January 21, 2011

To All Shareholders:

Please consider this an update on the wind-down and dissolution process of NexCen Brands, Inc. ("NexCen" or "the Corporation"). We urge you to read our previous update letter to shareholders posted to NexCen's website at www.nexcenbrands.com and NexCen's previous filings with the Securities and Exchange Commission (the "SEC") as this letter does not repeat the information that was included in the prior letter and the previous filings. This letter provides you solely with an update on recent developments.

As you know, NexCen retained XRoads Solutions Group, LLC in August 2010 to assist it with implementing a wind-down process. On August 31, 2010, NexCen's board of directors voted to implement the Plan of Dissolution previously approved by NexCen's shareholders, and on September 13, 2010 NexCen filed a Certificate of Dissolution in Delaware. (Since NexCen is a Delaware corporation, NexCen's dissolution process is governed by Delaware law).

On November 15, 2010, NexCen filed a Form 15 with the SEC to terminate the registration of NexCen's common stock under the Securities Exchange Act of 1934 (the "Exchange Act") and to suspend NexCen's reporting obligations under the Exchange Act. Accordingly, NexCen is no longer required to file public reports with the SEC. In lieu of such public reports, NexCen intends to provide periodic wind-down updates to shareholders as developments warrant through shareholder letters that will be posted to NexCen's website at www.nexcenbrands.com.

Based on the information that was available at the time, and estimates and judgments that were made in light of that information, NexCen initially estimated that the amount of cash that would ultimately be available for distribution to NexCen's shareholders in the dissolution process would be $0.12-$0.16 per share. Based on events that have occurred since that initial estimate was prepared, we have updated NexCen's estimate as of January 21, 2011. We now estimate that total distributions to NexCen's shareholders in the wind-down process will not exceed $0.09 per share. **While we believe that this updated estimate fairly**

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takes into account the impact of events to date and reflects a reasonable estimate of anticipated distributions to shareholders, as we have consistently noted and as we continue to note the timing and amount of any liquidating distribution is uncertain and subject to significant risks. Uncertainties as to the precise net value of our remaining assets, the ultimate amount of our liabilities, the amount of costs we will incur during the liquidation and winding-up process and the time that will be required to complete the process make it impossible to predict with certainty the actual net cash amount that will ultimately be available for distribution to our shareholders or the timing of any such distribution. Shareholders may receive substantially less than the amount currently estimated or (though this is not expected) may not receive any liquidating distributions.

Several factors have been primarily responsible for the revision in our estimate: (1) payment obligations to creditors (including amounts that were contingent and, in some cases, unknown at the time of the initial estimate) exceeded expected amounts; (2) we have required more and additional assistance from third-party professionals than originally anticipated to address certain aspects of the wind-down process, and the fees to these third parties have exceeded budgeted amounts; (3) we have been required to undertake certain previously unanticipated tasks (such as the completion of 401(k) Form 5500s and audits and satisfying contingent lease obligations) that have required us to incur additional, unanticipated direct costs; and (4) the amount of post-closing adjustments related to the sale of our business, as well as the amount of lease termination obligations, litigation settlements and required tax payments have all exceeded the amounts that we originally estimated.

In addition, if additional claims are made or discovered, they could reduce and or delay distributions to shareholders beyond current estimates.

As to timing, we currently anticipate that there will be two separate liquidating distributions to NexCen's shareholders. At present, we expect that the first distribution will occur in the summer of 2011. There is much to be accomplished before the first distribution can be made, including but not limited to:

1. Finalize 401 (k) matters and plan terminations;
2. Finalize various litigation claims;
3. Finalize lease obligations;
4. Complete 2010 and 2011 tax returns;
5. Obtain tax refunds due to NexCen;

6. Settle disputes with state taxing authorities;

7. Close NexCen's financial records;

8. Complete compliance on numerous regulatory matters;

9. Continue to resolve claims with creditors; and

10. Analyze and estimate remaining potential future claims and determine the size of a set-aside reserve, consistent with applicable law.

Under Section 278 of the Delaware General Corporation Law (the "DGCL"), NexCen will continue its corporate existence for three years from the date of dissolution for the limited purpose of winding up the business of the Corporation and handling litigation involving the Corporation. If litigation involving NexCen is commenced before the end of the three-year period, NexCen will continue its corporate existence beyond the three-year period, but only for the limited purpose of resolving the litigation. With respect to payments to creditors and shareholders, Section 281(b) of the DGCL requires NexCen to pay or make provision for three categories of claims before distributions can be made to shareholders:

1. All known claims and obligations, including contingent, conditional or unmatured contractual claims;

2. Any claims against the Corporation which are the subject of a pending action, suit or proceeding;

3. Claims that have not been made known to the Corporation or that have not arisen but that, based on facts known to the Corporation or successor entity, are likely to arise or to become known to the Corporation or successor entity before September 13, 2020.

In light of the winding-up process under Delaware law, including the requirement that the Corporation pay or make provision for certain categories of claims, we expect that the second (and final) distribution, if any, will not be made until after the three-year winding-up period. Accordingly, we currently estimate that any second (and final) distribution to shareholders will be made in the October-December 2013 time frame. At the time of the first distribution, NexCen will retain an amount (which, as of the date hereof, has not been determined) to provide for the categories of claims required to be provided for under Delaware law.

Any funds that are available to shareholders will be distributed to shareholders of record as of September 13, 2010. If you owned NexCen stock as of that date, at this time you do not need to take any action to be entitled to receive distributions

whenever they are made. NexCen's stock register will reflect your ownership of NexCen shares as of September 13, 2010. When NexCen determines the timing of any distribution to shareholders, it will contact persons who were shareholders of record as of September 13, 2010 (or their brokers) and provide instructions to them regarding the distribution. At that time, shareholders may be required to surrender any NexCen stock certificates that they have (or submit an affidavit of lost certificate) in exchange for the distribution. NexCen will post an additional shareholder letter on the Corporation's website at the time a distribution is made.

If you wish to communicate with NexCen on any matter, please call the hotline established to receive your input at (928) 272-0796.

With Regards From,

Dennis I. Simon
President
NexCen Brands, Inc.