

## *To Our Shareholders*

For the quarter ended June 28, 2009, income from continuing operations increased by 15% to \$1,563,000 or \$0.27 per share, as compared to \$1,355,000 or \$0.21 per share for the quarter ended June 29, 2008. Total revenue from continuing operations increased to \$14,232,000, as compared to \$14,042,000 during the quarter ended June 29, 2008.

Our achievement of these positive operating results, especially in such a challenging economic environment, continues to reinforce the soundness of our business model and the dedication of everyone on the Nathan's Famous team.

Net income for the quarter was \$1,563,000 or \$0.27 per share, as compared to \$3,822,000 or \$0.59 per share for the quarter ended June 29, 2008, during which, Nathan's realized one-time gains, net of tax, of \$2,462,000 or \$0.38 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.

On June 30, 2009, your Board of Directors authorized its fifth stock repurchase program for the purchase of up to 500,000 shares of its common stock on behalf of the Company and separately entered into an agreement to acquire 238,129 shares of common stock. Additional purchases may 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. Including this transaction, Nathan's has acquired an aggregate 2,931,935 shares of common stock at a cost of approximately \$21,813,000 under all of its stock repurchase programs.

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 five foreign countries through its restaurant system, foodservice sales programs and retail licensing activities. The Nathan's restaurant system currently consists of 289 units, comprised of 284 franchised or licensed units and five company-owned units (including one seasonal unit). For additional information about Nathan's please visit our website at [www.nathansfamous.com](http://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> (Unaudited)	
	<u>June 28, 2009</u>	<u>June 29, 2008</u>
Total revenues from continuing operations	\$ 14,232,000	\$ 14,042,000
Income from continuing operations	\$ 1,563,000	\$ 1,355,000
Income from discontinued operations	<u>\$ -</u>	<u>\$ 2,467,000</u>
Net income	<u>\$ 1,563,000</u>	<u>\$ 3,822,000</u>
Basic income per share		
Income from continuing operations	\$ 0.28	\$ 0.22
Income from discontinued operations	<u>\$ -</u>	<u>\$ 0.40</u>
Net income	<u>\$ 0.28</u>	<u>\$ 0.62</u>
Diluted income per share		
Income from continuing operations	\$ 0.27	\$ 0.21
Income from discontinued operations	<u>\$ -</u>	<u>\$ 0.38</u>
Net income	<u>\$ 0.27</u>	<u>\$ 0.59</u>
Weighted average shares used in computing per share information		
Basic	<u>5,612,000</u>	<u>6,165,000</u>
Diluted	<u>5,879,000</u>	<u>6,473,000</u>

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

	<u>June 28, 2009</u> (Unaudited)	<u>Mar. 29, 2009</u>
	Assets	
Current assets	\$ 43,911,000	\$ 42,198,000
Property and equipment, net	4,110,000	4,126,000
Note receivable	1,389,000	1,466,000
Intangible assets, net	1,448,000	1,448,000
Other assets, net	<u>589,000</u>	<u>586,000</u>
Total assets	<u>\$ 51,447,000</u>	<u>\$ 49,824,000</u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 6,828,000	\$ 6,895,000
Other long-term obligations	1,039,000	1,080,000
Stockholders' equity	<u>43,580,000</u>	<u>41,849,000</u>
Total liabilities and stockholders' equity	<u>\$ 51,447,000</u>	<u>\$ 49,824,000</u>