

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	)	Chapter 11
FRIENDLY ICE CREAM CORPORATION,	)	Case No. 11-13167 ()
Debtor.)	
Tax I.D. No. 04-2053130)	

In re:	)	Chapter 11
FRIENDLY'S RESTAURANTS FRANCHISE, LLC,	)	Case No. 11-13166 ()
Debtor.)	
Tax I.D. No. 00-0953693)	

In re:	)	Chapter 11
FRIENDLY'S REALTY I, LLC,	)	Case No. 11-13168 ()
Debtor.)	
Tax I.D. No. 04-3582580)	

In re:	)	Chapter 11
FRIENDLY'S REALTY II, LLC,	)	Case No. 11-13169 ()
Debtor.)	
Tax I.D. No. 04-3582581)	

In re:	)	Chapter 11
FRIENDLY'S REALTY III, LLC,	)	Case No. 11-13170 ()
Debtor.)	
Tax I.D. No. 04-3582583)	

**DEBTORS' MOTION FOR ENTRY OF AN ORDER DIRECTING JOINT
ADMINISTRATION OF THEIR CHAPTER 11 CASES**

The above-captioned debtors and debtors in possession (collectively, the "Debtors") file this motion (this "Motion") for the entry of an order (the "Order"), substantially in the form attached hereto as Exhibit A, directing joint administration of their related chapter 11 cases. In support of this Motion, the Debtors respectfully state as follows.¹

Jurisdiction and Venue

1. The United States Bankruptcy Court for the District of Delaware (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory bases for the relief requested herein are section 105(a) of title 11 of the United States Code (the "Bankruptcy Code"), Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 1015-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Bankruptcy Rules").

¹ The facts and circumstances supporting this Motion are set forth in the Declaration of Steven C. Sanchioni, Executive Vice President, Chief Financial Officer, Treasurer, and Assistant Secretary of Friendly Ice Cream Corporation, in Support of the Debtors' Chapter 11 Petitions and First Day Motions (the "First Day Declaration"), filed contemporaneously herewith.

Relief Requested

4. By this Motion, the Debtors seek entry of an order directing joint administration of these chapter 11 cases for procedural purposes only. Specifically, the Debtors request that the Court maintain one file and one docket for all of these chapter 11 cases under the case of Friendly Ice Cream Corporation, and that these chapter 11 cases be administered under the caption, as follows:

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	)	Chapter 11
FRIENDLY ICE CREAM CORPORATION, <i>et al.</i> , ¹	)	Case No. 11-13167 (___)
Debtors.	)	Jointly Administered
)	

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Friendly Ice Cream Corporation (3130); Friendly's Restaurants Franchise, LLC (3693); Friendly's Realty I, LLC (2580); Friendly's Realty II, LLC (2581); and Friendly's Realty III, LLC (2583). The location of the Debtors' corporate headquarters and the Debtors' service address is: 1855 Boston Road, Wilbraham, Massachusetts 01095.

5. The Debtors further request that the Court order that the foregoing caption shall satisfy the requirements set forth in section 342(c)(1) of the Bankruptcy Code.

6. The Debtors also request that an entry be made on the docket of each of the Debtors' chapter 11 cases, other than Friendly Ice Cream Corporation, to reflect the joint administration of these chapter 11 cases that is substantially similar to the following:

An order has been entered in accordance with Rule 1015(b) of the Federal Rules of Bankruptcy Procedure and Rule 1015-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware Directing joint administration of these chapter 11 cases of: Friendly Ice Cream Corporation; Friendly's Restaurants Franchise, LLC; Friendly's Realty I, LLC; Friendly's Realty II, LLC; and Friendly's Realty III, LLC. All further pleadings and other papers shall be filed in, and all further docket entries shall be made in, Case No. 11-13167 ().

Background

7. As described in the First Day Declaration, the Debtors are a leading full-service, family-oriented restaurant chain and provider of ice cream products in the Eastern United States. The Debtors' operations include approximately 490 restaurants located in 16 states. In addition to their restaurant operations, the Debtors manufacture a complete line of premium ice cream products distributed to more than 7,000 supermarkets and other third party retail locations in 48 states. The Debtors and their affiliates maintain their national headquarters in Wilbraham, Massachusetts, and employ over 10,000 workers across the country. In the first eight months of 2011, the Debtors' generated \$329.7 million in revenue and \$8.6 million in adjusted EBITDA.

8. In recent years, the restaurant industry—including the Debtors' businesses—have been hurt by the significant U.S. economic downturn and increased food costs. New advertising campaigns and cost-cutting programs implemented by the Debtors have successfully mitigated certain negative effects on their businesses; however, the Debtors have not been immune to the effects of the economy and rising food prices, and their financial performance has suffered significantly.

9. As the Debtors' liquidity position deteriorated, the Debtors struggled to meet their debt service obligations and failed to satisfy financial covenants under their prepetition revolving credit agreement, resulting in a default. Prior to their chapter 11 filing, the Debtors successfully

negotiated a forbearance agreement with their senior secured lenders and a further extension of credit under their prepetition subordinated secured note in order to explore available restructuring alternatives. After careful review and extensive negotiations, the Debtors determined that a chapter 11 filing, coupled with an expedited operational restructuring and an efficient sale of the Debtors' assets, was the best and most efficient way to maximize a return for the Debtors, their estates, and all parties in interest.

10. On the date hereof (the "Petition Date"), each of the Debtors filed a petition with the Court under chapter 11 of the Bankruptcy Code to permit them to restructure their balance sheets and operations to restore profitability. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

Basis for Relief

11. Bankruptcy Rule 1015(b) provides, in pertinent part, that "[i]f . . . two or more petitions are pending in the same court by or against . . . a debtor and an affiliate, the court may order a joint administration of the estates." FED. R. BANKR. P. 1015. The Debtors have "affiliates" as that term is defined under section 101(2) of the Bankruptcy Code. Accordingly, the Bankruptcy Code and Bankruptcy Rules authorize the Court to grant the relief requested herein.

12. Section 105(a) of the Bankruptcy Code provides the Court with the power to grant the relief requested herein by permitting the Court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of the [Bankruptcy Code]." 11 U.S.C. § 105(a)

13. Further, Local Bankruptcy Rule 1015-1 provides additional authority for the Court to order joint administration of these chapter 11 cases:

An order of joint administration may be entered, without notice and an opportunity for hearing, upon the filing of a motion for joint administration pursuant to FED. R. BANKR. P. 1015, supported by an affidavit, declaration, or verification, which establishes that the joint administration of two or more cases pending in this Court under title 11 is warranted and will ease the administrative burden for the Court and the parties. An order of joint administration entered in accordance with this Local Bankruptcy Rule may be reconsidered upon motion of any party in interest at any time. An order of joint administration under this Local Bankruptcy Rule is for procedural purposes only and shall not cause a “substantive” consolidation of the respective debtors’ estates.

DEL. BANKR. L.R. 1015-1.

14. Joint administration is generally non-controversial, and courts in this district routinely order joint administration in multiple related cases. *See, e.g., In re Neb. Book Co.*, No. 11-12005 (Bankr. D. Del. June 28, 2011); *In re L.A. Dodgers LLC*, No. 11-12010 (Bankr. D. Del. June 28, 2011); *In re Jackson Hewitt Tax Serv. Inc.*, No. 11-11587 (Bankr. D. Del. May 25, 2011); *In re Ambassadors Int’l, Inc.*, No. 11-11002 (Bankr. D. Del. Apr. 5, 2011); *In re Barnes Bay Dev. Ltd.*, No. 11-10792 (Bankr. D. Del. Mar. 21, 2011); *In re Summit Bus. Media Holding Co.*, No. 11-10231 (Bankr. D. Del. Jan. 28, 2011); *In re Ultimate Acquisition Partners, LP*, No. 11-10245 (Bankr. D. Del. Jan. 28, 2011); *In re Appleaseed’s Intermediate Holdings LLC*, No. 11-10160 (Bankr. D. Del. Jan. 20, 2011); *In re Constar Int’l Inc.*, No. 11-10109 (Bankr. D. Del. Jan. 13, 2011); *In re Local Insight Media Holdings, Inc.*, No. 10-13677 (Bankr. D. Del. Nov. 19, 2010); *In re Xerium Techs., Inc.*, No. 10-11031 (Bankr. D. Del. Mar. 31, 2010); *In re*

Spheris Inc., No. 10-10352 (Bankr. D. Del. Feb. 4, 2010); *In re The Majestic Star Casino*, No. 09-14136 (Bankr. D. Del. Nov. 23, 2009).²

15. As set forth in the First Day Declaration, the five Debtor entities in these chapter 11 cases are “affiliates” as that term is defined in section 101(2) of the Bankruptcy Code. Given the integrated nature of the Debtors’ operations, joint administration of these chapter 11 cases will provide significant administrative convenience without harming the substantive rights of any party in interest. Many of the motions, hearings, and orders that will arise in these chapter 11 cases will affect each and every Debtor entity. The entry of an order directing joint administration of these chapter 11 cases will reduce fees and costs by avoiding duplicative filings and objections. Joint administration also will allow the Office of the United States Trustee for the District of Delaware and all parties in interest to monitor these chapter 11 cases with greater ease and efficiency.

16. Moreover, joint administration will not adversely affect the Debtors’ respective constituencies because this Motion requests only administrative, not substantive, consolidation of the estates. Parties in interest will not be harmed by the relief requested, but, instead, will benefit from the cost reductions associated with the joint administration of these chapter 11 cases. Accordingly, the Debtors submit that the joint administration of these chapter 11 cases is in the best interests of its estates, its creditors, and all other parties in interest.

Notice

17. Notice of this Motion has been given to the following parties or, in lieu thereof, to their counsel, if known: (a) the Office of the United States Trustee for the District of Delaware;

² Because of the voluminous nature of the orders cited herein, such orders are not attached to this Motion. Copies of these orders are available upon request of the Debtors’ proposed counsel.

(b) counsel to the agent for the Debtors' prepetition secured lenders and the agent for the Debtors' proposed postpetition debtor-in-possession financing facility; (c) the indenture trustee for the Debtors' prepetition unsecured noteholders; (d) the top 20 unsecured creditors; and (e) any party that may have a particular interest in this Motion. As this Motion is seeking "first day" relief, within two business days of the hearing on this Motion, the Debtors will serve copies of this Motion and any order entered in respect to this Motion as required by Local Bankruptcy Rule 9013-1(m). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

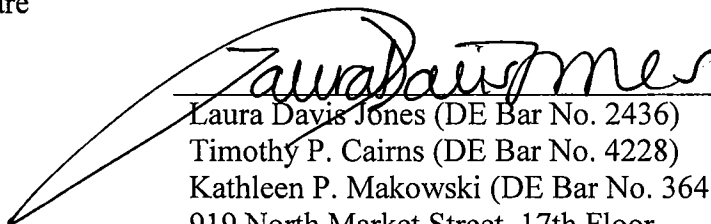
18. No prior request for the relief sought in this Motion has been made to this or any other court.

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WHEREFORE, the Debtors respectfully request that the Court enter an order granting the relief requested herein and granting such other further relief as is just and proper.

Dated: October 5, 2011
Wilmington, Delaware

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