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CONTACT:

Justin Schakelman
TheaterXtreme Entertainment Group
+1 302-455-1334
Email: justin@theaterxtreme.com
Website: theaterxtreme.com

TheaterXtreme franchise to open near Bentonville, Arkansas

NEWARK, DE, 5/25/06—TheaterXtreme Entertainment Group, a Newark, DE-based franchisor of home cinema design and installation centers, announced today that it has approved a franchise territory for Newman Entertainment, Inc, an Arkansas corporation. Its principals are Rusty and Dana Newman of Bentonville, AR.

The franchise will be located in Rogers, a city situated in the northwest portion of Arkansas. According to demographic data, consumer demand for TheaterXtreme's products is high in this region.

"This part of Arkansas is one of the fastest growing areas in the United States," said Rusty Newman. "Home cinema rooms are highly desirable, especially in the suburbs of Bentonville."

Newman has worked for Wal-Mart for 20 years as an operations manager and oversees the day-to-day operations of the company's printing facility. Dana, who is currently self-employed, plans to have a prominent role in the forthcoming design center's operation.

"I've always had a passion for A/V," said Newman. "Owning a TheaterXtreme design center allows us to transform this passion into a business that we're eager to get started."

"Rusty and Dana fit well into our family of franchise owners," stated Scott Oglum, CEO of TheaterXtreme Entertainment Group. "His operations experience and her entrepreneurial background create a good balance of business skills."

The location is slated to open in October 2006 and will feature at least five TheaterXtreme home cinema rooms.

"Rusty is a tenacious competitor and goes after what he believes in," said Ken Warren, President and COO of TheaterXtreme Entertainment Group. "He and Dana have been working toward owning a TheaterXtreme franchise for more than a year. Their commitment to success is strong."

Visit TheaterXtreme.com for more information about these and other locations.

ABOUT THEATERXTREME, INC.—TheaterXtreme designs, sells, and installs affordable, large-format, front projection home cinemas. Its home cinema packages feature OneView, a proprietary media controller that combines on-screen movies, music, photos, games, and Internet access with the touch of a button. The company focuses on middle-income consumers in the home entertainment marketplace, emphasizing value and performance across its line of home cinema audio, video, furnishings, and accessories.

SAFE HARBOR STATEMENT—Some of the information presented in this constitutes forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements represent the Company's judgment regarding future events, and are based on currently available information. Although the Company believes it has a reasonable basis for these forward-looking statements, the Company cannot guarantee their accuracy and actual results may differ materially from those the Company anticipated due to a number of known and unknown uncertainties, of which the Company is not aware. Factors which could cause actual results to differ from expectations include, among others, the ability of the Company to sell franchises, success of the franchise stores, location of stores, delay or loss of key products from vendors, disruption of product delivery from overseas suppliers, changes in regard to significant customers or suppliers, increased competition from companies with more expertise or experience, technological improvements in the home theater market which may render the Company's offerings obsolete, less competitive, or too expensive, material reduction in the demand for home theaters, and lack of sufficient capital to allow the Company to achieve its strategic objectives. For additional information concerning these and other important factors that may cause the Company's actual results to differ materially from expectations and underlying assumptions, please refer to the reports filed by the Company with the Securities and Exchange Commission.

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