

To Our Shareholders

For the quarter ended September 27, 2009, net income increased by 16.4% to \$2,163,000 or \$0.39 per share, as compared to \$1,859,000 or \$0.29 per share for the quarter ended September 28, 2008. Total revenue increased to \$14,896,000, as compared to \$14,525,000 during the quarter ended September 28, 2008.

For the twenty-six weeks ended September 27, 2009, income from continuing operations increased by 15.9% to \$3,726,000 or \$0.65 per share, as compared to \$3,214,000 or \$0.50 per share for the twenty-six weeks ended September 28, 2008. Total revenue from continuing operations increased to \$29,128,000, as compared to \$28,567,000 during the twenty-six weeks ended September 28, 2008.

Net income for the twenty-six weeks ended September 27, 2009, was \$3,726,000 or \$0.65 per share, as compared to \$5,681,000 or \$0.89 per share for the twenty-six weeks ended September 28, 2008. During the prior fiscal period, Nathan's realized one-time gains, net of tax, of \$2,462,000 or \$0.39 per share from the sale of its formerly wholly-owned subsidiary, NF Roasters Corporation and additional consideration from the sale of its formerly wholly-owned subsidiary, Miami Subs Corporation.

Nathan's also announced that its Board of Directors has authorized the purchase of up to an additional 500,000 shares of its common stock on behalf of the Company. Purchases will be made from time to time, depending on market conditions, in open market or privately negotiated transactions, at prices deemed appropriate by management. There is no set time limit on the repurchases. To date, pursuant to prior share repurchase programs authorized by the Board of Directors, Nathan's has purchased a total of 3,084,302 shares of common stock at a cost of approximately \$23,817,000.

Nathan's products are currently distributed in 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, the Cayman Islands and four foreign countries through its restaurant system, foodservice sales programs and retail licensing activities. The Nathan's restaurant system currently consists of 287 units, comprised of 280 franchised or licensed units and seven company-owned units (including one seasonal unit). For additional information about Nathan's please visit our website at www.nathansfamous.com.

Sincerely,

Eric Gatoff
Chief Executive Officer

Wayne Norbitz
President
and Chief Operating Officer

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
Summary Consolidated Statements of Earnings Data

	<u>Thirteen weeks Ended</u>		<u>Twenty-six weeks Ended</u>	
	(Unaudited)		(Unaudited)	
	<u>Sept. 27, 2009</u>	<u>Sept. 28, 2008</u>	<u>Sept. 27, 2009</u>	<u>Sept. 28, 2008</u>
Total revenues from continuing operations	\$ 14,896,000	\$ 14,525,000	\$ 29,128,000	\$ 28,567,000
Income from continuing operations	\$ 2,163,000	\$ 1,859,000	\$ 3,726,000	\$ 3,214,000
Income from discontinued operations	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,467,000</u>
Net income	<u>\$ 2,163,000</u>	<u>\$ 1,859,000</u>	<u>\$ 3,726,000</u>	<u>\$ 5,681,000</u>
Basic income per share				
Income from continuing operations	\$ 0.40	\$ 0.31	\$ 0.68	\$ 0.53
Income from discontinued operations	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.41</u>
Net income	<u>\$ 0.40</u>	<u>\$ 0.31</u>	<u>\$ 0.68</u>	<u>\$ 0.94</u>
Diluted income per share				
Income from continuing operations	\$ 0.39	\$ 0.29	\$ 0.65	\$ 0.50
Income from discontinued operations	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.39</u>
Net income	<u>\$ 0.39</u>	<u>\$ 0.29</u>	<u>\$ 0.65</u>	<u>\$ 0.89</u>
Weighted average shares used in computing income per share				
Basic	<u>5,420,000</u>	<u>5,984,000</u>	<u>5,516,000</u>	<u>6,075,000</u>
Diluted	<u>5,594,000</u>	<u>6,309,000</u>	<u>5,737,000</u>	<u>6,391,000</u>

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
Summary Balance Sheet Data

	<u>Sept. 27, 2009</u>	<u>Mar. 29, 2009</u>
	(Unaudited)	
Assets		
Current assets	\$ 43,032,000	\$ 42,198,000
Property and equipment, net	4,039,000	4,126,000
Note receivable	1,312,000	1,466,000
Intangible assets, net	1,448,000	1,448,000
Other assets, net	<u>394,000</u>	<u>586,000</u>
Total assets	<u>\$ 50,225,000</u>	<u>\$ 49,824,000</u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 6,083,000	\$ 6,895,000
Other liabilities	1,397,000	1,080,000
Stockholders' equity	<u>42,745,000</u>	<u>41,849,000</u>
Total liabilities and stockholders' equity	<u>\$ 50,225,000</u>	<u>\$ 49,824,000</u>