SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FRIENDLY ICE CREAM CORP

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 2, 2005

FRIENDLY ICE CREAM CORPORATION

(Exact Name Of Registrant As Specified In Its Charter)

MASSACHUSETTS

(State or Other Jurisdiction of Incorporation)

001-13579	04-2053130
(Commission File Number)	(I.R.S. Employer Identification No.)
1855 Boston Road, Wilbraham, MA	01095
(Address of Principal Executive Offices)	(Zip Code)

(413) 543-2400

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the

Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On May 2, 2005, Friendly Ice Cream Corporation (the "Company") issued a press release announcing selected financial results of the Company for the quarter ended April 3, 2005, included herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit Number	Exhibit Description
99.1	Friendly Ice Cream Corporation Press Release dated May 2, 2005 announcing its financial results for the first quarter ended April 3, 2005. (This press release is attached hereto as Exhibit 99.1 and is being furnished, not filed, pursuant to Item 2.02, Results of Operations and Financial Condition, to this Report on Form 8-K).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 2, 2005

FRIENDLY ICE CREAM CORPORATION

By: /s/ PAUL V. HOAGLAND

Name: Paul V. Hoagland
Title: Executive Vice President of Administration and Chief Financial Officer

EXHIBIT INDEX

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Exhibit 99.1

Friendly Ice Cream Corporation Reports First Quarter 2005 Results

WILBRAHAM, Mass.--(BUSINESS WIRE)--May 2, 2005--Friendly Ice Cream Corporation (AMEX: FRN) today reported results for the first quarter ended April 3, 2005.

Total company revenues were $124.6 million in the first quarter of 2005 as compared to total revenues of $130.8 million for the first quarter of 2004. Restaurant revenues declined by $8.3 million, which was partially offset by a $2.0 million increase in foodservice revenues and a $0.2 million increase in franchise revenues.

Comparable restaurant sales decreased 3.3% for company-operated restaurants and increased 1.9% for franchised restaurants. Including the results of the current quarter, franchise-operated restaurants have reported sixteen consecutive quarters of positive comparable restaurant sales growth. During the quarter, restaurant revenues declined by $4.4 million compared to the same quarter in the prior year due to the re-franchising of 34 company-operated restaurants over the last fifteen months. Restaurant revenues were also impacted by an unfavorable shift in the timing of the year-end holiday period. New Year's Day was included in the prior year first quarter and is not included in the current year. The estimated impact on company-operated restaurants due to the timing of the holiday represented approximately one-half of the 3.3% decline in first quarter comparable restaurant sales.

The net loss for the three months ended April 3, 2005 was $3.0 million, or $0.39 per share, compared to a net loss of $5.2 million, or $0.70 per share, reported for the three months ended March 28, 2004. Included in the 2004 first quarter results are $5.9 million in expenses ($3.5 million after-tax or $0.46 per share) for debt retirement and restructuring costs, which were partially offset by a gain on litigation settlement.

Highlights

In the first quarter of 2005, Friendly's continued to pursue its key strategic objectives to: enhance the dining experience, expand through franchising and re-franchising and grow higher margin revenues. Highlights in the quarter include:

-- The implementation of an Internet-based guest feedback system which allows Friendly's to better address guest service issues and make ongoing improvements to the Friendly's dining experience. This implementation also resulted in a decrease in G&A expenses.

-- The restructuring of the restaurant management team, resulting in higher productivity, improved guest service, lower average hourly rates and a decrease in labor and benefits.

-- The re-franchising of seven company-operated restaurants, which resulted in a gain on franchise sales of restaurant operations and properties of $1.3 million.

-- The addition of one new major supermarket chain, over 200 stores, to carry Friendly's decorated cakes, which are now being sold in over 400 supermarkets.

Commenting on results, John L. Cutter, Chief Executive Officer and President of Friendly Ice Cream Corporation stated, "In the first quarter of 2005, we knew that we faced difficult comparisons versus the prior year due to the unfavorable shift in the timing of the year-end holiday period, but severe weather and record snowfall significantly added to the restaurant comparable sales decline. Higher dairy commodity costs did not ease until late in the first quarter and we expect prices to continue to be favorable in the second quarter. We added a major supermarket chain with over 200 stores to our decorated cake initiative in the first quarter and sales results are exceeding our expectations."

Mr. Cutter continued, "Looking forward, Friendly's is a strong brand with a dominant market position in the Northeast. We believe we have the strategic initiatives in place to support improved sales and profitability growth. We also continue to enhance our operating and marketing fundamentals with an exciting line-up of new products and improved guest service initiatives. During the first quarter, we completed two re-imaging projects. We plan to re-image an additional twelve restaurants and open four new company-operated restaurants during the remainder of 2005. In addition, we expect that our franchisees will open fifteen new franchised restaurants in 2005."

Business Segment Results

In the first quarter of 2005, pre-tax income in the restaurant segment was $2.1 million, or 2.2% of restaurant revenues, compared to $5.3 million, or 5.1% of restaurant revenues, in the first quarter of 2004. The decrease in pre-tax income was mainly the result of a 3.3% decline in comparable company-operated restaurant sales due to record snowfall in New England and an unfavorable shift in the timing of the year-end holiday period, the re-franchising of 34 company restaurants over the past fifteen months and higher costs for snow removal, maintenance, supplies and utilities. Friendly's continues to aggressively pursue initiatives that are designed to enhance the Friendly's dining experience. Several operational improvements have been implemented and we are beginning to see positive results, including a decrease in labor and benefits costs in the first quarter due to the restructuring of the restaurant management team, resulting in higher productivity, improved guest service and lower average hourly rates. Other key restaurant initiatives include: reduced span of control for front-line and second-line supervisors, a new recognition and reward program for servers and an Internet-based guest feedback system.

Pre-tax income in the Company's foodservice segment was $1.3 million in the first quarter of 2005 compared to $2.7 million in the first quarter of 2004. The decrease in pre-tax income was mainly due to higher commodity costs. Case volume in the Company's retail supermarket business remained unchanged for the first quarter of 2005 when compared to the first quarter of 2004.

Pre-tax income in the franchise segment increased in the first quarter of 2005 to $2.2 million from $2.0 million in the first quarter of 2004. The improvement in pre-tax income is mainly due to increased royalty revenue from comparable franchised restaurant sales growth of 1.9% and from the opening of eight new franchised restaurants and the re-franchising of 34 restaurants over the past fifteen months. Increased rental income from leased and sub-leased franchised locations also contributed to the revenue growth in the first quarter of 2005. Initial franchise fees declined in the first quarter of 2005 when compared to the prior year due to the re-franchising of 17 company-operated restaurants and the opening of two new locations during the first quarter of 2004 versus seven re-franchising openings during the first quarter of 2005.

Corporate expenses of $10.9 million in the first quarter of 2005 decreased by $1.4 million, or 12%, as compared to the first quarter of 2004 primarily due to the March 2004 reduction in force and lower expenses for interest, recruitment, restaurant guest feedback service, corporate bonus and legal fees.

Investor Conference Call

An investor conference call to review the first quarter of 2005 results will be held on Tuesday, May 3, at 10:00 A.M. Eastern Time. The conference call will be broadcast live over the Internet and will be hosted by John Cutter, Chief Executive Officer and President. To listen to the call, go to the Investor Relations section of the Company's website located at www.friendlys.com, or go to www.streetevents.com. An online replay will be available approximately one hour after the conclusion of the call.

Friendly Ice Cream Corporation is a vertically integrated restaurant company serving signature sandwiches, entrees and ice cream desserts in a friendly, family environment in over 530 company and franchised restaurants throughout the Northeast. The company also manufactures ice cream, which is distributed through more than 4,500 supermarkets and other retail locations. With a 70-year operating history, Friendly's enjoys strong brand recognition and is currently remodeling its restaurants and introducing new products to grow its customer base. Additional information on Friendly Ice Cream Corporation can be found on the Company's website (www.friendlys.com).

Forward Looking Statements

Statements contained in this release that are not historical facts constitute "forward looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements include statements relating to trends in commodity prices, and the expected number of re-imaging projects and new company-operated and franchised restaurant openings during 2005, and the anticipated impact of marketing, product and operational changes. All forward looking statements are subject to risks and uncertainties which could cause results to differ materially from those anticipated. These factors include risks and uncertainties arising from accounting adjustments, the Company's highly competitive business environment, exposure to fluctuating commodity prices, risks associated with the foodservice industry, the ability to retain and attract new employees, new or changing government regulations, the Company's high geographic concentration in the Northeast and its attendant weather patterns, conditions needed to meet restaurant re-imaging and new opening targets, the Company's ability to service its debt and other obligations, the Company's ability to meet ongoing financial covenants contained in the Company's debt instruments, loan agreements, leases and other long-term commitments, and costs associated with improved service and other similar initiatives. Other factors that may cause actual results to differ from the forward looking statements contained herein and that may affect the Company's prospects in general are included in the Company's other filings with the Securities and Exchange Commission. As a result the Company can provide no assurance that its future results will not be materially different from those projected. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such forward looking statement to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

-- Financial Statements to follow -

Friendly Ice Cream Corporation
Consolidated Statements of Operations
(In thousands, except per share and unit data)
(unaudited)

	Quarter Ended	
	Apr 3, 2005	Mar 28, 2004 (restated)
Restaurant Revenues	$96,092	$104,353
Foodservice Revenues	25,306	23,343
Franchise Revenues	3,250	3,058

TOTAL REVENUES	124,648	130,754
COSTS AND EXPENSES:		
Cost of sales	47,755	45,588
Labor and benefits	36,533	39,934
Operating expenses	24,521	25,131
General and administrative expenses	9,449	10,697
Restructuring expenses	-	2,627
Gain on litigation settlement	-	(3,644)
Depreciation and amortization	6,324	5,717
Gain on franchise sales of restaurant operations and properties	(1,309)	(906)
Loss on disposals of other property and equipment, net	70	171
OPERATING INCOME	1,305	5,439
OTHER EXPENSES:		
Interest expense, net	5,298	6,064
Other expenses, principally debt retirement costs	(12)	6,892
LOSS BEFORE BENEFIT FROM INCOME TAXES	(3,981)	(7,517)
Benefit from income taxes	995	2,275
NET LOSS AND COMPREHENSIVE LOSS	$(2,986)	$(5,242)
BASIC AND DILUTED NET LOSS PER SHARE	$(0.39)	$(0.70)
WEIGHTED AVERAGE BASIC AND DILUTED SHARES	7,717	7,520
NUMBER OF COMPANY UNITS:		
Beginning of period	347	380
Refranchised closings	(7)	(17)
Closings	(3)	(1)
End of period	337	362
NUMBER OF FRANCHISED UNITS:		
Beginning of period	195	163
Openings	-	2
Refranchised openings	7	17
Closings	(1)	-

End of period	201	182

Friendly Ice Cream Corporation
Consolidated Statements of Operations
Percentage of Total Revenues
(unaudited)

	Quarter Ended	
	Apr 3, 2005	Mar 28, 2004
		(restated)
Restaurant Revenues	77.1 %	79.8 %
Foodservice Revenues	20.3 %	17.9 %
Franchise Revenues	2.6 %	2.3 %
TOTAL REVENUES	100.0 %	100.0 %
COSTS AND EXPENSES:		
Cost of sales	38.3 %	34.9 %
Labor and benefits	29.3 %	30.5 %
Operating expenses	19.7 %	19.2 %
General and administrative expenses	7.6 %	8.2 %
Restructuring expenses	-	2.0 %
Gain on litigation settlement	-	(2.8)%
Depreciation and amortization	5.1 %	4.4 %
Gain on franchise sales of restaurant operations and properties	(1.1)%	(0.7)%
Loss on disposals of other property and equipment, net	0.1 %	0.1 %
OPERATING INCOME	1.0 %	4.2 %
OTHER EXPENSES:		
Interest expense, net	4.2 %	4.6 %
Other expenses, principally debt retirement costs	-	5.3 %
LOSS BEFORE BENEFIT FROM INCOME TAXES	(3.2)%	(5.7)%
Benefit from income taxes	0.8 %	1.7 %

NET LOSS AND COMPREHENSIVE LOSS	(2.4)%	(4.0)%

Friendly Ice Cream Corporation
Condensed Consolidated Balance Sheets
(In thousands)

	April 3, 2005	January 2, 2005
	(unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	$11,150	$13,405
Other current assets	41,217	40,939
Total Current Assets	52,367	54,344
Deferred Income Taxes	11,622	10,619
Property and Equipment, net	152,499	156,412
Intangibles and Other Assets, net	27,085	27,509
	$243,573	$248,884
Liabilities and Stockholders' Deficit		
Current Liabilities:		
Current maturities of debt, capital lease and finance obligations	$2,699	$6,757
Other current liabilities	63,972	61,290
Total Current Liabilities	66,671	68,047
Capital Lease and Finance Obligations	6,997	7,380
Long-Term Debt	225,410	225,752
Other Long-Term Liabilities	52,382	52,731
Stockholders' Deficit	(107,887)	(105,026)

	$243,573	$248,884

Friendly Ice Cream Corporation
Selected Segment Reporting Information
(in thousands)

	For the Three Months Ended	
	April 3, 2005	March 28, 2004
		(restated)
Revenues before elimination of intersegment revenues:		
Restaurant	$96,092	$104,353
Foodservice	54,163	53,362
Franchise	3,250	3,058
Total	$153,505	$160,773
Intersegment revenues:		
Foodservice	$(28,857)	$(30,019)
Revenues:		
Restaurant	$96,092	$104,353
Foodservice	25,306	23,343
Franchise	3,250	3,058
Total	$124,648	$130,754
EBITDA (1):		
Restaurant (2)	$6,769	$9,254
Foodservice (2)	2,148	3,532
Franchise (2)	2,266	2,091
Corporate (2)	(4,787)	(5,412)
Gain on property and equipment, net	1,233	674
Restructuring expenses	-	(2,627)
Gain on litigation settlement	-	3,644
Less pension benefit included in reporting segments	(56)	(550)
Total	$7,573	$10,606

Interest expense, net	$5,298	$6,064
Other expenses, principally debt retirement costs	$(12)	$6,892
Depreciation and amortization:		
Restaurant	$4,643	$3,966
Foodservice	823	852
Franchise	40	47
Corporate	818	852
Total	$6,324	$5,717
Net periodic pension benefit	$(56)	$(550)
Income (loss) before benefit from income taxes:		
Restaurant	$2,126	$5,288
Foodservice	1,325	2,680
Franchise	2,226	2,044
Corporate	(10,903)	(12,328)
	(5,226)	(2,316)
Gain on property and equipment, net	1,233	674
Restructuring expenses	-	(2,627)
Gain on litigation settlement	-	3,644
Other expenses, principally debt retirement costs	12	(6,892)
Total	$(3,981)	$(7,517)

(1) EBITDA represents net loss before (i) benefit from income taxes, (ii) other expenses, principally debt retirement costs, (iii) interest expense, net, (iv) depreciation and amortization, (v) net periodic pension benefit and (vi) other non-cash items. The Company has included information concerning EBITDA in this schedule because the Company's incentive plan pays bonuses based on achieving EBITDA targets and the Company's management believes that such information is used by certain investors as one measure of a company's historical ability to service debt. EBITDA should not be considered as an alternative to, or more meaningful than, earnings (loss) from operations or other traditional indications of a company's operating performance.

(2) Amounts are prior to gain (loss) on property and equipment, net.

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