

NATHAN'S FAMOUS, INC.
COMPENSATION COMMITTEE CHARTER

Purpose

The Compensation Committee is appointed by the Board to discharge the Board's responsibilities relating to compensation of the Company's executive officers. The Committee has overall responsibility for approving and evaluating the executive officer compensation plans, policies and programs of the Company.

Committee Membership

The Compensation Committee shall consist of no fewer than three members. Each member of the Compensation Committee shall (i) qualify as independent under the requirements of the SEC and the Nasdaq Stock Market or such other market or exchange on which the Company's securities are listed or quoted; (ii) be a "non-employee director" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended; and (iii) be an "outside director" under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended.

The members of the Compensation Committee shall be appointed by the Board upon the recommendation of the Nominating Committee. Compensation Committee members may be replaced by the Board.

Committee Authority and Responsibilities

1. The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of Chief Executive Officer, senior executive or director compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The compensation committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the compensation committee, other than in-house legal counsel, only after taking into consideration the following factors:

(a) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;

(b) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;

(c) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

(d) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;

(e) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and

(f) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Executive Officer of the Company.

2. Subject to the terms of any employment contract, the Compensation Committee shall annually review and approve corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives and recommend to the Board the Chief Executive Officer's compensation levels based on this evaluation.

3. The Compensation Committee shall regularly review and approve corporate goals and objectives relevant to compensation of executive officers other than the Chief Executive Officer.

4. The Compensation Committee shall periodically review and determine the annual and long-term incentive component of Chief Executive Officer and shall annually review and determine the annual and long-term incentive component of other executive officer compensation, in each case including under incentive-compensation plans and equity-based plans and any special or supplemental benefits. In making such determinations, the Compensation Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to Chief Executive Officers and other executive officers at comparable companies, the awards given to the Chief Executive Officer and other executive officers in past years and will take into account the terms of any employment agreements.

5. The Compensation Committee shall review and discuss with Management the Compensation Discussion and Analysis section proposed for inclusion in the Company's Annual Report on Form 10-K or annual proxy statement and recommend to the Board whether such section should be so included.

6. The Compensation Committee shall produce an annual report for inclusion in the Company's annual proxy statement.

7. The Compensation Committee shall periodically review and approve, for the Chief Executive Officer and the other executive officers of the Company, the terms of any employment agreements, severance arrangements, and change in control agreements/provisions, whether or not in writing.

8. The Compensation Committee shall administer and periodically review the Company's stock option and other equity-based plans.

9. The Compensation Committee may form and delegate authority to subcommittees when appropriate.

10. The Compensation Committee shall make reports to the Board no less frequently than annually.

11. The Compensation Committee shall periodically review the compensation of Directors, and make recommendations to the Board as to any changes it deems appropriate.

12. This Charter will be filed with the SEC as part of the Company's proxy statement and will also be available on the Company's website.

13. The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

Compensation Principles

The Committee will make compensation decisions based on the following principles:

- Compensation arrangements will incentivize and encourage retention of those employees who enhance the Company's performance;
- Compensation arrangements will promote ownership of the Company's stock and equity to align the interests of management and stockholders; and
- Compensation arrangements will maintain an appropriate balance between base salary and long-term and annual incentive compensation.