

To Our Shareholders

Management is extremely pleased that this is the seventeenth consecutive quarter in which quarterly profits from continuing operations have increased as compared to the same period of the prior year.

Net income for the quarter ended June 24, 2007 was \$3,152,000 or \$0.48 per diluted share as compared to \$1,396,000 or \$0.22 per diluted share for the quarter ended June 25, 2006.

Nathan's realized gains, net of tax, of \$1,598,000 or \$0.25 per diluted share during the fiscal 2008 period from the sale of certain leasehold interests in Florida and from the sale of its formerly wholly-owned subsidiary, Miami Subs Corporation. The total gains before income taxes were \$2,489,000.

Income from continuing operations increased by \$202,000 or 16.5% to \$1,424,000 or \$0.22 per diluted share for the quarter ended June 24, 2007 as compared to \$1,222,000 or \$0.19 per diluted share for the quarter ended June 25, 2006. Total revenue from continuing operations increased by 10.2% to \$12,779,000 during the quarter ended June 24, 2007 as compared to \$11,598,000 during the quarter ended June 25, 2006.

The Branded Product Program, featuring the sale of Nathan's hot dogs to the foodservice industry, has continued to grow. Sales increased by 16.8% to \$5,925,000 for the first quarter fiscal 2008 as compared to sales of \$5,073,000 in the first quarter fiscal 2007.

Revenues and operating profits from Nathan's company-owned restaurants, restaurant franchising, retail licensing and sales to our television marketer, increased by \$203,000 or 3.2% and \$475,000 or 16.0%, respectively, compared to the first quarter fiscal 2007.

Nathan's products are distributed in 50 states, the District of Columbia and 14 foreign countries through its restaurant system, Branded Product Program and retail licensing activities. At June 24, 2007, the Nathan's restaurant system consisted of 298 franchised or licensed units and six company-owned units (including one seasonal unit) featuring the Nathan's and Kenny Rogers Roasters brands. For additional information about Nathan's or Kenny Rogers Roasters 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>	
	(Unaudited)	
	<u>June 24, 2007</u>	<u>June 25, 2006</u>
Total revenues from continuing operations	\$ 12,779,000	\$ 11,598,000
Income from continuing operations	\$ 1,424,000	\$ 1,222,000
Income from discontinued operations	<u>\$ 1,728,000</u>	<u>\$ 174,000</u>
Net income	<u><u>\$ 3,152,000</u></u>	<u><u>\$ 1,396,000</u></u>
Basic income per share		
Income from continuing operations	\$ 0.24	\$ 0.21
Income from discontinued operations	<u>\$ 0.28</u>	<u>\$ 0.03</u>
Net income	<u><u>\$ 0.52</u></u>	<u><u>\$ 0.24</u></u>
Diluted income per share		
Income from continuing operations	\$ 0.22	\$ 0.19
Income from discontinued operations	<u>\$ 0.26</u>	<u>\$ 0.03</u>
Net income	<u><u>\$ 0.48</u></u>	<u><u>\$ 0.22</u></u>
Weighted average shares used in computing per share information		
Basic	<u>6,018,000</u>	<u>5,733,000</u>
Diluted	<u><u>6,499,000</u></u>	<u><u>6,316,000</u></u>

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

	<u>June 24, 2007</u>	<u>Mar. 25, 2007</u>
	(Unaudited)	
Assets		
Current assets	\$ 39,295,000	\$ 36,821,000
Property and equipment, net	4,378,000	4,270,000
Notes receivable, net	1,764,000	60,000
Intangible assets, net	1,868,000	3,723,000
Other assets, net	<u>1,397,000</u>	<u>1,701,000</u>
Total assets	<u><u>\$ 48,702,000</u></u>	<u><u>\$ 46,575,000</u></u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 8,056,000	\$ 9,446,000
Other long-term obligations	1,791,000	1,250,000
Stockholders' equity	<u>38,855,000</u>	<u>35,879,000</u>
Total liabilities and stockholders' equity	<u><u>\$ 48,702,000</u></u>	<u><u>\$ 46,575,000</u></u>