	26.0%	28.0%	2,629	24.5%	28.1%
Owner's compensation	975	8.5%	9.1%	975	9.1%	10.4%
<b>Total Operating Expenses</b>	<b>10,718</b>	<b>93.1%</b>		<b>9,370</b>	<b>87.3%</b>	
Operating Income	\$ 773			\$ 1,369		

## Interest Income

Interest income totaled \$12,591 during the year ended December 31, 2007, compared to \$139,448 during the year ended December 31, 2006. For the year ended December 31, 2006, interest income includes \$131,732 attributable to a court settlement from litigation with a client.

Interest Expense

Interest expense totaled \$992,011 during the year ended December 31, 2007, compared to \$999,105 during the year ended December 31, 2006. The Wilhelmina Companies are obligated under a note payable to a Control Seller for \$6,000,000 which matures on June 3, 2009. The note bears a stated rate of interest of 12.5% per annum. Interest is paid monthly and aggregated \$750,000 in each year ended December 31, 2007 and 2006.

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### Equity in income (loss) of affiliate

The Wilhelmina Companies account for its investment in its 50% owned affiliate using the equity method of accounting. Accordingly, the Wilhelmina Companies recognize their pro-rata share of the affiliate's income or loss in earnings. Distributions from the affiliate are reflected as a reduction of the investment. Equity in income of affiliate totaled \$17,650 during the year ended December 31, 2007, compared to equity in loss of affiliate of \$21,684 during the year ended December 31, 2006. The increase in equity income of affiliate for the year ended December 31, 2007, as compared to the year ended December 31, 2006, was attributable to an increase in the net income of the affiliate.

### Net income (loss)

During the year ended December 31, 2007, the Wilhelmina Companies recorded a net loss of \$166,098 compared to a net income of \$466,061 during the year ended December 31, 2006. The decrease in profits and resulting loss for the year ended December 31, 2007 as compared to the year ended December 31, 2006 was primarily attributable to the loss by WAM of approximately \$523,000 for the year ended December 31, 2007 compared to a net loss of approximately \$5,000 for the year ended December 31, 2006. The significant increase in the loss by WAM was primarily attributable to the increase in payment of salaries as a result of the addition of a member to the senior management team and additional promotion and advertising costs.

### Liquidity and Capital Resources

The Wilhelmina Companies' primary liquidity needs are for financing working capital associated with the expenses they incur in performing services under their client contracts. The Wilhelmina Companies have in place a credit facility that includes a term loan and a revolving line of credit that allows them to manage their cash flows. The Wilhelmina Companies' ability to make payments on the credit facility, to replace their indebtedness, and to fund working capital and planned capital expenditures will depend on their ability to generate cash in the future, which, to a certain extent, is subject to general economic, financial, competitive and other factors that are beyond their control. The Wilhelmina Companies have historically secured their working capital facility through account receivable balances and therefore, the Wilhelmina Companies ability to continue servicing debt is dependant upon the timely collection of those receivables.

The Wilhelmina Companies made capital expenditures of approximately \$20,171, \$44,803 and \$89,371 in 2006, 2007 and the nine month period ended September 30, 2008, respectively.

On August 25, 2008, New Century entered into the Acquisition Agreement pursuant to which it will acquire the Wilhelmina Companies as discussed in further detail in this proxy statement. Upon consummation of the Acquisition, the business of the Wilhelmina Companies will constitute New Century's primary business. Concurrently with the execution of the Acquisition Agreement, New Century entered into the Equity Financing Agreement with Newcastle whereby Newcastle committed to purchase, at New Century's election at any time or times prior to six months following the Closing, up to an additional \$2,000,000 of Common Stock. In the event that a Core Decrease is determined as part of the Aggregate Purchase Price, the Control Sellers will have the option to pay to New Century in cash, such amount of the Core Decrease, not to exceed \$4,500,000.

### Working Capital and Term Loan Facilities

The Wilhelmina Companies' revolving line of credit has a borrowing capacity up to \$2,000,000, with availability subject to a borrowing base computation. The revolving line of credit matures on January 31, 2009. Interest on the revolving credit note is payable monthly at an annual rate of prime plus 0.5% equal to 5.5% at September 30, 2008.

In December 2005, the Wilhelmina Companies entered into a \$1,000,000 term note with a bank. The term note is payable in monthly installments of \$23,784 including principal and interest calculated at a fixed rate of 6.65% per annum and matures in December 2009.

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The line of credit and term note are collateralized by all of the assets of the Wilhelmina Companies, cross collateralized by the combined and consolidated companies herein and are guaranteed by a stockholder of the Wilhelmina Companies.

### Contingent Liabilities

In February 2006, the Wilhelmina Companies filed a claim against PUIG Beauty and Fashion Group, S.L., a former international client for breach of contract and quantum meruit. The attempts to mediate have been unsuccessful. See “Proposal No. 1 – Approval of the Acquisition – Description of the Wilhelmina Companies – Legal Proceedings” beginning on page 72.

In the normal course of business, the Wilhelmina Companies are subject to various legal proceedings, the resolution of which, in management’s opinion, will not have a material adverse effect on the financial position or the results of operations of the Wilhelmina Companies.

### Off Balance Sheet Arrangements

The Wilhelmina Companies do not have any off balance sheet arrangements.

### Related Party Transactions

#### Note Payable To A Control Seller

The Wilhelmina Companies are obligated on a note payable to a Control Seller – Krassner L.P. – for \$6,000,000 which matures on June 3, 2009. The note bears a stated rate of interest of 12.5% per annum. Interest is paid quarterly and aggregates \$563,000 for each of the nine months ended September 30, 2008 and 2007 and \$750,000 in each of the years ended December 31, 2007 and 2006.

#### Consulting Fees Paid

The Wilhelmina Companies paid consulting fees to a 50% stockholder of the Wilhelmina Companies in the amount of \$93,750 for each of the nine months ended September 30, 2008 and 2007 and \$125,000 for each of the years ended December 31, 2007 and 2006.

#### Management Fees Income

The Wilhelmina Companies provided management services to an unconsolidated affiliate in the amount of \$51,000 for each of the nine months ended September 30, 2008 and 2007 and \$110,000 for each of the years ended December 31, 2007 and 2006.

#### Due From Officer

Advances to officers are non-interest bearing and are due on demand.

#### Seasonality

The Wilhelmina Companies’ current operations are not significantly affected by seasonality.

#### New Accounting Standards

In December 2007, the FASB released Statement of Financial Accounting Standards No. 141(R), Business Combinations (revised 2007) (“SFAS 141(R)”), which changes many well-established business combination accounting practices and significantly affects how acquisition transactions are reflected in the financial statements. Additionally, SFAS 141(R) will affect how companies negotiate and structure transactions, model financial projections of acquisitions and communicate to stakeholders. SFAS 141(R) must be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Wilhelmina Companies are currently evaluating the impact the adoption of this statement could have on their financial condition, results of operations and cash flows.



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In December 2007, the FASB released Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (“SFAS 160”), which establishes accounting and reporting standards for the noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interests and requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. Previously, net income attributable to the noncontrolling interest was reported as an expense or other deduction in arriving at consolidated net income. SFAS 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Wilhelmina Companies are currently evaluating the impact the adoption of this statement could have on its financial condition, results of operations and cash flows.

## Critical Accounting Policies

### Basis of Combination

The accompanying financial statements include the consolidated accounts of Wilhelmina International and its wholly-owned subsidiaries, Wilhelmina West, Wilhelmina Models, and LW1, Wilhelmina Miami, WAM, Wilhelmina Licensing, and Wilhelmina TV, which are wholly or majority owned by the stockholders and officers of the consolidated companies, are combined with the consolidated group of companies. The collective group is referred to as the Wilhelmina Companies. All significant inter-company accounts and transactions have been eliminated in the combination.

### Revenue Recognition

The Wilhelmina Companies act as an agent and records revenue equal to the net amount retained, when the fee or commission is earned. The Wilhelmina Companies recognize services provided as revenue upon the rendering of modeling services to their clients. Commission income represents a percentage charged to the models upon the completion of their services to the clients. The Wilhelmina Companies also recognize management fees as revenues for providing services to other modeling agencies as well as consulting income in connection with services provided to a television production network according to the terms of the contract.

### Accounts Receivable

Accounts receivable consist of trade receivables recorded at original invoice amounts, net of the allowance for doubtful accounts, and are subject to credit risk. Trade credit is generally extended on a short-term basis; thus, trade receivables do not bear interest. Trade receivables are periodically evaluated for collectibility based on past credit histories with customers and their current financial conditions. Changes in the estimated collectibility of trade receivables are recorded in the results of operations for the periods in which the estimates are revised.

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Intangible Assets

Intangible assets consist primarily of goodwill and buyer relationships resulting from a business acquisition. According to Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," ("SFAS 142") goodwill and intangible assets with indefinite lives are no longer subject to amortization, but rather to an annual assessment of impairment by applying a fair-value based test. The Wilhelmina Companies adopted SFAS 142 as of January 1, 2002 and ceased amortizing goodwill and intangible assets.

Income Taxes

The Wilhelmina Companies follow Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires the asset and liability method of accounting for income taxes. Under that method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are computed using enacted tax rates, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided when it is more likely than not that future benefits associated with a deferred tax asset will not be realized.

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ACQUISITION AGREEMENT

The following summary describes the material provisions of the Acquisition Agreement. This summary may not contain all of the information about the Acquisition Agreement that is important to you and is qualified in its entirety by reference to the full text of the Acquisition Agreement, which is included as Annex A to this proxy statement. We urge you to read the entire Acquisition Agreement and the other annexes to this proxy statement carefully and in their entirety.

General

On August 25, 2008, the Company entered into the Acquisition Agreement with Wilhelmina Acquisition, the Wilhelmina Companies (for the purposes of this summary, the Wilhelmina Companies include Wilhelmina International, Wilhelmina Miami, WAM, Wilhelmina Licensing and Wilhelmina TV, and in some instances, their subsidiaries), the Control Sellers (which include Esch, Lorex, Krassner and Krassner L.P.), Patterson and the stockholders of Wilhelmina Miami (the Control Sellers, Patterson and the stockholders of Wilhelmina Miami referred to in this summary as the Sellers). Pursuant to the Acquisition Agreement, on the Closing date, which will be no later than the fifth business day following the satisfaction or waiver of the closing conditions set forth in the Acquisition Agreement, Wilhelmina Acquisition will merge with and into Wilhelmina International (the "Merger") and each of the Sellers will sell, assign, convey and deliver to the Company (or Wilhelmina Acquisition, as applicable) good and marketable title to all outstanding equity interests in the Wilhelmina Companies (other than the equity interests in Wilhelmina International, which will be transferred by the Merger). As a result of the Merger and the acquisition of the outstanding equity interests of the remaining Wilhelmina Companies, the Wilhelmina Companies will become either direct or indirect wholly owned subsidiaries of the Company.

The Merger

On the date of the Closing, the Company and Wilhelmina Acquisition will cause a certificate of merger to be executed and filed with the Secretary of State of New York, at which point the Merger will become effective. At the effective time of the Merger, the separate existence of Wilhelmina Acquisition will cease and Wilhelmina Acquisition will be merged with and into Wilhelmina International, the surviving corporation (the "Surviving Corporation") becoming a wholly owned subsidiary of the Company. The certificate of incorporation and bylaws of Wilhelmina Acquisition in effect immediately prior to the Merger will be the certificate of incorporation and bylaws of the Surviving Corporation. All property owned by each of Wilhelmina Acquisition and Wilhelmina International will vest in the Surviving Corporation without reversion or impairment, and the Surviving Corporation will automatically assume all of the liabilities of each of Wilhelmina Acquisition and Wilhelmina International.

By virtue of the Merger, (a) each issued and outstanding share of the common stock of Wilhelmina International will automatically be converted into the right to receive a pro-rata portion of the Aggregate Merger Consideration (as defined below) upon the appropriate surrender of the certificate(s) evidencing such shares, (b) all shares of the common stock of Wilhelmina International, when so converted, will no longer be outstanding and will automatically be cancelled and retired and cease to exist, and each holder of a certificate representing such shares will cease to have any rights with respect thereto, except for the right to receive a portion of the consideration therefore and (c) each issued and outstanding share of common stock of Wilhelmina Acquisition will automatically, and without any action on the part of the holder thereof, be converted into one validly issued, fully paid and non-assessable share of common stock of the Surviving Corporation.

No fractional shares will be issued by virtue of the Merger. In lieu of receiving a fraction of a share, each person entitled to receive a fraction of a share, after aggregating all fractional shares that otherwise would be received by such holder and such holder's appropriate surrender of his equity interests in the Wilhelmina Companies, will receive one

share of Common Stock.

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The Merger is intended to constitute a reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(E) of the Code. Each party will treat the Merger consistent with such characterization, including complying with the reporting and record keeping requirements of Treasury Regulation Section 1.368-3.

Upon the consummation of the Acquisition, Wilhelmina International will be a wholly owned subsidiary of the Company and will be the Company's primary operating subsidiary. The current executive management of the Company will not change as a result of the Acquisition. The executive management of the Company will oversee the operations of the Wilhelmina International subsidiary along with Sean Patterson, the current President of Wilhelmina International, who will serve as the President of the subsidiary after the consummation of the Acquisition. The Wilhelmina International subsidiary will also have other officers appointed in accordance with the Acquisition Agreement, however, these officers will not have any policy-making functions. See "Proposal No. 1 – Approval of the Acquisition – Post-Acquisition Management and Ownership" beginning on page 115.

### Acquisition Consideration

### Merger Consideration

The aggregate merger consideration will be \$15,000,000 of shares of Common Stock calculated based on the NCEH Book Value Per Share of newly issued shares of Common Stock (the "Aggregate Merger Consideration"), subject to the deposit of the Seller Restricted Shares into escrow and as adjusted pursuant to the Acquisition Agreement.

"NCEH Book Value Per Share" means (a) the net book value per share of Common Stock as of the month end prior to the date of the Acquisition Agreement (which the parties have agreed is \$0.247) minus (b) an amount equal to (i) Ratable Purchaser Transaction Expenses divided by (ii) the number of shares of Common Stock outstanding as of the date of the Acquisition Agreement.

"Ratable Purchaser Transaction Expenses" means (a) the Company's transaction expenses (including expenses in connection with this proxy statement and the stockholders meeting in connection therewith) incurred as of the date that is five business days prior to the Closing multiplied by (b) the Pro Forma Seller Percentage.

"Pro Forma Seller Percentage" means the sum of the "Pro Forma" percentages applicable to Esch, Krassner and their respective affiliates, which the parties have agreed is approximately 48.0%.

### Escrow

Concurrently with the Closing, a number of shares issuable as part of the Aggregate Merger Consideration and equal to (a) the Maximum Share Offset plus (b) the Designated Matter Holdback Shares (such total, the "Restricted Share Amount") will be deposited in escrow (the "Escrow") to be held in accordance with the Escrow Agreement (collectively, the "Seller Restricted Shares"). The Seller Restricted Shares will be subject to repurchase by the Company pursuant to the provisions of the Escrow Agreement and as further described in the Acquisition Agreement. The Seller Restricted Shares constitute a portion of the shares issuable to the Sellers at the Closing pursuant to the Merger.

A total of \$4,600,000 of Common Stock - the Seller Restricted Shares - will be delivered into Escrow upon the consummation of the Acquisition.

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“Maximum Share Offset” means a number of shares of Common Stock equal to (a) (i) \$4,500,000 divided by (ii) the NCEH Book Value Per Share and (b) after completion of the Company’s fiscal year 2008 audit and the full satisfaction of any required Core Decrease or Core Increase (such terms are defined in the paragraph below entitled “Core Adjustment”) (by way of a cash payment or the repurchase of Seller Restricted Shares, in either case actually effected in accordance therewith), (i) \$1,000,000 divided by (ii) the greater of (1) the NCEH Book Value Per Share and (2) the Market Value of the Common Stock as of the applicable date.

“Designated Matter Holdback Shares” means a number of shares of Common Stock equal to (a) \$100,000 divided by (b) the greater of the NCEH Book Value Per Share or the Market Value on the Closing Date.

“Market Value” of the Common Stock means the trailing 30 trading day average closing price of the Common Stock (which will include the reference date, if the U.S. financial markets have closed) on the market on which such security is listed. If the Common Stock is not listed on a stock exchange, but is quoted on the OTC Bulletin Board or on the Pink Sheets, the Market Value of such security will be the average of the mean of the closing bid and asked prices per share of such security for the 30 trading days preceding such date.

### Aggregate Purchase Consideration

The aggregate consideration (the “Aggregate Purchase Consideration”) payable by the Company in respect of the purchase of all outstanding Wilhelmina Equity Interests (other than the shares of Wilhelmina International or Wilhelmina Miami) will be (a) \$9,000,000 minus (b) the Designated Matter Cash Deduction, in cash, as adjusted pursuant to certain provisions of the Acquisition Agreement, and reduced by any applicable withholding tax; plus, as part of the consideration for the units or membership interests of WAM, the WAM Earnout (as defined in the paragraph below entitled “WAM Earnout”) and as consideration for the shares of Wilhelmina Miami, the Miami Earnout (as defined in the paragraph below entitled “Miami Earnout”).

“Designated Matter Cash Deduction” means the lesser of (a) \$95,000 or (b) the amount, if any, agreed to by the Wilhelmina Companies prior to the Closing in settlement of a designated due diligence matter.

“Wilhelmina Equity Interests” means (a) the shares of Wilhelmina International and the shares of Wilhelmina Miami and (b) the units or membership interests of WAM, Wilhelmina Licensing and Wilhelmina TV.

### Acquisition Consideration Adjustments and Earnouts

#### Core Adjustment

As soon as reasonably practicable but not later than thirty (30) days following completion of the Company’s fiscal year 2008 audit, the Company will inform the Control Sellers of its calculation of the Core Increase or the Core Decrease, as applicable. In the event the Company receives an objection notice relating to such calculations from the Control Sellers within such thirty (30) day period, the dispute as to the calculation will be resolved pursuant to the Acquisition Agreement.

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The Aggregate Purchase Price will be adjusted either (a) upwards, in the amount of the Core Increase or (b) downwards, in the amount of the Core Decrease. The “Core Increase” means: if the Base Price is higher than \$30,000,000, the excess of (i) the Base Price over (ii) \$30,000,000. The “Core Decrease” means: if the Base Price is lower than \$30,000,000, the excess of (a) \$30,000,000 over (b) the Base Price. The “Base Price” means a number equal to (a) the product of (i) 7.5 times (ii) Average Core EBITDA, plus (b) Closing Net Asset Adjustment plus (c) the Wilhelmina Expense Amount plus (d) the Designated Matter True-Up (if applicable). In the event that a Core Increase is determined, the Company will pay the Control Sellers in cash in immediately available funds (subject to the last sentence of this paragraph), pro-rata for their equity ownership in the Company prior to Closing, the amount of such Core Increase within the later of (a) thirty (30) calendar days following the Company’s delivery of the calculation of such Core Increase or (b) ten (10) days following the resolution, in accordance with the Acquisition Agreement, of any related objections properly raised. In the event that a Core Decrease is determined, Esch and Krassner will each pay (or cause to be paid by Lorex and Krassner L.P., respectively) the Company in cash in immediately available funds, 50% of the amount of such Core Decrease within the later of (a) thirty (30) calendar days following the Company’s delivery of the calculation of such Core Decrease or (b) ten (10) days following the resolution, in accordance with the Acquisition Agreement, of any related objections properly raised, not to exceed \$2,250,000 in each case (\$4,500,000 in the aggregate); provided that if either Esch or Krassner fails to timely make (or caused to be made) its required cash payment pursuant to the foregoing (or if either otherwise elects), the Company will have the right to promptly repurchase for \$0.0001 per share such number of Seller Restricted Shares equal to (a) 50% (with respect to each of Esch and Krassner, for a total of 100% in the case of default and/or election by both) of the amount of the Core Decrease divided by (b) the lesser of (i) the Market Value of the Common Stock as of the date of repurchase and (ii) the NCEH Book Value Per Share; provided that in no event will the Company be permitted to purchase an amount of shares greater than the Maximum Share Offset pursuant to the foregoing. Notwithstanding the foregoing, if (a) the Base Price is less than \$25,500,000 and (b) the sum of (i) Closing Net Asset Adjustment plus (ii) Wilhelmina Expense Amount yields a negative number, the Company will be permitted to offset against payments described in the section entitled “Earn-Out Payments; Off-Set” an amount equal to the lesser of (a) \$25,500,000 minus the Base Price or (b) absolute value of the sum of (i) the Closing Net Asset Adjustment plus (ii) the Wilhelmina Expense Amount. In the event of any adjustments described above, the parties will use good faith efforts to reach agreement on the allocation of any such adjustments between the Aggregate Merger Consideration and the Aggregate Purchase Consideration; provided, however, that in the event that a Core Increase is determined, any additional consideration that is allocable, by virtue of this provision, to Aggregate Merger Consideration will be paid in Common Stock (valued at Market Value as of the date of required payment) to the extent the payment of such additional consideration would cause more than 20 percent of the Aggregate Merger Consideration (based on the fair market value of the capital stock and other consideration that would otherwise constitute Aggregate Merger Consideration (i.e., without giving effect to the proviso)) to be paid in other than voting stock of the Company in violation of Section 368(a)(2)(E)(ii) of the Code.

“Closing Net Asset Adjustment” means a number (which may be positive or negative) equal to (a) unrestricted cash and cash equivalents (which will exclude security deposits) of the Wilhelmina Companies as of 11:59 p.m. on the Closing Date plus (b) Excess Receivables plus (c) the Revolver Reduction Amount minus (d) the Minimum Liquidity Requirement minus (e) the Term Loan Amount.

“Average Core EBITDA” means the average of audited 2007 Core EBITDA and audited 2008 Core EBITDA.

“Excess Receivables” means a number (which may be positive or negative) equal to (a) accounts receivable minus (b) accounts payable minus (c) Gross Amounts Due to Models.

“Revolver Reduction Amount” means a number (which may be positive or negative) equal to (a) \$1,500,000 minus (b) all outstanding principal amounts and accrued interest owing to Signature Bank under Wilhelmina International’s revolving line of credit as of the close of business on the Closing Date.

“Minimum Liquidity Requirement” means a number equal to (a) \$1,000,000 minus (b) unrestricted cash and cash equivalents (which will exclude security deposits) of the Wilhelmina Companies as of the close of business on the Closing Date minus (c) the Revolver Reduction Amount; provided that, if the foregoing calculation yields a negative number, the “Minimum Liquidity Requirement” will be \$0.



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“Term Loan Amount” means the amount of all outstanding principal and accrued interest under Wilhelmina International’s term loan owing to Signature Bank and any other borrowings of the Wilhelmina Companies (other than any amounts under or in connection with: (a) Wilhelmina International’s revolver with Signature Bank (b) the Krassner Note (as such loan is defined in the section entitled “Krassner Note”) and (c) intercompany debt between or among the Wilhelmina Companies and their wholly owned subsidiaries) as of the close of business on the Closing Date.

“Gross Amounts Due to Models” means the gross amounts due to models (as reflected as a line item on a balance sheet of the Wilhelmina Companies subject to the next sentence). For the avoidance of doubt, the Gross Amounts Due to Models is a gross number and will exclude any advances to models (which is used to arrive at a net amount due to models).

“Designated Matter True-Up” means the excess, if any, of the Designated Matter Cash Deduction over the Designated Matter Post-Closing Amount; provided that if a settlement with respect to a designated due diligence matter has not been agreed to by the time of completion of the Company’s fiscal year 2008 audit, then the Designated Matter True-Up will be \$0.

“Designated Matter Post-Closing Amount” means (a) the amount, if any, agreed to by the Wilhelmina Companies following the Closing in settlement with respect to a designated due diligence matter plus (b) any other losses or claims covered by the provisions of the Acquisition Agreement with respect to a designated due diligence matter.

“Core EBITDA” means for any period and without duplication, (a) the EBITDA attributable to the core business of the Wilhelmina Companies plus (b) certain mutually agreed addbacks.

Earn-Out Payments; Off-Sets

The purchase price payable by the Company for WAM and Wilhelmina Miami, as applicable, will be the right of the applicable Sellers to receive the following cash payments, or the “Earn-Out Payments,” as follows:

WAM Earnout

Not later than thirty (30) days following the third anniversary of the Closing Date, the Company will inform the Control Sellers of its calculation of the WAM Earnout. In the event that the Company receives an objection notice relating to such calculations from the Control Sellers in accordance with the Acquisition Agreement, such dispute as to the calculation will be resolved pursuant to the Acquisition Agreement. Subject to the paragraph below entitled “Payment Reduction” (the “Payment Reduction”), and the resolution of any objection appropriately raised, the Company will pay to the Control Sellers, pro rata in accordance with their pre-closing ownership of WAM, an amount (if positive) in cash in immediately available funds equal to (a) five (5) multiplied by (b) the three (3) year average of audited WAM EBITDA for the twelve (12) month periods beginning on the Closing Date, the first anniversary of the Closing and the second anniversary of the Closing Date, respectively; provided that aggregate payments (determined prior to any adjustment pursuant to the Payment Reduction) described in this paragraph will not exceed \$10,000,000; and provided further that revenue associated with any cash included in the calculation of the Closing Net Asset Adjustment described above will be excluded from WAM EBITDA for purposes of the foregoing calculation. The Earn-Out Payment described in this paragraph, subject to the Payment Reduction, is referred to as the “WAM Earnout.” Any positive WAM Earnout payment owed by the Company will be paid by the Company within the later of (a) thirty (30) calendar days following the Company’s delivery of the calculation of the WAM Earnout or (b) ten (10) days following the resolution, in accordance with the Acquisition Agreement, of any related objections properly raised.



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“WAM EBITDA” means, for any period and without duplication, (a) the EBITDA of WAM related to the WAM Business, plus (b) the addbacks and, minus (c) certain specified deductions.

“WAM Business” means the artist or talent management business, including but not limited to celebrity or talent endorsements, sponsorships, appearances, licensing and product lines, and campaigns (but excluding in all cases the core model management booking business).

### Miami Earnout

Not later than thirty (30) days following the third anniversary of the Closing Date, the Company will inform the Control Sellers of its calculation of the Miami Earnout. In the event that the Company receives an objection notice relating to such calculations from the Control Sellers in accordance with the Acquisition Agreement, such dispute as to the calculation will be resolved pursuant to the Acquisition Agreement. Subject to the Payment Reduction, and the resolution of any objection validly raised, the Company will pay to the Control Sellers, pro rata in accordance with their pre-closing ownership of Wilhelmina Miami, an amount (if positive) in cash in immediately available funds equal to (a) 7.5 multiplied by (b) the three (3) year average of audited Wilhelmina Miami EBITDA for the twelve (12) month periods beginning on the Closing Date, the first anniversary of the Closing and the second anniversary of the Closing Date, respectively; provided that revenue associated with any cash included in the calculation of the Closing Net Asset Adjustment described above will be excluded from Wilhelmina Miami EBITDA for purposes of the foregoing calculation. The Earn-Out Payment described in this paragraph, subject to the Payment Reduction is referred to as the “Miami Earnout.” Any positive Miami Earnout payment owed by the Company will be paid by the Company within the later of (a) thirty (30) calendar days following the Company’s delivery of the calculation of the Miami Earnout or (b) ten (10) days following the resolution, in accordance with the Acquisition Agreement, of any related objections properly raised.

“Wilhelmina Miami EBITDA” means, for any period and without duplication, (a) the EBITDA of Wilhelmina Miami, plus (b) the addbacks and minus (c) certain specified deductions. Wilhelmina Miami EBITDA excludes all EBITDA (including any Core EBITDA) not directly generated by Wilhelmina Miami.

### Payment Reduction

The Company has the right, prior to making any WAM Earnout or Miami Earnout payment, and in addition to any other set off rights specifically provided for in the Acquisition Agreement, to reduce the amount of WAM Earnout or Miami Earnout payment by (a) the absolute value of any Aggregate Divisional EBITDA Loss and (b) if in connection with the Company’s payment of shares of Common Stock in the Merger, described above, (i) the Base Price was less than \$25,500,000 and (ii) the sum of (1) Closing Net Asset Adjustment plus (2) the Wilhelmina Expense Amount yields a negative number, an amount equal to the lesser of (1) \$25,500,000 minus the Base Price or (2) the absolute value of the sum of (A) Closing Net Asset Adjustment plus (B) Wilhelmina Expense Amount. An “Aggregate Divisional EBITDA Loss” means: (a) an aggregate WAM EBITDA loss for the twelve (12) month periods beginning on the Closing Date, the first anniversary of the Closing and the second anniversary of the Closing Date, respectively, if any, and/or (b) an aggregate Wilhelmina Miami EBITDA loss for the twelve (12) month periods beginning on the Closing Date, the first anniversary of the Closing and the second anniversary of the Closing Date, respectively, if any (it being understood that an aggregate loss in each case will be determined by summing EBITDA, including negative EBITDA, for all three periods). After giving effect to any reduction(s) of Earnout Payments described in this paragraph, the Company will pay any positive WAM Earnout and/or the Miami Earnout to the applicable Sellers, pro rata for their pre-closing ownership interests in WAM and Wilhelmina Miami, respectively, within the later of (a) thirty (30) calendar days following the Company’s delivery of the calculations with respect to the WAM Earnout and the Miami Earnout (whichever is delivered later) or (b) ten (10) days following the resolution, in accordance with the Acquisition Agreement, of any related objections properly raised.



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In the event that either (a) Aggregate Divisional EBITDA Losses exist for both WAM and Wilhelmina Miami (the sum of such Aggregate Divisional EBITDA Losses, the "Total Divisional Loss") or (b) the amount an Aggregate Divisional EBITDA Loss exceeds the amount of any Earnout Payment (prior to any adjustment made as described in the prior paragraph) (an "Excess Divisional Loss"), then the Company will have the right to repurchase for \$0.0001 per share a number of Seller Restricted Shares (valued at the greater of (a) the prevailing Market Value as of the date of repurchase and (b) the NCEH Book Value Per Share) equal to the Total Divisional Loss or the Excess Divisional Loss, as applicable; provided that in no event will the Company be permitted to repurchase shares, as described in this paragraph, having a value greater than the lesser of (a) \$1,000,000 and, if a repurchase of Seller Restricted Shares by the Company occurred as described in the above paragraph entitled "Core Adjustment," (b) the value (measured at the greater of (i) the Market Value of the Common Stock as of the date of such repurchase and (ii) the NCEH Book Value Per Share) of the number of Seller Restricted Shares that were required to remain in escrow following such repurchase, as described in the above paragraph entitled "Core Adjustment," in respect of any Core Decrease. Any such repurchase will be effected on a 50/50 proportionate basis between shares issued to Lorex and shares issued to Krassner L.P. Each of Lorex or Krassner L.P. will have the right to cover their respective ½ portions of any Total Divisional Loss or Excess Divisional Loss by a cash payment to the Company made within the time period required by the Acquisition Agreement (in which case the Company will not repurchase Seller Restricted Shares pursuant to the foregoing and will release such shares to Lorex or Krassner L.P., as the case may be).

Subject to certain conditions, the Earnout Payments may be payable in whole or in part in Common Stock (valued at then prevailing Market Value), at the election of the Control Sellers. In the event that the Control Sellers fail to deliver the required notice, then the Earnout Payments will be payable in cash or Common Stock, or any combination of cash and Common Stock, at the sole discretion of the Company. Earnout Payments will be considered an adjustment to the Aggregate Purchase Price. The net amount, if any, payable with respect to the WAM Earnout will be allocable to the WAM Units, and the net amount, if any, payable with respect to the Miami Earnout will be allocable to the Miami Shares.

"Wilhelmina Expense Amount" means a number (which number may be positive or negative) equal to (a) \$35,000, minus (b) certain expenses related to transactions contemplated under the Acquisition Agreement incurred by or otherwise to be paid by the Wilhelmina Companies that remain unpaid prior to Closing.

Resolution of Calculation Objections

In the event of objections in connection with the Core Adjustment or Payment Reduction that cannot be resolved by the parties, RSM McGladrey, an independent public accounting firm, will make an independent determination of the calculation that will be final and binding on the parties.

Krassner Note

At the Closing, the outstanding \$6,000,000 principal amount plus any accrued but unpaid interest, under a promissory note dated June 3, 1999 issued by Wilhelmina International and held by Krassner L.P. (the "Krassner Note") will be paid in its entirety to Krassner L.P. by the Company or by Wilhelmina Acquisition (or the Surviving Corporation with funds contributed by the Company).

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### Set Offs

The Company is permitted to adjust amounts owed to any affiliate of Esch or Krassner with amounts owed or payable by Esch or Krassner under the Acquisition Agreement, and vice versa.

### Aggregate Purchase Consideration Allocation

The Aggregate Purchase Consideration with respect to each of WAM, Wilhelmina Licensing and Wilhelmina TV (collectively, the “LLCs”) (including any contingent portion of the Aggregate Purchase Consideration) and the liabilities of such LLC immediately before the Closing, to the extent not required to be treated as interest under Section 1274 of the Code, will be allocated among the assets of such LLC as (a) to each asset of the LLC (other than Section 197 intangibles, within the meaning of Section 197 of the Code), there will be allocated an amount equal to the book value of such asset net of the book value of any contra account with respect thereto, in each case determined in accordance with GAAP as reflected on the LLC’s books and records immediately prior to the Closing, and (b) the balance, including all contingent payments with respect to such LLC (except to the extent required to be treated as interest) will be allocated to Section 197 intangibles within the meaning of Section 197 of the Code, including goodwill.

### Patterson Payments

An amount in cash (a) equal to one-half of the Patterson Payment Amount and (b) otherwise payable to the Control Sellers as cash consideration at Closing, will be directed and paid to Patterson to satisfy, together with the issuance of Common Stock (including shares to be held in escrow pending the resolution of the core adjustment calculations (the “Restricted Patterson Shares”)), Wilhelmina International’s obligations in respect of any change in control or related payment under Patterson’s August 1, 2003 employment agreement with Wilhelmina International. The “Patterson Payment Amount” means the amount (if any) jointly determined by the Control Sellers and the Company to be owed at Closing to Patterson in respect of any change in control or related payment under Patterson’s August 1, 2003 employment agreement in connection with the transactions contemplated by the Acquisition Agreement. The total foregoing cash payment will be an adjustment to the Aggregate Purchase Price. The Company will calculate the number of shares of Common Stock constituting the stock portion of the Patterson Payment Amount by using the NCEH Book Value Per Share. Such share payment (including any Restricted Patterson Shares) will also be equal to one-half of the Patterson Payment Amount.

### Designation Matter Repurchase

If, as a result of the settlement with respect to a designated due diligence matter, the Designated Matter Post-Closing Amount exceeds the Designated Matter Cash Deduction, then the Company will have the right to repurchase for \$0.0001 per share a number of Designated Matter Holdback Shares having a value equal to the Designated Matter Repurchase Share Amount. Any repurchase of Designated Matter Holdback Shares will occur no later than 90 days following the later of (a) final settlement with respect to a designated due diligence matter and (b) full satisfaction of any required Core Decrease or Core Increase.

“Designated Matter Repurchase Share Amount” means (a) the excess, if any, of the Designated Matter Post Closing Amount over the Designated Matter Cash Deduction divided by (b) the greater of the NCEH Book Value Per Share or the Market Value of the Common Stock on the Closing Date; provided that the Designated Matter Repurchase Share Amount will in no event exceed the Designated Matter Holdback Shares.

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Representations and Warranties

The Acquisition Agreement contains representations and warranties made by the Wilhelmina Companies and the Control Sellers, severally, by each Seller, severally and not jointly, and by the Company and Wilhelmina Acquisition, relating to the following matters, among others (in some cases, the representations are made by only one or two of the three groups of parties, and in some cases the representations are also made with respect to their respective subsidiaries):

- corporate organization, existence, good standing, power and authority;
- corporate authorization to enter into and carry out the obligations contained in the Acquisition Agreement and the valid and binding nature of such obligations;
- absence of any conflict or violation of the organizational documents, any applicable legal requirements, or any agreements with third parties, as a result of entering into and carrying out the obligations contained in the Acquisition Agreement;
  - capital structure and the absence of restrictions or encumbrances with respect to capital stock;
  - corporate organization, qualifications to do business and corporate standing of subsidiaries;
- ownership of, and absence of restrictions or encumbrances with respect to, the capital stock of subsidiaries;
  - title to assets and personal properties;
  - leases of intangible or personal property;
  - owned and leased real property;
  - financial statements;
  - SEC filings;
  - absence of undisclosed liabilities;
  - accounts receivable;
  - compliance with applicable laws;
  - legal proceedings;
- material contracts and the absence of breaches of material contracts;
  - customers, client accounts and models;
  - insurance;
  - intellectual property;
  - transactions with affiliates;
  - employee and labor matters;
  - employee benefit plans;
  - environmental laws;
  - taxes and tax returns;
  - disclosure;
  - maintenance of books and records;
- entitlements to any broker's, finder's, or other similar fees, commissions or expenses in connection with the Acquisition;
  - bank accounts;
  - powers of attorney;
- purchasing entirely for own account and for investment;
- access to information and investment experience; and
- board recommendations.

The representations and warranties contained in the Acquisition Agreement were made for purposes of the Acquisition Agreement and are subject to qualifications and limitations agreed to by the respective parties in connection with negotiating the terms of the Acquisition Agreement. In addition, certain representations and warranties were made as of a specific date, may be subject to a contractual standard of materiality different from what might be viewed as

material to stockholders, or may have been used for purposes of allocating risk between the respective parties rather than establishing matters as facts.



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Covenants

Restrictions on Certain Discussions and Actions

Under the Acquisition Agreement, until the Closing or earlier termination of the Acquisition Agreement, each of the Sellers and the Wilhelmina Companies will refrain, and will cause their respective affiliates, managers, members, officers, directors, stockholders, employees, attorneys, accountants and other agents and representatives to refrain, from taking any action, directly or indirectly, to (a) solicit, encourage, initiate or participate in any way in discussions or negotiations with, or furnish any information with respect to the Wilhelmina Companies to any person or entity (other than New Century and its representatives) in connection with any possible or proposed sale of the Wilhelmina Companies, a substantial portion of their assets or an equity interest therein, or any merger or other business combination involving the Wilhelmina Companies or any other similar transaction (including any recapitalization, refinancing or reorganization or any extraordinary licensing transaction involving the “Wilhelmina” name) that could reasonably be expected to impair the consummation of the Acquisition, or (b) except as required by law after not less than five (5) days notice to New Century, disclose any non-published information concerning the Wilhelmina Companies, their property or their business.

Conduct of Business of the Wilhelmina Companies

Additionally, until the Closing or the earlier termination of the Acquisition Agreement, each of the Control Sellers and the Wilhelmina Companies agrees (a) to cause the business of the Wilhelmina Companies and their subsidiaries to be conducted in the ordinary course consistent with past practices and (b) to use its commercially reasonable efforts to (i) preserve the business organizations of each of the Wilhelmina Companies, (ii) keep available to the Wilhelmina Companies the services of each employee and model having an employment or contractor relationship with the Wilhelmina Companies, (iii) preserve the goodwill of the clients, customers and others having business relations with any of the Wilhelmina Companies and (iv) maintain the legal existence of the Wilhelmina Companies.

Further, except as expressly permitted under the Acquisition Agreement and related documents, the Wilhelmina Companies will not, without the prior written consent of the Company, other than in connection with the negotiation and completion of the Acquisition or as required by contract or by law:

- issue, transfer, sell, encumber or pledge any shares of their capital stock or other securities;
- split, combine or reclassify any shares of their capital stock or other securities;
- pay any dividends or make distributions, whether in cash, stock or property, to any equity holder or other owner or any other person, or redeem, purchase or otherwise acquire any shares of their capital stock or other securities;
- amend any of their organizational documents;
- acquire (a) a substantial equity interest in or a substantial portion of the assets of any business or business organization, or (b) any assets that are material, individually or in the aggregate, to the Wilhelmina Companies;

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- sell, lease, license or otherwise dispose or, or incur, suffer or permit to exist any encumbrances on any material assets, properties or rights of the Wilhelmina Companies other than pursuant to material contracts already in existence;
- permit the use of the “Wilhelmina” name or mark by any other person, other than pursuant to license agreements already in place or with specified modeling agencies;
  - make any capital expenditures in excess of \$50,000 individually or in the aggregate;
- (a) enter into any new business line or business area, (b) relocate any of their facilities, or (c) terminate, discontinue, close or dispose of any facility or business operation;
- (a) incur any new indebtedness for borrowed money, including but not limited to (i) guaranteeing any indebtedness of another person or entity or (ii) issuing or selling any debt securities or warrants or other rights to acquire any debt securities of the Wilhelmina Companies, or (b) make loans, advances or capital contributions to, or investments in, any person; provided that Wilhelmina International may utilize its existing bank line of credit with Signature Bank in the ordinary course of business in a manner consistent with past practice or in amounts such that there is more than \$2,500,000 (inclusive of any term loan and revolver) outstanding under such bank line at any one time;
- enter into, amend or voluntarily terminate any material contract to which any of the Wilhelmina Companies is a party, except that Wilhelmina International may in the ordinary course of business consistent with past practice (a) enter into material contracts, provided that such contracts are terminable on 60 days notice without cost or penalty and (b) make technical or immaterial amendments to material contracts;
  - agree to any non-compete restriction or similar prohibition on their business or future business;
- enter into or amend (a) any employment agreements or any other type of employment arrangement, which in either case provides (i) compensation greater than \$100,000 per annum, (ii) equity compensation of any kind (whether upfront or contingent), (iii) guaranteed compensation of any amount for a period longer than six months, (iv) any bonus or similar compensation based on a percentage of profits or EBITDA, or (v) change of control or severance compensation or (b) any severance or change of control agreements or arrangements or deferred compensation agreements or arrangements;
- (a) enter into any new, or amend or otherwise alter any existing, employee benefit plan; (b) adopt, amend, terminate or change an interpretation of any employee benefit plan or the participation or coverage under any employee benefit plan, (c) accelerate the payment or vesting of any material benefits or amounts payable under any employee benefit plan, (d) cause, suffer or permit the termination of any employee benefit plan, (e) permit any prohibited transaction (according to ERISA and the Code) involving any employee benefit plan or fail to pay to any employee benefit plan contribution which they are obligated to pay under the terms of such employee benefit plan, whether or not such failure to pay would result in an accumulated funding deficiency (as defined in ERISA), or (f) allow or suffer to exist any occurrence of a reportable event (as defined in ERISA) or any other event or condition, which presents a material risk of termination of any employee benefit plan;
  - implement or effect any lay off, early retirement program, severance program or other program concerning the termination of employment of employees or contractors of the Wilhelmina Companies;

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- except in the ordinary course of business consistent with past practice, (a) remove any fixtures, equipment or personal property from any of their leased real property, (b) sell, discount, factor or otherwise dispose of any accounts receivable or (c) cancel or compromise any indebtedness or claim or (d) waive or release any rights of material value;
- settle or compromise any legal proceeding or enter into any consent decree, injunction or similar restraint or form of equitable relief in settlement of any proceeding;
  - change any accounting principle, practice or method;
- (a) fail to pay when due all taxes lawfully levied or assessed against the Wilhelmina Companies before any penalty or interest accrues on any unpaid portion thereof and file all tax returns when due (including applicable extensions); or, with respect to payroll or withholding taxes, fail to make any such payments or deposits as such payments or deposits when due by law; and (b) make or change any tax elections or settle any audit or examination relating to taxes, except those being contested in good faith by appropriate proceedings;
  - fail to use reasonable commercial efforts to maintain in full force and effect insurance coverage of the types and in the amounts in place at the time of the execution of the Acquisition Agreement;
- modify their cash management practices, including but not limited to (a) accelerating the collection of accounts receivable and/or (b) delaying payment of accounts payable or similar obligations;
- take, suffer or permit any action, or omit to take any action, that would render untrue any of the representations or warranties of the Wilhelmina Companies and the Control Sellers under the Acquisition Agreement; or
  - enter into any commitment or agreement to take any of the foregoing actions.

Conduct of Business of New Century

Except as expressly permitted under the Acquisition Agreement and related documents, until the Closing or earlier termination of the Acquisition Agreement, New Century will not agree or commit to take, any action that would reasonably be expected to prevent or materially delay the consummation of the Acquisition, and will not without the prior written consent of Wilhelmina International and the Control Sellers:

- issue, transfer, sell, encumber or pledge any shares of its capital stock or other securities, other than in respect of any equity financing raised in connection with the consummation of the Acquisition (which equity financing shall not be priced more favorably to the financing source than the NCEH Book Value Per Share without the consent of the Control Sellers);
  - split, combine or reclassify any shares of its capital stock or other securities;
- pay any dividends or make distributions, whether in cash, stock or property, to any equity holder or other owner or any other person, or redeem, purchase or otherwise acquire any shares of its capital stock or other securities;
  - amend any of its organizational documents;

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- acquire (a) by any manner any business or any corporation, partnership, joint venture, association or other business organization or division thereof, or (b) any assets in an amount greater than \$50,000, individually or in the aggregate;
  - make any capital expenditures in excess of \$50,000 individually or in the aggregate;
- (a) incur any new indebtedness for borrowed money, including but not limited to (i) guaranteeing any indebtedness of another person or entity or (ii) issuing or selling any debt securities or warrants or other rights to acquire any debt securities of the Wilhelmina Companies, or (b) make any loans, advances or capital contributions to, or investments in, any other person or entity; provided that the Company may incur indebtedness in connection with the consummation of the Acquisition;
- pay to any person for services rendered an amount in excess of \$50,000, other than reasonable compensation on market terms to employees of New Century;
- (a) fail to pay when due all taxes lawfully levied or assessed against the Company or Wilhelmina Acquisition before any penalty or interest accrues on any unpaid portion thereof and file all tax returns when due (including applicable extensions); or, with respect to payroll or withholding taxes, fail to make any such payments or deposits as such payments or deposits when due by law; and (b) make or change any tax elections or settle any audit or examination relating to taxes, except those being contested in good faith by appropriate proceedings;
- settle or compromise any material legal proceeding or enter into any consent decree, injunction or similar restraint or form of equitable relief in settlement of any proceeding that would reasonably impact the conduct of the Wilhelmina Companies following the Closing;
- take, suffer or permit any action, or omit to take any action, that would render untrue any of the representations or warranties of New Century under the Acquisition Agreement; or
  - enter into any commitment or agreement to take any of the foregoing actions.

Access to Information

Each of the Sellers and the Wilhelmina Companies will use reasonable commercial efforts to cooperate with New Century and Wilhelmina Acquisition in connection with the Acquisition, and will afford them, their agents, attorneys, accountants, financing sources (whether debt or equity) and other authorized representatives, including engineers, financial advisers, current and prospective lenders and debt underwriters, reasonable access to all of the properties, assets, financial information, operations, books, records, files, correspondence, computer output, data, files, log books, technical and operating manuals and other materials, as the case may be, for the purpose of permitting New Century to make such investigation and examination of the business, assets, properties and books and records of the Wilhelmina Companies as are reasonably necessary or appropriate.

Preparation of Proxy Statement; Stockholder Meeting of New Century

Following the execution of the Acquisition Agreement, New Century must prepare and file with the SEC a proxy statement with respect to a stockholder meeting, and then, after resolving all comments from the SEC, call, give notice of, convene and hold such a meeting for the purpose of obtaining stockholder approval of (a) the Acquisition, (b) a change of the name of New Century to “Wilhelmina International, Inc.”, or such other name as mutually agreed between New Century and the Control Sellers, (c) an increase in the authorized Common Stock of New Century to an amount to fully accommodate the Acquisition and any additional amount reasonably determined by New Century and (d) the

declassification of New Century's Board and reconstitution of such Board to initially include the individuals or representatives of the individuals specified in the Acquisition Agreement. The Company will promptly (a) notify the Control Sellers of the receipt of any comments from the SEC with respect to the proxy statement and of any request by the SEC for amendments of, or supplements to, the proxy statement, and (b) provide the Control Sellers with copies of all correspondence with the SEC with respect to the proxy statement. The Company will use its commercially reasonable efforts to resolve all comments from the SEC with respect to the proxy statement as promptly as practicable.

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In connection with the stockholder meeting, New Century will use commercially reasonable efforts to solicit proxies in favor such stockholder approvals and obtain the required votes therefore, and New Century's Board will declare advisable and recommend in favor of such stockholder approvals. Notwithstanding the foregoing, New Century's Board may withdraw, modify or change such recommendation if it has determined, based on the advice of outside counsel, that the failure to do so is reasonably likely to result in a breach of the Board's fiduciary duties.

### Financing of Acquisition

The terms of the financing of the Acquisition (including but not limited to the amount of any equity or debt financing raised at or prior to Closing and the pricing thereof), and the sources thereof, will be determined by the Company in its sole discretion; provided that no equity or instruments convertible, exercisable or exchangeable for equity shall be on terms more favorable to the financing source than the NCEH Book Value Per Share; provided further that the consent of the Control Sellers (which may be withheld in their sole discretion) will be required in the event that personal guarantees, stock pledges or other security or similar commitments are required of the Control Sellers in connection with such financing.

### Closing Settlement

At least two business days prior to the Closing, all intercompany and affiliate balances then outstanding between any of the Wilhelmina Companies, on the one hand, and any other of the Wilhelmina Companies or any Seller, on the other hand, will be settled by the applicable parties thereto in accordance with their terms and theretofore extinguished, and no such intercompany or affiliate balances will arise between such time and the Closing. In the event that the Sellers or the Wilhelmina Companies take any action outside the ordinary course of business at or after the Closing that affects any item in the calculations regarding the consideration for the Acquisition, except as expressly contemplated by the Acquisition Agreement, such calculations will be appropriately adjusted to exclude the effect of any such actions.

### Closing Conditions

The obligations of all parties to consummate the Acquisition and the related transactions is conditioned on (a) stockholder approval of the Acquisition Proposal and the Capitalization Proposal, (b) there not being any legal restraint preventing, prohibiting or rendering illegal the consummation of the Acquisition and (c) there not being any legal proceedings or order seeking to restrain or to invalidate the Acquisition or otherwise questioning the validity of the Acquisition Agreement or any of the related documents, which could reasonably be expected to result in a material adverse effect on the Wilhelmina Companies or New Century.

The obligations of each of the Wilhelmina Companies and the Sellers on the one hand, and New Century on the other hand, to consummate the Acquisition are subject to certain closing conditions typical for a transaction of this nature, including the following:

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- each party has delivered a certificate or certificates to the effect that (a) its representations and warranties are true and correct in all material respects as of the Closing, (b) all of its covenants contained in the Acquisition Agreement have been materially complied with, (c) its officers or other individuals executing the Acquisition Agreement have all requisite authority to do so and (d) it has no knowledge of any legal proceedings or order pending or threatened against it or any of its affiliates that could reasonably be expected to result in a material adverse effect on it or any of its affiliates; and
- since the execution of the Acquisition Agreement, there has not been any event, change, effect, development or circumstance that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect with respect to a party, and no event has occurred or circumstances exist that may result in such material adverse effect.

The obligations of the Wilhelmina Companies and the Sellers to consummate the Acquisition are subject to certain additional closing conditions, including the following:

- the shares of Common Stock issuable to the Control Sellers have been duly authorized and an irrevocable instruction letter to issue the certificates therefore has been delivered to the Securities Transfer Corporation;
- the portion of the consideration deliverable at the Closing has been appropriately delivered and the remainder has been placed into escrow; and
- New Century's counsel has delivered a written legal opinion with respect to New Century's representations and warranties regarding its organization and legal authority to enter into the Acquisition Agreement, the enforceability of the Acquisition Agreement against New Century and the absence of restrictions on New Century's entry into the Acquisition Agreement.

The obligations of New Century to consummate the Acquisition are subject to certain additional closing conditions, including the following:

- the required third party consents, including but not limited to the consent of Signature Bank, have been obtained;
- the requisite governmental or regulatory authorizations, approvals and permits, if any, have been duly obtained and are effective;
- the agreements required to be terminated under the Acquisition Agreement, including but not limited to certain employment, consulting and loan agreements between the Wilhelmina Companies and the Control Sellers and their affiliates, have been terminated in all respects;
- all security interests or encumbrances in connection with that certain loan agreement, dated December 21, 2005, between Signature Bank and Wilhelmina International have been terminated and released;
- the Wilhelmina Companies have completed and provided to New Century such audited financial statements and subsequent interim reviewed financial statements that New Century is required to file with the SEC in connection with the Acquisition, as well as the opinion of an independent certified public accountant, meeting SEC standards, in connection therewith;
- the Wilhelmina Companies have made such trademark registrations reasonably determined by New Century in consultation with the Wilhelmina Companies;





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- the delivery of evidence of the termination and release by Krassner L.P. of any and all claims with respect to any loan or note outstanding with Wilhelmina International;
- the execution of an employment agreement by Patterson with Wilhelmina International and New Century, providing, among other things, a full release of any and all claims with respect to Patterson's previous employment agreement;
- the Wilhelmina Companies' counsel has delivered a written legal opinion with respect to the Wilhelmina Companies' representations and warranties regarding their organization, legal authority to enter into the Acquisition Agreement and capitalization, the enforceability of the Acquisition Agreement against the Wilhelmina Companies and the absence of restrictions on the Wilhelmina Companies' entry into the Acquisition Agreement; and
- the delivery of all of the stock certificates (with appropriate stock powers) representing all of the outstanding equity interests of or assignments conveying all right, title and interest in the Wilhelmina Companies, as appropriate, to New Century.

## Fees and Expenses

Each of the Wilhelmina Companies will pay its allocable portion of the expenses in connection with the Acquisition incurred by the Sellers and the Wilhelmina Companies up to a maximum aggregate amount of \$35,000. The Control Sellers will bear, through an adjustment to the purchase price for the Acquisition, any expenses of the Sellers and the Wilhelmina Companies in excess of \$35,000 and will pay out of pocket any expenses with respect to the period up to and including the Closing (other than any expenses of New Century) billed to any of the Wilhelmina Companies on or after the Closing (or billed to any of the Wilhelmina Companies and not paid prior to Closing) in excess of \$275,000 in the aggregate. New Century will pay all transaction expenses incurred by it. To the extent any Seller (other than Esch or Krassner) retains separate counsel or advisors for individual representation in connection with the Acquisition, such Seller will pay any and all legal fees and other expenses incurred directly by him or her related to such representation.

## Confidentiality

Following the Closing, except in the context of performing activities on behalf of New Century that are authorized by New Century, each Seller will and will use commercially reasonable efforts to cause its affiliates, counsel, accountants and other representatives (i) to keep all proprietary information of the Wilhelmina Companies confidential and not to disclose or reveal any such information to any person or entity other than counsel, accountants and other agents and representatives as necessary for them to prepare tax returns or provide personal financial advisory services and advise such person or entity of the confidential nature of such information and (ii) not to use such information for any purpose (including but not limited to any purpose that is any way detrimental to New Century or any of the Wilhelmina Companies) other than to enforce such party's rights and remedies under the Acquisition Agreement.

## Non-Competition

For six and one-half years after the Closing, no Control Seller may do any of the following, directly or indirectly, without the prior written consent of New Century in its sole and absolute discretion:

- compete directly or indirectly in (a) any business conducted as of the Closing by the Wilhelmina Companies or (b) any other part or aspect of the Representation Business ((a) and (b) collectively, the "Restricted Business"), within the U.S., its territories and possessions and throughout anywhere else in the world;



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- have a direct or indirect interest in any entity that engages in the Restricted Business, provided, that any Control Seller may own an interest in such entity, purely as a passive investor (and without any involvement in the business of such entity), and not as part of a group with any other Seller, not equal to or more than four and nine tenths percent of the outstanding securities of any class of any publicly traded securities of such entity; or
- directly or indirectly solicit, call on, divert, entice, influence, induce or attempt to do any of the foregoing with respect to (a) customers or clients or prospective customers or clients of the Wilhelmina Companies with respect to goods, products or services that are competitive with those of the Wilhelmina Companies as of the Closing, (b) models, to terminate or modify any contract, arrangement or relationship with the Wilhelmina Companies, (c) any other talent to terminate or modify any contract, arrangement or relationship with the Wilhelmina Companies, (d) any employees as of or following the Closing to leave the employ of the Wilhelmina Companies, (e) suppliers or vendors or prospective suppliers or vendors of the Wilhelmina Companies with respect to materials, resources or services to be used in connection with goods, products or services that are competitive with those of the Wilhelmina Companies as of the Closing (which excludes outside professional advisors, such as lawyers, accountants and investment bankers) or (f) distributors, consultants, agents or independent contractors to terminate or modify any contract, arrangement or relationship with the Wilhelmina Companies.

For purposes of the foregoing, the “Representation Business” means (a) the business of identifying, seeking, scouting, arranging, organizing, coordinating, obtaining and/or negotiating professional and/or marketing opportunities on behalf of talent or Talent Businesses, (b) promoting talent or Talent Businesses or any of their respective names or brands, (c) otherwise managing or representing, or advising talent or third parties with respect to, the business and legal affairs of talent or Talent Businesses or (d) identifying, developing and securing talent or Talent Businesses for the purposes of being engaged in the activities described in clauses (a), (b) or (c). A “Talent Business” means a business (including an event) (a) that is principally engaged in or focused on the identification, promotion, hosting, development and/or representation of talent or (b) which showcases or hosts the principal professional activities of talent or performs any such activities in a business form.

Indemnification

Esch and Krassner, severally up to 50% of the applicable claim or loss, will indemnify, defend and hold harmless New Century, Wilhelmina Acquisition and their respective directors, officers, employees, agents, attorneys and stockholders (collectively, the “Purchaser Group”) in respect of any and all claims or losses incurred by the Purchaser Group, in connection with any breach or non-fulfillment of any representation, warranty, covenant or obligation by or of the Wilhelmina Companies or any of the Control Sellers in the Acquisition Agreement or any related document. Additionally, Esch and Krassner will indemnify the Purchaser Group under the abovementioned terms for certain specified matters. In addition to the foregoing, each Seller will indemnify, defend and hold harmless the Purchaser Group in respect of any and all claims or losses incurred by the Purchaser Group, in connection with any breach of any representation or warranty, or breach or non-fulfillment of any covenant, agreement or obligation of such Seller. Such indemnification is subject to certain limitations in that (a) the obligation to indemnify only becomes effective once claims and losses exceed \$250,000 in the aggregate (except for certain specified claims and losses), (b) neither Esch nor Krassner will be liable to indemnify the Purchaser Group in an amount greater than \$2,000,000 each in the aggregate (except for certain specified claims) and (c) no Seller (other than the Control Sellers) will be liable to indemnify the Purchaser Group in an amount greater than one-eighth of the aggregate consideration received by such Seller from New Century.

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New Century will indemnify, defend and hold harmless the Sellers and their respective directors, officers, employees, agents, attorneys and stockholders (collectively, the “Seller Group”) in respect of any and all claims or losses incurred by the Seller Group, in connection with any breach or non-fulfillment of any representation, warranty, covenant or obligation by or of New Century or Wilhelmina Acquisition in the Acquisition Agreement or any related document. Such indemnification is subject to certain limitations in that (a) the obligation to indemnify only becomes effective once claims and losses exceed \$250,000 in the aggregate (except for claims or losses with respect to certain SEC and legal matters), (b) New Century will not be liable to indemnify the Seller Group in an amount greater than \$4,000,000 (except for claims or losses with respect to certain SEC and legal matters) and (c) if a Seller has a valid claim for indemnification as a result of a breach of any representation or warranty by New Century for which the applicable loss arises from or relates to a loss incurred or sustained by New Century, the Seller is only entitled to recover its pro rata share of such loss based on its pro rata ownership of New Century following the Closing.

A claim for indemnification may be asserted by an indemnified party with respect to the representations or warranties in the Acquisition Agreement during the period beginning at the Closing and ending eighteen (18) months after the date of the Acquisition Agreement, subject to certain exceptions.

The parties agree to treat any indemnity payment made pursuant to the Acquisition Agreement as an adjustment to the Aggregate Purchase Price or the Merger Consideration, as applicable.

## Termination

The Acquisition Agreement may be terminated prior to the Closing as follows:

- by mutual written consent of the Wilhelmina Companies and the Control Sellers on the one hand and New Century on the other hand;
- at the election of the Control Sellers or New Century if any of the closing conditions of the other party becomes incapable of fulfillment, and are not waived in writing;
- at the election of the Control Sellers or New Century if the terminating party is not in material breach of its obligations under the Acquisition Agreement and if the other party has breached any material representation, warranty, covenant or agreement in the Acquisition Agreement such that its closing conditions would not be satisfied and such breach cannot be or has not been cured by the earlier of (a) thirty (30) days after written notice thereof or (b) the Closing;
- at the election of the Control Sellers or New Century if any order permanently enjoining, restraining or otherwise prohibiting the Closing is issued and has become final and non-appealable;
- at the election of the Control Sellers or New Century if the Closing has not occurred on or before (a) December 20, 2008, provided New Century does not receive comments from the SEC with respect to this proxy statement, or (b) February 15, 2009 in the event New Century does receive comments from the SEC with respect to this proxy statement; provided that this right to terminate will not be available if the terminating party’s actions or failure to act has been a principal cause of or resulted in the failure of the Closing to occur on or before such date and such action or failure to act constitutes a breach of the Acquisition Agreement;
- at the election of the Control Sellers or New Century if the Acquisition Proposal and the Capitalization Proposal have not been approved at the stockholder meeting of New Century at which such proposals are voted on; or
-

at the election of the Control Sellers if the Board of New Century has changed its recommendation with respect to the requisite proposals to be submitted at a stockholder meeting of New Century in a manner adverse to the Sellers and the Wilhelmina Companies.

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In the event that either New Century or the Control Sellers validly terminates the Acquisition Agreement as a result of the failure of New Century to obtain the requisite approvals at a stockholder meeting held for that purpose or the Board of New Century has changed its recommendation with respect to the requisite proposals to be submitted at a stockholder meeting of New Century, New Century will pay to the Control Sellers their expenses incurred in connection with the Acquisition up to a maximum of \$150,000.

OTHER TRANSACTION DOCUMENTS

The following summaries describe the material provisions of the Registration Rights Agreement, Equity Financing Agreement, Mutual Support Agreement and Escrow Agreement. These summaries may not contain all of the information about such agreements that is important to you and is qualified in its entirety by reference to the text of the Registration Rights Agreement, Equity Financing Agreement, Mutual Support Agreement and Escrow Agreement, which are included as Annexes B, C, D and E to this proxy statement, respectively. We urge you to read the entirety of such agreements and the other annexes to this proxy statement carefully and in their entirety.

Registration Rights Agreement

On August 25, 2008, the Company entered into the Registration Rights Agreement with the Control Sellers and Patterson (collectively, the "Registration Rights Holders"), to become effective upon the Closing of the Acquisition Agreement.

Demand Registration Rights

Pursuant to the Registration Rights Agreement, at any time following the one year anniversary of the Closing of the Acquisition Agreement, Esch or Krassner may make a written request to the Company to file a registration statement under the Securities Act, covering all or part of the Registrable Securities (as defined below) then held by the Control Sellers and any of their respective affiliates. No later than thirty (30) days following its receipt of such written request (the "Demand Registration Filing Date"), the Company will prepare and file with the SEC a registration statement under the Securities Act covering all of the Registrable Securities requested to be included therein, and the Company will use its commercially reasonable efforts to obtain the effectiveness of such registration as soon as practicable as would permit or facilitate the resale and distribution of all securities requested to be registered. If, however, the Company furnishes to the requesting Control Seller a certificate signed by the Chief Executive Officer or the Chairman of the Board of the Company prior to the Demand Registration Filing Date stating that, in the good faith judgment of the Board, it would be seriously detrimental to the Company and its stockholders (and/or such applicable transaction) for such registration statement to be filed by reason of a material pending transaction (including a financing transaction, whether a primary or resale distribution) or the Company has determined in good faith, after consultation with outside counsel, that the filing of a registration request would require the disclosure of material information which the Company has a bona fide business purpose for preserving as confidential, then the Company has the right to defer such filing for a period of not more than ninety (90) days after the Demand Registration Filing Date.

"Registrable Securities" means any and all shares of Common Stock (i) that were issued to the Registration Rights Holders in connection with the Acquisition Agreement and (ii) issued or issuable with respect to the Common Stock referred to in clause (i) above upon any stock split, stock dividend, recapitalization, reclassification, exchange, merger or other similar event; provided that Registrable Securities will exclude any and all Seller Restricted Shares until such time as such shares will have been released to the relevant Control Seller without restriction pursuant to the terms of the Escrow Agreement.

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Pursuant to the Registration Rights Agreement, the Company will be obligated to effect only one demand registration requested by Krassner and only one demand registration requested by Esch; provided that if any such registration is commenced and is not consummated due to the revocation of the initial request by Krassner or Esch, as applicable, at least ten (10) business days prior to the anticipated effective date of the relevant registration, the Registration Rights Holder that requested such registration will retain his one demand right. Additionally, the Company will be obligated to effect only one registration pursuant to the Registration Rights Agreement (whether requested by Esch or Krassner) in any nine-month period.

### Piggyback Registration Rights

If at any time or from time to time from and after the execution of the Registration Rights Agreement and ending on the eighth anniversary thereof, the Company determines to register any of its securities, either for its own account or the account of any security holder or holders, the Company will (i) promptly give to Esch and Krassner written notice thereof and (ii) include in such registration (and any related qualification under blue sky laws or other compliance), and in any underwriting involved therein, all of the Registrable Securities specified in a written request, made within 15 days after receipt of such written notice from the Company, by Esch and Krassner (on their own behalf and on behalf of their respective affiliates), but only to the extent that the original issuance or resale distribution of such Registrable Securities is not already covered by an effective registration statement. Notwithstanding the foregoing, the following registrations will not trigger the abovementioned registration rights: (i) a registration relating solely to employee benefit plans on Form S-8 (or any successor form) or relating to a dividend reinvestment plan, stock option plan or other compensation plan, (ii) a registration on Form S-4 (or any successor form) or other registration in connection with mergers, acquisitions, exchange offers or similar transactions, (iii) a registration on any form that does not permit secondary sales or (iv) a registration relating solely to a subscription offering or a rights offering.

Patterson (and Derek Fromm, to the extent he becomes the owner of any Registrable Securities) will have piggyback registration rights commensurate with (and subject to the same limitations and restrictions) as the rights of the Control Sellers with respect to Registrable Securities held by Patterson.

### Expenses

The Company will pay (i) all reasonable and customary expenses incurred in connection with any registration, qualification or compliance pursuant to the Registration Rights Agreement, (ii) reasonable fees of one counsel for the Registration Rights Holders and any of their affiliates holding Registrable Securities (each a "Holder") (up to a maximum of \$10,000) in the case of a registration in which a Holder participates and (iii) any other similar out of pocket expenses incurred by any such Holder pursuant to any applicable underwriting agreement in connection with a registration. All underwriting, selling broker or dealer manager fees, discounts and selling expenses and commissions relating to Registrable Securities registered on behalf of a Holder will be borne by such Holder.

### Indemnification

The Company will indemnify each Holder, each of its officers, directors, partners and affiliates, such Holder's legal counsel and independent accountants, if any, each person controlling such Holder within the meaning of Section 15 of the Securities Act, each underwriter, if any, and each person who controls any underwriter within the meaning of Section 15 of the Securities Act (the "Holder Indemnified Persons") against all claims, losses, damages, liabilities and expenses (including reasonable attorney fees) (or actions in respect thereof), including any of the foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement or prospectus, or any amendment or supplement thereto, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading ("Claims"), or any violation by the Company of any rule or

regulation promulgated under the Securities Act or any state securities laws applicable to the Company and relating to action or inaction by the Company in connection with any such registration, qualification or compliance, and will reimburse each such Holder and the Holder Indemnified Persons for any legal and other expenses reasonably incurred in connection with investigating, preparing or defending any such claim, loss, damage, liability or action (“Expenses”); provided, however, that the Company will not be liable in any such case to the extent that any such Expense arises out of or is based on any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by such Holder expressly for use in such registration statement or prospectus, or any amendment or supplement thereto.



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Each Holder (and Esch and Krassner, as the case may be, on behalf of his affiliated Holders) will, if Registrable Securities held by such Holder are included in the securities as to which such registration, qualification or compliance is being effected, severally indemnify the Company, each of its directors, officers, partners and affiliates, their respective legal counsel and independent accountants, each underwriter, if any, of the Company's securities covered by such a registration statement, each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act (the "Company Indemnified Persons"), and each other such Holder and the Holder Indemnified Persons, against all Claims, and will reimburse the Company, the Company Indemnified Persons, such Holders and the Holder Indemnified Persons for any Expenses, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement or prospectus or amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such Holder (or Esch and/or Krassner on behalf thereof) regarding such Holder and/or such Holder's method of distribution expressly for use in such registration statement or prospectus, or any amendment or supplement thereto; provided, however, that the obligations of each Holder (and Esch and/or Krassner, as applicable, on behalf thereof) shall be limited to an amount equal to the net proceeds to such Holder and of Registrable Securities sold pursuant to such registration statement.

Effectiveness; Termination

The Registration Rights Agreement will become effective upon the Closing of the Acquisition Agreement. The Registration Rights Agreement and all rights and obligations thereunder (other than the indemnification provisions which shall survive) will terminate upon the earlier of (i) eight years following the date of the execution of the Registration Rights Agreement or (ii) at such time as the Control Sellers and their affiliates no longer hold any Common Stock.

Equity Financing Agreement

On August 25, 2008, concurrently with the execution of the Acquisition Agreement, the Company entered into the Equity Financing Agreement with Newcastle, which currently owns 19,380,768 shares or approximately 36% of the Common Stock, for the purpose of obtaining financing to complete the transactions contemplated by the Acquisition Agreement. Pursuant to the Equity Financing Agreement, subject to and conditioned upon the Closing of the Acquisition Agreement, the Company will sell to Newcastle \$3,000,000 of shares of Common Stock at \$0.247 per share, or approximately (but slightly higher than) the per share price applicable to the Common Stock issuable under the Acquisition Agreement. In addition, under the Equity Financing Agreement, Newcastle committed to purchase, at the Company's election at any time or times prior to six months following the Closing of the Acquisition Agreement, up to an additional \$2,000,000 of Common Stock on the same terms. Any issuance by the Company of Common Stock under the Equity Financing Agreement will also include the associated share purchase rights issued under the rights agreement dated as of July 10, 2006 between the Company and The Bank of New York Trust Company, as amended, on a one-for-one basis.

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The Equity Financing Agreement is subject to certain conditions, including the parties' entry into a registration rights agreement upon the Closing of the Acquisition Agreement, pursuant to which Newcastle will be granted certain demand and piggyback registration rights with respect to the Common Stock it holds, including the Common Stock issuable under the Equity Financing Agreement. Such registration rights agreement will be substantially in the form of a form of registration rights agreement attached as Exhibit A to the Equity Financing Agreement.

The Company will use the proceeds from the sale of the \$3,000,000 of shares of Common Stock to fund the purchase price to acquire the Wilhelmina Companies and the proceeds from the sale of, at the Company's election, up to an additional \$2,000,000 of shares of Common Stock (if any) for other general corporate purposes.

Pursuant to the Equity Financing Agreement each party agrees to indemnify and hold the other party harmless against any loss, liability, damage or expense (including reasonable legal fees and costs) that the indemnified party may suffer, sustain or become subject to as a result of or in connection with the breach by the indemnifying party of any representation, warranty, covenant or agreement of the indemnifying party contained in the Equity Financing Agreement or any other document executed in connection therewith; provided, however, that no indemnification will be required for the gross negligence or willful misconduct of the indemnified party or breach by the indemnified party of any of its representations and warranties set forth in the Equity Financing Agreement.

If the closing of the Equity Financing Agreement has not occurred prior to the termination of the Acquisition Agreement, the Equity Financing Agreement will terminate upon the termination of the Acquisition Agreement. Notwithstanding anything to the contrary, the commitment to purchase, at the Company's election, up to an additional \$2,000,000 of shares of Common Stock, effective upon the Closing of the Acquisition Agreement, will terminate six months following the Closing of the Acquisition Agreement.

The Equity Financing Agreement was approved by an independent special committee of the Board (the "Special Committee") on August 18, 2008.

## Mutual Support Agreement

On August 25, 2008, in connection with the execution of the Acquisition Agreement, the Control Sellers entered into the Mutual Support Agreement with Newcastle. Pursuant to the Mutual Support Agreement, Newcastle agreed to vote its shares of Common Stock in favor of the Acquisition Agreement and certain amendments to the Certificate of Incorporation designed to, among other things, facilitate the closing of the transactions under the Acquisition Agreement (the "Approved Amendments") at the meeting of the Company's stockholders to be held for the purpose of approving the Acquisition Agreement and related transactions. The Approved Amendments include, but are not limited to (i) an increase in the number of shares of Common Stock authorized, (ii) the declassification of the Board and (iii) a change in the Company's name. Newcastle also irrevocably (until the Closing of the Acquisition Agreement) granted to, and appointed, Derek Fromm (agent for the Control Sellers) and any designee of the Control Sellers, as Newcastle's attorney, agent and proxy, with full power of substitution, with respect to all of Newcastle's Common Stock to vote and otherwise act (i) in favor of the Approved Amendments and (ii) against any action or agreement that could reasonably be expected to result in a material breach by the Company under the Acquisition Agreement or any other material binding agreement entered into in connection therewith.

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Pursuant to the Mutual Support Agreement, the Control Sellers and Newcastle agreed, effective upon the Closing of the Acquisition Agreement, (i) to use their commercially reasonable efforts to cause their representatives serving on the Board to vote to nominate and recommend the election of individuals designated by such parties (three designees of Newcastle, one designee of Esch and one designee of Krassner (collectively, the “Designees”)) and, in the event the Board will appoint directors without stockholder approval, to use their commercially reasonable efforts to cause their representatives on the Board to appoint the Designees to the Board, (ii) to vote their shares of Common Stock to elect the Designees at any meeting of the Company’s stockholders or pursuant to any action by written consent in lieu of a meeting pursuant to which directors are to be elected to the Board, and (iii) not to propose, and to vote their Common Stock against, any amendment to the Certificate of Incorporation or Bylaws, or the adoption of any other corporate measure, that frustrates or circumvents the provisions of the Mutual Support Agreement with respect to the election of the Designees. The Control Sellers and Newcastle also agreed, effective upon the Closing of the Acquisition Agreement, that for a period of three years thereafter they will use their commercially reasonable efforts to cause their representatives on the Board to vote to maintain the size of the Board at no more than nine persons, unless otherwise agreed to by the Designees.

Additionally, pursuant to the Mutual Support Agreement, Newcastle agreed that, prior to the Closing of the Acquisition Agreement, it will not sell, sell short, transfer, pledge, encumber, assign or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, pledge, encumbrance, assignment or other disposition of its holdings of Common Stock or any interest contained therein other than pursuant to the Acquisition Agreement, unless the person to which such shares are to be transferred agrees to be bound by the Mutual Support Agreement. Newcastle also agreed that, following the Closing of the Acquisition Agreement and until the effectiveness of the first registration statement covering shares of Common Stock issued under the Acquisition Agreement to the Control Sellers and Patterson, if Newcastle or any of its affiliates desires to transfer its shares of Common Stock to a third party purchaser in a transaction or series of related transactions involving the transfer of Common Stock owned by Newcastle or its affiliates representing in the aggregate at least 20% of the shares of Common Stock held by Newcastle at such time, each of the Control Sellers will have the right to participate in the proposed transfer up to a pro rata portion of its shares of Common Stock.

The obligations of the parties under the Mutual Support Agreement terminate upon the earlier of (i) the written agreement of all of the parties, (ii) the termination of the Acquisition Agreement or (iii) the date on which two of the three groups of parties to the Mutual Support Agreement (Esch and his affiliates as one group, Krassner and his affiliates as another group and Newcastle as another group) each owns less than 5% of the Common Stock outstanding.

## Escrow Agreement

Pursuant to the terms of the Acquisition Agreement, the Control Sellers will enter into the Escrow Agreements prior to the Closing of the Acquisition Agreement (one agreement for Esch and Lorex, and another separate agreement for Krassner and Krassner L.P.), a form of which is attached hereto as Annex E with respect to the Seller Restricted Shares.

## Appointment of Escrow Agent

Olshan Grundman Frome Rosenzweig & Wolosky LLP, counsel to the Company (the “Escrow Agent”), will be appointed to serve as escrow agent under the Escrow Agreement. Each Control Seller will also irrevocably appoint the Escrow Agent as his or its (as the case may be) attorney-in-fact and agent for the term of the Escrow Agreement to execute with respect to the property required to be deposited with the Escrow Agent under the Escrow Agreement (the “Escrow Property”) all documents necessary or appropriate to complete any transaction contemplated under the Escrow Agreement.



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### Rights of Control Sellers in Seller Restricted Shares

During the Escrow Period (as defined below), the Seller Restricted Shares may not be sold, exchanged, assigned, gifted, encumbered, pledged, mortgaged, set over, hypothecated, transferred or otherwise disposed of, whether voluntarily or involuntarily, or by operation of law (collectively, a “Transfer”) by any of the Control Sellers, except with the express written consent of the Company. Any purported and attempted Transfer of any Seller Restricted Shares or other Escrow Property while held in escrow under the Escrow Agreement will be void ab initio (except a Transfer pursuant to certain extraordinary transactions such as the merger or sale of New Century), and such Seller Restricted Shares will thereupon become immediately repurchasable by the Company from the Control Seller for \$.0001 per share.

During the Escrow Period, subject to the provisions of the Mutual Support Agreement and the Escrow Agreement, the Control Sellers will retain all rights as stockholders of the Company including, without limitation, the right to vote the Seller Restricted Shares. Additionally, during the Escrow Period, all dividends payable in stock, cash or other non-cash property (“Dividends”) will be delivered to the Escrow Agent to hold in accordance with the terms of the Escrow Agreement. The Seller Restricted Shares, as defined under the Escrow Agreement, includes any non-cash dividends distributed thereon. In the event of dissolution of the Company, or the partial or complete liquidation of all or substantially all of its assets, or in the event of bankruptcy or insolvency, the Seller Restricted Shares will participate in, on a pro rata basis, with all other shares in any distribution dividend, including in the event of a merger or consolidation, or sale of assets. The amount per Seller Restricted Share will be adjusted in the event of a stock split or reclassification of the Common Stock.

The Seller Restricted Shares will not be included in any registration (and will not qualify as “registrable securities” or securities for which any demand or piggyback rights under any registration rights agreement may be exercised) until such time as the underlying shares are released to the Control Sellers pursuant to the terms of the Escrow Agreement and no restrictions apply thereto.

### Company Repurchase Rights

Upon delivery to the Escrow Agent of appropriate written instructions, executed by the Company and copied to the Control Sellers, indicating that a Core Decrease is required pursuant to the Acquisition Agreement, unless the Control Sellers raise an objection in compliance with the Acquisition Agreement, the Escrow Agent will promptly, in accordance with such written instructions, (i) release the applicable Escrow Property and (ii) execute such transfer documents to make effective a repurchase by the Company of the Seller Restricted Shares consistent with the provisions of the Acquisition Agreement. Following completion of the Company’s fiscal year 2008 audit and full satisfaction of any required Core Decrease or Core Increase pursuant to the Acquisition Agreement (by way of a cash payment or the repurchase of Seller Restricted Shares, in either case actually effected in accordance with the terms of the Acquisition Agreement), the Escrow Agent will release to each Control Seller all but \$500,000 (or such lesser amount as remains in escrow following the foregoing repurchase) of the Seller Restricted Shares previously issued to the Control Sellers.

Upon delivery to the Escrow Agent of appropriate written instructions, executed by the Company and copied to the Control Sellers, indicating that a Total Divisional Loss and/or an Excess Divisional Loss exists as provided in the Acquisition Agreement, unless the Control Sellers raise an objection in compliance with the Acquisition Agreement, in which event such objections must be resolved pursuant to the Acquisition Agreement, the Escrow Agent will promptly, in accordance with such written instructions, (i) release the applicable Escrow Property and (ii) execute such transfer documents to make effective a repurchase of the Seller Restricted Shares consistent with the provisions of the Acquisition Agreement.



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Upon delivery to the Escrow Agent of appropriate written instructions, executed by the Company and copied to the Control Sellers, indicating that the Designated Matter Post Closing Amount exceeds the Designated Matter Cash Deduction, unless the Control Sellers raise an objection in compliance with the Acquisition Agreement, in which event such objections must be resolved pursuant to the Acquisition Agreement, the Escrow Agent will promptly, in accordance with such written instructions, (i) release the applicable Escrow Property and (ii) execute such transfer documents to make effective a repurchase of Designated Holdback Shares consistent with the provisions of the Acquisition Agreement. If not theretofore repurchased, any remaining Designated Matter Holdback Shares of the Control Sellers will be released no later than 90 days following the later of (i) final settlement with respect to a designated due diligence matter and (ii) full satisfaction of any required Core Decrease or Core Increase pursuant to the Acquisition Agreement.

### Company Claims for Indemnification

At any time and from time to time during the Claims Period (as defined below), the Company may deliver to the Escrow Agent any number of written notices (each, an "Indemnification Notice"), with copies to the Control Sellers, (i) stating that the Company may be entitled to indemnification pursuant to the Acquisition Agreement (an "Indemnification Claim"), (ii) stating the Company's good faith estimate of the amount of losses (the "Claim Amount") with respect to such Indemnification Claim or if the maximum amount of losses cannot reasonably be estimated by the Company, a statement to that effect, and (iii) specifying the nature of such Indemnification Claim in reasonable detail.

As soon as practicable, but in no event later than five business days, following receipt by the Escrow Agent of written instructions signed by each of the representatives of the Company and the Control Sellers directing the Escrow Agent to release the Claim Amount (or any other amount mutually agreed upon) (a "Payment Authorization"), the Escrow Agent will pay to the Company the amount set forth in such Payment Authorization from the Escrow Property. At the election of the Company, all or the relevant portion of a Claim Amount may be satisfied by forfeiture of any remaining Seller Restricted Shares which stock will be deemed to have a cash value equal to its Market Value (as defined in the Acquisition Agreement) as of the date of forfeiture (or return) as applicable.

The claims period under the Escrow Agreement (the "Claims Period") will begin on the date following the issuance of an auditor's opinion in connection with, and upon completion of, the Company's fiscal year 2008 audit and terminate on the last date on which New Century can bring a claim for indemnification for that particular claim under the Acquisition Agreement (the "Final Claim Date"). Notwithstanding the foregoing, if, prior to the close of business on the Final Claim Date, the Company properly submits an Indemnification Claim and such Indemnification Claim is not finally resolved or disposed of by such date, such Indemnification Claim will continue to survive and remain a basis for payment under the Escrow Agreement until such Indemnification Claim is finally resolved or disposed of in accordance with the terms of the Escrow Agreement. Notwithstanding the foregoing, neither the exhaustion of Seller Restricted Shares nor other Escrow Property will in any event limit the amount otherwise required to be paid by an indemnifying party pursuant to the Acquisition Agreement.

### Indemnification of Escrow Agent

Pursuant to the Escrow Agreement, the Company and the Control Sellers agree, jointly and severally, to indemnify and hold harmless the Escrow Agent, and its partners, directors, officers, employees, and agents, from and against all costs, damages, judgments, reasonable attorneys' fees (whether such attorneys will be regularly retained or specifically employed), expenses, obligations and liabilities of every kind and nature that the Escrow Agent, and its partners, directors, officers, employees, and agents, incur, sustain, or are required to pay in connection with or arising out of the Escrow Agreement, unless the aforementioned results from the Escrow Agent's gross negligence, bad faith or willful misconduct, and to pay the Escrow Agent on demand the amount of all such costs, damages, judgments, attorneys' fees, expenses, obligations, and liabilities. The costs and expenses of enforcing such right of indemnification will be

paid one-half by the Company and one-half by the Control Sellers.

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### Termination

The Escrow Agreement will terminate sixty (60) days following the occurrence of either (i) a repurchase of any Seller Restricted Shares by the Company in response to a Total Divisional Loss and/or an Excess Divisional Loss or (ii) the payment by the Company of an earnout payment under the Acquisition Agreement; provided that, if any Indemnification Claim for which the Company has a right of offset remains outstanding as of the date applicable in clause (i) or (ii) above, the Escrow Agreement will terminate upon the resolution of all such outstanding Indemnification Claims. In the event the Escrow Agreement is terminated pursuant to clauses (i) or (ii) above and any Seller Restricted Shares or other Escrow Property remain in the escrow under the Escrow Agreement at such time, such remaining shares (or, if applicable, any excess cash after giving effect to the provisions thereof) will be released to the Control Sellers. Upon termination of the Escrow Agreement, all restrictions contained in the Escrow Agreement with respect to the released shares will lapse and terminate. The period commencing on the date of the execution of the Escrow Agreement and ending on the date of termination thereof is referred to herein as the “Escrow Period.”

### Rights of Escrow Agent

The Company and the Control Sellers will reimburse the Escrow Agent for all reasonable expenses, disbursements and advances incurred or made by the Escrow Agent in performance of its duties under the Escrow Agreement (including reasonable fees and expenses). Up to one-half of any fees or expenses of the Escrow Agent or its counsel that are not paid as provided for under the Escrow Agreement may be taken from the Escrow Property, provided however that any such reduction in the Escrow Property will be applied to reduce any amounts owed by the Control Sellers.

If the Escrow Agent becomes involved in any dispute or litigation in connection with the Escrow Agreement, it will have the right to retain counsel and will have a lien on the Escrow Property for up to one-half of the amount of all reasonable and necessary costs, attorneys’ fees, charges, disbursements and expenses in connection with such litigation, and will be entitled to reimburse itself for such expenses out of the Escrow Property. If up to one-half of the amount of the Escrow Agent’s fees, costs, expenses, or reasonable attorneys’ fees provided for under the Escrow Agreement are not promptly paid by the Control Sellers, the Escrow Agent will have the right to reimburse itself from the Escrow Property for any amount remaining unpaid by the Control Sellers.

The Escrow Agent will not be personally liable for any act that it may do or omit to do under the Escrow Agreement in good faith and in the exercise of its own best judgment. The Control Sellers will, jointly and severally, to indemnify and hold harmless the Escrow Agent, and its partners, directors, officers, employees, and agents, from and against all costs, damages, judgments, reasonable attorneys’ fees (whether such attorneys shall be regularly retained or specifically employed), expenses, obligations and liabilities of every kind and nature that the Escrow Agent, and its partners, directors, officers, employees, and agents, incur, sustain, or are required to pay in connection with or arising out of the Escrow Agreement, unless the aforementioned results from the Escrow Agent’s gross negligence, bad faith or willful misconduct.

### History of the Acquisition

The terms of the Acquisition Agreement are the result of arm’s-length negotiations between representatives of the Company and the Wilhelmina Companies and their principal owners. The following is a brief discussion of the background of these negotiations and the related transactions.

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Following the economic downturn of 2000-2002, the Company divested itself of its then remaining operating assets, which was largely completed by June 2004. Following June 2004, the Company focused on redeploying its remaining assets to enhance stockholder value and, accordingly, sought, analyzed and evaluated appropriate potential acquisition candidates for the Company. The Company's focus was to identify businesses with, among other things, strong cash flow generating characteristics, a leading industry position, a proven track record of success and growth potential and which could be purchased at an attractive valuation.

The Company faced certain challenges identifying suitable businesses for the Company during the private equity boom of 2004-2007. Given significant competition for acquisition opportunities, the prices of available businesses were in many cases unacceptable, in the view of the Company's management. Additionally, the Company needed to educate potential sellers of the benefits and opportunities inherent in selling to a public company such as New Century, which, in seeking to identify a target to become its dominant operating business, had characteristics similar to a special purpose acquisition vehicle, or a "SPAC". Notwithstanding these challenges, the Company's management team worked hard to identify potential opportunities. Through various deal flow sources, the Company received business plans, financial summaries or presentation books of numerous target companies and also had preliminary discussions with various such targets or their representatives with which no non-disclosure agreements were signed.

In considering potential targets for the Company, the Company's management considered, among other factors, those factors detailed in the section of this proxy statement entitled "New Century's Reasons for the Acquisition; Recommendation of the Board" beginning on page 119.

The Company's evaluation relating to the merits of a particular acquisition opportunity were based, to the extent relevant, on the aforementioned factors as well as other considerations deemed relevant by the Company's management in effecting an acquisition consistent with the Company's objective. In evaluating a prospective business target, the Company's management conducted an extensive due diligence review that encompassed, among other things, meetings with management, where applicable, and inspection of facilities, as well as review of financial and other information that was available.

In October 2007, the prospect of an acquisition of the Wilhelmina Companies was brought to the Company by HD Capital, LLC ("HD Capital"), a third party who is familiar with the modeling industry. HD Capital facilitated an introduction between the principals of the Wilhelmina Companies and the management of the Company. In November 2007, the Company signed a non-disclosure agreement with the Wilhelmina Companies. New Century has agreed to pay a "finder" fee in connection with the Acquisition to HD Capital. The fee amount is expected to be no less than \$300,000, however, the parties are still in discussions and have not, as of the current date, finalized the amount of such fee.

Following receipt of relevant information (including financial information) and a preliminary due diligence review of the target business by the Company's management team in November 2007, Mark Schwarz, the Company's Interim Chief Executive Officer, the Wilhelmina Companies' principals, Dieter Esch and Brad Krassner, and Sean Patterson, the President of Wilhelmina International, held an initial meeting in New York at the end of November to discuss the Wilhelmina Companies' business and the possibility of a transaction. A follow up meeting among Messrs. Schwarz, Esch and Krassner was then held in Park City, Utah on December 2, 2007. At this meeting, Messrs. Schwarz, Esch and Krassner further discussed the Wilhelmina Companies' business and also discussed the preliminary outlines of a potential transaction.

After conducting additional due diligence, including a conference call between the parties on certain legal and employment related matters on December 15, 2007, the Company delivered a draft non-binding letter of intent to Messrs. Esch and Krassner on December 21, 2007. The proposed draft non-binding letter of intent included an initial valuation proposal and included a 90-day exclusivity period in favor of the Company during which further due

diligence activities and transaction negotiations would occur.

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Preliminary discussions between Mr. Schwarz and Mr. Krassner with respect to valuation ensued during and following the Christmas holiday period of 2007.

On January 4, 2008, the Company delivered a revised draft non-binding letter of intent to Messrs. Esch and Krassner. The revised draft non-binding letter of intent included an increase in the applicable enterprise value transaction multiple (from 7x to 7.5x EBITDA), in addition to certain other refinements in a proposed earnout structure.

On January 14, 2008, Messrs. Schwarz, Esch and Krassner, together with other members of Company management and certain advisors to the parties, met at the Company's offices in Dallas, Texas to hold further preliminary talks with respect to a potential transaction on the terms outlined in the January 4 draft non-binding letter of intent. At the meeting, issues of valuation and earnout structures, along with the purchase of Wilhelmina Miami, the assumption of certain outstanding debt of Wilhelmina Miami and responsibility for any change of control payments, were principally discussed. Following the meeting, on January 18, 2008, the Company delivered a further revised non-binding letter of intent, executed by Mr. Schwarz, to Messrs. Esch and Krassner reflecting the discussions that took place at the January 14 meeting in Dallas. Among other things, the revised proposal included a closing payment to the principals (50% cash and 50% stock) based on an enterprise value transaction multiple of 8X 2007 "Core" EBITDA, subject to later adjustment for deficiencies relative to a multiple of 7.5X the average of 2007 and 2008 "Core" EBITDA. The revised letter of intent also included certain additional refinements, including to the earnout and price adjustment mechanisms and responsibility with respect to the change of control payments.

On January 28, 2008, Mr. Krassner executed the January 18 non-binding letter of intent with certain additional minor comments. The executed letter of intent included a 90-day exclusivity period in favor of the Company.

During February and March 2008, the Company proceeded to conduct financial due diligence on the Wilhelmina Companies, including with the services of a third party consulting firm specializing in such activities for the private equity and hedge fund industry, Riveron Consulting, LP. In addition, during this time, the Company's outside legal counsel, Olshan Grundman Frome Rosenzweig and Wolosky LLP ("Olshan") was engaged to represent the Company on the proposed transaction and also proceeded to conduct customary legal due diligence. Both the financial and legal advisors to the Company performed certain such due diligence activities onsite at the offices of the Wilhelmina Companies in New York City, including in late February and early March.

On February 19, 2008, Messrs. Schwarz, Esch, Krassner and Patterson had a lunch meeting in New York to discuss the proposed transaction.

On March 7, 2008, the Company delivered a first draft of the Acquisition Agreement to Messrs. Esch and Krassner based on the terms set forth in the January 18 non-binding letter of intent. Discussions between the parties on certain terms of the Acquisition Agreement ensued.

On April 9, 2008, Loeb & Loeb LLP ("Loeb"), outside legal counsel to the Wilhelmina Companies, delivered a two-page draft written proposal memorandum to the Company. Among other things, the proposal memorandum requested a fixed amount of consideration to be issued at closing (\$15,000,000 in cash and \$15,000,000 in stock) in respect of all outstanding equity of the Wilhelmina Companies and their affiliated indebtedness, as opposed to a closing price based strictly on a multiple of 2007 EBITDA as contemplated by the parties' January 18 non-binding letter of intent. The proposal memorandum also requested, among other things, certain unspecified veto rights in favor of Messrs. Esch and Krassner on the Company's business going forward and further proposed that Messrs. Esch and Krassner not assume certain outstanding indebtedness owed by Wilhelmina Miami to Wilhelmina International, as was previously contemplated by the parties. Loeb then proceeded to deliver comments to the draft Acquisition Agreement to Olshan on April 16, 2008.



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In mid and late April 2008, further discussions on transaction terms between the parties ensued, including between representatives of the Company and representatives from the law firm of Strassburger McKenna Gutnick & Gefsky (“Strassburger”), which had been engaged by Mr. Krassner to represent him and his affiliates. In addition to the items previously raised by Loeb, Strassburger raised certain additional issues with representatives of the Company, including, among other things, issues with respect to the valuation, timing and conditions of the release of restricted shares to be issued to Messrs. Esch and Krassner at the closing based on the results of operations for 2008, the terms of any affiliated or third party financing for the acquisition and a commitment from the Company or Newcastle, the Company’s largest stockholder, with respect to financing for future acquisitions by the Company. Messrs. Esch and Krassner and representatives of the Company also had extensive discussions regarding the mechanics of a net debt-based price adjustment, in lieu of a working capital or net equity-based adjustment as had been described in the draft non-binding letter of intent. Following these various discussions and based on the tentative outcome thereof, Olshan delivered a further revised markup of the Acquisition Agreement to the Wilhelmina Companies and their principals and representatives on May 2, 2008.

On May 15, 2008, Loeb delivered a revised markup of the Acquisition Agreement to the Company and its advisors. Following this, on May 16, 2008, representatives of the Company, Mr. Esch and advisors to Mr. Krassner held a conference call to address certain issues raised in the latest Loeb markup, including issues relating to the net debt-based price adjustment, noncompetition covenants, the mechanics of the purchase of Wilhelmina Miami from its minority stockholders and termination fee provisions.

On May 19, 2008, Messrs. Schwarz, Esch and Patterson had a dinner meeting in New York to discuss the transaction, including Mr. Patterson’s role and employment terms.

On May 20, 2008, representatives from Olshan met with representatives from Loeb at Loeb’s offices in New York to narrow the scope of the remaining open legal issues on the Acquisition Agreement.

In late May and June 2008, drafts of the ancillary agreements to the Acquisition Agreement were exchanged between the parties and negotiations were conducted. Representatives of Newcastle, in such capacity, were also actively involved in discussions with respect to a proposed voting and mutual support agreement with the principals of the Wilhelmina Companies and their advisors.

Over the weekend of May 31-June 1, 2008 and continuing through June 4, representatives of the Company, Messrs. Esch and Krassner and advisors thereto held extensive communications with respect to the price adjustment provisions of the Acquisition Agreement, an issue that had remained unresolved since the conference call of May 16, 2008. The parties discussed and refined a net asset based price adjustment, in lieu of a net debt price adjustment.

On June 12, 2008, Olshan delivered a revised draft of the Acquisition Agreement to representatives of the Wilhelmina Companies and their principals and advisors reflecting the outcome of discussions between Olshan and Loeb on certain legal and tax-related issues and the separate discussions between representatives of the Company and Messrs. Esch and Krassner with respect to price adjustment provisions.

On June 18, 2008, Olshan delivered a further revised draft of the Acquisition Agreement to representatives of the Wilhelmina Companies and their principals and advisors.

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On June 26, 2008, Olshan and Loeb held a conference call to discuss remaining issues on the Acquisition Agreement and ancillary agreements.

On July 2, 2008, the Board convened a telephonic meeting to review the status and terms of the proposed acquisition. Among other things, at the meeting, the Board approved the formation of the Special Committee to evaluate and negotiate the terms of the transaction financing proposed to be provided by Newcastle. The Special Committee subsequently retained legal counsel, Gardere Wynne Sewell LLP (“Gardere”), and hired a financial advisor, North Point Advisors LLC (“North Point”), to evaluate the fairness of the proposed Financing Transaction with Newcastle.

During the month of July 2008, the Wilhelmina Companies and their auditors worked to finalize the audit of the 2007 financial statements of the Wilhelmina Companies. Representatives of the Wilhelmina Companies and their principals also obtained the agreement of most of the minority stockholders of Wilhelmina Miami with respect to the terms of the transaction.

On July 29, 2008, the Special Committee conducted its initial meeting by telephone conference. Gardere participated in the meeting and discussed with the members of the Special Committee issues relating to the members’ independence in order to confirm they were qualified to serve on the Special Committee. The Special Committee was advised by Gardere to take all necessary action to confirm Gardere’s independence (which the Special Committee subsequently did). Gardere advised the Special Committee to retain an investment banker to help ensure that the Special Committee would satisfy its fiduciary duties. Gardere also advised the Special Committee to determine whether funding for the acquisition was available from sources other than Newcastle in order to confirm that more favorable terms were not available. Gardere and representatives of Newcastle subsequently negotiated the terms of the Equity Financing Agreement and the Registration Rights Agreement on multiple occasions prior to reaching an agreement.

On July 30, 2008, the Company delivered a proposal to representatives of the Wilhelmina Companies and their principals and advisors with respect to a particular due diligence matter that had surfaced and, in the Company’s view, required minor additional refinements to the Acquisition Agreement.

In late July through mid August 2008, the Company, acting through the Special Committee, and Newcastle negotiated the terms of the Financing Transaction with Newcastle.

On August 14, 2008, the Wilhelmina Companies’ 2007 audit was completed.

From August 15 through August 20, 2008 representatives of the Company and the Wilhelmina Companies and their principals and advisors, together with representatives of Newcastle where applicable, held discussions on the Acquisition Agreement and the various ancillary agreements in order to finalize them. Drafts of the Acquisition Agreement and the ancillary agreements were revised and exchanged between the parties and their advisors on several occasions.

On August 18, 2008, the Special Committee convened a second telephonic meeting and invited Gardere to participate. The Special Committee reviewed and approved the Equity Financing Agreement and Registration Rights Agreement in the forms negotiated by Newcastle and Gardere and reviewed North Point’s opinion letter as to the fairness to the Company and its stockholders, from a financial point of view, of the Financing Transaction.

On August 20, 2008, the Board held a telephonic meeting and approved by a majority vote the terms of the acquisition pursuant to the Acquisition Agreement. Steven J. Pully was the sole director to vote against the Acquisition. At the meeting, the Board approved the terms of the Financing Transaction with Newcastle. The Board’s approval was based, in part, upon the recommendation of the Special Committee, which offered its recommendation based, in part, upon

the opinion of North Point that the terms of the Financing Transaction were fair, from a financial point of view, to the Company's stockholders.

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In the late evening of August 25, 2008, the Acquisition Agreement and the applicable ancillary documents were executed by the parties thereto, and on August 26, 2008, prior to the opening of the U.S. financial markets, the transaction was publicly announced.

### Accounting Treatment of the Acquisition

The Company intends to account for the Acquisition as a purchase of the Wilhelmina Companies in accordance with generally accepted accounting principles in the U.S. The Wilhelmina Companies will be treated as the acquired entities for such purposes. Accordingly, the aggregate fair value of the consideration paid by New Century in connection with the Acquisition will be allocated to the Wilhelmina Companies' assets based on their fair values as of the completion of the Acquisition. The difference between the fair value of the Wilhelmina Companies' assets, liabilities and other items and the aggregate fair value of the consideration paid by New Century will be recorded as goodwill and other assets and intangibles. The results of operations of the Wilhelmina Companies will be included in New Century's consolidated results of operations only for periods subsequent to the completion of the Acquisition.

For U.S. federal income tax purposes, New Century will allocate the aggregate fair market value of the consideration paid by New Century in connection with the acquisition of the Wilhelmina Companies among the respective Wilhelmina Companies. With respect to New Century's acquisition of the shares of Wilhelmina International and Wilhelmina Miami, New Century will inherit those entities' tax basis in their respective assets and will not be able to increase that tax basis to reflect the value of the aggregate consideration paid or the fair market value of the assets. As a result, New Century's tax-deductible depreciation with respect to its investment in Wilhelmina International and Wilhelmina Miami will be less than if the assets of those entities (including goodwill) had been purchased at the time of the merger for their fair market value. In addition, in the event that New Century in the future sells any assets of those entities, taxable gain will be calculated by reference to their inherited tax basis, as further adjusted. Furthermore, the use of the Company's NOLs to offset such taxable gain may be limited under the tax laws. The acquisition of the interests in the Wilhelmina Companies (other than Wilhelmina International and Wilhelmina Miami) will be treated as a purchase of the assets of those entities for tax purposes.

### United States Federal Income Tax Consequences

Since New Century stockholders will not be exchanging or otherwise disposing of their shares of Common Stock pursuant to the Acquisition Agreement, including with regard to the merger of Wilhelmina Acquisition with and into Wilhelmina International, New Century stockholders will not recognize any gain or loss from the Acquisition. No ruling has been, or will be, sought from the IRS as to the tax consequences of the transactions contemplated by the Acquisition Agreement.

### Regulatory Matters

We believe the Acquisition and the transactions contemplated by the Acquisition Agreement are not subject to any federal or state regulatory requirement or approval, except for filings necessary to effectuate the transactions contemplated by the Acquisition Proposal with the Secretary of State of the States of Delaware and New York. The amendments to the Certificate of Incorporation discussed in connection with the Name Change Proposal, the Capitalization Proposal, the Reverse Stock Split Proposal and the Declassification Proposal would become effective when filed with the Secretary of State of the State of Delaware.

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### Post-Acquisition Management and Ownership

#### Post-Acquisition Management

Upon the consummation of the Acquisition, Wilhelmina International will be a wholly owned subsidiary of the Company and will be the Company's primary operating subsidiary. The current executive management of the Company will not change as a result of the Acquisition. The executive management of the Company will oversee the operations of the Wilhelmina International subsidiary along with Sean Patterson, the current President of Wilhelmina International, who will serve as the President of the subsidiary after the consummation of the Acquisition. The Wilhelmina International subsidiary will also have other officers appointed in accordance with the Acquisition Agreement, however, these officers will not have any policy-making functions.

#### Post-Acquisition Ownership

It is anticipated that immediately following the consummation of the Acquisition there will be 128,580,227 shares of Common Stock outstanding with Newcastle, Esch and his affiliates, and Krassner and his affiliates, owning approximately 24.5%, 23.6% and 23.6% of the Common Stock outstanding, respectively. See "Security Ownership of Certain Beneficial Owners and Management" beginning on page 46.

#### Opinions Regarding Fairness of Financing Transaction

The Special Committee requested that North Point provide the Company with an opinion as to the fairness to the Company and its stockholders, from a financial point of view, of the Financing Transaction pursuant to which Newcastle, the Company's largest stockholders, will provide financing to the Company in order to consummate the Acquisition. Pursuant to the Equity Financing Agreement, subject to and conditioned upon the Closing of the Acquisition Agreement, the Company will sell to Newcastle \$3,000,000 of shares of Common Stock at approximately (but slightly higher than) the per share price applicable to the Common Stock issuable under the Acquisition Agreement (\$0.247 per share, subject to adjustment). In addition, under the Equity Financing Agreement, Newcastle committed to purchase, at the Company's election at any time or times prior to six months following the Closing, up to an additional \$2,000,000 of Common Stock on the same terms.

North Point is an investment banking boutique that provides confidential and strategic advice to public and private companies and financial sponsors on mergers, acquisitions, divestitures and restructurings. The Special Committee determined to use the services of North Point because it is a recognized investment-banking firm that has substantial experience in advising boards of directors and rendering fairness opinions. North Point's opinions are addressed solely to our Special Committee for its use in connection with its consideration of the proposed Financing Transaction. In its opinion letter, North Point stated that its "...opinion does not constitute advice or a recommendation to the Company or any stockholder of the Company...and shall not confer any rights or remedies upon any person other than the Special Committee and the Board of Directors..." The Company has not investigated the legal effect of this statement by North Point and expresses no opinion with respect thereto. In any event, whether or not such language can legally limit or otherwise affect any rights or remedies any stockholder of the Company may have against North Point, such language in no event has any effect on the rights and responsibilities of the Company's Board of Directors under applicable state law or the federal securities laws.

North Point does not beneficially own any interest in either us or any of the Wilhelmina Companies and has not provided either with any other services.

On August 20, 2008, North Point delivered a presentation and its written opinion to the Special Committee. North Point's opinion stated that, as of August 20, 2008, and based upon and subject to the assumptions made, matters

considered, and limitations on its review as set forth in the opinion, the terms of the Financing Transaction were fair, from a financial point of view, to the Company and its stockholders. North Point did not determine or recommend the amount of the consideration to be paid for the Common Stock in connection with the Financing Transaction.

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North Point's opinion was provided to the Special Committee in connection with its evaluation of the fairness of the Financing Transaction. North Point's opinion does not address any other aspect of the Acquisition and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the Acquisition. Although the North Point opinion was delivered as of August 20, 2008 and the Equity Financing Agreement was not executed until August 25, 2008, no material changes were made to the terms of the Equity Financing Agreement during the intervening period.

North Point acted as financial advisor to the Special Committee in connection with the Financing Transaction and received a fee of \$100,000 for providing its opinion. The fee was not contingent upon the consummation of the Financing Transaction or upon the conclusions expressed in the opinion regarding the fairness, from a financial point of view, to the Company and its stockholders of the terms of the Financing Transaction.

In arriving at its opinion, North Point undertook such review, analyses and inquiries, as it deemed necessary and appropriate under the circumstances. Among other things, North Point reviewed:

- (i) the August 20, 2008 draft of the Equity Financing Agreement;
- (ii) the June 18, 2008 draft of the Acquisition Agreement;
- (iii) certain publicly available financial, operating and business information related to the Company, including certain audited and unaudited financial statements of the Company;
- (iv) certain internal information prepared and furnished by the Company's management with respect to the business, operations and prospects of the Company;
- (v) certain audited and unaudited financial statements, and certain internal information prepared and furnished by the Wilhelmina Companies' management with respect to the business, operations and prospects of the Wilhelmina Companies;
- (vi) to the extent publicly available, information concerning selected transactions which North Point deemed generally comparable to the proposed Financing Transaction;
- (vii) certain publicly available financial and securities data of selected public companies which North Point deemed generally comparable to the Company and the Wilhelmina Companies;
- (viii) certain internal financial information of the Company and the Wilhelmina Companies, prepared and furnished by the Company's management and by the Wilhelmina Companies' management;
- (ix) the financial due diligence report completed by Riveron, dated March 5, 2008; and
- (x) certain publicly available market and securities data of the Company.

North Point also had discussions with members of the Company's management concerning the financial condition, current operating results, business outlook, historical operating results and the regulatory and business outlook for the Company.

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North Point relied upon and assumed the completeness, accuracy and fairness of (and the absence of any misleading statements in) the financial statements, financial forecasts, the Company management's estimates as to the future performance of the Company, and other information provided to it by or on behalf of the Company, or otherwise made available to, discussed with, or reviewed by, North Point, or publicly available, and North Point did not assume responsibility for the independent verification of that information. North Point further relied upon the assurances of the management of the Company that the information provided to North Point by the Company was prepared on a reasonable basis in accordance with industry practice and that such information provided a reasonable basis upon which North Point could form its opinion.

North Point further assumed that the management of the Company was not aware of any information or facts that would have made the information provided to North Point incomplete or misleading. North Point also assumed that there were no material changes in the Company's assets, liabilities, financial condition, results of operations, business or prospects since the respective dates of the latest financial statements made available to North Point. North Point assumed that the Company was not party to any pending transaction, including external financing, recapitalization, acquisition, merger, consolidation or sale of all or substantially all of its assets, other than the Financing Transaction, the transaction contemplated by the Acquisition Agreement or in the ordinary course of business.

In rendering its opinion, North Point assumed, with the Special Committee's consent, that the Equity Financing Agreement would not differ in any material respect from the August 20, 2008 draft North Point examined and that the Company, Newcastle and Newcastle's permitted assignees would comply with the terms of the Equity Financing Agreement. North Point assumed, with the Special Committee's consent, that the Financing Transaction would be consummated in accordance with the terms described in the Equity Financing Agreement and that there would not be any adjustment to the per share consideration to be paid in the Financing Transaction. With the Special Committee's consent, North Point assumed and relied upon the accuracy and completeness of each of the representations and warranties contained in the Equity Financing Agreement.

North Point assumed that all the necessary regulatory approvals and consents required for the Financing Transaction would be obtained in a manner that would not change the terms of the Financing Transaction, including, without limitation, the per share consideration to be paid in the Financing Transaction. North Point further assumed that the Financing Transaction would be consummated in a manner that complies in all respects with the applicable provisions of the Securities Act, the Exchange Act and all other applicable federal and state statutes, rules and regulations.

North Point was not requested to opine as to, and the North Point opinion does not address, the basic business decision to proceed with or effect the Financing Transaction. North Point did not structure or arrange the Financing Transaction or negotiate the terms of the Financing Transaction. North Point's opinion does not address, nor should it be construed to address, the relative merits of the Financing Transaction, on the one hand, or any alternative business strategies or alternative transactions that may be available to the Company, on the other hand, or any tax consequences of the Financing Transaction.

North Point's opinion does not address the fairness of any specific portion of the Financing Transaction. North Point advised the Special Committee on potential alternative sources of equity capital, although North Point was not authorized to and did not solicit any expression of interest from, or initiate any discussions with, any other parties with respect to any alternative transaction. North Point expressed no opinion with respect to the value, which may be obtainable for the Company in a sale to a third party following an auction process or otherwise. North Point expressed no opinion as to what the actual value of any Company securities will be when issued or the prices at which the Company's securities will actually trade or be transferable at any time.

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In arriving at its opinion, North Point did not perform any appraisals or valuations of any specific assets or liabilities of the Company, North Point was not furnished with any such appraisals or valuations, and North Point did not make any physical inspection of any property or asset. North Point expressed no opinion regarding the liquidation value or financial solvency of any entity. Without limiting the generality of the foregoing, North Point undertook no independent analysis of any pending or threatened litigation, possible unasserted claims or other contingent liabilities, to which the Company or any of its affiliates is a party or may be subject and, at the Company's direction and with its consent, North Point's opinion makes no assumption concerning, and therefore does not consider, the possible assertions of claims, outcomes or damages arising out of any such matters.

North Point's opinion is necessarily based upon market, economic and other conditions as they exist and can be evaluated on the date thereof, and upon the information available to North Point and facts and circumstances as they existed and are subject to evaluation on the date thereof; events occurring after the date thereof could materially affect the assumptions used in preparing North Point's opinion. North Point did not undertake to update, reaffirm or revise its opinion or otherwise comment upon any events occurring after the date thereof and does not have any obligation to update, revise or reaffirm its opinion. North Point expressed no opinion as to the reaction of the public markets to the announcement or consummation of the Financing Transaction.

In arriving at its opinion, North Point did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, North Point believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering all analyses, would create an incomplete view of the process underlying its opinion.

### Appraisal Rights

No appraisal rights are available under the DGCL or under the Certificate of Incorporation or Bylaws to any stockholder who dissents from the Acquisition Proposal.

### Interests of New Century Directors and Officers in the Acquisition

When you consider the recommendation of the Board in favor of the approval of the Acquisition Proposal and the related proposals, you should keep in mind that certain of the Company's directors, director nominees and officers have interests in the Acquisition that may be different from, or in addition to, your interests as a stockholder. These interests include the following, among other things.

#### Interests of Mark Schwarz, Steven Pully, John Murray and Evan Stone

Newcastle owns 19,380,768 shares of Common Stock of the Company, representing approximately 36% of the outstanding shares.

Pursuant to the Equity Financing Agreement by and between the Company and Newcastle, subject to and conditioned upon the Closing of the Acquisition Agreement, the Company will sell to Newcastle \$3,000,000 of shares of Common Stock at \$0.247 per share, or approximately (but slightly higher than) the per share price applicable to the Common Stock issuable under the Acquisition Agreement. In addition, under the Equity Financing Agreement, Newcastle committed to purchase, at the Company's election at any time or times prior to six months following the Closing of the Acquisition Agreement, up to an additional \$2,000,000 of Common Stock on the same terms.

The Equity Financing Agreement is subject to certain conditions, including the parties' entry into a registration rights agreement upon the Closing of the Acquisition Agreement, pursuant to which Newcastle will be granted certain demand and piggyback registration rights with respect to the Common Stock it holds, including the Common Stock

issuable under the Equity Financing Agreement.

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It is anticipated that, immediately following the consummation of the Acquisition, Newcastle will own approximately 24.5% of the Common Stock outstanding.

Mark Schwarz, the Interim Chief Executive Officer and Chairman of the Board of the Company, is the Chief Executive Officer and Chairman of NCM, the general partner of Newcastle, and the managing member of NCG, the general partner of NCM. Mr. Schwarz will be the Chairman of Wilhelmina International upon consummation of the Acquisition.

Steven Pully, one of the Company's directors and its former Chief Executive Officer, is a former representative of Newcastle.

John Murray, the Company's Chief Financial Officer and one of the director nominees, is the Chief Financial Officer of NCM. Mr. Murray will be a Vice President of Wilhelmina International upon consummation of the Acquisition.

Evan Stone, one of the director nominees, is the Vice President and General Counsel of NCM. Mr. Stone will be a Vice President of Wilhelmina International upon consummation of the Acquisition.

New Century's Reasons for the Acquisition; Recommendation of the Board

Based upon its evaluation, the Board, at a special meeting held on August 20, 2008 at which all of the directors were present, resolved by a vote of 3 directors in favor and 1 against to approve the Acquisition Agreement and the transactions contemplated thereby and to recommend to our stockholders that they vote in favor of the Acquisition. Steven J. Pully was the sole director to vote against the Acquisition.

In the course of reaching its recommendation, the Board consulted with management and outside legal counsel and considered a wide variety of factors it deemed relevant in connection with its evaluation of the Acquisition. In light of the complexity of those factors, the Board, as a whole, did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to specific factors it considered in reaching its decision. Individual members of the Board may have given different weight to different factors.



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In reaching its determination that approving the Acquisition is in the best interests of the Company's stockholders, a majority of the Board considered, among other things, the nature of the business of the Wilhelmina Companies, their operating results, the extent of due diligence conducted by the Company's management team, the various risks discussed in the section entitled "Risk Factors" beginning on page 28 and the factors listed below.

In considering the Acquisition, the Board gave consideration to, among others, the following positive factors (although not weighted or in any order of significance):

- the Wilhelmina Companies' financial results, including their consistent historical revenue, margin and cash flow characteristics;
  - the Wilhelmina Companies' leading competitive position in the modeling business;
  - the Wilhelmina Companies' forty year history and strong reputation;
- the Wilhelmina Companies' extensive, diverse and quality roster of talent and clients, including their lack of reliance on particular "supermodels" or significant large clients;
  - the Wilhelmina Companies' growth prospects, including in talent management and brand licensing;
  - acquisition opportunities within the modeling and talent management industries worldwide;
- the relative size and consideration mix of the Acquisition, including the ability of the Company and its management team to execute the Acquisition without significant additional financing;
- the opportunity for the Company – which has been searching extensively for an appropriate acquisition candidate since June 2004 – to execute and complete a transaction of a high quality business at a price that the management team considered attractive;
- the willingness and desire of the principal owners of the Wilhelmina Companies to receive a meaningful portion of the sale consideration in Company equity and structured earnouts, whose value in each case would be dependent on the future operating success of the Company and the Wilhelmina Companies;
- the experience, ability and relationships of the Wilhelmina Companies' executives and their principal owners in the modeling and talent management businesses;
- the experience and ability of the Company's management in analyzing, investing in, acquiring and building businesses in the U.S. and abroad;
  - the relative simplicity and attractiveness of the Wilhelmina Companies' existing business model;