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TheaterXtreme expands with new locations

NEWARK, DE, 07/17/06—Theater Xtreme Entertainment Group (OTCBB:TXEG), a Newark, DE-based home cinema retailer and franchisor of home cinema design and installation centers, announced today that it is expanding its base of corporate-owned stores.

The following locations are part of Theater Xtreme's national expansion program.

The company signed a lease for a location in the greater Towson, MD area. Around the same time, the company finalized a lease agreement for a new Wilmington, DE location that will be relocated to Concord Square shopping center on Route 202, about 2 miles north of the existing location. Both locations are expected to open in early fall 2006. The company also acquired a formerly franchise-owned store in Leesport, PA.

"The new locations in Towson, MD and Wilmington, DE are strategic moves," said Scott Oglum, CEO of TheaterXtreme Entertainment Group. "We see a competitive opportunity to move the Wilmington store into class-A retail location, and to open a design center in the Towson area. These markets are very attractive to us."

"Acquiring Leesport, PA gives the corporate entity strength," said Ken Warren, President and COO. "The greater Leesport and Reading, PA marketplace is promising. We're expecting solid performance from that location as we fine-tune its talented team and operations."

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

ABOUT THEATER XTREME ENTERTAINMENT GROUP, INC.—Theater Xtreme designs, sells, and installs affordable, large-format, front projection home cinemas through both its company-owned design centers and through franchised design and installation centers. Its home cinema packages feature OneView(tm), a 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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