

**EXHIBIT H TO THE  
RELAX THE BACK CORPORATION  
OFFERING CIRCULAR**

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**STATE ADDENDA**

**CALIFORNIA ADDENDUM TO THE  
RELAX THE BACK CORPORATION  
FRANCHISE OFFERING CIRCULAR**

Effective Date in California: ~~October 22, 2003~~ \_\_\_\_\_

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

2. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

3. **To the extent the California law applies, the California Franchise Investment Law** requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Offering Circular.

4. **To the extent the California law applies, Section 31125 of the California Corporations Code** requires us to give you a disclosure document approved by the Department of Corporations prior to a solicitation of a proposed material modification of an existing franchise.

45. The Franchise Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

6. Neither the Corporation nor any person identified in Item 2 above is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. Section 78a, et seq.) suspending or expelling such person from membership in the association or exchange.

7. **The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. sec. 101 et seq.).**

8. **The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages are unenforceable.**

9. The franchise agreement requires binding arbitration. The arbitration ~~(and any appeal) will be conducted exclusively~~ occur at our then-current headquarters, with the costs borne by all parties equally ~~each party to the arbitration generally bearing their own costs, except in the limited instances noted in the Franchise Agreement.~~ **This provision may not be enforceable under California law.**

10. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.

11. **The earnings claims figures referenced in Item 19 and Exhibit J of this Offering Circular do not reflect the costs of sales, operating expenses or other costs or expenses that must**

be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Relax The Back Store. Franchisees or former franchisees, listed in Exhibits C and D to this Offering Circular, may be one source of this information.

12. The Franchise Agreement requires you to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

13. Our Uniform Resource Locator ("URL") address is [www.relaxtheback.com](http://www.relaxtheback.com)

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT [www.corp.ca.gov](http://www.corp.ca.gov).

**HAWAII ADDENDUM TO THE  
RELAX THE BACK CORPORATION  
FRANCHISE OFFERING CIRCULAR**

Effective Date in Hawaii: \_\_\_\_\_

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**INDIANA ADDENDUM TO THE  
RELAX THE BACK CORPORATION  
FRANCHISE OFFERING CIRCULAR**

Effective Date in Indiana: \_\_\_\_\_

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**MINNESOTA ADDENDUM TO THE  
RELAX THE BACK CORPORATION FRANCHISE OFFERING CIRCULAR**

Effective Date in Minnesota: October 22, 2003

To the extent validly required as a condition of registration in Minnesota, the following amendments are made to the Offering Circular and Franchise Agreement:

1. Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, to the extent validly required under Minnesota law, nothing in the offering circular or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota Law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subdivisions 3, 4 and 5 which require, except in certain specified cases that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

3. Item 13 of the Franchise Offering Circular is modified with respect to Minnesota Franchisees as follows: The Minnesota Department of Commerce requires that the Franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the Franchisor's trademarks or servicemarks infringes trademark rights of some third party. The Franchisor does not indemnify against the consequences of the Franchisee's use of the Franchisor's trademark except in accordance with the requirements of the franchise (and to the extent validly required as a condition to registration), and, as a condition to indemnification, the Franchisee must provide notice to the Franchisor of any such claim within 10 business days and tender the defense of claim to the Franchisor. If the Franchisor accepts the tender of defense, the Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

4. Minn. Rule 2860.4400J prohibits a franchisee from waiving its rights to a jury trial or waiving its rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. To the extent the Franchise Agreement is inconsistent with this Rule, to the extent applicable, the Rule will control.

5. Any releases required as a condition of renewal and/or assignment/transfer will not apply to claims that may arise under the Minnesota Franchises Law.

6. You should note that Minnesota Statutes Sec. 80c.17, Subd. 5, requires that no action pursuant to Section 80c.17 may be commenced more than three years after the cause of action accrues.

RELAX THE BACK CORPORATION

FRANCHISEE

By: \_\_\_\_\_

\_\_\_\_\_

Its: \_\_\_\_\_

\_\_\_\_\_

Individually and/or as an officer or partner of  
\_\_\_\_\_, a  
( ) corporation  
( ) partnership

**NEW YORK ADDENDUM TO THE  
RELAX THE BACK CORPORATION  
FRANCHISE OFFERING CIRCULAR**

Effective Date in New York: November 10, 2003 \_\_\_\_\_

1. The Cover Page of the UFOC is amended to read as follows:

**FRANCHISE OFFERING CIRCULAR  
Relax The Back Corporation  
(doing business in the State of New York as Delaware Relax the Back Corporation)  
17785 Center Court Drive, Suite 250  
Cerritos, CA 90703  
(800) 290-2225  
www.RelaxTheBack.com**

The Franchisee will operate a retail store featuring back-related equipment, furniture and products the Franchisor approves under the trade name "Relax The Back". We also offer Area Development Agreement on a limited basis.

The initial franchise fee is \$2530,000. Under current policy, which may change, additional franchises have an initial franchise fee of \$4520,000. The initial franchise fee is due at the time you execute your Franchise Agreement. The estimated initial investment required ranges from \$192,200 to \$210,200 to \$320,500 to \$329,500.

For Area Developers, there is a Development Fee of \$5,000 to \$7,500 for each location to be opened, due at the time you sign your Area Development Agreement, along with an initial franchise fee of \$25,000 for your first Store. For each subsequent Store opened under the Area Development Agreement an initial franchise fee of \$4520,000 (less the \$5,000 to \$7,500 per location paid through the Development Fee) is due at the time the Franchise Agreement is signed.

**RISK FACTORS:**

1. **THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO ARBITRATE OR LITIGATE WITH US ONLY IN CALIFORNIA. OUT OF STATE OR AREA ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN THE LOCATION WE SELECT THAN IN YOUR HOME STATE. THIS PROVISION MAY BE SUPERSEDED BY CERTAIN STATE LAWS.**

2. **THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT DELAWARE LAW GOVERNS THESE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**

3. **THE POSSIBLE SUCCESS OF YOUR RELAX THE BACK FRANCHISE MAY DEPEND ON THE LOCATION OR AREA YOU CHOOSE, THE LOCAL MARKET FOR THE PRODUCTS AND SERVICES OFFERED, COMPETITION AND OTHER FACTORS. THESE FACTORS, ALONG WITH YOUR OWN BUSINESS ABILITY IN OPERATING YOUR RELAX THE BACK STORE AND THE EXTENT TO WHICH YOU FOLLOW THE RELAX THE BACK SYSTEM, TOGETHER WITH YOUR FINANCIAL AND OTHER RESOURCES, ARE THE THINGS MOST LIKELY TO DETERMINE THE EXTENT OF YOUR POSSIBLE SUCCESS. THERE ARE NO ASSURANCES THAT YOU WILL BE SUCCESSFUL AND THIS IS A SPECULATIVE INVESTMENT.**

~~4. THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE~~

Relax The Back Corporation

New York State Addendum to the UFOC and Franchise Agreement--- 9/16/033/29/04

~~NOVEMBER 17, 2000. THEREFORE, THERE IS ONLY A BRIEF OPERATIONS HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.~~

54. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS OFFERING CIRCULAR. IF YOU LEARN THAT ANYTHING IN THE OFFERING CIRCULAR IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW BUREAU OF INVESTOR PROTECTION AND SECURITIES 120 BROADWAY, 23RD FLOOR NEW YORK, NEW YORK 10271.

Effective Date in New York: ~~November 10, 2003~~ \_\_\_\_\_

THE FRANCHISOR MAY IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE SET THOSE SET FORTH IN THIS PROSPECTUS.

2. The following is added to Item 3 of the Franchise Offering Circular-is amended to read as follows:

Neither the franchisor, its predecessors, nor any person identified in Item 2 has pending an any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation or any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither the franchisor, its predecessors, nor any person identified in Item 2 has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither the franchisor, its predecessors, nor any person identified in Item 2 is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The last paragraph of Item 4 of the Franchise Offering Circular is amended to read as follows:



Other than the actions listed above, neither us-we nor any of our predecessors, officers or general partners has during the 10 year period immediately preceding the date of the Offering Circular been adjudged bankrupt or reorganized due to insolvency or was a principal officer of any company or a general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency during or within 1 year after the period that such officer or general partner of us held such position in such company or partnership, or whether any such bankruptcy or reorganization proceeding has been commenced.

4. The following is hereby added to the end of Item 5 of the Franchise Offering Circular:

All Initial Franchise Fees and Area Development Fees usually are used for operating expenses and are a part of our general operating fund.

5. Item 17 of the Franchise Offering Circular is amended to read as follows:

**ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreement attached to this offering circular.

6. The following is added to Item 17 in the Summary column opposite provision D: "You do not have a right to terminate under the Franchise Agreement, but you may be able to terminate the Franchise Agreement if other grounds are available to you by law."

7. The following is added to Item 17 in the Summary Column opposite provision J: "However, no assignment will be made except to an assignee who in the good faith judgment of the franchisor is willing and able to assume the franchisor's obligations."

8. The following is added to Item 17 in the Summary Column opposite provision W: "The foregoing choice of law should not be considered a waiver of any right conferred upon you by the GBL of the State of New York, Article 33."

**RHODE ISLAND ADDENDUM TO THE  
RELAX THE BACK CORPORATION  
FRANCHISE OFFERING CIRCULAR**

Effective Date in Rhode Island: ~~October 21, 2003~~ \_\_\_\_\_

In recognition of the requirements of the Rhode Island Franchise Investment Act, sections 19-28.1-1 through 19-28.1-34, the Relax The Back Uniform Franchise Offering Circular for use in the State of Rhode Island shall be amended as follows:

1. The following Risk Factor is added to the Cover Page of the Offering Circular:

**EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT "HOME STATE" LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THE OFFERING CIRCULAR FOR DETAILS.**

- 4.2. The following statement is added at the end of the Franchise Agreement table in Item 17 and to Sections 19.2 and 19.14 of the Franchise Agreement:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

**WASHINGTON ADDENDUM TO THE  
RELAX THE BACK CORPORATION  
FRANCHISE OFFERING CIRCULAR**

Effective Date in Washington: ~~October 21, 2003~~ \_\_\_\_\_

1. The state of Washington has a statute (RCW 19.100.180) which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. To the extent validly required by Washington law, in any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. To the extent validly required by Washington law, a release or waiver of rights executed by a Franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the act such as a right to a jury trial may not be enforceable.

5. To the extent validly required by Washington law, transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

**WISCONSIN ADDENDUM TO THE  
RELAX THE BACK CORPORATION  
FRANCHISE OFFERING CIRCULAR**

Effective Date in Wisconsin: October 21, 2003 \_\_\_\_\_

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