

FRANCHISE DISCLOSURE DOCUMENT

FRIENDLY'S RESTAURANTS FRANCHISING CO, LLC
a Texas Limited Liability Company
14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254
214-302-5910
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www.friendlyrestaurants.com



We offer franchises to operate a family-style restaurant offering moderately priced meals, snacks and desserts under the name and style of Friendly's full-service restaurants. We also offer franchisees the opportunity to develop multiple Friendly's restaurants within a territory with limited exclusivity.

The total investment necessary to begin operation of a single Friendly's restaurant franchise is between \$1,110,680 to \$2,682,435. This includes \$47,000 that must be paid to the franchisor or its affiliate. If we grant you development rights, we require a commitment to develop at least two Friendly's restaurants. At the time you sign our Area Development Agreement, you will pay us a development fee equal to 50% of your initial franchise fees due for the restaurants you commit to develop. For example, if you commit to develop three Friendly's restaurants (assuming that the military veteran's program discount does not apply), the minimum development fee will be $\$15,000 \times 3 = \$45,000$.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact our Franchise Administration Department at 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254, via phone at 214-302-5910, or via email at franchising@friendlyrestaurants.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency listed on Exhibit A, or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: October 20, 2022 as amended December 28, 2022

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about an outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or <u>Exhibit H</u> .
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or <u>Exhibit B</u> includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Friendly's business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Friendly's franchisee?	Item 20 or Exhibits J and K lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in [Exhibit A](#).

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.
2. **Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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ITEM 1 - THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “FRF,” “we” or “us” means Friendly’s Restaurants Franchising Co, LLC, the franchisor. “You” means the person who buys the franchise (the franchisee). If you are a corporation or another type of entity, certain provisions of this disclosure document also apply to your owners and will be noted.

The Franchisor, and Any Parents, Predecessors and Affiliates

We are a Texas limited liability company, formed on November 10, 2020 originally under the name Amici Partners Franchising Co, LLC. We do business only under our corporate name and under the trade name and service mark “FRIENDLY’S.” We grant qualified candidates the right to develop Friendly’s franchises, as described in this disclosure document. We have never operated a business of the type being franchised and do not engage in any other business activities. Our principal place of business is at 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254. Our agents for service of process are disclosed in Exhibit A.

We are a wholly owned subsidiary of Amici Partners Group, LLC (“APG”), which has an exclusive license from DFA Dairy Brands, LLC (as successor in interest to Dean Foods, Inc. of Dallas, Texas) (“DFA”) to the Friendly’s trademarks and other related intellectual property including, without limitation, the right to develop, operate, advertise, market and promote Friendly’s restaurants. APG shares our principal business address at 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254. APG has never offered franchises in any line of business.

Neapolitan Group Holdings, LLC, FIC Holdings, LLC, FIC Restaurants, Inc., Friendly’s Restaurants, LLC, and Friendly’s Franchising LLC, (collectively, “Former Friendly’s Entities”) filed Chapter 11 bankruptcy with the United States Bankruptcy Court for the District of Delaware (“Bankruptcy Court”) under Docket 20-12807-CSS. On December 17, 2020, the Bankruptcy Court entered the “Sale Order” approving the private sale of various debtors’, including Former Friendly’s Entities’, assets to APG. Before the acquisition, one or more of Former Friendly’s Entities maintained their principal business at 1855 Boston Road, Suite 200, Wilbraham, Massachusetts 01095. Friendly’s Franchising LLC (“Former Friendly’s Franchisor”) was a Delaware limited liability company. Former Friendly’s Franchisor and/or its predecessors offered franchises for FRIENDLY’S restaurants from 1986 through the date of the acquisition (e.g. December 31, 2020). As of the date of the acquisition, there were 86 FRIENDLY’S franchises operating in the United States.

Our affiliate, Friendly’s Restaurants Co, LLC (“FROC”) owns and operates 50 full-service Friendly’s restaurants and one fast-casual Friendly’s restaurant, located in nine states all of which we refer to as “company operated” restaurants. FROC has not offered franchises in any line of business. FROC has been a wholly owned subsidiary of APG since November 2020. We are directly and indirectly affiliated with a portfolio of companies owned by Brix Holdings, LLC (“Brix”). Brix is a Texas limited liability company formed on September 4, 2013. Brix shares our principal business address. Brix has never offered franchises in any line of business.

Pursuant to a shared services arrangement between APG and Brix, effective as of December 31, 2020, certain employees of either APG or Brix may be directed, as independent contractors acting on our behalf, to fulfill some of our duties and obligations under existing and future franchise agreements and area development agreements, including marketing and offering new and renewal franchise agreements and area development agreements, identifying and developing new locations and providing required support to franchisees.

We have never offered franchises in any other line of business, but a number of other brands affiliated with Brix are operated by separate entities that offer the following franchises:

- Red Mango FC, LLC (“RMFC”) franchises the operation of RED MANGO stores, which feature the sale of authentic frozen yogurt and treats, yogurt and non-yogurt-based smoothie beverages, fresh-squeezed fruit and vegetable juices, health foods, café items (e.g., wraps, salads, soups, flatbreads) and related products and services. Pursuant to a former licensing agreement with Smoothie Holdings, LLC, RMFC has also licensed its franchisees the right to offer and sell SMOOTHIE FACTORY branded products according to a

RED MANGO-SMOOTHIE FACTORY Co-Brand Amendment. RMFC has been offering RED MANGO franchises since July 2007, and has offered RED MANGO-SMOOTHIE FACTORY Co-Brand licenses from December 2013 through December 2016. As of January 2, 2022, there were 65 franchised RED MANGO stores in the United States, 2 of which are co-branded with SMOOTHIE FACTORY. RMFC has never engaged in any other business.

- Smoothie Holdings FC, LLC (“SHFC”), franchises the operation of SMOOTHIE FACTORY Stores in the United States, which feature non-alcoholic, fruit-based smoothie beverages, fresh-squeezed fruit and vegetable juices, health foods, and nutritional supplements. Pursuant to a licensing agreement with Red Mango, LLC, SHFC also licenses its franchisees the right to offer and sell RED MANGO branded products according to a SMOOTHIE FACTORY-RED MANGO Co-Brand Amendment. SHFC has been offering SMOOTHIE FACTORY franchises and RED MANGO Co-Brand licenses since September 2013. As of January 2, 2022, there were 21 franchised SMOOTHIE FACTORY Stores operating in the United States, 1 of which is co-branded with RED MANGO. SHFC has never engaged in any other business.
- Souper Salad FC, LLC (“SSFC”), franchises the operation of SOUPER SALAD restaurants, which feature an all-you-can-eat buffet of fresh-cut salads and handcrafted soups, breads, desserts and beverages. SSFC has been offering these franchises since September 2014. As of January 2, 2022, there were 4 franchised SOUPER SALAD restaurants operating in the United States. SSFC has never engaged in any business other than operating and franchising the operation of SOUPER SALAD restaurants.
- Orange Leaf FC, LLC (“OLFC”), franchises the operation of ORANGE LEAF stores, which feature the sale of authentic frozen yogurt and treats and other related products and services. OLFC has been offering these franchises since December 2020. As of January 2, 2022, there were 80 franchised ORANGE LEAF stores operating in the United States. OLFC has never engaged in any business other than operating and franchising the operation of ORANGE LEAF stores.
- Humble Ds FC, LLC (“HDFC”), franchises the operation of HUMBLE DONUT CO. stores, which feature made-to-order mini donuts and related products and services. HDFC has been offering these franchises since December 2020. As of January 2, 2022, there were 10 franchised HUMBLE DONUT CO. stores operating in the United States; all of these locations are co-branded with an ORANGE LEAF store. HDFC has never engaged in any business other than operating and franchising the operation of HUMBLE DONUT CO. stores.
- Greenz Salads FC, LLC (“GFC”), franchises the operation of GREENZ restaurants, which feature gourmet salads, soups, sandwiches, wraps, side dishes, desserts and beverages. GFC has been offering these franchises since April 2014. As of January 2, 2022, there were no franchised GREENZ restaurants. Greenz has never engaged in any business other than operating and franchising the operation of GREENZ restaurants.

Friendly’s Restaurants Franchising Co, LLC and/or any of its affiliates may in the future operate, and/or license the right to third parties to operate, virtual sales platforms on third party delivery services such as Door Dash, Uber Eats, Grub Hub and Postmates using the FRIENDLY’S trademarks or service marks. Some of our Friendly’s franchisees and/or franchisees of our affiliates have or may be in the process of operating a similar Friendly’s virtual presence. We may also develop other virtual concepts that may compete with your Friendly’s restaurant.

Except as set forth above, none of our parents or affiliates are obligated to provide products or services to you. Except as described above, we have no other parents, predecessors or affiliates that must be included in this Item.

The Friendly’s Restaurant System

The first Friendly ice cream shop was opened in 1935 in Springfield, Massachusetts. The Friendly’s restaurant system (the “System”) now encompasses trademarks, service marks, copyrights and similar property rights, advertising, publicity and other marketing programs and materials, training programs and materials, standards, construction plans, specifications, policies, secret recipes, and programs for inspecting the restaurants and consulting with franchisees.

We have, through license arrangements with DFA and other unaffiliated companies, the right to use the names, trademarks, service marks, logotypes and other proprietary marks used in connection with the System. Friendly's restaurants generally do business under the name "Friendly's Restaurants" but we reserve the right to operate existing or future restaurants under different trade names. The greatest geographic concentration of Friendly's restaurants is in the northeastern United States. Most Friendly's restaurants are open 16 hours per day, seven (7) days per week, and offer table service, including breakfast, lunch and dinner entrees, as well as snacks and desserts.

We grant franchisees the right to operate a full-service restaurant that offers a full menu of ice cream and frozen treats, breakfast, lunch and dinner entrees, burgers, sandwiches and wraps, snacks and beverages. Typically, Friendly's restaurants are between 2,500 and 3,600 square feet, with 100 to 150 seats, have daily hours of operation from early morning through the late evening and are accessible to vehicular traffic. We offer an option to include a drive-through lane, if permitted by local code and the site. We have limited experience with operating a drive-through lane in connection with a Friendly's restaurant. Each franchise is a license for a specific location under terms of a Franchise Agreement (see Exhibit D).

We also offer the right to develop, within a specified area and in accordance with a specified schedule, multiple franchised locations (minimum of two) that you will operate at locations we approve, all as described in an Area Development Agreement (see Exhibit C). After the Area Development Agreement has been executed, you must sign our then-current form of franchise agreement, that may differ from the current form attached to this disclosure document, for each Friendly's restaurant that we agree you may open.

We will occasionally grant a franchise to meet consumer demand in a non-traditional location that may not support a full menu and/or full service. Typically, non-traditional operations (i) are smaller in size and not full-service; (ii) offer fewer menu items; (iii) are situated in large transportation or entertainment centers, or in retail venues with little or no seating or have common area seating; and/or (iv) are open during hours established by the venue. The term of the franchise and fees may vary. We evaluate each proposed non-traditional opportunity on its merits and in accordance with our standards and we reserve our right to disapprove any proposal in our sole discretion. We do not promise you that we will permit you to operate a non-traditional unit.

Market Competition

The restaurant business is highly competitive and is affected by changes in the public's eating habits and preferences, population trends and traffic patterns, as well as by local and national economic conditions affecting consumer's spending habits, many of which are beyond our or your control.

Operating a full-service restaurant is more complicated and challenging than typical fast-food operations. Your market will be the general public living or working near and/or traveling by your restaurant. You will have to compete with other restaurants, including restaurants serving fast food items. Friendly's franchised and company-operated restaurants compete directly or indirectly with locally owned restaurants, as well as restaurants in chains with regional or national images, including other Friendly's company-operated and franchised restaurants.

A number of significant competitors are larger and more diversified and have substantially greater resources than ours. Key competitive factors in the industry are the quality and value of the food products offered, quality and speed of service, the location and attractiveness of the facilities, advertising and brand-name identification (the Friendly's® brand is stronger in the northeastern United States than in other regions).

Industry Specific Laws and Regulations

A number of states and local jurisdictions have enacted laws, rules, regulations, and ordinances which may apply to the operation of your Franchised Business, including those which (1) establish general standards, specifications and requirements for the construction, design and maintenance of the franchised location; (2) regulate matters affecting (i) the health, safety, and welfare of your customers, such as general health and sanitation requirements for Stores, (ii) employee practices concerning the storage, handling, cooking, and preparation of food, (iii) restrictions on smoking, and (iv) availability of and requirements for public accommodations, including restrooms; (3) set standards pertaining to employee health and safety; (4) set standards and requirements for fire safety and general emergency preparedness;

(5) govern the use of vending machines; and (6) regulate the proper use, storage, and disposal of waste, insecticides, and other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your franchise and should consider both their effect and cost of compliance.

In addition, the Menu Labeling Provisions of the Patient Protection and Affordable Health Care Act require certain restaurants and retail food establishments to post caloric information on menus and menu boards and to make available additional written nutrition information to consumers upon request. State and local governments also may have their own regulations.

The Federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide, and particulate matters, including caps on omissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

You alone are responsible for investigating and complying with all applicable laws and regulations, despite any information that we may give you. You should consult with a legal advisor about legal requirements that may apply to your business.

ITEM 2 - BUSINESS EXPERIENCE

President: Sherif Mityas

Mr. Mityas has served as the President of Brix in Dallas, Texas since January 1, 2022 to present. Pursuant to a shared services arrangement between BRIX and APG, he provides services to us as well as Brix and its subsidiaries: OLFC, RMFC, SHFC, HDFC and SSFC. Prior to January 2022, Mr. Mityas has held various executive positions in consulting and the retail-restaurant industry sectors including SJM Hospitality in Dallas, Texas from March 2020 to November 2021 and most notably as the chief experience officer for TGI FRIDAYS in Dallas, Texas from April 2016 through February 2020 and as the chief executive officer for Hollywood Video/Movie Gallery in Wilsonville, Oregon from June 2008 to February 2010.

Chief Operations Officer: Dawn Petite

Ms. Petite has served as our Chief Operations Officer in Long Island, NY since November 2020 to present. Prior to November 2020, she was the Chief Operating Officer of J&B Restaurant Partners, LLC et al, a Friendly's® franchisee, since prior to 2011. Ms. Petite began her career at Friendly's Restaurants as an operations manager and has been with the Friendly's brand, as either a corporate employee of our predecessors or an employee of one of the largest Friendly's franchisees, for over 40 years.

Chief Financial Officer: Pam Hunt

Ms. Hunt has served as our Chief Financial Officer since May 2022 to present. Pursuant to a shared services arrangement between BRIX and APG, she provides services to us as well as Brix and its subsidiaries: OLFC, RMFC, SHFC, HDFC and SSFC. Prior to May 2022, Ms. Hunt served as Vice President of Finance and Accounting for Bioworld Merchandising, Inc., in Dallas, TX, a premier global manufacturer of licensed apparel and accessories. She also has prior experience with the restaurant industry as she was Vice President, Controller of On the Border Mexican Grill and Cantina, in Dallas, TX, from 2016 to 2019.

Chief Legal Officer: Melitha Lynn Brown

Ms. Brown has served as our Chief Legal Officer since November 2020 to present. Pursuant to a shared services arrangement between BRIX and APG, she provides services to us as well as Brix and its subsidiaries: OLFC, RMFC, SHFC, HDFC and SSFC. Ms. Brown has served as the Chief Legal Officer of Brix since December 2013.

Chief Marketing Officer: David Ellis

Mr. Ellis has served as our Chief Marketing Officer in Dallas, Texas since June 2021. Pursuant to a shared services arrangement between BRIX and APG, he provides services to us as well as Brix and its subsidiaries: OLFC, RMFC,

SHFC, HDFC and SSFC. Prior to June 2021, Mr. Ellis served as Chief Marketing Officer for Uncle Julio's in Dallas, Texas from January 2018 to October 2021, where he was responsible for the launch of a new advertising campaign, new product development, the debut of third-party delivery and growth of the loyalty program. Prior to Uncle Julio's, he was the vice president of marketing for O'Charley's restaurants in Nashville, Tennessee from December 2013 to December 2017 and has held leadership positions at KFC in Louisville, Kentucky and Darden Restaurants in Orlando, Florida, for both Olive Garden and Red Lobster, including roles in brand management, national promotions, and menu strategy.

Chief Experience Officer: Roberto De Angelis

Mr. De Angelis has served as our Chief Experience Officer in Dallas, Texas since July 2021. Pursuant to a shared services arrangement between BRIX and APG, he also provides services to us as well as Brix and its subsidiaries: OLFC, RMFC, SHFC, HDFC and SSFC. Prior to July 2021, Mr. De Angelis served in various roles for P.F. Chang's in Phoenix, Arizona over 18 years, most recently as the chief operating officer of global development from March 2020 to February 2021 and as the Vice President of Global Development from January 2009 to March 2020.

Chief Technology Officer: Carissa De Santis

Ms. De Santis has served as our Chief Technology Officer in Dallas, Texas since December 2021. Pursuant to a shared services arrangement between BRIX and APG, she provides services to us as well as Brix and its subsidiaries: OLFC, RMFC, SHFC, HDFC and SSFC. Prior to December 2021, Ms. De Santis spent more than 15 years as a technology and operational leader for global restaurant organizations and was most recently Chief Information Officer at Dickey's Barbecue Restaurants, Inc. in Dallas, Texas from June 2019 to December 2021, where she led the technology group driving significant growth across all their channels and brands. Prior to Dickey's Barbecue Restaurants, she led all restaurant technology for the global TGI Fridays chain in Dallas, Texas, from June 1999 to June 2019 where she focused on improving and integrating all systems-enabled initiatives for their in-store experiences.

ITEM 3 - LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 - BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 - INITIAL FEES

Initial Franchise Fee – Single Restaurant Development

When you sign the Franchise Agreement, you will pay us an initial franchise fee. Except for the differences described below, the initial franchise fee is uniform for all new franchisees. Some of our existing franchisees, however, have the right to develop additional Friendly's restaurants under existing agreements and on different terms. In addition, in certain circumstances, we may discount the initial franchise fee in connection with a special venue or non-traditional location or a franchisee's participation in a co-brand or management leveraged concept.

The initial franchise fee is \$30,000 unless you qualify for the military veteran's program discount or the Early Franchise Incentive Program.

- The military veteran's discount is available to veterans who have received a discharge (other than dishonorable) as well as any active-duty personnel. If the franchisee is a corporation, limited liability company, or other legal entity, the veteran participant must maintain at least 51% ownership interest in the entity to qualify for this discount. To apply for the discount, you must provide us a copy of form DD-214, reflecting your military status, before the Franchise Agreement is signed. The military veteran's program discounts the initial franchise fee by 50%.

The initial franchise fee is fully earned and nonrefundable upon payment.

Area Development Fee

If you are acquiring multi-unit development rights, we require you to commit to develop at least two Friendly's restaurants. You will sign our Area Development Agreement and pay us a development fee equal to the sum of initial franchise fees that correspond to the proposed development.

Provided that you are in compliance with your Development Schedule, the initial franchise fee will be reduced by 50% for each Friendly's restaurant to be developed under an Area Development Agreement (i.e., \$15,000). For example, if you commit to develop three Friendly's restaurants, the development fee would be \$45,000 ($\$15,000 \times 3 = \$45,000$).

As each Franchise Agreement is signed under the Area Development Agreement, we will credit a portion of the development fee payment toward the initial franchise fee due under the Franchise Agreement. Therefore, provided that you are in compliance with your Area Development Agreement and the Development Schedule therein, if the development fee is fully paid, you will not need to pay an additional initial franchise fee when you sign a Franchise Agreement for a Friendly's restaurant to be developed under the Area Development Agreement, but you will need to pay other initial fees such as the Project Management Fee, Site Selection Fee and the New Store Marketing Plan Fee, described below.

The development fee is fully earned and nonrefundable upon payment.

Early Franchise Incentive Program

Qualified applicants also may have the opportunity to participate in our Early Franchise Incentive Program ("Early Franchise Incentive Program"). The initial franchise fee will be reduced by 50% (i.e., from \$30,000 to \$15,000) for the first 50 franchisees that sign a Franchise Agreement in 2022 to develop a Friendly's restaurant in the United States. To qualify for the Early Franchise Incentive Program, you must meet our financial and operating criteria for new franchisees and be one of the first 50 persons to sign a Franchise Agreement for a Friendly's restaurant in 2022. An initial franchise fee may only be reduced by one discount program (e.g., military veteran's program discount or Early Franchise Incentive Program). The 50% off the initial franchise fee portion of the Early Franchise Incentive Program will not apply to any Area Development Agreement as the initial franchise fees are already reduced by 50% for any restaurant committed to in a Development Fee.

Site Selection Fee

In most cases, we will require you to pay us a \$3,500 Site Selection Fee when you sign a Franchise Agreement. In consideration for this payment, we or our recommended service provider will guide you through the site selection and lease negotiation process. Ultimate site selection, however, is solely your responsibility and our services will not replace the need for you to hire your own commercial real estate professionals (including a real estate attorney to review and negotiate your lease). The Site Selection Fee is nonrefundable upon payment.

We will collect the Site Selection Fee on behalf of our internal development management team or our designated tenant representative consulting firm.

Project Management Fee

In most cases we will require you to pay us a Project Management Fee when you sign a Franchise Agreement. In consideration for this payment, we or our recommended service provider will provide space planning and construction coordination assistance. Restaurant development, however, remains solely your responsibility, and our services will not replace the need for you to hire your own general contractor and architect. The Project Management Fee is \$3,500. The Project Management Fee is nonrefundable upon payment.

We will collect the Project Management Fee on behalf of our internal development management team or our designated tenant representative consulting firm.

Grand Opening Campaign Fee

When you sign your Friendly's restaurant lease, or on the date by which you are required to have acquired a site, whichever occurs first, you will pay us the Grand Opening Campaign Fee, which we will spend in your market area to promote your Friendly's restaurant. The Grand Opening Campaign Fee is \$10,000. Generally, this payment is uniform for all franchisees, but we have previously negotiated this requirement based on the specific marketing needs of a particular Friendly's restaurant. We will refund unexpended portions of this payment if the restaurant does not open for business.

Unless otherwise indicated, all fees are uniformly imposed and are fully earned and non-refundable upon payment.

ITEM 6 - OTHER FEES FRANCHISE AGREEMENT

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Royalty ^{2,3}	6.0% of Net Sales	Weekly, by electronic funds transfer ("ACH") or other method we approve	
Marketing Fund Fee ^{3,4,5}	Currently 3.5% of Net Sales (we have right to increase to not more than 4.0% of Net Sales)	Weekly, by electronic funds transfer ("ACH") or other method we approve (same as Royalty above)	You must pay the Marketing Fund Fee in the same manner and time frame as the Royalty Fee.
Local Marketing Requirement ⁵	No less than 1% of Net Sales	As incurred	
Additional Advertising Contribution ⁶	A variable percentage of Net Sales	Same as Royalty above, but only as, if and when two-thirds of the participating Restaurants in your advertising market agree to pay the additional contribution	
Transfer Fee	\$10,000	Before or at the transfer	Payable when you transfer your assets, the franchise agreement or an ownership change. (See Note 7)
Managed Security Service Provider Fee	Actual costs, typically between \$330 - \$450 a month	On demand	This is a fee that will be paid to a third-party service provider, as designated by us, to provide you with in-store network security, cyber security, phone, internet, firewall monitoring and failover services.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
On-Going Training ⁸	\$100 to \$1,275	As incurred, 14 days after billing (21 days with ACH)	Fees may increase periodically.
On-Site Training Cancellation Fee	Our then current on-site training cancellation fee	Upon Demand	May vary depending upon the type of scheduled training program and how far in advance you notify us in writing of cancellations
Optional Assistance	\$500 to \$750 per day	As incurred, 14 days after billing (21 days with ACH)	Fees may increase periodically and vary depending on the type of assistance requested and expenses incurred.
Change of Location	Our costs and expenses which will likely be between \$500 and \$5,000	Before relocation	Payable only if we approve your application for a change of location after a casualty or taking. The exact amount will depend upon our administrative costs to approve your application and new site.
Renewal Fee ⁹	Half of our then-current initial franchise fee (currently \$15,000)	Upon execution of franchise agreement for renewal term	To renew the franchise, you must sign our then-current Franchise Agreement, the terms of which may be materially different than the terms of our current Franchise Agreement.
Audit	All amounts shown to be due, plus (i) interest equal to the lower of the maximum rate permitted by law or 15% per annum of the deficient amount; (ii) a late fee, for additional administrative fees incurred by us, equal to the greater of 10% of the deficient amount or \$250; and (iii) the cost of the audit.	On demand	You must pay audit costs only if our audit shows an understatement of Net Sales of 1% or more.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Charge for Nonpayment due to “Nonsufficient Funds” (“NSF”)	\$50 (which will increase to \$100 for any second or more NSF during any rolling 12-month period) plus reimbursement of our costs and expenses from your non-payment.	On demand	
Securities Offering	Reimburse our costs	As incurred, 14 days after billing (21 days with ACH)	Payable only if you attempt to raise or secure funds through the sale of securities by means of any private investment offering. (See Note 10)
Late Payments, Dishonored Check Fee, Interest and Collection Costs	Interest at the lower of the maximum rate permitted by law or 18% of the amount past due from the date a payment was due until it is paid, plus a late charge in the greater amount of 10% of the amount due or \$250	Begins to accrue on the date the past due amount was due and continues to accrue until the past due amount is paid in full, including all late charges	Payable only if you fail to make timely payment to us or if your check or ACH is dishonored; fees or interest rate may increase periodically.
Information Technology (“IT”) Support Fee ¹¹	Up to \$150 per month	Monthly (billed in weekly installments with Royalties)	Required for our support of your computer operations.
Gift Card Fees and Costs ¹²	Varies, subject to periodic increases	As incurred, 14 days after billing (21 days with ACH)	Pass-through of vendor costs and fees to participate in gift card program, to the extent applicable.
Lease ¹³	Varies	As described in your lease	Applies only if you lease the franchise location from us.
FranConnect	\$30.00 per month	Monthly (billed in weekly installments with Royalties)	Pass-through of vendor costs and fees.
Point of Sale (“POS”) System Maintenance Fee	Approximately \$350 to \$500 per month	On demand, varies based on POS equipment	You must sign a maintenance agreement with the manufacturer of the POS System, and pay the monthly service fees to the POS System manufacturer.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Back Office Software	Up to \$200 per month	On Demand	This is a fee that will be paid to a third-party service provider, as designated by us, to provide back office software application used for managing labor, purchasing, inventory and costs.
Guest Experience Monitoring Fee ¹⁴	Actual costs, up to \$500 per year	As incurred	Paid to us for conducting our secret shopper program at your restaurant.
Indemnity	Our actual costs and related attorneys' fees	Upon demand	You must indemnify us for unauthorized use of our trademarks and for any claims arising from your operations at the franchise location or your default of the Franchise Agreement.
Costs and Attorneys' Fees	Our actual costs and attorneys' fees	On demand	You must reimburse us for our expenses in enforcing or terminating any agreements between us, including any Franchise Agreement and/or Area Development Agreement.
New Supplier Testing	Our costs to conduct a review	Upon demand, if required	Payable if you ask us to review a new supplier, whether or not we approve the supplier.
EcoSure Audit	Approx. \$375.00, twice per year	As incurred, 14 days after billing (21 days with ACH)	EcoSure is an independent third-party health and safety audit conducted twice per year. You pay the EcoSure Fee to us and we pass it through to EcoSure.
UberAll/InMoment	Approx. \$125.00, quarterly	As incurred, 14 days after billing (21 days with ACH)	UberAll/InMoment is a social media customer feedback tool. You pay the UberAll/InMoment Fee to us and we pass it through to UberAll/InMoment, to the extent applicable.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Customer Feedback tool	\$79.00 to \$100.00, per month	As incurred, 14 days after billing (21 days with ACH)	We currently use SMG and Ovation as a customer feedback tool. You will pay us this fee and we pass it through to the vendor or it will be paid directly to a third-party service provider, as designated by us.
Liquidated Damages	Present value of average Royalty Fees calculated through the end of the term	On demand	Payable only if you prematurely close the restaurant prior to the end of the term.
Deficiency Fee	\$1,500 plus the cost of reinspection and the cost of enforcing compliance.	Upon Demand	If you are in default under the Franchise Agreement, at our direction and without waiver of any of our rights under the Franchise Agreement, in lieu of termination of the Franchise Agreement, we may impose a fee ("Deficiency Fee") in an amount of \$1,500 plus the cost of reinspection and the cost of enforcing compliance. You must pay the deficiency fee within 3 days of our demand.

AREA DEVELOPMENT AGREEMENT

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Development Schedule Extension Request	\$10,000 per month per each requested Restaurant extension	Upon demand	Payable if you ask us to extend the time period in which you are required to development a specific number of Restaurants.
Transfer Fee	\$10,000	Before or at the transfer	Payable when you transfer ownership interest in the Developer

Notes:

1. All fees are imposed by and payable to us, unless otherwise noted. Except as noted above, we do not impose or collect any other fees or payments for any third party. Unless otherwise indicated, all fees are earned upon receipt by the Franchisor and are non-refundable. Except as described above, all fees are uniformly imposed, although we may reduce, defer, or waive such fees, if and when we determine that it is warranted by a unique or compelling situation.
2. If you sign an Area Development Agreement, the royalty fee rate payable to us under all Franchise Agreements you sign under such Area Development Agreement will be at the same royalty fee rate as we charged at the time you sign the Area Development Agreement.

If any state or other governmental authority charges a tax on the royalty we receive from you, you are required to pay us an additional royalty equal to the amount of the tax. This does not apply to any federal or income tax we must pay.

3. "Net Sales" means Gross Sales less specific deductions. "Gross Sales" are all revenues from the sale of all products or services by or for you or the Restaurant, in, upon, or from the Premises, or through or by means of the business conducted at the Restaurant, the premises or otherwise, including, without limitation, catering income and proceeds of business interruption insurance, whether derived from cash, credit, the redemption of coupons or gift certificates, or otherwise, and regardless of collection, and regardless of collection in the case of credit, less any sales taxes or other taxes collected by you from your customers for transmittal to the appropriate taxing authority and authorized discounts. If any state or local taxing authority imposes a tax, other than a net income tax, on any payments you make to us, you must also pay the tax. To arrive at "Net Sales," deduct the following items from Gross Sales: (a) sales and service taxes collected from customers and paid to the appropriate taxing authority; (b) revenues from the sale of gift certificates; (c) the discounted portion of menu prices whether for employee meals or by way of coupons, approved promotions or otherwise; (d) rebates or refunds to customers; and (e) revenues generated by promotional giveaways for the benefit of charitable organizations. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier or customer will be valued at the full retail value bartered in exchange for the good or services provided to you. Gross Sales also includes the proceeds of any business interruption insurance paid to you. Gross Sales also includes any payments you receive from vendors. Chargebacks are not deducted from Gross Sales.

We may from time to time, in special circumstances, grant franchises for a lower royalty rate or a lower Marketing Fund rate. Factors such as a proposed franchisee's existing real estate holdings or ability to obtain superior sites in a highly competitive or unusual real estate market, prior experience, financial strength and commitment to develop or convert an unusually large number of restaurants in a short period of time, will be taken into account in this decision. We do not anticipate offering you, and do not promise to offer you, any such reduced fees.

4. The Marketing Fund Fee is currently 3.5% of Net Sales. We have the right to increase to not more than 4% of Net Sales. If participation in a regional cooperative marketing fund is made mandatory in your region, you must then contribute some or all of your payments to the regional cooperative marketing fund rather than to our Marketing Fund.
5. You are also required to spend at least 1% of Net Sales on local store marketing for your Restaurant. If an audit determines that you failed to do so in the previous Fiscal Year, we will have the right to increase your Marketing Fund Fee to 4.5% of Net Sales for a period of time equivalent to the number of years in which the audit reveals you failed to spend at least 1% of Net Sales for local store marketing.
6. Your contribution to the Marketing Fund is also subject to increase from time to time, whenever two-thirds of the participating restaurants in your media advertising market agree in writing to pay an additional advertising contribution. We will designate, and may from time to time change, the advertising market as we reasonably

determine. No proposed additional advertising contribution may be for a period longer than one (1) year. More than one additional advertising contribution may be payable at one time.

7. If your buyer requests, and we agree to extend the buyer's term beyond the seller's remaining term, the buyer will also pay us a pro-rata initial franchise fee for each month we agree to extend the term.

Payment of the Transfer Fee is the franchisee's obligation. If you are buying a franchisee's existing franchise business, you and your seller may agree in your purchase contract to apportion payment of the Transfer Fee between buyer and seller. If you sell your franchise business in the future, you and your buyer may then do the same regarding our then-current Transfer Fee, as will be described in the Franchise Disclosure Document received by the buyer.

If we elect to exercise our right of first refusal to purchase the franchise business, such election will not modify the seller's obligation to pay the Transfer Fee (or whatever portion is agreed to in the contract of sale submitted to us).

8. We require you or members of your organization to complete training programs that we from time to time prescribe. You must periodically provide training to your managers and staff, including via an annual subscription to our on-line e-Learning curriculum. You must train replacement managers to maintain adequate levels of trained personnel in your franchise business. If you sell your franchise, the buyer must meet our training requirements. We will charge you our then-current fee and other charges applicable to the training program. You must also pay all travel and personal living expenses, including meals, lodging and local transportation, wages, salaries, benefits and taxes for yourself and all your employees while attending training programs away from your location.
9. Your renewal fee will be one-half of our then current initial franchise fee. As of the effective date of this Disclosure Document, the franchise renewal fee is \$15,000 for a ten (10) year renewal term.
10. We do not permit you to make a public offering of an interest in the franchisee entity itself. You must obtain our prior approval of any other proposed financing of your business that includes making a private placement of securities.
11. This fee is for telephone support for the operation of your computer system package (troubleshooting problems associated with hardware and/or software). This fee does not include hardware maintenance, which is covered first by manufacturer's warranties and then by manufacturer's or third-party service contracts, if you elect to enter into any of those contracts.
12. These are the fees and costs charged by the vendor to participate in the gift card program. Our parent, APG, administers the gift card program and will rebill you on a pass-through basis as and when the vendor charges fees and costs associated with your franchise location. The vendor may periodically increase any of these fees and/or costs. APG does not currently charge franchisees for gift card services, but may do so in the future.
13. If you lease the franchised location from us or our affiliate, you will pay rent and other charges to your landlord, as described in the lease. Our leases are typically "triple net," which means you must pay all costs related to occupancy, such as taxes, insurance, maintenance and repair, utilities, common area charges, etc.
14. Guest Experience and Monitoring Fee. We reserve the right to implement a Guest Experience and Restaurant Monitoring Program where we will periodically send secret shoppers to review and assess your restaurant's guest experience and provide you with direct feedback concerning the results obtained. The total amount of the fee charged during each calendar year depends on the number of secret shopper visits we initiate. We may make available to you our secret shoppers to conduct additional visits at your request. Only visits we initiate are subject to the maximum annual amount of this fee; the maximum annual fee may be increased if your ratings fall below our standards and additional visits and reviews are required in our discretion.

ITEM 7 - ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FRANCHISE AGREEMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ¹	\$30,000	Lump sum	At signing	Us
Site Selection Fee ²	\$3,500	Cash	At signing	Us, on behalf of our internal development management team or our designated tenant representative consulting firm.
Project Management Fee ²	\$3,500	Cash	At signing	Us, on behalf of our internal development management team or our designated tenant representative consulting firm.
Lease, Deposits & Rent	\$25,000 to \$50,000	Cash	As required	Landlord
Architect; Engineer; Drawings	\$16,000 to \$30,000	Cash	As required	Your architect and engineer
Construction of Restaurant (excluding malls) ³	\$400,000 to \$1,567,500	As incurred or financed	During construction or upon financing	Contractors or creditors
Furniture, Equipment, Signs and Computers ⁴	\$327,500 to \$460,000	Lump sum or financed	Prior to opening	Vendors or creditors
Grand Opening Campaign	\$10,000	As incurred	Payable when you actually sign your restaurant lease or the date by which you are required to acquire a site for the restaurant, whichever occurs first.	Us or our Affiliate
Miscellaneous Pre-Opening Expenses ⁵	\$13,420 to \$36,960	As incurred	Prior to opening	Suppliers, utilities, government agencies
Insurance (3 months) ⁵	\$6,000 to \$7,500	As incurred	Prior to opening	Insurance carriers

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Inventory of Food, Supplies, Small-wares and Uniforms ⁶	\$39,000 to \$65,000	Lump sum	Prior to opening	Approved suppliers
Transportation and Living Expenses for Your Management Team's Initial Training ⁷	\$10,010 to \$33,825	As incurred	Prior to opening	Vendors, hotels, restaurants, and employees
Opening Team Expenses ⁸	\$24,750 to \$78,650	Lump sum	As incurred, 14 days after billing (21 days with ACH)	Us
Professional Fees	\$2,000 - \$6,000	Cash	As incurred	Your legal and accounting professionals
Additional Funds for 3 Months of Operation ^{9,10}	\$200,000 to \$300,000	As incurred	As incurred after opening	Employees, government agencies, vendors and suppliers
Total (excluding land, royalties and marketing fees) ^{10,11,12}	\$1,110,680 to \$2,682,435			

DEVELOPMENT AGREEMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee for 3 Restaurants ¹	\$45,000	Lump sum	\$5,000 upon submission of your application; remaining balance due upon signing Development Agreement	Us

Notes:

1. The figure in the chart above reflects our standard initial franchise fee. We offer discounts to veterans, to franchisees who will develop multiple restaurants under an Area Development Agreement, and to qualifying existing franchisees developing additional restaurants. See Item 5 for more information and available discounts. If you are in compliance with your Development Agreement and Development Schedule, you will pay us a Development Fee equal to \$15,000 times the number of restaurants to be developed under the Area Development Agreement (refer to Item 5 for calculation of the Development Fee).
2. Unless we agree otherwise, you must use the services of our internal development management team or our designated tenant representative consultant/broker to assist you with site selection, lease negotiations, and space planning for the restaurant.

3. All costs are estimates only and may vary substantially depending upon location, site conditions and modifications to prototype plans. Your initial investment in building construction will vary depending on (a) relative construction rates in your area, (b) whether you or your landlord pays for construction, (c) whether your contractors utilize union or non-union labor, (d) local and state building requirements, permit fees and utility fees, (e) strikes, delays and shortages, (f) environmental contamination that causes remediation, and (g) your pre-opening financing costs, among other factors. Your investment may be lower if your landlord agrees to pay some or all of the costs, but in that case your annual rental will most likely be higher, to reflect a return on the landlord's investment.

The range provided also reflects our predecessors' experience. The upper end of the range assumes that you will pay all of the construction costs in a market with higher than average construction costs and contingencies. Even so, it is possible for you to experience higher costs. Your costs may vary significantly. We have not included any land acquisition costs in any of these estimates. See Note 10 below.

Currently, we offer four (4) prototype designs for new restaurants:

- a 3,602 sq.ft. (+/-) free-standing building with interior walk-in cooler/freezer and drive-thru;
 - a 3,272 sq.ft. (+/-) free-standing building with 330 sq.ft. exterior walk-in cooler/freezer and drive-thru;
 - a 3,260 sq.ft. (+/-) retail space suitable for end-cap development with a drive-thru; and
 - a 3,200 sq.ft. (+/-) retail space suitable for in-line and end-cap development
4. These amounts include the estimated cost to purchase signs, pylons, computer hardware including point of sale system, furniture, fabrications, installations, equipment, trade fixtures, small-wares and other furnishings from our approved suppliers. The quantity and assortment of specific items may vary from location to location.
- If you buy an existing franchise business, these items are typically reflected as part of your purchase price, but you may need an additional investment if worn or broken items are in need of repair or replacement. You should thoroughly investigate the condition of the franchise location and ensure that items are in good working order when you purchase the business.
5. This item includes an estimate of miscellaneous pre-opening costs for items such as utility, telephone and dumpster deposits, business reference materials, insurance and banking costs, computer software license fee, the first year's computer software maintenance fee and your IT Support monthly fees for the first three (3) months.
6. Before you open your restaurant, you must purchase an initial inventory of food items such as fresh produce and other perishables for restaurants, canned and bottled goods and beverages, condiments and frozen products in bulk and in containers pre-packaged for resale. You must also purchase china and glassware, uniforms, supplies such as paper and plastic goods, cleaning and maintenance materials, office supplies, interior plants, and other miscellaneous items. You may only buy our proprietary products from us or from our designated supplier. Other items may be purchased from us or from a third-party supplier or distributor we have approved. Some items we do not supply to you, but you must buy products that meet our standards. The size and cost of your initial inventory will vary based upon your location, the season in which you open, the size and storage capacity of your franchise location, and your anticipated sales volume. If your storage capacity proves to be insufficient to meet the demands of your opening customer traffic, you may need to pay for more frequent deliveries and/or temporary storage trailers, including freezers.
7. This is our estimate for the costs for two (2) persons to attend four (4) weeks of management training, one (1) person to attend four (4) weeks of shift management training, including transportation, room and board, training materials and uniforms. All training is in a certified training restaurant. The bottom of the range assumes that all of your trainees can attend training within a one (1) hour drive of their home. The top of the range assumes that you must pay for airfare, room and board for all of your trainees to complete their training.

You must determine your proximity to our training restaurant in order to estimate your costs based upon your own travel requirements. While we attempt to provide you training in the nearest training restaurant, we cannot promise you that space is available or that we will be able to avoid your travel, lodging and other expenses for training. You must also estimate and add the cost of wages or salaries that you will pay to your trainees while they are attending training, plus the usual cost of insurance and payroll taxes. These costs are not included in our estimate.

8. This is our estimate for your cost for our full opening team to come to your restaurant to train and prepare your employees to open for business.
- We provide a team of trainers for the two (2) weeks before and two (2) weeks after your first (1st) and second (2nd) restaurants open for business. You will bear the cost of food our trainers consume in your restaurant during those 4 weeks as well as a \$50 per diem per trainer plus their lodging expenses.
 - If you request opening team assistance for more than 4 weeks at either of the first two restaurants, or for any restaurant after the first two, you must reimburse us for our expenses for trainer wages or salaries, travel time, airfare, local transportation, lodging and personal expenses, including meals, using our standard per-diem policy, for our standard opening team to assist with your opening. Reimbursement may cover a period of several days to as much as four (4) weeks. Your costs will vary based on sales volumes during the training period and how well your crews train and adapt.

As we send you fewer of our trainers, you will need to bear the expense of providing your own employee-trainers. You must also estimate and add the cost of any wages and salaries you will pay your employees while they are training and/or being trained and prepared to open for business, plus the usual cost of insurance and payroll taxes. These costs are not included in our estimate. You should also anticipate additional costs, once your employees and our opening team are in place, should you experience a delay in obtaining all the requirements you will need to open for business (e.g., certificate of occupancy, health permit and other licenses, equipment installation, malfunctions, etc.).

9. During the first three (3) months of operations, your operations are likely to be significantly less efficient and productive than in later months. Unexpected problems and challenges are likely to arise that will test your abilities as a franchisee. Cash flow from your operations may be inadequate to cover your operating and other costs during this initial phase. This range estimates the additional funds you should have reserved to cover these excess operational expenses.
10. Royalty fees and Marketing Fund fees are based on a percentage of Net Sales. Sales are seasonal by nature and cannot be determined in advance. These fees are not included in these estimates and should be added, based upon your estimate of sales.

We cannot guarantee that you will not have additional expenses in starting your business. Your costs will depend on factors such as: your management skills; experience and business acumen; local economic conditions; prevailing wage rates; level of competition; labor market; and the actual sales levels reached during the first three (3) months of operation.

11. This total excludes land acquisition costs (whether by purchase or lease). Certain costs such as site preparation costs, architect/engineer fees, licenses and permits, utility tap fees, governmental impact fees and interest expenses during construction, are included based upon our experience, but may vary significantly from site to site. Your real estate costs will also vary depending on relative fair market values in your area, what kind of interest you will hold (owner or tenant), the location and size of the parcel and the municipal requirements that affect the parcel. Among factors that can affect your initial investment are your costs to negotiate the lease or buy the property, how costs are allocated between landlord and tenant, and the terms of your financing (equity requirements and interest rates). Lease terms are individually negotiated and will vary. Additional costs may also result if the site requires remedial ADA compliance or environmental cleanup.

Unless noted otherwise, any payments to us are nonrefundable. Whether any costs are paid to third parties are refundable will vary based on the practice where your restaurant is located.

12. Our predecessor's historical data is available to us and, wherever appropriate, is the foundation for our estimates.

We grant a franchise for a full-service restaurant in a location that seats between 100 and 150 people, based upon the design prototype approved. The amount of funds you will initially need to develop a new franchise location cannot be precisely forecasted, as it will vary depending upon such factors as (1) how much of the initial costs to acquire and develop the land and construct the building is paid by you (vs. your lender or landlord), (2) anticipated and unexpected delays, (3) contingencies, (4) availability and terms of financing, and (5) general economic conditions, among other considerations. Many of these factors change frequently; most are beyond our ability to control or predict. The above figures are estimates, based in part upon information supplied to us by franchisees. Your actual initial investment may be less than or exceed the stated range. You must investigate and obtain current cost information before you make your investment.

13. Neither we nor our affiliate finance any portion of your initial investment. Please see Item 10 for more information.

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Approved or Designated Suppliers

We maintain a list of approved suppliers for certain equipment and furnishings. Other equipment and furnishings may be obtained from any source, provided they meet our specifications.

Franchisees are not required to purchase products and services from us, but certain proprietary products must be purchased from our designated distributor, US Foods, Inc.

Franchisees are required to use only those food products, supplies, equipment, technology system, ingredients, seasonings, mixes, beverages, materials and supplies used in the preparation of products, menus, paper, glassware, china and plastic products, packaging or other materials, utensils and uniforms that meet our standards and specifications from suppliers we have approved. You must follow an established approval process in order to obtain our permission to use an alternate supplier. Because of the unique character and reputation of Friendly's frozen desserts, toppings and other proprietary products, franchisees must purchase and use only frozen desserts, toppings and other food items prepared from Friendly's secret recipes. These proprietary products must be purchased only from US Foods, Inc. or other sources we approve, including, DFA. As of the date this disclosure document was prepared, US Foods, Inc. is the only approved sources for our proprietary products. If, and as the Friendly's System grows, we will endeavor to develop optional approved suppliers. However, we will limit most goods to two or three suppliers, in order to manage effective control of our standards. The frozen desserts, toppings, and other food items may not be sold, resold, given away or otherwise transferred except to customers of your Friendly's restaurant in the ordinary course of business. We do not provide material benefits to you based on your use of designated or approved suppliers.

To ensure our standards and specifications of quality, service and System development are maintained, you must operate your Restaurant in strict conformity with the Franchise Agreement and the methods, standards, specifications and sources of supply that we designate and prescribe in the Manuals.

In some cases, you must purchase specific equipment and products only from our designated suppliers. Currently, our designated supplier for coffee equipment and products is S&D Coffee, Inc.

You must purchase the POS computer system from our approved third-party vendor. At our request, you must install and maintain interactive multi-media equipment, devices, and facilities that we require, including approved music systems, Wi-Fi, and other wireless internet and communications systems, and interactive displays, including plasma or LCD screens. We may require that these systems be purchased from and installed by approved or designated suppliers. See Item 11 for more information about computer hardware and software requirements.

You must purchase gift cards and related services only through Paytronix. Our franchisees and company operated Friendly's restaurants honor all gift cards issued by our predecessors.

APG, at its sole cost, distributes gift cards for sale at independent retailers through Blackhawk Network, Inc. ("Blackhawk"). When a gift card is purchased at the retailer, Blackhawk discounts the face value of the card and remits the balance to APG. If a Blackhawk gift card is redeemed at your Friendly's restaurant, APG reimburses you, less the same discount. You will pay no other service fees associated with Blackhawk gift cards or tracking their redemptions. To offset administrative costs of this program, APG earns interest on the accumulated cash balance of unredeemed gift cards and retains any unredeemed "breakage" from Blackhawk gift card sales, subject to state escheat law.

You are required to use the credit card processing service we approve. Since you accept credit cards as a method of payment at your Franchised Business, you must comply with payment card infrastructure ("PCI") industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process or transmit cardholder data and cover technical and operational payment system components involving cardholder data. Notwithstanding the credit card processing requirement, we do not represent, nor certify to you or your customers that the credit card processing service approved or provided by us or an affiliate is compliant, whether or not certified as compliant, with the PCI Data Security Standards. Your credit card processing provider should assist you with this compliance.

You must subscribe to any third-party on-line ordering or delivery services (which may require you or the third party to provide the delivery services) that we have approved and may be available to provide services in your area. For other delivery services, we will provide you with a list of currently approved vendors in your area. We may require you to participate in third-party discount voucher programs (i.e., Groupon or Living Social) that have been approved by us. We may add or remove vendors from the approved vendor list at any time. We may also provide you with written guidelines governing minimum standards and specifications on certain products, services, and equipment which you procure from unrelated third parties. These standards and specifications may be set forth in the Manuals. We may modify these standards and specifications, as well as the other standards and specifications discussed in this Item 8, by providing you with written notification.

None of our officers own an interest in any of our approved or designated suppliers, however, DFA and US Foods, Inc. are publicly-traded companies and our officers are free to purchase up to 5% of the shares of these companies on the exchange. Except for our proprietary products, approved computer system and gift card program, you may request our approval of alternative suppliers or distributors. Our evaluation of prospective suppliers and/or distributors is conditioned upon your payment of our reasonable evaluation costs of their products and/or services.

Supplier Approval

You must notify us and submit to us all information, specifications and samples that we reasonably request if you propose to purchase any food products, mixes, seasonings, beverages, menus, paper, glassware, china or plastic products, packaging, uniforms or other materials or utensils from a distributor or supplier who has not been previously approved by us. We will notify you within a reasonable time (not more than 60 days after our receipt of all requested information) whether you are authorized to purchase such products from such distributor or other supplier. Our costs to conduct the review may be charged to you. Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints or other criteria, and concentration of purchases, which may be temporary, pending our further evaluation of such distributor or other supplier. The standards, specifications and requirements are contained in the Operations Manual, as well as other written policies, and we may make changes to them from time to time upon written notice to franchisees, which may be posted on the Internet. All franchisees must comply with such changes within a reasonable time after notice, as we may determine. A supplier must continually adhere to our standards and specifications to maintain its approval. We reserve the right to grant approvals of new suppliers or revoke past approvals of supplier upon written notice to you, or by updating our Manual.

We reserve the right, in our sole discretion, from time to time, to change standards and requirements for products, suppliers or distributors, and/or to modify the number of authorized suppliers of approved products. While we have no present intention to do so as of the date this disclosure document was prepared, you should expect that we may do

so, and that any such changes may increase your costs to purchase one or more of the products necessary to the operation of your franchise business.

Though approved by us, we and our affiliates make no warranty and expressly and disclaim all warranties, including warranties of merchantability for any particular purpose with respect to fixtures, furniture, equipment (including without limitation, any and all required computer systems) supplies or other approved items

Franchised Location and Lease

You must acquire a site for your restaurant that meets our site selection criteria and that we approve. If you occupy the restaurant according to a commercial lease, the lease must contain terms that we specify. (See Lease Rider attached as Exhibit F). When you sign the Franchise Agreement, we will mutually agree on a “Control Date,” which will be the date by which you must have secured a location and signed a lease. When you sign an Area Development Agreement, we will mutually agree on the Development Schedule, which will include a Franchise Agreement Execution Date and Store Opening Date for each restaurant to be developed thereunder. If you fail to comply with your obligation to identify a site that is acceptable to us, develop, and open the franchise by the Opening Date, and unless we agree to extend the deadline in writing, you will be in default and we may terminate your Franchise Agreement. We are not obligated to assist you in conforming the premises of your retail site to local ordinances and building codes and obtaining any required permits to operate your Restaurant. This will be your responsibility.

You must construct, equip, and improve the restaurant in compliance with our current design standards and trade dress. While you may select an architect, engineer, and contractor of your choice, such persons and/or firms must be approved by us. You must submit a written request to us for approval of the proposed service provider, together with any evidence of conformity with our standards and specifications, as we may reasonably require, including without limitation proof of adequate insurance and certification, or we will request the supplier itself to do so. We require a personal meeting with each proposed service provider at our offices in either Long Island, New York or Dallas, Texas, which will include visiting Friendly’s restaurants, and you must pay all of our reasonable costs and expenses incurred in doing so. You may not use a supplier before we approve the supplier in writing. A supplier must demonstrate to our reasonable satisfaction that it can supply an item meeting our standards and specifications for building and constructing a Friendly’s restaurant, that it is in good financial standing in the business community, and that its services are reliable. We will provide you with our specifications and standards and our criteria for approval of architects, engineers, and contractors, and we will approve or disapprove a proposed supplier in 30 days from submission of the approval package and personal visit. A supplier must continually adhere to our standards and specifications to maintain its approval. You must purchase and install, at your expense, all millwork and customized seating, fixtures, furnishings, equipment (including a POS cash register system), decor, and signs from an approved third-party supplier. Prior to opening your Restaurant, you must execute our ACH authorization form, attached herein as, Exhibit I of the Franchise Agreement.

Insurance

During restaurant construction, you must maintain general liability and property damage insurance of the type and with the limits we require, protecting you and us and our related parties, as additional insureds, on a primary non-contributory basis. The policy must be written by a responsible insurer or insurers acceptable to us, and must contain a waiver of subrogation in favor of the additional insureds.

Throughout the franchise term, you must obtain and maintain insurance policies protecting you and us and our related parties, as additional insureds, on a primary non-contributory basis to the general liability policy and the auto liability policy. The additional insureds should be listed on the certificate as follows: Friendly’s Restaurants Franchising Co, LLC and their officers, directors, partners, shareholders, members, regional directors, subsidiaries and Affiliates, agents, employees, successors, and assigns; and it must be provided on an Additional Insured Grantor of Franchise Endorsement form CG2029 (or an endorsement form with comparable wording acceptable to us). The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the restaurant is located and with a rating of “A” or better. These policies must include the coverage that we require, which currently includes: (a)

“all risk” or “special” property insurance covering all real and personal property and equipment on a replacement costs basis, including business interruption and extra expense insurance on an actual loss sustained basis; (b) comprehensive general liability insurance, including products and completed operations in an amount of not less than the following combined single limits:

(1) Workers’ compensation insurance including Occupational Disease meeting the statutory requirements of the state in which the work is to be performed and Employer’s Liability insurance with policy limits of five hundred thousand dollars (\$500,000) per accident; five hundred thousand dollars (\$500,000) disease aggregate; five hundred thousand dollars (\$500,000) disease per employee;

(2) Commercial general liability insurance written on ISO occurrence form CG 00 01 04 13 (or a substitute form providing equivalent coverage) against claims for bodily injury, property damage, and personal and advertising injury caused by or occurring in conjunction with the operation of the Restaurant (or otherwise in conjunction with your conduct of business pursuant to this License) under one or more primary policies of insurance, each on an occurrence basis, with limits not less than two million dollars (\$2,000,000) per project/general aggregate; one million dollars (\$1,000,000) products/completed operations aggregate; one million dollars (\$1,000,000) personal injury and advertising injury; one million dollars (\$1,000,000) per occurrence. Friendly’s Restaurants Franchising Co, Amici Partners Group, LLC and any other party or parties designated by us shall be included as an insured under the CGL, using ISO additional insured endorsement CG 20 26 or a substitute providing equivalent coverage, and under the excess liability coverage. These policies must provide primary coverage with respect to any other insurance or self-insurance afforded to Friendly’s;

(3) Motor vehicle/automobile liability insurance for hired, owned and non-owned vehicles, against claims for bodily injury, including death and property damage caused by or occurring in conjunction with the operation of the Restaurant (or otherwise in conjunction with your conduct of business pursuant to this License) with combined single limit coverage (personal injury, bodily injury, death and property damage) of at least one million dollars (\$1,000,000) for each accident;

(4) Umbrella or Excess Liability Insurance providing excess coverage for Employer’s Liability, Commercial General Liability, and Auto Liability, with the same features as items 1, 2 and 3 above (follow-form) with limits of not less than three million dollars (\$3,000,000) per location;

(5) All-risk building and contents insurance including wind, flood and earthquake, vandalism and theft insurance for the replacement value of the Restaurant and its contents;

(6) Data privacy/cyber liability insurance, including first party coverage (forensics investigation, notification, credit monitoring, loss of business income, crisis management) and third party coverage, with coverage limits of no less than \$1,000,000;

(7) Business interruption insurance for a period adequate to reestablish normal business operations, with coverage to include royalties due to franchisors and off-premises power; and

(8) Builders’ risk insurance on a completed value non-reporting basis during the period of construction and/or any remodeling of the Restaurant.

You and your insurers shall agree to waive rights of subrogation against Friendly’s Restaurants Franchising Co, LLC, and their officers, directors, partners, shareholders, members, regional directors, subsidiaries and Affiliates, agents, employees, successors, and assigns. At least 10 days before you are required to carry insurance, and at least 30 days before the expiration of any policy thereafter, you must deliver to us certificates of insurance evidencing the proper types and minimum amounts of required coverage, and evidence of the waiver. If you fail to maintain the required insurance, we, or our designee, may obtain the insurance for you and charge and demand reimbursement of the premium costs and costs of acquiring the insurance. Each year, we may unilaterally modify the insurance minimum coverage requirements, which may include an increase to the minimum coverage requirements to reflect changes in inflation, or as market conditions warrant.

Revenue Derived from Franchisee Purchases and Leases

We, and our parent company, derive revenue from franchisee and licensee purchases and leases to the extent that franchisees purchase products or services from us, or our parent. The payments are intended to offset the cost of providing product development, research, logistics, distribution, and volume minimums on proprietary products and procurement services.

During our last fiscal year, January 3, 2021, to January 2, 2022, neither we nor our parent, APG, derived any revenue or other material consideration as a result of franchisee purchases or leases. We do not provide material benefits to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers. We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchisees.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that approximately 37-57% of your initial investment costs and 25-30% of your ongoing expenditures will be directed to purchase products and services, the sources for which will be restricted in some way.

Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with primary suppliers for the benefit of franchisees. If we negotiate a purchase agreement for the region where your restaurant is located, you must participate in the purchasing program. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers. We do not provide you any material benefits (for example, additional renewal rights or rights to acquire additional franchises) based on your purchase of particular products or services or use of particular suppliers.

Presently, there are no purchasing or distribution cooperatives in existence for the franchise system.

ITEM 9 - FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section(s) in Franchise Agreement	Section(s) in Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	1A(1) and Exhibits D and G	5 and 6 and Exhibits 2 and 4	Items 11
b. Pre-opening purchases/leases	Exhibits D and G	5 and Exhibits 2 and 4	Items 7 and 8
c. Site development and other pre-opening requirements	1A(1) and Exhibit D	5, 6 and Exhibit 2	Items 7 and 11
d. Initial and ongoing training	3 and Exhibit E	Not applicable	Items 6 and 11
e. Opening	Exhibit D	4A and Exhibit 1	Item 11

Obligation	Section(s) in Franchise Agreement	Section(s) in Development Agreement	Disclosure Document Item
f. Fees	7	3 and Exhibit 1	Items 5, 6, 7 and 11
g. Compliance with standards and policies/Operating Manual	3C and 8	Not applicable	Item 11
h. Trademarks and proprietary information	4 and 6	Not applicable	Items 13 and 14
i. Restrictions on products/services offered	8B, C & D	Not applicable	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Not applicable	Not applicable
k. Territorial development and sales quotas	Not applicable	1 and Exhibit 1	Item 12
l. Ongoing product/service purchases	8B, D and G	Not applicable	Item 8
m. Maintenance, appearance, and remodeling requirements	2F, 8B, and 9	Not applicable	Item 6
n. Insurance	8L	Not applicable	Items 6 and 8
o. Advertising	10	Not applicable	Items 6 and 11
p. Indemnification	4E and 5D	8B	Item 6
q. Owner's participation/management/staffing	8K	Not applicable	Item 15
r. Records and reports	8B(9) and 11	Not applicable	Item 11
s. Inspections and audits	12	Not applicable	Items 6 and 11
t. Transfer	13	10	Items 6 and 17
u. Renewal	2	Not applicable	Items 6 and 17
v. Post-termination obligations	17	11E	Item 17
w. Non-competition covenants	15A	Not applicable	Item 17
x. Dispute resolution	18 and 19	12	Item 17
y. Guaranty and Personal Undertaking	Exhibit B	Exhibit 3	Item 15

ITEM 10 - FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

Item 11 - FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Friendly's Restaurants Franchising Co, LLC, is not required to provide you any assistance.

Pre-Opening Assistance – Franchise Agreement

1. We will review and consent to your proposed site if it meets our standards and requirements within 30 days from receiving all requested information (see Exhibit D to the Franchise Agreement).
2. We will make available to you our standards for the initial design, construction, equipment and operation of the restaurant (see Sections 1A(1) and 3A(1) and Exhibit D of the Franchise Agreement).
3. We will review your site and building plans and approve them if they meet our standards and requirements (Sections 1A(1) and 3A(1) and Exhibit D of the Franchise Agreement).
4. We will supply you with a list of our designated suppliers for your purchase of equipment, signs, fixtures, opening inventory, and supplies. We do not directly deliver or install these items; however, our Confidential Operations Manual will disclose our written specifications regarding these items. (Franchise Agreement, Section 3A(6)).
5. We will make our Operations Manual and other manuals available to you once you have signed your Franchise Agreement (see Section 3C of the Franchise Agreement).
6. We will assist you to prepare and coordinate a restaurant grand opening promotional advertising program in such form and content as we may approve for the initial opening of the Restaurant (see Section 3A(5) of the Franchise Agreement).
7. With respect to your first (1st) Friendly's Restaurant only, we will admit up to five (5) individuals to our mandatory training programs described below, at no charge to you (see Section 3A(2) of the Franchise Agreement).
8. With respect to your second (2nd) Friendly's Restaurant only, we will admit up to three (3) individuals to our mandatory training programs described below, at no charge to you (see Section 3A(2) of the Franchise Agreement).
9. With respect to your first (1st) Friendly's Restaurant only, we will provide an opening team of nine (9) to fourteen (14) qualified trainers to assist you in the pre-opening, opening and initial operation of your franchise location (see Section 3(A)4 of the Franchise Agreement).
10. With respect to your second Friendly's Restaurant only, we will provide an opening team of up to nine (9) trainers to assist you in the pre-opening, opening and initial operation of your franchise location (see Section 3(A)4 of the Franchise Agreement).

Pre-Opening Assistance – Development Agreement

1. We will review and consent to each proposed site if it meets our standards and requirements within 30 days from receiving all requested information (see Section 5 of the Area Development Agreement).
2. We will make available to you our standards for the initial design, construction, equipping and operation of each restaurant (see Section 6 and Exhibit 2 of the Area Development Agreement).
3. We will review your site and building plans and approve them if they meet our standards and requirements (see Section 6 and Exhibit 2 of the Area Development Agreement).

Post-Opening Assistance – Franchise Agreement

1. We will provide you such ongoing consultation and advise as we deem appropriate, which may include information about the Operations Manual, suppliers, inspections, website and social media, marketing, conferences, ongoing training, and other consultation and services related to Restaurant operations (see Sections 3(B) of the Franchise Agreement).
2. We will maintain and administer the Marketing Fund (see Section 10 of the Franchise Agreement).

Advertising

We will maintain and administer a Marketing Fund for advertising, marketing, promotion and other purposes we deem necessary or appropriate. We will direct all advertising, marketing and promotional programs for the System (which may be regional or local in scope) and will have sole discretion over the creative concepts, materials and endorsements. Advertising services are provided by several agencies, each of which provides a different service. Currently, our advertising materials are created in-house and with the help of an outside advertising agency. We will also make all decisions as to the geographic, market and media placement (which may be print, TV, cable, social, digital or video) and allocation of the programs. Our Franchise Advisory Council provides us ongoing advice and feedback from franchisee leaders on proposed and completed advertising programs.

The Marketing Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of Friendly's restaurants for the benefit of all Friendly's restaurants. The Marketing Fund Fee is currently 3.5% of Net Sales. We have the right to increase the Marketing Fund Fee to not more than 4% of Net Sales. Although not contractually required to do so, we anticipate that each Friendly's restaurant that is owned by FROC or an affiliate will contribute to the Marketing Fund on the same basis as the majority of franchised Friendly's restaurants. All funds contributed to the Marketing Fund may be used by us to meet any and all costs (including reasonable salaries and overhead incurred by us) for maintaining, administering, directing, preparing, purchasing and placing national, regional or local advertising, marketing or promotional materials, programs and public relations activities, including, without limitation, the costs of preparing and conducting television, radio, magazine, billboard, social media, internet, mobile, digital, newspaper, and other forms of advertising, direct response literature, direct mailings, brochures, and collateral advertising material; implementing websites or social media sites for us and/or our franchisees; market research and surveys of advertising effectiveness; merchandising; menu development; trademark development; designing, preparing, printing and distributing menus, gift cards and point of purchase promotional material for the use of the System; and implementing such other advertising, marketing and promotional activities designed to increase sales and enhance the public reputation of Friendly's and the System, as we deem appropriate.

Although we endeavor to utilize the Marketing Fund to place advertising media and marketing materials and programs which benefit all Friendly's restaurants, we undertake no obligation to ensure that expenditures by the Marketing Fund in or affecting your franchise are proportionate or equivalent to your contributions to the Marketing Fund or that you will benefit directly or in proportion to your contributions to the Marketing Fund.

The Marketing Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration of the Marketing Fund and its marketing programs including, without limitation, conducting market research and menu development, preparing advertising and marketing materials, collecting and accounting for contributions to the Marketing Fund, and emails.

We may spend in any fiscal year an amount that is greater or less than the aggregate contribution of all Friendly's restaurants to the Marketing Fund in that year. We may loan money to the Marketing Fund, or we may borrow money from other lenders, to cover deficits of the Marketing Fund and we may charge the Marketing Fund the interest on such loans. We may cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. You authorize us to collect for the Marketing Fund any advertising or promotional monies or credits offered by any supplier based upon your purchases. All interest earned on monies contributed to the Marketing Fund will be added to and supplement the Fund.

We will prepare an annual statement of monies collected and costs incurred by the Marketing Fund within one hundred twenty (120) days after the end of our fiscal year and will furnish this statement to you upon your written request. At our sole discretion, we can cause the Marketing Fund to be incorporated or operated through a separate entity when

we deem appropriate, and if we do so, that entity will have all of our rights and duties pursuant to the Marketing Fund provisions of the Franchise Agreement and this Franchise Disclosure Document.

Upon your reasonable written request, we will provide you an annual unaudited statement of Fund contributions and expenditures. During our most recent fiscal year, which ended January 2, 2022, Fund Contributions were spent as follows:

0.20%	Production
52.5%	Media Placement
30.8%	Other (including point-of-purchase materials, website development, public relations, research, and direct mail costs)
<u>16.5%</u>	<u>Administrative Expenses</u>
100%	Total

We will not use Marketing Fund monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared (including Internet advertising) information concerning franchise opportunities, and a portion of the Marketing Fund monies may be used to create and maintain one or more pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by prospective franchise candidates. We are not obligated to spend any amount on advertising in the area where your Friendly's restaurant is located or to ensure that your Friendly's Restaurant will benefit directly from the Fund monies.

We sponsor the Friendly's Franchise Advisory Council ("FAC"). We appoint three franchisee members and franchisees elect three franchisee members. You can reach the FAC by contacting us at 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254, 631-615-7373 or Dawn@frcorporate.com.

Market-Specific Program

From time to time, we will propose marketing or promotional programs for your advertising market that will need to be supported by all Friendly's restaurants (franchised and company-operated) in the advertising market paying an additional percentage of Net Sales for a period of up to one (1) year ("additional advertising contribution"). All restaurant franchisees have agreed that they will, from time to time, pay additional advertising contributions if Friendly's restaurants (both company and franchisee) that control at least two-thirds of the restaurants in the local media advertising market vote to pay such additional advertising contribution.

We will designate, and may from time to time change the composition of your advertising market, as we reasonably determine. If votes representing at least two-thirds of the restaurants in the market agree to pay the additional advertising contribution for the proposed program, you must pay the additional advertising contribution for the duration of the program even if you did not vote to do so. We will provide notice and administer the vote. The two-thirds threshold will be determined by one vote per full service restaurant. More than one additional advertising contribution may be payable at any one time.

Local Advertising

In addition to your payments to the Marketing Fund, you must also spend 1.0% of the Net Sales of the franchise location annually for local advertising and promotion. You may use your own advertising material for your local advertising, however you must submit to us, for our approval, samples of all local advertising and promotional materials that were not prepared by us or previously approved by us. You may not use any advertising or promotional materials that we have not approved. We have the right to audit your local advertising spend and, if you default in this obligation, we can require you to increase your Marketing Fund Fee by one percent (1.0%) of Net Sales for a period of time equal to the number of years in which the audit reveals that you failed to spend 1% of Net Sales in local marketing.

Marketing and Promotions

All marketing and promotion must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. All marketing and promotional materials, including product identification

materials, point-of-purchase promotional materials, promotion memorabilia, and merchandise and prizes, will either be provided for you, or be made available to you for purchase through us.

We may create and license to you, social media accounts, e-mail marketing software accounts and other electronic accounts that use the Marks or any portion of them, used by you with any Internet directory, website, platform, or similar item in the operation of your Franchised Business. You may not create websites, social media accounts, e-mail marketing software accounts or other comparable accounts outside of those which we license to you.

You will operate your Franchised Business so that it is clearly identified and advertised as Friendly's. You will use the trademark "Friendly's" and the other Marks which now or hereafter may form a part of the System, on all signs, suppliers, business cards, uniforms, advertising materials, Technology platforms, signs and other articles in the identical combination and manner as we may prescribe in writing and you will supply to us samples and photographs of the same up on our request. You will comply with all trademark, trade name, service mark and copyright notice marking requirements and you will supply to us samples or photographs upon our request.

Grand Opening Campaign

When you sign your Friendly's restaurant lease, or on the date by which you are required to have acquired a site, whichever occurs first, you will pay us the Grand Opening Campaign Fee, which we will spend in your market area to promote your Friendly's restaurant. The Grand Opening Campaign Fee is \$10,000. Generally, this payment is uniform for all franchisees, but we have previously negotiated this requirement based on the specific marketing needs of a particular Friendly's restaurant. We will refund unexpended portions of this payment if the restaurant does not open for business. This Grand Opening obligation is in addition to other advertising obligations, and does not count towards the Marketing Fund Fee, the Local Advertising obligations, or any other advertising obligation in this Item 11.

Advertising Cooperatives

Currently, we do not operate any advertising cooperatives, but we reserve the right, in our sole discretion, to form one for your region. If we do, you must then contribute to a cooperative marketing fund, in lieu of some or all of your payments to the Marketing Fund. Each company-operated restaurant within the region of the cooperative marketing fund must contribute to the cooperative fund on a per location basis equal to the franchisees' percentage of Net Sales contribution for the same type of operation. Each franchise and company-operated restaurant contributing to the cooperative will have one vote per location in determining how the cooperative will apply the funds of the cooperative. Upon implementation, the governing documents will be available for franchisee review upon reasonable written request. We do not promise you that an advertising cooperative will be established for your region.

Computer Systems

You must purchase from our designated suppliers a comprehensive point of sale computer system that meets all of our standards for functionality and connectivity. Our current approved computer system is a package that includes hardware purchased from Revel Systems and monthly SaaS (software as a service) maintenance and support. As of the date this disclosure document, the package costs approximately \$15,000 for a typical, full-service restaurant. You must purchase the entire package, including our Information Technology Support services. None of the components of our system are available individually. Optional hardware maintenance agreements are available from equipment manufacturers. We are not obligated to provide you with ongoing maintenance for your computer hardware. If you elect not to use these services, you will pay whatever labor charges and materials costs for equipment repairs after expiration of your warranty and you may experience greater service delays. You must sign a computer maintenance agreement with the manufacturer of the POS System and pay the annual service fees of approximately \$350-\$500 per month (\$4,200-\$6,000 annually).

For the franchise location's customer service area ("the front of the house"), you must purchase Revel point-of-sale ("POS") devices, the number of which may vary depending on the building design and sales volume at the location. Each POS device incorporates a touch-screen entry panel, a central processing unit and software designed to provide cash register-like functionality. Peripheral equipment associated with the POS devices includes cash drawers, receipt printers, credit card machines and remote printers or kitchen display systems for fountain and kitchen operations.

You will use the POS System as a cash register system, a customer data system, an inventory system, an employee payroll and time maintenance system and a daily sales reporting system. You must connect the POS System to a telephone line or other communications device that is capable of accessing the internet via a third-party network; such internet services must comply with our then current standards for bandwidth and speed. We will have the right to independently access all information and financial data recorded by the system for daily polling, audit and sales verification. Updates or replacement of the POS System, both hardware and software, may be required periodically. There is no contractual limitation on the frequency or cost of these obligations. In addition, we may require you to purchase, at your cost and expense, from approved suppliers and use managed security service provider (MSP) (which provides in-store network security, cyber security, firewall monitoring and failover services), operations, catering, back office, accounting, customer service, credit card and gift card processing, loyalty program processing, online ordering, delivery and other hardware and software in the operation of your Store. You must use our approved supplier for credit card and gift card processing.

A computer is required to function as a manager PC/workstation. The back-office computer system also requires at least one (1) printer and a DSL or cable connection to the internet, to transfer data and programs between your restaurant and other locations, including our offices.

You must also purchase and install cables and other equipment to connect the various components of your computer system into a single integrated network. Since this can be critical to the ultimate reliability of the system, we recommend, but do not require, that you employ our approved vendor to complete the electrical and communications cabling.

The exact cost and configuration of hardware and software for each franchise location will vary depending upon such factors as the number of workstations and kitchen display screens.

You may be required to periodically upgrade or update any of the hardware components or software programs described above. There are no contractual limitations on the frequency or costs associated with this obligation. We are not obligated to provide you upgrades or updates to your hardware components or software programs.

Utilizing our communication network as it is from time to time configured, we will have independent access to and will collect information and data from your computer system. We will collect information and data on sales and the time and mix of products sold in franchise locations. We may elect, from time to time, to collect other and additional information, consistent with our rights in the Franchise Agreement.

Information Systems/Technologies

We may designate the information system used in your Franchised business, including the computer hardware, software other equipment and enhancements (the "Information System"). If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the franchise business unless otherwise directed by us.

You are solely responsible for protecting yourself from disruptions, Internet Access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us or our affiliates as the direct or indirect result of such disruptions, security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchise Business, unless otherwise directed by us.

You hereby release and agree to hold us and our affiliates and our respective officers and directors, harmless from and against any and all claims, liability, damages or causes of action of any nature arising from or in connection with the installation, maintenance or operation of the Information System and its billing and payment processing, except to the extent arising from such party's gross negligence or intentional acts.

All of the information we or our affiliates obtain from you or about your Franchised Business, and all information in your

records or our concerning the members of your Franchised Business (“the Information”) and all revenues we derive from the Information will be our property. However, you may at any time during the term of this Agreement use in the operation of your Franchised Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Franchised Business, such as customer data. The information (except for information you provide to us or our affiliates with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or equity members of your entity) will become our property which we may use for any reason as we deem necessary or appropriate in our discretion. You hereby authorize your payment processor to release the information to us at any time. Following termination or expiration of this Agreement you will no longer use any of the Information, except to comply with your post-term obligations under this Agreement and you authorize your payment processor to release the Information exclusively to us and/or our designees

Initial Training Programs

You must at all times employ a minimum number of individuals who have successfully completed our designated training programs, including Company, state and local food safety certification requirements. The minimum number required at any time will depend upon the number and types of your franchise locations.

With respect to your first (1st) Restaurant the minimum number of trainees is five (5, including you), and for your second (2nd) Restaurant the minimum number of trainees is four (4). For your third (3rd) or subsequent restaurants, the minimum is also four (4).

All of your trainees must successfully complete their designated training program to our satisfaction. Any person who does not complete the training program to our satisfaction will not be authorized to manage a franchise location for you. We may, in our sole discretion, waive your personal obligation to attend some or all of this training. If we do so, you must instead send a substitute person to complete the required training program.

The Initial Training program is conducted on an as-needed basis and is conducted in an operational, certified training restaurant by a Friendly’s restaurant manager who has been certified as a trainer. Topics include management logs, compliance, employee scheduling, equipment maintenance, personnel management, marketing and promotion, customer and employee relations, food purchasing, financial management, techniques and procedures used in the operation of the franchise. Whenever possible, we will try to make training in certified training restaurants available at locations as near as possible to your franchise location, but we cannot promise you that you will be able to avoid the expenses of travel and lodging.

The Shift Supervisor training course is a four (4) week training program at a certified company-operated or franchised training restaurant. This course trains and certifies a part-time or full-time Shift Supervisor in restaurant opening and closing duties and shift management.

The Restaurant Manager training course is a four (4) week training program at a certified company-operated or franchised training restaurant. The course trains and certifies a full-time Restaurant Manager in service and labor management and cost control systems.

The General Manager course is the four (4)-week training program for Restaurant Managers described above. The General Manager course prepares and certifies a full-time Restaurant General Manager in all aspects of operating a Friendly’s restaurant.

Training will proceed, to some extent, at a pace set by the trainee, so it may take more or less than the times stated above. If a person takes the General Manager course at some later time after having completed the Restaurant Manager course, some coursework may, in our discretion, need to be repeated.

The number and location of certified training restaurants will vary.

The following is a schedule of a typical initial General Manager’s management training program. Your training may not be in this precise sequence or duration.

TRAINING PROGRAM
FRIENDLY'S GENERAL MANAGER MANAGEMENT TRAINING

Subject	*Hours of Classroom Training	Hours of On-the-Job Training	Location
Worker Positions	0	85	Training Restaurant
Guest Service Management	1	0	Training Class and Training Restaurant
Shift Management	0	75	Training Restaurant
Recruitment & Selection	1	1	Training Restaurant
Employee & Staff Training	1	0	Training Restaurant
Scheduling	1	8	Training Restaurant
Food Ordering	1	8	Training Class and Training Restaurant
Quality Assurance/Food Safety	1	0	Training Restaurant
Operating Routines	1	0	Training Restaurant
Cost Controls	1	8	Training Class and Training Restaurant
Preventive Maintenance	1	0	Training Restaurant
Safety, Security, Theft Prevention	1	0	Training Restaurant
Four Wall Marketing	.5	0	Training Restaurant
Performance Management	1	0	Training Class and Training Restaurant
Management Skills	1	0	Training Restaurant
Total Training Hours	13.5	186.5	

*Classroom training identified takes place at local training sites, via webinar or e-learning following the four (4) week course.

Instructional materials include our (i) Operations Manual, (ii) Management Development Workbook, (iii) e-Learning Programs, (iv) Crew Training Workbooks, I (v) Trainers Guide Workbooks, (vi) Recipe Cards, (vii) Intranet resources and (viii) Brand Standards Package. Training and Opening Team assistance are managed by the following persons: Scott Brenneman, Field Training Manager, who has worked for us and our predecessor for a combined 17 years of directly-related Friendly's experience.

Training is done by our Field Training Manager, Restaurant Managers, and/or other individuals who we have certified to conduct training in restaurant operations. These individuals have between 2 and 39 years of related Friendly's experience.

With respect to your first (1st) Restaurant only we do not charge a tuition fee for the first five (5) persons to attend the initial training. With respect to your second (2nd) Restaurant only, we do not charge a tuition fee for the first three (3) persons to attend the initial training. For any additional or subsequent persons to attend our initial training programs there is a tuition fee of \$1,200 for the General Manager and Restaurant Manager courses and \$800 for the Manager-on-Duty course. You must pay all of the travel and personal living expenses, including meals, lodging and local transportation, wages, salaries, benefits and taxes for yourself and all your trainees while attending any initial training program. You also must pay a \$50 per diem for each of our trainers as well as their lodging.

Unless otherwise agreed to by us, the General Manager initial training must be successfully completed at least 30 days prior to the scheduled opening of the Restaurant, and all other Manager initial training must be completed at least 14 days prior to the scheduled opening.

If our representative is scheduled to conduct an on-site training program at your Franchised Business and you subsequently cancel the scheduled training program, then you must pay us our then current on-site training cancellation fee ("On-Site Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.

You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this FDD or your Franchise Agreement. If you believe we have failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training or any other matter affecting the establishment of your Franchised Business, you must notify in writing within 30 days following the opening of your Franchised Business or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment and complied with all representations made to you.

Ongoing Training

During the term of the Franchise Agreement, you must utilize the most current training programs approved for the franchise, including online e-learning content and all periodic updates. Training may, from time to time, also be conducted at a certified training facility of our choice or at our headquarters. Additional training programs and refresher courses will be made available at our discretion. We will generally charge you a fee to recover our costs for such training. You must pay all travel, personal living, including meals, local transportation expenses, as well as the wages of the persons to be trained.

Optional Assistance

If you request, we will furnish additional guidance and assistance at per diem fees and charges that we will establish. If you request special training of your personnel or other assistance in operating the franchise, and such training must take place at the franchise locations, you must pay all our expenses for such training, including travel, local transportation, and living expenses, including meals, for our personnel in accordance with our applicable per diem policy (e.g. \$50 per day), and miscellaneous office expenses such as telephone, copier and meeting room expenses.

Site Selection

We must approve the location of each Restaurant and our then current standards for sites will apply. We do not locate a site for your proposed franchise or negotiate the purchase or lease of the site for you. We do not provide any assistance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, the premises, and or hiring or training your employees. These will be your responsibility. We generally do not own the premises or lease it to you. You must conform your site to local ordinances and building codes and obtain all required permits (i.e. health, sanitation, building, driveway, utility, sign and any other permits). You must construct or remodel the premises, purchase or lease the equipment, signs, fixtures, opening inventory and supplies, and hire and train the employees you need to operate your business (see Section 1A(1) and Exhibit D of the Franchise Agreement).

In determining whether to consent to a proposed restaurant site, we consider many factors, including the following: (i) the site should have sufficient parking on-site or on adjacent common areas; (ii) the site should have satisfactory minimum traffic counts for the development type, (iii) the trade area should have a sufficient population base, with demographic characteristics that support a Friendly's restaurant; (iv) there should be significant sales generators in the trade area that will stimulate sales across multiple day-parts (i.e. retail centers, office parks, tourist attractions and recreation areas located adjacent to an interstate highway) and (v) whether the new restaurant is likely to have a material, sustained, adverse impact upon the sales of any existing Friendly's restaurant within or in close proximity to the trade area. Not all factors need to be present. There may be other and mitigating factors that can influence our decision.

We will have 30 days after receipt of your site acceptance request and all supporting information within which to provide our consent for, or rejection of, a site. If we cannot agree with you on the suitability of a proposed site, we can terminate the franchise agreement and any fees paid will be forfeited due to this termination.

Time Period to Open

We expect the typical length of time between your receiving our consent to a site and opening a full-service restaurant to range from six (6) to fifteen (15) months, with an average of twelve (12) months to construct a new building or an average of eight (8) months to remodel an existing building or end-cap shopping center location. Many factors can result in delays substantially beyond these estimates. Examples are: (i) your ability to timely obtain a lease and possession of the leased premises, financing and/or building permits; (ii) compliance with zoning and local ordinances; (iii) weather conditions; (iv) supply shortages; and (v) delays in the installation of equipment, fixtures and signs. Your failure to open the Restaurant within the timeframe as identified in this paragraph may result in termination of your Franchise Agreement, at our sole discretion.

Operations Manual.

Our manuals are provided to you on a secure website on the Internet. The Operations Manual Table of Contents is as follows:

<u>Title</u>	<u>Pages*</u>
Chapter 1: Introduction	10
Chapter 2: The Franchisee/Franchisor Relationship	23
Chapter 3: Brand Standards	36
Chapter 4: Service	73
Chapter 5: People	81
Chapter 6: Facilities	102
Chapter 7: Product	109
Chapter 8: Restaurant Administration	116
TOTAL PAGES (*if printed on paper)	143

ITEM 12 - TERRITORY

Franchise Agreement:

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands we control.

The Franchise Agreement grants a license to operate a Friendly's Restaurant at a location for which we have given our consent. During the term of the franchise, we will not open and operate or permit another party, including our parent and affiliates, to open and operate a new Friendly's restaurant within a radius surrounding the Restaurant, or a geographic area identified on a map around the Restaurant (the "Protected Area"), which excludes Friendly's Restaurants within "Non-Traditional Venues" and Reserved Rights as defined below. Generally, your Protected Area which will be about one (1) mile, with its central point located at your Friendly's Restaurant main entrance.

You do not receive the right to develop or operate more than one restaurant under the Franchise Agreement. You will have no right to use other channels of distribution, such as the Internet, catalogue sales, telemarketing or other direct marketing, to make sales outside your site. There are no restrictions on you from soliciting or accepting orders from customers who come to your franchise location from outside your Protected Area. You may provide food catering and delivery services only from the Restaurant inside your Protected Area, but not outside your Protected Area, and only to retail customers, unless approved or specified by us.

You are not granted any options, rights of first refusal, or similar rights to acquire additional franchises.

We and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable and, without any compensation or consideration to you, to engage in the following activities ("Reserved Rights"):

(a) operate and grant to others the right to develop and operate Friendly's Restaurant and Franchised Businesses using the System and Marks at locations outside your Protected Area as we deem appropriate and irrespective of the proximity to your Protected Area and, if applicable, Development Area;

(b) acquire, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, the Franchised Business, and after such acquisition, merger or affiliation to own and operate and to franchise, or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to a the Franchised Business (but not utilizing the Marks) within your Protected Area;

(c) To manufacture and/or sell, or cause to be manufactured and sold, food, goods, wares, merchandise, services and/or products, whether or not authorized for sale at Friendly's Restaurants, under the Marks or other trademarks, service marks, logos or commercial symbols, at wholesale or retail, through any distribution channel, including by means of mail order catalogs, direct mail advertising, the Internet, and other distribution methods, without geographic limitation, whether within or without the Protected Area; and

(d) operate, and grant to others the right to own and operate, a Friendly's Restaurant within or at Non-Traditional Venue both within and outside your Protected Area;

(e) use the Marks and System and to license others to use the Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement;

(f) advertise and promote the System in the Protected Area; and

(g) operate, and license others to operate any system that is different than the one operated by you at any location whether inside or outside of the Protected Area.

The Franchise Agreement cannot be transferred or applied to any other site, except in the event of a material casualty or eminent domain taking. Factors we use in our sole judgment to approve a request to relocate a Restaurant to a new site include, without limitation, whether (i) the need for relocation arises from a casualty or eminent domain taking at the present site; (ii) the casualty was due to circumstances beyond your control; (iii) the proposed new site meets all our then-current standards for development; (iv) the proposed new site will have a material, adverse impact on sales of an existing Friendly's location; (v) the proposed new site lies within any exclusive territory under another franchisee's Franchise Agreement; and (vi) the proposed new site will be equivalent to or better than the present site. We do not promise you that we will approve relocation of any franchise to a new site.

DFA markets and sells, and will continue to market and sell, products identified by the Friendly's trademarks in channels of distribution including supermarkets, convenience stores and other outlets that sell packaged goods which may be in your trade area.

There are no restrictions on our ability to solicit customers. Neither we, our parent, and/or our affiliates, are not obligated to pay you any compensation for soliciting or accepting orders, or for exercising any of our other rights described above.

There are no circumstances that permit us to modify your territorial rights under the Franchise Agreement. We do not grant you any options or rights of first refusal under the Franchise Agreement to acquire additional franchises.

Except as stated above, neither we, our parent, or affiliates currently have plans to operate a competing franchise system offering similar goods and services. Any potential conflict between franchisees will be resolved on a case by case basis.

As noted in Item 1, certain employees of Brix may be directed, as independent contractors acting on our behalf, to fulfill some of our duties and obligations under existing and future franchise agreements and development agreements, including marketing and offering new and renewal franchise agreements and development agreements, identifying and developing new locations and providing required support to franchisees. Further, certain employees of Brix may be directed, as independent contractors, to fulfill some of our, or our parent's, duties and obligations under existing and

future franchise agreements and development agreements.

Development Agreement:

The Area Development Agreement provides you the opportunity to develop two or more Friendly's franchised locations within a specified territory (the "Development Area"), each to be licensed by a separate Franchise Agreement. The Area Development Agreement expires on a specified date, unless it is terminated earlier. When the Area Development Agreement expires or is terminated, the grant of area development rights, including our restrictions within the specified Area Development Area, is terminated, but your right to continue to operate existing Friendly's restaurants under then-existing Franchise Agreements will not be affected.

You will not receive an exclusive territory. You may face competition from other franchisees, from Friendly's restaurants that we own or from other channels of distribution or competitive brands that we control.

The size of the Development Area and the number and type of outlets to be developed under the Area Development Agreement is negotiable and will vary depending in part upon market conditions and competition where the franchises are to be located. The boundaries of the Development Area will be described in each Area Development Agreement prior to execution, either by streets, highways or geographic or political boundaries, when appropriate, or by an area encompassed within a radius of a specific distance, or by a distance sufficient to encompass a specified population or range of population, or by attaching a map as an exhibit to the Area Development Agreement.

As long as you are in compliance with the development schedule identified in the Area Development Agreement, we will not develop and open, or permit any other party to develop and open, new Friendly's outlets within the Development Area.

There are no minimum sales quotas or other conditions that must be met in order for our restrictions in the Development Area to be maintained; however, if the development schedule is not timely met (and the development schedule is not extended), then we will be free to exercise various options which could include operating or permitting others to operate new Friendly's restaurants within the Development Area, or we may elect to terminate the Area Development Agreement.

Carved out from protection in the Protected Area under a Franchise Agreement or Development Area will be any venues that we consider a "Non-Traditional Venue." Non-Traditional Venues shall include but not be limited to the following venues: (a) institutional settings, including airports, toll roads, travel plazas and other transportation facilities, colleges and universities, schools, hospitals, military facilities, department stores, shopping malls, governmental and municipal facilities, and office or in-plant food service facilities, (b) recreational settings, including, but not limited to, hotels, resorts, theme parks, fairs, stadiums, arenas, convention centers, casinos, public or private athletic fields, public parks and beaches, or any other venue where a temporary recreational event is open to the public, (c) American Indian reservations, and (d) any venue in which food service is or may be provided by a master concessionaire or contract food service provider, including a shopping mall food court. Further, you acknowledge that third party delivery service providers will determine a delivery zone around your Restaurant. Your Restaurant may be promoted in that delivery zone by the third-party delivery service provider (but not necessarily by us). We do not control the territory boundaries established by any third-party delivery services provider. In certain rare circumstances, your delivery zone may overlap the delivery zone of another restaurant and/or the delivery zone of another restaurant may encroach your Protected Area or Development Area. Neither the existence of any overlap or encroachment by a third-party delivery service provider, nor our allowing this overlap or encroachment to persist, is considered a breach of your territory rights under any Franchise Agreement or Area Development Agreement.

We, our parent, and our affiliates reserve the right to use other channels of distribution, including the Internet, to make sales in the Development Area under the same or different trademarks. There are no restrictions on the areas in which you or we may advertise or solicit customers, nor must we pay any compensation to you for soliciting or accepting orders from inside or outside the Development Area.

ITEM 13 - TRADEMARKS

We grant you the right to operate a restaurant under the name Friendly's®. You may also use such other of our current

or future trademarks in the operation of your franchise as we may direct in writing, from time to time. The following are trademarks, service marks, trade names, logotypes and other commercial symbols owned by DFA (the “DFA Marks”) and are registered with the United States Patent and Trademark Office on the Principal Register. All required affidavits of continued use have been filed and accepted and all renewals will be filed as they become due.

Mark	Registration Number	Registration Date	International Class
 Design plus words, letters, and/or numbers]	1595593	May 8, 1990; Renewed May 8, 2010	29, 30, 42
Friendly's (Typed Drawing)	1597640	May 22, 1990; Renewed May 22, 2010	29, 30, 42
FRIENDLY'S BIG BEEF (Typed Drawing)	1030190	January 13, 1976; Renewed January 13, 2016	29
FRIENDLY FRANK (Typed Drawing)	1039803	May 18, 1976; Renewed May 18, 2016	29
FRIEND-Z (Typed Drawing)	2998509	September 20, 2005; Renewed September 20, 2015	30

The following are trademarks, service marks, trade names, logotypes and other commercial symbols owned by APG (the “APG Marks”) and are registered with the United States Patent and Trademark Office on the Principal Register. All required affidavits of continued use have been filed and accepted and we will file all renewals as they become due:

Mark	Registration Number	Registration Date	International Class
FRIBBLE (Typed Drawing)	1072831	September 6, 1977 Renewed September 6, 2017	30
HAPPY ENDING (Typed Drawing)	1346611	July 2, 1985 Renewed July 2, 2015	30
SUPERMELT (Standard Character Mark)	5293887	September 26, 2017	30

DFA has granted APG a license to use the DFA Marks and to sub-license them to us and to franchisees. APG has granted us a license to use the System Marks and sub-license them to franchisees. Our license continues for so long as DFA and APG each maintains its rights to their respective Marks and cannot be terminated except for our default.

We may designate additional System Marks or discontinue the use of any of the System Marks.

All registered service marks and trade names are on the principal or supplemental register of the United States Patent and Trademark Office and all affidavits of use required to be filed to maintain the registration of the above-described service marks have been timely filed and accepted.

To our knowledge, there are no infringing uses or superior prior rights that would materially affect your use of the above-described System Marks, no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, and no pending

infringement, opposition, or cancellation proceedings or any material litigation involving the Marks which would materially affect your use of those Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the license.

APG and DFA have the joint right and responsibility to handle disputes with third parties concerning use of all trademarks, service marks, copyrights and other proprietary interests of the System, and you must, at your reasonable expense, extend your full cooperation to us in all such matters. We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding arising out of your authorized use of any Marks and for all costs reasonably incurred in the defense of such claim brought against you, provided that you provided us with timely notice of the claim and have otherwise complied with the Franchise Agreement, and provided that we elected not to undertake the defense of such claim. The Franchise Agreement requires you to notify us immediately of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights on any Mark.

We are not obligated under the Franchise Agreement or any other agreement to initiate suit against imitators or infringers. You may not initiate any suit or proceeding against imitators or infringers, or any other suit or proceeding to enforce or protect the System. You must make every effort consistent with the agreement to protect, maintain, and promote the name “Friendly’s” and its distinguishing characteristics (and the other service marks, trademarks, names, slogans, etc., associated with the System) as standing for the System and only the System.

You must: (a) use the names, marks, services, trade secrets and other proprietary materials we license to you only for the operation of a Friendly’s restaurant governed by your Franchise Agreement, (b) comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and execute any documents we deem necessary or desirable to obtain protection for our proprietary marks and interests or to maintain their validity and enforceability, and (c) refrain from using any of our proprietary marks, or company names or abbreviations, as part of your company’s name or the name of any partnership, corporation or other entity owned or controlled by you.

You have no right to use any of our Marks to advertise or sell products and services outside your franchise location, using the Internet or similar forms of electronic media. If you choose to establish a website to identify and promote your franchise(s), it must comply with our standards and specifications and you must obtain our prior approval of your use of any of our Marks.

You agree not to contest our unrestricted and exclusive ownership of the System or our right to grant licenses of the System. All improvements and additions whenever made to or associated with the System by the parties or anyone else, and all service marks, trademarks, copyrights, and service marks and trademark registrations at any time used, applied for or granted in connection with the System inure to our benefit and become our property.

If we should elect to use a principal name other than “FRIENDLY’S” to identify the System, we may select another name, and the System and the Franchise Agreement will be considered modified to substitute that name, and you will be required to incur the necessary costs to adopt the new name.

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We have no rights in, or licenses to, patents that are material to the franchise nor do we have any pending patent applications that are material to the franchise.

Copyrights

We do not own any copyright registrations that are material to the franchise. However, we, our parent, and our affiliates claim copyright protection covering various materials used in its business and the operation of Friendly’s System (“Copyrighted Works”). As a franchisee, we may authorize you to use certain Copyrighted Works. We own or are the licensee of the owner of the Copyrighted Works and may create, acquire or obtain licenses for certain copyrights and various works of authorship for use in the operation of the Friendly’s System, including the Operations Manual, advertisements, promotional materials, labels, menus, coupons, gift certificates, posters and signs and may include all or part of the Marks, trade dress and other parts of the System.

You must immediately notify us of any actual or apparent infringement of or challenge to any of the Copyrighted Works or claim by any person of any rights in the Copyrighted Works and you may not communicate with any person other than us and our counsel regarding any such infringement, challenge or claim. We will have the sole discretion to take such action as it deems appropriate in response to your notice and the right to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any such alleged infringement, challenge or claim or otherwise under the Copyrighted Works. We are under no obligation to participate in your defense and/or indemnify you for damages or expenses incurred if you are a party to any administrative or judicial proceeding involving the Copyrighted Works.

If it becomes advisable at any time, in our sole judgment, for you to modify or discontinue use of any of the Copyrighted Works and/or for you to use one or more additional or substitute copyrighted or copyrightable items, you must immediately comply with our directions to modify or otherwise discontinue the use of the copyrighted materials and/or to use one or more substitute materials. There are currently no effective determinations of the United States Copyright Office or any court regarding any of our Copyrighted Works, nor are such proceedings pending, nor are there any effective agreements between us and third parties pertaining to our Copyrighted Works that will, or may significantly limit your use of our Copyrighted Works. We are not obligated under the Area Development Agreement, the Franchise Agreement or otherwise to protect or defend any copyrights. We know of no infringements of the Copyrighted Works that could materially affect your use of the Copyrighted Works. We have not registered any of the Copyrighted Works with the United States Registrar of Copyrights. Start here

Confidential Information

We possess and will further develop and acquire certain confidential and proprietary information and trade secrets ("Confidential Information"). We will disclose such parts of the Confidential Information to you as we periodically deem necessary or advisable for the development of Friendly's franchises during training and in guidance and assistance furnished to you. You, your principals, shareholders, partners, members, managers, officers, and owners and any other person who holds a direct or indirect ownership interest in you of 10% or more (individually a "Principal" and collectively the "Principals") cannot use the Confidential Information in any other business or capacity, and must maintain the absolute confidentiality of the Confidential Information.

ITEM 15 - OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must at all times maintain and exercise management control over the restaurant and its business except as may be otherwise approved in writing by us. We require that all franchisees be personally, actively engaged in managing the franchised business, however day-to-day operation of the outlet may be conducted through approved Managers hired by you. The restaurant must at all times be under the on-site supervision of a Manager who has successfully completed our training program for Managers. You are not required to obtain our prior approval of any Manager, but your management personnel must meet our qualifications and must have completed our required training and retraining prior to participating in the management of the franchised business.

Upon our request, you must require certain personnel who are actively involved in the management of the franchised business to enter into a confidentiality agreement in a form we prescribe.

If you are an absentee owner of a business with multiple franchised outlets, the day-to-day supervisory Manager of the business must own no less than a 20% equity interest in the operation of such business. This requirement does not apply to the day-to-day supervisory managers at single sites.

If you wish to operate more than one franchise location, in addition to your obligation to employ management personnel to operate each location, you must further comply with standards and requirements we establish and from time to time revise for the supervision of multiple Friendly's franchise locations. This will include, without limitation, employing multiple-unit supervisory personnel to ensure your consistent operational responsibility for all the locations that are operated by you or your affiliated franchisees, if applicable. Multiple-unit supervisors must meet our qualifications and must devote their full time and effort exclusively to supervising the operation of Friendly's-branded locations.

If you are an entity, each owner must sign a guaranty assuming and agreeing to discharge all of your obligations under the Franchise Agreement (see Exhibit B of the Franchise Agreement).

ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the restaurant solely for the operation of a Friendly's restaurant and you must maintain sufficient inventories, adequately staff each shift with qualified employees and continuously operate the restaurant at its maximum capacity and efficiency for the minimum number of days and hours as we specify in the Operations Manual or otherwise in writing.

You must maintain the franchise location and provide related services in the manner and in strict accordance with the standards that we prescribe in the Franchise Agreement, the Operations Manual or otherwise. You must also comply with our reasonable requirements to protect the System and the franchise location from unreliable sources of supply and comply with our requirements as to the types of services and products that may be used, promoted or offered at the location.

You are required to sell all products and serve all menu items, including frozen desserts and related toppings products manufactured by or for our designated supplier of proprietary products, DFA, and our designated supplier of coffee equipment and products, S&D Coffee, Inc., all as we deem appropriate to take full advantage of potential markets and to achieve standardization in the System. At present, we require each franchisee to serve specific core menu items. As we further develop a standard menu, you will be required to serve standard menu items and will not be permitted to serve items that are not set forth in such standard menu except as may otherwise be approved in writing by us, in our sole discretion. We have the right to insert and delete food products from the menus at any time, and you must promptly modify the menus to conform to all such revisions.

When considering a request for menu variations, we will consider, among other things, local preferences and tastes, difficulty or ease of supply, existing kitchen facilities, and any other factors that may affect the ability of the licensees to deliver uniformly high quality food products. We reserve the right (in all cases except for pricing) to approve your menu and the content thereof. You will be restricted from any variations to the core menu for the first year of the franchise, and after that, you must not be in default and follow the defined procedure for special requests for menu variations.

We have the right to establish maximum, minimum, or other retail pricing requirements to the fullest extent permitted by applicable law.

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following table lists certain important provisions of the Franchise Agreement, the Area Development Agreement, and related agreements. You should read these provisions in the agreements attached to this franchise disclosure document.

FRANCHISE AGREEMENT

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 1A	The standard Franchise Agreement initial term is ten (10) years.
b. Renewal or extension of term	Section 2	You have the right to automatically renew the Franchise Agreement for one additional 10-year term, subject to receipt and approval of any documentation we may require, if all required conditions are met.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
c. Requirements for franchisee to renew or extend	Section 2	If you want to exercise your renewal rights when the first initial term ends, be in good standing, be in compliance with all agreement terms, provide timely notice of renewal, pay our then-current renewal fee, sign our then-current form of franchise agreement which may contain materially different terms than the form of Franchise Agreement in this disclosure document, remodel as we direct, and you and your owners sign a general release.
d. Termination by franchisee	Section 16A	Under the Franchise Agreement, you may terminate if we fail to cure a default within 60 days after receiving written notice.
e. Termination by franchisor without cause	No Provision	Not Applicable.
f. Termination by franchisor with cause	Section 16	We can terminate the Franchise Agreement in the event of your default.
g. "Cause" defined – curable defaults	Section 16C, D and E	Under the Franchise Agreement, you will have 24 hours notice to cure any violation of law or operations regarding health, sanitation or safety, or a breach that impairs the goodwill of the Marks or System. You will have 10 days notice to pay overdue money, to obtain insurance, to report Net Sales, or to cure violations of law. You will have 30 days notice to cure all other defaults except those that are incurable. A default under any Franchise Agreement is a default under all other Franchise Agreements held by you and your affiliates. A default under a Franchise Agreement is a default under your Development Agreement; but a default under your Area Development Agreement is not a default under your Franchise Agreement(s).
h. "Cause" defined – non-curable defaults	Section 16B	Under the Franchise Agreement, insolvency or bankruptcy, abandonment, material misrepresentation, failure to meet development deadlines, conviction of felony, lose possession of premises, unauthorized use of marks or confidential information, repeated defaults even if cured, material misrepresentation of financial condition, material breach which can't be cured.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i. Franchisee's obligations on non-renewal or termination	Section 17	Obligations include cease operation, de-identification, pay amounts owed, return confidential materials (also see paragraphs "o" and "r" below).
j. Assignment of contract by franchisor	Section 13A	There are no restrictions on our right to transfer.
k. "Transfer" by franchisee - defined	Section 13B	Includes transfer of assets, the agreement or ownership change.
l. Franchisor approval of transfer by franchisee	Section 13B	We have the right to approve all transfers.
m. Conditions for franchisor approval of your transfer	Section 13D	Transferor must cure all defaults and pay all monies owed, bring premises up to standard, guarantee Transferee for 2 years, pay our then-current transfer fee, sign a general release, and for transfer of franchise agreement pay \$5,000 (refundable) for payment of obligations. Transferee must qualify as franchisee, meet training requirements, provide personal guaranty, if entity. Purchase agreement must be approved (also see paragraph "r" below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13C	We have the option to match any bona fide offer.
o. Franchisor's option to purchase franchisee's business	No provision	Not applicable
p. Death or disability if franchisee	Section 13F	Franchise must be transferred to an approved transferee within 6 months.
q. Non-competition covenants during the term of the franchise	Section 15A	You may not be involved in any mid-scale priced, family style restaurants, or other food service establishment in which frozen desserts comprise 10% or more of gross sales.
r. Non-competition covenants after the franchise is terminated or expires	Section 15A	You may not be involved in any mid-scale priced, family style restaurants, or other food service establishment in which frozen desserts comprise 10% or more of gross sales, for 2 years within a 15-mile radius of your franchise location or any other Friendly's restaurant.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
s. Modification of the agreement	Sections 3C, 20B, and 20C	No modifications generally, but Operations Manual may change.
t. Integration/merger clause	Section 20A	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement, or any other related written agreement, is intended to disclaim representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Section 18C	All disputes must go thru mediation before a lawsuit is commenced, except that mediation is not required before a lawsuit: > to enforce your obligation to pay money > for declaratory or equitable relief > if we have terminated the agreement You can also litigate a claim for declaratory or equitable relief without first going through mediation.
v. Choice of forum	Section 19B	Mediation occurs at the AAA offices in the city in which we maintain our principal business address, currently Dallas, Texas. Venue for any litigation proceeding is exclusively the courts located in the county in which we maintain our principal business address, currently Dallas County, State of Texas (subject to applicable state law). disclosure document.
w. Choice of law	Section 19A	Subject to applicable state law, the Franchise Agreement is to be interpreted and construed under Texas law (without giving effect to any conflict of laws), except that any law regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between us and you will not apply, unless its jurisdictional requirements are met independently.

AREA development agreement

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the franchise term	Section 1A and Exhibit 1	The initial term of the Area Development Agreement ends when the last restaurant in the schedule is required to open.
b. Renewal or extension of term	4C	You may at our discretion extend scheduled deadlines under the Area Development Agreement by paying a fee not to exceed \$10,000 per month per restaurant and per extension.
c. Requirements for franchisee to renew or extend	4C	You must notify us of your desire to renew, you are not in default of any agreement and have materially complied with all agreements, you have developed the required number of Stores and paid all amounts owed during the initial term, we have mutually agreed on a new development schedule (which must include at least the number of Stores developed during the initial term), you sign a general release, you must meet our then-current qualifications for new franchisees which may be materially different than the current qualifications, you pay a development fee equal to our then current development fee for each Store to be developed during the renewal term. You must submit your request for extension prior to the expiration date for the related Restaurant to be developed.
d. Termination by franchisee	No provision	Not applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	Section 11	We can terminate the Area Development Agreement in the event of your default.
g. "Cause" defined – curable defaults	Sections 4C and 11B(10)	Under the Area Development Agreement, you will have 30 days' notice to cure any default except those which permit termination without cure. A default under a Franchise Agreement is a default under your Development Agreement; but a default under your Area Development Agreement is not a default under your Franchise Agreement(s).

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
h. "Cause" defined – non-curable defaults	Section 11B	Under the Area Development Agreement, failure to comply with development schedule (unless extended), insolvency or bankruptcy, unauthorized use of marks or confidential information, unauthorized transfer, material misrepresentation, conviction of felony, uncured default under other agreements with us.
i. Franchisee's obligations on non-renewal or termination	Section 11E	Obligations include cease operation, de-identification, pay amounts owed, return confidential materials (also see paragraphs "o" and "r" below).
j. Assignment of contract by franchisor	Section 10A	There are no restrictions on our right to transfer.
k. "Transfer" by franchisee - defined	Section 10B	Includes transfer of assets, the agreement or ownership change.
l. Franchisor approval of transfer by franchisee	Section 10B	We have the right to approve all transfers.
m. Conditions for franchisor approval of your transfer	Section 10C	Transferor must cure all defaults and pay all monies owed, bring premises up to standard, guarantee Transferee for 2 years, pay our then-current transfer fee, sign a general release, and for transfer of franchise agreement pay \$5,000 (refundable) for payment of obligations. Transferee must qualify as franchisee, meet training requirements, provide personal guaranty, if entity. Purchase agreement must be approved (also see paragraph "r" below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13C	We have the option to match any bona fide offer.
o. Franchisor's option to purchase franchisee's business	No provision	Not applicable
p. Death or disability if franchisee	Section 10E	Franchise must be transferred to an approved transferee within 6 months.
q. Non-competition covenants during the term of the franchise	Section 9B	You may not be involved in any mid-scale priced, family style restaurants, or other food service establishment in which frozen desserts comprise 10% or more of gross sales.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
r. Non-competition covenants after the franchise is terminated or expires	Section 9B	You may not be involved in any mid-scale priced, family style restaurants, or other food service establishment in which frozen desserts comprise 10% or more of gross sales, for 2 years within a 15-mile radius of your franchise location or any other Friendly's restaurant.
s. Modification of the agreement	Section 13B and 13C	No modifications generally, but Operations Manual may change.
t. Integration/merger clause	Section 13A	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document or Area Development Agreement may not be enforceable. Nothing in the Area Development Agreement, or any other related written agreement, is intended to disclaim representations made in this disclosure document.
v. Choice of forum	Section 12B	Venue for any litigation proceeding is exclusively the courts located in the county in which we maintain our principal business address, currently Dallas County, State of Texas (subject to applicable state law). disclosure document.
w. Choice of law	Section 12A	Subject to applicable state law, the Area Development Agreement is to be interpreted and construed under Texas law (without giving effect to any conflict of laws), except that any law regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between us and you will not apply, unless its jurisdictional requirements are met independently.

ITEM 18 - PUBLIC FIGURES

As of the date this disclosure document was published, we do not use any public figure to promote the sale of our franchise.

ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in this Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

As of January 2, 2022, there were 76 franchised Friendly's restaurants operating in the United States. This chart reflects

historical sales information concerning the 67 restaurants that operated for at least 12 of the 13 accounting periods between December 31, 2020 and January 2, 2022.

HISTORICAL SALES INFORMATION FOR THE 67 FRIENDLY'S RESTAURANTS IN OPERATION FOR AT LEAST 12 OF THE 13 ACCOUNTING PERIODS BETWEEN DECEMBER 31, 2020 AND JANUARY 2, 2022					
3,054,793	2,310,985	2,285,041	2,223,820	2,218,913	2,218,504
2,086,640	2,085,811	1,983,333	1,898,376	1,883,524	1,880,831
1,850,439	1,775,397	1,770,981	1,738,598	1,662,027	1,649,757
1,633,399	1,632,085	1,613,145	1,609,639	1,590,420	1,585,921
1,581,256	1,552,464	1,532,456	1,490,358	1,464,041	1,439,426
1,435,174	1,355,552	1,350,991	1,332,063	1,315,979	1,280,407
1,275,003	1,265,361	1,259,752	1,254,758	1,241,386	1,198,138
1,191,635	1,154,268	1,124,440	1,109,490	1,097,097	1,095,450
1,087,694	1,044,260	1,037,558	1,033,049	1,023,329	929,551
920,452	873,593	869,851	859,681	845,420	760,688
725,659	717,096	692,676	676,613	647,521	630,013
605,933	-	-	-	-	-

Some restaurants have sold these amounts. Your individual results may differ. There is no assurance that you will sell as much.

The average unit volume is \$1,397,312.85.

The top 33% of restaurants (22 of the 67) had an average unit volume of \$1,957,547.21.

The bottom 33% of restaurants (22 of the 67) had an average unit volume of \$876,485.

Notes:

Note 1. Item 19 reflects the historical sales information for Friendly's restaurants.

Note 2. The Friendly's restaurants reflected in the chart above are restaurants located in the following states: New York, New Jersey, Pennsylvania, Florida, Massachusetts, South Carolina, Maryland and Delaware.

Note 3. The above information reflects sales information only and excludes any costs and expenses; therefore, you can draw no inferences with respect to a restaurants' profitability.

Note 4. The figures reflected in the chart above were compiled from unaudited information reported to us by our franchisees. We have not independently verified any of the sales information upon which this financial performance representation is based.

Note 5. Restaurant sales are affected by a number of factors including local demographics (including daytime and residential population and income levels), site characteristics (*i.e.*, visibility, traffic count, ease of ingress and egress, parking availability), seasonality (particularly in colder climate), local competition, brand and product awareness in the geographic area in which the restaurant is located, and your individual marketing efforts. Sales also may be affected by other factors such as weather events and road construction affecting traffic patterns.

Note 6. With respect to the COVID-19 pandemic, depending on the location of your franchise and the area(s) you service, you may have to adhere to a wide variety of shelter-in-place orders, ranging from none to highly restrictive. You

are required to be regularly well-informed of local, county, state, and federal requirements, as each is subject to change depending on then-current circumstances. Your ability to rapidly respond and adapt to such requirements can significantly impact your operations. The amount of time to open a Franchised Business after entering into a franchise agreement will vary depending on state and local orders any may ultimately take longer than 180 days from site selection, as is typical. As a result of the COVID-19 pandemic, all Stores were closed or had indoor capacity closed or limited for a portion of time, which negatively impacted sales. No significant changes were made to the Friendly's System to account for current marketing conditions resulting from the COVID-19 pandemic. However, we anticipate online ordering and delivery to continue to be part of the Friendly's System.

Written substantiation for the financial performance representation will be made available to you upon reasonable written request.

The financial performance representations figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the 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 Friendly's restaurant. Franchisees, or former franchisees, listed in this disclosure document, may be one source of this information.

Except for the information presented above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised restaurants. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Friendly's restaurant, however, we may provide you with the actual records of that restaurant. If you receive any other financial performance information or projections of future income, you should report it to the franchisor's management by contacting Sherif Mityas, President, 14860 Montfort Drive, Suite 150, Dallas, TX 75254, or 214-302-5932; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20 - OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2019-2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year*	Net Change
Franchised	2019	0	0	0
	2020	0	86	0
	2021	86	76	-10
Company-Owned	2019	0	0	0
	2020	0	50	0
	2021	50	50	0
Total Outlets	2019	0	0	0
	2020	0	136	0
	2021	136	126	-10

Note 1: All Outlets were acquired from our predecessor as of the acquisition date of December 31, 2020. Refer to Item 1.

Table No. 2
Transfers of Outlets From Franchisees to New Owners
(Other Than the Franchisor) For Years 2019-2021

State	Year	Number of Transfers
New Jersey	2019	0
	2020	0
	2021	1
Total	2019	0
	2020	0
	2021	1

Table No. 3
Status of Franchised Outlets For Years 2019-2021
Full-Service Restaurants ⁽¹⁾

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Delaware	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	7
	2021	7	0	0	0	1	0	6
Florida	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Maryland	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
Massachusetts	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
New Jersey	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	20
	2021	20	0	0	2	1	1	16
New York ¹	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	15
	2021	15	0	0	1	0	0	14
Pennsylvania	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	25
	2021	25	0	0	1	0	3	21
South Carolina	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Totals	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	86
	2021	86	0	0	4	2	4	76

Note 1: All Outlets were acquired from our predecessor as of the acquisition date of December 31, 2020. Refer to Item 1.

Table No. 4
Status of Company-Owned Outlets For Years 2019-2021
Full-Service Restaurants ⁽¹⁾

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Connecticut	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	10
	2021	10	0	0	0	0	10
Delaware	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
Maine	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	1
	2021	1	0	0	0	0	1
Massachusetts	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	22
	2021	22	0	0	1	0	21
New Hampshire	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	1
	2021	1	0	0	0	0	1
New Jersey	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
New York	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	11
	2021	11	0	0	0	0	11
Pennsylvania	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	4
	2021	4	0	0	1	0	3
Vermont	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	1
	2021	1	0	0	0	0	1
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	50
	2021	50	0	2	2	0	50

Note 1: All Outlets were acquired from our predecessor as of the acquisition date of December 31, 2020. Refer to Item 1.

Table No. 5
Projected Openings as January 2, 2022

Full-Service Restaurants

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
All States	0	4	3
Total	0	4	3

Exhibit H lists the names of all operating franchisees and the addresses and telephone numbers of their franchise locations, as of January 2, 2022. Exhibit H also lists the name, city, state and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year; or who has not communicated with us within 10 weeks of the issuance of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, neither we nor our predecessors have signed any confidentiality clauses with current or former franchisees that would restrict them from speaking openly with you about their experience with us.

We sponsor the Friendly's Franchise Advisory Council ("FAC"). We appoint three franchisee members and franchisees elect three franchisee members. You can reach the FAC by contacting us at 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254, 631-615-7373 or Dawn@frcorporate.com.

ITEM 21 - FINANCIAL STATEMENTS

Attached to this disclosure documents as Exhibit B are our:

1. Unaudited balance sheet as of September 11, 2022 and related statement of income from January 2, 2022 through September 11, 2022; and
2. Audited balance sheet and related statements of income, changes in members equity and cash flows for the period(s) ending January 2, 2022 and January 3, 2021.

Our fiscal year-end is established as the last Sunday of the year. We have not been in business for three years or more and, therefore, cannot include all the financial statements required by this Item.

ITEM 22 - CONTRACTS

The following agreements related to a franchised restaurant are attached as exhibits to the disclosure document:

- Exhibit C - Development Agreement (with Exhibits)
- Exhibit D - Franchise Agreement (with Exhibits)
- Exhibit E - Cross Guaranty
- Exhibit F - Lease Rider
- Exhibit G - Current Form of General Release

ITEM 23 - RECEIPTS

Two (2) copies of a receipt of this disclosure document appear as Exhibit J. Please return one copy to us and retain the other for your records.

EXHIBIT A

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677	
HAWAII	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington St., Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Franchise Unit 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48909 (517) 373-1837	
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026	
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St 21 st Fl New York, New York 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Blvd. Ave., Fifth Floor Bismarck, North Dakota 58505 (701) 328-4712	
RHODE ISLAND	Securities Division Department of Business Regulation 1511 Pontiac Avenue, Building 69-1 Cranston, Rhode Island 02920	

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
	(401) 462-9585	
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre, South Dakota 57501-3185 (605) 773-4823	
TEXAS		Capitol Corporate Services, Inc. 206 E. 9 th St, Suite 1300 Austin, Texas 78701
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, Virginia 23219 (804) 371-9672	
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760	
WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4 th Floor Madison, Wisconsin 53703 (608) 266-3364	

EXHIBIT B
FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Friendly's Restaurants Franchising Co, LLC

Balance Sheet September 11, 2022 and January 2, 2022 Unaudited

Assets	9 Periods Ended Sep 11, 2022	13 Periods Ended Jan 2, 2022
Current Assets		
Cash	2,737,019	\$ 2,999,436
Accounts receivable, net of allowance	83,659	45,517
Total current assets	2,820,678	3,044,953
Advances to Affiliates and Other Related Parties	2,115,138	434,075
Other Assets		
Intangible assets	1,238,632	2,078,332
Total noncurrent assets	3,353,770	2,512,407
Total assets	6,174,448	\$ 5,557,360
Liabilities and Member's Equity		
Current Liabilities		
Accounts payable and accruals	\$ 169,250	\$ 125,265
Contract liabilities	188,856	258,249
Marketing funds	379,606	379,606
Total current liabilities	737,712	763,120
Member's Equity		
Total member's equity	5,436,736	4,794,240
Total liabilities and Member's equity	\$ 6,174,448	\$ 5,557,360

Friendly's Restaurants Franchising Co, LLC

Statement of Income September 11, 2022 and January 2, 2022 Unaudited

	9 Periods Ended Sep 11, 2022	13 Periods Ended Jan 2, 2022
Revenues		
Royalty revenue	\$ 2,629,103	\$ 3,951,220
Brand development fund revenues	995,480	1,343,928
Designated market areas fund revenue	2,437,208	3,336,073
Other	98,710	72,806
	<u>6,160,501</u>	<u>8,704,027</u>
Marketing Expenses	3,432,688	4,680,001
Operating Expenses	<u>2,086,567</u>	<u>2,315,773</u>
Operating Income	641,246	1,708,253
Other Income (Expense)		
Other income	<u>1,250</u>	<u>22,132</u>
Net Income	<u><u>\$ 642,496</u></u>	<u><u>\$ 1,730,385</u></u>

Friendly's Restaurants Franchising Co, LLC

Independent Auditor's Report and Financial Statements

January 2, 2022 and January 3, 2021

Friendly's Restaurants Franchising Co, LLC
52 Weeks Ended January 2, 2022, and 4 Days Ended January 3, 2021

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forvis.com

Independent Auditor's Report

Board of Directors
Friendly's Restaurants Franchising Co, LLC
Dallas, Texas

Opinion

We have audited the financial statements of Friendly's Restaurants Franchising Co, LLC, which comprise the balance sheets as of January 2, 2022 and January 3, 2021, and the related statements of income, changes in member's equity, and cash flows for the 52 weeks and 4 days then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Friendly's Restaurants Franchising Co, LLC as of January 2, 2022 and January 3, 2021, and the results of its operations and its cash flows for the 52 weeks and 4 days then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Friendly's Restaurants Franchising Co, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friendly's Restaurants Franchising Co, LLC's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Friendly's Restaurants Franchising Co, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friendly's Restaurants Franchising Co, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

FORVIS, LLP

Dallas, Texas
December 22, 2022

Friendly's Restaurants Franchising Co, LLC

Balance Sheets

January 2, 2022 and January 3, 2021

Assets

	Jan 2, 2022	Jan 3, 2021
Current Assets		
Cash	\$ 2,999,436	\$ -
Accounts receivable, net of allowance	50,537	38,177
Total current assets	3,049,973	38,177
Other Assets		
Intangible assets	2,949,798	3,971,753
	2,949,798	3,971,753
Total assets	\$ 5,999,771	\$ 4,009,930

Liabilities and Member's Equity

Current Liabilities		
Accounts payable and accruals	\$ 125,265	\$ -
Due to Parent	299,440	13,388
Cooperative marketing funds	364,045	518,428
Total current liabilities	788,750	531,816
Member's Equity		
Total member's equity	5,211,021	3,478,114
Total liabilities and Member's equity	\$ 5,999,771	\$ 4,009,930

Friendly's Restaurants Franchising Co, LLC

Statements of Income

52 Weeks Ended January 2, 2022, and 4 Days Ended January 3, 2021

	<u>Jan 2, 2022</u>	<u>Jan 3, 2021</u>
Revenues		
Royalty revenue	\$ 3,891,116	\$ 28,456
Marketing fund contributions	4,634,102	-
Other	<u>2,473</u>	<u>-</u>
	<u>8,527,691</u>	<u>28,456</u>
Marketing Fund expenses	4,634,102	12,030
Operating Expenses	<u>2,182,814</u>	<u>12,605</u>
Operating Income	1,710,775	3,821
Other Income (Expense)		
Other income	<u>22,132</u>	<u>-</u>
Net Income	<u>\$ 1,732,907</u>	<u>\$ 3,821</u>

Friendly's Restaurants Franchising Co, LLC
Statements of Member's Equity
52 Weeks Ended January 2, 2022, and 4 Days Ended January 3, 2021

Balance, December 31, 2020	\$ -
Contribution of net assets from Parent	3,474,293
Net income for the 4 day period	<u>3,821</u>
Balance, January 3, 2021	3,478,114
Net income for the 52 week period	<u>1,732,907</u>
Balance, January 2, 2022	<u><u>\$ 5,211,021</u></u>

Friendly's Restaurants Franchising Co, LLC

Statements of Cash Flows

52 Weeks Ended January 2, 2022, and 4 Days Ended January 3, 2021

	Jan 2, 2022	Jan 3, 2021
Operating Activities		
Net income	\$ 1,732,907	\$ 3,821
Items not requiring (providing) cash		
Amortization of franchise agreements acquired	1,021,955	11,247
Provision for losses on accounts receivable	33,371	-
Changes in		
Accounts receivable	(45,731)	(38,177)
Accounts payable and accrued expenses	125,265	-
Due to Parent	286,052	13,388
Cooperative marketing funds	(154,383)	-
Net cash provided by (used by) operating activities	2,999,436	(9,721)
Investing Activities	-	-
Financing Activities		
Increase in Cash Balances	2,999,436	-
Cash, Beginning of Year		
Cash, End of Year	\$ 2,999,436	-
Supplemental Cash Flow Information		
Non-cash contribution of franchise contracts	\$ -	\$ 3,110,000
Non-cash contribution of Tradename and Trademarks	\$ -	\$ 873,000
Non-cash Cooperative market fund liability assumed	\$ -	\$ 518,428

Friendly's Restaurants Franchising Co, LLC

Notes to the Financial Statements

January 2, 2022 and January 3, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Amici Partners Franchising Co, LLC was formed on October 10, 2020, in the state of Texas and renamed on January 26, 2021, to Friendly's Restaurants Franchising Co, LLC (Company). Friendly's Restaurants Franchising Co, LLC is a wholly owned subsidiary of Amici Partners Group, LLC (Parent).

On December 31, 2020, Parent acquired certain of the assets and assumed certain of the liabilities of the predecessor business (Sellers) in a transaction approved by the United States Bankruptcy Court for the District of Delaware.

The Company's franchising activities include both the sale of franchises in connection with Friendly's restaurants, sale of operating restaurants to franchisees and the development of new restaurants by franchisees. The company also offer development agreements which enable franchisees to develop additional restaurants over a stated period of time.

As of January 2, 2022 and January 3, 2021, the Company collected royalties from 76 and 86 franchised restaurants, all of which operated full-service restaurants. The companies franchise agreements generally require payment of royalties of 4% of net sales as defined and initial franchise fees typically range from \$10,000 to \$30,000. The royalty rate for the 52 weeks ending January 2, 2022, and the 4-day period ending on January 3, 2021, was 4%.

The Company's franchise agreements generally require a monthly contribution to the Brand Develop Fund and Designated Market Area Fund (collectively, Marketing Fund) of up to 3.5% of net restaurant sales of franchised restaurants as well as corporate owned restaurants operated by an affiliate of the Company. The Marketing Fund rate for 52 weeks ended January 2, 2022, and the 4-day period ending on January 3, 2021, ranged from 1.88% to 3.5%.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At January 2, 2022 and January 3, 2021, cash equivalents consisted primarily of operating bank accounts and money market accounts.

At January 2, 2022, the Company's cash accounts exceeded federally insured limits by approximately \$2,793,000.

Friendly's Restaurants Franchising Co, LLC

Notes to the Financial Statements

January 2, 2022 and January 3, 2021

Fiscal years

The Company's fiscal year ends on the last Sunday in December unless that day is earlier than December 28, in which case the fiscal year ends on the following Sunday. Fiscal years ended January 2, 2022 included 52 weeks of operation. Fiscal period ended January 3, 2021 included 4 days of operations from the acquisition date.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from franchisees of which the Company has an unconditional right to receive plus any accrued and unpaid interest. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Accounts receivable are ordinarily due 7 days after each week of operations. Accounts past due more than 90 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

During the 52 weeks ended January 2, 2022, and 4 days ended January 3, 2021, bad debt expense related to doubtful accounts receivable, where collectability is not reasonably assured, was \$33,371 and \$0, respectively.

Costs to Obtain Contracts with Customers

The Company capitalizes incremental contract cost associated with obtaining franchise contracts which include broker fees, sales commissions, and general fees that would not have been incurred had the franchise sale not occurred. Under the new guidance, these balances are reported as assets on the balance sheets and are amortized over the term of the franchise agreement of ten years. Amortization is primarily included as commissions in operating expenses in the statements of operations. The current portion of these capitalized costs to obtain contracts is included in costs to obtain contracts with customers, and the long-term portion is included in non-current costs to obtain contracts with customers. No contract costs were incurred for either of the reporting periods.

Contract Assets

Contract assets primarily relate to the Company's rights to consideration for royalty and marketing fees earned but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. There are no contract assets reported for either of the reporting periods.

Intangible Assets

Intangible assets with finite lives are being amortized on an accelerated basis over five years. Such assets are periodically evaluated as to the recoverability of carrying values.

Friendly's Restaurants Franchising Co, LLC

Notes to the Financial Statements

January 2, 2022 and January 3, 2021

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Acquired trade names and trademarks are not amortized. No impairment loss was recognized during the 52 weeks ended January 2, 2022, and 4 days ending January 3, 2021.

Indefinite-lived Assets

Indefinite-lived intangibles are evaluated annually for impairment or more frequently if impairment indicators are present. A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination that it is more likely than not the fair value of an indefinite-lived intangible asset is less than its carrying amount. If, based on the evaluation, it is determined to be more likely than not that the fair value is less than the carrying value, then the indefinite-lived intangible is tested further for impairment. If the fair value of the indefinite-lived intangible is lower than its carrying amount, an impairment loss is recognized in an amount equal to the difference. Subsequent increases in value are not recognized in the consolidated financial statements.

Acquired trade names and trademarks are not amortized. No impairment loss was recognized during the 52 weeks ended January 2, 2022, and 4 days ending January 3, 2021.

Revenue Recognition and Cost of Revenues

The Company earns an initial franchise fee and ongoing royalty fees under the Company's franchise agreements. Initial franchise fees, royalties and franchisee contributions to the Marketing Fund are considered highly dependent upon and interrelated with the franchise right granted in the franchise agreement. As such, these initial franchise fees are recognized over the contractual term of the franchise agreement, generally 10 years. The Company records a contract liability for the unearned portion of the initial franchise fees.

Royalty fees and marketing and advertising revenues are based on a percentage of sales. Restaurants owned by Parent and its subsidiary do not pay any royalties. The Company has determined the advertising services provided to franchisees are highly interrelated with the franchise right and therefore not distinct. The Company determined that it acts as principal in the transactions entered into by the advertising cooperatives and revenues for advertising services are recognized when the related franchise restaurant sales occur. Revenues for these services are typically billed and received on a weekly basis.

Friendly's Restaurants Franchising Co, LLC

Notes to the Financial Statements

January 2, 2022 and January 3, 2021

The Company accounts for cost of revenues for all expenses that are related directly to franchisee advertising and marketing on the statements of operations. See *Note 4* for additional information about the Company's cost of revenues.

The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. See *Note 4* for additional information about the Company's revenue.

Advertising and Marketing Costs

The Company accounts for franchisee contributions to the Marketing Fund as a component of franchise revenue. As described in the policy for *Revenue Recognition and Cost of Revenues*, the advertising and marketing costs related directly to franchise business are accrued at the same time that the related advertising revenue is recognized. See *Note 4* for additional information.

All general advertising and promotion costs of the Company are allocated as operating expenses in the statements of operations. General advertising expenses were immaterial in the 52 weeks ending January 2, 2022 and 4 days ending January 3, 2021. In the event that the marketing fund is terminated, the balance not spent will be distributed to franchisees.

As of January 3, 2021 and January 2, 2022, the Company recorded a liability of \$364,045 and \$518,428, respectively for the excess of marketing revenue over expenses.

Contract Liabilities

Contract liabilities represent the Company's unrecognized initial franchise fees received from customers that is recognized over the term of franchise agreement when consideration has already been received from the customer. There were no contract liabilities for either of the reporting periods.

Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes collected from customers and remitted to governmental authorities are presented in the accompanying statements of income on a net basis.

Income Taxes

The Company's stockholders have elected to have the Company's income taxed as a partnership under provisions of the Internal Revenue Code. Therefore, taxable income or loss is reported to the individual stockholders for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these financial statements.

Friendly's Restaurants Franchising Co, LLC

Notes to the Financial Statements January 2, 2022 and January 3, 2021

Note 2: Intangible Assets

The carrying basis and accumulated amortization of recognized intangible assets for the 52 weeks ended January 2, 2022, and 4 days ended January 3, 2021, were:

	Jan 2, 2022		Jan 3, 2021	
	Gross Carry Amount	Accumulated Amortization	Gross Carry Amount	Accumulated Amortization
Amortized intangible asset				
Franchise agreements acquired	\$ 3,110,000	\$ 1,033,202	\$ 3,110,000	\$ 11,247
Intangible assets not amortized				
Trademarks and tradenames	\$ 873,000		\$ 873,000	

Franchise agreements acquired are amortized on an accelerated basis and amortization expense for the 52 weeks ended January 2, 2022, and 4 days ending January 3, 2021, was \$1,021,955 and \$11,247, respectively. Estimated amortization expense for each of the following five years is:

2022	\$ 829,333
2023	622,000
2024	414,667
2025	210,798
	<u>\$ 2,076,798</u>

Note 3: Advances to and from Parent

The advances to and from Parent relate to operations of the group and repayment is dependent on the cash flow of the Company. As the timing of repayment is not known and there are no repayment terms any amounts receivable has been excluded from current assets and cash flows from operations. Amounts payable are reported as current liabilities and cash flow from operations.

Friendly's Restaurants Franchising Co, LLC

Notes to the Financial Statements

January 2, 2022 and January 3, 2021

Note 4: Revenue from Contracts with Customers

Performance Obligations

The Company sells franchises directly to customers. Franchise sales to individuals typically allow the franchisee to operate under the mark or brand of the Company, allows access to trade secrets and confidential information and initial training in exchange for an initial franchise fee. In addition to that obligation, the Company will provide ongoing administrative support including training, support, advertising and promotional help, and general advice or guidance. Each of these services are not distinct from each other within the context of the contract, and therefore revenue is recognized over the life of the franchise agreement for those initial franchise fees. For ongoing support services provided by the Company, royalty fees and marketing fund contributions are recognized based upon the occurrence of the underlying franchisee sales transactions.

The following table presents the Company's revenues disaggregated by the timing of such revenue recognized during the 52 weeks ended January 2, 2022, and 4 days ending January 3, 2021:

	<u>Jan 2, 2022</u>	<u>Jan 3, 2021</u>
Timing of Revenue Recognition		
Over a period of time	\$ 8,527,691	\$ 28,456
At a point in time	<u>-</u>	<u>-</u>
	<u>\$ 8,527,691</u>	<u>\$ 28,456</u>

The Company has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Geography of the service location
- COVID-19 regulations in affect at the location of the franchisee restaurant

Contracts

The following table provides information about the Company's receivables, contract assets and contract liabilities from contracts with customers:

	<u>Jan 2, 2022</u>	<u>Jan 3, 2021</u>
Accounts receivable, beginning of period	\$ 38,177	\$ -
Accounts receivable, end of period	50,537	38,177

Friendly's Restaurants Franchising Co, LLC

Notes to the Financial Statements

January 2, 2022 and January 3, 2021

Significant Judgments

For contracts where control is transferred over time, the Company recognizes revenue over time as progress is made toward satisfying the performance obligations of each contract. The Company recognize initial revenues from franchise agreements over the term of franchise agreements.

In respect of contracts for which the transaction price includes amounts contingent on future events, the Company estimates the amount to be included in the transaction price based on its experience with such contracts and only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty is eventually resolved.

Accounting Policies and Practical Expedients Elected

The Company elected to use the portfolio approach to evaluate contracts. As a practical expedient, a portfolio approach is permitted if it is reasonably expected that the approach's impact on the financial statements will not be materially different from the impact of applying the revenue standard on an individual contract basis. In order to use the portfolio approach, the Company reasonably expects that the accounting result was not materially different from the result of applying the standard to the individual contracts.

The Company is also applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes the Company collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

For incremental costs of obtaining a contract, the Company elected a practical expedient, which permits an entity to recognize incremental costs to obtain a contract as an expense when incurred if the amortization period is less than one year. This election had an immaterial effect on the Company's financial statements.

As discussed above, the Company has elected to use the straight-line method for amortization of initial franchise fees and costs to obtain contracts with customers. The amortization period is the life of the franchise agreement, generally ten years.

For significant financing components, the Company elected a practical expedient, which allows an entity to recognize the promised amount of consideration without adjusting for the time value of money if the contract has a duration of one year or less, or if the reason the contract extended beyond one year is because the timing of delivery of the product is at the customer's discretion.

Friendly's Restaurants Franchising Co, LLC

Notes to the Financial Statements

January 2, 2022 and January 3, 2021

Cooperative Advertising and Marketing funds

The Company manages cooperative marketing and brand development funds for contributions from affiliate owned restaurants as well as franchisee operated restaurants. Contributions to advertising funds are based on a percentage of sales of the restaurant at a specific location. Contributions are allocated to a cooperative brand development fund and a cooperative designated marketing area (DMA) fund.

To the extent the Company manage cooperative funds, the Company incur advertising and marketing expense. As the Company is obligation to spend contributions to those cooperatives for their intended purposes, at the end of each reporting period additional advertising costs are accrued to the extent marketing funds received exceed marketing expenses. In the event that the current period marketing expense exceed current period expenses, the current period excess expenditure is applied against prior period marketing liabilities.

In the event that cumulative advertising expenses exceed cumulative fund contributions, such excess cost is expensed as advertising cost in the period incurred.

The following is a summary of the activity in the cooperative advertising accounts.

Cooperative Advertising and Marketing funds

Balance at the beginning of the period	\$ 518,428	\$ -
Acquired liability in respect of advertising cooperatives	-	518,428
Revenue recorded in respect of brand development	1,298,029	-
Revenue recorded in respect of DMA	3,336,073	-
Less		
Brand development expenses including company overheads	(1,298,028)	-
DMA expenses incurred including company overhead	(3,336,073)	-
Excess spending in current year reducing liability	(154,384)	
Total marketing fund liability	<u>\$ 364,045</u>	<u>\$ 518,428</u>

Brand development expenses includes payroll and general and administrative cost of approximately \$842,000.

Friendly's Restaurants Franchising Co, LLC

Notes to the Financial Statements

January 2, 2022 and January 3, 2021

Note 5: Related-Party Transactions

Effective December 31, 2020, Parent acquired all the assets and assumed certain liabilities of the Sellers, pursuant to Sections 105, 363 and 365 of the Bankruptcy Code. The Sellers owned and operated Friendly's restaurants and franchised the Friendly's system and trademarks. In connection with the acquisition, Parent entered into an agreement to assign the rights and obligations of certain franchise agreements to the Company. In addition, Parent granted a license to the Company to the royalty-free, fully paid-up right and license to use, display, promote, copy, distribute, redistribute, and publish and to license others to use, display, promote, copy, distribute, redistribute, and publish intellectual property in connection with the development, granting and operation of franchised restaurants. The Company recorded the following contributions of net assets from Parent related to these agreements:

Assets

Franchise agreements at fair value	\$ 3,110,000
Tradenames and Trademarks	873,000

Liabilities

Brand development and marketing fee liability	508,707
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Parent contributed the assets and liabilities noted above as equity and the net value of \$3,474,293 are reported as contributions in the Statement of Member's Equity.

The Company shares certain administrative costs with affiliates of the Parent. The allocation of shared cost to the Company during the 52 weeks ending January 2, 2022, and the 4 days ended January 3, 2021, was approximately \$910,446 and \$-, respectively. Friendly's Restaurants, LLC, a subsidiary of the Parent, processes all vendor invoices and payroll for the group and allocate the expenses to the loan account with the other entities. Vendor invoices of approximately \$2,818,000 and payroll expenses of approximately \$901,000 were credited by the Company to the loan during the 52 weeks ended January 2, 2022. The Company transferred cash of \$3,865,000 to Friendly's Restaurants, LLC and collected cash on behalf of the parent and subsidiary company of approximately \$1,595,000 during the 52 weeks ended January 2, 2022. The Company received contributions from affiliates of approximately \$2,075,000 to the cooperative marketing funds during the 52 weeks ending January 2, 2022. The contribution is approximately 2.9% of company owned store sales. As of the end of the year ended January 2, 2022 and 4 days ended January 3, 2021, the remaining principal balance due on account balance were (\$299,440) and (\$13,388), respectively. The balance has no terms and is included in current liabilities.

The Company also received royalties and contributions from affiliates under common control to the marketing funds of approximately \$2,041,000. Balances due from the affiliates are included in accounts receivable and was not material. Transactions during the 4 day period ended January 3, 2021 were not material.

Friendly's Restaurants Franchising Co, LLC

Notes to the Financial Statements

January 2, 2022 and January 3, 2021

Note 6: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Major Customers

Two of the Company's franchisees accounted for 35% and 15% of the royalty revenue for the 52 weeks ending January 2, 2022. The Company expects to maintain this relationship with the franchisees.

Major Supplier

The Company purchased the majority of the direct marketing related services from four vendors that accounts for 19%, 17%, 15% and 10%, respectively, of marketing expenses. There are alternative service providers available.

General Litigation

The Company is subject to claims and lawsuits that arose primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. Events could occur that would change this estimate materially in the near term.

Note 7: Subsequent Events

Subsequent events have been evaluated through December 22, 2022, which is the date the financial statements were issued.

EXHIBIT C

AREA DEVELOPMENT AGREEMENT



FRIENDLY'S RESTAURANTS FRANCHISING CO, LLC

AREA DEVELOPMENT AGREEMENT

with

[DEVELOPER'S NAME]

for

[DEVELOPMENT AREA]

[CITY, ST]

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this “**Agreement**”) is made and entered into as of _____ (the “**Effective Date**”) by and between Friendly’s Restaurants Franchising Co, LLC, a Texas limited liability company whose principal address is 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254 (“**Franchisor**”), and the Developer identified on the cover page hereof (“**Developer**”). We will sometimes refer to the Franchisor as “us,” “we,” “our,” “Friendly’s,” or “Franchisor,” and may sometimes refer to Developer, as “you” “your,” or “Developer.”

BACKGROUND:

1. Through expenditure of considerable time, skill, effort and money, we have developed a system for establishing, operating and licensing distinctive, high-quality restaurants serving the public under the name “Friendly’s®.” The distinguishing features of the Friendly’s system include but are not limited to the “Friendly’s” name and trademarks; distinctive exterior and interior design, decor, color and identification schemes and furnishings established pursuant to our plans and specifications for construction, conversion, remodeling, decorating, equipment and layout; confidential food formulas, recipes, and specifications used in the preparation of food products (including ice cream and other frozen desert and related toppings recipes); and our distinctive business formats, construction plans, inspection and consultation programs, signs, equipment, layouts, methods, specifications, standards, confidential information, trade secrets, operating manuals and procedures, training programs and materials, and related materials, designs, advertising, publicity, and marketing programs, and other materials which we may modify from time to time (collectively, the “**System**”).

2. We own, use, promote and license certain trade names, trademarks, service marks, logos, emblems, commercial symbols, trade dress and other indicia of origin, including colors, and applications related thereto, including but not limited to “Friendly’s®,” and “Friend-Z®” (collectively, the “**Marks**”), and the confidential information, copyrights and business formats, procedures and standards which comprise the System. We may change, modify or improve the System to enhance the operations of Friendly’s restaurants. All improvements and additions you, we or anyone else, make to the System will become our sole property.

3. Developer desires, subject to the terms and conditions of this Agreement, to develop franchised Friendly’s restaurants (collectively “**Franchised Restaurant(s)**” or “**Restaurants**”) within a certain geographic territory, and Developer understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, operations and service and the necessity of developing the Franchised Restaurants in strict conformity with this Agreement and the Friendly’s Operations Manual (“**Manual**” or “**Operations Manual**”).

4. Developer desires to acquire the limited rights to develop Friendly’s Restaurants within the geographic area (the “**Development Area**”), and pursuant to the Development Schedule (as defined below), set forth in Exhibit 1 attached hereto and Franchisor desires to grant Developer such rights on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of Franchisor’s grant to Developer of the right to develop Franchised Restaurants in a limited geographic territory during the term of this Agreement, as well as the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

A. Grant; Development Area and Term. Franchisor hereby grants to Developer, subject to the terms, conditions, provisions and limitations of this Agreement, the right to develop, within the Development Area set forth in Exhibit 1, the number of Friendly’s Franchised Restaurants set forth in Exhibit 1 during the term of this Agreement (the “**Development Term**”). The Development Term begins on the date that this Agreement is signed by Franchisor, and terminates on the earlier of _____, or the date of execution by the Franchisor of the last Franchise Agreement for the last Restaurant required to be developed pursuant to the Development Schedule. Developer has

no right to renew or extend the Development Term. Developer shall locate each Franchised Restaurant in the Development Area at a specific location accepted by Franchisor.

B. Development Rights Only. This Agreement is not a franchise agreement, and does not give Developer the right to operate Friendly's Restaurants or a license to use the Friendly's System or Marks. The operation of any Restaurant developed pursuant to this Agreement will be governed by an individual Franchise Agreement executed by Franchisor and Developer or Developer's affiliate pursuant to Section 5.D of this Agreement.

2. LIMITED EXCLUSIVITY OF RIGHTS

A. Limited Exclusivity. During the Development Term, Franchisor shall not, without the consent of Developer, grant options for or license others to establish or operate, nor will Franchisor or its affiliates establish or operate, any additional Friendly's Restaurants in the Development Area. Except to the extent provided in this Section 2.A, the development and other rights granted to Developer hereunder are non-exclusive.

B. Reservation of Rights. Notwithstanding anything set forth herein to the contrary, Franchisor expressly reserves the exclusive, unrestricted right, directly and indirectly, through its employees, affiliates, representatives, developers, assigns, agents and others (which may include its affiliates and joint ventures in which it or its affiliates are participants), ("Reserved Rights") to:

(1) own, operate or license others to operate Friendly's Restaurants at any location outside the Development Area, including immediately adjacent to the Development Area;

(2) own, operate or license others to operate restaurants and other businesses which operate under names other than Friendly's at any location, whether within or outside the Development Area, and regardless of the proximity to any Friendly's Restaurant developed or under development or consideration by Developer;

(3) operate and grant to others the right to develop and operate Friendly's Restaurant and Franchised Businesses using the System and Marks at locations outside your Development Area as we deem appropriate and irrespective of the proximity to your Development Area;

(4) acquire, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, the Friendly's Restaurant, and after such acquisition, merger or affiliation to own and operate and to franchise, or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to a the Friendly's Restaurant (but not utilizing the Marks) within your Development Area;

(5) own, operate or license others to operate Friendly's Restaurants at any site or location which is a non-traditional venue (a "**Non-Traditional Venue**"), even if located within the Development Area, and regardless of the proximity to any Friendly's Restaurant developed or under development or consideration by Developer. Non-Traditional Venues shall include but not be limited to the following venues: (a) institutional settings, including airports, toll roads, travel plazas and other transportation facilities, colleges and universities, schools, hospitals, military facilities, department stores, shopping malls, governmental and municipal facilities, and office or in-plant food service facilities, (b) recreational settings, including, but not limited to, hotels, resorts, theme parks, fairs, stadiums, arenas, convention centers, casinos, public or private athletic fields, public parks and beaches, or any other venue where a temporary recreational event is open to the public, (c) American Indian reservations, and (d) any venue in which food service is or may be provided by a master concessionaire or contract food service provider, including a shopping mall food court;

(6) manufacture and sell, or cause to be manufactured and sold, food, goods, wares, merchandise, services and/or products, whether or not authorized for sale at Friendly's Restaurants, under the Marks or other trademarks, service marks, logos or commercial symbols, at wholesale or retail, through any distribution channel, including by means of mail order catalogs, direct mail advertising, the Internet, and other distribution methods, without geographic limitation, whether within or without the Development Area;

- (7) use the Marks and System and to license others to use the Marks and System, to engage in all other activities not expressly prohibited by the Development Agreement;
- (8) advertise and promote the System in the Development Area; and
- (9) operate, and license others to operate a any system that is different than the one operated by you at any location whether inside or outside of the Protected Area.

Further, you acknowledge that third party delivery service providers will determine a delivery zone around your Restaurants. Your Restaurants may be promoted in that delivery zone by the third-party delivery service provider (but not necessarily by us). We do not control the territory boundaries established by any third-party delivery services provider. In certain rare circumstances, your delivery zone may overlap the delivery zone of another Friendly's Restaurant and/or the delivery zone of another Friendly's Restaurant may encroach your Protected Area under your Franchise Agreement or your Development Area under this Agreement. Neither the existence of any overlap or encroachment by a third-party delivery service provider, nor our allowing this overlap or encroachment to persist, is considered a breach of your territory rights under any Franchise Agreement or this Agreement.

3. **DEVELOPMENT FEE**

Developer shall pay Franchisor, at the time this Agreement is signed, a development fee in the amount set forth in Exhibit 1 ("**Development Fee**"). The Development Fee will be an amount equal 100% of the Initial Franchise Fee for each Friendly's Restaurant to be developed hereunder. Developer acknowledges and agrees that the Development Fee is fully earned by Franchisor when paid, and it is not refundable. However, Franchisor shall credit the Development Fee, pro rata, based upon the number of Restaurants to be built by Developer within the Development Area, toward the Initial Franchise Fee payable under any of the Franchise Agreements issued pursuant to this Agreement, if the Developer is in compliance with the Development Schedule. If for any reason this Agreement terminates before all or any portion of the Development Fee has been applied to the Initial Franchise Fees, the Franchisor will retain the unapplied portion of the Development Fee as compensation for its time, effort and foregone opportunities.

4. **DEVELOPMENT SCHEDULE**

A. **Development Schedule.**

(1) **Generally.** During the Development Term, Developer shall develop and open in the Development Area the number of Franchised Restaurants specified in the Development Schedule in Exhibit 1 (the "**Development Schedule**") by the deadlines noted in Exhibit 1. For each Franchised Restaurant to be developed during the Development Term, Developer must obtain Franchisor's acceptance of the site and control of the site by the Site Control Date listed in the Development Schedule, must begin construction of the Restaurant by the Construction Start Date listed in the Development Schedule, and must open the Restaurant by the Opening Date listed in the Development Schedule. To the extent that there is any conflict between the deadlines set forth in the Development Schedule for a Restaurant and the deadlines set forth in an individual Franchise Agreement for the same Restaurant, the deadlines in the Development Schedule in this Agreement will control.

(2) **Time is of the Essence.** Developer's strict compliance with the Development Schedule is essential to this Agreement. If Developer fails to fulfill its obligations to develop and open any Franchised Restaurant when required by the Development Schedule or to obtain site control or start construction by the dates specified in the Development Schedule, such failure shall constitute a material, non-curable breach of this Agreement permitting Franchisor immediately to terminate this Agreement by giving notice of termination to Developer.

B. **Development Fee applied to Initial Franchise Fee.** Upon execution of this Agreement, you shall pay to us the Development Fee. When each Franchise Agreement is signed, we will credit a portion of the Development Fee payment toward satisfaction of the applicable initial franchise fee due thereunder ("**Initial Franchise Fee**"). To the extent that the Development Fee or portion thereof is not sufficient to cover the Initial Franchise Fee, then you acknowledge that the Initial Franchise Fee is payable upon execution of the Franchise Agreement for each Franchised

Restaurant. Developer acknowledges and agrees that the Initial Franchise Fee is fully earned by Franchisor when paid, and it is not refundable.

C. Schedule Extensions. Franchisor may, in its sole discretion, grant Developer one or more extensions to the Development Schedule ("**Development Schedule Extension**"), provided that Developer shall pay Franchisor a fee in an amount not to exceed \$10,000 per month for each Restaurant for each Schedule Extension. Franchisor reserves the right to deny the granting of any Development Schedule Extension in its sole discretion.

D. Developer's Affiliated Entities. At Developer's request, Franchisor will permit the Franchise Agreement for any Franchised Restaurant in the Development Area to be executed by an entity formed by Developer to operate the Franchised Restaurant (an "**Affiliated Entity**"), provided all of the following conditions are met: **(1)** Developer or its control group owns at least 51% of the voting equity of a corporate or limited liability company Affiliated Entity, or all of the general partnership interests of a partnership Affiliated Entity; **(2)** the Affiliated Entity conducts no business other than the operation of the Franchised Restaurant; **(3)** Developer, its control group, and all holders of a legal or beneficial interest in Developer of 10% or more ("**Principals**") agree to guarantee and assume full and unconditional liability for, and agree to perform all obligations, covenants and agreements contained in the Franchise Agreement; and **(4)** all owners of voting equity possess a good moral character, as determined by Franchisor in its sole discretion, and Developer provides Franchisor all reasonably requested information and documentation to permit Franchisor to make such a determination.

5. DEVELOPMENT PROCEDURES

A. Developer's Responsibility. Developer assumes all cost, liability, responsibility and expense for locating, obtaining and developing sites for the Franchised Restaurants and constructing and equipping the Franchised Restaurants in accordance with Franchisor's Requirements (as defined in Exhibit 2 hereto). The Franchisor has the right to determine if a site is an acceptable location. Developer shall not make any binding commitment to purchase or lease a site unless and until Franchisor has accepted the site in writing.

B. Site Acceptance Request. For each site upon which you propose to develop a Restaurant, Developer shall submit a written request on Franchisor's form ("**Site Acceptance Request**") containing such information as Franchisor may reasonably require, for each proposed site which Developer reasonably believes to conform to site selection criteria that Franchisor may establish from time to time for demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including restaurants operated or franchised by Franchisor or its affiliates), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises.

C. Site Acceptance.

(1) Within 30 days after receipt of Developer's Site Acceptance Request and any additional information that Franchisor may reasonably require, Franchisor shall advise Developer in writing whether it has accepted a particular site. If Franchisor does not respond within that time period, Franchisor shall be deemed to have denied acceptance of the site. Franchisor may reject any proposed site for any reason at its sole discretion, and you may not proceed at the rejected site but must try to locate an acceptable site. Franchisor's acceptance or rejection of a site may be subject to reasonable conditions as determined in its sole discretion. A site which Franchisor has accepted shall be referred to as an "**Accepted Site**."

(2) Our acceptance of the site selected by you is not a representation or a warranty that the Restaurant will be profitable or that you will achieve any particular level of sales at the Restaurant. It merely means that the Accepted Site has met certain minimum criteria we have established for identifying suitable sites for proposed restaurants in the region in which the site is located. You acknowledge that restaurant development is not a precise science and agree that our acceptance of the site shall not impose any liability or obligation upon us.

D. Execution of Franchise Agreement. Within 30 days after Franchisor accepts a proposed site for each Franchised Restaurant developed hereunder (but, if applicable, after expiration of the applicable waiting period following delivery of a franchise disclosure document), Developer or its Affiliated Entity shall execute a Franchise Agreement in Franchisor's then-current standard form, and pay the Initial Franchise Fee (less the pro rata credit of a portion of the Development Fee) for the Restaurant. If and when any Franchise Agreement contemplated by this Agreement is executed by the Franchisor and Developer or its Affiliated Entity, the Franchise Agreement shall supersede this Agreement and govern the relations between the parties with respect to that particular Restaurant.

E. Proof of Control of Accepted Site. By the "Site Under Control" deadline set forth in the Development Schedule, Developer shall submit to Franchisor satisfactory proof that Developer: (1) owns the Accepted Site; or (2) has leased or subleased the Accepted Site for a term, including renewal terms, for at least the initial term of the Franchise Agreement; or (3) has entered into a written agreement to purchase or to lease or sublease the Accepted Site. For any leased site, Developer shall provide Franchisor with a copy of the lease or sublease (for a term, including renewal terms, for at least the initial term of the Franchise Agreement) for Franchisor's approval. The lease or sublease shall not contain any covenants or other obligations that would prevent Developer from performing its obligations under the Franchise Agreement. Unless waived in writing by Franchisor, any lease, sublease, letter of intent or lease memorandum for the Accepted Site shall contain a Lease Addendum in the form attached to this Agreement as Exhibit 4. After Franchisor approves the lease or sublease for the Accepted Site, Developer shall provide Franchisor with a copy of the fully-executed lease or sublease.

6. CONSTRUCTION OF THE FRANCHISED RESTAURANT

Upon Franchisor's written acceptance of an Accepted Site, the Developer or its Affiliated Entity is responsible for constructing the Restaurant (if the Developer is not moving into an existing building space), building out and decorating the Restaurant, and installing furniture, fixtures, and equipment in the Restaurant, in accordance with the provisions and requirements of Exhibit 2 attached hereto and the deadlines in the Development Schedule.

7. ORGANIZATION OF DEVELOPER, GUARANTY AND DESIGNATION OF CONTROL PERSON

A. Organization of Developer and Business Limits. Developer represents and warrants to Franchisor that Developer is duly organized or incorporated and validly existing under the laws of the state of its formation, and qualified to do business in the state in which the Development Area is located. Developer's certificate of incorporation, partnership agreement, operating agreement, or other similar organizational documents must provide that the Developer's only purpose will be the development, ownership, operation and maintenance of Friendly's restaurants. In addition, your organizational documents must provide that you will not issue any additional ownership interests without our written consent; that no principal may transfer, assign or pledge any issued ownership interest in the Developer without our written consent; and that each certificate or document issued to evidence ownership interests will contain a legend disclosing that restriction. Prior to our execution of this Agreement, you must deliver to us complete and accurate copies of documents demonstrating compliance with the provisions of this Section 7.A. You agree to complete and execute, from time to time upon our request, a Certificate of Resolution in the form attached hereto as Exhibit 5-A if you are a corporation or Exhibit 5-B if you are a limited liability company.

B. Guaranty, and Designation of Control Person. If the Developer is a business entity, then each Principal of Developer must execute this Agreement to adopt and agree to the provisions of this Agreement that are applicable to them and must execute the Guaranty attached hereto as Exhibit 3, and Developer must designate a control person for the entity who must be a Principal of the entity and have full control over the Developer's day-to-day activities and operations.

8. RELATIONSHIP OF PARTIES; INDEMNIFICATION

A. Independent Contractor. It is the express intention of the parties hereto that the Developer is and shall be an independent contractor of Franchisor. The Developer is not and shall not be considered a legal representative or agent of the Franchisor. The Franchisor and the Developer have a business relationship based entirely on and defined by this Agreement. No partnership, joint venture, agency, fiduciary or employment relationship shall exist between Franchisor and Developer. The Franchisor has no right to, and will not, directly control or direct

the operations of the Developer. Nothing in this Agreement is intended to grant either you or us the right to direct or supervise the daily affairs of the other. Any required standards and specifications in this Agreement (and those in the Franchisor's Operations Manual) exist to protect the Franchisor's interests in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Developer's business.

B. Indemnification. To the fullest extent permitted by law, Developer will indemnify, defend and hold harmless Franchisor, our parent, subsidiary or affiliated entities, and all of their respective shareholders, directors, partners, officers, employees, agents, representatives, successors and assignees (collectively, the "**Indemnitees**"), from and against any and all claims, losses, liabilities, demands, damages, causes of action, governmental inquiries and investigations, costs and expenses, including reasonable attorneys' and accountants' fees, which directly or indirectly arise out of, result from, or are connected with this Agreement, the development, condition, operation, use, or maintenance of the Restaurant or the premises on which the Restaurant is located, your negligence or willful misconduct, or any of your actions, errors, omissions, breaches or defaults under this Agreement; provided, that these obligations shall not apply to any claim or loss that is proven to have been caused solely by our negligence or willful misconduct.

(1) For purposes of this section, "**claims**" shall mean and include all obligations, actual and consequential damages, expenses, losses, costs, and other liabilities, and all attorneys' fees and other costs and expenses reasonably incurred in the defense of any claim against the Indemnitees, whether or not a lawsuit is filed.

(2) If the Indemnitees reasonably conclude that their interests are not being adequately represented by your counsel, the Indemnitees will have the right to employ their own attorneys to defend any claim against them in the manner they deem appropriate or desirable in their sole discretion, and your indemnification hereunder shall apply to and include the costs incurred in any such defense. Your obligation to indemnify the Indemnitees will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

9. CONFIDENTIAL INFORMATION; COVENANTS NOT TO COMPETE

A. Friendly's Confidential Information. The Developer and its Principals acknowledge and agree that over the term of this Agreement they will receive Confidential Information (including trade secrets), as defined below, which the Franchisor has developed over time at great expense, including information regarding the System and regarding the development and operation of Friendly's Restaurants. The Franchisee and its Principals further acknowledge that the Confidential Information is not generally known in the industry and is beyond their own present skills and experience, and that to develop it themselves would be expensive, time consuming and difficult; and that the Confidential Information provides a competitive advantage and will be valuable in the development and operation of the Restaurants, and access to it is a primary reason for entering into this Agreement and the Franchise Agreements.

Franchisor's "**Confidential Information**" means any information related to the System or to the development or operation of Friendly's restaurants that we disclose to you that we designate as confidential; or that, by its nature, would reasonably be expected to be held in confidence or kept secret, including, without limitation, the following:

- (1) the Operations Manual and the standards, specifications, and methods of development and operation set forth therein;
- (2) non-public aspects of standards, methods, and procedures relating to the development and operation of Friendly's restaurants, whether contained in the Operations Manual or otherwise;
- (3) recipes, menu analyses, and methods, procedures, and techniques for preparing ice cream, other frozen desserts, and other food products offered in Friendly's Restaurants;
- (4) knowledge of test programs, concepts and results relating to the planning, development and testing of the System and products and services offered in Friendly's Restaurants;

(5) sources for purchase of equipment, food, beverages and other ingredients and materials used by Friendly's Restaurants;

(6) methods, techniques, standards, specifications, procedures, information, systems and knowledge of and experience in the development, licensing and operation of Friendly's Restaurants; and

(7) trade secrets as defined by applicable federal and state law;

(8) any and all other information or knowledge that we advise you, in writing, is confidential.

Confidential Information shall not include information, processes, or techniques which (i) are or become generally known in the restaurant industry or to the public, other than through disclosure in violation of this Agreement or any other breach of confidentiality owed (by anyone) to us; (ii) becomes known to you from a source other than us and other than by the breach of an obligation of confidentiality owed (by anyone) to us; or (iii) was independently developed by you without the use or benefit of our Confidential Information. You will have the burden of proving the applicability of the foregoing.

All information which comprises the Friendly's System, including the information and data contained in the Operations Manual and in Friendly's plans and specifications for the development and construction of Friendly's restaurants, will be presumed to be Confidential Information of the Franchisor. All Confidential Information is the sole and exclusive property of the Franchisor.

B. Restrictions on Your Use of Our Confidential Information. You and your Principals will not acquire any interest in the Confidential Information, other than the right to use it in the development and operation of the Restaurants. The use of the Confidential Information in any other business, or the disclosure of the Confidential Information to any other person or entity, will constitute an unfair method of competition which could cause immediate irreparable harm to use and to other Friendly's restaurant franchisees. Accordingly, you and your Principals agree that they:

(1) will not use the Confidential Information in any other business or capacity;

(2) will not communicate, divulge or disclose the Confidential Information to, or use the same for the benefit of any person, persons, partnership, association or corporation, other than in connection with the development or operation of the Restaurants;

(3) will divulge the Confidential Information only to such of your employees as must have access to it in order to operate the franchised business, and on a need-to-know basis;

(4) will not make unauthorized copies of any portion of the Confidential Information whether in written, audio, video or other reproducible form; and

(5) will adopt and implement procedures, some of which we may prescribe, to prevent unauthorized use or disclosure of the Confidential Information, including requiring your employees who have access to the Confidential Information to execute confidentiality agreements in the form we approve or prescribe prior to or during their employment.

We acknowledge that the foregoing restrictions on your disclosure and use of Confidential Information do not apply to the disclosure of Confidential Information in judicial or administrative proceedings to the extent that you are legally compelled to disclose such information, provided that you have used your best efforts, and have afforded us the opportunity, to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

C. Covenants Not to Compete. You acknowledge and agree that we have invested a substantial amount of time and money in developing the System, the Marks, and the Confidential Information; that we, you, and our other developers and franchisees have a legitimate business interest in protecting our System and our Confidential Information, including our trade secrets, against unauthorized use or disclosure; and that we would be unable to encourage a free exchange of ideas and information among us and our franchisees and developers, if franchisees and

developers were permitted to hold interests in or perform services for competing businesses. Accordingly, you and your Principals acknowledge and agree that the following restrictions are reasonably required in order to protect our and our franchisees' legitimate business interests, including by protecting our Confidential Information and other elements of the System from unauthorized appropriation. Therefore, except for the development and operation of your Friendly's Restaurants under licenses we grant you, you and your Principals agree that (i) during the term of this Agreement, including any extension or renewal hereof, and (ii) for a period of two (2) years after expiration, termination, or approved transfer of this Agreement, regardless of the cause of any termination (hereinafter called the "**Post-Term Period**"), neither you nor any of your Principals will own, maintain or otherwise have any direct or indirect or beneficial interest in, or perform services as an officer, director, manager, employee or consultant or otherwise for, any business which owns, operates, licenses, franchises or develops one or more food service establishments that is:

(1) a mid-scale priced, family style restaurant, including, but not limited to, Denny's, Culver's, Freddy's Frozen Custard, Steak 'n Shake, Bob Evans, Cracker Barrel, IHOP, Village Inn, Waffle House, Applebee's, Chili's, Red Robin, or a similar establishment; or

(2) any other food service establishment in which frozen desserts comprise ten percent (10%) or more of gross sales as measured on any six (6) month basis, including, but not limited to, Dairy Queen, Swensen's, Carvel, Baskin-Robbins, Ben & Jerry's, Cold Stone Creamery, TCBY or similar establishments.

With respect to the Post Term Period, this restriction will apply only to any such competing food establishments located within a radius of fifteen (15) miles of the Restaurant or of any other Friendly's Restaurant operated by us or any other of our franchisees or affiliates at the time of termination or expiration of this Agreement.

For purposes hereof, an indirect interest will be presumed to exist if such interest is that of the spouse or of a parent or child of a Principal, in addition to other forms of indirect or beneficial interests. Such restrictions will not apply to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent five percent (5%) or less of the number of shares of that class of securities issued and outstanding.

10. **TRANSFER**

A. By Friendly's. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests in this Agreement. You agree to execute any forms that we may reasonably request to effectuate any such transfer or assignment by us.

B. By Developer. **You may not transfer your rights under this Agreement without our prior written approval.** The rights and duties created by this Agreement are personal to you. We have granted such rights to you in reliance upon the individual and collective character, skill, aptitude, attitude, and business ability of the persons who will be engaged in the ownership and management of the Restaurant, your financial capacity and the representations and warranties made to us in your application, and the representations, warranties and covenants contained in this Agreement. Accordingly, neither this Agreement nor any rights granted hereunder (or any interest therein), nor any part or all of the ownership of Developer (if an entity), may be transferred, in whole or in part, directly or indirectly, without our prior written approval, and any attempted transfer without our prior written approval will constitute a breach of this Agreement and convey no rights to or interests in this Agreement. As used in this Agreement the term "**Transfer**" means and includes the voluntary, involuntary, direct or indirect assignment, sale, gift, pledge, grant of security interest or other transfer by you of any interest in: (i) this Agreement or any related agreement between you and us; (ii) the Developer; or (iii) any of the Restaurants.

This Section 10.B. does not apply to an interest in any of the Restaurants conditionally transferred to a bona fide lender as collateral security for a loan to you or to any financing or refinancing structured as a sale-leaseback, provided that upon the sale of the Restaurant, it is simultaneously leased back pursuant to a lease agreement which is subject to our rights under this Agreement. At no time, however, may a security interest be given in this Agreement without our written consent.

C. Conditions For Transfer. We will have sole discretion in whether to approve any transfer. Any proposed transferee and its owners (if the proposed transferee is an entity) must meet our then-current standards for

Friendly's area developers. In addition, prior to the time of any approved transfer, we may require that the conditions specified below are met:

(1) You must pay and satisfy (i) all accrued money obligations to us, (ii) all amounts owed to our parent, subsidiaries and affiliates, and (iii) your obligations to any third party, if any;

(2) You must cure to our satisfaction any and all defaults under this Agreement or any other agreement between you and us or your affiliates;

(3) The transferee and each partner, shareholder or member of the transferee, as the case may be, must be a United States citizen or lawful resident alien, of good moral character and reputation, must be creditworthy and must have sufficient business experience, aptitude and financial resources to operate and develop the Restaurants. Such qualifications include, without limitation, literacy and fluency in the English language sufficient, in our opinion, to communicate with employees, customers, and suppliers and to satisfactorily complete our training program, and such other tests and interviews as we reasonably require;

(4) The transferee, including, where appropriate, all shareholders, members and partners of the transferee, must jointly and severally execute, on our then-current forms, an area development agreement, guarantees, and all other standard ancillary agreements, including, but not limited to, an agreement, if applicable, that in the event the transferee will at any time be unable to make payments both to Friendly's and to you for the purchase of the rights in the Agreement, payments to Friendly's, its affiliates and/or subsidiaries will have priority;

(5) You and/or the transferee must pay us our then-current transfer fee for transfer of the Area Development Agreement, which is currently \$10,000;

(6) You, and all of your partners, members, shareholders, officers and directors and any other owners must execute a general release in a form satisfactory to us, of any and all claims against us, our subsidiaries and affiliates, and our and their officers, directors, partners, employees and agents;

(7) We must approve the material terms and conditions of such transfer, including, without limitation, our determination that the price and terms of payment are not so burdensome as to adversely affect the transferee's performance under the Agreement. This requirement creates no liability on our part to either you or your transferee, if we approve the transfer and the transferee later experiences financial difficulties;

(8) The transferee entity may not be a limited partnership, trust or other entity we do not specifically permit;

(9) You and your transferring owners must execute a non-competition covenant in favor of us and the transferee, containing the terms set forth in paragraph 9.C.; and

(10) You and your owners must guarantee the transferee's financial obligations to us in its development agreement and for the longer of two (2) years from the date of transfer or until any seller note is paid in full.

In addition, we reserve the right to promulgate, communicate and enforce such additional reasonable requirements as we may hereafter establish.

D. Your Transfer to a Wholly-Owned Entity.

If you are in full compliance with this Agreement, we will not unreasonably withhold our approval of a transfer to an entity which conducts no business other than developing or operating the Restaurants, which is actually managed by you and in which you maintain management control and own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding securities, provided that you guarantee, in accordance with our then current form, the performance of such transferee's obligations under this Agreement. Transfers of interests in such entity will be subject to the other provisions of this Section 10.

E. Your Death, Disability, or Incapacity.

In the event of the death, permanent disability or mental incapacity of you or any of your Principals as defined in Section 9.A, the legal representative of the deceased, disabled or incapacitated party, as the case may be, together with all surviving partners, members or shareholders, if any, must, within six (6) months of such death, disability or mental incapacity, jointly apply in writing to transfer this Agreement or the interest of the affected party in this Agreement, to such person or persons as the legal representative may specify and who meets our then-current qualifications for franchisees and whom we approve.

If the legal representative and all surviving Principals, if any, do not propose a transferee acceptable to us under the standards set forth in this Agreement within the period set forth above, or if no transfer of the interest will have been accomplished consistent with the provisions of this Section 10 within one (1) year from the date of death, disability or mental incapacity, this Agreement will terminate forthwith and all rights licensed hereunder will automatically revert to us.

F. Effect of Our Consent to Your Transfer.

Our consent to a transfer of this Agreement and/or an interest in the Developer entity will not constitute a waiver of any claims we may have against you (or your owners if you are an entity), nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee. Upon transfer, any portions of the Development Fee that have not yet been applied as a credit towards initial franchise fees for the individual Restaurants you have developed will continue to be held by us, and will be credited towards the initial franchise fees for additional Restaurants to be developed by the transferee under the assigned Agreement.

11. DEFAULT; TERMINATION

A. This Agreement shall terminate and expire without notice at the time and date set forth in Section 1.A. hereof, unless earlier terminated as set forth in Section 11.B below.

B. Grounds for Early Termination. Franchisor may terminate this Agreement, and the rights granted by this Agreement, upon notice to Developer without an opportunity to cure upon the occurrence of any of the following events:

(1) Developer fails to comply with the Development Schedule for any reason, including failing to: (a) obtain Franchisor's acceptance of a site and control of a site by the applicable Site Control Date listed in Exhibit 1; (b) start construction of a Restaurant by the Construction Start Date listed in Exhibit 1; or (c) have open and operating the number of Friendly's Restaurants required by the dates specified in the Development Schedule. A default under this Section 11.A.1 shall not constitute a default under any existing Franchise Agreement between Franchisor and Developer or its Affiliated Entities.

(2) Developer is insolvent or is unable to pay its creditors (including Franchisor); files a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is filed against Developer a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization, which is not dismissed within 60 days of the filing; Developer makes an assignment for the benefit of creditors; or a receiver or trustee is appointed for Developer and not dismissed within 60 days of the appointment.

(3) Execution is levied against Developer's business or property; suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Restaurant developed hereunder is instituted against Developer and is not dismissed within 60 days; or the real or personal property of any Franchised Restaurant developed under this Agreement shall be sold after levy thereupon by any governmental authority.

(4) There is a material breach by Developer of any obligation under Section 9 of this Agreement.

(5) Any Transfer that requires Franchisor's prior approval occurs or purports to occur (or is attempted) without Developer having obtained that prior approval.

(6) Franchisor discovers that Developer made a material misrepresentation or omitted a material fact in the information that was furnished to Franchisor in connection with its decision to enter into this Agreement.

(7) Developer knowingly falsifies any report required to be furnished Franchisor or makes any material misrepresentation in its dealings with Franchisor or fails to disclose any material facts to Franchisor.

(8) Developer, its control person, or any Principal is convicted of, or pleads no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to adversely affect Franchisor, its affiliates or the System.

(9) Developer, any Affiliated Entity, Developer's control person, or any Principal remains in default beyond the applicable cure period: (a) under any other agreement (including any Franchise Agreement) with Franchisor or its affiliates (provided that, if the default is not by Developer, Franchisor provides to Developer a notice of the default and a 30-day period to cure the default); (b) under any real estate lease, equipment lease, or financing instrument relating to a Friendly's Restaurant; or (c) under any contract with any vendor or supplier to a Friendly's Restaurant; provided that if the default is not by Developer, Developer is given notice of the default and 30 days to cure said default.

(10) Developer fails or refuses to comply with any other provision of this Agreement or any requirement of the System and does not correct the failure or refusal within 30 days after receiving written notice of default. If the default cannot be corrected within 30 days, Developer shall have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that Developer begins taking the actions necessary to correct the default during the 30-day cure period and diligently and in good faith pursues those actions to completion. Developer will be in default under this sub-section for any failure to materially comply with any of the requirements imposed by this Agreement or otherwise in writing, or to carry out the terms of this Agreement in good faith. If Developer has received two or more notices of default pursuant to this Section 11.B.10 within the previous 12 months, Franchisor shall be entitled to send Developer a notice of termination upon Developer's next default under this Section 11.B.10 in that 12 month period without providing Developer an opportunity to remedy that default.

C. Action Other Than Termination. If Franchisor has the right to terminate this Agreement under Section 11.B., then Franchisor may alternatively, at its sole discretion, take any one or more of the following actions:

(1) reduce the number of Friendly's Franchised Restaurants which Developer is required to establish pursuant to Exhibit 1 of this Agreement;

(2) reduce the size of the Development Area;

(3) accelerate the Development Schedule;

(4) terminate Developer's exclusive right to develop in the Development Area by permitting other developers or franchisees to develop or franchise Friendly's Restaurants in the Development Area;

(5) withhold evaluation or acceptance of site proposal packages and refuse to permit the opening of any Friendly's Restaurant then under construction or not otherwise not ready to commence operations, pending satisfactory cure of any such default; and

(6) pursue any other remedies available under this Agreement (including termination) or at law or in equity.

D. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

E. Obligations upon Termination or Expiration. Upon termination or expiration of this Agreement:

(1) Developer shall have no further right to develop or open Friendly's Restaurants in the Development Area. Termination or expiration of this Agreement shall not affect Developer's right to continue to operate Friendly's Restaurants that were open and operating pursuant to a Franchise Agreement as of the date this Agreement terminated or expired;

(2) The rights granted to Developer in the Development Area shall terminate and Franchisor shall have the right to develop, operate or license others to develop or operate Friendly's Restaurants anywhere in the Development Area;

(3) Developer promptly shall return to Franchisor the Manual, any copies of the Manual and all other materials and information furnished by Franchisor or its affiliates, except materials and information furnished with respect to a Friendly's Restaurant which is open and operating pursuant to an effective Franchise Agreement;

(4) Developer and all persons and entities subject to the covenants contained in Section 9.C. shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants;

(5) Developer immediately shall pay to Franchisor and its affiliates all sums due and owing to Franchisor or its affiliates pursuant to this Agreement, including any damages resulting from any early termination due to Developer's default;

(6) Franchisor shall retain the Development Fee; and

(7) Developer shall not, except with respect to a Friendly's Restaurant which is then open and operating pursuant to an effective Franchise Agreement: (a) operate or do business under any name or in any manner that might tend to give the public the impression that Developer is connected in any way with Franchisor or its affiliates or has any right to use the System or the Marks; (b) make, use or avail itself of any of the materials or information furnished or disclosed by Franchisor or its affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or (c) assist anyone not licensed by Franchisor or its affiliates to construct or equip a foodservice outlet substantially similar to a Friendly's restaurant.

12. ENFORCEMENT

A. Governing Law. We may grant franchises and development rights throughout the United States on terms and conditions similar to those set forth in this Agreement, and it is of mutual benefit to us and all of our franchisees that the terms and conditions be uniformly interpreted. Therefore, unless the applicable law in the state in which you have your principal place of business requires otherwise, this Agreement will be governed by and interpreted in accordance with Texas law, without regard to any conflict of law rules.

B. Jurisdiction and Venue. Unless the applicable law in the state in which you have your principal place of business or in which the Development Area is located requires otherwise, the parties also specifically and deliberately agree that all litigation of controversies, claims or disputes between us and you (or your Principals) which arise out of or relate to this Agreement or any other agreement between us or our affiliates and you or your affiliates, or the relationship between you and us, may be brought only in a state or federal court of competent jurisdiction in the state of Texas. You and your Principals irrevocably submit to the jurisdiction and venue of those courts and waive any objection to the jurisdiction and venue of those courts.

C. Injunctive Relief. If you or any of your Principals breach any provisions of this Agreement regarding the System, the Marks, Confidential Information or trade secrets, restrictive covenants, or limits on competition, or engage in other conduct that could materially damage the goodwill associated with the Marks, Friendly's Restaurants, or the System, then you and your Principals agree that we will have no adequate remedy at law. Therefore, you and your Principals expressly agree that, in addition to all other available remedies, we will be entitled to commence a legal action and seek to obtain an injunction or other form of equitable relief or specific performance (including a preliminary injunction or temporary restraining order) to prevent or eliminate the occurrence or continuation of any actual or threatened breach, default, violation, or conduct. We will not be required to post a bond to obtain preliminary or temporary injunctive relief. The only remedy, if an injunction is wrongfully entered against you or your Principals, will

be the dissolution of that injunction, and you and your Principals do not have any right to recover damages for wrongful entry of an injunction.

D. Attorney's Fees. In any proceeding to enforce or interpret this Agreement or rights and obligations between the parties arising out of or relating to the Agreement or development of the Restaurant, or appeal thereof, the prevailing party may recover its costs and expenses, including but not limited to reasonable attorneys' fees, expert witness fees, costs of investigation, court costs, other litigation expenses, and reasonable travel expenses. In any proceeding involving more than one allegation or issue, where neither party prevails on all allegations or issues, the court may apportion fees, costs and expenses between the parties.

E. Waivers and Limitations of Actions. EACH OF THE PARTIES AND YOUR PRINCIPALS HERETO KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREES AS FOLLOWS:

(1) EACH PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS TO A TRIAL BY JURY; AND

(2) EACH PARTY EXPRESSLY WAIVES ANY AND ALL CLAIMS FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES, EXCEPT THAT FRIENDLY'S MAY AT ANY TIME BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW; AND

(3) EACH PARTY EXPRESSLY AGREES THAT IT WILL NOT INITIATE OR PARTICIPATE IN ANY CLASS ACTION OR OTHER GROUP, COLLECTIVE, CONSOLIDATED, JOINT OR ASSOCIATIONAL CLAIM, OR ANY ACTION BROUGHT IN A REPRESENTATIVE CAPACITY, AGAINST ANY OTHER PARTY HERETO; AND

(4) Each party expressly agrees that no party may recover damages for economic loss attributable to negligent acts or omissions, except for conduct which is determined to constitute gross negligence or an intentional wrong; and

(5) Each party expressly agrees that in the event of any final adjudication or applicable enactment of law that punitive, multiple and/or exemplary damages may not be waived by the parties, no recovery by any party in any forum will ever exceed two (2) times actual damages, except for an award of multiple damages to Friendly's for willful trademark infringement, as provided by law; and

(6) Each party expressly agrees that any and all claims and actions arising out of or relating to this Agreement, or the relationship of Friendly's and Developer, or Developer's development of the Restaurants, brought in any forum by any party hereto against another, must be commenced within two (2) years after the discovery of the facts giving rise to such claim or action, or such claim or action will be barred.

The foregoing provisions shall govern all disputes.

F. Rights of Parties are Cumulative. All rights and remedies of the parties under this Agreement are cumulative, and no exercise or enforcement by either party of any right or remedy will preclude the exercise or enforcement of any other right or remedy under this Agreement or under the law or in equity, except as otherwise set forth in this Agreement.

13. MISCELLANEOUS TERMS.

A. Entire Agreement; Interpretation.

(1) This Agreement, including the background recitals and exhibits hereto, constitutes the entire agreement between you and us related to the subject matter of this Agreement, except for any Franchise Agreements that may be executed for Franchised Restaurants that you develop pursuant to this Agreement. In the event of a conflict between this Agreement and a Franchise Agreement, the provisions of the Franchise Agreement will control.

(2) This Agreement fully replaces and supersedes all prior agreements, representations, and understandings between you and us, either oral or written, relating to the subject matter of this Agreement, and no oral

or written representations, inducements, promises, agreements, arrangements or undertakings have been made or are relied upon by the parties, other than as set forth herein or in our Franchise Disclosure Document. Nothing in this Agreement or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

(3) The provisions of this Agreement shall be interpreted to provide that you at all times develop and construct the Restaurant in conformity with the System, through strict adherence to our mandatory standards, specifications, and policies as they now exist and as they may be modified by the Franchisor from time to time.

B. Amendment and Binding Effect. This Agreement may be amended or modified only by a writing signed by you and us. However, we may modify the Manual and any of our other standards that govern the development and construction of Friendly's Restaurants at any time without your consent, and you will comply with all mandatory provisions of the Manual and all such revised standards. Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. This Agreement is binding upon the parties to it and their respective executors, administrators, heirs, permitted assigns, and successors in interest.

C. Waiver of Obligations. You and we may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver granted by us will be without prejudice to any other rights we may have, will be subject to continuing review by us, and may be revoked, in the good faith exercise of our sole discretion, at any time and for any reason, effective upon delivery to you of 10 days' prior written notice. You and we will not be deemed to have waived or impaired any right, power, or option reserved by this Agreement (including, without limitation, the right to demand strict compliance with every term, condition, and covenant herein, or to declare any breach thereof to be a default and to terminate the License prior to the expiration of its term), by virtue of any (i) custom or practice of the parties at variance with the terms hereof; (ii) any failure, refusal, or neglect by you or us to exercise any right under this Agreement; or (iii) any failure, refusal, or neglect by you or us to insist upon exact compliance by the other with its obligations hereunder.

D. Severability and Substitution of Valid Provisions. If any provision of this Agreement is invalid or unenforceable as written under applicable law, it shall be modified or limited as necessary to make the provision valid and enforceable to the greatest extent possible under applicable law. If any provision of this Agreement is finally declared by a court to be invalid, or unenforceable, the remaining provisions shall remain in full force as if the Agreement had never contained the invalid provision. Provided, that if any part of this Agreement relating to the payment of fees to the us, or the preservation of any of our Marks, trade names, Confidential Information, or trade secrets is declared invalid or unenforceable, then we shall have the right to immediately terminate this Agreement and to recover all our Marks and other intellectual property, upon written notice to you.

E. Force Majeure. Neither you nor we will be liable for loss or damage or deemed to be in breach of this Agreement if a failure to perform particular obligations results from: (i) transportation shortages, inadequate supply or unavailability from the manufacturers or suppliers of equipment, merchandise, supplies, labor, material, or energy, or the voluntary surrender of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any federal, state, or municipal government or any department or agency thereof; (ii) acts of God; (iii) fires, other natural disasters, strikes, embargoes, war or riot; or (iv) any other similar event or cause beyond the foreseeable and reasonable control of the party.

Any delay resulting from any of such causes will extend the time for performance or excuse performance, in whole or in part, as may be reasonable, except that such causes will not excuse payments of amounts owed at the time of such occurrence or payment of any amounts due thereafter.

F. Binding Effect. This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest; provided that it shall be binding on any of your transferees only upon our approval as provided for in Section 10.

G. Notices and Payments. All notices permitted or required under this Agreement must be in writing, addressed to the party to be notified at the address provided on the cover page or first page of this Agreement or its most current principal business address of which the notifying party has been notified in writing, and may be delivered in the following manners and deemed delivered in the following times: (i) at the time delivered by hand, (ii) one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, (iii) the day of transmission by email, if a copy is also sent the same day by an overnight commercial courier service; or (iv) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. and All payments and reports required by this Agreement will be directed to Friendly's at the address notified to the Franchisee from time to time, or to such other persons and places as Friendly's may direct from time to time. Any required payment or report not actually received by Friendly's during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior thereto) will be deemed delinquent.

H. Interpretation.

(1) Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

(2) Except where this Agreement expressly obligates Friendly's to reasonably approve or not unreasonably withhold its approval of any action or request by the Developer, Friendly's has the absolute right to refuse any request by the Developer or to withhold its approval of any action or omission by the Developer.

(3) The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of such sections or paragraphs.

(4) The term "**family member**" as used herein refers to parents, spouses, offspring and siblings, and the spouses of parents and siblings.

(5) The term "**affiliate**" as used herein means any person or entity that directly or indirectly owns or controls, or is owned or controlled by, or is under common ownership or control with, another person or entity.

(6) References to a "**controlling interest**" or "**control group**" in the Developer will mean fifty percent (50%) or more of the voting control of the Developer or such lesser percentage that may have the power to control the management and affairs of the Restaurant or the Developer.

(7) This Agreement may be executed in counterparts, each of which will be deemed an original.

(8) Time is of the essence with respect to all provisions of this Agreement.

14. INCORPORATION OF RECITALS, WARRANTIES AND REPRESENTATIONS BY DEVELOPER

Developer hereby warrants, represents, covenants, and acknowledges to Franchisor that:

A. Developer has had no part in the creation or development of the System, the Marks, the Manuals or any other Confidential Information provided by Franchisor;

B. Developer is entering into this Agreement after having made an independent investigation of Franchisor's operations, and not upon any representation as to the sales, profits, or earnings which Developer might realize;

C. Franchisor has not made any representations or promises to Developer which are not contained in this Agreement or the Disclosure Document provided to Developer by Franchisor, and Developer has not relied upon, nor has Franchisor made, any warranties, expressed or implied, as to the potential success of the business contemplated herein; and Developer understands that the System and Manuals are continually evolving; and that

Franchisor's obligations and Developer's rights pursuant to this Agreement are expressly conditioned upon the truth of the warranties and representations set forth above at the time of execution of this Agreement and their continued truth throughout the term of this Agreement.

IN WITNESS WHEREOF the parties hereto have executed and delivered this Agreement as of the Agreement Date.

FRANCHISOR:

Friendly's Restaurants Franchising Co, LLC

By: _____
Name, Title

Date: _____

DEVELOPER:

By: _____
Name, Title

Date: _____

IN CONSIDERATION OF the execution of the Area Development Agreement by Franchisor and based on the benefit received from the Area Development Agreement by the undersigned, each of the following persons who each owns a 10% or more direct or indirect ownership interest in the Developer hereby adopts and agrees to comply with the terms and provisions of Sections 8.B, 9, 11.D, and 12 of the Area Development Agreement.

PRINCIPAL(S):

[Name], Individually

Date: _____

[Name], Individually

Date: _____

[Name], Individually

Date: _____

EXHIBIT 1
DEVELOPMENT AREA AND SCHEDULE

1. Development Area (Section 1).

The Development Area shall be:

Any political boundaries contained in the description of the Development Area shall be considered fixed as of the date of this Agreement and shall not change notwithstanding a political reorganization or a change in those boundaries. Unless otherwise specified, all street boundaries shall be deemed to include both sides of the street.

2. Development Fee (Section 3). The Development Fee paid by Developer is \$_____, which is \$15,000 for each Restaurant to be developed pursuant to this Agreement and set forth in this Schedule. This Development Fee is fully earned by us in consideration of our execution of the Area Development Agreement and is non-refundable. Based upon the number of Restaurants described in the Development Schedule, we will apply the Development Fee paid for each Restaurant against the Initial Franchise Fees payable under any Franchise Agreements entered into with you for that Restaurant pursuant to the Area Development Agreement. To earn that credit, the specified Restaurants must be constructed and opened in accordance with the Development Schedule. If you fail to timely complete the development of new Restaurants according to the Development Schedule, you could lose the Development Fee and all rights to develop Friendly's Restaurants.

3. Initial Franchise Fee (Section 4B). The Initial Franchise Fees to be paid by Developer is \$15,000 per Friendly's Restaurant developed pursuant to the Area Development Agreement and in accordance with the Development Schedule. Otherwise, the Initial Franchise fee is \$30,000 per Friendly's Restaurant.

4. Development Schedule (Section 4A). Developer shall develop and continue to operate a minimum of ____ Friendly's Restaurants in the Development Area, in accordance with the following schedule:

Site Under Control Date	Construction Start Date	Opening Date	Cumulative Number of Franchised Restaurants To Be Open And Operating On The Opening Date
TBD minus 10 months	TBD minus 4 months	TBD	1
			2
			3
			4

5. Developer's Notice Address, and Facsimile Number (Section 13.G).

5. Developer's E-mail Address: _____

Franchisor Initials

Developer Initials

EXHIBIT 2
TERMS AND CONDITIONS APPLICABLE TO
DEVELOPER'S CONSTRUCTION AND OPENING OF NEW RESTAURANTS

You intend to develop new Friendly's® restaurants (each a "**Restaurant**") in the Development Area and pursuant to the Development Schedule set forth in Exhibit 1 to this Agreement. In order to achieve reasonable uniformity in the System, the Restaurant must be constructed (or remodeled for conversion, as the case may be), furnished and equipped in strict compliance with our standards, specifications, procedures and requirements, including our generic, prototypical plans and specifications for the building design and configuration of Friendly's Restaurants (collectively, our "**Requirements**"). Accordingly, you acknowledge and agree that your right to develop and commence operations of Friendly's Restaurants under the terms of this Agreement is subject to the condition that you will strictly comply with all of our Requirements and procedures, as set forth in both this Agreement and any Franchise Agreement for each Restaurant. You further agree not to open the Restaurant for business until we authorize you in writing to do so. In consideration of our conditional grant of these rights to you, you hereby agree as follows:

1. **Net Worth and Liquidity Requirements.** You agree you will maintain and preserve your Net Worth, (defined as the excess of your assets, excluding homes, furnishings and automobiles and any intangibles such as goodwill, over your liabilities) at or above the Net Worth you represented to us in the financial statements you submitted to us in connection with your approval as developer.

2. **Design Approval.** We will furnish you a set of our prototypical plans and specifications (the "**Friendly's Plans**"). The Friendly's Plans are and at all times shall remain our exclusive property. You must employ a licensed architect (your "**Architect**") to develop a complete set of plans and specifications for each Restaurant in accordance with our Requirements and the laws, codes and regulations of the jurisdiction in which the Premises are located (your "**Proposed Plans**"). You must submit your Proposed Plans to us for our review and written approval. If we require changes, you must revise your Proposed Plans and resubmit them to us. You must not commence construction until after your Proposed Plans have received our written approval (the "**Approved Plans**").

NEITHER YOU NOR YOUR ARCHITECT SHALL OBTAIN ANY RIGHTS OF OWNERSHIP, USE OR REUSE IN OUR PROTOTYPICAL PLANS AND SPECIFICATIONS OR IN ANY AND ALL OF YOUR ARCHITECT'S ADAPTATIONS THEREOF, EXCEPT AS IS NECESSARY TO CONSTRUCT THE RESTAURANT.

3. **No Modifications.** Once you have Approved Plans, there can be no further material change in the site plan, building plans, specifications or zoning approvals without our approval. Without limiting the generality of the foregoing, you must notify us of all modifications required to be made by any governmental agency or other third party, and obtain our prior written approval. We may disapprove any material modification that results in non-compliance with our Requirements. If the party requiring the modification refuses to compromise the change in order to comply with our Requirements, we may then terminate this Agreement by written notice to you.

4. **Permits; Compliance with Laws.**

A. You must obtain all necessary licenses and permits from all applicable governmental agencies that are needed for completing construction of each Restaurant, including without limitation those required by applicable zoning, access, utility, sign, building, health, safety, environmental, and other laws, ordinances, rules, regulations and requirements.

B. You must comply with all applicable laws, ordinances, rules, regulations, and requirements of governmental agencies relating to the development and construction of each Restaurant. Without limiting the foregoing, it is your responsibility to obtain satisfactory evidence and/or assurance that the Restaurant premises and all structures thereon are free from environmental contamination and in compliance with the requirements of the Americans With Disabilities Act ("**ADA**"). We assume no responsibility for evaluation of the soil or subsoil on the premises for hazardous substances or unstable conditions, inspection of any structure on the premises for asbestos or other hazardous materials or compliance with the ADA.

5. **Construction.** You must commence construction of each Restaurant by the Construction Start Date in the Development Schedule. If you fail to do so, we may, in our sole discretion, terminate this Agreement by written notice to you. Commencement of construction means, in the case of new construction, excavation for footings, or, in the case of remodeling, demolition.

A. Before construction commences, you and your contractor(s) must obtain and maintain a comprehensive general liability insurance policy that conforms to subsection 8.L. of our Franchise Agreements. Coverage under such insurance shall include operations, premises liability, independent contractor's coverage, contractual liability and automobile liability (owned and non-owned). Prior to commencing construction, you must furnish us with an insurance certificate evidencing the foregoing policy and that all contractors have procured worker's compensation insurance covering all persons employed in construction of the Restaurant.

B. Once commenced, you will ensure that construction is diligently prosecuted to completion, suffering only delays caused by circumstances beyond your control. During the course of construction, we will have access to the Restaurant premises at all times, to inspect construction in progress and ensure compliance with our Requirements. You will cause your architects, engineers, contractors and subcontractors to cooperate fully with us for the purpose of permitting us to inspect the Restaurant. Without limiting the generality of the foregoing, you must supply us with such samples of construction or remodeling materials, test borings, corings, supplies, equipment and other materials and reports as we may request.

C. Neither Friendly's nor any of our employees will act as your architect or agent. The duties of our construction representatives are limited solely to assuring us that you are complying with our Requirements on the premises. You expressly agree not to rely upon any opinions expressed by any of our employees or agents regarding structural integrity, safety or construction procedures, building codes or ordinances or other matters properly within the responsibility of your architect. We assume no liability or responsibility for architectural or engineering judgments outside the scope of the duties stated above.

D. You will bear the entire cost of constructing and equipping each Restaurant, including, without limitation, the cost of all professional fees, licenses and permits, building contracts, fixtures, furnishings, equipment, signs, pylons, decor, landscaping, supplies and other items required by the Plans, your lease, all applicable laws, codes and ordinances and this Agreement. You agree to furnish us, within ninety (90) days after the Restaurant opens, a report in a form prescribed by us, certifying all such costs.

E. Except in the case of delay caused by us, if each Restaurant does not commence to open and serve the general public by the Opening Date set forth in the Development Schedule, we will have the right, in our sole discretion, to terminate this Agreement by written notice to you.

9. **Conditions for Opening.**

A. Before you open each Restaurant to commence serving the general public, you must obtain our final written approval of your construction of the site improvements, building and landscaping, as appropriate, and installation of all furniture, signs and equipment. Our approval does not mean that we represent or warrant that the Restaurant was constructed in accordance with any architectural, engineering or legal standard(s) for design or workmanship and you agree that our approval of construction of the Restaurant will not impose any liability or obligation upon us. Our approval merely means that we are satisfied that the Restaurant substantially complies with our Requirements. If we request, your Architect must certify to us in writing that the Restaurant has been constructed or remodeled in strict compliance with the Approved Plans, as well as all applicable codes or other requirements of applicable law.

B. You must also comply with all the conditions of subsection 1.A. of the Franchise Agreement before you open each Restaurant for business.

Franchisor Initials

Developer Initials

EXHIBIT 3

GUARANTY

Guaranty is from the undersigned officers, directors or owners of the Developer under the Area Development Agreement (the “**Agreement**”) dated the date hereof between Friendly’s Restaurants Franchising Co, LLC (“**Friendly’s**”) and _____ (the “**Developer**”).

In consideration of and as an inducement to the execution of the Agreement by Friendly’s, each person signing this Guaranty hereby personally and unconditionally, jointly and severally: (i) guarantees to Friendly’s and its successors and assigns that the Developer will punctually pay when due all amounts required to be paid under the Agreement and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (ii) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including, without limitation, provisions for non-competition, confidentiality, audits, restrictions on debt, transfer, venue and jurisdiction.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Friendly’s arising or resulting from the undersigned’s execution of and performance under this Guaranty; (ii) acceptance and notice of acceptance by Friendly’s of the undersigned’s obligations under this Guaranty; (iii) notice of demand for payment of any indebtedness or nonperformance of any obligation guaranteed by the undersigned; (iv) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by the undersigned; (v) any right the undersigned may have to require that an action be brought against the Developer or any other person as a condition of the undersigned’s liability; and (vi) all other notices and legal or equitable defenses to which the undersigned may be entitled in the undersigned’s capacity as guarantor.

Each of the undersigned consents and agrees that: (i) the undersigned’s direct and immediate liability under this Guaranty will be joint and several; (ii) the undersigned will make any payment or render any performance required under the Agreement upon demand if the Developer fails or refuses punctually to do so; (iii) the undersigned’s liability will not be contingent or conditioned upon Friendly’s pursuit of any remedies against the Developer or any other person, including any other guarantor; (iv) the undersigned’s liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Friendly’s may from time to time grant to the Developer, any guarantor or to any other person, including, for example, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; (v) the undersigned’s liability will not be diminished, relieved or otherwise affected by any amendment or modification to the Agreement and (vi) this Guaranty will continue and be irrevocable during the term of the Agreement and, as to those provisions of the Agreement that survive its termination or expiration, after its termination or expiration.

[SIGNATURE PAGE FOLLOWS]

This Guaranty shall be governed by, and construed under, the laws of the state of Texas, without regard to its conflicts of law principles. Unless the applicable law in the state in which Developer has its principal place of business or in which the Development Area is located requires otherwise, the parties also specifically and deliberately agree that all litigation of controversies, claims or disputes between Friendly's and you which arise out of or relate to the Agreement or this Guaranty may be brought only in a state or federal court of competent jurisdiction in the state of Texas. You irrevocably submit to the jurisdiction and venue of those courts and waive any objection to the jurisdiction and venue of those courts.

GUARANTOR(S):

[Name], Individually

Date:_____

[Name], Individually

Date:_____

[Name], Individually

Date:_____

EXHIBIT 4
LEASE ADDENDUM

THIS ADDENDUM, made and entered into by and between _____ (“**Landlord**”) and _____ (“**Tenant**”).

WITNESSETH

WHEREAS, Landlord and Tenant entered into a Lease Agreement dated _____, _____ (the “**Lease**”) pertaining to the real property located at _____, attached hereto (the “**Demised Premises**”) allowing for operation of a Friendly’s Restaurant; and

WHEREAS, Landlord and Tenant desire to incorporate the following terms into the body of the Lease;

NOW, THEREFORE, in consideration of the covenants herein and therein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Notwithstanding anything contained elsewhere in the Lease to the contrary, Tenant may use the Demised Premises for the purpose of conducting thereon the business of a Friendly’s retail food outlet and for incidental purposes related thereto.

2. Landlord hereby grants Tenant the unrestricted right during the initial term and any renewal term of the Lease to assign or sublet the Lease to Friendly’s Restaurants Franchising Co, LLC (“**Friendly’s**”), upon Friendly’s prior written consent.

3. Landlord shall give Friendly’s a copy of any and all notices of default given to Tenant, as required to be given by Landlord to Tenant under the terms of the Lease, at the same time such notice is given to Tenant. Within seven (7) days after Tenant’s right to cure expires, Friendly’s shall have the right, but not the obligations, to cure any such default.

4. Landlord hereby grants Friendly’s or its affiliated designee the right, but not the obligation, to assume all of Tenant’s rights and obligations under the Lease, upon the occurrence of the following events or under the terms and conditions set forth herein:

(a) Upon default of Tenant under the Lease: If Tenant fails to timely cure Tenant’s default within the period specified within the Lease, and Friendly’s also declines its option under Section 3 of this Addendum to cure the default, then Landlord shall promptly provide Friendly’s with a written notice giving Friendly’s the option to assume Tenant’s interest in the Lease (the “**Offer after Lease Default**”). Landlord shall attach a complete copy of the Lease and any amendments thereto to the Offer after Lease Default, and Friendly’s shall exercise the Offer after Lease Default, if at all, by written notice to Landlord and Tenant (the “**Acceptance**”) within 15 business days after receipt of the Offer from Landlord.

(b) Upon Termination of the Franchise Agreement: If, during the term of the Lease or any extensions thereof, Friendly’s notifies Landlord, in writing, that Tenant’s Franchise Agreement with Friendly’s has been terminated, then Landlord shall promptly give Friendly’s written notice specifying any defaults of the Tenant under the Lease, and shall offer Friendly’s the option to assume all of Tenant’s interest in the Lease (the “**Offer after FA Default**”). Landlord shall attach a complete copy of the Lease and any amendments thereto to the Offer after FA Default, and Friendly’s shall exercise the Offer after FA Default, if at all, by written notice to Landlord within 15 business days after receipt of the Offer after Lease Default from Landlord.

(c) Assignment to Franchisor: In the event Friendly’s or its affiliated designee elects to assume Tenant’s interest in the Lease in accordance with the terms set forth in subparagraph 4a. or 4b. above, then Tenant shall promptly vacate the premises and Landlord shall promptly deliver possession of the same to Friendly’s provided that Friendly’s or its affiliated designee has executed and delivered an assignment and assumption agreement to Landlord assuming all of Tenant’s rights and obligations under the Lease. Friendly’s or its affiliated designee thereafter shall begin the payment of rent and compliance with the Lease from the date of Friendly’s reopening for business until the expiration of the lease term or until further assignment of the Lease to another franchisee with Landlord’s

permission. Tenant agrees that Landlord is not liable, and shall indemnify and hold Landlord harmless, in the event that Landlord transfers interest in the Lease to Friendly's in accordance with this Section 4.

5. Upon the expiration or earlier termination of the Lease for any reason, Tenant, shall, at its own expense, remove all Friendly's trademarked and trade dress items from all buildings, including, but not limited to signs, fixtures and furnishings, and alter and paint all buildings and other improvements maintained pursuant to the Lease a design and color which is basically different from Friendly's authorized building design and painting schedule.

If Tenant shall fail to make or cause to be made any such removal, alteration or repainting within ten (10) days after the expiration or earlier termination of the Lease, the Landlord shall give Friendly's written notice of such failure and Friendly's shall have the right to enter upon the Demised Premises, without being deemed guilty of trespass or any other tort, and make or cause to be made such removal, alterations and repainting at the reasonable expense of Tenant, which expense Tenant shall pay Friendly's on demand.

6. The Landlord and Tenant agree that Friendly's is a third-party beneficiary of the Lease and this Addendum. Notwithstanding anything to the contrary elsewhere in the Lease or any addendum or amendment thereto, Landlord and Tenant agree that the terms and provisions set forth in the Addendum shall control and shall not be superseded, terminated or modified without the prior written consent of Friendly's.

IN WITNESS WHEREOF, the parties have executed this Addendum on _____.

LANDLORD:

TENANT:

By: _____
Name/Title

By: _____
Name/Title

Date: _____

Date: _____

EXHIBIT 5-A TO THE AREA DEVELOPMENT AGREEMENT

CERTIFICATE OF CORPORATE RESOLUTION

The undersigned officers hereby certify that they are the duly elected and acting officers of _____ (the "**Corporation**") and that the following is a true and correct copy of the resolutions adopted by the Board of Directors of the Corporation at a meeting duly called and held, at which meeting a quorum was present and acting throughout and that such resolutions have not been rescinded or modified and are now in full force and effect:

"RESOLVED, that this corporation enter into agreements with Friendly's Restaurants Franchising Co, LLC and/or its parent, affiliates or subsidiaries, as are necessary and proper to acquire an interest in the Friendly's restaurant located at _____ ("**Restaurant**").

FURTHER RESOLVED, that any one of the officers of the corporation is authorized and directed to execute said agreements on behalf of this corporation, and to approve any modifications, extensions, amendments or terminations of said agreements as any said officer may deem to be in the best interests of the corporation, notwithstanding the fact that such documents as amended, modified, terminated or extended may differ from those presented at this meeting."

We further certify that there is no provision in the Charter or By-Laws of the Corporation that limits the power of the Board of Directors to adopt the foregoing resolutions, and that the same are in conformity with the provisions of said Charter and By-Laws.

We further certify that the Corporation is duly organized under the laws of the State of _____ and the Corporation currently has issued and outstanding a total of _____ shares of its capital stock, and all of the owners of stock and the number of shares owned by each are as follows:

Shareholder's Name	Number of Shares Owned
_____	_____
_____	_____
_____	_____
_____	_____

Attach an additional sheet, if needed. The sum of shares must equal the total stated above.

We further certify that the following list sets forth the current Directors of the Corporation:

_____	_____
_____	_____
_____	_____

We further certify that the Corporation's federal tax identification number (FEIN) is _____.

We further certify that the "**Managing Owner**" designated by the Corporation pursuant to Section 22 of the Franchise Agreement is:

Name	Title	Signature
_____	_____	_____

We further certify that each of the Corporation's stock certificates has conspicuously endorsed thereon the following statement:

"The shares represented by this certificate are held subject to restrictions imposed on transfers by a certain Franchise Agreement between the corporation and Friendly's Restaurants Franchising Co, LLC".

The person responsible for supervising the day-to-day operation of the Restaurant must be listed above as a shareholder owning at least ten percent (10%) of the shares of the Corporation. If not, the person is designated below and we certify that he or she has a right to earn a minimum ten percent (10%) shareholder interest, vesting over no more than five (5) years):

Supervisor's Name (if not a minimum 10% Shareholder) _____.

Successors to such person must own or have the right to earn the same minimum shareholder interest.

IN WITNESS WHEREOF, we have hereunto each subscribed our name under the penalties of perjury on or as of the date of this Franchise Agreement.

The following are names and official signatures of the present officers of the Corporation:

Name	Title	Signature
_____	President	_____
_____	Treasurer	_____
_____	Secretary (Clerk)	_____
_____	Vice President	_____
_____	Vice President	_____

EXHIBIT 5-B TO THE AREA DEVELOPMENT AGREEMENT
CERTIFICATE OF AUTHORITY AND INCUMBENCY
BY MEMBERS OF A LIMITED LIABILITY COMPANY

The undersigned individuals hereby certify that we are all of the Members of _____,
a Limited Liability Company ("LLC") duly organized under the laws of the state of _____.

We further certify that the following member (the "Managing Member") is authorized to execute, on behalf of the LLC,
any agreements with Friendly's Restaurants Franchising Co, LLC and/or its parent, affiliates or subsidiaries (collectively
"Friendly's"), as are necessary and proper to acquire an interest in the Friendly's restaurant located at _____
("Restaurant").

We further certify that the Managing Member is authorized to make such modifications, extensions, amendments or
termination of said agreements as the member may at any time deem to be in the best interest of the LLC and that
there is no provision of the LLC's Organization Agreement which limits the power of the Managing Member to bind the
LLC to contracts with Friendly's.

The name and specimen signature of the Managing Member of the LLC is as follows:

Name	Signature
_____	_____

Friendly's may rely upon this authorization until such time as the LLC submits and Friendly's approves a
successor Managing Member.

We acknowledge that any transfer of an interest in the LLC is subject to all restrictions imposed on transfers by the
Friendly's Franchise Agreement.

We further certify that the LLC's federal tax identification number (FEIN) is _____.

The person responsible for supervising the day-to-day operation of the Restaurant must be listed below as a Member
with at least a ten percent (10%) ownership interest in the franchisee entity. If not, the person is designated below
and we certify that he or she has a right to earn a minimum ten percent (10%) interest vesting over no more than five
(5) years):

Supervisor's Name (if not a minimum 10% Member) _____.

Successors to such person must own or have the right to earn the same minimum shareholder interest.

We further certify that the Members own the percentage interest in the LLC stated below:

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, we have hereunto each subscribed our name under the penalties of perjury on or as of the date of this Franchise Agreement.

Member Name	% of interest	Signature
	%	
	%	
	%	
	%	

**EXHIBIT 6 TO THE AREA DEVELOPMENT AGREEMENT
NEW YORK AMENDMENT TO THE DEVELOPMENT AGREEMENT**

THIS AMENDMENT TO DEVELOPMENT AGREEMENT effective _____, ("**Amendment**") is intended to be a part of, and by this reference is incorporated into that certain Development Agreement ("**Development Agreement**") between Friendly's Restaurants Franchising Co, LLC, ("**Franchisor**") and _____ ("**Developer**").

Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Development Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. Transfer by Developer to a Third Party. Section 10 B is amended by the addition of the following language:
; provided, however, that all rights enjoyed by Developer and any causes of action arising in Developer's favor from the provisions of Article 33 of the General Business Laws of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL 687.4 and 687.5 be satisfied.
2. Governing Law. Section 12 A is amended by the addition of the following language:
; however, the governing choice of law shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.
3. Each provision of this Amendment will be effective only to the extent that, with respect to the provision, the jurisdictional requirements of the New York General Business Law is met independently of this Amendment. Franchisor does not waive its right to challenge the enforceability of any state law and declares void or unenforceable any provision contained in this Agreement. Franchisor and Developer will enforce the provisions of this Agreement to the extent permitted by law.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR:

DEVELOPER:

FRIENDLY'S RESTAURANTS FRANCHISING CO, LLC

By: _____
Name/Title

By: _____
Name/Title

EXHIBIT D

FRANCHISE AGREEMENT



FRIENDLY'S RESTAURANTS FRANCHISING CO, LLC

FRANCHISE AGREEMENT

with

[FRANCHISEE'S NAME]

FRANCHISE AGREEMENT

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EXHIBITS TO FRANCHISE AGREEMENT

<u>EXHIBIT A:</u>	DISCLOSURE ACKNOWLEDGMENT STATEMENT
<u>EXHIBIT B:</u>	GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS
<u>EXHIBIT C:</u>	C-1 - CERTIFICATE OF CORPORATE RESOLUTION C-2 - CERTIFICATE OF AUTHORITY AND INCUMBENCY BY MEMBERS OF A LIMITED LIABILITY COMPANY
<u>EXHIBIT D:</u>	SPECIAL TERMS AND CONDITIONS APPLICABLE TO FRANCHISEE'S CONSTRUCTION AND OPENING OF A NEW RESTAURANT
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<u>EXHIBIT F:</u>	LEASE ADDENDUM
<u>EXHIBIT G:</u>	PROTECTED AREA
<u>EXHIBIT H:</u>	STATE SPECIFIC ADDENDA
<u>EXHIBIT I:</u>	ACH FORM

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is made and entered into as of _____ (the “**Agreement Date**”), by and between Friendly’s Restaurants Franchising Co, LLC, a Texas limited liability company whose principal address is 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254, and _____, a _____ whose principal address is _____. For purposes of simplicity, we will sometimes refer to Friendly’s Restaurants Franchising Co, LLC as “us,” “we,” “Franchisor,” or “Friendly’s” and we will sometimes refer to you as “you” or “Franchisee.”

CONTRACT DATA SCHEDULE

A. Location of the Restaurant (the “Premises”):

(number) (street) (city or town)

(state) (zip code)
(the “Restaurant”).

B. Term: Ten (10) years from the first date the Restaurant opens to serve the general public, or, in the case of an existing Restaurant, until _____.

C. Protected Area: One (1) mile radius around the Restaurant or that certain geographic area surrounding the Restaurant as set forth on Exhibit G.

D. Initial Franchise Fee: Thirty Thousand and 00/100 Dollars (\$30,000.00).

E. Royalty Fee Rate: SIX percent (6.00%) of Net Sales.

F. Marketing Fund Fee Rate: Currently THREE and ONE-HALF percent (3.5%) of Net Sales (which can be increased by us, upon written notice, to not more than FOUR percent (4%) of Net Sales).

G. Initial Refurbishment Date: In the case of a new Restaurant, the date five (5) years from the first date the Restaurant opens to serve the general public; or, for an existing Restaurant, on or before _____.

H. Date Restaurant Opened: _____, 20__ (to be filled in upon opening).

- I. Riders:
- | | | |
|--------------------------|-----------|--|
| ☐ | Exhibit A | Disclosure Acknowledgment Statement |
| ☐ | Exhibit B | Guaranty and Assumption of Franchisee’s Obligations |
| ☐ | Exhibit C | Certificate by Franchisee Entity |
| ☐ | Exhibit D | Franchisee’s Construction and Opening of a New Restaurant |
| ☐ | Exhibit E | Special Terms and Conditions Applicable to a Franchisee or Affiliated Franchisees That Operate Multiple Friendly’s restaurants |
| ☐ | Exhibit F | Lease Addendum |
| ☐ | Exhibit G | Protected Area |

For Friendly’s use only:

BACKGROUND.

1. Through expenditure of considerable time, skill, effort and money, we have developed a system for establishing, operating and licensing distinctive, high-quality restaurants serving the public under the name “Friendly’s®.” The distinguishing features of the Friendly’s system include but are not limited to the “Friendly’s” name and trademarks; distinctive exterior and interior design, decor, color and identification schemes and furnishings established pursuant to our plans and specifications for construction, conversion, remodeling, decorating, equipment and layout; confidential food formulas, recipes, and specifications used in the preparation of food products (including ice cream and other frozen desert and related toppings recipes); and our distinctive business formats, construction plans, inspection and consultation programs, signs, equipment, layouts, methods, specifications, standards, confidential information, trade secrets, operating manuals and procedures, training programs and materials, and related materials, designs, advertising, publicity, and marketing programs, and other materials which we may modify from time to time (collectively, the “**System**”).

2. We own, use, promote and license certain trade names, trademarks, service marks, logos, emblems, commercial symbols, trade dress and other indicia of origin, including colors, and applications related thereto, including but not limited to “Friendly’s®,” and “Friend-Z®” (collectively, the “**Marks**”), and the confidential information, copyrights and business formats, procedures and standards which comprise the System. We may change, modify or improve the System to enhance the operations of Friendly’s restaurants. All improvements and additions you, we or anyone else, make to the System will become our sole property.

3. You desire to be granted a franchise and license to own and operate a Friendly’s restaurant using the Friendly’s System and Marks upon the terms and conditions set forth in this Agreement; and you understand that these terms and conditions are reasonably necessary to maintain uniform standards of quality and service and to protect the goodwill and enhance the public image of the Friendly’s System and Marks for the benefit of the Franchisor and all its franchisees.

NOW, THEREFORE, in reliance upon and in consideration of the above facts and the terms and conditions set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows.

1. GRANT OF LICENSE.

A. GRANT OF LICENSE; TERM.

Subject to the provisions of this Agreement, we grant to you a license (the “**License**”) to own and operate a Friendly’s restaurant (the “**Restaurant**”) at the location described in Item “A” of the Contract Data Schedule of this Agreement (the “**Premises**”), and to use the System and the Marks in operating the Restaurant, for the initial term described in Item “B” of the Contract Data Schedule of this Agreement, unless this Agreement is sooner terminated as provided in Section 16 of this Agreement. Termination or expiration of this Agreement will constitute a termination or expiration of the License.

The License is specific to this one location only. You may not conduct your business pursuant to this Agreement from any location other than the Premises. You may provide food catering and delivery services from the Premises inside your Protected Area. However, you may not provide food catering and delivery services outside your Protected Area unless approved or specified by Franchisor.

(1) Commencement. The term of this Agreement begins on the date hereof, but the License shall only commence upon the occurrence of all of the following conditions prior to the initial opening or the transfer of the Restaurant, as the case may be:

(a) Selection and Acceptance of the Premises. If you have selected an area in which to locate your Restaurant but not a specific location, then you must select a specific location to serve as the Premises, which location must be accepted by us in our sole discretion. Our procedures for site acceptance are discussed in Exhibit D attached hereto. Upon your selection and our acceptance of a location, the Premises location shall be added to Item “A” of the Contract Data Schedule of this Agreement.

(b) Control of the Premises. You must have the exclusive right to occupy the Premises for use as a Friendly’s Restaurant, whether you own the Premises or lease the Premises from a third-party landlord or from us or

from one of our affiliates (the “**Lease**”). Any Lease from a third-party landlord must include our Lease Addendum attached hereto as Exhibit F.

(c) New Restaurant. If you are opening a new Friendly’s restaurant, before you open for business, you must comply with all provisions of Exhibit D attached to and made a part of this Agreement relating to development and construction of new Friendly’s Restaurants. In addition, you must execute and the Franchisor has received from you a signed ACH authorization form, attached hereto and incorporated herein as, Exhibit I;

(d) Training. You and your Restaurant Managers must successfully complete our then-current required training program at our training restaurants and center, at locations from time to time designated by us. We may, in our sole discretion, modify this requirement, in whole or in part, if you or any of your Restaurant Managers have prior, comparable training or on-the-job experience.

(e) Payment. Before you begin operating the Restaurant, you must pay us and all third-party vendors all moneys due, including but not limited to fees, inventory, rent, and/or security deposit if required under your Lease.

(2) Best Efforts. You acknowledge the importance to us and to other franchisees of your commitment to operate the Restaurant at all times in accordance with our standards that make up the System, in order to increase the demand for our products, to protect and enhance the reputation and goodwill of Friendly’s and to promote and protect the value of the Marks and System, among other reasons. You agree that you will at all times faithfully, honestly and diligently perform your obligations under this Agreement, and exert your continuous best efforts to promote and enhance the business of the Restaurant and the goodwill of the Marks and the System.

(3) Continuous Operation. Commencing on the date we authorize you to open the Restaurant for business to the public, you will continuously occupy, operate and do business in the Restaurant, for seven (7) days per week, 365 days per year, unless otherwise specified or approved, for such hours as we will from time to time direct or permit, provided, however, for no more than the maximum number of hours permitted by law or your Lease. It is also understood that the Restaurant may be closed for business while any repairs or refurbishment we approve are being diligently completed. You agree to operate the Restaurant in such a manner as to produce the maximum volume of Net Sales (as defined in paragraph 6.D. of this Agreement).

(4) Representation and Warranty. We approved your application to own and operate the Restaurant in reliance upon the representations you made to us, including but not limited to the information, representations and warranties contained in your application for a license. You represent and warrant that all financial and other information you provided to us is true and accurate.

B. YOUR PROTECTED AREA.

During the Term, we will not open and operate or permit another party, including our parent and affiliates, to open and operate a new Friendly’s restaurant within a radius of one (1) mile measured from the front door of the Restaurant or that certain geographic area as depicted on Exhibit G (your “**Protected Area**”) which excludes Friendly’s Restaurants within Non-Traditional Venues and Reserved Rights as defined below.

Our covenants in this paragraph 1.B. are your only protection from Friendly’s branded competition and do not restrict us or our parent and affiliates from (i) selling Friendly’s products in supermarkets, convenience stores and other channels of distribution within your Protected Area, or (ii) owning or operating outlets under other brands within your Protected Area that may compete with you.

C. RIGHTS RESERVED BY FRIENDLY’S.

Subject to rights expressly granted to you hereunder or under an Area Development Agreement, if any, we (including our parent, subsidiaries and affiliates) retain the following rights, in our sole and absolute discretion (“Reserved Rights”):

(1) Except as set forth in paragraph 1.B of this Agreement regarding your Protected Area, to operate and grant to others the right to operate Friendly’s restaurants or other restaurants using the System or the Marks at such locations which may compete with you and draw customers from the same area as the Restaurant and on such terms and conditions as we deem appropriate;

(2) operate and grant to others the right to develop and operate Friendly's Restaurant and Franchised Businesses using the System and Marks at locations outside your Protected Area as we deem appropriate and irrespective of the proximity to your Protected Area;

(3) acquire, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, the Franchised Business, and after such acquisition, merger or affiliation to own and operate and to franchise, or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to a the Franchised Business (but not utilizing the Marks) within your Protected Area;

(4) To operate, and grant to others the right to operate restaurants under other trade names, trademarks, service marks and commercial symbols different from the Marks, notwithstanding the fact that such restaurants may be the same as or similar to a Friendly's restaurant or may be located in your Protected Area;

(5) To manufacture and/or sell, or cause to be manufactured and sold, food, goods, wares, merchandise, services and/or products, whether or not authorized for sale at Friendly's Restaurants, under the Marks or other trademarks, service marks, logos or commercial symbols, at wholesale or retail, through any distribution channel, including by means of mail order catalogs, direct mail advertising, the Internet, and other distribution methods, without geographic limitation, whether within or without the Protected Area;

(6) To own, operate or license others to operate Friendly's restaurants at any site or location which is a Non-Traditional Venue, even if located within the Protected Area. "**Non-Traditional Venues**" include but not limited to (a) institutional settings, including airports, toll roads, travel plazas and other transportation facilities, colleges and universities, schools, hospitals, military facilities, department stores, shopping malls, governmental and municipal facilities, and office or in-plant food service facilities, (b) recreational settings, including, but not limited to, hotels, resorts, theme parks, fairs, stadiums, arenas, convention centers, casinos, public or private athletic fields, public parks and beaches, or any other venue where a temporary recreational event is open to the public, (c) American Indian reservations, and (d) any venue in which food service is or may be provided by a master concessionaire or contract food service provider, including a shopping mall food court;

(7) use the Marks and System and to license others to use the Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement;

(8) advertise and promote the System in the Protected Area; and

(9) operate, and license others to operate a any system that is different than the one operated by you at any location whether inside or outside of the Protected Area.

Further, you acknowledge that third party delivery service providers will determine a delivery zone around your Restaurants. Your Restaurants may be promoted in that delivery zone by the third-party delivery service provider (but not necessarily by us). We do not control the territory boundaries established by any third-party delivery services provider. In certain rare circumstances, your delivery zone may overlap the delivery zone of another Friendly's Restaurant and/or the delivery zone of another Friendly's Restaurant may encroach your Protected Area under this Agreement. Neither the existence of any overlap or encroachment by a third-party delivery service provider, nor our allowing this overlap or encroachment to persist, is considered a breach of your territory rights under this Agreement.

2. RENEWAL OF LICENSE.

You will have the right to automatically renew this Agreement at the end of the initial term of this Agreement for one additional 10-year term, subject to receipt and approval of any documentation we may reasonably require, if all of the following conditions have been satisfied:

A. You have consistently complied with all your material obligations under this Agreement, including timely, accurate, and complete financial reporting of the Net Sales of your Restaurant and other required financial data; and the operations and financial condition of your Restaurant, and of all the other Friendly's restaurants you operate, meet our standards under the Friendly's System.

B. At the end of the initial term, you are current in all your monetary obligations to us and to all our affiliates and designated suppliers, you have timely and fully met all material monetary payment obligations throughout the term of this Agreement, and you are not otherwise in default under this Agreement or any other agreement with us or our affiliates.

C. At least twelve (12) months before the end of the initial term, you must give us written notice of your decision to renew your franchise.

D. You must execute, at least sixty (60) days in advance of the beginning of the renewal term, our then current form of franchise agreement, an appropriate lease (if applicable), and any other agreements required to be executed by franchisees (with appropriate modifications to reflect the fact that the agreements relate to your renewal). Those new agreements will completely supersede this Agreement, any existing Lease, and all other prior agreements. The new agreements may provide for an increase in royalty fees and marketing fund contributions, and the other terms of those new agreements may differ materially from the terms of this Agreement and the other agreements between us, but they will not grant any additional renewal rights.

E. You must pay our renewal fee in effect on the date of renewal, which shall be fifty percent (50%) of the Franchisor's initial franchise fee in effect on the date of renewal.

F. You must complete to our satisfaction, and at your expense, all maintenance, remodeling, refurbishing, renovation, and modernizing of your Restaurant that we require to conform your Restaurant to the then current image and standards of Friendly's restaurants.

G. You and your managers must comply with our then current qualification and training requirements as we direct in our complete discretion.

H. You and your affiliates may not be engaged in any litigation against us or any of our affiliates, and you and all guarantors of your obligations under this Agreement must execute, in the form then prescribed by us, a general release of any and all claims you may have against us and our affiliates, and their managers, members, officers, directors, agents, stockholders, and employees.

The renewal term specified in this Section will not exceed the expiration date of the term of any existing Lease for your Premises (plus all extension options and renewal terms of that Lease, if any) if you do not own or control the Premises.

3. SERVICES FURNISHED BY FRIENDLY'S.

A. SERVICES FOR THE INITIAL OPENING OF THE RESTAURANT.

We will provide you the following services prior to and at the initial opening of a new Friendly's Restaurant (these provisions do not apply to a transfer of an existing Restaurant):

(1) We will review and accept or decline the location you select for our Restaurant, and if accepted, will make available to you our standards for the initial design, construction, equipping and operation of the Restaurant;

(2) For the first Friendly's Restaurant developed by you and your affiliates, we will make our then-current initial training program regarding the operation of Friendly's Restaurants available to five (5) individuals designated by you, one of whom must be a party to or guarantor of this Agreement, at our training facility and/or a designated training restaurant. For the second Friendly's Restaurant developed by you and your affiliates, we will make such training available to three (3) individuals designated by you;

(3) We will make our current confidential Operations Manual available to you, so that you have access to the standards and procedures you must implement at the Restaurant;

(4) We will make available assistance in the pre-opening, opening and initial operation of the Restaurant, at levels we deem advisable based upon your organization, prior experience and training. We will, in our sole discretion, determine the number of persons, if any, we will provide to assist you in opening the Restaurant, their duties and all other matters relating to such persons. If this Restaurant is the first (1st) or second (2nd) Friendly's Restaurant developed by you and your affiliates, we will provide you, at no cost, our standard opening team for a standard duration of time. Standard services are less for the 2nd Restaurant. If you desire or require additional and/or extended opening team services for this

Restaurant, you agree to reimburse us for our out-of-pocket expenses for such personnel, including, but not limited to, salary, wages, travel, lodging, meals, local transportation and miscellaneous office expenses. We will select the appropriate transportation, lodging and meal expense limitations in accordance with our then-applicable per diem policy.

(5) We will assist in the preparation and coordination of a restaurant grand opening promotional advertising program, in such form and content as we may specify, to promote and support the initial opening of your Restaurant.

(6) We will supply you with a list of our designated suppliers for your purchase of equipment, signs, fixtures, opening inventory, and supplies. We do not directly deliver or install these items; however, our Confidential Operations Manual will disclose our written specifications regarding these items. (Franchise Agreement, Section 6.6).

B. SERVICES AFTER THE INITIAL OPENING OF THE RESTAURANT.

After the initial opening of the Restaurant, we will or may (as described below) provide you from time to time with consultation, advice, guidance, and support with respect to the following:

(1) Operations Manual. We will continue to grant you electronic or other access to our confidential Operations Manual (see Section 3.C below);

(2) Suppliers. We will continue to provide you with a list of approved suppliers of equipment, products and supplies for the operation of the Restaurant;

(3) Restaurant Inspections. From time to time as we decide, we or our agent or designee shall inspect the Restaurant and its operation to evaluate compliance with the System, the Operations Manual, and the Agreement, and shall notify you of and provide you with an opportunity to correct any deficiencies or unsatisfactory conditions identified in such inspection, as explained in more detail in Section 12;

(4) Website and Social Media. We have established and intend to maintain a Friendly's website, and will exercise sole control over the content of the website. We have the right, but not the obligation, at our sole discretion, to establish, maintain, modify, or discontinue any and all internet, social media, and electronic commerce activities pertaining to the System, including the Friendly's website;

(5) Marketing. We will develop and implement advertising and promotional programs;

(6) Conferences. We may require you or your Restaurant managers to attend Friendly's franchise conferences which may be offered by us from time to time, at our sole discretion;

(7) Ongoing Training. After the training we provide before the opening of your Restaurant, we will provide additional training or training programs as set forth in Section 3.D below, or as we otherwise choose to provide in our sole discretion. If you request special training of Restaurant personnel or other assistance in operating the Restaurant, and such training takes place at the Restaurant, you must pay all our expenses for such training, including travel, local transportation, and living expenses, including meals, for our personnel in accordance with our applicable per diem policy;

(8) Nature and Assistance of Training. Franchisee acknowledges and agrees that the Franchisor is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisee further acknowledge that Franchisor is not obligated to provide any services to Franchisee that are not set forth in this Agreement. If Franchisee believes the Franchisor has failed to adequately provide any pre-opening services to the Franchisee or to Franchisee's employees, whether with respect to site selection, selection and purchase of equipment and supplies, training or any other matter affecting the establishment of Franchisee's franchised business, Franchisee shall notify in writing within 30 days following the opening of the Restaurant or the Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by the Franchisor were sufficient and satisfactory in Franchisee's judgment and complied with all representations made to the Franchisee; and

(9) Other Consultation and Services. From time to time we may consult with you regarding the operation of your Restaurant, and may provide you with additional consultation, advice, guidance and services beyond those

enumerated above, as we deem appropriate in our complete and sole discretion, either with or without cost to you.

C. OPERATIONS MANUAL AND SYSTEM STANDARDS.

(1) We will, during the term of this Agreement, make our confidential Operations Manual available to you exclusively at a secure Internet website for franchisees or in such other form or manner as we may specify. The Operations Manual contains specifications, standards and operating procedures to be followed in operating Friendly's Restaurants. The standards, specifications, and methods or procedures relating to the development and/or operation of a Friendly's Restaurant, as set forth in the Operations Manual or as otherwise communicated by us to you from time to time in writing (including via e-mail), are collectively referred to herein as our "**Standards**".

(2) We will from time to time modify the Operations Manual to reflect changes in the Standards for Friendly's Restaurants, and you will comply with all new mandatory Standards within a reasonable time after we specify or, if no time is specified, within 30 days after receiving notice of the requirement. We may communicate additions, deletions or modifications to our Standards to you by a variety of means, including, without limitation, email, certified mail, regular mail, newsletters and/or training materials. You must remain current in your knowledge of the Standards. If a dispute arises regarding the contents of the Operations Manual, the master copies we maintain on the website and/or at our principal office will control.

(3) The Operations Manual is confidential, copyrighted and our exclusive property. You must restrict employee access to the Operations Manual on a need-to-know basis, and take reasonable steps to prevent unauthorized disclosure, copying, and use of information in the Operations Manual. You may not at any time, without our prior approval, copy any part of the Operations Manual or disclose any part of it to employees or others not having a need to know its contents for purposes of operating the Restaurant.

(4) Though approved by the Franchisor, neither the Franchisor nor their affiliates make any warranty and expressly disclaim all warranties, including warranties of merchantability for any particular purpose with respect to fixtures, furniture, equipment (including without limitation, any and all required computer systems) supplies or other approved items.

D. TRAINING.

Prior to the initial opening of the Restaurant, we will provide you and your Restaurant Managers (as defined in paragraph 8.K. below) our current training program for the operation of a Friendly's restaurant. During the term of the License, we will, subject to availability and at your cost, also furnish the then-current training program to all successor Managers. Training programs will include classroom instruction and field training and will be furnished at our training facility and/or at a certified Friendly's training restaurant. We will also, from time to time in our sole discretion, offer and/or require you and your Managers to attend additional or supplemental training, presented at another Friendly's restaurant, a regional conference center, or our Training Facility.

(1) You and your Restaurant Managers must obtain our written certification of successful completion of our required training program. You will not cause or permit the Restaurant to be supervised by any person who is not so certified. If any of your proposed or existing Restaurant Managers fail to obtain such certification, you must, as soon as practicable, hire a replacement who must be so certified or who must promptly complete our training program to our satisfaction. We may also offer such refresher or supplemental training programs to you and such persons as we deem appropriate at such places as we designate. By giving you prior written notice, we will have the right to require attendance at any refresher or supplemental training program by you or any of such persons.

(2) As described in the franchise disclosure document you received, you may be required to pay us tuition fees for the required initial training program. You will also pay us such tuition and/or participation charges as we from time to time establish for any successor, refresher or supplemental training programs. You will be responsible for all travel, local transportation, and living expenses, including meals, and compensation of yourself and your Restaurant Managers incurred while attending initial training programs, and any successor, refresher or supplemental training programs we offer to you or require you or such persons to attend.

(3) As described in the franchise disclosure document you received, you must also pay us our reasonable fees for training materials and you must purchase certain equipment we may, from time to time, require you to use in training.

4. MARKS.

A. GOODWILL AND OWNERSHIP OF MARKS.

You acknowledge that the Marks, and the goodwill associated therewith, are owned by and the exclusive property of Franchisor or Franchisor's affiliates. Your right to use the Marks is non-exclusive and derived solely from this Agreement, and is limited to use in connection with your operation of the Restaurant pursuant to and in compliance with this Agreement and all applicable Standards we prescribe from time to time. You may not sublicense the Marks. Your usage of the Marks and any goodwill established by your use of the Marks will inure to our exclusive benefit, and this Agreement does not confer any goodwill or other interests in the Marks upon you other than the right to use the Marks in connection with operating the Restaurant in compliance with this Agreement.

B. LIMITATIONS ON YOUR USE OF THE MARKS.

To protect the Marks, the System, and the goodwill associated therewith, you must comply with the following provisions, unless we otherwise consent in writing:

- (1) You may use only the Marks designated by us, and only in the manner authorized and permitted by us.
- (2) The Marks must be prominently displayed in the manner we prescribe at the Restaurant, on menus, and in connection with advertising and marketing materials.
- (3) You must not use any Mark as part of any corporate or trade name, including, but not limited to, "Friendly's", or any form or variations thereof, including, but not limited to, "friendly" or "friend", which, in our sole judgment, is likely to cause confusion or mistake regarding the separate identities of Friendly's and Franchisee.
- (4) You must not register or use any of our Marks as part of a domain name or electronic mail or social media address.
- (5) You may not use the Marks or promote your Restaurant on the Internet or on any other online, mobile, or electronic network without our prior approval. This includes any social networking site (such as a Facebook page or Twitter account), URL, domain name, meta-tag, download, application, posting, directory listing, blog, email account, instant messaging account, texting identity, user generated content, or any other electronic identifier. Prior to promoting your Restaurant on the internet, you must submit to us the content for our review and approval. We have established or may establish policies for the use of various types of online media by franchisees.
- (6) You may not use any of our Marks in connection with the performance or sale of any unauthorized services or products, or in any other manner we have not expressly authorized in this Agreement or otherwise in writing. Any unauthorized use of the Marks by you will constitute a breach of this Agreement and an infringement of our rights in the Marks.
- (7) You must not employ any of the Marks in signing contracts, applications for licenses or permits, or in any manner that may imply our responsibility for, or result in our liability for, any of your indebtedness or obligations.
- (8) You must give notices of trade and service mark registrations we specify, and obtain fictitious or assumed name registrations as required under applicable law.

C. CLAIMS AND INFRINGEMENTS.

You will not directly or indirectly contest or aid in contesting the validity or our ownership of the Marks. You will not, directly or indirectly, apply or assist another to apply to register, re-register or otherwise seek to use or control or in any way use any of the Marks or any confusingly similar form or variation thereof in any place or jurisdiction outside the United States. You must immediately notify us if you become aware of any apparent infringement of, challenge to, or claim of rights in, any of the Marks or any part of the System. You may not communicate with any person, other than us and counsel for you and us, in connection with any infringement, challenge, or claim. We have exclusive right and authority to take any action, and we have the exclusive right to control any settlement, litigation, or U.S. Patent and Trademark Office or other proceeding, arising out of an alleged infringement, challenge, or claim, or otherwise relating to any of the Marks or any part of our System. You must execute all documents, render all assistance, and do all other things that, in our opinion, are necessary or advisable in any litigation or proceeding, or to protect or maintain our interests in the Marks and the System.

D. DISCONTINUANCE OF OR CHANGE IN MARKS.

We shall have the right, at our sole discretion, to change, add, or discontinue use of any of the Marks, or to introduce additional or substitute Marks; and you shall take such action, upon a reasonable period of time after receipt of written notice and at your sole expense, as is necessary to comply with all such changes, alteration, discontinuation, addition or substitution of Marks.

E. INDEMNIFICATION.

We agree to indemnify you against, and to reimburse you for, and, at our option, to defend you against, all damages for which you are held liable in any proceeding arising out of your use of our Marks in connection with operating your Friendly's® Restaurant pursuant to and in compliance with this Agreement, and for all costs you reasonably incur in the defense of any such claim brought against you or in any such proceeding in which you are named as a party, including reasonable attorney's fees, provided that you have timely notified us of such claim or proceeding and you have otherwise complied with this Agreement. We may assume (but we are not obligated to undertake) defense of any claim, or select associate counsel with respect to the defense or settlement of any claim. If we do not assume defense of the claim, we must approve any counsel you employ in the defense of any such claim. In the event we elect to defend any such claim, the fees and expenses of any separate counsel you employ will not be reimbursable.

5. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

A. INDEPENDENT CONTRACTOR.

It is the express intention of the parties hereto that the Franchisee is and shall be an independent contractor of Franchisor. The Franchisee is not and shall not be considered a legal representative or agent of the Franchisor. The Franchisor and the Franchisee have a business relationship based entirely on and defined by this Agreement. No partnership, joint venture, agency, fiduciary or employment relationship shall exist between Franchisor and Franchisee. Nothing in this Agreement is intended to grant either you or us the right to direct or supervise the daily affairs of the other.

(1) No Direct Franchisor Control.

The Franchisor has no right to, and will not, directly control or direct the operations of the Franchisee's Restaurant or its Premises. Any required Standards in this Agreement (and those in the Operations Manual) exist to protect the Franchisor's interests in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Franchisee's business. The Franchisor is not the employer of the Franchisee, and is not the employer (or joint employer) of the Franchisee's employees. The Franchisee will exercise complete control over, and have full responsibility for, its contracts, daily operations, labor relations, employment and personnel practices and policies, and management and operation of the Restaurant, including the recruitment, selection, hiring, disciplining, firing, compensation, work rules and schedules of its employees.

(2) Notice of Independence.

During the term of this Agreement and any renewal term, you shall hold yourself out to the public as an independent contractor operating the business pursuant to a franchise from us. You shall take all appropriate action to make it clear to the public that you are an independent business that is not operated or controlled by us, including exhibiting signs or notices approved by us in conspicuous places in the Restaurant.

B. NO LIABILITY FOR ACTS OF OTHER PARTY.

You will not take any action that may imply that we are responsible, or which may result in liability to us for, any of your indebtedness or obligations. Except as expressly authorized in writing, neither we nor you may make any express or implied agreements, warranties, guarantees or representations, or incur any debt in the name of or on behalf of the other, or represent that our relationship is other than Franchisor and Franchisee.

C. TAXES.

Except for taxes which we are required to collect from you in connection with items you purchase from us, we will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied

upon you, the Restaurant, your property, us or the royalty, marketing or any other fees which you pay to us, in connection with the sales made or business conducted by you. Payment of all such taxes will be your responsibility.

D. YOU INDEMNIFY US.

To the fullest extent permitted by law, Franchisee will indemnify, defend and hold harmless Friendly's, our parent, subsidiary or affiliated entities, and their and our shareholders, directors, partners, officers, employees, agents, representatives, successors and assignees (collectively, the "**Indemnitees**"), from and against any and all claims, losses, liabilities, demands, damages, causes of action, governmental inquiries and investigations, costs and expenses, including reasonable attorneys' and accountants' fees, which directly or indirectly arise out of, result from, or are connected with this Agreement, the development, condition, operation, use, or maintenance of the Restaurant or the Premises, your negligence or willful misconduct, or any of your actions, errors, omissions, breaches or defaults under this Agreement; provided, that these obligations shall not apply to any claim or loss that is proven to have been caused solely by our negligence or willful misconduct. For purposes of this section, "**claims**" shall mean and include all obligations, actual and consequential damages, expenses, losses, costs, and other liabilities, and all attorneys' fees and other costs and expenses reasonably incurred in the defense of any claim against the Indemnitees, whether or not a lawsuit is filed. If the Indemnitees reasonably conclude that their interests are not being adequately represented by your counsel, the Indemnitees will have the right to employ their own attorneys to defend any claim against them in the manner they deem appropriate or desirable in their sole discretion, and your indemnification hereunder shall apply to and include the costs incurred in any such defense. Your obligation to indemnify the Indemnitees will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

6. **CONFIDENTIALITY.**

A. OUR CONFIDENTIAL INFORMATION.

The Franchisee and its principals, shareholders, partners, members, managers, officers, and owners and any other person who holds a direct or indirect ownership interest in Franchisee of 10% or more (individually a "**Principal**" and collectively the "**Principals**") acknowledge that over the term of this Agreement they will receive Confidential Information, as defined below, which the Franchisor has developed over time at great expense, including information regarding the System and Standards. The Franchisee and its Principals further acknowledge that the Confidential Information, including information contained in the Operations Manual, is not generally known in the industry and is beyond their own present skills and experience, and that to develop it themselves would be expensive, time consuming, and difficult. The Franchisee and its Principals further acknowledge that the Confidential Information provides a competitive advantage and will be valuable in the development and operation of the Restaurant, and access to it is a primary reason for entering into this Agreement.

Our "**Confidential Information**" means any information related to the System that we disclose to you that we designate as confidential; or that, by its nature, would reasonably be expected to be held in confidence or kept secret, including, without limitation, the following:

- (1) the Operations Manual and the Standards therein;
- (2) non-public aspects of methods and procedures relating to the development and operation of Friendly's restaurants, whether contained in the Operations Manual or otherwise;
- (3) recipes, menu analyses, and methods, procedures, and techniques for preparing ice cream, other frozen desserts, and other food products offered in Friendly's restaurants;
- (4) knowledge of test programs, concepts and results relating to the planning, development and testing of the System and products and services offered in Friendly's restaurants;
- (5) sources for purchase of furniture, fixtures, equipment, food, beverages and other ingredients and materials used by Friendly's Restaurants;
- (6) methods (including but not limited to pricing methods), techniques, standards, specifications, procedures, information, systems and knowledge of and experience in the development, licensing and operation of Friendly's restaurants;

- (7) trade secrets as defined by applicable federal and state law; and
- (8) any and all other information or knowledge that we advise you, in writing, is confidential.

Our Confidential Information shall not include information, processes, or techniques which (i) are or become generally known in the restaurant industry or to the public, other than through disclosure in violation of this Agreement or any other breach of confidentiality owed (by anyone) to us; (ii) becomes known to you from a source other than us and other than by the breach of an obligation of confidentiality owed (by anyone) to us; or (iii) was independently developed by you without the use or benefit of our Confidential Information. You will have the burden of proving the applicability of the foregoing.

B. RESTRICTIONS ON YOUR USE OF OUR CONFIDENTIAL INFORMATION.

You and your Principals will not acquire any interest in the Confidential Information, other than the right to use it in the development and operation of the Restaurant. The use of the Confidential Information in any other business, or the disclosure of the Confidential Information to any other person or entity, will constitute an unfair method of competition which could cause immediate irreparable harm to use and to other Friendly's restaurant franchisees. Accordingly, you and your Principals agree that they:

- (1) will not use the Confidential Information in any other business or capacity;
- (2) will not communicate, divulge or disclose the Confidential Information to, or use the same for the benefit of any person, persons, partnership, association or corporation, other than in connection with the development or operation of the Restaurant;
- (3) will divulge the Confidential Information only to such of your employees as must have access to it to operate the franchised business, and on a need-to-know basis;
- (4) will not make unauthorized copies of any portion of the Confidential Information whether in written, audio, video or other reproducible form; and
- (5) will adopt and implement procedures, some of which we may prescribe, to prevent unauthorized use or disclosure of the Confidential Information, including requiring your Restaurant Managers and other employees who have access to the Confidential Information to execute confidentiality agreements in the form we approve or prescribe prior to or during their employment.

Furthermore, other than for consumption in the Restaurant or approved carry-out or retail sales programs, you agree not to sell or provide to any person or entity other than us or our designee, for use, testing or any other purpose, any mixes or formulations for preparation of products you purchase from us or our designees.

We acknowledge that the foregoing restrictions on your disclosure and use of Confidential Information do not apply to the disclosure of Confidential Information in judicial or administrative proceedings to the extent that you are legally compelled to disclose such information, provided that you have used your best efforts, and have afforded us the opportunity, to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

You agree to fully and promptly disclose to us, all ideas, concepts, formulas, recipes, methods and techniques relating to the development and/or operation of the Restaurant, conceived or developed by you and/or your employees during the term of this Agreement. Such ideas, concepts, formulas, recipes, methods and techniques will be our sole property, and you will not be entitled to any compensation whatsoever for the same.

C. YOUR CONFIDENTIAL INFORMATION.

We will treat as confidential the reports and Records we receive from you pursuant to Section 11 below, provided, however, that information may be released (a) to any person entitled to the same under any lease; (b) in connection with any court order, legal proceeding or arbitration proceedings, whether instituted by us or any other party; (c) to a prospective transferee of any interest subject to the transfer provisions of this Agreement, and (d) as incorporated into anonymous general information disseminated to franchisees, prospective franchisees and other third parties and in the formulation of plans and policies in the interest of the System. We will also treat as confidential such personal financial records as you may give us pursuant to paragraph 12.C. below, provided, however, that such information may be released if required in connection with any court order or legal or arbitration proceeding, whether instituted by us or any other party, provided that you receive notice of and an opportunity to obtain an appropriate protective order or other assurance satisfactory to you of confidential treatment for the information required to be so disclosed.

7. **FEES.**

A. INITIAL FRANCHISE FEE.

Upon the execution of this Agreement, you will pay to us the initial franchise fee set forth in Item "D" of the Contract Data Schedule of this Agreement (the "**Initial Franchise Fee**"), subject to credit for any deposit you paid with your application for this Agreement or any portion of the Development Fee paid for this location under the provisions of your Development Agreement, if applicable. The Initial Franchise Fee is fully earned and non-refundable.

B. ROYALTY FEES.

You will pay to us a monthly "**Royalty Fee**" determined by multiplying the Net Sales of the Restaurant (as defined in paragraph 7.D. below) for the immediately preceding Fiscal Week times the percentage set forth in Item "E" of the Contract Data Schedule of this Agreement. The Royalty Fee will be payable, without deduction or set-off.

C. MARKETING FUND FEES.

At the same time as you pay the Royalty Fee provided under paragraph 7.B. above, you will also pay to the Marketing Fund described in paragraph 10.A., for the same Fiscal Week, without deduction or set-off, a fee determined by multiplying the Net Sales of the Restaurant, as defined in paragraph 7.D below, times the percentage set forth in Item "F" of the Contract Data Schedule of this Agreement or as otherwise specified in writing by us, not to exceed Four percent (4%) of Net Sales.

You will, from time to time, also pay to the Marketing Fund, at the same time as, for the same weekly period as, in the same manner as, and in addition to the marketing fund fee provided above, an additional percentage of Net Sales (the "**Additional Advertising Contribution**") if the owner(s) of at least two-thirds of the Friendly's Restaurants (both company and franchised) in your advertising market vote to pay such Additional Advertising Contribution. We will designate, and may from time to time change, the advertising market as we reasonably determine. We will provide notice and administer the vote. The two-thirds threshold will be determined one vote per restaurant. The period that each Additional Advertising Contribution is payable shall not exceed one (1) year in duration. Additional Advertising Contributions may be cumulative. If our affiliate, Friendly's Restaurants Co, LLC, operates two-thirds or more of the full service restaurants in your advertising market, your total Additional Advertising Contributions at any one time cannot exceed one-half percent (0.50%) of Net Sales.

D. DEFINITIONS.

(1) Net Sales. As used in this Agreement, the term "**Net Sales**" shall mean Gross Sales less deductions set forth below. "**Gross Sales**" are all revenues from the sale of all products or services by or for you or the Restaurant, in, upon, or from the Premises, or through or by means of the business conducted at the Restaurant, the premises or otherwise, including, without limitation, catering income and proceeds of business interruption insurance, whether derived from cash, credit, the redemption of coupons or gift certificates, or otherwise, and regardless of collection, and regardless of collection in the case of credit, less any sales taxes or other taxes collected by you from your customers for transmittal to the appropriate taxing authority and authorized discounts. If any state or local taxing authority imposes a tax, other than a net income tax, on any payments you make to us, you must also pay the tax. To arrive at "**Net Sales**", deduct the following items from Gross Sales: (a) sales and service taxes collected from customers and paid to the appropriate taxing authority; (b)

revenues from the sale of gift certificates; (c) the discounted portion of menu prices whether for employee meals or by way of coupons, approved promotions or otherwise; (d) rebates or refunds to customers; and (e) revenues generated by promotional giveaways which are solely for the benefit of recognized charitable organizations and for which all profits generated thereby are received by said charitable organization.

(2) Fiscal Week. Each Fiscal Week begins on a Monday and ends on a Sunday.

(3) Fiscal Month. Each Fiscal Month begins on a Monday and ends on a Sunday. There are 13 four-week Fiscal Months in each Fiscal Year. We will post on our Intranet website or in another location the specific beginning and end dates for each Fiscal Month of the current or next Fiscal Year.

(4) Fiscal Year. Each Fiscal Year ends on the last Sunday in December, unless that is earlier than December 28th, in which case the Fiscal Year ends on the following Sunday.

(5) We reserve the right to change, by written notice, the definition of Fiscal Week, Fiscal Month and/or Fiscal Year in connection with a change in our accounting policies and procedures.

E. ADVANCES.

You shall immediately repay to us all amounts, if any, advanced by us or which we have paid, or for which we have become obligated on behalf of you whether or not at your request, including any payments made on trade accounts and taxes as provided for in Section 8.I. and Section 8.J. of this Agreement and insurance as provided for in Section 8.L of this Agreement. We shall be under no obligation to make any such advances, and any decision to do so shall be at our sole discretion.

F. ELECTRONIC FUNDS TRANSFER.

At our election, we may require you to pay your Royalty Fees, Marketing Fund Fees and any other recurring payments to us, our parent, subsidiaries or affiliates, such as rent or note payments, by electronic funds transfer ("**ACH**"). Acceptance of payment by ACH will not be deemed a waiver of any of our rights. You agree to promptly provide us all consents, authorizations and bank account data we need to establish ACH capability at your bank. You also agree:

(1) to promptly provide us such forms as we may from time to time require to effectuate any changes needed to maintain ACH capability;

(2) to give us at least fourteen (14) days written notice (except in the case of emergency) before you make any change to your ACH bank account (providing all information and specimens required to change ACH to the new account);

(3) to immediately replace any ACH request rejected by your bank with a bank certified or cashier's check in the aggregate amount owed, plus interest, late fees, collection fees, costs of collection and attorneys' fees.

G. INTEREST AND LATE CHARGES.

(1) If any Royalty Fee, Marketing Fund Fee, or other payment to us or our parent or any subsidiary or affiliate is not paid when due, you will pay to us, our parent, subsidiary or affiliate, in addition to the unpaid amount, beginning on the date such amounts were due: (a) a late charge to compensate us for additional administrative costs incurred by us, in an amount equal to the greater of (i) ten percent (10%) of such payment, or (ii) two hundred fifty dollars (\$250.00), plus (b) interest at the lower of the maximum rate permitted by law or eighteen percent (18%) per annum from the date such payment was due until it is paid. This paragraph 7.G. does not constitute an agreement on our part to accept payments from you after the payments are due or our commitment to extend credit to, or otherwise finance your operation of, the Restaurant. Further, your failure to pay all amounts when due to us, our parent, subsidiaries or affiliates will constitute grounds for termination of this Agreement, as provided herein.

(2) Receipt of any check, draft or other commercial paper will not constitute payment until such funds are actually collected. You will pay all collection charges on dishonored checks or ACH payments, including reasonable attorney's fees. At our request, you will promptly replace any dishonored and returned check(s) with a bank certified or cashier's check in the aggregate amount owed, plus interest, late fees, collection fees, costs of collection and attorney's fees.

(3) If any check, draft, electronic or otherwise, is returned for insufficient funds, you shall pay to us a nonsufficient funds (“NSF”) charge in the amount of \$50 (which will increase to \$100 for any second or more NSF charge during any rolling twelve (12) month period) and reimburse us for all expenses that it incurs on account of such nonsufficient funds.

H. TAX ON FEES PAID TO FRANCHISOR.

You agree to pay any sales, excise, use, privilege or other tax imposed or levied by any government or governmental agency on account of your payment of any of the fees under this Agreement. This provision does not apply to income taxes.

I. APPLICATION OF PAYMENTS.

We have sole discretion to apply any of your payments to any of your past due indebtedness in such order and amounts as we may elect. The acceptance of a partial or late payment will not constitute a waiver of any of our rights or remedies contained in this Agreement. If any check, draft, electronic or otherwise, is returned for insufficient funds, you shall pay to us a nonsufficient funds (“NSF”) charge in the amount of \$50 (which will increase to \$100 for any second or more NSF charge during any rolling twelve (12) month period) and reimburse us for all expenses that it incurs on account of such nonsufficient funds.

J. DEFICIENCY FEE.

If the Franchisee is in default under this Agreement, at Franchisor’s discretion, and without waiver of any of Franchisor’s rights under this Agreement, Franchisor may impose a fee (“**Deficiency Fee**”) in an amount up to \$1,500 per event of default, plus the cost of re-inspections and the costs enforcing compliance. Franchisee shall pay the Deficiency Fee within 3 days of the demand.

K. ON-SITE TRAINING CANCELLATION FEE.

If Franchisor or its representative is schedule to conduct an on-site training program, or scheduled for a visit at the Franchisee’s location for training or other reasons, or if the Franchisee register for a training program and Franchisee subsequently cancel, fail to attend, fail to have the appropriate parties attend, or fail to stay for the entire training program then Franchisee shall pay the Franchisor, their then-current on-site training cancellation fee (the “**On-Site Training Cancellation Fee**”). The On-Site Training Cancellation Fee may vary depending upon the type of schedule training program and how far in advance you notify the Franchisor in writing of the cancellation and the cost and expense incurred in rescheduling Franchisor’s or any trainer’s travel arrangements.

L. INFORMATION TECHNOLOGY SUPPORT FEE.

The parties acknowledge and agree that the technological environment is rapidly changing and that it is difficult to anticipate the cost of developing, acquiring, implementing, and licensing Internet, software, and communications technologies that may benefit franchisees of the System. Accordingly, in addition to the Royalty Fee, we reserve the right to impose a IT Support Fee in an amount determined by us but which shall not exceed a defined amount in any calendar year (“**Technology Fee Cap**”). For calendar year in which this Agreement became effective, the Technology Fee Cap is the greater of \$150 per Fiscal Month or \$1,950 per calendar year. The Technology Fee Cap shall increase automatically each calendar year by an amount not to exceed 10% of the prior year’s Technology Fee Cap. You agree to pay the Technology Fee according to the terms prescribed by us.

M. MANAGED SECURITY SERVICE PROVIDER FEE.

This fee shall be paid to any third-party service provider as we designate, from time to time, for the cost of in-store network security, cyber security, firewall monitoring and any failover services.

8. **RESTAURANT OPERATING STANDARDS.**

To maintain uniform standards of operation and quality for all Friendly’s Restaurants and to protect the goodwill of Franchisor, the System, and the Marks, you shall comply with the following provisions in the operation of the Restaurant and Premises.

A. SPECIFICATIONS, STANDARDS AND PROCEDURES.

Your operation of the Restaurant in compliance with our Standards is important to us, to the System, and to all other Friendly's restaurant franchisees. You agree to strictly comply, at your expense, with all mandatory Standards as set forth in the Operations Manual or as otherwise communicated by us from time to time, and not to deviate from the same without our prior written consent.

All of our Standards shall be considered mandatory unless we specify that they are only suggestive, and therefore optional; provided that, notwithstanding any other provision of this Agreement or of the Operations Manual, any portions of the Operations Manual or other Standards addressing franchisee employment or personal practices, policies or procedures shall be considered only suggestive and optional, and not mandatory; and the franchisee alone will determine to what extent, if any, those policies and procedures might apply to its restaurant operations.

Because strict uniformity may not be possible or practical in all circumstances and at all restaurant locations, we have the right to provide exceptions, waivers or modifications of our Standards at particular locations, as we may deem appropriate for the System and/or for any individual restaurant.

B. CONDITION, APPEARANCE AND OPERATION OF THE RESTAURANT.

You agree to manage and control the day-to-day operations of the Restaurant, including, but not limited to, the following:

(1) Use the Premises only for the operation of a Friendly's restaurant in compliance with this Agreement and for no other purpose whatsoever;

(2) To maintain the condition and appearance of the Restaurant, its equipment, furniture, furnishings, signs and the Premises in accordance with our Standards and consistent with the image of a Friendly's restaurant as an efficiently operated business offering high quality food service and observing the highest standards of cleanliness and sanitation;

(3) To perform all periodic maintenance with respect to the decor, equipment, furniture, furnishings and signs of the Restaurant and the Premises that is required from time to time to maintain such condition, appearance and efficient operation, including, without limitation:

(a) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at reasonable intervals;

(b) interior and exterior repair of the Premises; and

(c) repair or replacement of damaged, worn out or obsolete equipment, furniture, furnishings, and signs.

(4) Not to make any material alterations to the Premises, or to the appearance of the Restaurant as originally developed, without our prior written approval;

(5) To place or display at the Premises (interior and exterior) only approved signs, emblems, lettering, logos and display and advertising materials.

(6) To immediately rectify all hazardous conditions and immediately remove and destroy any and all hazardous products. For purposes hereof, "hazardous conditions" are conditions that pose a risk of injury, illness or death; and "hazardous products" are products that are unfit for human consumption or otherwise pose a risk of injury, illness or death.

(7) To employ only such methods of product storage, handling, preparation, packaging, delivery and sale as we from time to time prescribe in the Operations Manual or otherwise communicate or approve in writing. You must sell, distribute and deliver such products only in weights, sizes, forms and packages as we provide in the Operations Manual or otherwise communicate or approve in writing.

(8) To discontinue offering for sale any product if we at any time notify you in writing of our withdrawal of our approval of that product for sale at the Restaurant.

(9) To maintain as business records provided in paragraph 11.A. below, and to furnish us on a monthly basis, copies of all customer complaints and notices not received directly by us, and all warnings, citations, inspection reports and other communications from public authorities related to the Restaurant. Franchisee hereby authorizes any such public authority to provide Friendly's with copies of such notices and/or communications. You must promptly notify us if any suit, investigation or other legal proceeding related to your Restaurant business is commenced by or against you, and you must keep us continuously advised of the status of the matter.

(10) To record all sales at the Restaurant at the time of sale, in accordance with our procedures and on devices, the make, model and serial numbers of which we have individually approved in writing. Such devices must record accumulated sales in a manner that cannot be modified, turned back or reset, and must retain data in memory storage in the event of power loss. You agree to accurately report all Net Sales to us and implement all procedures we recommend to minimize employee theft. You further acknowledge and agree that employee theft will not relieve you of the obligation to make all payments to us based on Net Sales pursuant to this Agreement and that accurate reporting of Net Sales requires, among other things, compliance with all Standards related thereto and recording all sales at the time the product is delivered to the purchaser, including, without limitation, bulk discount sales, whether for cash, by redemption of gift certificates or coupons, or sales for which payment may be deferred.

C. RESTAURANT MENU.

The Restaurant will offer for sale all food and beverage products and services that we require and sell only products that we have approved. The Restaurant will not sell any products to any person for resale to any third person. The Restaurant cannot offer for sale or sell at the Premises or any other location any unapproved products, or use the Premises for any purpose other than the operation of the Restaurant.

We may, from time to time in our sole discretion, approve the Restaurant offering products and/or services on a test basis. We may condition our approval in any reasonable manner and we may stop the test at any time after its commencement.

D. APPROVED PRODUCTS, DISTRIBUTORS AND SUPPLIERS.

The reputation and goodwill of Friendly's restaurants is based upon and maintained by the sale of distinctive, high quality, and uniform food products and beverages and the presentation, packaging, service and delivery of such products in an efficient and appealing manner. We have developed various proprietary products according to our proprietary and secret recipes and formulas. In addition, we have developed standards and specifications for non-proprietary food products, ingredients, seasonings, mixes, beverages, materials and supplies incorporated in or used in the preparation, cooking, serving, packaging and delivery of prepared food products authorized for sale at Friendly's restaurants. We have and will periodically approve suppliers and distributors of such products that meet our standards and requirements.

(1) Proprietary Products – You must purchase proprietary products from us or a third party approved and designated by us to prepare and sell those proprietary products; and

(2) Non-Proprietary Products – You must purchase all other furnishings, fixtures, signs, equipment, food products, ingredients, seasonings, mixes, beverages, materials and supplies used in the preparation of products; menus, paper, glassware, china and plastic products; packaging or other materials, utensils and uniforms that meet our standards and specifications from suppliers we have approved in writing as having demonstrated to our reasonable satisfaction (a) the capability to supply products that meet all of our standards and (b) adequate capacity and facilities to supply your needs, as well as the needs of other franchisees, in the quantities, at the times and with the reliability requisite to an efficient operation.

You will maintain a sufficient quantity and variety of approved food products, beverages, ingredients and other products.

We can approve a single distributor or other supplier for any product and can approve a distributor or other supplier only as to certain of the products. We can concentrate purchases with one or more distributors or suppliers to obtain lower prices and/or the best advertising support and/or services. Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, standards of service, and concentration of purchases, and may be temporary, pending our further evaluation of such distributor or other supplier.

You can request our approval of alternative suppliers or distributors for non-proprietary products. Our evaluation of your prospective suppliers and/or distributors will be conditioned upon payment of our reasonable evaluation costs. You will notify us and submit to us all information, specifications and samples that we reasonably request if you propose to purchase any non-proprietary item from a distributor or other supplier who has not been previously approved by us. We will notify you within a reasonable time whether you are authorized to purchase such products from such distributor or other supplier.

We may conduct market research and testing to determine consumer trends and the marketability of new food products and services. You agree to cooperate and assist us by participating in our customer surveys and market research programs, test marketing new food products and services in the Restaurant and providing us with timely reports and other relevant information regarding such customer surveys and market research.

E. PRICING.

We reserve the right, to the extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products, including required participation in the System-wide discount programs and promotions. If we do not establish such pricing requirements, then you will have the right to determine the prices you charge.

F. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

You will secure and maintain in your name all required licenses, permits and certificates relating to the operation of the Restaurant. You will maintain and operate the Restaurant in strict compliance with all applicable, then-current civil and criminal laws, ordinances, rules, regulations and orders of public authorities, including, without limitation, those relating to health, safety and sanitation, employment and labor, workers' compensation insurance, unemployment insurance and withholding and payment of federal, state and local income taxes, social security taxes, sales taxes and The Americans With Disabilities Act.

Your advertising must be completely factual, be in good taste in our judgment and conform to the highest standards of ethical advertising. In all dealings with us, your customers, suppliers and public officials, you will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You will refrain from any business or advertising practice which may injure our business or the goodwill associated with the Marks and other Friendly's restaurants.

You agree to notify us, by telephone within forty-eight (48) hours followed within five (5) days by written notification, including copies of any pleadings or process received of: (i) the commencement of any action, suit or proceeding relative to the Restaurant; (ii) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Restaurant; and (iii) any notice of violation of any law, ordinance or regulation relating to health or safety. You must not accept service of process for us and on our behalf.

G. COMPUTER HARDWARE AND SOFTWARE.

(1) Point of Sale System. You shall purchase, use and maintain the point of sale cash collection system, including all related hardware and software, ("**POS System**") as specified in the Operation Manual or otherwise by us in writing for use in connection with the Restaurant. The POS System must be connected to the Internet at all times via a high-speed (broadband) line, such as DSL or cable (or other communications medium specified by us) for the purpose of implementing software, transmitting and receiving data, accessing the Internet for ordering and maintaining the POS System. We may require you to upgrade the POS System hardware and/or software from time to time upon written notice. You shall accept gift cards, debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to purchase authorized products via such procedure, as specified by us, and shall obtain all necessary hardware and/or software used in connection with these non-cash systems. The POS system must allow us to poll your sales on a daily basis and allow us to make electronic fund transfers of the Royalty Fee, Marketing Fund Fee, and any other fees due and payable by you. You must purchase a maintenance, repair, upgrade or updated service contract for your POS System.

(2) Computer System. In addition to the POS System, you have the sole and complete responsibility to purchase, use and maintain a personal computer system ("**Computer System**") as specified in the Operations Manual or otherwise by us in writing for use in connection with the Restaurant. We may designate certain computer software to be used

in the operation of the Restaurant. We may require you to maintain an e-mail account and connect the Computer System to the Internet at all times via a high-speed (broadband) line, such as DSL or cable (or other communications medium specified by us). You shall obtain all software and hardware, including digital still and video cameras, as we may specify to enable you to send and receive e-mail and digital photos and streaming video or other multimedia signals and information to and from the Restaurant site, and you shall, from time to time, upon our request transmit digital photos and real time video and audio signals of the Restaurant site to, and in the form and manner prescribed by, us. You shall purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software as we may from time to time require. You shall permit us to access the Computer System and the files stored therein via any means specified, including electronic polling communications.

(3) Proprietary Software. If we designate certain computer software ("**Proprietary Software**") that is owned or licensed by us to be used in the operation of the POS System and/or Computer System, you shall, at our request, license or sublicense such software from us or our designee and enter into a software (sub) license agreement on our or such designee's then-current form. From time to time, you shall purchase any upgrades, enhancements or replacements to the Proprietary Software.

(4) Information System and Technologies. Franchisor may designate the information system used in the Franchised business, including the computer hardware, software other equipment and enhancements (the "**Information System**"). If the Franchisee suspect or know of a security breach, the Franchisee shall immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at the Franchisee's expense. The Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the franchise business unless otherwise directed by the Franchisor.

The Franchisee is solely responsible for protecting itself from disruptions, internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and the Franchisee waives any and all claims the Franchisee may have against the Franchisor and its affiliates as the direct or indirect result of such disruptions, security breach and promptly identify and remediate the source of any compromise of security breach at the Franchisee's expense. The Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchise Business, unless otherwise directed by the Franchisor.

The Franchisee hereby release and agree to release and hold the Indemnified Parties, harmless from and against any and all claims, liability, damages or causes of action of any nature arising from or in connection with the installation, maintenance or operation of the Information System and its billing and payment processing, except to the extent arising from such party's gross negligence or intentional acts.

All of the information the Franchisor or its affiliates obtain from the Franchisee or about the franchised business, and all information in the records or concerning the members of the Restaurant and the franchised business ("**the Information**") and all revenues the Franchisor derive from the Information will be the Franchisor's property. However, the Franchisee may at any time during the term of this Agreement use in the operation of the Restaurant (but for no other purpose), to the extent lawful and at the Franchisee's sole risk and responsibility, any information that the Franchisee acquire from third parties in operating your Restaurant, such as customer data. The information (except for information the Franchisee provide to the Franchisor or its affiliates with respect to the Franchisee and the Franchisee's affiliates, including the Franchisee's respective officers, directors, shareholders, partners or equity members of the entity) will become the Franchisor's property which the Franchisor may use for any reason as the Franchisor deem necessary or appropriate in its discretion. The Franchisee hereby authorize the Franchisee's payment processor to release the information to the Franchisor at any time. Following termination or expiration of this Agreement the Franchisee will no longer use any of the Information, except to comply with the Franchisee's post-term obligations under this Agreement and the Franchisee authorize the Franchisee's payment processor to release the Information exclusively to the Franchisor and/or its designees.

H. PRIVACY AND DATA SECURITY.

All of your POS System, Computer System, and any other card payment systems must be compliant with all applicable laws, codes, regulations, and commonly accepted industry standards, including without limitation those laws, regulations, and commonly accepted industry standards relating to privacy, data security, and the processing and protection

of confidential personal information, including, without limitation, all payment card industry (“PCI”) standards, norms, requirements and protocols, including the PCI Data Security Standard (also known as the PCI Directive). You must comply with all applicable laws, codes, or regulations that relate to the privacy and data security of personal information, including without limitations laws relating to marketing or electronic communications, and with all standards, specifications, and requirements that we may impose relating to privacy and data security.

I. TRADE ACCOUNTS.

You agree to maintain your trade accounts in a current status and to seek to resolve any disputes with trade suppliers within thirty (30) days. Should you not so maintain your trade accounts, we may, at our option and after prior reasonable notice, pay any and all such accounts on your behalf, and you agree to immediately repay us such amounts. Your failure to keep trade accounts current or to make the immediate repayment to us specified herein shall constitute a default under this Agreement.

J. PAYMENT OF TAXES.

You shall be responsible for the payment of all taxes on your real and personal property, leasehold improvements, fixtures and equipment related to the Restaurant, and any and all sales, payroll, withholding and other taxes and Worker’s Compensation and Unemployment Insurance payments, promptly when due and hold us harmless therefrom. All such taxes shall be paid directly to the taxing authorities prior to the delinquent date. If the amounts of such taxes become delinquent, we may, at our option and after prior reasonable notice, elect on your behalf to pay the same, together with penalties and interest, if any, and you agree to immediately repay us such amounts.

K. MANAGEMENT AND PERSONNEL OF THE RESTAURANT.

You will at all times (i) employ a General Manager with significant restaurant management experience who will have principal operational responsibility for the Restaurant, and who will have satisfactorily completed our training program; and (ii) employ on a full-time basis two (2) Managers, each of whom has satisfactorily completed our training program (collectively, the General Manager and Managers are referred to as “**Certified Restaurant Managers**”). All Certified Restaurant Managers and other employees must have literacy and fluency in the English language sufficient to satisfactorily complete the training program, to communicate with employees, customers, and suppliers and to satisfactorily serve customers in the Restaurant. The Restaurant must be under the direct, on-premises supervision of a Certified Restaurant Manager.

You will be solely responsible for (i) hiring, training and supervising efficient, competent and courteous employees of good character for the operation of the Restaurant; (ii) the terms of their employment and compensation; and (iii) the proper training of your employees in the operation of the Restaurant. We may, from time to time based upon our experience, provide you guidance in human resource matters such as hiring and scheduling. This guidance is provided as a resource only, and you will be entirely free to not adopt our suggestions, in your sole discretion.

L. INSURANCE.

You must procure, before the commencement of business, and maintain in full force and effect during the entire term of the License, at your sole expense, an insurance policy or policies issued by an insurer satisfactory to Friendly’s and licensed in the state where coverage is provided, and with a minimum A.M. Best Insurance Rating of A-VII or other comparable rating. You must also comply with all insurance requirements related to the Restaurant’s lease or mortgage. You must maintain in force at all times, under these policies of insurance, minimum coverages as set forth below:

(1) Workers’ compensation insurance including Occupational Disease meeting the statutory requirements of the state in which the work is to be performed and Employer’s Liability insurance with policy limits of five hundred thousand dollars (\$500,000) per accident; five hundred thousand dollars (\$500,000) disease aggregate; five hundred thousand dollars (\$500,000) disease per employee;

(2) Commercial general liability insurance written on ISO occurrence form CG 00 01 04 13 (or a substitute form providing equivalent coverage) against claims for bodily injury, property damage, and personal and advertising injury caused by or occurring in conjunction with the operation of the Restaurant (or otherwise in conjunction with your conduct of business pursuant to this License) under one or more primary policies of insurance, each on an occurrence basis, with limits

not less than two million dollars (\$2,000,000) per project/general aggregate; one million dollars (\$1,000,000) products/completed operations aggregate; one million dollars (\$1,000,000) personal injury and advertising injury; one million dollars (\$1,000,000) per occurrence. Friendly's Restaurants Franchising Co, Amici Partners Group, LLC and any other party or parties designated by us shall be included as an insured under the CGL, using ISO additional insured endorsement CG 20 26 or a substitute providing equivalent coverage, and under the excess liability coverage. These policies must provide primary coverage with respect to any other insurance or self-insurance afforded to Friendly's;

(3) Motor vehicle/automobile liability insurance for hired, owned and non-owned vehicles, against claims for bodily injury, including death and property damage caused by or occurring in conjunction with the operation of the Restaurant (or otherwise in conjunction with your conduct of business pursuant to this License) with combined single limit coverage (personal injury, bodily injury, death and property damage) of at least one million dollars (\$1,000,000) for each accident;

(4) Umbrella or Excess Liability Insurance providing excess coverage for Employer's Liability, Commercial General Liability, and Auto Liability, with the same features as items 1, 2 and 3 above (follow-form) with limits of not less than three million dollars (\$3,000,000) per location;

(5) All-risk building and contents insurance including wind, flood and earthquake, vandalism and theft insurance for the replacement value of the Restaurant and its contents;

(6) Data privacy/cyber liability insurance, including first party coverage (forensics investigation, notification, credit monitoring, loss of business income, crisis management) and third party coverage, with coverage limits of no less than \$1,000,000;

(7) Business interruption insurance for a period adequate to reestablish normal business operations, with coverage to include royalties due to franchisors and off-premises power; and

(8) Builders' risk insurance on a completed value non-reporting basis during the period of construction and/or any remodeling of the Restaurant.

We may periodically increase the amounts of insurance you will be required to maintain, and we may require different or additional kinds of insurance at any time. Each insurance policy (i) must name as additional insured parties "Friendly's Restaurants Franchising Co, LLC" and "Amici Partners Group, LLC" and any other party or parties designated by us, as their interest may appear; (ii) must contain waiver of subrogation against additional insured parties; (iii) must provide for thirty (30) days' prior written notice to us of any material modification, cancellation, termination or expiration of such policy by either the insurer or the franchisee; and (iv) must not be limited in any way by reason of any insurance which may be maintained by Friendly's or any other named party and must be primary and noncontributory.

Prior to the expiration of the term of each insurance policy, you will furnish us with a certificate of insurance or with a certified copy of each renewal or replacement insurance policy you will maintain for the immediately following term and evidence of the payment of the premium for the insurance policy. If you fail or refuse to maintain required insurance coverage, or to furnish satisfactory evidence of required insurance coverage and payment of the premiums, we can obtain the required insurance coverage on your behalf. You must cooperate fully with us in our effort to obtain such insurance policies, promptly execute all forms or instruments required to obtain or maintain any such insurance, allow any inspections of the Restaurant which are required to obtain or maintain such insurance and pay to us, on demand, any costs and premiums we incur.

Your obligations to maintain insurance coverage as described above will not be affected in any manner by reason of any separate insurance we maintain, nor will the maintenance of insurance relieve you of any obligations under Section 4 of this Agreement.

M. COBRANDING.

We may determine from time to time to incorporate in the System programs, products or services which we either develop or otherwise obtain rights to, which are offered and sold under names, trademarks and/or service marks other than the Marks and which your Restaurant, along with other Friendly's restaurants, may be required to offer and sell. This activity, referred to as "cobranding", may involve changes to the Marks and may require you to make modifications to the Premises

and the furniture, fixtures, equipment, signs and trade dress of the Restaurant. If you receive written notice that we are instituting a cobranding program, you agree promptly to implement that program at the Restaurant at the earliest commercially reasonable time and to execute any instruments required to do so.

9. REFURBISHMENT AND REMODELING.

To ensure continued public acceptance and patronage of the System, to avoid deterioration or obsolescence of the Restaurant and to take advantage of changes and improvements in design, concept and décor, you must timely complete the following refurbishments and remodeling of the Restaurant. These requirements are in addition to your continuing obligations to maintain, repair and replace all equipment, signage, furnishing, decor and personal property related to the Restaurant in accordance with our Standards. Your obligations to maintain, repair and replace will not be delayed or deferred pending or in anticipation of any refurbishment or remodeling.

A. REFURBISHMENT.

You must refurbish the Restaurant in accordance with our then-current refurbishment standards, at your expense, within five (5) years from the beginning of your License, or as otherwise set forth in Item “G” of the Contract Data Schedule.

B. REMODELING.

If you elect to renew this Agreement, then you must remodel the Restaurant in accordance with our then-current remodeling standards, including but not limited to fixtures, furnishings, signs and equipment, as a condition of renewing.

10. MARKETING.

A. BY FRIENDLY’S.

Because of the value of advertising and marketing to the goodwill and public image of Friendly’s restaurants, we will maintain and administer a marketing fund (the “**Marketing Fund**”) for advertising, marketing, promotion and other purposes and programs that we deem necessary or appropriate. We will direct all advertising, marketing and promotional programs for the System, and will have sole discretion over the creative concepts, materials and endorsements used in the programs, and the geographic, market, and media placement and allocation of the programs, with sole discretion over the allocation of funds to various programs and accounts.

You understand and acknowledge that the Marketing Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of Friendly’s restaurants for the benefit of all Friendly’s restaurants. You agree that all funds contributed to the Marketing Fund may be used by us to meet any and all costs (including reasonable salaries and overhead incurred by us) for maintaining, administering, directing, preparing, purchasing and placing national, regional or local advertising, marketing or promotional materials, programs and public relations activities, including, without limitation, the costs of preparing and conducting television, radio, magazine, billboard, social media, internet, mobile, digital, newspaper, and other forms of advertising, direct response literature, direct mailings, brochures, and collateral advertising material; implementing websites or social media sites for us and/or our franchisees; market research and surveys of advertising effectiveness; merchandising; menu development; trademark development; designing, preparing, printing and distributing menus, gift cards and point of purchase promotional material for the use of the System; and implementing such other advertising, marketing and promotional activities designed to increase sales and enhance the public reputation of Friendly’s and the System, as we deem appropriate.

The Marketing Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration of the Marketing Fund and its marketing programs including, without limitation, conducting market research and menu development, preparing advertising and marketing materials, collecting and accounting for contributions to the Marketing Fund, and emails. We may spend in any fiscal year an amount that is greater or less than the aggregate contribution of all Friendly’s restaurants to the Marketing Fund in that year. We may loan money to the Marketing Fund, or we may borrow money from other lenders, to cover deficits of the Marketing Fund and we may charge the Marketing Fund the interest on such loans. We may cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. You authorize us to collect for the Marketing Fund any advertising or promotional monies or credits offered

by any supplier based upon your purchases. All interest earned on monies contributed to the Marketing Fund will be added to and supplement the Fund. We will prepare an annual statement of monies collected and costs incurred by the Marketing Fund within one hundred twenty (120) days after the end of our fiscal year and will furnish this statement to you upon your written request. At our sole discretion, we can cause the Marketing Fund to be incorporated or operated through a separate entity when we deem appropriate, and if we do so, that entity will have all of our rights and duties pursuant to this section of the Agreement.

Although not contractually required to do so, we anticipate that each Friendly's restaurant that is owned by Friendly's Restaurants Co, LLC or an affiliate will contribute to the Marketing Fund on the same basis as the majority of franchised Friendly's Restaurants. Although we will endeavor to utilize the Marketing Fund to develop advertising and marketing materials and programs, and to place advertising, that will benefit all Friendly's restaurants, we undertake no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing Fund by Friendly's restaurants operating in that geographic area or that any Friendly's Restaurant will benefit directly or in proportion to its contributions to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section 10, we assume no direct or indirect liability or obligation to you with respect to our maintenance, direction or administration of the Marketing Fund. We do not owe any fiduciary obligation to you for administering the Marketing Fund or for any other reason.

B. BY FRANCHISEE.

You must participate in all advertising, marketing and promotional programs of the Marketing Fund, including programs from time to time funded by Additional Advertising Contributions, as described in subparagraph 7.C above. In addition:

(1) Grand Opening Promotion. In connection with, but no later than one (1) year after, the initial opening of the Restaurant, you must plan, coordinate and execute a "grand opening" promotional campaign at your sole cost and expense of no less than \$10,000. You must obtain our prior approval of the campaign.

(2) Local Store Marketing. In addition to all of your payments to the Marketing Fund described in paragraph 7.C, you also agree to spend annually for local advertising for the Restaurant, an amount equal to one percent (1.0%) of the Net Sales of the Restaurant. Without limitation, local advertising expenses for the Restaurant include advertising specifically for the Restaurant, such as a telephone directory advertisement, directional billboard or direct-mail inserts for the Restaurant and include local promotional campaigns, such as local charity and youth group sponsorships. The cost of menus and the value of coupon discounts are not included in local advertising expenses. Prior to using any advertising or promotional material that you prepare for use in your local area, you must submit a specimen to us for our review and approval. If you do not receive our written disapproval of the specimen within fifteen (15) days from the date we received it, materials that conform to the specimen will be deemed approved for your use, unless we later disapprove it, in which case you must promptly discontinue further use. If an audit of your Restaurant Records determines that you failed to spend at least one percent (1.0%) of Net Sales for local store marketing during any of the audited Fiscal Years, we will have the right to increase your Marketing Fund Fee, beginning the month following the audit, by up to one percent (1.0%) of Net Sales for a period of time equivalent to the number of years in which the audit reveals you failed to spend one percent (1.0%) of Net Sales for local store marketing. In that event, you still will be required to spend at least one percent (1.0%) of Net Sales for local store marketing annually in addition to any payments owed as a result of the audit.

C. BY COOPERATIVE.

Friendly's may elect, in its sole discretion, to form a cooperative marketing fund organized on a regional basis. In such event, you and substantially all other franchisees in your region must contribute to the cooperative marketing fund up to two and three-quarters percent (2.75%) of the Net Sales of each restaurant located within the region of the cooperative marketing fund. Such contribution will offset on a dollar-for-dollar basis the Marketing Fund Fee referenced in paragraph 7.C. above.

Each company-operated restaurant within the region of the cooperative marketing fund will also contribute the same percentage of Net Sales to the cooperative fund, per restaurant within the region, as franchisees. Each franchised and company operated restaurant contributing to the cooperative will have one vote per restaurant in determining how the

cooperative will apply the funds of such cooperative.

D. THE INTERNET AND SOCIAL MEDIA.

You will not, without our prior written approval, use any of our Marks on the Internet or in any similar electronic or other communications medium, including without limitation websites and social media sites, to promote your business, to advertise and sell Friendly's products and services, or to connect with consumers on social media websites. We have the sole right to establish a Friendly's Internet website, Facebook page or other social media site using any of our Marks, and to regulate the establishment and use of linked home pages by franchisees. Before you establish a website or social media site in connection with your operation of the Restaurant, you must submit to us a complete sample of the content of the proposed site for our review and approval in our sole discretion. Any such franchisee website or social media site must comply with our Standards as prescribed by us from time to time and must be kept current in all material respects. You must submit to us a sample of all alterations and updates to your website and social media sites and obtain our approval before they are implemented.

11. **RECORDS, REPORTS, FINANCIAL STATEMENTS AND CONDITION.**

A. RECORDS.

You must keep full, complete and accurate books and accounts with respect to the Restaurant, in accordance with generally accepted accounting principles and all requirements of law. Unless we otherwise agree in writing, you must adopt our financial and operational reporting chart of accounts format, as set forth in the Operations Manual or otherwise furnished to you. You must preserve, in the English language and for the time periods set forth below, all books of account, governmental reports, register tapes, guest checks, daily reports and complete copies of all federal and state income tax returns, property and sales and use tax returns and supporting documents relating to your business operations at the Restaurant (hereinafter called the "**Records**"), including but not limited to, daily cash reports; cash receipts journal and general ledger; cash disbursements journal and weekly payroll register; monthly bank statements, and daily deposit slips and canceled checks; all business tax returns; suppliers invoices (paid and unpaid); dated cash register tapes (detailed and summary); monthly profit and loss statements; weekly guest counts; records of promotion & coupon redemptions; records described in subparagraph 8.B.(9) above; and such other records and information as we may from time to time request. You may preserve Records and submit reports electronically in accordance with our prescribed Standards and requirements.

During the term of this Agreement, you must preserve and make available to us, upon our request, all Records for no less than your current fiscal year and your five (5) immediate-past fiscal years. For three (3) years after the expiration or termination of this Agreement or the date of any transfer of the controlling interest in this Agreement, you or the transferor must preserve and make available to us, upon our request, all Records of the last three (3) fiscal years of your or the transferor's operation under this Agreement.

B. REPORTS AND FINANCIAL STATEMENTS.

You will furnish us the following reports to us, in the form we prescribe:

(1) By the tenth (10th) day of each calendar month for the preceding Fiscal Month, a report of the Net Sales of the Restaurant, other revenues generated at the Restaurant and other information we request. This report must also include a statement computing amounts then due for Royalty Fees and Marketing Fund Fees and be certified by you or by your chief executive or financial officer;

(2) By the twentieth (20th) day of each calendar month for the preceding Fiscal Month, a profit and loss statement for the Restaurant certified by you or by your chief executive or financial officer;

(3) On Monday of each week, on our standard form, a signed weekly statement of the Restaurant's Net Sales and guest counts for the seven (7) day period (Monday through Sunday) ending at the close of business on the preceding day, transmitted to us over the Internet (provided, however, for each week for which we are able to successfully obtain your weekly Net Sales directly from your system by electronic means, we will waive your requirement to provide us a weekly sales statement);

(4) Upon our request, such other data, information and supporting records for such periods as we

reasonably require; and

(5) Within one hundred twenty (120) days after the end of your fiscal year, a fiscal year-end (i) balance sheet, (ii) income statement and (iii) statement of changes in financial position (cash flow) of the Restaurant for such fiscal year, reflecting all year-end adjustments. We may require that such reports be compiled and reviewed or certified by an independent certified public accountant in compliance with standards established by the American Institute of Certified Public Accountants. Such statements must clearly set forth distributions to owners for or during such fiscal year and your total indebtedness at year end. You will also provide (iv) a statement of annual Net Sales certifying that your Net Sales for the immediately preceding fiscal year have been calculated and reported in compliance with the terms of this Agreement, each of which will be certified by you or your chief executive or financial officer.

(6) During the 4th quarter of each year, but no later than each November 15th, a business plan describing your plans and goals for the next succeeding calendar year (the annual operating plan or “AOP”). The AOP will contain such information as we shall from time to time reasonably designate. The parties acknowledge and agree that the purpose of the AOP is to provide us an opportunity to better understand your business and to offer guidance and assistance, as we determine in our sole discretion, and not to exercise any right to control your business.

C. FINANCIAL CONDITION; RESTRICTIONS ON DEBT.

(1) You and each guarantor of your performance represents and warrants that neither you nor any such guarantor failed to disclose any borrowed funds or otherwise incurred debt to obtain funding for the purchase or development of the Restaurant, as the case may be, except as specifically disclosed in your application(s) to become our franchisee.

(2) In connection with the operation of the Restaurant, including the payment of fees, costs and expenses to be incurred pursuant to this Agreement, you and your guarantors jointly and severally covenant and agree as follows:

(a) You and each guarantor shall not, without our prior written consent, which shall not be unreasonably withheld, directly or indirectly borrow any money or incur any debt or liability, other than lease obligations for the Restaurant and trade payables in the ordinary course of business, except that you may incur debt in connection with the development of new Friendly’s restaurants, provided that in connection with the development of each such restaurant, you will receive equity contributions from personal guarantors equal to not less than twenty-five percent (25%) of the total development cost of the Restaurant (which for this purpose shall consist of the cost of all leasehold improvements, furniture, fixtures and equipment). Any new debt shall have an initial amortization schedule of no more than ten (10) years from inception. In no event may you make a public offering of securities or any ownership interest in your franchisee entity.

(b) Any debt instrument must provide to us the following protections and any others that we from time to time require: (a) we must be provided notice of any default of any such debt instrument simultaneous with notice being provided to the borrower(s); (b) we must have a right of first refusal to purchase any restaurant to be sold, disposed of, or otherwise transferred by the lender of such debt instrument; (c) we must have the right, but not the obligation, to cure any default under such debt instruments; and (d) we must have the right to operate any restaurants that are the subject of the debt instrument upon your default of such instrument. In the event you default on your debt and we elect to pursue any of the foregoing protections available to us, your right to cure such default shall expire as of the date we pursue any such protections notwithstanding any longer cure period set forth elsewhere in any agreement between you and us. Additionally, you shall be liable for the full amount we pay to cure your default plus interest, and all costs we incur, including legal fees and appraisal fees relating to the evaluation of and exercise of any such protections.

(c) You shall not extend, renew, refinance, modify or amend any debt or liability permitted by this paragraph 11.C. without prior written notice to us.

(3) If you are in default of paragraph 11.C.(2) above, or if we otherwise reasonably determine that you have become or will become unable to meet your payment obligations to us, or our affiliates or suppliers under this Agreement, we may provide you a written notice of that determination and demand that you provide assurances reasonably designated by us, which may include security or letters of credit for the payment of your obligations to us and our affiliates. If you fail to

provide the assurances we demand within thirty (30) days after your receipt of our written notice, this Agreement shall automatically terminate without further notice to you effective immediately.

(4) If at any time you are delinquent in the payment of any amount owed to us or our affiliates or suppliers, you agree: (a) upon our request, to furnish us income statements and balance sheets for such periods and as of such dates and all in such detail as we may request, for you and each entity affiliated with you, whether or not such entity conducts any business with the Restaurant, (b) that we may directly contact any lender, lessor, supplier or vendor for the purpose of obtaining information relating to the Restaurant and any lease or financial arrangements and you hereby authorize such persons to disclose all such information to us and, if you are an entity, you agree that we may contact any of your officers, directors, shareholders or partners for any purpose reasonably related to your undertakings contained in this Agreement and (c) to furnish, at our request, books of account, governmental reports, register tapes, guest checks, daily reports and complete copies of federal and state income tax returns, property and sales and use tax returns.

12. INSPECTIONS AND AUDITS.

A. FRIENDLY'S RIGHT TO INSPECT THE RESTAURANT.

To preserve the goodwill of the Marks and the System and to determine whether you are complying with this Agreement and with our Standards, we or our agents or designees can, at any reasonable time, with or without prior notice:

- (1) inspect the Restaurant and the Premises;
- (2) observe, photograph and make audio and/or video recordings of the operations of the Restaurant (whether or not you are present);
- (3) remove samples of any food and beverage product, material or other products for testing and analysis;
- (4) interview personnel of the Restaurant;
- (5) interview customers of the Restaurant; and
- (6) inspect and copy any books, records and documents relating to the operation of the Restaurant.

You consent to our making audio and/or video recordings of the operations of the Restaurant, to the extent allowed by applicable law. You agree to cooperate fully with us in connection with any such inspection, observation, recording, product removal and interviews, including presenting to your customers any evaluation forms that we periodically prescribe and participating and/or requesting your customers to participate in any surveys performed by us or on our behalf.

B. RIGHTS AND OBLIGATIONS UPON INSPECTION.

(1) We shall notify you in writing of any defects, deficiencies or unsatisfactory conditions discovered at the Restaurant in an inspection, and you agree to immediately commence to correct or repair any such deficiencies or conditions upon being advised of same and thereafter diligently pursue such correction or repair to completion at your expense.

(2) We will also have the right to require you to remove or destroy any product or item in the Restaurant that fails to conform to System Standards, or that we believe to be hazardous, contaminated or to otherwise pose an imminent risk to public health or safety. If we find the Premises to have a hazardous, unsafe, unhealthy or unsanitary condition and/or there is reason to believe that any product or products in the Restaurant are contaminated, and/or for any other reason of imminent risk to public health and safety, we will have the right to require you to immediately close and suspend operation of the Restaurant and/or to require such other actions as we, in our sole discretion, deem advisable. You must notify us immediately of any suspected product contamination or other violation affecting public health or safety and to promptly take any action we require in response thereto.

(3) If you fail to comply with the foregoing obligation to correct or repair any condition or hazardous, unsafe, or unsanitary condition at the Restaurant or Premises within the time specified by us, then we, in addition to all other available rights and remedies, including the right to terminate this Agreement pursuant to Section 17 of this Agreement, shall have the right, but not the obligation, to forthwith make or cause to be made such correction or repair, and the expenses

thereof, including meals, lodging, wages and transportation for our personnel, contractors, or designees, if so utilized, shall be promptly reimbursed by you to us.

(4) Should any deficiency or unsatisfactory condition be reported more than once within any thirty (30) day period or three (3) times in any twelve (12) month period, we shall have the right, but not the obligation, in addition to all other available rights and remedies, to place a representative in charge of all operations of the Restaurant for a period of up to thirty (30) days in each such instance, and the wages and expenses of meals, lodging and transportation for said representative, which shall be commensurate with that provided for managers of other Friendly's restaurants, shall promptly be reimbursed by you upon request by us.

C. FRIENDLY'S RIGHT TO AUDIT.

You shall maintain and preserve accurate books, records and tax returns, including related material, such as cash register tapes and invoices, for the Restaurant for at least five (5) years from the date such record is prepared. Such books, records, tax returns and supporting material shall be made available by you for inspection, examination or audit by us at all reasonable times and at such locations as may be designated by us from time to time. Such examination or audit shall be at our expense unless it is disclosed that the total of monthly Net Sales submitted by you for the period being inspected by us is understated to the extent of one percent (1%) or more, in which case all costs and expenses related to such audit shall be borne by you. You shall immediately pay us on demand any deficiency in monthly Royalty Fee or Marketing Fund Fee payments disclosed by such audit, together with: (1) interest at the lower of the maximum rate permitted by law or fifteen percent (15%) per annum, from the date such payments were originally due for payment to us, and (2) a late fee, for additional administrative fees incurred by us, equal to the greater of ten percent (10%) of the amount of fees so understated or two hundred fifty dollars (\$250.00).

(1) A representative of the Franchisor may make visits to the Restaurant to ensure compliance with all required standards, specifications and procedures. Franchisor's representative will be allowed to inspect the condition and operation of the Restaurant and all areas of the franchised business at any time during normal business hours. Such inspections may include without limitations, conducting any type of audit or review necessary to evaluate the compliance with all required payments, standards, specifications or procedures. The Franchisor may from time to time, make suggestions and give mandatory instructions with respect to the operation of the Restaurant, as the Franchisor deems necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the goodwill and image of the System. The Franchisee expressly agree that these visits will not imply that the Franchisee is in compliance with their obligations under this Agreement or under the law or that the Franchisor waives their right to require strict compliance with the terms of this agreement or the Manual. Furthermore, such visits will not create any responsibility or liability for the Franchisor. If the Franchisee requests that the Franchisor make additional visits to the Restaurant, the Franchisee will pay the fees established by the Franchisor for such visits. the Franchisee will also allow the Franchisor to visit the Restaurant with prospective franchisees during normal business hours.

13. **TRANSFER OF LICENSE.**

A. BY FRIENDLY'S.

This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests in this Agreement. You agree to execute any forms that we may reasonably request to effectuate any such transfer or assignment by us.

B. BY FRANCHISEE.

You may not transfer the License without our prior written approval. The rights and duties created by this Agreement are personal to you. We have granted the License to you in reliance upon the individual and collective character, skill, aptitude, attitude, and business ability of the persons who will be engaged in the ownership and management of the Restaurant, your financial capacity and the representations and warranties made to us in your application, and the representations, warranties and covenants contained in this Agreement. Accordingly, neither this Agreement nor the License (or any interest therein), nor any part or all of the ownership of Franchisee (if an entity) or the Restaurant (or any interest therein), may be transferred, in whole or in part, directly or indirectly, without our prior written approval, and any attempted

transfer without our prior written approval will constitute a breach of this Agreement and convey no rights to or interests in this Agreement or the License. As used in this Agreement the term “**transfer**” means and includes the voluntary, involuntary, direct or indirect assignment, sale, gift, pledge, grant of security interest or other transfer by you of any interest in: (i) this Agreement or any related agreement between you and us; (ii) the License; (iii) the Franchisee; (iv) the Restaurant or (v) the Premises. Provided that all conditions set forth in this Section 13 are satisfied, we will not unreasonably withhold our approval of any transfer by you.

This paragraph 13.B. does not apply to an interest in the Restaurant or the Premises conditionally transferred to a bona fide lender as collateral security for a loan to you or to any financing or refinancing structured as a sale-leaseback, provided that upon the sale of the Restaurant, it is simultaneously leased back pursuant to a Lease Agreement which is subject to our rights under this Agreement. At no time, however, may a security interest be given in this Agreement or the License granted hereunder, without our written consent.

C. OUR RIGHT OF FIRST REFUSAL.

If, at any time during the term of this Agreement and for a period of one year thereafter, you or any of your shareholders, members or partners has received and desires to accept a signed, bona fide written offer from a third party to purchase any interest in this Agreement, the License, the Restaurant, the Premises, or a controlling interest in the Franchisee-entity, you must submit to us an exact copy of the executed, written offer from a responsible and fully disclosed purchaser along with any other information that we may reasonably request. We may, upon written notice to you within forty-five (45) days after the date of delivery of an exact copy of such offer and all requested information to us, elect to purchase such interest for the same price and on the same terms and conditions as are contained in such offer, as modified pursuant to the provisions of this section. Regardless of the terms of the offer, we may, in our discretion, structure the transaction as an asset purchase, rather than a stock purchase, and to substitute cash for securities or other property as consideration. If less than the entire interest in the Franchisee, this Agreement, the License, the Restaurant or the Premises is proposed to be sold, and if we, in our sole discretion, exercise our election hereunder, we will purchase the entire interest for a price equal to the proposed price plus a prorata increase based on the value of the interest to be purchased. Our credit will be deemed equal to the credit of any proposed purchaser, and we will have not less than ninety (90) days to prepare for closing. We will be entitled to all representations and warranties customarily given by the seller of assets of a business. We will not be obligated to pay any finder's or broker's fee or commission. Our exercise of our rights hereunder will not modify the transfer requirements of this Section 13 nor relieve you of your obligation to pay us the then-current transfer fee, which is currently ten thousand dollars (\$10,000.00).

If we do not exercise our right of first refusal, the sale or other transfer may be completed pursuant to and on the terms of such offer, subject to our approval of the transfer as otherwise provided in this Agreement; provided, however, that if the proposed sale or other transfer is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is any change in the terms of the proposed transaction, we will have an additional right of first refusal for an additional thirty (30) days.

Our right of first refusal will not apply to the sale or transfer of an interest in this Agreement, the License, Franchisee, the Premises or the Restaurant to a member of the Seller's immediate family or, if Franchisee is an entity, between or among previously approved owners of Franchisee, provided that such transfer is otherwise permissible under this Agreement.

D. CONDITIONS FOR OUR APPROVAL OF YOUR TRANSFER.

The proposed transferee and its owners (if the proposed transferee is an entity) must meet our then-current criteria for Friendly's restaurant franchisees. We shall not unreasonably withhold our consent to any transfer, provided, however, that prior to the time of such transfer, we may require that the conditions specified below are met:

- (1) You must have operated the Restaurant for a period of not less than one (1) year prior to the proposed transfer;
- (2) You must pay and satisfy (i) all accrued money obligations to us, including but not limited to Royalty Fees, Marketing Fund Fees, (ii) all amounts owed to our parent, subsidiaries and affiliates, and (iii) your obligations to any third party, if any;

(3) You must cure to our satisfaction any defaults under this Agreement or any other agreement between you, your affiliates, and us;

(4) The Restaurant, including equipment, signs, building, improvements, interior and exterior, must be in good operating condition and repair, and if the transfer occurs before you have refurbished or remodeled the Restaurant pursuant to Section 9 of this Agreement, then prior to the transfer, you must ensure that the Restaurant is in compliance with our then-current Standards;

(5) The transferee and each partner, shareholder or member of the transferee must be a United States citizen or lawful resident alien, of good moral character and reputation, must be creditworthy and must have sufficient business experience, aptitude and financial resources to operate the Restaurant. Such qualifications include, without limitation, literacy and fluency in the English language sufficient, in our opinion, to communicate with employees, customers, and suppliers and to satisfactorily complete our training program, and such other tests and interviews as we reasonably require;

(6) The transferee and its management personnel must have completed our training program to our satisfaction;

(7) The transferee, including, where appropriate, all shareholders, members and partners of the transferee, must jointly and severally execute, on our then-current forms, a franchise agreement, guarantees, and all other standard ancillary agreements, including, but not limited to, an agreement, if applicable, that in the event the transferee will at any time be unable to make payments both to Friendly's and to you for the purchase of the Restaurant, payments to Friendly's, its affiliates and/or subsidiaries (including the Marketing Fund) will have priority;

(8) You and/or the transferee must pay us our then-current transfer fee as set forth in our then-current Franchise Disclosure Document;

(9) You, and your partners, members, shareholders, officers and directors and any other owners must execute a general release in a form satisfactory to us, of any and all claims against us, our subsidiaries and affiliates, and our and their officers, directors, partners, employees and agents;

(10) We must approve the material terms and conditions of such transfer, including, without limitation, our determination that the price and terms of payment are not so burdensome as to adversely affect the subsequent operation or financial results of the Restaurant. This requirement creates no liability on our part to either you or your transferee, if we approve the transfer and the transferee later experiences financial difficulties;

(11) The transferee may not be a limited partnership, trust or other entity we do not specifically authorize and approve;

(12) You and your transferring owners must execute a non-competition covenant in favor of us and the transferee, containing the terms set forth in paragraph 15.A.;

(13) The lessor and lender, if any, of the Premises must give you any required advance written consent to the transfer of the Lease or Premises, and you must provide us with a copy of such consent;

(14) You and your owners must guarantee the transferee's financial obligations to us in its commitment agreement and license agreement for the longer of two (2) years from the date of transfer or until any seller note is paid in full; and

(15) You provide us with a deposit of five thousand dollars (\$5,000.00) to be used to pay for any financial obligations which accrued during your operation of the Restaurant, for which we will refund any unused balance six (6) months after the transfer date.

In addition, we reserve the right to promulgate, communicate and enforce such additional reasonable requirements as we may hereafter, in good faith, establish.

Neither you nor any lending institution may assert any security interest, lien, claim or right now or hereafter in the License or franchise agreement granted to the transferee, or, if applicable, our lease of the Restaurant. Any security interest,

lien, claim or right asserted with respect to any personal property at the above location will not include “after-acquired” property unless the same is subordinated to any subsequent lien for purchase-money financing of said after-acquired property.

E. YOUR TRANSFER TO A WHOLLY-OWNED ENTITY.

If you are in full compliance with this Agreement, we will not unreasonably withhold our approval of a transfer to an entity which conducts no business other than the Restaurant (or other Friendly’s restaurants), which is actually managed by you, in which you maintain management control and own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding securities, provided that you guarantee, in accordance with our then current form, the performance of such transferee’s obligations under this Agreement. Transfers of interests in such entity will be subject to the other provisions of this Section 13 and of Section 21.

F. YOUR DEATH, DISABILITY OR INCAPACITY.

If you or any of your Principals as defined in Section 6.A, die, become permanently disabled or lack mental capacity, the legal representative of the deceased, disabled or incapacitated party, as the case may be, together with all surviving partners, members or shareholders, if any, must, within six (6) months of such death, disability or mental incapacity, jointly apply in writing to transfer this Agreement or the interest of the affected party in this Agreement, to such person or persons as the legal representative may specify and who meets our then-current qualifications for franchisees and whom we approve.

If the legal representative and all surviving Principals, if any, do not propose a transferee acceptable to us under the standards set forth in this Agreement within the period set forth above, or if no transfer of the interest will have been accomplished consistent with the provisions of this Section 13 within one (1) year from the date of death, disability or mental incapacity, this Agreement will terminate forthwith and all rights licensed hereunder will automatically revert to us. We will have the right and option, exercisable upon such termination, to purchase all furniture, fixtures, signs, equipment and other chattels at a price to be agreed upon by the parties or, if no agreement as to price is reached by the parties, at such price as may be determined by a qualified, independent appraiser approved by both parties, such approval not to be unreasonably withheld. We will give you notice of our intention to exercise this option no later than twenty-one (21) days prior to termination. If you do not object to proposed appraiser within twenty (20) days after our notice, such appraiser will be deemed approved by both parties.

If the deceased, disabled or incapacitated party is also the General Manager of the Restaurant, then during the interim period until a transfer of the interest under this paragraph 13.F has taken place, the legal representative and surviving Principals will operate the Restaurant through a successor General Manager who we have approved. If you fail to appoint a successor General Manager approved by us within ninety (90) days after the date of death, disability or mental incapacity of the General Manager we may terminate this Agreement after sending you a thirty (30) day written notice-to cure.

G. EFFECT OF OUR CONSENT TO YOUR TRANSFER.

Our consent to a transfer of this Agreement, the License, the Restaurant and/or an interest in the Franchisee-entity will not constitute a waiver of any claims we may have against you (or your owners if you are an entity), nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee.

14. CONDEMNATION AND CASUALTY.

You must give us immediate notice in writing of any fire or casualty at the Restaurant, or of any proposed taking by eminent domain of the Restaurant or any means of access thereto or any portion of the Premises. If we determine that (i) it is impossible or economically unreasonable to rebuild the Restaurant on the Premises or (ii) the taking will have a material, sustained adverse impact on the operation of the Restaurant on the Premises (or whatever remains thereof), we will permit you to transfer the License to a nearby location that you select within six (6) months of the casualty or taking, as the case may be. If we approve the new location, and provided you are not in default of this Agreement, you must open a new restaurant at such approved location in accordance with our specifications within one (1) year of the closing of this Restaurant. The new restaurant will be deemed to be the Restaurant under this Agreement, for the balance of the term hereof.

Except for permanent closing authorized as stated above, if the Restaurant is damaged by fire or other casualty, you will expeditiously repair the damage. If the damage or repair requires closing the Restaurant, you will diligently repair or rebuild

the Restaurant in accordance with our Standards, commencing reconstruction no later than four (4) months after the fire or casualty, and completing reconstruction to reopen the Restaurant for continuous business operations in no event later than twelve (12) months after the fire or casualty. You will give us ample advance written notice of the date of reopening. If the Restaurant is not reopened in accordance with this Section 14, the License and this Agreement will terminate as prescribed in Section 17.

Nothing in this Section 14 will extend the term of this Agreement, but you will not be required to pay us any Royalty Fees or Marketing Fund Fees for periods during which the Restaurant is closed by reason of condemnation or casualty.

15. RESTRICTIVE COVENANTS.

A. YOUR COVENANTS NOT TO COMPETE.

You acknowledge and agree that we have invested a substantial amount of time and money in developing the System, the Marks, and the Confidential Information; that we, you, and our other franchisees have a legitimate business interest in protecting our System and our Confidential Information, including our trade secrets, against unauthorized use or disclosure; and that we would be unable to encourage a free exchange of ideas and information among us and our franchisees and developers, if franchisees and developers were permitted to hold interests in or perform services for competing businesses. Accordingly, you and your Principals acknowledge and agree that the following restrictions are reasonably required to protect these legitimate business interests, including by protecting our Confidential Information and other elements of the System from unauthorized appropriation.

Therefore, except for the operation of additional Friendly's restaurants under licenses we grant you, you and your Principals agree that (i) during the term of this Agreement, including any extension or renewal hereof, and (ii) for a period of two (2) years after expiration, termination, or approved transfer of this Agreement, regardless of the cause of any termination (hereinafter called the "**Post-Term Period**"), neither you nor any of your Principals will own, maintain or otherwise have any direct or indirect or beneficial interest in, or perform services as an officer, director, manager, employee or consultant or otherwise for, any business which owns, operates, licenses, franchises or develops one or more food service establishments that is:

(1) a mid-scale priced, family style restaurant, including, but not limited to, Denny's, Culver's, Freddy's Frozen Custard, Steak 'n Shake, Bob Evans, Cracker Barrel, IHOP, Village Inn, Waffle House, Applebee's, Chili's, Red Robin, or a similar establishment; or

(2) any other food service establishment in which frozen desserts comprise ten percent (10%) or more of gross sales as measured on any six (6) month basis, including, but not limited to, Dairy Queen, Swensen's, Carvel, Baskin-Robbins, Ben & Jerry's, Cold Stone Creamery, TCBY or similar establishments.

With respect to the Post Term Period, this restriction will apply only to any such competing food establishments located within a radius of fifteen (15) miles of the Restaurant or any other Friendly's restaurant operated by us or any other of our franchisees at the time of termination or expiration of the Agreement.

For purposes hereof, an indirect interest will be presumed to exist if such interest is that of the spouse or of a parent or child of a Principal, in addition to other forms of indirect or beneficial interests. Such restrictions will not apply to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent five percent (5%) or less of the number of shares of that class of securities issued and outstanding.

B. YOUR ADDITIONAL RESTRICTIONS.

For and during the term of this Agreement and for the Post Term Period defined above, neither you nor any of your Principals will do any of the following:

(1) divert or attempt to divert any business or customer of the Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with our Marks and System; and/or

(2) violate the restrictions relating to Confidential Information contained in paragraph 6.B. of this

Agreement.

C. OUR RESTRICTIVE COVENANT.

For and during the term of this Agreement, we will not open and operate or permit another party, including our parent and affiliates, to open and operate a new Friendly's Restaurant in your Protected Area.

D. SCOPE AND APPLICABILITY.

The covenants contained in this Section 15 will be construed as severable and independent and will be interpreted and applied consistently with the requirements of reasonableness and equity. If all or any portion of a covenant in this Section 15 is held unreasonable or unenforceable by a court having valid jurisdiction, then the parties agree that the covenant shall be modified by the court to the extent that it deems necessary to make such covenant enforceable to the greatest extent possible under applicable law. In addition, we will have the right, in our sole discretion, to reduce the scope of any covenant set forth in paragraphs 15.A. or 15.B. above, or any portion or portions thereof, without your consent, and you agree you will comply with any covenant as modified.

16. **DEFAULT AND TERMINATION.**

A. DEFAULT BY FRIENDLY'S.

We will have the right to cure any of our defaults under this Agreement for sixty (60) days after you provide us with written notice of such default; provided, however that if such default cannot reasonably be cured within sixty (60) days, and provided that we commence to cure within sixty (60) days after your written notice is delivered and continue to diligently prosecute such cure to completion, we will not be deemed to be in breach hereunder. You will not be permitted to terminate the Agreement due to any material breach or material default of our obligations without providing us with written notice and opportunity to cure the default as provided in this Section 16.A.

B. TERMINATION BY FRIENDLY'S WITHOUT OPPORTUNITY TO CURE.

We may immediately terminate this Agreement, upon delivery of written notice to the Franchisee, **without an opportunity to cure** the default, if Franchisee, or as applicable, any of its Principals:

(1) has made any material misrepresentations to Franchisor before or after the granting of the franchise;

(2) fails to meet the deadlines specified on Exhibit D herein for controlling the Premises, starting construction, and opening for business, unless the Franchisor extends any of these time periods in writing to address unforeseen delays not within the control of the Franchisee;

(3) ceases to do business, discontinues operating as a Friendly's® restaurant, or remains closed, for more than one day without the Franchisor's prior written consent, or loses the right to possess or occupy the Premises, or a substantial part of the Premises, or the Franchisee abandons, surrenders, or transfers control of the Restaurant, the Premises, or this Agreement without the Franchisor's prior approval;

(4) knowingly maintains false books or records, or knowingly submits any false reports to the Franchisor, or denies the Franchisor's representatives the right to enter and inspect the Restaurant or to examine or audit its books and records;

(5) within any period of twelve (12) consecutive months, fails to comply with this Agreement on three (3) or more separate occasions for which notices of default were given (or fails on two (2) or more separate noticed occasions to comply with the same obligation), whether or not those failures to comply are corrected;

(6) makes any unauthorized use of the Marks or contests or opposes in any court or proceeding the Franchisor's ownership of all or any part of the Marks or the System;

(7) makes any unauthorized use or disclosure of any Confidential Information, or any portion of the Operations Manual or training materials, or duplicates any part of the System at another restaurant or business (other than another Friendly's restaurant), or makes any other unauthorized use of any part of the System;

(8) makes or attempts an unauthorized transfer of rights or obligations under this Agreement or any interest in the Franchisee in violation of Section 13, or takes any action toward dissolving or liquidating the entity owning the franchise, or any similar action is taken against the Franchisee, without providing the Franchisor advance written notice and complying with Section 13;

(9) is convicted of, or pleads no contest to, a felony or other crime or offense that the Franchisor believes may adversely affect the Franchisee's reputation, or the reputation of the Franchisor, the Restaurant, the Marks, or the System;

(10) becomes insolvent or is unable to pay its debts as they mature; makes an assignment for the benefit of creditors or an admission of inability to pay obligations as they become due; files a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution, composition or other settlement with creditors under any law; admits or fails to contest the material allegations of any pleading filed against it related to any insolvency action; is adjudicated bankrupt or insolvent; has a receiver or other custodian appointed for a substantial part of its assets or its Restaurant; has a final judgment remain unsatisfied or of record for 90 days or longer; has an execution levied against any substantial part of its assets; has a tax levy made; has a suit to foreclose any lien or mortgage against it or its Restaurant instituted and not dismissed within 90 days; has a substantial part of its real or personal property sold after levy of judgment by any sheriff, marshal or constable; or has the claims of its creditors abated or subjected to a moratorium under any law; or

(11) breaches a material obligation, representation, or warranty contained in this Agreement, and by its nature the breach cannot be cured.

C. TERMINATION BY FRIENDLY'S WITH NOTICE: 24 HOUR CURE.

If any of the following Franchisee defaults occur, the Franchisor may terminate this Agreement by giving the Franchisee written notice stating the nature of the default twenty-four (24) hours prior to a specified termination date. You may avoid termination by curing the default to the Franchisor's satisfaction within the 24-hour cure period. If the specified default is not timely cured, this Agreement will terminate without further notice, effective upon expiration of the 24-hour period. The Franchisee defaults to which this 24-hour termination provision applies are the following:

(1) conducting Restaurant operations in a manner that, in the opinion of a local governmental authority or the Franchisor, constitutes an imminent danger to public health or safety;

(2) failing to faithfully observe appropriate food-borne illness prevention techniques; or

(3) any breach of this Agreement that materially impairs the goodwill associated with any of the Marks or the System.

D. TERMINATION BY FRIENDLY'S WITH NOTICE: 10-DAY CURE.

If any of the following Franchisee defaults occur, the Franchisor may terminate this Agreement by giving the Franchisee written notice stating the nature of the default ten (10) days prior to a specified termination date. You may avoid termination by curing the default to the Franchisor's satisfaction within the 10-day cure period. If the specified default is not timely cured, this Agreement will terminate without further notice, effective upon expiration of the 10-day period. The Franchisee defaults to which this 10-day termination provision applies are the following:

(1) failure to accurately report all Net Sales;

(2) failure to timely pay any amounts due for Royalty Fees, Marketing Fund Fees, or any other amounts due the Franchisor or its affiliates;

(3) failure to pay any debts, obligations, assessments and taxes due and payable to vendors, suppliers, lessors, federal, state or local governments or creditors in connection with Franchisee's business, unless there is a bona fide dispute and the Franchisee is properly, and without further risk of loss of the Restaurant or the Premises, contesting the matter;

(4) violation of any law, ordinance, rule, or regulation of a government agency in connection with the Premises or the operations of the Restaurant, or failure to correct the violation after notice, unless there is a bona fide dispute as to the violation or the legality of the law, ordinance, rule, or regulation, and the Franchisee has properly resorted to appropriate courts

or forums to contest that violation or legality; or

(5) failure to obtain or maintain in force any insurance, license, permit, or bond required by local authority, or by this Agreement, or that is necessary for the Premises or the operations of the Restaurant.

E. TERMINATION BY FRIENDLY'S WITH NOTICE: 30-DAY CURE.

If any of the following Franchisee defaults occur, the Franchisor may terminate this Agreement by giving the Franchisee written notice stating the nature of the default thirty (30) days prior to a specified termination date. You may avoid termination by curing the default to the Franchisor's satisfaction within the 30-day cure period. If the specified default is not timely cured, this Agreement will terminate without further notice, effective upon expiration of the 30-day period. The Franchisee defaults to which this 30-day termination provision applies are the following:

(1) failure to comply with any provision of this Agreement other than the provisions allowing the Franchisor to terminate this Agreement immediately, with a 24-hour cure period or with a 10-day cure period, as set forth in Sections 16.B, 16.C and 16.D;

(2) failure to comply with any mandatory Standards in the Operations Manual or otherwise prescribed by the Franchisor, other than those Standards for which the non-compliance allows the Franchisor to terminate the Agreement immediately or with a 24-hour or 10-day cure period, as set forth in Sections 16.B, 16.C and 16.D;

(3) failure to commence or properly and in a workmanlike manner complete any required maintenance, repairs, or refurbishment to the Restaurant;

(4) failure to satisfactorily pass any inspection of the Restaurant or the Premises by the Franchisor or local authority, other than those failures which allow the Franchisor to terminate the Agreement with a 24-hour cure period as set forth in Section 16.C;

(5) failure to employ a full-time, trained General Manager or appropriate number of Certified Restaurant Managers; or

(6) default by the Franchisee, or any of its Principals or any affiliate, under the terms of any other agreement with the Franchisor, including, without limitation, any Development Agreement, any lease or other franchise agreement, with the Franchisor.

F. COMPLIANCE WITH APPLICABLE LAW.

If any provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, those provisions shall not be followed to the extent they are not in accordance with applicable law. The Franchisor shall in that case comply with applicable law governing the notice period or grounds for termination, cancellation, or non-renewal of the Agreement.

G. NO LIMITATION ON EVENTS OF DEFAULT OR REMEDIES.

In any judicial proceeding in which the validity of Franchisor's termination is at issue, the Franchisor will not be limited to relying on the reasons for termination which are set forth in this Article 16 or in any notice sent to the Franchisee in accordance with this Article. The Franchisor's specified rights to terminate this Agreement are in addition to all rights or remedies available at law or in equity in case of any actual or threatened Franchisee breach, failure, or default. All of the Franchisor's rights and remedies are cumulative and not alternative.

17. OBLIGATIONS UPON TERMINATION OR EXPIRATION.

A. YOUR OBLIGATIONS.

Upon any termination or expiration of this Agreement, your License to use the Marks and the System and your right to operate the Restaurant under the Marks will immediately terminate, and:

(1) You must pay to us, within fifteen (15) days after termination or expiration or such later date on which the amounts due to us are determined, all sums owing or accrued from you to us, including but not limited to, Royalty fees, Marketing Fund contributions, amounts owed for your purchases from us or our parent, subsidiaries and affiliates,

predecessors, successors and assigns, interest due on any of the foregoing, and all other amounts owed to us or our parent, subsidiaries and affiliates under this Agreement or otherwise and any costs and expenses, including reasonable attorneys' fees, incurred by us by reason of your default. Upon termination by reason of your default under Section 16 of this Agreement, such sums shall include actual and consequential damages suffered by us for the remainder of the term of this Agreement, and costs and expenses (including reasonable attorneys' fees) incurred by us, as a result of the event of default and the termination; and

(2) You must immediately cease to operate the Restaurant and not directly or indirectly at any time or in any manner identify yourself or any business as a current or former Friendly's restaurant, or as a current or former franchisee or licensee of ours, or as otherwise associated with us, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us. You must also return to us any and all resalable inventory of our Proprietary products for which you will be compensated at the lower of their cost or market value; and

(3) You must immediately and permanently cease to use, by advertising or in any other manner whatsoever, any feature or method associated with the System, any or all of the Marks or any colorable imitation thereof and any other trade secrets, Confidential Information, the Operation Manual, slogans, trade dress, signs, symbols or devices which are part of our System or are otherwise used in connection with the operation of the Restaurant. You agree that any unauthorized use of our Marks after termination of this Agreement will constitute willful trademark infringement and will cause us irreparable harm; and

(4) You must immediately cease to use in any business or otherwise any of our Confidential Information which has been disclosed to, learned by or acquired by you. You must immediately return to us all copies of the Operations Manual and other Confidential Information in your possession (all of which you acknowledge to be our property), and will retain no copy or record of any of the foregoing or electronic access to any of the foregoing, except your copy of this Agreement, any correspondence between the parties, and any other documents which you reasonably needs for compliance with any provision of law; and

(5) You must immediately remove from the Premises, and return to us (or with our consent, destroy) any and all signs, menus, fixtures, furniture, furnishings, equipment, advertising, materials, stationery supplies, forms or other articles that display or contain any Mark or that otherwise identify or relate to a Friendly's restaurant; and

(6) You must immediately remove all Marks that are affixed to uniforms and/or, at our direction, cease to use all uniforms that have been used in the Restaurant; and

(7) You must, within five (5) days after termination or expiration, disconnect, withdraw and/or terminate any telephone listings and/or fictitious name registration containing the word "Friendly". Upon our written demand upon any termination, expiration or non-renewal of the License, you must assign to us any telephone number used in the operation of the Restaurant. You hereby appoint us as your attorney-in-fact to do any act necessary to effect the intent of this paragraph; and

(8) You must continue to comply with Section 15 of this Agreement, for the Post-Term Period specified therein. If you begin to operate any other business, wherever situated, you will not, in connection with such other business or the promotion thereof, use any reproduction, counterfeit, copy or colorable imitation of any of our Marks or trade dress; and you will not utilize any designation of origin or description or representation which falsely suggests or represent an association or connection with Friendly's, whether or not it constitutes unfair competition; and

(9) You must, at our request, either terminate or assign to us any website that identifies you as currently or formerly associated with us or that displays any Mark, as well as any domain name of such website or any of your domain names (collectively the "Domain Names"), and you acknowledge that, between Friendly's and Franchisee, Friendly's has the sole right to any Domain Name; and

(10) You must furnish to us within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to us of your compliance with the foregoing obligations.

B. OUR RIGHTS AND REMEDIES UPON TERMINATION.

(1) Our Right to Deidentify Premises. If you fail to take such actions as required above to our satisfaction within thirty (30) days of termination or expiration of this Agreement, you grant us the right to enter the Premises to remove all items bearing the Marks and take such actions as we deem necessary to de-identify the Restaurant from the System without committing any trespass or incurring any liability for such actions. You will be responsible for all costs and expenses that we incur in taking such actions.

(2) Temporary Operating Period. Upon termination, expiration or refusal to renew or extend the term of this Agreement, we will be entitled, at our sole option, to elect to continue to operate the Restaurant for a temporary period selected by us, not to exceed six (6) months ("**Temporary Operating Period**"). We will deliver written notice to you if we elect to exercise this option. During the Temporary Operating Period, we shall pay all of the normal operating expenses, including the payment of current rent and other charges due under the Lease for the Restaurant arising during the Temporary Operating Period, and salaries of employees working in the Restaurant which accrued while we operate the Restaurant. On or prior to the expiration of the Temporary Operating Period we will be further entitled, at our sole option, to assume your executory obligations under the real estate and equipment leases applicable to the Restaurant and to exercise the purchase option described in Section 17.B.3 below. If we exercise our option to permanently operate the Restaurant, we shall use reasonable efforts to release and discharge of you from any executory obligations under the real estate and equipment leases for the Restaurant or shall hold you harmless from future rents, future lease charges and all other future liabilities under the applicable leases.

(3) Right to Purchase Assets and Assume Lease. We shall, within thirty (30) days following the expiration or termination of this Agreement for any reason, or within the Temporary Operating Period referenced in Section 17.B.2 above, have the option, at our sole discretion, to purchase all or any portion of the assets of the Restaurant and any other materials, equipment or supplies bearing our Marks, and to have you assign and transfer the Lease for the Premises to us. Our purchase price for the portion of your inventory or supplies purchased directly from us shall be at your cost. Our purchase price for the remaining inventory, equipment, parts, fixtures and furnishings utilized by you in the operation of the Restaurant shall be the fair wholesale market value thereof. In addition, we shall be permitted to deduct and withdraw from the purchase price to be paid to you for any such items all sums due and owed to us. In determining the fair market value of such items, the parties shall exclude any factor or increment for goodwill or going-concern value. Except as provided below, the purchase price will be paid in cash at the closing of any such purchase which will occur no less than thirty (30) days from the date of exercise of the option.

If the parties are unable to reach agreement as to the fair market value of the assets of the Restaurant to be purchased by us, the parties hereby agree to appoint an independent appraiser to make such determination, whose determination will be binding upon the parties. The fees and expenses of such appraisal shall be paid in equal proportions by the parties. If you do not object to proposed appraiser within twenty (20) days after our notice, such appraiser will be deemed approved by both parties.

C. CONTINUING OBLIGATIONS.

All obligations of Friendly's and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. The obligations which shall survive the termination or expiration of this Agreement include without limitation Sections 4 (Marks), 5.D (Indemnification), 6 (Confidentiality), 8.L (Insurance), 15 (Restrictive Covenants), 17 (Obligations after Termination or Expiration), 19 (Enforcement), and 20 (Waivers).

D. PAYMENT OF LIQUIDATED DAMAGES.

If you prematurely close the Restaurant or abandon the franchised business (other than pursuant to paragraph 16.A. above), or if we terminate this Agreement because of your material default (which includes your failure to pay any amounts owing to us or our affiliates and your failure to pay your trade creditors as required by this Agreement), you shall promptly pay to us, as liquidated damages for the loss of the benefit bargained for in this Agreement due to premature termination only, and not as a penalty or as damages for breaching this Agreement or in lieu of any other payment, a lump sum equal to the average weekly Royalty Fee and Marketing Fund fees for the 26-week period immediately preceding termination, multiplied by the number of weeks remaining in the current term, discounted to present value. If the Restaurant was closed during any part of

the 26-week period, then the Royalty Fee and Marketing Fund fee for any week or partial week in which the Restaurant was closed will be presumed to be the highest weekly Royalty Fee and Marketing Fund fee payable during the 26-week period.

18. DISPUTE RESOLUTION.

A. AGREEMENT TO USE PROCEDURE.

Except to the extent we seek payments owed by you to us or to our affiliates or injunctive or other equitable relief or specific performance to enforce provisions of this Agreement, the provisions of this Section 18.A shall apply to all disputes between the Franchisor (including our affiliates, owners, officers, directors, and employees) and the Franchisee and/or its Principals, arising out of or relating to this Agreement (including any claim that any part of this Agreement is invalid, illegal, or otherwise ineffective), to disclosures made or other actions or omissions occurring prior to execution of the Agreement, and/or to any business relationship that exists, or activities that are conducted, as a result of this Agreement (each, a “**Dispute**”); provided, that the provisions of this Section 18.A shall not apply after Franchisor has terminated this Agreement under Section 16, even if the Franchisee disputes the validity of the termination. We will use these procedures to attempt to resolve amicably any Dispute without the necessity of litigation and before commencing any legal action, except as permitted in this Section. If a party commences any legal action without first using these procedures, the other party will be entitled, upon appropriate motion, to abate the legal action pending compliance with this Section 18.A.

B. INITIAL PROCESS.

The party initiating the process must give initial written notice to the other party describing the Dispute and identifying one or more authorized individuals with power to resolve the Dispute. The date of receipt of the initial notice is the “Start Date.” Within ten (10) days after the Start Date, the other party must designate in writing its authorized individuals with power to resolve the Dispute. The authorized individuals will meet in good faith no later than twenty (20) days after the Start Date to discuss resolution of the Dispute. If the Dispute has not been resolved within forty-five (45) days after the Start Date, any party may cease direct negotiations and submit the Dispute to mediation in accordance with the procedure in Section 18.C.

C. MEDIATION.

(1) Selection of Location and Mediator. Within ten (10) days after the parties cease direct negotiations under Section 18.B, they will attempt to select a location for the mediation. If they cannot agree within ten (10) days, the mediation will be held either in the city in which the Franchisor then has its principal business office or in Dallas County, Texas, with us making the choice between the location options. The parties must then select a person to mediate the Dispute. If the parties cannot agree on a mediator within ten (10) days after the location for mediation has been determined, any party may request the American Arbitration Association to supply a list within five (5) business days of five (5) potential qualified mediators, who are either an attorney experienced in the field of franchising or a retired or former judge of a court of record. Within ten (10) days after receipt of the list, the parties must rank the proposed mediators in numerical order of preference, exchange their lists, and select the individual receiving the highest combined ranking as the mediator. If that individual is not available to serve, the parties will proceed to contact the individual who was the next highest in ranking until a mediator is selected.

(2) Conduct of Mediation. The parties and the mediator will determine a date for the mediation. Both parties will deliver a summary of its position on the Dispute to the mediator at least seven (7) days before the first scheduled mediation session. The mediator will determine the meeting format and the mediation session will be private. The mediator will keep confidential all information learned in private discussion with any party unless that party authorizes disclosure. The mediation will be governed by other rules the mediator prescribes.

(3) End of Mediation. The mediator will end the mediation if the process fails to resolve the Dispute at the conclusion of ten (10) hours of mediation sessions, unless the parties agree to continue the sessions. In addition, any party may terminate the mediation process if any other party fails to take any action when required in order to further the mediation process. The parties may not commence any legal action or seek other remedies until seven (7) days following the end of the mediation process. However, any party may commence litigation within that seven (7) day period if litigation of the Dispute could be barred by an applicable statute of limitations or to seek an injunction to prevent irreparable harm, or other equitable relief or specific performance.

(4) Fees; Disqualification; Confidentiality. We will both share the fees and expenses of the mediator

equally. Each party will pay their own other costs of the mediation. The mediator will be disqualified as a witness, expert, or counsel for any party with respect to the Dispute and any related matters. All negotiation and mediation pursuant to this Section will constitute settlement discussions for purposes of federal and state rules of evidence. The entire mediation process is confidential, and all conduct, statements, promises, offers, and opinions will not be discoverable or admissible in any legal proceeding for any purpose. Evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission solely because of its use in the mediation.

19. ENFORCEMENT.

A. GOVERNING LAW.

We may grant franchises throughout the United States on terms and conditions similar to those set forth in this Agreement, and it is of mutual benefit to us and all of our franchisees that the terms and conditions be uniformly interpreted. Therefore, unless the applicable law in the state in which you have your principal place of business requires otherwise, this Agreement will be governed by and interpreted in accordance with Texas law, without regard to any conflict of law rules.

B. JURISDICTION AND VENUE.

Unless the applicable law in the state in which you have your principal place of business requires otherwise, the parties also specifically and deliberately agree that all litigation of controversies, claims or disputes between us and you (or your Principals) which arise out of or relate to this Agreement or any other agreement between us or our affiliates and you or your affiliates, or the relationship between you and us, may be brought only in a state or federal court of competent jurisdiction in the state of Texas. You and your Principals irrevocably submit to the jurisdiction and venue of those courts and waive any objection to the jurisdiction and venue of those courts.

C. INJUNCTIVE RELIEF.

If you or any of your Principals breach any provisions of this Agreement regarding the System, the Marks, Confidential Information or trade secrets, restrictive covenants, or limits on competition, or engages in other conduct that could materially damage the goodwill associated with the Marks, Friendly's restaurants, or the System, or violates the terms of Sections 16.C.2 or 16.C.3, then you and your Principals agree that we will have no adequate remedy at law. Therefore, you and your Principals expressly agree that, in addition to all other available remedies, we will be entitled to commence a legal action and obtain an injunction or other form of equitable relief or specific performance (including a preliminary injunction or temporary restraining order) to prevent or eliminate the occurrence or continuation of any actual or threatened breach, default, violation, or conduct. We will not be required to post a bond to obtain preliminary or temporary injunctive relief. The only remedy, if an injunction is wrongfully entered against you or your Principals, will be the dissolution of that injunction, and you and your Principals do not have any right to recover damages for wrongful entry of an injunction. We are not required to pursue the dispute resolution procedures of Section 18.A before filing a lawsuit to seek injunctive or other equitable relief or specific performance.

D. ATTORNEY'S FEES.

In any proceeding to enforce or interpret this Agreement or rights and obligations between the parties arising out of or relating to the Agreement or operation of the Restaurant, or appeal thereof, the prevailing party may recover its costs and expenses, including but not limited to reasonable attorneys' fees, expert witness fees, costs of investigation, court costs, other litigation expenses, and reasonable travel expenses. In any proceeding involving more than one allegation or issue, where neither party prevails on all allegations or issues, the court may apportion fees, costs and expenses between the parties.

E. WAIVERS AND LIMITATIONS OF ACTIONS.

EACH OF THE PARTIES AND YOUR PRINCIPALS HERETO KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREES AS FOLLOWS:

(1) EACH PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS TO A TRIAL BY JURY; AND

(2) EACH PARTY EXPRESSLY WAIVES ANY AND ALL CLAIMS FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES, EXCEPT THAT FRIENDLY'S MAY AT ANY TIME BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED

BY LAW; AND

(3) **EACH PARTY EXPRESSLY AGREES THAT IT WILL NOT INITIATE OR PARTICIPATE IN ANY CLASS ACTION OR OTHER GROUP, COLLECTIVE, CONSOLIDATED, JOINT OR ASSOCIATIONAL CLAIM, OR ANY ACTION BROUGHT IN A REPRESENTATIVE CAPACITY, AGAINST ANY OTHER PARTY HERETO; AND**

(4) Each party expressly agrees that no party may recover damages for economic loss attributable to negligent acts or omissions, except for conduct which is determined to constitute gross negligence or an intentional wrong; and

(5) Each party expressly agrees that in the event of any final adjudication or applicable enactment of law that punitive, multiple and/or exemplary damages may not be waived by the parties, no recovery by any party in any forum will ever exceed two (2) times actual damages, except for an award of multiple damages to Friendly's for willful trademark infringement, as provided by law; and

(6) Each party expressly agrees that any and all claims and actions arising out of or relating to this Agreement, or the relationship of Friendly's and Franchisee, or Franchisee's operation of the Restaurant, brought in any forum by any party hereto against another, must be commenced within two (2) years after the discovery of the facts giving rise to such claim or action, or such claim or action will be barred.

The foregoing provisions shall govern all Disputes.

F. RIGHTS OF PARTIES ARE CUMULATIVE.

All rights and remedies of the parties under this Agreement are cumulative, and no exercise or enforcement by either party of any right or remedy will preclude the exercise or enforcement of any other right or remedy under this Agreement or under the law or in equity, except as otherwise set forth in this Agreement.

20. MISCELLANEOUS TERMS.

A. ENTIRE AGREEMENT; INTERPRETATION.

(1) This Agreement, including the background recitals and exhibits hereto, constitutes the entire agreement between you and us related to the subject matter of this Agreement, except for the Area Development Agreement, if any, certain portions of which survive the execution and delivery of this Agreement. In the event of a conflict between this Agreement and the Area Development Agreement, the provisions of this Agreement will control.

(2) This Agreement fully replaces and supersedes all prior agreements (other than the Area Development Agreement, if any), representations, and understandings between you and us, either oral or written, relating to the subject matter of this Agreement, and no oral or written representations, inducements, promises, agreements, arrangements or undertakings have been made or are relied upon by the parties, other than as set forth herein, in the Area Development Agreement (if any), or in our Franchise Disclosure Document. Nothing in this Agreement or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

(3) The provisions of this Agreement shall be interpreted to provide that you at all times operate the Restaurant in conformity with the System, through strict adherence to our mandatory Standards, specifications, and policies as they now exist and as they may be modified by the Franchisor from time to time.

B. AMENDMENT AND BINDING EFFECT.

This Agreement may be amended or modified only by a writing signed by you and us. However, we may modify the Operations Manual at any time without your consent, and you will comply with all mandatory provisions of the Manual. Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. This Agreement is binding upon the parties to it and their respective executors, administrators, heirs, permitted assigns, and successors in interest.

C. WAIVER OF OBLIGATIONS.

You and we may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the

notice of waiver. Any waiver granted by us will be without prejudice to any other rights we may have, will be subject to continuing review by us, and may be revoked, in the good faith exercise of our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice. You and we will not be deemed to have waived or impaired any right, power, or option reserved by this Agreement (including, without limitation, the right to demand strict compliance with every term, condition, and covenant herein, or to declare any breach thereof to be a default and to terminate the License prior to the expiration of its term), by virtue of any (i) custom or practice of the parties at variance with the terms hereof; (ii) any failure, refusal, or neglect by you or us to exercise any right under this Agreement; or (iii) any failure, refusal, or neglect by you or us to insist upon exact compliance by the other with its obligations hereunder.

D. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

If any provision of this Agreement is invalid or unenforceable as written under applicable law, it shall be modified or limited as necessary to make the provision valid and enforceable to the greatest extent possible under applicable law. If any provision of this Agreement is finally declared by a court to be invalid, or unenforceable, the remaining provisions shall remain in full force as if the Agreement had never contained the invalid provision. Provided, that if any part of this Agreement relating to the payment of fees to the us, or the preservation of any of our Marks, trade names, Confidential Information, or trade secrets is declared invalid or unenforceable, then we shall have the right to immediately terminate this Agreement and to recover all our Marks and other intellectual property, upon written notice to you.

E. FORCE MAJEURE.

Neither you nor we will be liable for loss or damage or deemed to be in breach of this Agreement if a failure to perform particular obligations results from: (i) transportation shortages, inadequate supply or unavailability from the manufacturers or suppliers of equipment, merchandise, supplies, labor, material, or energy, or the voluntary surrender of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any federal, state, or municipal government or any department or agency thereof; (ii) acts of God; (iii) fires, other natural disasters, strikes, embargoes, war or riot; or (iv) any other similar event or cause beyond the foreseeable and reasonable control of the party.

Any delay resulting from any of such causes will extend the time for performance or excuse performance, in whole or in part, as may be reasonable, except that such causes will not excuse payments of amounts owed at the time of such occurrence or payment of any amounts due thereafter.

F. BINDING EFFECT.

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest; provided that it shall be binding on any of your transferees only upon our approval as provided for in Section 13.B.

G. NOTICES AND PAYMENTS.

All notices permitted or required under this Agreement must be in writing, addressed to the party to be notified at the address provided on the first page of this Agreement or its most current principal business address of which the notifying party has been notified in writing, and may be delivered in the following manners and deemed delivered in the following times: (i) at the time delivered by hand, (ii) one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, (iii) the day of transmission by email, with proof of receipt; or (iv) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. All payments and reports required by this Agreement will be directed to Friendly's at the address notified to the Franchisee from time to time, or to such other persons and places as Friendly's may direct from time to time. Any required payment or report not actually received by Friendly's during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior thereto) will be deemed delinquent.

H. INTERPRETATION.

(1) Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

(2) Except where this Agreement expressly obligates Friendly's to reasonably approve or not unreasonably withhold its approval of any action or request by the Franchisee, Friendly's has the absolute right to refuse any request by the Franchisee or to withhold its approval of any action or omission by the Franchisee.

(3) The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of such sections or paragraphs.

(4) The term **"family member"** as used herein refers to parents, spouses, offspring and siblings, and the spouses of parents and siblings.

(5) The term **"affiliate"** as used herein means any person or entity that directly or indirectly owns or controls, or is owned or controlled by, or is under common ownership or control with, another person or entity.

(6) References to a **"controlling interest"** in the Franchisee will mean fifty percent (50%) or more of the voting control of the Franchisee or such lesser percentage that may have the power to control the management and affairs of the Restaurant or the Franchisee.

(7) The term **"Franchisee"** as used herein is applicable to one or more persons, a corporation, limited liability company, partnership or other entity, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time the Franchisee hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Friendly's will be joint and several.

(8) This Agreement may be executed in counterparts, each of which will be deemed an original.

(9) Time is of the essence of this Agreement.

I. DISAVOWAL OF ORAL REPRESENTATIONS.

You and we must acknowledge that we want all terms of our business relationship to be defined in this written agreement and that neither of us want to enter into a business relationship with the other which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between us. We each agree that we placed and will place no reliance on any such discussions. You agree that no representations have been made to you concerning this Agreement, the Restaurant or the franchised business other than contained in this agreement and in the Franchise Disclosure Document you received before you signed this Agreement (the **"FDD"**). You agree that no claims, representations, warranties, or guarantees express or implied regarding actual or potential earnings sales profits or success of your Restaurant have been made to you other than as forth in item 19 of the FDD.

J. OTHER FRANCHISEES

You acknowledge that other Restaurant franchisees have or will be granted franchisees at different times and in different situations and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement. You also acknowledge that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations we grant to others of our Restaurants (whether franchised or centers that we or our affiliates operate) and you will not be entitled require us to grant similar variations or privileges to you.

21. PROVISIONS APPLICABLE IF FRANCHISEE IS AN ENTITY.

You may be a sole proprietorship or organized as a general partnership, corporation or limited liability company. You may not be a limited partnership, trust or other entity we have not specifically authorized herein or approved in writing.

A. IF YOU ARE A CORPORATION.

You represent, warrant and agree that (i) you are organized under the laws of the state set forth at your signature below, (ii) your charter provides that your activities are limited to developing and operating Friendly's restaurants, (iii) you are and will remain duly organized and in good standing during the term of this Agreement, (iv) each of your stock certificates has and will have conspicuously endorsed upon it a statement that any assignment or transfer thereof is subject to all restrictions

imposed upon transfers by this Agreement; (v) all your shareholders must enter into a written agreement, in a form satisfactory to us, to jointly and severally guaranty the full payment and performance of the corporation's obligations to Friendly's and to assume all personal obligations required of partners, members and/or shareholders contained in this Agreement; and (vi) no new shares of your common or preferred voting stock will be issued to any person, persons, partnership, association, LLC or corporation without obtaining our prior written consent pursuant to Section 13 of this Agreement. You will at all times maintain a current list of all owners of record and all beneficial owners of any class of your voting stock and you will furnish the list to us upon request. You agree to complete and execute, from time to time upon our request, a Certificate of Resolution in form as attached hereto as Exhibit C-1.

B. IF YOU ARE A LIMITED LIABILITY COMPANY.

You represent, warrant and agree that (i) you are a limited liability company ("LLC") organized under the laws of the state set forth at your signature below, (ii) your Operating Agreement provides that your activities are limited to developing and operating Friendly's restaurants, (iii) you are and will remain duly organized and in good standing during the term of this Agreement, (iv) your Operating Agreement provides that any assignment or transfer of membership interests in the LLC is subject to all restrictions imposed upon transfers by this Agreement; (v) all your members must enter into a written agreement, in a form satisfactory to us, to jointly and severally guaranty the full payment and performance of the LLC's obligations to Friendly's and to assume all personal obligations required of partners, members and/or shareholders contained in this Agreement and (vi) no new membership interest(s) in the LLC will be created for, issued or granted to any person, persons, partnership, association LLC or corporation without obtaining our prior written consent, pursuant to Section 13 of this Agreement. You will at all times maintain a current list of all your members of record and you will furnish the list to us upon request. You agree to complete and execute, from time to time upon our request, a Certificate of Authority and Incumbency in form as attached hereto as Exhibit C-2.

C. MANAGING OWNER/MEMBER.

You represent and warrant that your Managing Owner/Member designated in Exhibit C presently has and will have, throughout the term of this Agreement, the authority to bind you in any dealings with us, our parent, subsidiaries and affiliates and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Restaurant, Premises and License. You agree to furnish us with such evidence as we may from time to time request. We may fully rely upon these representations and warranties until such time as you notify us in writing of a change of your Managing Owner/Member. No change in the Managing Owner/Member may be made without prior written notice to us. If you wish to change your Managing Owner/Member, we must approve your proposed new Managing Owner/Member pursuant to our then-current criteria for Managing Owners/Members. If your Managing Owner/Member dies or becomes disabled or incapacitated, you must, within sixty (60) days thereafter, name a new Managing Owner/Member approved by us pursuant to our then current criteria for Managing Owners/Members.

22. ACKNOWLEDGEMENTS.

Contemporaneously with your execution of this Agreement, you have carefully reviewed and executed the Disclosure Acknowledgment Statement attached to and incorporated into this Agreement as Exhibit A.

You acknowledge that, due to the length of time we have been granting licenses to operate Friendly's restaurants or other food service concepts using the Marks, there is more than one form of franchise agreement in effect between us and our various franchisees and that such agreements contain provisions that may be materially different from the provisions contained in this Agreement and that you are not entitled to rely on any provision of any other such agreement, whether to establish course of dealing, waiver, estoppel or for any other purpose.

You acknowledge receiving our Franchise Disclosure Document no less than fourteen (14) calendar days before you paid us any monies or the date you are executing this Agreement. We acknowledge that nothing in this Agreement is intended to disclaim any representation we made in the Franchise Disclosure Document you received.

The Undersigned Franchisee hereby grants Friendly's the right to inspect the records of any of Franchisee's suppliers and distributors of raw materials, food products, supplies and equipment and hereby authorizes such parties to release to Friendly's records of the Franchisee's purchases and deliveries, by electronic transfer or otherwise, at such times and places

as Friendly's may from time to time reasonably request.

The parties expressly acknowledge their understanding of the waiver of rights set forth in Section 19.E of this Agreement.

IN WITNESS WHEREOF the parties hereto have executed and delivered this Agreement as of the Agreement Date.

FRANCHISOR:

Friendly's Restaurant Franchising Co, LLC

By: _____
Name, Title

Date: _____

FRANCHISEE:

By: _____
Name, Title

Date: _____

IN CONSIDERATION OF the execution of the Franchise Agreement by Franchisor and based on the benefit received from the Franchise Agreement by the undersigned, each of the following persons who each owns a 10% or more direct or indirect ownership interest in the Franchisee hereby adopts and agrees to comply with the terms and provisions of Sections 4, 6, 13, 15, 18, 19, 20, 21, and 22 of the Franchise Agreement.

PRINCIPAL(S):

[Name], Individually

Date: _____

[Name], Individually

Date: _____

EXHIBIT A TO THE FRANCHISE AGREEMENT
BETWEEN FRIENDLY'S RESTAURANTS FRANCHISING CO, LLC
AND

Dated: _____

DISCLOSURE ACKNOWLEDGMENT STATEMENT

Friendly's Restaurants Franchising Co, LLC ("**we**" or "**us**") through the use of this Disclosure Acknowledgment Statement, desires to ascertain that _____ ("**you**") fully understand and comprehend that your execution of this Franchise Agreement for a License to own and operate a Friendly's restaurant (the "**Restaurant**") is a business decision, complete with its associated risks, and that it is our policy to verify that you are not relying upon any oral or written statements, representations, promises or assurances or visual observations relating to a Friendly's restaurant which have not been authorized by us.

1. You recognize and understand that business risks, which exist in connection with the ownership, development and operation of any business, make the success or failure of the Restaurant subject to many variables, including such factors as your skills and abilities, competition, interest rates, the economy, inflation, store location, operation, labor and supply costs, lease terms and costs, the market place and others. You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that the success of the venture involves substantial business risk and will be primarily dependent upon your ability as an independent business person. You hereby acknowledge your willingness to undertake these business risks.

2. You acknowledge that you have received and had the opportunity to personally read and review, and that you comprehend and understand this Franchise Agreement. You acknowledge that we have permitted you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks associated with the operation of a Friendly's restaurant and of entering into this Franchise Agreement. You also acknowledge that you have received and read carefully, and that you understand, the Franchise Disclosure Document (the "**Disclosure Document**") prepared by us, and that we have not made any oral, written or visual claims, representations, promises, agreements, contracts, commitments, understandings or statements which contradict or are inconsistent with and not contained in the Disclosure Document.

3. You agree and acknowledge that your decision to enter into this business and undertake the risks inherent therein is in no manner predicated upon any oral, written or visual representations, assurances, warranties, guarantees or promises made by us or any of our directors, officers, employees or agents (including any broker) as to the likelihood of success of the Restaurant.

4. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any information, representations, warranties, guarantees, inducements, promises or agreements, express or implied, orally or otherwise, from us or any of our directors, officers, employees or agents (including any broker) concerning the actual, average, projected or forecasted sales, revenues, profits, earnings or likelihood of success that you might expect to achieve from operating a Friendly's restaurant, that are contrary to the statements made in the Disclosure Document.

5. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any promises, agreements, contracts, commitments, representations, understandings, "side deals" or other assurances, express or implied, orally or otherwise, that we have made to or with you with respect to any matter regarding advertising, marketing, television, radio or other media support, site location, market penetration, or training, operating and support assistance or other services, that are contrary to the statements made in our Disclosure Document.

6. You acknowledge that you have evaluated on your own and have made an independent investigation of the site for the Restaurant and the lease or purchase agreement for the site. You acknowledge that you bear primary responsibility for selecting the site for the Restaurant and for negotiating the terms and conditions of your lease or purchase agreement for the site.

7. You acknowledge that, although we have provided you with the plans and specifications for the Restaurant, have specified certain furniture, fixtures and equipment for the Restaurant, and have certain rights of review and/or approval under our Franchise Agreement with you, that you have not received or relied upon, and we have not made, any warranty whatsoever, of the Restaurant or the plans, specifications, furniture, fixtures and equipment. You acknowledge that it is your sole responsibility to ensure that the Restaurant's construction or conversion remodeling complies with any and all applicable laws, codes or regulations. You acknowledge that you are solely responsible for, and that we will have no liability or obligation, whatsoever, with respect to the plans, the construction or the conversion remodeling of the Restaurant.

8. You agree and acknowledge that system uniformity is a material benefit of operating a franchise business and that a single system dispute resolution procedure significantly contributes to uniformity. You have knowingly and willingly accepted a uniform choice of law and venue.

9. You understand that the Franchise Agreement is non-exclusive and that we or another franchisee may open one or more Friendly's restaurants, or other food service establishments, near your Restaurant, but not within your Protected Area.

FRANCHISEE:

By: _____
Name, Title

Date: _____

Name, Individually

Date: _____

Name, Individually

Date: _____

EXHIBIT B TO THE FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

This Guaranty is from the undersigned officers, directors or owners of the Franchisee under the Franchise Agreement (the "**Agreement**") dated the date hereof between Friendly's Restaurants Franchising Co, LLC ("**Friendly's**") and _____ (the "**Franchisee**").

In consideration of and as an inducement to the execution of the Agreement by Friendly's, each person signing this Guaranty hereby personally and unconditionally, jointly and severally: (i) guarantees to Friendly's and its successors and assigns that the Franchisee will punctually pay when due all amounts required to be paid under the Agreement and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (ii) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including, without limitation, provisions for non-competition, confidentiality, audits, restrictions on debt, transfer, venue and jurisdiction.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Friendly's arising or resulting from the undersigned's execution of and performance under this Guaranty; (ii) acceptance and notice of acceptance by Friendly's of the undersigned's obligations under this Guaranty; (iii) notice of demand for payment of any indebtedness or nonperformance of any obligation guaranteed by the undersigned; (iv) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by the undersigned; (v) any right the undersigned may have to require that an action be brought against the Franchisee or any other person as a condition of the undersigned's liability; and (vi) all other notices and legal or equitable defenses to which the undersigned may be entitled in the undersigned's capacity as guarantor.

Each of the undersigned consents and agrees that: (i) the undersigned's direct and immediate liability under this Guaranty will be joint and several; (ii) the undersigned will make any payment or render any performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so; (iii) the undersigned's liability will not be contingent or conditioned upon Friendly's pursuit of any remedies against the Franchisee or any other person, including any other guarantor; (iv) the undersigned's liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Friendly's may from time to time grant to the Franchisee, any guarantor or to any other person, including, for example, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; (v) the undersigned's liability will not be diminished, relieved or otherwise affected by any amendment or modification to the Agreement and (vi) this Guaranty will continue and be irrevocable during the term of the Agreement and, as to those provisions of the Agreement that survive its termination or expiration, after its termination or expiration.

This Guaranty shall be governed by, and construed under, the laws of the state of Texas, without regard to its conflicts of law principles. Unless the applicable law in the state in which Franchisee has its principal place of business requires otherwise, the parties also specifically and deliberately agree that all litigation of controversies, claims or disputes between Friendly's and any of the guarantors which arise out of or relate to the Agreement or this Guaranty may be brought only in a state or federal court of competent jurisdiction in the state of Texas. You irrevocably submit to the jurisdiction and venue of those courts and waive any objection to the jurisdiction and venue of those courts.

GUARANTOR(S):

[Name], Individually

Date: _____

[Name], Individually

Date: _____

EXHIBIT C-1 TO THE FRANCHISE AGREEMENT

CERTIFICATE OF CORPORATE RESOLUTION

The undersigned officers hereby certify that they are the duly elected and acting officers of _____ (the "**Corporation**") and that the following is a true and correct copy of the resolutions adopted by the Board of Directors of the Corporation at a meeting duly called and held, at which meeting a quorum was present and acting throughout and that such resolutions have not been rescinded or modified and are now in full force and effect:

"RESOLVED, that this corporation enter into agreements with Friendly's Restaurants Franchising Co, LLC and/or its parent, affiliates or subsidiaries, as are necessary and proper to acquire an interest in the Friendly's restaurant located at _____ ("**Restaurant**").

FURTHER RESOLVED, that any one of the officers of the corporation is authorized and directed to execute said agreements on behalf of this corporation, and to approve any modifications, extensions, amendments or terminations of said agreements as any said officer may deem to be in the best interests of the corporation, notwithstanding the fact that such documents as amended, modified, terminated or extended may differ from those presented at this meeting."

We further certify that there is no provision in the Charter or By-Laws of the Corporation that limits the power of the Board of Directors to adopt the foregoing resolutions, and that the same are in conformity with the provisions of said Charter and By-Laws.

We further certify that the Corporation is duly organized under the laws of the State of _____ and the Corporation currently has issued and outstanding a total of _____ shares of its capital stock, and all of the owners of stock and the number of shares owned by each are as follows:

Shareholder's Name	Number of Shares Owned
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Attach an additional sheet, if needed. The sum of shares must equal the total stated above.

We further certify that the following list sets forth the current Directors of the Corporation:

_____	_____
_____	_____
_____	_____

We further certify that the Corporation's federal tax identification number (FEIN) is _____.

We further certify that the "**Managing Owner**" designated by the Corporation pursuant to Section 22 of the Franchise Agreement is:

Name	Title	Signature
_____	_____	_____

We further certify that each of the Corporation's stock certificates has conspicuously endorsed thereon the following statement:

"The shares represented by this certificate are held subject to restrictions imposed on transfers by a certain Franchise Agreement between the corporation and Friendly's Restaurants Franchising Co, LLC".

The person responsible for supervising the day-to-day operation of the Restaurant must be listed above as a shareholder owning at least ten percent (10%) of the shares of the Corporation. If not, the person is designated below and we certify that he or she has a right to earn a minimum ten percent (10%) shareholder interest, vesting over no more than five (5) years):

Supervisor's Name (if not a minimum 10% Shareholder) _____

Successors to such person must own or have the right to earn the same minimum shareholder interest.

IN WITNESS WHEREOF, we have hereunto each subscribed our name under the penalties of perjury on or as of the date of this Franchise Agreement.

The following are names and official signatures of the present officers of the Corporation:

Name	Title	Signature
_____	President	_____
_____	Treasurer	_____
_____	Secretary (Clerk)	_____
_____	Vice President	_____
_____	Vice President	_____

EXHIBIT C-2 TO THE FRANCHISE AGREEMENT
CERTIFICATE OF AUTHORITY AND INCUMBENCY
BY MEMBERS OF A LIMITED LIABILITY COMPANY

The undersigned individuals hereby certify that we are all of the Members of _____, a Limited Liability Company ("LLC") duly organized under the laws of the state of _____.

We further certify that the following member (the "**Managing Member**") is authorized to execute, on behalf of the LLC, any agreements with Friendly's Restaurants Franchising Co, LLC and/or its parent, affiliates or subsidiaries (collectively "**Friendly's**"), as are necessary and proper to acquire an interest in the Friendly's restaurant located at _____ ("**Restaurant**").

We further certify that the Managing Member is authorized to make such modifications, extensions, amendments or termination of said agreements as the member may at any time deem to be in the best interest of the LLC and that there is no provision of the LLC's Organization Agreement which limits the power of the Managing Member to bind the LLC to contracts with Friendly's.

The name and specimen signature of the Managing Member of the LLC is as follows:

Name	Signature
_____	_____

Friendly's may rely upon this authorization until such time as the LLC submits and Friendly's approves a successor Managing Member.

We acknowledge that any transfer of an interest in the LLC is subject to all restrictions imposed on transfers by the Friendly's Franchise Agreement.

We further certify that the LLC's federal tax identification number (FEIN) is _____.

The person responsible for supervising the day-to-day operation of the Restaurant must be listed below as a Member with at least a ten percent (10%) ownership interest in the franchisee entity. If not, the person is designated below and we certify that he or she has a right to earn a minimum ten percent (10%) interest vesting over no more than five (5) years):

Supervisor's Name (if not a minimum 10% Member) _____

Successors to such person must own or have the right to earn the same minimum shareholder interest.

We further certify that the Members own the percentage interest in the LLC stated below:

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, we have hereunto each subscribed our name under the penalties of perjury on or as of the date of this Franchise Agreement.

Member Name	% of interest	Signature
	%	
	%	
	%	
	%	

EXHIBIT D TO THE FRANCHISE AGREEMENT

SPECIAL TERMS AND CONDITIONS APPLICABLE TO SITE SELECTION, ACCEPTANCE AND CONTROL AND FRANCHISEE'S CONSTRUCTION AND OPENING OF A NEW RESTAURANT

You intend to build a new Friendly's® restaurant at the Premises set forth or to be set forth in Item A of the Contract Data Schedule of this Agreement (the "**Restaurant**"). The Restaurant must be constructed (or remodeled for conversion, as the case may be), furnished and equipped in strict compliance with our standards, specifications, procedures and requirements, including our generic, prototypical plans and specifications for the building design and configuration of Friendly's restaurants (collectively, our "**Requirements**"). We have elected to enter into this Franchise Agreement prior to having the opportunity to ensure that the Restaurant has been built in accordance with all of our Requirements. Accordingly, you acknowledge and agree that your right to commence operations of your Restaurant under the terms of this Agreement is subject to the condition that you will strictly comply with our Requirements and Standards, as set forth in both your Development Agreement, if any, and this Agreement. You further agree not to open the Restaurant for business until we authorize you in writing to do so. In consideration of our conditional grant of a franchise to you for the Premises, you hereby agree as follows:

A. **Net Worth and Liquidity Requirements.** Until the Restaurant opens for business at the Premises, you agree you will maintain and preserve your Net Worth, (defined as the excess of your assets, excluding homes, furnishings and automobiles and any intangibles such as goodwill, over your liabilities) at or above the Net Worth you represented to us in the financial statements you submitted to us in connection with your approval as franchisee.

B. **Site Selection, Acceptance and Control.** If you have not yet selected and obtained our acceptance of a site for the Restaurant Premises, you must do so pursuant to the procedures set forth below.

1. **Franchisee's Responsibility.** Franchisee assumes all cost, liability, responsibility and expense for locating, obtaining and developing sites for the Restaurants and constructing and equipping the Restaurants in accordance with Franchisor's Requirements. Franchisor has the right to determine if a site is an acceptable location. Franchisee shall not make any binding commitment to purchase or lease a site unless and until Franchisor has accepted the site in writing.

2. **Site Acceptance Request.** For each site upon which you propose to develop a Restaurant, Franchisee shall submit a written request on Franchisor's form ("**Site Acceptance Request**") containing such information as Franchisor may reasonably require, for each proposed site which Franchisee reasonably believes to conform to site selection criteria that Franchisor may establish from time to time for demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including restaurants operated or franchised by Franchisor or its affiliates), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises.

3. **Site Acceptance.** Within 30 days after receipt of Franchisee's Site Acceptance Request and any additional information that Franchisor may reasonably require, Franchisor shall advise Franchisee in writing whether it has accepted a particular site. If Franchisor does not respond within that time period, Franchisor shall be deemed to have denied acceptance of the site. Franchisor may reject any proposed site for any reason at its sole discretion, and you may not proceed at the rejected site but must try to locate an acceptable site. Franchisor's acceptance or rejection of a site may be subject to reasonable conditions as determined in its sole discretion.

4. Control of Premises.

A. Within six (6) months from the date of this Agreement, Franchisee shall submit to Franchisor satisfactory proof that Franchisee: (1) owns the Premises; or (2) has leased or subleased the Premises for a term, including renewal terms, for at least the initial term of the Franchise Agreement; or (3) has entered into a written agreement to purchase or to lease or sublease the Premises. If Franchisee proposes to lease or sublease the Premises, then Franchisee shall provide Franchisor with a copy of the fully executed lease or sublease (for a term, including renewal terms, for at least the initial term of the Franchise Agreement) for the Premises. Unless waived in writing by Franchisor, any lease, sublease, letter of intent or lease memorandum for the Premises shall contain a Lease Addendum in the form attached to the Franchise Agreement as Exhibit F.

B. Failure to meet this six-month deadline will give us the right to terminate this Franchise Agreement by written notice to you, upon the occurrence of which, all rights and obligations hereunder shall immediately cease and be of no further force and effect.

5. No Liability. Our acceptance of the Premises selected by you is not a representation or a warranty that the Restaurant will be profitable or that you will achieve any particular level of sales at the Restaurant. It merely means that the Premises have met certain minimum criteria we have established for identifying suitable sites for proposed Restaurants in the region in which the Premises is located. You acknowledge that restaurant development is not a precise science and agree that our approval regarding the Premises shall not impose any liability or obligation upon us. The decision to proceed to develop the Restaurant at the Premises under this Agreement is yours, alone.

C. Design and Permitting.

1. Design Approval. We will furnish you a set of our prototypical plans and specifications (the “**Friendly’s Plans**”). The Friendly’s Plans are and at all times shall remain our exclusive property. You must employ a licensed architect (your “**Architect**”) to develop a complete set of plans and specifications for the Restaurant in accordance with our Requirements and the laws, codes and regulations of the jurisdiction in which the Premises are located (your “**Proposed Plans**”). You must submit your Proposed Plans to us for our review and written approval. If we require changes, you must revise your Proposed Plans and resubmit them to us. You must not commence construction until after your Proposed Plans have received our written approval (the “**Approved Plans**”).

NEITHER YOU NOR YOUR ARCHITECT SHALL OBTAIN ANY RIGHTS OF OWNERSHIP, USE OR REUSE IN OUR PROTOTYPICAL PLANS AND SPECIFICATIONS OR IN ANY AND ALL OF YOUR ARCHITECT’S ADAPTATIONS THEREOF, EXCEPT AS IS NECESSARY TO CONSTRUCT THE RESTAURANT.

2. No Modifications. Once you have Approved Plans, there can be no further material change in the site plan, building plans, specifications or zoning approvals without our approval. Without limiting the generality of the foregoing, you must notify us of all modifications required to be made by any governmental agency or other third party, and obtain our prior written approval. We may disapprove any material modification that results in non-compliance with our Requirements. If the party requiring the modification refuses to compromise the change in order to comply with our Requirements, we may then terminate this Agreement by written notice to you.

3. Permits; Compliance with Laws.

A. You must obtain all necessary licenses and permits from all applicable governmental agencies that are needed for completing construction of the Restaurant, including without limitation those required by applicable zoning, access, utility, sign, building, health, safety, environmental, and other laws, ordinances, rules, regulations and requirements.

B. You must comply with all applicable laws, ordinances, rules, regulations, and requirements of governmental agencies relating to the development and construction of the Restaurant. Without limiting the foregoing, it is your responsibility to obtain satisfactory evidence and/or assurance that the Premises and all structures thereon are free from environmental contamination and in compliance with the requirements of the Americans with Disability Act (“**ADA**”). We assume no responsibility for evaluation of the soil or subsoil on the Premises for hazardous substances or unstable conditions, inspection of any structure on the Premises for asbestos or other hazardous materials or compliance with the ADA.

D. Construction.

1. Before construction commences, you and your contractor(s) must obtain and maintain a comprehensive general liability insurance policy that conforms to subsection 8.L of this Agreement. Coverage under such insurance shall include operations, premises liability, independent contractor's coverage, contractual liability and automobile liability (owned and non-owned). Prior to commencing construction, you must furnish us with an insurance certificate evidencing the foregoing policy and that all contractors have procured worker's compensation insurance covering all persons employed in construction of the Restaurant.

2. You must commence construction within twelve (12) months after the date of this Agreement. If you fail to do so we may, in our sole discretion, terminate this Agreement by written notice to you.

3. Once commenced, you will ensure that construction is diligently prosecuted to completion, suffering only delays caused by circumstances beyond your control. During the course of construction, we will have access to the Premises at all times, to inspect construction in progress and ensure compliance with our Requirements. You will cause your architects, engineers, contractors and subcontractors to cooperate fully with us for the purpose of permitting us to inspect the Restaurant. Without limiting the generality of the foregoing, you must supply us with such samples of construction or remodeling materials, test borings, corings, supplies, equipment and other materials and reports as we may request.

4. Neither Friendly's nor any of our employees will act as your architect or agent. The duties of our construction representatives are limited solely to assuring us that you are complying with our Requirements on the Premises. You expressly agree not to rely upon any opinions expressed by any of our employees or agents regarding structural integrity, safety or construction procedures, building codes or ordinances or other matters properly within the responsibility of your architect. We assume no liability or responsibility for architectural or engineering judgments outside the scope of the duties stated above.

5. You will bear the entire cost of constructing and equipping the Restaurant, including, without limitation, the cost of all professional fees, licenses and permits, building contracts, fixtures, furnishings, equipment, signs, pylons, decor, landscaping, supplies and other items required by the Plans, your lease, all applicable laws, codes and ordinances and this Agreement. You agree to furnish us, within ninety (90) days after the Restaurant opens, a report in a form prescribed by us, certifying all such costs.

6. Except in the case of delay caused by us, if the Restaurant does not commence to open and serve the general public within sixteen (16) months after the date of this Agreement, we will have the right, in our sole discretion, to terminate this Agreement by written notice to you. If you have been unavoidably delayed by act of God, government restrictions, labor difficulties, inability to obtain building materials or similar circumstances not within your control, you may submit to us a written request for a new Franchise on our then-current franchise agreement and with our then-current fees. Subject to your obligation to substantiate the cause(s) for delay, and to meet our then-current requirements for franchisee candidates, we will not unreasonably withhold our approval. Your Initial Franchise Fee under this Agreement will be credited toward the initial franchise fee due under the new franchise agreement.

E. Conditions for Opening.

1. Before you open the Restaurant to commence serving the general public, you must obtain our final written approval of your construction of the site improvements, building and landscaping, as appropriate, and installation of all furniture, signs and equipment. Our approval does not mean that we represent or warrant that the Restaurant was constructed in accordance with any architectural, engineering or legal standard(s) for design or workmanship and you agree that our approval of construction of the Restaurant will not impose any liability or obligation upon us. Our approval merely means that we are satisfied that the Restaurant substantially complies with our Requirements. If we request, your Architect must certify to us in writing that the Restaurant has been constructed or remodeled in strict compliance with the Approved Plans, as well as all applicable codes or other requirements of applicable law.

2. Your designated representatives must successfully complete our initial training programs at least thirty (30) days prior to the opening of the Restaurant. You will pay all costs and expenses incurred directly or

indirectly in connection with such training, including travel, lodging and compensation, except that you will not be required to pay to us any tuition or participation charge. We will not provide any training in your Restaurant until you have received a certificate of occupancy or its equivalent from the appropriate public official.

3. You must also comply with all the conditions of subsection 1.A.1. of the Franchise Agreement before you open the Restaurant for business.

4. As soon as we have approved that your construction and equipping of the Restaurant are substantially complete and that all conditions required for opening the Restaurant have been met, you will promptly open the Restaurant to serve the general public.

5. You must provide all required documentation and pay applicable fees prior to opening.

6. You execute our ACH authorization form, attached herein as, Exhibit I of the Franchise Agreement.

F. **Conflicts with Deadlines in Area Development Agreement.** If you or an affiliate have also signed an Area Development Agreement with us, and if there are any conflicts between the deadlines set forth in this Agreement and in the Area Development Agreement for obtaining control of the Premises for the Restaurant, commencing construction of the Restaurant, or opening of the Restaurant, then the deadlines set forth in the Area Development Agreement shall control.

Franchisor Initials

Franchisee Initials

EXHIBIT E TO THE FRANCHISE AGREEMENT

**SPECIAL TERMS AND CONDITIONS APPLICABLE TO
A FRANCHISEE OR AFFILIATED FRANCHISEES
THAT OPERATE MULTIPLE FRIENDLY®'S RESTAURANTS**

SUPERVISION OF MULTIPLE RESTAURANTS.

In addition to your obligations with respect to managing the Restaurant set forth in section 8.K of this Franchise Agreement, you further agree you will at all times comply with the standards and requirements we establish and from time to time revise, for the supervision of multiple Friendly's restaurants, including, without limitation, employment of such multiple-unit supervisory personnel as shall be needed to ensure your consistent operational responsibility for all restaurants now or hereafter operated by you (and your affiliated franchisees, if applicable). Your Restaurant Managers must at all times be under the direct supervision of a multiple unit supervisor. Your multiple-unit supervisor(s) must: (a) have such qualifications and experience as we will reasonably require, (b) must be literate and fluent in the English language, (c) must have satisfactorily completed our required training programs and (d) must devote their full time and effort exclusively to supervising the operation of Friendly's restaurants.

Franchisor Initials

Franchisee Initials

EXHIBIT F TO THE FRANCHISE AGREEMENT

LEASE ADDENDUM

THIS ADDENDUM, made and entered into by and between _____
("Landlord") and _____ ("Tenant").

WITNESSETH

WHEREAS, Landlord and Tenant entered into a Lease Agreement dated _____,
_____ (the "**Lease**") pertaining to the real property located at _____, attached
hereto (the "Demised Premises") allowing for operation of a Friendly's restaurant; and

WHEREAS, Landlord and Tenant desire to incorporate the following terms into the body of the Lease;

NOW, THEREFORE, in consideration of the covenants herein and therein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Notwithstanding anything contained elsewhere in the Lease to the contrary, Tenant may use the Demised Premises for the purpose of conducting thereon the business of a Friendly's retail food outlet and for incidental purposes related thereto.

2. Landlord hereby grants Tenant the unrestricted right during the initial term and any renewal term of the Lease to assign or sublet the Lease to Friendly's Restaurants Franchising Co, LLC ("**Friendly's**"), upon Friendly's prior written consent.

3. Landlord shall give Friendly's a copy of any and all notices of default given to Tenant, as required to be given by Landlord to Tenant under the terms of the Lease, at the same time such notice is given to Tenant. Within seven (7) days after Tenant's right to cure expires, Friendly's shall have the right, but not the obligations, to cure any such default.

4. Landlord hereby grants Friendly's or its affiliated designee the right, but not the obligation, to assume all of Tenant's rights and obligations under the Lease, upon the occurrence of the following events or under the terms and conditions set forth herein:

a) Upon default of Tenant under the Lease: If Tenant fails to timely cure Tenant's default within the period specified within the Lease agreement, and Friendly's also declines its option under Section 3 of this Addendum to cure the default, then Landlord shall promptly provide Friendly's with a written notice giving Friendly's the option to assume Tenant's interest in the Lease (the "**Offer after Tenant Default**"). Landlord shall attach a complete copy of the Lease and any amendments thereto to the Offer after Tenant Default, and Friendly's shall exercise the Offer after Tenant Default, if at all, by written notice to Landlord and Tenant (the "**Acceptance**") within 15 business days after receipt of the Offer after Tenant Default from Landlord.

b) Upon Termination of the Franchise Agreement: If, during the term of the Lease or any extensions thereof, Friendly's notifies Landlord, in writing, that Tenant's Franchise Agreement with Friendly's has been terminated, then Landlord shall promptly give Friendly's written notice specifying any defaults of the Tenant under the Lease, and shall offer Friendly's the option to assume all of Tenant's interest in the Lease (the "**Offer after FA Default**"). Landlord shall attach a complete copy of the Lease and any amendments thereto to the Offer after FA Default, and Friendly's shall exercise the Offer after FA Default, if at all, by written notice to Landlord within 15 business days after receipt of the Offer after FA Default from Landlord.

c) Assignment to Franchisor: In the event Friendly's or its affiliated designee elects to assume Tenant's interest in the Lease in accordance with the terms set forth in subparagraph 4a. or 4b. above, then Tenant shall promptly vacate the premises and Landlord shall promptly deliver possession of the same to Friendly's provided that Friendly's or its affiliated designee has executed and delivered an assignment and assumption agreement to Landlord assuming all of Tenant's rights and obligations under the Lease. Friendly's or its affiliated designee thereafter shall begin the payment of rent and compliance with the Lease from the date of Friendly's reopening for business until

the expiration of the lease term or until further assignment of the Lease to another franchisee with Landlord's permission. Tenant agrees that Landlord is not liable, and shall indemnify and hold Landlord harmless, in the event that Landlord transfers interest in the Lease to Friendly's in accordance with this Section 4.

5. Upon the expiration or earlier termination of the Lease for any reason, Tenant, shall, at its own expense, remove all Friendly's trademarked and trade dress items from all buildings, including, but not limited to signs, fixtures and furnishings, and alter and paint all buildings and other improvements maintained pursuant to the Lease a design and color which is basically different from Friendly's authorized building design and painting schedule.

If Tenant shall fail to make or cause to be made any such removal, alteration or repainting within ten (10) days after the expiration or earlier termination of the Lease, the Landlord shall give Friendly's Restaurants Franchising Co, LLC written notice of such failure and Friendly's Restaurants Franchising Co, LLC shall have the right to enter upon the Demised Premises, without being deemed guilty of trespass or any other tort, and make or cause to be made such removal, alterations and repainting at the reasonable expense of Tenant, which expense Tenant shall pay Friendly's Restaurants Franchising Co, LLC on demand.

6. The Landlord and Tenant agree that Friendly's is a third party beneficiary of the Lease and this Addendum. Notwithstanding anything to the contrary elsewhere in the Lease or any addendum or amendment thereto, Landlord and Tenant agree that the terms and provisions set forth in the Addendum shall control and shall not be superseded, terminated or modified without the prior written consent of Friendly's.

IN WITNESS WHEREOF, the parties have executed this Addendum on _____.

LANDLORD:

TENANT:

By: _____
Name/Title

By: _____
Name/Title

Date: _____

Date: _____

EXHIBIT G TO THE FRANCHISE AGREEMENT

PROTECTED AREA

The “**Protected Area**” is: _____

but excludes all Non-Traditional Venues located within such area. “**Non-Traditional Venues**” shall include but not be limited to the following venues: (a) institutional settings, including airports, toll roads, travel plazas and other transportation facilities, colleges and universities, schools, hospitals, military facilities, department stores, shopping malls, governmental and municipal facilities, and office or in-plant food service facilities, (b) recreational settings, including, but not limited to, hotels, resorts, theme parks, fairs, stadiums, arenas, convention centers, casinos, public or private athletic fields, public parks and beaches, or any other venue where a temporary recreational event is open to the public, (c) American Indian reservations, and (d) any venue in which food service is or may be provided by a master concessionaire or contract food service provider, including a shopping mall food court. Further, you acknowledge that third party delivery service providers will determine a delivery zone around your restaurant. Your Restaurant may be promoted in that delivery zone by the third-party delivery service provider (but not necessarily by us). We do not control the territory boundaries established by any third-party delivery services provider. In certain rare circumstances, your delivery zone may overlap the delivery zone of another restaurant and/or the delivery zone of another restaurant may encroach your Protected Area. Neither the existence of any overlap or encroachment by a third-party delivery service provider, nor our allowing this overlap or encroachment to persist, is considered a breach of your territory rights under any Franchise Agreement.

If the Protected Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Protected Area extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

IN WITNESS WHEREOF, the parties have executed this Exhibit G on _____.

FRANCHISOR

Friendly’s Restaurants Franchising Co, LLC
a Texas limited liability company

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT H TO THE FRANCHISE AGREEMENT

STATE SPECIFIC AMENDMENTS

AMENDMENT TO THE FRANCHISE AGREEMENT REQUIRED BY THE STATE OF NEW YORK

THIS AMENDMENT TO FRANCHISE AGREEMENT effective _____, ("**Amendment**") is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement ("**Franchise Agreement**") between Friendly's Restaurants Franchising Co, LLC ("**Franchisor**") and _____ ("**Franchisee**"). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

In recognition of the requirements of the General Business Law of the State of New York, Article 3, Section 687 and Article 33, Sections 680-695, and the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, the Disclosure document for Friendly's Restaurants Franchising Co, LLC, for use in the State of New York shall be amended as follows:

1. Renewal. Section 2 H of the Franchise Agreement (with respect to signing a general release) is amended by the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Laws of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL 687.4 and 687.5 be satisfied.

2. Transfer by Franchisee to a Third Party. Section 12 B of the Franchise Agreement is amended by the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Laws of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL 687.4 and 687.5 be satisfied.

3. Choice of Law. Section 19 A of the Franchise Agreement is amended by the addition of the following language:

; however, the governing choice of law shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

4. Each provision of this Amendment will be effective only to the extent that, with respect to the provision, the jurisdictional requirements of the New York General Business Law is met independently of this Amendment. Franchisor does not waive its right to challenge the enforceability of any state law and declares void or unenforceable any provision contained in this Agreement. Franchisor and Franchisee will enforce the provisions of this Agreement to the extent permitted by law.

[Signature Page to Follow]

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR:

FRANCHISEE:

FRIENDLY'S RESTAURANTS FRANCHISING CO, LLC

By: _____
Name/Title

By: _____
Name/Title

EXHIBIT I TO THE FRANCHISE AGREEMENT

ACH AUTHORIZATION

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Please complete and sign this form

Franchisee Information

Franchisee Name or Legal Entity _____

FRIENDLY'S® Restaurant Number & Location _____

Name and Email of Person to Receive ACH Debit Advice _____

Authorization Agreement

I (we) hereby authorize Friendly's Restaurants Franchising Co, LLC, a Texas limited liability company ("Company") to make ACH withdrawals from my (our) account at the financial institution named below. I also authorize the Company to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

I agree to indemnify the Company for any loss arising in the event that any withdrawals from my (our) account shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

This agreement will remain in effect until the Company has received advanced written notice of cancellation from me (us) in such time and in such manner as to afford the Company a reasonable opportunity to act on it, and in no event shall such notice period be less than thirty (30) days.

Payor/Franchisee Account Information

Name of Financial Institution: _____

ABA Routing Number: _____

Account Number: _____

Checking

☐

Savings

☐

Payor/Franchisee Signature

Authorized Signature (Primary): _____

Date: _____

Authorized Signature (Joint): _____

Date: _____

Account holder(s), please sign here: *(Joint accounts require the signature of all persons having authority over the account)*

Please attach a voided check at right, fax and mail to:

Friendly's Restaurants Franchising Co, LLC, Attn: President, COO
14860 Montfort Drive, Suite 150 PMB 34
Dallas, Texas 75254
Fax: 214-347-4058

ATTACH CHECK HERE

EXHIBIT E

CROSS-GUARANTY

This Cross-Guaranty is entered into in connection with the signing of a certain Franchise Agreement dated _____ (the "**Agreement**") between Friendly's Restaurants Franchising Co, LLC ("**Friendly's**") and _____ ("**Franchisee**") for the Friendly's Restaurant #_____, located at _____. In consideration of and as an inducement to Friendly's execution of the Agreement, Franchisee and each of the undersigned affiliated franchisees hereby unconditionally, jointly and severally: (i) guarantees to Friendly's and its successors and assigns that each of the undersigned will punctually pay when due all amounts required to be paid under the Agreement and under any and all agreements each of the parties have with Friendly's, whether heretofore, now or hereafter signed, (ii) guarantees to Friendly's and its successors and assigns that each of the undersigned will be responsible for the performance of each and every undertaking, agreement and covenant set forth in the Agreement and in each respective franchise agreement of each other franchisee; and (ii) agrees to be bound by, and liable for the breach of each and every provision in the Agreement and in their respective franchise agreements.

Each of the undersigned waives: (i) acceptance and notice of acceptance by Friendly's of the undersigned's obligations under this Cross-Guaranty; (ii) notice of demand for payment of any indebtedness or nonperformance of any obligation guaranteed by the undersigned; (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by the undersigned; (iv) any right the undersigned may have to require that an action be brought against the other party or any other person as a condition of the undersigned's liability; and (v) all other notices and legal or equitable defenses to which the undersigned may be entitled in the undersigned's capacity as guarantor.

The undersigned consent and agree that: (i) each of the undersigned's direct and immediate liability under this Cross-Guaranty will be joint and several; (ii) each of the undersigned will make any payment or render any performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so; (iii) the undersigned's liability will not be contingent or conditioned upon Friendly's pursuit of any remedies against the Franchisee or any other person, including any other guarantor; (iv) the undersigned's liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Friendly's may from time to time grant to the Franchisee, any guarantor or to any other person, including, for example, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Cross-Guaranty; (v) the undersigned's liability will not be diminished, relieved or otherwise affected by any amendment or modification to the Agreement; and (vi) this Guaranty will continue and be irrevocable during the term of the Agreement and, as to those provisions of the Agreement that survive its termination or expiration, after its termination or expiration.

[SIGNATURE PAGE FOLLOWS]

This Cross-Guaranty shall be governed by, and construed under, the laws of the state of Texas, without regard to its conflicts of law principles.

GUARANTOR(S):

[ENTITY]

By: _____
Name/Title

Date: _____

[ENTITY]

By: _____
Name/Title

Date: _____

[ENTITY]

By: _____
Name/Title

Date: _____

EXHIBIT F

LEASE RIDER

(COMPLIANCE WITH FRIENDLY'S FRANCHISE REQUIREMENTS)

THIS RIDER is entered into as of _____, by and between the following parties:

_____ a _____, with principal offices at _____ (hereinafter "**Landlord**");

and _____ a _____, with principal offices at _____ (hereinafter "**Tenant**");

and Friendly's Restaurants Franchising Co, LLC, a Texas limited liability company with principal offices at 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254 (hereinafter "Friendly").

This Rider supplements and forms a part of a certain lease between Landlord and Tenant, dated _____, (the "**Lease**") for the leased premises located at _____ (the "**Leased Premises**"), to be used by Tenant as a Friendly's® Restaurant. This Rider is entered into in connection with Friendly's approval of the above location and grant of a Friendly's franchise to Tenant at the Leased Premises. It is intended to provide Friendly the opportunity to preserve the Leased Premises as a Friendly's restaurant under circumstances hereinafter set forth, and to assure Landlord that if Friendly exercises the option herein contained, Tenant's defaults under the Lease will be cured by Friendly before it takes possession of the Leased Premises.

SECTION I. TENANT'S DEFAULT UNDER THE LEASE.

1. Landlord shall send to Friendly a copy of each and every notice of default at the same time it gives such notice to Tenant. If Tenant fails to cure any default within the period specified in Landlord's notice, Landlord shall promptly notify Friendly in writing, specifying the defaults Tenant failed to cure. Friendly shall have thirty (30) days from and after receipt of such second notice in which to exercise, by written notice to Landlord and Tenant, its option to assume the Lease.

2. Friendly shall cure Tenant's defaults and begin paying rent immediately upon Landlord delivering possession of the Leased Premises to Friendly. If Landlord must pursue legal remedies in order to remove Tenant and deliver the Leased Premises to Friendly, Friendly will, from time to time, as billed, pay into an escrow account with Landlord's attorney, bearing interest at the passbook rate, such amounts as will cure Tenant's defaults. However, if nine (9) months after the date of Friendly's exercise of its option, Landlord is still unable to deliver the Leased Premises to Friendly, Friendly shall then have the right, at any time until Landlord delivers the Leased Premises, to rescind the exercise of its option by written notice to Landlord, and obtain a prompt refund of all amounts in escrow, including accrued interest.

SECTION II. TERMINATION OF THE FRANCHISE AGREEMENT.

If the Friendly Franchise Agreement is terminated for any reason during the term of the Lease, or any extension thereof, and if Friendly wishes to assume the Tenant's interest under the Lease, Friendly shall give Landlord prompt written notice thereof. Within thirty (30) days after receipt of such notice, Landlord shall give Friendly written notice specifying any defaults of Tenant under the Lease. In the absence of any material default under the Lease, Friendly shall be responsible for obtaining possession of the Leased Premises from Tenant in the event of default under the Franchise Agreement.

SECTION III. RENEWAL OF THE LEASE.

If Tenant fails to exercise any valid renewal or extension rights contained in the Lease, Landlord shall provide Friendly with written notice thereof within a reasonable time, and Friendly will have the additional option to exercise such renewal or extension rights on the same terms and conditions, except as amended by this section. If Friendly elects to exercise such rights, it must notify Landlord thereof in writing within thirty (30) days after receipt of Landlord's written notice that Tenant forfeited such rights, and shall promptly execute and deliver to Landlord an agreement pursuant to which Friendly will assume all of Tenant's rights and obligations under the Lease, commencing as of the extension or renewal term.

SECTION IV. ADDITIONAL PROVISIONS

1. Tenant agrees that termination of the Friendly Franchise Agreement for the Leased Premises is, at Landlord's option, a default under the Lease. If the Franchise Agreement or the Lease is terminated due to Tenant's default, Tenant shall, within ten (10) days after written demand by Friendly, assign all of its right, title and interest in and to the Lease to Friendly. Tenant hereby designates Friendly as its agent to execute any and all documents and agreements and to take all other actions as may be necessary or desirable to assign the Lease and relinquish all Tenant's rights under the Lease in the event that Tenant fails or refuses to timely assign the Lease to Friendly. Landlord consents to such assignment, subject to Friendly's obligation to execute an assumption agreement reasonably acceptable to Landlord and to cure all defaults of Tenant under the Lease upon taking possession of the Leased Premises. Tenant further agrees to promptly and peaceably vacate the Leased Premises and to remove its personal property at the written request of Friendly. Any property not so removed by Tenant within ten (10) days following receipt of such written request shall be deemed abandoned by Tenant.

2. No assignment of the Lease to Friendly shall operate to release Tenant from any of its obligations or liabilities to Landlord under the Lease. Tenant shall indemnify and save Friendly harmless from any and all costs, claims and liabilities arising out of Tenant's occupancy of the Leased Premises and Friendly's obligations to cure Tenant's defaults under the Lease, including interest and reasonable collection costs and attorney's fees.

3. Upon taking possession of the Leased Premises, Friendly shall concurrently cure all defaults specified by Landlord and shall execute and deliver to Landlord its assumption of the Tenant's rights and obligations under the Lease. Friendly shall pay, perform and be bound by all of the duties and obligations of the Lease applicable to Tenant, except that Friendly may, at its option by written notice to Landlord within thirty (30) days after obtaining a copy of the Lease from Landlord, reject and not be bound by any provision of any amendment to the Lease that Landlord and Tenant shall have executed without Friendly's prior written approval. Friendly agrees not to unreasonably withhold or delay any such approval.

4. After Friendly assumes the Tenant's rights and obligations under the Lease, Friendly may, at any time thereafter:

A. With Recourse: Either assign the Lease or sublet the Leased Premises to a Friendly's franchisee, without Landlord's consent, provided that Friendly shall remain fully liable for the payment of rent and performance of the tenant's duties and obligations under the Lease.

B. Without Recourse: Assign the Lease to a qualified Friendly's franchisee with Landlord's prior written consent. Landlord shall not unreasonably withhold such consent provided that the assignee is creditworthy in accordance with Landlord's then-current, reasonable standards and has met Friendly's then-current standards. Upon Landlord's grant of such consent and receipt of an assumption agreement in form reasonably acceptable to Landlord pursuant to which the assignee shall be liable to pay and perform all of the terms, conditions and agreements on the part of the tenant to be performed under the Lease, Friendly shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of Landlord's written acknowledgment of such release.

5. If the Lease and/or Franchise Agreement expires or is terminated due to Tenant's default and Friendly fails to exercise either of its options herein described, Tenant shall, upon written demand by Friendly, promptly

de-identify the Leased Premises as a Friendly's restaurant, by removing all signs, decor and other items that are distinctive and indicative thereof. Friendly may enter upon the Leased Premises without being guilty of trespass or tort to effect such de-identification if Tenant fails to do so within ten (10) days after receipt of written demand from Friendly, following the expiration or termination of either the Franchise Agreement or Lease. Tenant shall reimburse Friendly for all reasonable costs to effect de-identification. Landlord shall have no obligation to reimburse Friendly for such costs unless Landlord and Tenant share common ownership and control.

6. BY EXECUTING THIS RIDER TO LEASE, FRIENDLY DOES NOT HEREBY ASSUME ANY LIABILITY WITH RESPECT TO THE LEASED PREMISES OR ANY OBLIGATION AS TENANT UNDER THE LEASE, UNLESS AND UNTIL FRIENDLY EXPRESSLY ASSUMES SUCH LIABILITY AND/OR OBLIGATION, AS HEREINABOVE DESCRIBED.

7. All notices hereunder shall be delivered by certified mail to the addresses described in the Lease or to such other address as any party hereto may, by written notice, instruct that notices be given. In the case of Friendly, notices should be sent to 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254, until further notice.

THE PARTIES HERETO HAVE CAUSED THIS LEASE OPTION RIDER TO BE EXECUTED AS OF THE DATE FIRST ABOVE WRITTEN.

LANDLORD:

By: _____
Name/Title

FRANCHISEE:

By: _____
Name/Title

FRANCHISOR:

Friendly's Restaurants Franchising Co, LLC

By: _____
Name/Title

EXHIBIT G

GENERAL RELEASE

Franchisee (which term includes each partner, member or shareholder thereof), for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby release, remise and forever discharge Friendly's Restaurants Franchising Co, LLC ("Friendly's"), its predecessors, successors and assigns, parent, subsidiary and affiliated entities, officers, directors, agents, employees and representatives, past and present, of any and all of such entities, of and from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, covenants, contracts, agreements, promises, damages, judgments, extents, executions, liabilities and obligations, both contingent and fixed, known and unknown, of every kind and nature whatsoever in law or equity, or otherwise, under local, state, or federal law, against any of them, which Franchisee or any one of them or their predecessors in interest, if any, ever had, now have, or which they, their heirs, executors, administrators, successors, or assigns hereafter can, shall, or may have, for, upon, or by reason of, any matter, cause or thing whatsoever, from the beginning of the world to the date of these presents.

Without limiting the generality of the foregoing, but by way of example only, the foregoing release shall apply to any and all state or federal antitrust claims or causes of action; state or federal securities law claims or causes of action; state or federal R.I.C.O. claims or causes of action; breach of contract claims or causes of action; claims or causes of action based on misrepresentation or fraud; breach of fiduciary duty; unfair trade practices (state or federal); and all other claims and causes of action whatsoever.

Franchisee (and each of them) further agrees for themselves and for their successors and assigns, to indemnify and hold harmless forever, Friendly's, its predecessors, successors and assigns, parent, subsidiary and affiliated entities, officers, directors, agents, employees and representatives, past and present, against any and all claims or actions which hereafter may be brought or instituted against any or all of them, or their successors and assigns, by or on behalf of anyone claiming under rights derived from Franchisee, or any of them, and arising out of or incidental to the matters to which this release applies.

Any individual who signs this release in a representative capacity for Franchisee hereby represents and warrants that he or she is duly authorized to execute this release on its behalf.

This release does not apply to the executory provisions of any contracts between Friendly's and Franchisee (or any of them).

The undersigned parties do hereby set their hands and seals on _____.

FRANCHISEE:

By: _____
Name, Title

Date: _____

Name, Individually

Date: _____

EXHIBIT H**LIST OF CURRENT AND FORMER FRANCHISEES****LIST OF FRANCHISED OUTLETS OPEN FOR BUSINESS****AS OF JANUARY 2, 2022**

Store #	Franchisee	Address	City/State	Zip Code	Phone
DELAWARE					
27011	LBJ Restaurant Group, LLC (Mark Spangler)	318 North Dupont Highway	Dover, De	19901	302-678-3999
27035	R.R.C. Restaurants, Inc (Brian Myers)	1115 South College Avenue	Newark, DE	19713-2307	302-369-8911
27061	R.R.C. Restaurants, Inc (Brian Myers)	1500 People's Plaza	Newark, DE	19702	302-834-8450
27765	MRRC Restaurants, LLC (Brian Myers)	350 Dove Run Centre Drive	Middletown, DE	19709	302-376-5811
27792	MRRC Restaurants, LLC (Brian Myers)	5331 Brandywine Parkway	Wilmington, DE	19803	302-478-4975
27793	MRRC Restaurants, LLC (Brian Myers)	80 Lantana Drive	Hockessin, DE	19707	302-239-3100
FLORIDA					
27689	AARK Hospitality Orlando FR Inc (Amol Kohli)	8718 International Drive	Orlando, FL	32819	407-345-1655
27695	AARK Hospitality Indian Harbor FR Inc. (Amol Kohli)	1011 E. Eau Gallie Boulevard	Indian Harbor Beach, FL	32937	321-777-5035
MARYLAND					
27003	BR Food Group, Inc (Bruce Fried)	642-A Harford Mall	Bel Air, MD	21014	410-838-8565
27007	Macks Management Company No. 1 LLC (Andrew Fee)	412 Crain Highway SW	Glen Burnie, MD	21061	410-768-4910
27010	3 Scoops Hospitality Merritt, LLC (Bruce Fried)	1579 Merritt Boulevard	Baltimore, MD	21222	410-282-2981
27012	BR Food 2 LLC (Bruce Fried)	9551 Bel Air Road	Baltimore, MD	21236	410-256-2120
27015	Macks Restaurants, Inc (Andrew Fee)	7134 Gov. Ritchie Highway	Glen Burnie, MD	21061	410-761-7362
27028	Macks Management Company No. 2 LLC (Andrew Fee)	4189 Mountain Road	Pasadena, MD	21122	410-437-6085
27810	3 Scoops Hospitality Stone House Square, LLC (Bruce Fried)	12814-A Shank Farm Way	Hagerstown, MD	21742	301-733-9570

MASSACHUSETTS					
20520	ARAL Restaurant Group of South Weymouth, LLC (Robert Arruda)	1021 Main Street	South Weymouth, MA	02190	781-337-8877
20689	ARAL Management Group of Middleboro, Inc. (Robert Arruda)	135 Marianno S. Bishop Boulevard	Fall River, MA	02722	508-673-0891
21027	ARAL Management Group of Pembroke, Inc. (Robert Arruda)	146 Church Street	Pembroke, MA	02359	781-826-7840
21264	ARAL Management Group of Plymouth, Inc. (Robert Arruda)	47 Long Pond Road	Plymouth, MA	02360	508-746-2942
27552	GLG Corp. (Gary Glenn)	455 Russell Street	Hadley, MA	01035	413-253-7640
27553	GLG Corp. (Gary Glenn)	54-56 Main Street	Florence, MA	01062	413-584-1772
27811	Boston Food Concepts, LLC (Salma Mandani)	Space #7 Terminal - A	East Boston, MA	02128	N/A
NEW JERSEY					
20286	J&B Restaurant Partners of NJ, LLC (Joe Vitrano)	192 Madison Avenue	Convent Station, NJ	07961	973-267-2456
20664	J&B Restaurant Partners of NJ, LLC (Joe Vitrano)	304 Mountain Avenue	Hackettstown, NJ	07840	908-852-4191
20752	JPF1 LLC (Paul DiFiore)	505 Route 130	Cinnaminson, NJ	08077	856-829-4501
20789	J&B Restaurant Partners of NJ, LLC (Joe Vitrano)	1210 Hooper Avenue	Toms River, NJ	08753	732-349-8853
20799	AARK Hospitality Glassboro FR LLC (Amol Kohli)	1100 North Delsea Drive	Glassboro, NJ	08028	856-589-2488
21053	J&B Restaurant Partners of NJ, LLC (Joe Vitrano)	981 Route 37 West	Toms River, NJ	08753	732-244-6772
27334	Top Flight Foods Elmwood Park, LLC (Joe Vitrano)	240 Route 46 East	Elmwood Park, NJ	07407	201-797-5353
27501	AARK Hospitality Gloucester Inc. (Amol Kohli)	100 Premium Outlets Drive	Blackwood, NJ	08012	609-760-1454
27679	LCP2, LLC (Lee Paroly)	1031 Washington Boulevard	Robbinsville, NJ	08691	609-426-9203
27731	Kracke Enterprises, Inc. (William Haiback)	180 Ferry Road	Old Bridge, NJ	08857	732-360-9909
27737	SHIVAY FOODS LLC (Anup Patel)	550 Middlesex Avenue	Metuchen, NJ	08840	732-549-4790
27774	J3F3, Inc (James Yanucil)	Route 70 West	Marlton, NJ	08053	
27775	JY5, Inc (James Yanucil)	1220 Hurffville Road	Deptford, NJ	08096	856-232-1212
27776	JY9, LLC (James Yanucil)	647 Cross Keys Road	Sicklerville, NJ	08081	856-262-2371
27794	Frankly Foods of Newton, LLC (Mary Jean Negri)	9 Hampton House Road	Newton, NJ	07860	973-579-9009
27795	Frankly Foods of Wantage, LLC (Mary Jean Negri)	455 State Route 23	Sussex, NJ	07461	973-702-9009

NEW YORK					
27603	J&B Restaurant Partners of Long Island, LLC (Joe Vitrano)	50 Montauk Highway	East Islip, NY	11730	631-581-2466
27611	J&B Restaurant Partners of Long Island, LLC (Joe Vitrano)	553 Hawkins Avenue	Lake Ronkonkoma, NY	11779	631-981-6659
27617	J&B Restaurant Partners of Long Island, LLC (Joe Vitrano)	1826 Hempstead Turnpike	East Meadow, NY	11554	516-794-3191
27618	J&B Restaurant Partners of Long Island, LLC (Joe Vitrano)	945 Merrick Road	Baldwin, NY	11510	(516) 546-2480
27619	J&B Restaurant Partners of Long Island, LLC (Joe Vitrano)	210 Montauk Highway	Sayville, NY	11782	631-589-6188
27620	J&B Restaurant Partners of Long Island II, LLC (Joe Vitrano)	201 Hallock Road	Stony Brook, NY	11790	631-751-3150
27622	J&B Restaurant Partners of Long Island II, LLC (Joe Vitrano)	2151 Jericho Turnpike	Commack, NY	11725	631-499-7330
27626	J&B Restaurant Partners of Long Island II, LLC (Joe Vitrano)	949 Old Country Road	Riverhead, NY	11901	631-727-5139
27628	J&B Restaurant Partners of Long Island, LLC (Joe Vitrano)	275 Route 25A	Miller Place, NY	11764	631-473-2046
27629	J&B Restaurant Partners of Long Island II, LLC (Joe Vitrano)	220 Mount Pleasant Road	Smithtown, NY	11787	631-361-4630
27630	J&B Restaurant Partners of Long Island, LLC (Joe Vitrano)	2220 Route 112	Coram, NY	11727	631-696-3717
27631	J&B Restaurant Partners of Long Island, LLC (Joe Vitrano)	700-80 Route 101	Medford, NY	11763	631-448-7722
27638	J&B Restaurant Partners of Massapequa Park, LLC (Joe Vitrano)	4812 Sunrise Highway	Massapequa Park, NY	11762	516-541-3757
27640	J&B Restaurant Partners of Shirley, LLC (Joe Vitrano)	940 Montauk Highway	Shirley, NY	11967	631-772-1860
PENNSYLVANIA					
20362	AARK Hospitality Morrisville FR Inc. (Amol Kohli)	897 West Trenton Avenue	Morrisville	19067	215-295-8243
202727	AARK Hospitality Langhorne FR Inc. (Amol Kohli)	1462 East Lincoln Highway	Langhorne	19047	215-752-5162
20824	RSTB, Inc (Robert Scea)	168 Easton Road	Horsham	19044	215-674-8677
20897	AARK Hospitality Norristown Inc. (Amol Kohli)	150 W Germantown Pike	Norristown	19401	610-275-0696

20898	AARK Hospitality Bensalem FR Inc. (Amol Kohli)	2369 Street Road	Bensalem	19020	215-244-1080
20927	AARK Hospitality Wilkes Barre FR, LLC (Amol Kohli)	778 Kidder Street	Wilkes-Barre	18702	570-824-6929
24005	AARK Hospitality Dunmore FR, LLC (Amol Kohli)	708 North Blakely Street	Dunmore	18512	570-961-1565
24007	AARK Hospitality Danville FR, LLC (Amol Kohli)	310 Red Roof Road	Danville	17821	570-275-7657
27320	JMC Restaurant Group, Inc (Bruce Stein)	2942 Route 611	Tannersville	18372	570-619-8877
27328	TICC, Inc (Jeff Smith)	1521 Oregon Pike	Lancaster	17601	717-393-3369
27329	TICC, Inc (Jeff Smith)	578 Centerville Road	Lancaster	17601	717-898-8457
27347	AARK Hospitality East Stroudsburg FR, LLC (Amol Kohli)	115 Brown Street	East Stroudsburg	18301	570-426-1600
27361	TICC, Inc (Jeff Smith)	200 Shoemaker Road	Pottstown	19464	610-705-4404
27362	TICC, Inc (Jeff Smith)	423 Loucks Road	York	17404	717-843-2381
27364	TICC, Inc (Jeff Smith)	2150 Lincoln Highway East	Lancaster	17602	717-299-6184
27365	TICC, Inc (Jeff Smith)	4601 High Pointe Boulevard	Harrisburg	17101	717-695-2138
27668	DDM Restaurant Group, Inc. (Bruce Stein)	1836 Catasauqua Road	Allentown	18103	610-264-1876
27670	SCA Restaurants Inc (William Taddei)	6894 Hamilton Blvd.	Trexlerstown	18087	610-395-1917
27672	Revere Restaurant Group, Inc (Robert Bender)	3099 William Penn Highway	Easton	18042	610-258-4360
27674	Reading Knights, Inc (Brian Myers)	1535 Lancaster Avenue	Reading	19607	610-777-1980
27676	Reading Knights, Inc (Brian Myers)	3024A Penn Avenue	West Lawn	19609	610-670-1180
SOUTH CAROLINA					
27319	Myrtle Beach Friends, LLC (James Sakalian)	4705 N Kings Highway	Myrtle Beach	29577	843-497-6665
27339	Myrtle Beach Friends Boulevard, LLC (James Sakalian)	506 South Ocean Blvd.	Myrtle Beach	29577	843-916-8636
27570	D's Rule LLC (James Sakalian)	210 Highway 17 North	North Myrtle Beach	29582	843-249-6665

**FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT
BUT OUTLET NOT OPENED AS OF JANUARY 2, 2022**

None

**FRANCHISEES WHICH LEFT THE SYSTEM
AS OF JANUARY 2, 2022**

Transferred:

Store #	TRANSFEROR	TRANSFeree	CITY	ST	ZIP	PHONE
27334	Stuart Max, Inc (Kim Falow)	Top Flight Foods Elmwood Park, LLC (Joe Vitrano)	Elmwood Park	NJ	07407	

Terminated/Non-Renewal/Acquired by Franchisor/Ceased Operations:

Store #	FRANCHISEE	CITY/STATE	ZIP	PHONE	REASON
27033	LBJ Restaurant Group, LLC (Mark Spangler)*	Rehoboth Beach, DE	19971		Acquired by Franchisor
20175	COA Foods, Inc (William Haiback)*	Clark, NJ	07066		Acquired by Franchisor
20211	J&B Restaurant Partners of NJ, LLC (Joe Vitrano)*	Hillsdale, NJ	07642		Non-renewal
20237	J&B Restaurant Partners of NJ, LLC (Joe Vitrano)*	Bloomfield, NJ	07003		Non-renewal
27500	AARK Hospitality Voorhees II Inc.(Amol Kohli)*	Voorhees, NJ	08043		Ceased Operations
27607	J&B Restaurant Partners of Long Island II, LLC (Joe Vitrano)*	Mineola, NY	11501		Non-Renewal
20489	AARK Hospitality Springfield Inc. (Amol Kohli)*	Springfield	19064		Ceased Operations
20576	AARK Hospitality CWH FR Inc. (Amol Kohli)*	Cornwells Heights	19020		Ceased Operations
27675	Reading Knights, Inc (Brian Myers)*	Wyomissing	19610		Non-Renewal
27779	Revere Restaurant Group, Inc (Robert Bender)*	Pottsville	17901		Ceased Operations

*Still operates one or more franchises in the system.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT I
STATE EFFECTIVE DATES

The following states have franchise laws that require that the Disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
New York	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J
TO FRIENDLY'S RESTAURANTS FRANCHISING CO, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the franchise disclosure document:
INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F, OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3 is supplemented by the following:

Except as disclosed in Item 3 of the disclosure document, neither we, our predecessors, any person identified in Item 2, nor an Affiliate offering franchises under our principal trademark has, an administrative, criminal, or civil action pending against it, him, or her alleging a felony; a violation of franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices, or comparable civil or misdemeanor allegations. In addition, neither we, our predecessors, any person identified in Item 2, or an Affiliate offering franchises under our principal trademark, has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system, or its business operations.

Neither we, our predecessors, any person identified in Item 2, nor an Affiliate offering franchises under our principal trademark, has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 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, unfair or deceptive practices, or comparable allegations.

Neither we, our predecessors, any person identified in Item 2, nor an Affiliate offering franchises under our principal trademark, is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under 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 association or 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 other 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 following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17 (m), entitled "**Conditions for franchisor approval of transfer**".

"However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York, and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied."

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**".

"You may terminate the agreement on any grounds available by law."

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**".

“The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.”

EXHIBIT K
RECEIPTS

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Friendly's Restaurants Franchising Co, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by your state applicable law. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires us to provide the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

The franchisor is Friendly's Restaurants Franchising Co, LLC, a Texas limited liability company, 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254. Its telephone number is 214-302-5910.

Issuance Date: October 20, 2022 as amended December 28, 2022

The franchise seller for this offering is (please complete):

Check All that Applies	Name	Principal Business Address	Telephone Number

I received a disclosure document with an issuance date of October 20, 2022 as amended December 28, 2022, that included the following Exhibits:

A	List of State Agencies and Agents for Service of Process	F	Lease Rider
B	Financial Statements	G	Current Form of General Release
C	Area Development Agreement (with Exhibits)	H	List of Current Franchisees
D	Franchise Agreement (with Exhibits)	I	State Effective Page
E	Cross-Guaranty	J	State Specific Addenda
		K	Receipts

PRINTED NAME

DATE

SIGNED, INDIVIDUALLY AND AS AN OFFICER OF

_____(A CORPORATION)
_____(A PARTNERSHIP)
_____(A LIMITED LIABILITY COMPANY)

[KEEP THIS PAGE FOR YOUR RECORDS]

Receipt

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The franchisor is Friendly's Restaurants Franchising Co, LLC, a Texas limited liability company, 14860 Montfort Drive, Suite 150 PMB 34, Dallas, Texas 75254. Its telephone number is 214-302-5910.

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D	Franchise Agreement (with Exhibits)	I	State Effective Page
E	Cross-Guaranty	J	State Specific Addenda
		K	Receipts

PRINTED NAME

DATE

SIGNED, INDIVIDUALLY AND AS AN OFFICER OF

_____(A CORPORATION)

_____(A PARTNERSHIP)

_____(A LIMITED LIABILITY COMPANY)

**[RETURN THIS COMPLETED FORM TO
FRIENDLY'S RESTAURANTS FRANCHISING CO, LLC]**