

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

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In re:	)	
	)	Chapter 11
FRIENDLY ICE CREAM CORPORATION, <i>et al.</i> , <sup>1</sup>	)	Case No. 11-13167 (KG)
	)	
Debtors.	)	Jointly Administered
	)	
	)	Re: Court Docket No. 6

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**ORDER AUTHORIZING THE DEBTORS TO CONTINUE PREPETITION  
INSURANCE COVERAGE AND RELATED PRACTICES**

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Upon the motion (the "Motion") of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order (this "Order") authorizing the Debtors to (a) continue insurance coverage currently in effect and pay any prepetition amounts related thereto, (b) maintain existing financing of insurance premiums, and (c) enter into new policies and financing agreements during the postpetition period; and upon the First Day Declaration; and this Court having found that this Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. § 1408; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and notice of the Motion appearing adequate and appropriate under the circumstances; and this Court having found that no other or further notice need be provided;

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<sup>1</sup> 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.

and this Court having reviewed the Motion and having heard statements in support of the Motion at a hearing held before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and this Court having found that relief requested in the Motion is necessary to prevent immediate and irreparable harm; and any objections to the relief requested herein having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefore, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.
2. The Debtors are authorized, but not directed, to continue to administer insurance coverage currently in effect and honor prepetition (exclusive of prepetition obligations under the Self-Administered Policies) and postpetition obligations under the Insurance Policies or on account of Brokerage Fees in the ordinary course of business.
3. The Debtors are authorized to revise, extend, supplement, or change insurance coverage as needed, including entering into new insurance policies, through renewal of the Insurance Policies or purchase of new policies, *provided, however*, that to the extent that any new insurance policy is in addition to or replaces any casualty or liability policies to which the agent for the Debtors' prepetition secured lenders has been named a loss payee or an additional insured, the new policy will name the agent for the Debtors' prepetition secured lenders and the agent for the Debtors' proposed postpetition debtor-in-possession financing facility as such.
4. In accordance with this Order and any other order of this Court, each of the financial institutions at which the Debtors maintain their accounts relating to prepetition or postpetition obligations that the Debtors are authorized to pay pursuant to this Order is authorized to honor checks presented for payment and all fund transfer requests made by the

Debtors related to such obligations to the extent that sufficient funds are on deposit in such accounts.

5. Notwithstanding anything to the contrary contained herein, (i) any payment made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any order approving debtor-in-possession financing (a "DIP Order"), and (ii) any claim for which payment is authorized pursuant to this Order that is treated as an administrative expense of the Debtors' estates shall be and is subject and subordinate to any and all claims, liens, security interests, and priorities granted to the DIP Agents (as defined in the DIP Order) in accordance with and subject to the terms of the applicable DIP Order, and payment on any such claim shall be subject to any and all restrictions on payments in the DIP Order and any other order of the Court authorizing the Debtors' use of cash collateral.


6. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied.

7. Notice of the Motion as provided therein shall be deemed good and sufficient and the requirements of Bankruptcy Rule 6004(a) and the Local Bankruptcy Rules are satisfied by such notice.

8. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

Dated: OCTOBER 6, 2011  
Wilmington, Delaware

  
The Honorable Kevin Gross  
United States Bankruptcy Judge