

FOR IMMEDIATE RELEASE

**Pharos Capital Invests \$8 Million in Reel FX,
an Independent Animation and Visual Effects Studio**

Dallas, TX, April 10, 2006 – Pharos Capital Group, LLC of Dallas and Nashville, announced today that it has invested \$8 million in Reel FX, Inc. Based in Dallas, privately-held Reel FX provides computer-generated 3D animation and visual effects for a blue chip list of clients in the broadcast, feature film, computer and video game, and advertising industries. The Company also specializes in the development, production and brand management of family-friendly programming and has a number of active projects including feature films, television and direct-to-video series.

“We look forward to working with Steve O’Brien and the rest of his top-flight management team to create an industry leader in the production and development of animated and computer enhanced entertainment content,” said Bob Crants, Partner at Pharos Capital.

The Company intends to use the proceeds to fund additional operational needs such as production costs on current direct-to-video properties and investments in intellectual property development. Most recently, the Company released its first direct-to-video series, *BOZ, The Green Bear Next Door*[™], targeted at pre-school children.

“We think Pharos is a great financial partner and we look forward to working with them. We were careful to choose a partner who understood the vision we have for Reel FX, and the Pharos team came in, did the research and due diligence, and validated where we are taking the Company,” said Steve O’Brien, CEO of Reel FX. “This investment will really allow us to fuel our growth and further develop several great projects in our pipeline.”

In conjunction with the financing, Kneeland Youngblood of Pharos Capital Group has agreed to join the Company’s Board of Directors.

About Reel FX, Inc.

Established in 1993, Reel FX, Inc. is a digital animation studio that designs and produces visual effects, animation and motion graphics for commercial advertising spots and entertainment including animated feature films and related products. The company has studio facilities and headquarters in Dallas, Texas, and a production facility in Pasadena, California. Reel FX has done effects-intensive commercial spots for clients such as Gatorade, Pepsi, Hasbro, Home Depot, and JC Penney to name a few. In the entertainment arena, Reel FX has provided animation and visual effects services for several full-length feature movies and television shows as well as video game content for customers such as Disney, Fox and Hasbro.

About Pharos Capital Group

Based in Dallas and Nashville, Pharos Capital Group currently has approximately \$500 million in capital under management. Pharos primarily invests \$10 to \$20 million in companies seeking

later stage equity funding for internal growth, acquisitions, management buyouts or recapitalizations across industry sectors, with particular focus on healthcare, business services and technology.

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Contact:
Pharos Capital Group, LLC
Caroline Luz
Owen Blicksilver Public Relations
203-656-2829