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### **TheaterXtreme signs agreement to launch franchise in Reading, PA**

NEWARK, DE, 08/24/04—TX Expansion Group, Inc., the business development extension of affiliate TheaterXtreme, Inc., announces the opening of its third design center following a Reading, PA territory approval to an investment group headed by Tony Kilkner, president of Theaters 4 U, Inc.

TheaterXtreme provisionally granted design center options in Scranton, PA, Harrisburg/Hershey, PA, and Stroudsburg, PA to Mr. Kilkner's group. "We wanted to get in on the ground floor of this exciting business model," stated Kilkner.

"We're thrilled to welcome Mr. Kilkner to TheaterXtreme. His timing is excellent, as we are looking ahead toward a very good year for growth," remarked Scott Oglum, president, TX Expansion Group, Inc.

The TheaterXtreme design center of Newark, DE, an independent operation affiliated with TX Expansion Group, sold more than two hundred large-format home theaters its first year. Kilkner, encouraged by TheaterXtreme's strong growth potential, plans to open the Reading, PA design center franchise soon. Construction will begin in a few weeks on what will become a retail space that resembles a movie theater, the company's signature brand identity.

"Already, we are recognized by our vendors as one of the fastest growing companies in the large-format, front-projection home theater marketplace," Oglum commented. TheaterXtreme's aggressive marketing program, affordable prices, and unique market category is making an impact on a very established industry. "Our goal is to become the leading brand for affordable, large-format home theaters," Oglum added.

In September, 2003, TheaterXtreme opened its first design center in Newark, DE. Its second location in Wilmington, DE, followed in August, 2004. "Mr. Kilkner's enthusiastic vision for TheaterXtreme's Reading marketplace potential speaks to the kind of people we want to join our team," said Ken Warren, vice president and director of

franchising. “We are actively developing a number of franchise prospects, all of whom are encouraged by this new market category.”

For more information about TheaterXtreme’s franchise system, contact Ken Warren. Or, visit theaterxtreme.com. Franchises start at \$250,000.

ABOUT THEATERXTREME, INC.—TheaterXtreme sells and installs affordable, large-format, front projection home theaters. The company focuses on middle-income consumers in the home entertainment marketplace, emphasizing value and performance across its line of home theater 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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