

FREQUENTLY ASKED QUESTIONS FIC RESTAURANTS, INC. (FRIENDLY'S)

GENERAL QUESTIONS

What is Chapter 11?

Chapter 11 of the U.S. Bankruptcy Code is a legal mechanism for court supervised reorganization of the filer. Chapter 11 provides a way for companies to address their financial issues while continuing day-to-day operations.

Why did Friendly's file for bankruptcy - decide/need to sell?

Over the last two years, Friendly's has made important strides toward reinvigorating our beloved brand in the face of shifting demographics, increased competition, and rising costs. We achieved this by delivering menu innovation, re-energizing marketing, focusing on take-out, catering and third-party delivery, and establishing a better overall experience for guests, working closely with our franchisees and restaurant teams.

Unfortunately, like many restaurant businesses, our progress was suddenly interrupted by the catastrophic impact of COVID-19, which caused a decline in revenue as all dine-in operations ceased for months and then re-opened with reduced capacity.

This planned sale to an experienced ownership group is intended to pave the way for Friendly's to rebound from the pandemic as a stronger business with the leadership and resources needed to continue to invest in the business, preserve thousands of corporate-owned restaurant team member and franchisee jobs, build on the progress that has been made, and compete to win new customers over the long-term.

Will Friendly's restaurants continue operating during the bankruptcy and sale process?

Yes. Nearly all of Friendly's restaurant locations are expected to remain open and operate as they do today subject to evolving COVID-19 limitations.

Friendly's has sufficient funds to continue operations on an uninterrupted basis throughout the sale process, meet all of its obligations to employees, franchisees and vendors, continue serving guests, and ensure a seamless transition to a new owner.

The transaction is also expected to preserve thousands of corporate-owned restaurant team member and franchisee jobs. Upon the close of the transaction, the buyer expects to retain substantially all employees at Friendly's corporate-owned restaurants.

Is this why Friendly's closed several locations over the last 18 months?

Last year we initiated a strategic assessment of Friendly's corporate-owned restaurant footprint to maximize resource investment in the face of an environment that was challenging even before the

pandemic hit. The harsh reality was that many of our locations were in geographic areas that had changed dramatically since those restaurants first opened and could no longer be sustained by the local market amidst shifting demographics, increased competition and changing consumer preferences.

While the decision to close corporate-owned restaurants was difficult, those moves – and other strategic initiatives, such as focusing on catering, take-out and third-party delivery – put us in a far better position to try to weather the pandemic. Despite the catastrophic impact of COVID-19, we were able to attract a buyer and move forward with a sale process that's expected to preserve thousands of corporate-owned restaurant team member and franchisee jobs. The new owners are well-positioned to help Friendly's emerge as a stronger business with the leadership and resources needed to further invest in the business, continue re-invigorating the brand and realize its great potential.

Does this mean that Friendly's is going out of business?

No. While there have been some store closures and continued state mandated restrictions on dining due to the coronavirus pandemic, Friendly's remains in operation and has announced an agreement to sell substantially all of its assets to Amici Partners Group, LLC ("Amici"), an entity comprised of experienced restaurant investors and operators who have been involved with some of the most well-known QSR and casual dining chains for more than 25 years. As a result of the sale, nearly all of Friendly's 130 corporate-owned and franchised restaurant locations are expected to remain open subject to COVID-19 limitations, and the transaction is expected to preserve thousands of corporate-owned restaurant team member and franchisee jobs. Furthermore, Friendly's filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code with a plan in place to pay all allowed creditor claims in full (other than certain secured creditors that have consented to less favorable treatment of their claims). Friendly's will operate in a "business as usual" mode during the Chapter 11 process. Suppliers will be paid under normal terms for all goods and services provided after the filing. The remaining restaurants will be providing the same quality goods and services to customers.

Does Friendly's have enough cash to stay in business?

Yes. Friendly's has sufficient cash to continue normalized operations throughout the bankruptcy process.

How long will the Chapter 11 process take?

We have asked the Bankruptcy Court for a hearing in mid-December to approve the sale and confirm the plan. As soon as possible after the Court's approval, the transaction will close and the go-forward plan will take effect.

Which entities are included in the filing?

Please refer to the Friendly's restructuring website at: <https://www.donlinrecano.com/friendlys>

Where can I find Chapter 11 case information?

Please refer to the Friendly's restructuring website at: <https://www.donlinrecano.com/friendlys> or the court's website, which requires a login and payment of fees at <https://www.ecf.deb.uscourts.gov>.

CUSTOMER QUESTIONS

Will the filing impact the way you provide your customers with products and services?

No. Friendly's is moving forward in "business as usual" mode. Nearly all of Friendly's corporate and franchised restaurant locations that are open now are expected to remain open and operate as they do today subject to COVID-19 limitations. Guests will continue to be able to enjoy signature sandwiches, burgers and ice cream desserts and other great offerings.

Are you still honoring gift/loyalty cards?

Yes. Friendly's has asked the Court for authority to honor all existing gift/loyalty cards. The Bankruptcy Court approved this relief on an interim basis and Friendly's expects that such authorization will be provided on a final basis as well.

Who are the buyers?

Amici Partners Group, LLC is an entity comprised of experienced restaurant investors and operators who have been involved with some of the most well-known QSR and casual dining chains for more than 25 years. Amici is currently affiliated with BRIX Holdings, a multi-brand franchising company with national and international experience in the restaurant industry. BRIX Holdings has an experienced management team and oversees several successful concepts including: Red Mango® Yogurt Café Smoothie & Juice Bar, Smoothie Factory® Juice Bar, RedBrick Pizza® Kitchen Cafe and Souper Salad® chains. We believe the planned sale to this group will enable Friendly's to rebound from the pandemic as a stronger business with the leadership and resources needed to continue to invest in the business and serve loyal patrons, as well as compete to win new customers over the long-term.

Are other buyer groups in the mix?

No, this process contemplates a private sale to Amici Partners Group.

Will there be significant changes after the close of the sale?

While we can't speak to any specific plans of the buyers, they very much believe in the future of the Friendly's brand and are excited about its potential. They are an experienced restaurant group that will enable Friendly's to rebound from the pandemic, build on the achievements that already have occurred and help position the Company for a bright future. We will work with them to ensure a smooth transition.

How many total restaurants are there expected to be upon emergence / close of sale?

50 corporate-owned locations and about 80 franchise restaurants

How many locations have re-opened for dine-in service?

The majority of corporate-owned restaurants are currently open for dine-in service, subject to ongoing and evolving government regulations and restrictions.

Friendly's has been through bankruptcy before. What makes you think this time will be different?

Prior to the onset of the unprecedented pandemic, Friendly's was on a positive trajectory, even in the face of shifting demographics, increased competition and rising costs. Over the past two years the Company reversed financial declines by delivering menu innovation, re-energizing marketing, focusing on take-out, catering and third-party delivery, and establishing a better overall experience for guests, working closely with our franchisees and restaurant teams.

Unfortunately, like many restaurant businesses, our progress was suddenly interrupted by the catastrophic impact of COVID-19. No one could have predicted this global pandemic that virtually shut down the economy and caused a decline in revenue.

COVID-19 aside, Friendly's is much more structurally and operationally sound than the Company was when it previously filed for bankruptcy. That we were able to enter into a sale agreement with an experienced ownership group is a testament to that progress. This sale process is intended to pave the way for Friendly's to rebound from the pandemic as a stronger business with the leadership and resources needed to continue to invest in the business, preserve thousands of corporate-owned restaurant team member and franchisee jobs, build on the progress that has been made, and compete to win new customers over the long-term.

How can I get additional information?

Further information will be posted as available on the Friendly's Chapter 11 website at: <https://www.donlinrecano.com/friendlys> or the court's website, which requires a login and payment of fees at <https://www.ecf.deb.uscourts.gov>.

SUPPLIER SPECIFIC QUESTIONS

Will suppliers continue to be paid for goods and services they provide to Friendly's?

Friendly's intends to pay suppliers under normal terms for goods received and services rendered after the filing on November 1, 2020. Friendly's has sufficient funds to continue operations and meet all of its obligations to vendors and suppliers. Any claims for goods received or services rendered after the filing date are considered "administrative claims", which receive a priority status. At the First Day hearing on November 3, 2020, the Court considered and approved

Friendly's request for interim approval to use funds from the cash collateral of the senior secured lenders.

Suppliers who provided goods or rendered services received by Friendly's prior to the filings on November 1, 2020 have what are referred to as "pre-petition claims." These claims cannot be paid at this time and will be addressed through a Chapter 11 plan that was filed on November 2, 2020. However, the bankruptcy plan contemplates paying all allowed claims in full (other than certain secured creditors that have consented to less favorable treatment for their claims). If you have such pre-petition claims, you will receive a notice regarding the hearing (December 17, 2020 at 1:00 p.m. (ET)) to consider approval of the disclosure statement and confirmation of the plan and the related objection deadline (December 10, 2020 at 4:00 p.m. (ET)). Friendly's sincerely regrets the difficulties that this may cause you.

How will I know if I have an "allowed claim"?

The Company will be filing with the Court schedules of assets and liabilities that will list unpaid payables as of the petition date. Vendors and suppliers also will be given the opportunity to file a proof of claim with the Court with all supporting documentation. If you believe your claim amount is different from what is listed on the Company's schedules, you should file a claim as necessary and provide sufficient information for counsel to the Company to review. Please seek legal counsel to the extent that you need assistance with the preparation and filing of your claim. Counsel to Friendly's will review the filed claims throughout the bankruptcy process and a reconciliation process will occur to confirm the current claim amount.

If I am owed for past invoices, do I have to go through a special process to get paid now that Friendly's has filed for bankruptcy. If so, what is it?

See above questions for payment of pre-petition balances.

You must file a claim in accordance with the deadlines set in the bankruptcy case. Such information is available on the website of our claims and noticing agent, Donlin Recano & Co., at: <https://www.donlinrecano.com/friendlys>. Additional information can be found by emailing friendlyinfo@donlinrecano.com or by calling 1-866-853-1834. If you need assistance with preparation of your claim, you should seek legal counsel.

The current plan before the Court contemplates payment of all allowed claims. If there are any changes to that plan they will be filed with the Court and also available on the Donlin Recano & Co. website.

Generally, invoices for goods and services provided after the filing date are classified as administrative claims and will be paid in the normal course with any remaining amounts due at the time of the closing of the sale, paid on or just after the plan effective date as determined by the Court.

Will I need a claim form, or will I automatically be paid for the outstanding, pre-petition amount owed to me?

It depends. If you are listed in Friendly's schedules with an uncontingent, undisputed and liquidated claim in an amount and priority that you agree with, then no, you do not need to file a claim. If you are listed in the "Schedules of Assets and Liabilities" and your claim is identified as contingent, disputed and/or unliquidated, then yes, you will need a claim form. If you are not listed on the "Schedules of Assets and Liabilities" or if you disagree with how your claim is listed on the schedules, then yes, you will need a claim form. The "Schedules of Assets and Liabilities" are available at: <https://www.donlinrecano.com/friendlys>. At some point in the case, every creditor that Friendly's is aware of will receive a copy of a Bar Date Notice which will be accompanied by a proof of claim form with instructions as to deadlines, etc. The proof of claim form is also available at: <https://www.donlinrecano.com/friendlys> and you may file a claim electronically on such site. If you have any questions regarding filing a claim, please seek the advice of legal counsel.

I have a purchase order from prior to the Company's filing. If I supply the goods, will I get paid and, if so, when?

Friendly's has sufficient funds to continue operations through the sale process and meet all obligations to vendors and suppliers. The Company expects to continue to operate restaurants as it does today. The Company has asked the Court to approve a plan that contemplates payment of all allowed claims.

Generally, invoices for goods and services provided after the filing date are classified as administrative claims and will be paid in the normal course with any remaining amounts due at the time of the closing of the sale paid on or just after the plan effective date as determined by the Court. Should you have additional questions with respect to your claim, please seek legal counsel.

Can I still cash checks from Friendly's during the bankruptcy process?

Yes.

Why can't Friendly's pay me what I am owed?

United States bankruptcy laws generally prohibit the payment of all unpaid invoices for goods and services received before Friendly's filed for bankruptcy outside of a confirmed plan. Friendly's filed a plan that contemplates that all allowed claims will be paid in full (other than certain secured creditors that have consented to less favorable treatment for their claims). Friendly's sincerely regrets the delay in anticipated payment and difficulties that this may cause you.

Why should I continue to provide Friendly's with goods and services if I have pre-petition claims?

There are at least 3 reasons to maintain your business relationship with Friendly's:

Priority status of post-petition claims - Amounts owed for goods or services delivered after the bankruptcy filing are deemed “administrative expenses.” The Bankruptcy Code requires Friendly’s to pay all administrative expenses under the terms and conditions governing the transaction. Simply stated, Friendly’s must pay and has the ability to pay for goods and services that it receives in the ordinary course of business after the filing. Also, it is important to understand that pursuant to the United States Bankruptcy Code, suppliers are required to fulfill all contractual obligations to Friendly’s.

Maximizing the value of your pre-petition claim - The value of all pre-petition claims is highly dependent on the success of the Friendly’s during the Chapter 11 process. The success of Friendly’s during this period is in large part due to the support of the supplier community. Therefore, each supplier has the opportunity to affect the value related to its outstanding balances at the time of filing.

Friendly’s continues to operate its business in the ordinary course post-petition and values its relationship with its suppliers and feels it is important to continue working together.

What is my current balance? What is my pre-petition balance?

Friendly’s cannot provide current balances outstanding at this point because Friendly’s is in the process of reviewing all of its records and separating pre- and post-petition invoices. However, Friendly’s has filed “Schedules of Assets and Liabilities.” In these documents, Friendly’s will list balances it believes are owed to its creditors. They are available at: <https://www.donlinrecano.com/friendlys>. If you have further questions about this, please contact your legal advisor.

Can’t you just give me some idea of how much I will get paid on the past bills?

Friendly’s has filed a plan that if confirmed, contemplates that all allowed claims will be paid in full (other than certain secured creditors that have consented to less favorable treatment for their claims). Friendly’s relationship with its suppliers is key to the future success of Friendly’s, and Friendly’s greatly appreciates your business. While Friendly’s cannot promise what the amount of payout will be on your claims, you can be sure that Friendly’s will do everything it can to achieve the maximum recovery for all creditors. Friendly’s sincerely regrets the difficulties that this may cause you.

If Friendly’s can’t pay me for pre-petition invoices, what assurances can be provided that I will be paid for post-petition goods and services?

In the U.S., all claims for goods and services delivered on or after the filing date on November 1, 2020 are considered administrative expenses against Friendly’s bankruptcy estate. This means that Friendly’s is allowed—and indeed obligated—to pay you in full and according to normal terms. In addition, Friendly’s bankruptcy plan contemplates paying in full all valid and allowed pre-petition invoices.

Will Friendly's attempt to negotiate new terms now that it has filed?

Friendly's will continue to review the benefits and opportunities it has to improve its overall supplier relationships in the normal course of business. This will depend on the goods or services individual suppliers provide and the terms in place at the time of filing. Friendly's would anticipate that all supplier terms will be at normal market levels.

Are payment terms going to change during the bankruptcy?

No. We have sufficient cash on-hand to continue operations, meet all our obligations to suppliers and vendors, and ensure a seamless transition during the sale process. The Company has asked the Court to approve a plan that contemplates payment of all allowed claims. We have asked the Court for a hearing in mid-December to approve the sale and confirm the proposed plan. As soon as possible after the Court's approval, the closing will take place and the new plan will go into effect. Distributions will occur as soon as possible thereafter.

If you have specific questions about your claims, you should seek legal counsel.

Given the uncertainties of the situation, can I renegotiate my terms with Friendly's?

Friendly's cannot pay more for goods and/or services at this time. Its ability to purchase from you on favorable terms and at competitive prices is critical. Friendly's expects to remain a good customer to you.

I understand companies that file for Chapter 11 are able to put some suppliers on a "Critical Vendors List" that allows them to continue to be paid under normal terms, even for invoices that are unpaid at the time of the filing. How can I get on that list?

Friendly's filed a "Critical Vendor" motion for one key supplier. Although Friendly's feels that all of its suppliers are "critical," the courts have placed very strict parameters on those vendors that can be paid at this time. If you feel as if you should be considered a "Critical Vendor" you should contact your legal counsel.

When will I receive payment for goods and services delivered after the bankruptcy date?

Goods and services delivered after the bankruptcy filing date November 1, 2020 will be paid according to established terms.

What if I only want to be paid cash on delivery?

Friendly's will continue to pay supplier invoices under normal terms. Friendly's believes it is in the best interests of its suppliers to maintain business as usual and contracts between Friendly's and its suppliers may require the maintenance of normal business terms. Friendly's recommends that you consult with your legal counsel before changing business terms. Also, it is important to understand that pursuant to the United States Bankruptcy Code, suppliers are required to fulfill all contractual obligations to Friendly's.

Can I take back my goods?

As a technical matter, no. All goods once received are subject to the liens of the Company's secured lender. But from a practical perspective that is unnecessary. We have sufficient funds to continue operations through the sale process, meet all our obligations to suppliers and vendors, and ensure a seamless transition to a new owner. The Company has asked the Court to approve a plan that contemplates payment of all allowed claims.

Can I raise my product prices?

The automatic stay provision associated with Chapter 11 filings prevents you from raising your prices in an effort to recoup pre-petition claims.

Will our relationship manager/point of contact change as a result of the filing?

No. During the bankruptcy process your contacts are expected to remain the same unless you are otherwise notified.

How can I check on the status of my claims?

Notice of all bankruptcy filings and rulings will be available on the docket of the United States Bankruptcy Court for the District of Delaware for a fee. In addition, free access will be available on the website of our claims and noticing agent, Donlin Recano & Co., at: <https://www.donlinrecano.com/friendlys>. Additional information can be found by emailing friendlysinfo@donlinrecano.com or by calling 1-866-853-1834.

UTILITY SPECIFIC QUESTIONS

Do you intend to pay my pre-petition balance?

Unfortunately, federal bankruptcy laws generally prohibit Friendly's from paying outstanding invoices for goods and services received before the filing date November 1, 2020. However, Friendly's bankruptcy plan contemplates ultimately paying in full all valid and allowed pre-petition invoices. Friendly's sincerely regrets the hardship this payment delay may present you, and asks you to look to the future as this relationship continues.

If you don't pay my balance, the Utility will discontinue services.

The Bankruptcy Code prohibits utilities from discontinuing service within the first 20 days of a bankruptcy. Friendly's has filed a motion in the Bankruptcy Court addressing how to provide utilities with adequate assurance to ensure continued service. A copy of the motion is available via the Friendly's restructuring website at: <https://www.donlinrecano.com/friendlys> or the court's website, which requires a login and payment of fees at <https://www.ecf.deb.uscourts.gov>.

CONTRACT LABOR SPECIFIC QUESTIONS

I provide contract employees to the Friendly's. Will I get paid?

Payment of your pre-petition amounts may be covered under the wage motion. A copy of the motion is available at the Friendly's restructuring website at: <https://www.donlinrecano.com/friendlys> or the court's website, which requires a login and payment of fees at <https://www.ecf.deb.uscourts.gov>. Friendly's expects you to honor your contract and continue to provide the employees and services provided pre-petition.

I am a consultant. Will I still get paid? Will I be treated as a temporary employee or as a vendor?

Consultants will be paid as usual for all post-petition work performed. Regarding any outstanding fees that have not been paid, information for general unsecured creditors is available on Friendly's restructuring website at: <https://www.donlinrecano.com/friendlys> or the court's website, which requires a login and payment of fees at <https://www.ecf.deb.uscourts.gov>.

EMPLOYEE SPECIFIC QUESTIONS

Should I keep coming to work as usual? Does this mean that my work schedule will change?

You should keep working according to your posted schedule, unless you are told otherwise by your direct supervisor. It is business as usual at Friendly's.

Will my job responsibilities change?

During the sale process nearly all Friendly's corporate and franchised restaurant locations are expected to remain open and operate as they do today subject to COVID-19 limitations. It is essentially business as normal and restaurant team member responsibilities are not expected to change. Friendly's has sufficient funds to continue operations during the sale process, meet all obligations to team members and ensure a seamless transition to a new buyer.

The transaction is also expected to preserve thousands of corporate-owned restaurant team member and franchisee jobs. Upon the sale closing, the buyer expects to retain substantially all restaurant employees at Friendly's corporate-owned locations.

What can employees do to help during the Chapter 11 process?

Collectively, all Friendly's employees – regardless of job function, title or location – must stay focused on their responsibilities. Now, more than ever, it is important for everyone to do the best

job possible. Only by doing that can we expect that Friendly's will emerge from this process well-positioned for the future.

Where should employees go for information about the reorganization?

Information about the reorganization will be posted on the Friendly's restructuring website at <https://www.donlinrecano.com/friendlys>. This will be updated regularly. The Friendly's will also communicate with you directly when there are significant developments to report.

Will there be layoffs as a result of the filings? Will any stores or other locations be closed?

As a result of the sale, nearly all of Friendly's 130 corporate-owned and franchised restaurant locations are expected to remain open subject to COVID-19 limitations, and the transaction is expected to preserve thousands of corporate-owned restaurant team member and franchisee jobs. Friendly's continues closely monitor economic conditions in its markets and although not expected, if necessary, will adjust operations as needed.

Will I receive severance if I am laid off?

The employment of current team members at Friendly's corporate-owned restaurants will end upon the close of the transaction. The new owners are expected to immediately hire substantially all corporate-owned restaurant team members upon the close, creating a smooth transition with little if any disruption in work time. As a result, there is no need for severance payments. All future workforce-related decisions following the close will be made by the new owner.

I am a temporary employee. Will I still get paid?

Friendly's plans to continue paying its temporary employees as usual.

Will I continue to receive my paycheck and benefits without changes?

Yes. Friendly's has sufficient funds on-hand to meet all obligations to employees. We expect that there will be no interruption regarding paychecks or benefits while the sale process is underway. Upon the close of the transaction, the buyer is expected to formally hire substantially all corporate-owned restaurant team members. At that point, corporate-owned restaurant team members will be employed by the new owner, who will be responsible for payroll and benefits.

Can I continue to charge my business expenses?

You may do so as you have in the past, following the same procedures for submitting any qualified business expenses in accordance with Friendly's policy, unless your supervisor directs you otherwise. Friendly's has asked for court approval to reimburse all business expenses as was done routinely prior to the filings. As is customary in similar cases, Friendly's expects the court to approve its request.

Will expense reimbursements be delayed?

No, the Company has filed a first day wage and benefit motion that will allow employees to be reimbursed on a normalized basis.

Does Friendly's have enough cash to meet its payroll and benefit obligations?

Yes, Friendly's plans to continue paying wages for its employees as usual.

Can I still take planned vacations?

The Company has filed a first day wage and benefit motion and we expect that this will allow vacations that have been previously approved by management between now and year-end may be taken as scheduled. While the buyer will be assuming employee PTO balances as of the date of the closing of the sale, specific timing of vacations in 2021 are subject to the approval of the new owner's management team. For any current team member not hired by the buyer, Friendly's will pay that employee's PTO balance for that employee at the time required by law.

Will there be any changes in employee pay going forward?

Friendly's expects that the Chapter 11 process will not affect its current compensation policies. The new owners will be responsible for compensation practices upon closing of the sale. Friendly's will continue to follow all applicable federal and state minimum wage requirements.

Will there be anything different about Friendly's paychecks as a result of the filings?

Employees who receive paychecks may in the future notice a "DIP" designation printed on the paycheck, which simply identifies Friendly's as a "Debtor-in-Possession" consistent with the Chapter 11 filing, otherwise there will be no change.

Will my bank/credit union still accept my paycheck or direct deposit?

Every paycheck issued or direct deposit made by Friendly's should be honored. However, if you experience any problems cashing your paycheck or having an institution honor your direct deposit, please contact the Friendly's Payroll Department.

Will overtime still be offered?

Friendly's will continue to follow its overtime policies and all applicable overtime laws.

Will the filings affect employee health care benefits (such as medical, vision or dental plans) and employee life insurance or disability benefits for U.S. employees?

No. Friendly's has asked the Bankruptcy Court for approval to continue most of its current policies with respect to these matters. The Bankruptcy Court has approved this relief on an interim basis and Friendly's fully expects the Bankruptcy Court to approve its request on a final basis. If Friendly's makes changes to such policies in connection with cost-reduction efforts, any changes will be announced through the normal communication channels.

Can I still file my medical and dental insurance claims?

Yes. You can and should file your claims as you normally would.

I am an employee, will COBRA benefits still be provided to employees if they are separated from Friendly's after the filing?

Friendly's expects that COBRA continuation coverage will continue to the extent required under law.

I am a former employee, will I be eligible for continued health insurance through COBRA?

Friendly's expects that COBRA continuation coverage will continue to the extent required under law.

How will the filings affect compensation such as bonuses, quarterly sales incentives and commissions?

Normal compensation plans and procedures will not be affected post-petition.

Will employees continue to receive disability, holidays and vacation pay?

Yes. Friendly's has asked for court approval to continue its current policies with respect to these matters. The Bankruptcy Court has approved continuing current policies and as is customary in similar cases, Friendly's expects the Bankruptcy Court to approve its request on a final basis. If Friendly's makes changes to such policies in connection with cost-reduction efforts, any changes would be announced through its normal communication channels.

I am on a leave of absence. How does the bankruptcy filing affect my employment status?

Friendly's will continue to follow its policies and all applicable laws regarding leaves.

RETIREMENT BENEFITS SPECIFIC QUESTIONS

Are the assets in Friendly's 401(k) plans for employees protected from creditors' claims in the bankruptcy proceedings?

Yes. Federal law protects the funds in 401(k) savings plans from the claims of Friendly's creditors. All individual 401(k) accounts are set up in the individual employee's name. This means that Friendly's cannot use these assets to meet its other obligations or to pay its debts.

What happens to the accounts of employees who are participants in the 401(k) Plan?

The assets in its 401(k) plans are held in a trust by the Friendly's Retirement Savings Plan and Trust (the "Plan"), which is separate from Friendly's. These assets are protected under federal law against the claims of Friendly's creditors, which means that the Friendly's can't use any of these

assets to meet other obligations or to pay its debts. Irrespective of the filings, all investments contained in an individual's 401(k) account are subject to some level of market risk.

Now that Friendly's has made these filings, can employees access their 401(k) account funds before retirement without incurring penalties?

The Plan's current provisions regarding withdrawals and distributions from the plan continue to apply. The IRS rules for 401(k) withdrawals remain in place and will not change as a result of Friendly's filings.

Is it true that if the Pension Benefits Guaranty Corporation takes over my qualified defined benefit pension plan, I may receive a smaller pension than I am entitled to?

Friendly's does not currently have a defined benefit pension plan.