

## *To Our Shareholders*

For the quarter ended June 27, 2010, net income increased by 6.2% to \$1,660,000 and earnings per diluted share increased 7.4% to \$0.29, as compared to \$1,563,000 and \$0.27, respectively, for the quarter ended June 28, 2009.

Total revenue increased by 9.8% to \$15,626,000, as compared to \$14,232,000 during the quarter ended June 28, 2009.

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 product licensing activities. The Nathan's restaurant system currently consists of 257 units, comprised of 252 franchised 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 27, 2010</u>	<u>June 28, 2009</u>
Total revenues	<u>\$ 15,626,000</u>	<u>\$ 14,232,000</u>
Net income	<u>\$ 1,660,000</u>	<u>\$ 1,563,000</u>
Basic income per share		
Net income	<u>\$ 0.30</u>	<u>\$ 0.28</u>
Diluted income per share		
Net income	<u>\$ 0.29</u>	<u>\$ 0.27</u>
Weighted average shares used in computing income per share		
Basic	<u>5,594,000</u>	<u>5,612,000</u>
Diluted	<u>5,694,000</u>	<u>5,879,000</u>

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

	<u>June 27, 2010</u>	<u>Mar. 28, 2010</u>
	(Unaudited)	
Assets		
Current assets	\$ 45,701,000	\$ 43,823,000
Property and equipment	5,639,000	5,467,000
Note receivable	1,149,000	1,175,000
Intangible assets	1,448,000	1,448,000
Other assets, net	<u>1,516,000</u>	<u>1,461,000</u>
Total assets	<u>\$ 55,453,000</u>	<u>\$ 53,374,000</u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 7,420,000	\$ 7,155,000
Other long-term obligations	1,904,000	1,907,000
Stockholders' equity	<u>46,129,000</u>	<u>44,312,000</u>
Total liabilities and stockholders' equity	<u>\$ 55,453,000</u>	<u>\$ 53,374,000</u>