FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

[x] Quarterly report pursuant to Section 13 or 15(d) of the Securities Act of 1934 for the quarterly period ended SEPTEMBER 24, 2000.

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Act of 1934 for the transition period from to .

Commission File Number 0-3189

NATHAN'S FAMOUS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	11-3166443
(State or other jurisdiction of incorporation or organization)	(IRS employer identification number)

1400 OLD COUNTRY ROAD, WESTBURY, NEW YORK 11590
(Address of principal executive offices including zip code)

(516) 338-8500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No

At September 24, 2000, an aggregate of 7,065,199 shares of the registrant's common stock, par value of $.01, were outstanding.

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	Sept. 24, 2000 (Unaudited)	March 26, 2000
ASSETS		
Current assets:		
Cash and cash equivalents including unexpended marketing fund contributions of $2,865 and $509 and restricted cash of $83 and $83, respectively	$ 4,700	$ 2,397
Marketable securities and investment in limited partnership	5,135	2,997
Notes and accounts receivables, net	3,563	2,618
Inventories	597	543
Prepaid expenses and other current assets	573	635
Deferred income taxes	1,578	1,578
Total current assets	16,146	10,768
Notes receivable, net	2,352	2,527
Property and equipment, net	13,788	13,977
Assets held for sale	745	945
Intangible assets, net	18,743	19,092
Deferred income taxes	711	711
Other assets, net	516	563
	$ 53,001	$ 48,583
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of notes payable and capital lease obligations	$ 285	$ 279
Accounts payable	1,530	1,727
Accrued expenses and other current liabilities	10,111	8,398
Deferred franchise fees	519	686
Total current liabilities	12,445	11,090
Notes payable and capital lease obligations, less current maturities	2,987	3,131
Other liabilities	2,466	1,015
Total liabilities	17,898	15,236
Stockholders' equity:		
Common stock, $.01 par value - 30,000,000 and 30,000,000 shares authorized, 7,065,199 and 7,040,196 issued and outstanding, respectively	71	70
Additional paid-in capital	40,746	40,669
Accumulated deficit	(5,714)	(7,392)
Total stockholders' equity	35,103	33,347
	$ 53,001	$ 48,583

See accompanying notes to consolidated financial statements.

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
Thirteen weeks ended September 24, 2000 and September 26, 1999
(In thousands, except per share amounts)
(Unaudited)

	2000	1999
Sales	$ 9,752	$ 6,671
Franchise fees and royalties	2,119	967
License royalties	600	508
Equity in earnings of unconsolidated affiliate	--	69
Investment and other income	396	4
Total revenues	12,867	8,219
Costs and expenses:		
Cost of sales	6,236	4,086
Restaurant operating expenses	2,216	1,515
Depreciation and amortization	471	260
Amortization of intangible assets	201	112
General and administrative expenses	2,138	1,240
Interest expense	74	--
Total costs and expenses	11,336	7,213
Income before income taxes	1,531	1,006
Provision for income taxes	598	390
Net income	$ 933	$ 616
PER SHARE INFORMATION		
Net income per share		
Basic	$ 0.13	$ 0.13
Diluted	$ 0.13	$ 0.13
Shares used in computing net income per share		
Basic	7,065	4,722
Diluted	7,155	4,722

See accompanying notes to consolidated financial statements.

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
Twenty-six weeks ended September 24, 2000 and September 26, 1999
(In thousands, except per share amounts)
(Unaudited)

	2000	1999
Sales	$19,653	$13,279
Franchise fees and royalties	4,408	1,930
License royalties	1,177	914
Equity in earnings of unconsolidated affiliate	--	59
Investment and other income	733	111
Total revenues	25,971	16,293
Costs and expenses:		
Cost of sales	12,650	8,166
Restaurant operating expenses	4,673	3,044
Depreciation and amortization	939	519
Amortization of intangible assets	402	225
General and administrative expenses	4,379	2,523
Interest expense	146	--
Total costs and expenses	23,189	14,477
Income before income taxes	2,782	1,816
Provision for income taxes	1,104	731
Net income	$ 1,678	$ 1,085
PER SHARE INFORMATION		
Net income per share		
Basic	$ 0.24	$ 0.23
Diluted	$ 0.24	$ 0.23
Shares used in computing net income per share		
Basic	7,053	4,722
Diluted	7,099	4,722

See accompanying notes to consolidated financial statements.

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Twenty-six weeks ended September 24, 2000
(In thousands, except share amounts)
(Unaudited)

	Common Shares	Common Stock	Additional Paid in-Capital	Accum-ulated Deficit	Total Stock-holders' Equity
Balance, March 26, 2000	7,040,196	$ 70	$ 40,669	$ (7,392)	$ 33,347
Warrants exercised in connection with Miami Subs acquisition	3	--	--	--	--
Stock compensation	25,000	1	77	--	78
Net income				1,678	1,678
Balance, Sept. 24, 2000	7,065,199	$ 71	$ 40,746	$ (5,714)	$ 35,103

See accompanying notes to consolidated financial statements.

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Twenty-six weeks ended September 24, 2000 and September 26, 1999
(In thousands)
(Unaudited)

	2000	1999
Cash flows from operating activities:		
Net income	$ 1,678	$ 1,085
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	939	519
Amortization of intangible assets	402	225
Provision for doubtful accounts	27	38
Stock compensation expense	78	--
Equity in earnings of unconsolidated affiliate	--	(59)
Changes in operating assets and liabilities, net of effects from acquisition of business:		
Marketable securities and investment in limited partnership	(2,138)	30
Notes and accounts receivables, net	(1,045)	(605)
Inventories	(54)	(40)
Prepaid expenses and other current assets	62	161
Accounts payable and accrued expenses	1,516	206
Deferred franchise and area development fees	(167)	(19)
Other assets, net	47	134
Other non current liabilities	1,451	5
Net cash provided by operating activities	2,796	1,680
Cash flows from investing activities:		
Purchase of property and equipment	(778)	(387)
Purchase of intellectual property	--	(1,590)
Investment in unconsolidated affiliate	--	(147)
Proceeds from sale of assets held for sale	45	
Payments received on notes receivable	378	--
Net cash used in investing activities	(355)	(2,124)
Cash flows from financing activities:		
Principal repayment of borrowings and obligations under capital leases	(138)	--
Net cash used in financing activities	(138)	--
Net increase (decrease) in cash and cash equivalents	2,303	(444)
Cash and cash equivalents, beginning of period	2,397	2,165
Cash and cash equivalents, end of period	$ 4,700	$ 1,721
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for income taxes	$ 1,041	$ 302
Cash paid during the period for interest	$ 149	$ --
NONCASH FINANCING ACTIVITIES:		
Loan to franchisee in connection with restaurant sale	$ 130	$ --

See accompanying notes to consolidated financial statements.

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 24, 2000

NOTE A - BASIS OF PRESENTATION

The accompanying consolidated financial statements of Nathan's Famous, Inc. and subsidiaries (collectively "Nathan's") for the thirteen and twenty-six week periods ended September 24, 2000 and September 26, 1999 have been prepared in accordance with generally accepted accounting principles. The unaudited financial statements include all adjustments (consisting of normal recurring adjustments) which, in the opinion of management, were necessary for a fair presentation of financial condition, results of operations and cash flows for such periods presented. However, these results are not necessarily indicative of results for any other interim period or the full year.

Certain information and footnote disclosures normally included in financial statements in accordance with generally accepted accounting principles have been omitted pursuant to the requirements of the Securities and Exchange Commission. Management believes that the disclosures included in the accompanying interim financial statements and footnotes are adequate to make the information not misleading, but should be read in conjunction with the consolidated financial statements and notes thereto included in Nathan's Annual Report on Form 10-K for the fiscal year ended March 26, 2000.

NOTE B - NF ROASTERS CORP. ACQUISITION

On February 19, 1999, the U. S. Bankruptcy Court for the Middle District of North Carolina, Durham Division, confirmed the Joint Plan of Reorganization of the Official Committee of Franchisees of Roasters Corp. and Roasters Franchise Corp., operators of Kenny Rogers Roasters Restaurants. Under the joint plan of reorganization, on April 1, 1999, Nathan's acquired the intellectual property rights, including trademarks, recipes and franchise agreements of Roasters Corp. and Roasters Franchise Corp. for $1,250,000 in cash plus related expenses of approximately $340,000. NF Roasters Corp., a wholly owned subsidiary, was created for the purpose of acquiring these assets. The acquired assets are recorded as intangibles in the accompanying balance sheet and are being amortized on a straight-line basis over 10 - 20 years. Results of operations are included in these consolidated financial statements as of April 1, 1999. No company-owned restaurants were acquired in this transaction. On November 17, 1999, NF Roasters Corp. acquired two restaurants from a franchisee for approximately $400,000, which opened in March and April 2000.

NOTE C -MIAMI SUBS CORPORATION MERGER

On September 30, 1999, Nathan's completed the acquisition of Miami Subs and acquired the remaining outstanding common stock of Miami Subs in exchange for 2,317,980 shares of Nathan's common stock, 579,040 warrants to purchase Nathan's common stock, and the assumption of existing employee options and warrants to purchase 542,284 shares of Miami Subs' common stock in connection with the merger. The total purchase price was approximately $13,000,000 including acquisition costs. In addition, Nathan's also assumed $5,340,000 of existing Miami Subs debt. The acquisition was accounted for as a purchase under Accounting Principles Board ("APB") Opinion No. 16, "Accounting for Business Combinations". In accordance with APB No. 16, Nathan's allocated the purchase price of Miami Subs based on the estimated fair value of the assets acquired and liabilities assumed. Portions of the purchase price allocations were determined by professional appraisers utilizing recognized valuation procedures and techniques.

In connection with the acquisition of Miami Subs, Nathan's is executing its plans to permanently close up to 18 underperforming company-owned restaurants. Nathan's expects to sell such related assets at amounts below the historical carrying amounts recorded by Miami Subs. In accordance with APB 16 "Business Combinations" the write down of these assets is reflected as part of the preliminary purchase price allocations and are included in assets held for sale in the accompanying balance sheet. To date, Nathan's has sold assets available for sale valued at March 26, 2000 at $200,000 for $175,000. As of September 24, 2000, Nathan's has accrued approximately $785,000 for lease termination costs, as part of the acquisition. Nathan's also expects to further accrue, as part of the acquisition, the estimated future cash payments, consisting primarily of future lease payments including costs and expenses associated with terminating such leases when it can be reasonably estimated. Accordingly, excess purchase price associated with this acquisition will increase based upon the reserve for the closing of acquired company-owned restaurants. As of November 1, 2000, Nathan's has terminated 8 of these leases at a total cost of $437,000. As of September 24, 2000, minimum annual lease payments for the remaining stores was approximately $776,000, with remaining lease terms ranging from 1 year up to approximately 11 years. Preliminary goodwill of $2,318,000 resulted from the acquisition of Miami Subs and is being amortized over 20 years.

NOTE D - UNAUDITED PRO FORMA INFORMATION

Summarized below are the unaudited pro forma results of operations for the thirteen and twenty-six weeks ended September 26, 1999 of Nathan's as though the Miami Subs acquisition had occurred at the beginning of that period presented. Adjustments have been made for amortization of goodwill based upon a preliminary allocation of the purchase price, reversal of Miami Subs merger costs and elimination of Nathan's 30% equity earnings.

	Thirteen weeks ended September 26 1999 Proforma	Twenty-six weeks ended September 26 1999 Proforma
Total revenues	$ 14,008	$28,106
Income before income taxes	$ 559	$ 1,326
Net income	$ 340	$ 800
Net earnings per share		
Basic	$ 0.05	$ 0.11
Diluted	$ 0.05	$ 0.11
Shares used in computing net income		
Basic	7,065	7,053
Diluted	7,155	7,099

The unaudited pro forma information for the thirteen and twenty-six weeks ended September 26, 1999 combines Nathan's results of operations for the thirteen and twenty-six weeks ended September 26, 1999 with Miami Subs' results of operations for the three and six months ended September 30, 1999, respectively.

The pro forma results of operations have been prepared for comparative purposes only and are not necessarily indicative of actual results of operations that would have occurred had the acquisition been made at the beginning of the period presented or of the results which may occur in the future.

NOTE E - EARNINGS PER SHARE

The following chart provides a reconciliation of information used in calculating the per share amounts for the thirteen and twenty-six week periods ended September 24, 2000 and September 26, 1999, respectively.

THIRTEEN WEEKS

	Net Income		Number of Shares		Net Income Per Share	
	2000	1999	2000	1999	2000	1999
Basic EPS						
Basic calculation	$ 933	$ 616	7,065	4,722	$.13	$.13
Effect of dilutive employee stock options and warrants	--	--	90	--	--	--
Diluted EPS						
Diluted calculation	$ 933	$ 616	7,155	4,722	$.13	$.13

TWENTY-SIX WEEKS

	Net Income		Number of Shares		Net Income Per Share	
	2000	1999	2000	1999	2000	1999
Basic EPS						
Basic calculation	$1,678	$1,085	7,053	4,722	$.24	$.23
Effect of dilutive employee stock options and warrants	--	--	46	--	--	--
Diluted EPS						
Diluted calculation	$1,678	$1,085	7,099	4,722	$.24	$.23

NOTE F - CONTINGENCIES

On January 5, 1999, Miami Subs was served with a class action lawsuit entitled Robert J. Feeney, on behalf of himself and all others similarly situated vs. Miami Subs Corporation, et al., in Circuit Court, in Broward County, Florida, which was filed against Miami Subs, its directors and Nathan's in a Florida state court by a shareholder of Miami Subs. Since that time, Nathan's and its designees to the Miami Subs board have also been served. The suit alleged that the proposed merger between Miami Subs and Nathan's, as contemplated by the companies' non-binding letter of intent, was unfair to Miami Subs' shareholders based on the price that Nathan's is paying to the Miami Subs' shareholders for their shares and constituted a breach by the defendants of their fiduciary duties to the shareholders of Miami Subs. The plaintiff sought among other things:

1. class action status;
2. preliminary and permanent injunctive relief against consummation of the proposed merger; and
3. unspecified damages to be awarded to the shareholders of Miami Subs.

On March 19, 1999, the court granted the plaintiff leave to amend his complaint. The plaintiff then filed an amended complaint. Miami Subs moved to dismiss the complaint on April 13, 1999. Nathan's and its designees on the Miami Subs' board moved to dismiss the complaint on April 29, 1999. The court denied the motions. On February 4, 2000, the court held an evidentiary hearing. As a result of the hearing, the court struck the class action allegations from the plaintiff's complaint. On April 7, 2000, the plaintiff filed his dismissal without prejudice of the action, effectively ending the case against all defendants.

NOTE - G - MIAMI SUBS TAX AUDIT

As of the date of acquisition, Miami Subs' tax returns reflected net operating loss carry-forwards of approximately $5.7 million which are available to reduce future taxable income through 2019 (subject to limitations imposed under the Internal Revenue Code regarding changes in ownership which limits utilization of $2.8 million of the carry-forwards on an annual basis to approximately $340,000). Miami Subs also has general business credit carry-forwards of approximately $274,000 which can be used to offset tax liabilities through 2010. Miami Subs' federal income tax returns for fiscal years 1991 through 1996, inclusive, have been examined by the Internal Revenue Service. The reports of the examining agent issued in connection with these examinations indicate that additional taxes and penalties totaling approximately $2.4 million are due for such years. The Company is appealing substantially all of the proposed adjustments. Due to net operating losses anticipated to be lost in connection with the examination, Nathan's has accrued $345,000 for this matter in the accompanying consolidated balance sheet. Due to the uncertain outcome of the IRS examination and Section 382 limitation, Nathan's has recorded a valuation allowance for the deferred tax asset related to Miami Subs carry-forwards. Pursuant to SFAS No. 109 "Accounting for Income Taxes", any future reduction in the acquired Miami Subs valuation allowance will reduce goodwill.

NOTE H - RECLASSIFICATIONS

Certain reclassifications of prior period balances have been made to conform to the March 26, 2000 presentation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

INTRODUCTION

During the prior fiscal year, Nathan's completed the acquisition of two highly recognized brands. On April 1, 1999, Nathan's became the franchisor of the Kenny Rogers Roasters restaurant system by acquiring the intellectual property rights, including trademarks, recipes and franchise agreements of Roasters Corp. and Roasters Franchise Corp. On September 30, 1999, Nathan's acquired the remaining 70% of the outstanding common stock of Miami Subs Corporation it did not already own. Revenues of the combined company are generated primarily from operating company-owned restaurants, restaurant franchising under the Nathan's, Kenny Rogers and Miami Subs brands, licensing agreements for the sale of Nathan's products within supermarkets and sales under Nathan's Branded Product Program. The branded product program enables foodservice operators to offer Nathans' hot dogs and certain other proprietary items for sale within their facilities. In conjunction with this program, foodservice operators are granted a limited use of the Nathans' trademark with respect to the sale of hot dogs and certain other proprietary food items and paper goods.

At September 24, 2000, Nathan's combined systems consisted of twenty-eight company-owned units, three hundred ninety-six franchised or licensed units in addition to over eleven hundred Branded Product points of sale that feature Nathan's world famous all- beef hot dogs, located in forty-two states, the District of Columbia and sixteen foreign countries. At September 24, 2000, Nathan's company-owned restaurant system included eighteen Nathan's units, eight Miami Subs units and 2 Kenny Rogers Roasters units as compared to twenty-five Nathan's units at September 26, 1999.

In addition to plans for expansion, we are in the process of capitalizing on co-branding opportunities within our existing restaurant system. To date, the Arthur Treachers brand has been introduced within 88 Nathan's and Miami Subs restaurants , the Nathan's brand has been added to the menu of 16 Miami Subs and Kenny Rogers restaurants, while Kenny Rogers Roasters brand has been introduced into 15 Miami Subs and Nathan's restaurants. We expect to accelerate the level of co-branding within Miami Subs' restaurants by introducing a new co-branding initiative to the franchise system.

RESULTS OF OPERATIONS

THIRTEEN WEEKS ENDED SEPTEMBER 24, 2000 COMPARED TO SEPTEMBER 26, 1999

Revenues

Total sales increased by 46.2% or $3,081,000 to $9,752,000 for the thirteen weeks ended September 24, 2000 ("second quarter fiscal 2001") as compared to $6,671,000 for the thirteen weeks ended September 26, 1999 ("second quarter fiscal 2000"). Of the total increase, sales increased by $2,764,000 as a result of the Miami Subs acquisition made last year. Company-owned restaurant sales of the Nathan's brand decreased 15.9% or $940,000 to $4,972,000 from $5,912,000. This restaurant sales decline is primarily due to the loss of revenue from 8 company-owned stores compared to the prior fiscal period as follows: the franchising of three company-owned restaurants, the closing of three unprofitable company-owned units, the closing of one unit due to its lease expiration and the temporary closing of one additional unit for renovation. The impact of these actions lowered restaurant sales by $837,000 and improved restaurant operating profits by $30,000 versus the second quarter fiscal 2000. Comparable restaurant sales of the Nathan's brand also declined by 2.3% versus the second quarter fiscal 2000, due in part to competitive factors in two locations. Also, three restaurants have reached the anniversary date of introducing Arthur Treachers products whereby sales of those products have begun to level off which have also unfavorably affected the year over year sales comparisons. Nathan's has continued to emphasize local store marketing activities, new product introductions, value pricing strategies and introduce Arthur Treachers products into its company-owned restaurants. During the second quarter fiscal 2001, sales from the two recently opened Kenny Rogers Roasters restaurants were $687,000. Sales from the Branded Product Program increased by 75.1% to $1,329,000 for the second quarter fiscal 2001 as compared to sales of $759,000 in the second quarter fiscal 2000.

Franchise fees and royalties increased by 119.1% or $1,152,000 to $2,119,000 in the second quarter fiscal 2001 compared to $967,000 in the second quarter fiscal 2000. Increases in franchise fees and royalties resulting from the Miami Subs acquisition made last year was $1,160,000. Franchise sales of our branded restaurant concepts increased by 93.1% to $43,699,000 in the second quarter fiscal 2001 as compared to $22,627,000 in the second quarter fiscal 2000. Franchise royalties of the Nathan's and Kenny Rogers Roasters brands were $891,000 in the second quarter fiscal 2001 as compared to $892,000 in the second quarter fiscal 2000. Franchise fee income derived from openings excluding the impact of Miami Subs was $68,000 in the second quarter fiscal 2001 as compared to $75,000 in the second quarter fiscal 2000. During the second quarter fiscal 2001, five new franchised or licensed units opened.

License royalties were $600,000 in the second quarter fiscal 2001 as compared to $508,000 in the second quarter fiscal 2000. The majority of this increase is attributable to sales by SMG, Inc., Nathans' licensee for the sale of Nathan's frankfurters within supermarkets and club stores.

Investment and other income increased by $392,000 to $396,000 in the second quarter fiscal 2001 versus $4,000 in the second quarter fiscal 2000. Increases in other income as a result of the Miami Subs acquisition made last year was $266,000. The majority of the remaining increase is attributable to a benefit derived in connection with the introduction of a single master food and paper distributor for Nathans' three branded restaurant concepts. During the second quarter fiscal 2001 Nathans' investment income was approximately $12,000 lower than in the second quarter fiscal 2000 due to the difference in performance of the financial markets between the two periods.

Costs and Expenses

Cost of sales increased by $2,150,000 from $4,086,000 in the second quarter fiscal 2000 to $6,236,000 in the second quarter fiscal 2001. Of the total increase, cost of sales increased by $1,806,000 as a result of the Miami Subs acquisition made last year. During the second quarter fiscal 2001, restaurant cost of sales, excluding Miami Subs, were lower than the second quarter fiscal 2000 by approximately $53,000. Cost of sales attributable to the two new Kenny Rogers Roasters restaurants along with higher food and labor costs in the Nathan's restaurants offset most of the lower costs of operating fewer company-owned Nathan's restaurants as compared to the second quarter fiscal 2000. The cost of restaurant sales at Nathans' comparable units was 58.5% as a percentage of restaurant sales in the second quarter fiscal 2001 as compared to 57.9% as a percentage of restaurant sales in the second quarter fiscal 2000 due primarily to higher labor and associated labor costs. Higher costs of approximately $397,000 were incurred in connection with the growth of the Branded Product Program.

Restaurant operating expenses increased by $701,000 from $1,515,000 in the second quarter fiscal 2000 to $2,216,000 in the second quarter fiscal 2001. Of the total increase, restaurant operating expenses increased by $754,000 as a result of the Miami Subs acquisition made last year. Restaurant operating expenses, excluding Miami Subs, were $1,462,000 during the second quarter fiscal 2001 as compared to $1,515,000 during the second quarter fiscal 2000. Costs attributable to the two new Kenny Rogers Roasters restaurants offset much of the lower costs of operating fewer company-owned Nathan's restaurants as compared to the second quarter fiscal 2000.

Depreciation and amortization increased by $211,000 from $260,000 in the second quarter fiscal 2000 to $471,000 in the second quarter fiscal 2001. Depreciation expense increased by $200,000 as a result of the Miami Subs acquisition made last year. Depreciation expense attributable the two new Kenny Rogers Roasters restaurants more than offset the lower depreciation expense of operating fewer company-owned Nathan's restaurants versus the second quarter fiscal 2000.

Amortization of intangibles increased by $89,000 from $112,000 in the second quarter fiscal 2000 to $201,000 in the second quarter fiscal 2001. Amortization of intangibles increased by $85,000 as a result of the Miami Subs acquisition made last year which is attributable to intangible assets acquired and the amortization of the excess purchase price.

General and administrative expenses increased by $898,000 to $2,138,000 in the second quarter fiscal 2001 as compared to $1,240,000 in the second quarter fiscal 2000. Of the total increase, general and administrative expenses increased by approximately $771,000 as a result of the Miami Subs acquisition made last year. General and administrative expenses, excluding the impact of Miami Subs, increased by $127,000 primarily due to higher spending in connection with personnel costs and incentive compensation of approximately $65,000, Kenny Rogers administrative costs of $45,000, and increased corporate development expenditures of approximately $37,000 which were partially offset by reduced insurance costs and certain rebates.

Interest expense of $74,000 relates to the Miami Subs indebtedness as of the date of the acquisition.

Income Tax Expense

In the second quarter fiscal 2001, the income tax provision was $598,000 or 39.1% of income before income taxes as compared to $390,000 or 38.8% of income before income taxes in the second quarter fiscal 2000.

TWENTY-SIX WEEKS ENDED SEPTEMBER 24, 2000 COMPARED TO SEPTEMBER 26, 1999

Revenues

Total sales increased by 48.0% or $6,374,000 to $19,653,000 for the twenty-six weeks ended September 24, 2000 ("fiscal 2001 period") as compared to $13,279,000 for the twenty-six weeks ended September 26, 1999 ("fiscal 2000 period"). Of the total increase, sales increased by $5,968,000 as a result of the Miami Subs acquisition made last year. Company-owned restaurant sales of the Nathan's brand decreased 15.6% or $1,815,000 to $9,842,000 from $11,657,000. This restaurant sales decline is primarily due to the loss of revenue from 8 company-owned stores compared to the prior fiscal period as follows: the franchising of three company-owned restaurants, the closing of three unprofitable company-owned units, the closing of one unit due to its lease expiration and the temporary closing of one additional unit for renovation. The impact of these actions lowered restaurant sales by $1,637,000 and improved restaurant operating profits by $32,000 versus the fiscal 2000 period. Comparable restaurant sales of the Nathan's brand also declined by 1.9% versus the fiscal 2000 period, due principally to weakness experienced at the Coney Island restaurant primarily attributable to the unfavorable weather conditions experienced this year. Nathan's continues to emphasize local store marketing activities, new product introductions and value pricing strategies. Pursuant to Miami Subs' exclusive co-branding agreement with Arthur Treachers, Nathan's introduced Arthur Treachers signature products in eight company-owned restaurants which has helped fuel sales increases in those units. During the fiscal 2001 period, sales from the two recently opened Kenny Rogers Roasters restaurants were $1,330,000. Sales from the Branded Product Program increased by 54.9% to $2,513,000 for the fiscal 2001 period as compared to sales of $1,622,000 in the fiscal 2000 period.

Franchise fees and royalties increased by 128.4% or $2,478,000 to $4,408,000 in the fiscal 2001 period compared to $1,930,000 in the fiscal 2000 period. Increases in franchise fees and royalties resulting from the Miami Subs acquisition made last year was $2,397,000, which includes a royalty reconciliation of approximately $54,000. Franchise sales of our branded restaurant concepts increased by 117.6% to $98,505,000 in the fiscal 2001 period as compared to $45,262,000 in the fiscal 2000 period. Franchise royalties of the Nathan's and Kenny Rogers Roasters brands increased by $156,000 or 9.3% to $1,834,000 in the fiscal 2001 period as compared to $1,678,000 in the fiscal 2000 period. Franchise fee income derived from openings excluding the impact of Miami Subs was $177,000 in the fiscal 2001 period as compared to $252,000 in the fiscal 2000 period. This decrease was primarily attributable to the difference between expired franchise fees recognized into income and number of franchised units open between the two periods. During the fiscal 2001 period, nine new franchised or licensed units opened.

License royalties were $1,177,000 in the fiscal 2001 period as compared to $914,000 in the fiscal 2000 period. The majority of this increase is attributable to sales by SMG, Inc., Nathans' licensee for the sale of Nathan's frankfurters within supermarkets and club stores.

Investment and other income increased by $622,000 to $733,000 in the fiscal 2001 period versus $111,000 in the fiscal 2000 period. Increases in other income as a result of the Miami Subs acquisition made last year was $392,000. The majority of the remaining increase is attributable to a benefit derived in connection with the introduction of a single master food and paper distributor for Nathans' three branded restaurant concepts. During the fiscal 2001 period Nathans' investment income was approximately $129,000 lower than in the fiscal 2000 period due to the difference in performance of the financial markets between the two periods.

Costs and Expenses

Cost of sales increased by $4,484,000 from $8,166,000 in the fiscal 2000 period to $12,650,000 in the fiscal 2001 period. Of the total increase, cost of sales increased by $3,837,000 as a result of the Miami Subs acquisition made last year. During the fiscal 2001 period, restaurant cost of sales, excluding Miami Subs, were higher than the fiscal 2000 period by approximately $54,000. Cost of sales attributable to the two new Kenny Rogers Roasters restaurants along with higher food and labor costs in the Nathan's brand more than offset lower costs of operating fewer company-owned Nathan's restaurants as compared to the fiscal 2000 period. The cost of restaurant sales at Nathans' comparable units was 58.8% as a percentage of restaurant sales in the fiscal 2001 period as compared to 57.6% as a percentage of restaurant sales in the fiscal 2000 period due primarily to higher food and labor costs. Higher costs of approximately $592,000 were incurred in connection with the growth of the Branded Product Program.

Restaurant operating expenses increased by $1,629,000 from $3,044,000 in the fiscal 2000 period to $4,673,000 in the fiscal 2001 period. Of the total increase, restaurant operating expenses increased by $1,687,000 as a result of the Miami Subs acquisition made last year. Restaurant operating expenses, excluding Miami Subs, were $2,986,000 during the fiscal 2001 period as compared to $3,044,000 during the fiscal 2000 period. Costs attributable the two new Kenny Rogers Roasters restaurants offset much of the lower costs of operating fewer company-owned Nathan's restaurants as compared to the fiscal 2000 period.

Depreciation and amortization increased by $420,000 from $519,000 in the fiscal 2000 period to $939,000 in the fiscal 2001 period. Depreciation expense increased by $403,000 as a result of the Miami Subs acquisition made last year. Depreciation expense attributable the two new Kenny Rogers Roasters restaurants more than offset the lower depreciation expense of operating fewer company-owned Nathan's restaurants versus the fiscal 2000 period.

Amortization of intangibles increased by $177,000 from $225,000 in the fiscal 2000 period to $402,000 in the fiscal 2001 period. Amortization of intangibles increased by $169,000 as a result of the Miami Subs acquisition made last year which is attributable to intangible assets acquired and the amortization of the excess purchase price.

General and administrative expenses increased by $1,856,000 to $4,379,000 in the fiscal 2001 period as compared to $2,523,000 in the fiscal 2000 period. Of the total increase, general and administrative expenses increased by approximately $1,562,000 as a result of the Miami Subs acquisition made last year. General and administrative expenses, excluding the impact of Miami Subs, increased by $294,000 primarily due to higher spending in connection with personnel costs and incentive compensation of approximately $201,000, Kenny Rogers administrative costs of $113,000, increased corporate development expenditures of approximately $50,000 which were partially offset by reduced insurance costs and certain rebates.

Interest expense of $146,000 relates to the Miami Subs indebtedness as of the date of the acquisition.

Income Tax Expense

In the fiscal 2001 period, the income tax provision was $1,104,000 or 39.7% of income before income taxes as compared to $731,000 or 40.3% of income before income taxes in the fiscal 2000 period. A significant portion of Nathans' income before income taxes has been earned by Miami Subs which is a Florida corporation and is generally subject to lower state taxes, thereby lowering the effective tax rate of the consolidated entity.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at September 24, 2000 aggregated $4,700,000, increasing by $2,303,000 during the fiscal 2001 period. At September 24, 2000, marketable securities and investment in limited partnership totalled $5,135,000 and net working capital increased to $3,701,000 from a deficit of $322,000 at March 26, 2000. Cash and cash equivalents at September 24, 2000 included $2,865,000 held on behalf of the Miami Subs Advertising Funds. A corresponding accrual has been recorded within accrued expenses and other current liabilities.

Cash provided by operations of $2,796,000 in the fiscal 2001 period is primarily attributable to net income of $1,678,000, non-cash charges of $1,446,000, including depreciation and amortization of $1,341,000 and allowance for doubtful accounts of $27,000, increases in accounts payable and accrued expenses of $1,516,000, an increase in other non current liabilities of $1,451,000, a decrease in other assets of $47,000, a decrease in prepaid expenses and other current assets of $62,000, all of which were partially offset by an increase in marketable securities and investment in limited partnership of $2,138,000, an increase in franchise and other receivables of $1,045,000, an increase in inventories of $54,000 and a decrease in deferred franchise and area development fees of $167,000. During fiscal 2001 we received a marketing advance from our beverage supplier in connection with a newly executed marketing agreement.

Cash used in investing activities of $355,000 is comprised primarily of $778,000 relating to capital improvements of the company-owned restaurants and other fixed asset additions, cash received on notes receivable of $378,000 and proceeds from the sale of assets of $45,000.

Cash used in financing activities of $138,000 represents repayments of notes payable and obligations under capital leases.

In connection with the acquisition of Miami Subs, Nathan's is executing its plans to permanently close up to 18 underperforming company-owned restaurants. Accordingly, Nathan's expects to incur estimated future cash payments, consisting primarily of future lease payments including costs and expenses associated with terminating such leases. At present Nathan's is unable to reasonably estimate these total costs, however, as of November 1, 2000, Nathan's has terminated 8 of these leases at a total cost of $437,000. As of September 24, 2000, minimum annual lease payments for the remaining stores was approximately $776,000, with remaining lease terms ranging from 1 year up to approximately 11 years.

Management believes that available cash, marketable investment securities, and internally generated funds should provide sufficient capital to finance Nathan's operations through fiscal 2001. Nathan's is currently in the process of replacing its expired $5,000,000 uncommitted bank line with a $7,500,000 uncommitted bank line of credit. Nathan's had not borrowed any funds under its previous line of credit.

FORWARD LOOKING STATEMENT

Certain statements contained in this report are forward-looking statements which are subject to a number of known and unknown risks and uncertainties that could cause Nathan's actual results and performance to differ materially from those described or implied in the forward looking statements. These risks and uncertainties, many of which are not within Nathan's control, include, but are not limited to economic, weather, legislative and business conditions; the availability of suitable restaurant sites on reasonable rental terms; changes in consumer tastes; ability to continue to attract franchisees; the ability to purchase our primary food and paper products at reasonable prices; no material increases in the minimum wage; and Nathan's ability to attract competent restaurant, and managerial personnel.

PART II. OTHER INFORMATION

ITEM 4: SUBMISSION OF MATTER TO A VOTE OF SECURITY HOLDERS

(a) The Registrant held its Annual Meeting of Stockholders on September 14, 2000.

(b) Seven Directors were elected at the Annual Meeting to serve until the Annual Meeting of Stockholders in 2001. The names of these Directors and votes cast in favor of their election and shares withheld are as follows:

NAME	FOR	WITHHELD
Howard M. Lorber	4,911,386	1,168,578
Wayne Norbitz	4,911,736	1,168,228
Donald Perlyn	4,911,736	1,168,228
Robert J. Eide	4,911,736	1,168,228
Brian Gensen	4,911,736	1,168,228
Barry Leistner	4,911,736	1,168,228
A.F. Petrocelli	4,911,736	1,168,228

(d) Not applicable.

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None.

(b) No reports on Form 8-K were filed during the quarter ended September 24, 2000.

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

We have historically invested our cash and cash equivalents in short term, fixed rate, highly rated and highly liquid instruments which are reinvested when they mature throughout the year. Although our existing investments are not considered at risk with respect to changes in interest rates or markets for these instruments, our rate of return on short-term investments could be affected at the time of reinvestment as a result of intervening events.

We have invested our marketable investment securities in intermediate term, fixed rate, highly rated and highly liquid instruments and a highly liquid investment limited partnership that invests principally in equities. These investments are subject to fluctuations in interest rates and the performance of the equity markets.

The interest rate on our borrowings are generally determined based upon prime rate and may be subject to market fluctuation as the prime rate changes as determined within each specific agreement. We do not anticipate entering into interest rate swaps or other financial instruments to hedge our borrowings.

The cost of commodities are subject to market fluctuation. We have not attempted to hedge against fluctuations in the prices of the commodities we purchase using future, forward, option or other instruments. As a result, our future commodities purchases are subject to changes in the prices of such commodities.

Foreign franchisees generally conduct business with us and make payments in, United States dollars, reducing the risks inherent with changes in the values of foreign currencies. As a result, we have not purchased future contracts, options or other instruments to hedge against changes in values of foreign currencies.

SIGNATURES

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

NATHAN'S FAMOUS, INC.

Date: November 7, 2000

By: /s/ Wayne Norbitz

Wayne Norbitz
President and Chief Operating Officer
(Principal Executive Officer)

Date: November 7, 2000

By: /s/ Ronald G. DeVos

Ronald G. DeVos
Vice President - Finance
and Chief Financial Officer
(Principal Financial and Accounting Officer)

5
1,000
U.S. DOLLARS

3-MOS	6-MOS
MAR-25-2001	MAR-25-2001
JUN-26-2000	MAR-27-2000
SEP-24-2000	SEP-24-2000
1	1
0	4700
0	5135
0	4399
0	836
0	597
0	16146
0	22661
0	8873
0	53001
0	12445
0	2987
0	0
0	0
0	71
0	35032
0	53001
9752	19653
12867	25971
6236	12650
2216	4673
2804	5693
6	27
74	146
1531	2782
598	1104
933	1678
0	0
0	0
0	0
933	1678
0.13	0.24
0.13	0.24