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 28, 2003.

[ ] 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 [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

At October 31, 2003, an aggregate of 5,287,357 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. 28, 2003 (Unaudited)	March 30, 2003
Current assets:		
Cash and cash equivalents including restricted cash of $83 and $83, respectively	$ 2,515	$ 1,415
Marketable securities	7,116	4,623
Notes and accounts receivable, net	2,457	2,607
Inventories	373	389
Assets held for sale	251	799
Prepaid expenses and other current assets	367	642
Deferred income taxes	2,079	2,079
Total current assets	15,158	12,554
Notes receivable, net	400	740
Property and equipment, net	5,992	6,263
Goodwill	95	95
Intangible assets, net	3,194	3,319
Deferred income taxes	2,639	2,647
Other assets, net	259	268
	$ 27,737	$ 25,886
Current liabilities:		
Current maturities of notes payable and capital lease obligations	$ 173	$ 173
Accounts payable	805	1,377
Accrued expenses and other current liabilities	6,154	4,942
Deferred franchise fees	145	127
Total current liabilities	7,277	6,619
Notes payable and capital lease obligations, less current maturities	953	1,053
Other liabilities	2,026	1,831
Total liabilities	10,256	9,503
Stockholders' equity:		
Common stock, $.01 par value - 30,000,000 shares authorized; 7,065,202 shares issued; 5,290,057 and 5,423,964 shares outstanding at September 28, 2003 and March 30, 2003, respectively	71	71
Additional paid-in capital	40,746	40,746
Accumulated deficit	(16,905)	(18,505)
Accumulated other comprehensive income	65	64
	23,977	22,376
Treasury stock at cost, 1,775,145 and 1,641,238 at September 28, 2003 and March 30, 2003, respectively	(6,496)	(5,993)
Total stockholders' equity	17,481	16,383
	$ 27,737	$ 25,886

See accompanying notes to consolidated financial statements.

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Thirteen weeks ended September 28, 2003 and September 29, 2002
(In thousands, except per share amounts)
(Unaudited)

	2003	2002
Sales	$ 6,299	$ 7,520
Franchise fees and royalties	1,502	1,451
License royalties	786	588
Investment and other income	105	(76)
Interest income	62	81
Total revenues	8,754	9,564
Costs and expenses:		
Cost of sales	4,344	4,855
Restaurant operating expenses	909	1,633
Depreciation and amortization	254	321
Amortization of intangible assets	66	69
General and administrative expenses	1,697	2,058
Interest expense	25	39
Impairment charge on notes receivable	56	320
Total costs and expenses	7,351	9,295
Income from continuing operations before income taxes	1,403	269
Provision for income taxes	547	109
Income from continuing operations	856	160
Discontinued operations		
Loss from discontinued operations before income taxes	-	(83)
Benefit from income taxes	-	(33)
Loss from discontinued operations	-	(50)
Net income	$ 856	$ 110
PER SHARE INFORMATION		
Basic income (loss) per share		
Income from continuing operations	$ 0.16	$ 0.03
Loss from discontinued operations	0.00	(0.01)
Net income	$ 0.16	$ 0.02
Diluted income (loss) per share		
Income from continuing operations	$ 0.15	$ 0.03
Loss from discontinued operations	0.00	(0.01)
Net income	$ 0.15	$ 0.02
Weighted average shares used in computing per share information		
Basic	5,313	6,105
Diluted	5,593	6,229

See accompanying notes to consolidated financial statements.

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Twenty-six weeks ended September 28, 2003 and September 29, 2002
(In thousands, except per share amounts)
(Unaudited)

	2003	2002
Sales	$ 12,634	$ 14,631
Franchise fees and royalties	3,063	2,993
License royalties	1,656	1,399
Investment and other income	293	51
Interest income	126	156
Total revenues	17,772	19,230
Costs and expenses:		
Cost of sales	8,679	9,569
Restaurant operating expenses	2,091	3,101
Depreciation and amortization	511	675
Amortization of intangible assets	131	139
General and administrative expenses	3,616	4,160
Interest expense	39	78
Impairment charge on long-lived assets	-	421
Impairment charge on notes receivable	56	320
Total costs and expenses	15,123	18,463
Income from continuing operations before income taxes	2,649	767
Provision for income taxes	1,049	315
Income from continuing operations	1,600	452
Discontinued operations		
Income from discontinued operations before income taxes	-	6
Provision for income taxes	-	2
Income from discontinued operations	-	4
Income from operations before cumulative effect of change in accounting principle	1,600	456
Cumulative effect of change in accounting principle, net of income tax benefit of $854 in 2002	-	(12,338)
Net income (loss)	$ 1,600	$ (11,882)
PER SHARE INFORMATION		
Basic income (loss) per share		
Income from continuing operations	$ 0.30	$ 0.07
Income from discontinued operations	0.00	0.00
Cumulative effect of change in accounting principle	0.00	(1.98)
Net income (loss)	$ 0.30	$ (1.91)
Diluted income (loss) per share		
Income from continuing operations	$ 0.29	$ 0.07
Income from discontinued operations	0.00	0.00
Cumulative effect of change in accounting principle	0.00	(1.93)
Net income (loss)	$ 0.29	$ (1.86)
Weighted average shares used in computing per share information		
Basic	5,342	6,230
Diluted	5,536	6,401

See accompanying notes to consolidated financial statements.

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Twenty-six weeks ended September 28, 2003
(In thousands, except share amounts)
(Unaudited)

	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Shares	Tresury Stock at cost	Total Stockholders' Equity
Balance at March 30, 2003	7,065,202	$ 71	$ 40,746	$ (18,505)	$ 64	1,641,238	$ (5,993)	$ 16,383
Purchase of treasury stock						133,907	(503)	(503)
Comprehensive income:								
Net income				1,600				1,600
Unrealized gains on available for sale securities, net of tax provision of $1					1			1
Balance at Sept. 28, 2003	7,065,202	$ 71	$ 40,746	$ (16,905)	$ 65	1,775,145	$ (6,496)	$ 17,481

See accompanying notes to consolidated financial statements.

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Twenty-six weeks ended September 28, 2003 and September 29, 2002
(In thousands)
(Unaudited)

	2003	2002
Cash flows from operating activities:		
Net income (loss)	$ 1,600	$ (11,882)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Cumulative effect of change in accounting principle, net of deferred taxes	-	12,338
Depreciation and amortization	511	884
Amortization of intangible assets	131	139
Amortization of bond premium	30	63
Provision for doubtful accounts	18	81
Gain on sale of available for sale securities	(12)	(10)
Gain on sale of restaurant	(108)	(9)
Impairment charge on long-lived assets	-	421
Impairment charge on notes receivable	56	320
Deferred income taxes	7	(206)
Changes in operating assets and liabilities:		
Marketable securities and investment in limited partnership	-	251
Notes and accounts receivable, net	131	(117)
Inventories	16	94
Prepaid expenses and other current assets	275	656
Accounts payable and accrued expenses	640	(1,808)
Deferred franchise fees	18	49
Other assets, net	9	9
Other non current liabilities	97	(277)
Net cash provided by operating activities	3,419	996
Cash flows from investing activities:		
Proceeds from sale of available for sale securities	1,322	4,282
Purchase of available for sale securities	(3,832)	(1,108)
Purchase of property and equipment	(219)	(387)
Proceeds from sale of restaurants, net	466	75
Proceeds from sale of fixed assets	6	15
Payments received on notes receivable	541	161
Net cash (used in) provided by investing activities	(1,716)	3,038
Cash flows from financing activities:		
Repurchase of common stock	(503)	(3,535)
Principal repayment of borrowings and obligations under capital leases	(100)	(92)
Net cash used in financing activities	(603)	(3,627)
Net increase in cash and cash equivalents	1,100	407
Cash and cash equivalents, beginning of period	1,415	1,834
Cash and cash equivalents, end of period	$ 2,515	$ 2,241
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash (refunded) paid during the period for income taxes	$ (56)	$ 45
Cash paid during the period for interest	$ 44	$ 78
NONCASH FINANCING ACTIVITIES:		
Loan to franchisee in connection with sale of restaurant	$ 300	$ -

See accompanying notes to consolidated financial statements.

NOTE A - BASIS OF PRESENTATION

The accompanying consolidated financial statements of Nathan's Famous, Inc. and subsidiaries (collectively "Nathan's" or the "Company") for the thirteen and twenty-six week periods ended September 28, 2003 and September 29, 2002 have been prepared in accordance with accounting principles generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America 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 30, 2003.

NOTE B - ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"). SFAS No. 143 addresses financial and reporting obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It applies to legal obligations associated with the retirement of long-lived assets that result from acquisition, construction, development and/or the normal operation of a long-lived asset, except for certain obligations of lessees. SFAS No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. Nathan's has evaluated the effect of adoption on its financial position and results of operations, and it has not had a material impact on the financial position and results of operations of the Company.

In April 2002, the FASB issued Statement of Financial Accounting Standards No. 145 ("SFAS No. 145"), "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 eliminates the current requirement that gains and losses on debt extinguishment must be classified as extraordinary items in the income statement. Instead, such gains and losses will be classified as extraordinary items only if they are deemed to be unusual and infrequent, in accordance with the current criteria for extraordinary classification. Additionally, any gain or loss on extinguishment of debt that was classified as an extraordinary item in prior periods presented that does not meet the criteria in APB Opinion No. 30 for classification as an extraordinary item shall be reclassified. In addition, SFAS No. 145 eliminates an inconsistency in lease accounting by requiring that modifications of capital leases that result in reclassification as operating leases be accounted for consistent with sale-leaseback accounting rules. SFAS No. 145 also contains other nonsubstantive corrections to authoritative accounting literature. The changes related to debt extinguishment will be effective for fiscal years beginning after May 15, 2002, and the changes related to lease accounting will be effective for transactions occurring after May 15, 2002. SFAS No. 145 has not had a material impact on the financial position and results of operations of the Company.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 ("SFAS No. 148"), "Accounting for Stock-Based Compensation-Transition and Disclosure" which addresses financial accounting and reporting for recording expenses for the fair value of stock options. SFAS No. 148 provides alternative methods of transition for a voluntary change to fair value based method of accounting for stock-based employee compensation. Additionally, SFAS No. 148 requires more prominent and more frequent disclosures in financial statements about the effects of stock-based compensation. The adoption of SFAS No. 148 had no impact on the financial position and results of operations of the Company.

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities" ("SFAS No. 149"), which amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 except for the provisions that were cleared by the FASB in prior pronouncements. The adoption of SFAS No. 149 has not had, and is not expected to have, a material effect on Nathan's financial position and results of operations.

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity"("SFAS No. 150"). This statement establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. In accordance with the standard, financial instruments that embody obligations for the issuer are required to be classified as liabilities. This Statement shall be effective for financial instruments entered into or modified after May 31, 2003, and otherwise shall be effective for the year ended December 31, 2003. The adoption of SFAS No. 150 has not had, and is not expected to have, a material effect on Nathan's financial position and results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46 "Consolidation of Variable Interest Entities" ("FIN No. 46"). In general, a variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. A variable interest entity often holds financial assets, including loans or receivables, real estate or other property. A variable interest entity may be essentially passive or it may engage in activities on behalf of another company. Until now, a company generally has included another entity in its consolidated financial statements only if it controlled the entity through voting interests. FIN No. 46 changes that by requiring a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. FIN No. 46's consolidation requirements apply immediately to variable interest entities created or acquired after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply to all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Company has adopted FIN No. 46 effective January 31, 2003. The adoption of FIN No. 46 has not had, and is not expected to have, a material effect on Nathan's financial position and results of operations.

NOTE C - INCOME FROM CONTINUING OPERATIONS PER SHARE

Basic income from continuing operations per common share is calculated by dividing income from continuing operations by the weighted-average number of shares outstanding and excludes any dilutive effect of stock options or warrants. Diluted income from continuing operations per common share gives effect to all potentially dilutive common shares that were outstanding during the period. Dilutive common shares used in the computation of diluted income from continuing operations per common share result from the assumed exercise of stock options and warrants, using the treasury stock method. Income from continuing operations was the controlling number in determining the number of shares outstanding used in the calculation of diluted earnings per share for the twenty-six week period ended September 29, 2002.

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 28, 2003 and September 29, 2002, respectively.

THIRTEEN WEEKS

	Income from Continuing Operations (In thousands)		Number of Shares (In thousands)		Income from Continuing Operations Per Share	
	2003	2002	2003	2002	2003	2002
Basic EPS						
Basic calculation	$ 856	$ 160	5,313	6,105	$ 0.16	$ 0.03
Effect of dilutive employee stock options and warrants	-	-	280	124	(0.01)	-
Diluted EPS						
Diluted calculation	$ 856	$ 160	5,593	6,229	$ 0.15	$ 0.03

TWENTY-SIX WEEKS

	Income from Continuing Operations (In thousands)		Number of Shares (In thousands)		Income from Continuing Operations Per Share	
	2003	2002	2003	2002	2003	2002
Basic EPS						
Basic calculation	$ 1,600	$ 452	5,342	6,230	$ 0.30	$ 0.07
Effect of dilutive employee stock options and warrants	-	-	194	171	(0.01)	-
Diluted EPS						
Diluted calculation	$ 1,600	$ 452	5,536	6,401	$ 0.29	$ 0.07

Options and warrants to purchase 573,066 and 902,838 shares of common stock in the thirteen and twenty-six week periods ended September 28, 2003 and September 29, 2002, respectively, were not included in the computation of diluted EPS because the exercise prices exceeded the average market price of common shares during the respective periods. These options and warrants were still outstanding at the end of the respective periods.

NOTE D - STOCK BASED COMPENSATION

At September 28, 2003, the Company had five stock-based employee compensation plans. The Company accounts for stock-based compensation using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations ("APB No. 25") and has adopted the disclosure provisions of SFAS No. 148 "Accounting for Stock-Based Compensation-Transition and Disclosure." Under APB No. 25, when the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized. Accordingly, no compensation expense has been recognized in the consolidated financial statements in connection with employee stock option grants.

The following table illustrates the effect on net income (loss)and income (loss) per share had the Company applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", to stock-based employee compensation.

	Thirteen Weeks Ended (In thousands)		Twenty-six Weeks Ended (In thousands)	
	Sept. 28, 2003	Sept. 29, 2002	Sept. 28, 2003	Sept. 29, 2002
Net income (loss), as reported	$ 856	$ 110	$ 1,600	$ (11,882)
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards	(41)	(41)	(82)	(82)
Pro forma net income (loss)	$ 815	$ 69	$ 1,518	$ (11,964)
Income (loss) per Share				
Basic - as reported	$ 0.16	$ 0.02	$ 0.30	$ (1.91)
Diluted - as reported	$ 0.15	$ 0.02	$ 0.29	$ (1.86)
Basic - pro forma	$ 0.15	$ 0.01	$ 0.28	$ (1.92)
Diluted - pro forma	$ 0.15	$ 0.01	$ 0.27	$ (1.87)

Pro forma compensation expense may not be indicative of pro forma expense in future years. For purposes of estimating the fair value of each option on the date of grant, the Company utilized the Black-Scholes option-pricing model.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

NOTE E - SALES OF RESTAURANTS

The Company observes the provisions of SFAS No. 66, "Accounting for Sales of Real Estate," which establishes accounting standards for recognizing profit or loss on sales of real estate. SFAS No. 66 provides for profit recognition by the full accrual method, provided (a) the profit is determinable, that is, the collectibility of the sales price is reasonably assured or the amount that will not be collectible can be estimated, and (b) the earnings process is virtually complete, that is, the seller is not obligated to perform significant activities after the sale to earn the profit. Unless both conditions exist, recognition of all or part of the profit shall be postponed and other methods of profit recognition shall be followed. In accordance with SFAS No. 66, the Company recognizes profit on sales of restaurants under both the installment method and the deposit method, depending on the specific terms of each sale. The Company continues to record depreciation expense on the property subject to the sales contracts that are accounted for under the deposit method and records any principal payments received as a deposit until such time that the transaction meets the sales criteria of SFAS No. 66.

During the twenty-six weeks ended September 28, 2003, the Company sold three Company-owned restaurants for total consideration of $1,083,000 and entered into two management agreements with franchisees to operate two Company-owned restaurants. During the fiscal year ended March 30, 2003, the Company sold two Company-operated restaurants and one non-operated restaurant for a total of $591,000, one of which was sold during the twenty-six weeks ended September 29, 2002 for $75,000. As these restaurants were either classified as held-for-sale prior to the adoption of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144") or the Company expects to have a continuing stream of cash flows in the case of the franchised restaurants, the results of operations for these Company-operated restaurants are included in "Income from continuing operations" in the accompanying consolidated statements of operations for the thirteen and twenty-six week periods ended September 28, 2003 and September 29, 2002. The assets associated with the restaurants that were sold during the twenty-six weeks ended September 28, 2003 were included in Assets held for sale in the March 30, 2003 consolidated balance sheet. Results of operations of eight restaurants that have been abandoned subsequent to the adoption of SFAS No. 144 through March 30, 2003, have been included in results from discontinued operations for the thirteen and twenty-six week periods ended September 29, 2002 (See Note F).

The results of operations for those Company-owned restaurants which have been sold and included in continuing operations for the thirteen and twenty-six week periods ended September 28, 2003 and September 29, 2002 are as follows (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	Sept. 28, 2003	Sept. 29, 2002	Sept. 28, 2003	Sept. 29, 2002
Sales	$ 313	$ 1,722	$ 1,237	$ 3,719
Loss from operations before income taxes	$ (94)	$ (30)	$ (124)	$ (10)

NOTE F - DISCONTINUED OPERATIONS

On April 1, 2002, the Company adopted the provisions of SFAS No. 144. This statement supersedes SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and Accounting Principles Board Opinion No. 30, "Reporting Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and

Infrequently Occurring Events and Transactions". SFAS No. 144 retained the fundamental provisions of SFAS No. 121 for recognition and measurement of impairment, but amended the accounting and reporting standards for segments of a business to be disposed of. SFAS No. 144 has broadened the definition of discontinued operations to include components of an entity whose cash flows are clearly identifiable, as compared to a segment of a business. SFAS No. 144 requires the Company to classify as discontinued operations any restaurant that it sells, abandons or otherwise disposes of where the Company has no further involvement in such restaurant's operations. In the case of restaurants to be abandoned, depreciation expense is to be revised based upon the expected remaining useful lives of the affected restaurants. In August 2002, the Company received written notice from Home Depot U.S.A., Inc. ("Home Depot") that Home Depot terminated seven License Agreements with the Company pursuant to which the Company operated Nathan's restaurants in certain Home Depot Improvement Centers. During the second quarter fiscal 2003, the Company revised its depreciation estimate on eight restaurants which were closed during the fiscal year ended March 30, 2003. During the thirteen and twenty-six week periods ended September 29, 2002, eight Company-owned restaurants which were not considered available for sale at March 31, 2002 are presented as discontinued operations.

Following is a summary of the results of operations for these eight restaurants for the thirteen and twenty-six week periods ended September 29, 2002 (in thousands):

	Thirteen weeks ended September 29, 2002	Twenty-six weeks ended September 29, 2002
Sales	$ 1,148	$ 2,396
(Loss) income from operations before income taxes	$ (83)	$ 6

NOTE G - STOCK REPURCHASE PROGRAM

On September 14, 2001, Nathan's was authorized to purchase up to one million shares of its common stock. Pursuant to our stock repurchase program, we repurchased one million shares of common stock in open market transactions and a private transaction at a total cost of $3,670,000 through the quarter ended September 29, 2002. On October 7, 2002, Nathan's was authorized to purchase up to one million additional shares of its common stock. Through September 28, 2003, Nathan's purchased 775,145 shares of common stock at a cost of approximately $2,826,000. Subsequent to September 28, 2003, Nathan's purchased an additional 2,700 shares of common stock at a cost of approximately $11,000. To date, Nathan's has purchased a total of 1,777,845 shares of common stock at a cost of approximately $6,507,000. Nathan's expects to make additional purchases of stock from time to time, depending on market conditions, in open market or in privately negotiated transactions, at prices deemed appropriate by management. There is no set time limit on the purchases. Nathan's expects to fund these stock repurchases from its operating cash flow.

NOTE H - COMPREHENSIVE INCOME (LOSS)

The components of comprehensive income (loss) are as follows (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	Sept. 28, 2003	Sept. 29, 2002	Sept. 28, 2003	Sept. 29, 2002
Net income (loss)	$ 856	$ 110	$ 1,600	$ (11,882)
Unrealized gain on available-for-sale securities, net of tax (benefit) provision of ($10), $22, $1 and $47, respectively	(14)	30	1	65
Comprehensive income (loss)	$ 842	$ 140	$ 1,601	$ (11,817)

Accumulated other comprehensive income at September 28, 2003 and March 30, 2003 consists entirely of unrealized gains on available-for-sale securities, net of deferred taxes.

NOTE I - COMMITMENTS AND CONTINGENCIES

CONTINGENCIES

Elizabeth B. Jackson and Joseph Jackson commenced an action, for unspecified damages, in the Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida in September 2001 against Miami Subs and EKFD Corporation, a Miami Subs franchisee ("the franchisee") claiming negligence in connection with a slip and fall which allegedly occurred on the premises of the franchisee. Pursuant to the terms of the Miami Subs Franchise Agreement, the franchisee is obligated to indemnify Miami Subs and hold them harmless against claims asserted and procure an insurance policy which named Miami Subs as an additional insured. Miami Subs has denied any liability to plaintiffs and has made demand upon the franchisee's insurer to indemnify and defend against the claims asserted. The insurer has agreed to indemnify and defend Miami Subs and has assumed the defense of this action for Miami Subs.

NOTE J - RECLASSIFICATIONS

Certain reclassifications of prior period balances have been made to conform to the September 28, 2003 presentation.

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

INTRODUCTION

As used in this Report, the terms "we", "us", "our" and "Nathan's" mean Nathan's Famous, Inc. and its subsidiaries (unless the context indicates a different meaning).

During the fiscal year ended March 26, 2000, we completed two acquisitions that provided us with two highly recognized brands. On April 1, 1999, we 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, we acquired the remaining 70% of the outstanding common stock of Miami Subs Corporation we did not already own. Our revenues are generated primarily from operating company-owned restaurants and franchising the Nathan's, Miami Subs and Kenny Rogers restaurant concepts, selling products under Nathan's Branded Product Program and licensing agreements for the sale of Nathan's products within supermarkets. The Branded Product Program enables foodservice operators to offer Nathans' hot dogs and 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.

In addition to plans for expansion through franchising and our Branded Product Program, Nathan's continues to co-brand within its existing restaurant system. Currently, the Arthur Treacher's brand is being sold within 126 Nathan's, Kenny Rogers Roasters and Miami Subs restaurants, the Nathan's brand is included on the menu of 78 Miami Subs and Kenny Rogers restaurants, while the Kenny Rogers Roasters brand is being sold within 83 Miami Subs and Nathan's restaurants.

At March 31, 2002, Nathan's owned 22 company-operated restaurants. During the fiscal year ended March 30, 2003, Nathan's abandoned eight company-operated restaurants pursuant to early lease terminations which are presented as discontinued operations pursuant to SFAS No. 144 in the accompanying financial statements. Nathan's sold two company-operated restaurants during the fiscal year ended March 30, 2003 and has sold three company-operated restaurants and entered into two management agreements with franchisees to operate two company-operated restaurants during the twenty-six weeks ended September 28, 2003. These seven restaurants are presented as continuing operations in the accompanying financial statements.

At September 28, 2003, our combined system consisted of 341 franchised or licensed units, seven company-owned units and over 3,000 Nathan's Branded Product points of sale that feature Nathan's world famous all-beef hot dogs, located in 42 states, the District of Columbia and 13 foreign countries. At September 28, 2003, our company-owned restaurant system included seven Nathan's units, as compared to 16 Nathan's units, four Miami Subs units and one Kenny Rogers Roasters unit at September 29, 2002.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements and the notes to our consolidated financial statements contain information that is pertinent to management's discussion and analysis. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities. We believe the following critical accounting policies involve additional management judgement due to the sensitivity of the methods, assumptions and estimates necessary in determining the related asset and liability amounts.

Impairment of Goodwill and Other Intangible Assets

Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," ("SFAS No. 142") requires that goodwill and intangible assets with indefinite lives will no longer be amortized but will be tested annually (or more frequently if impairment indicators arise) for impairment. The most significant assumptions which are used in this test are estimates of future cash flows. We typically use the same assumptions for this test as we use in the development of our business plans. If these assumptions differ significantly from actual results, additional impairment expenses may be required. In the first quarter of fiscal 2003, Nathan's adopted SFAS No. 142. In connection with the implementation of this new standard, Goodwill, Trademarks, Trade Names and Recipes were deemed to be impaired and their carrying value was written down by $13,192,000, or $12,338,000, net of income tax benefit of $854,000.

Impairment of Long-Lived Assets

Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," ("SFAS No. 144") requires management judgements regarding the future operating and disposition plans for underperforming assets, and estimates of expected realizable values for assets to be sold. The application of SFAS No. 144 has affected the amounts and timing of charges to operating results in recent years. We evaluate possible impairment of each restaurant individually, and record an impairment charge whenever we determine that impairment factors exist. We consider a history of restaurant operating losses to be the primary indicator of potential impairment of a restaurant's carrying value. During the twenty-six week period ended September 29, 2002, we identified three restaurants that had been impaired and recorded impairment charges of approximately $421,000. No restaurants were determined to be impaired during the twenty-six weeks ended September 28, 2003.

Impairment of Notes Receivable

Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan," requires management judgements regarding the future collectibility of notes receivable and the underlying fair market value of collateral. We consider the following factors when evaluating a note for impairment: a) indications that the borrower is experiencing business problems, such as operating losses, marginal working capital, inadequate cash flow or business interruptions; b) whether the loan is secured by collateral that is not readily marketable; or c) whether the collateral is susceptible to deterioration in realizable value. When determining possible impairment, we also assess our future intention to extend certain leases beyond the minimum lease term and the debtor's ability to meet its obligation over the projected term. We have identified certain notes receivable that have been impaired and recorded impairment charges of approximately $56,000 relating to one note and $320,000 relating to three notes during the twenty-six weeks ended September 28, 2003 and September 29, 2002, respectively.

Revenue Recognition

In the normal course of business, we extend credit to franchisees for the payment of ongoing royalties and to trade customers of our Branded Product Program. Notes and accounts receivable, net, as shown on our consolidated balance sheets are net of allowances for doubtful accounts. An allowance for doubtful accounts is determined through analysis of the aging of accounts receivable at the date of the financial statements, assessment of collectibility based upon historical trends and an evaluation of the impact of current and projected economic conditions. In the event that the collectibility of a receivable is doubtful, the associated revenue is not recorded until the facts and circumstances change in accordance with Staff Accounting Bulletin SAB No. 101, "Revenue Recognition."

Self-insurance Liabilities

We are self-insured for portions of our general liability coverage. As part of our risk management strategy, our insurance programs include deductibles for each incident and in the aggregate for a policy year. As such, we accrue estimates of our ultimate self insurance costs throughout the policy year. These estimates have been developed based upon our historical trends, however, the final cost of many of these claims may not be known for five years or longer. Accordingly, our annual self insurance costs may be subject to adjustment from previous estimates as facts and circumstances change. During the twenty-six weeks ended September 28, 2003, we reversed approximately $240,000 of previously recorded insurance accruals for items that have been concluded without further payment.

RESULTS OF OPERATIONS

THIRTEEN WEEKS ENDED SEPTEMBER 28, 2003 COMPARED TO THIRTEEN WEEKS ENDED SEPTEMBER 29, 2002

Revenues from Continuing Operations

Total sales from continuing operations decreased by 16.2% or $1,221,000 to $6,299,000 for the thirteen weeks ended September 28, 2003 ("second quarter fiscal 2004") as compared to $7,520,000 for the thirteen weeks ended September 29, 2002 ("second quarter fiscal 2003"). Company-owned restaurant sales decreased 25.8% or $1,474,000 to $4,230,000 from $5,704,000 primarily due to the operation of seven fewer company-owned restaurants as compared to the prior fiscal year. The reduction in company-owned restaurants is the result of our franchising or entering into management agreements for six restaurants and selling one restaurant. The financial impact associated with these seven restaurants lowered restaurant sales by $1,409,000 and lowered restaurant operating profits by $64,000 versus the second quarter fiscal 2003. Sales at our comparable company-owned restaurants (consisting of seven Nathan's restaurants) decreased by only 0.1% in spite of the unseasonable weather experienced in the Northeast United States during the summer of 2003, where all of our company-owned restaurants are now located. Sales from the Branded Product Program increased by 5.9% to $1,923,000 for the second quarter fiscal 2004 as compared to sales of $1,816,000 in the second quarter fiscal 2003. Additionally, Nathan's realized sales of $146,000 in connection with a test marketing program with a marketer of retail products.

Franchise fees and royalties increased by $51,000 or 3.5% to $1,502,000 in the second quarter fiscal 2004 compared to $1,451,000 in the second quarter fiscal 2003. Franchise royalties increased by $26,000 or 1.8% to $1,442,000 in the second quarter fiscal 2004 as compared to $1,416,000 in the second quarter fiscal 2003. This increase in royalty income is due primarily to royalties earned from new franchised restaurants which were partially offset by the increase in royalties deemed unrealizable which are not recognized as revenues, primarily in the South Florida marketplace for the Miami Subs brand, during the second quarter fiscal 2004 as compared to the second quarter fiscal 2003. At September 28, 2003, royalties from 44 domestic franchised locations have been deemed unrealizable as compared to 54 domestic franchised locations at September 29, 2002. Domestic franchise restaurant sales decreased by 0.5% to $41,048,000 in the second quarter fiscal 2004 as compared to $41,236,000 in the second quarter fiscal 2003. At September 28, 2003, 341 franchised or licensed restaurants were operating as compared to 350 franchised or licensed restaurants at September 29, 2002. Franchise fee income was $60,000 in the second quarter fiscal 2004 as compared to $35,000 in the second quarter fiscal 2003. This increase was primarily attributable to the opening of one new franchised unit and the franchising of one company-owned restaurant during the second quarter fiscal 2004 as compared to one new franchise opening during the second quarter fiscal 2003.

License royalties were $786,000 in the second quarter fiscal 2004 as compared to $588,000 in the second quarter fiscal 2003. The majority of this increase is attributable to revenues from new license agreements and increased royalties earned from SFG, Inc. (previously known as SMG, Inc.), Nathans' licensee for the sale of Nathan's frankfurters within supermarkets and club stores.

Investment and other income was $105,000 in the second quarter fiscal 2004 versus a loss of $76,000 in the second quarter fiscal 2003. During the second quarter fiscal 2003, Nathans' investment loss of approximately $141,000 was attributable to the investment in limited partnership, which was subsequently liquidated during the third and fourth quarters of fiscal 2003.

Interest income was $62,000 in the second quarter fiscal 2004 versus $81,000 in the second quarter fiscal 2003 due primarily to lower interest income earned on notes receivable as a result of the impairment charges recorded during the fiscal year ended March 30, 2003. The decline was partly offset by higher interest earned on Nathans' marketable securities.

Costs and Expenses from Continuing Operations

Cost of sales from continuing operations decreased by $511,000 from $4,855,000 in the second quarter fiscal 2003 to $4,344,000 in the second quarter fiscal 2004. During the second quarter fiscal 2004, restaurant cost of sales were lower than the second quarter fiscal 2003 by approximately $876,000. Cost of sales were lower by approximately $900,000 as a result of operating fewer company-owned restaurants during the second quarter fiscal 2004. The cost of restaurant sales at our company-owned comparable units as a percentage of restaurant sales was 57.6% in the second quarter fiscal 2004 as compared to 55.9% in the second quarter fiscal 2003 due primarily to higher labor and related costs. Higher costs of approximately $219,000 were incurred in connection with our Branded Product Program due primarily to higher commodity costs during the second quarter fiscal 2004. Commodity costs of our beef products were higher during the second quarter fiscal 2004 than the first quarter fiscal 2003 as a result of supply shortages. In response, Nathan's has already increased menu prices in its company-operated restaurants by approximately 2.0% and is seeking to assess a temporary surcharge within its Branded Product Program to offset some of the margin pressure. Nathan's also incurred cost of sales of $146,000 in connection with a test marketing program with a marketer of retail products.

Restaurant operating expenses decreased by $724,000 from $1,633,000 in the second quarter fiscal 2003 to $909,000 in the second quarter fiscal 2004. Restaurant operating costs were lower in the second quarter fiscal 2004 by approximately $445,000 as compared to the second quarter fiscal 2003 as a result of operating fewer restaurants. Nathan's also incurred lower utility and insurance costs during the second quarter fiscal 2004.

Depreciation and amortization decreased by $67,000 from $321,000 in the second quarter fiscal 2003 to $254,000 in the second quarter fiscal 2004. Depreciation expense was lower by approximately $44,000 as a result of operating fewer company-owned restaurants and $24,000 as a result of the impairment charges on long-lived assets recorded during fiscal 2003.

Amortization of intangibles was $69,000 in the second quarter fiscal 2003 as compared to $66,000 in the second quarter fiscal 2004.

General and administrative expenses decreased by $361,000 to $1,697,000 in the second quarter fiscal 2004 as compared to $2,058,000 in the second quarter fiscal 2003. The decrease in general and administrative expenses was due primarily to lower personnel and incentive compensation expense of approximately $125,000 resulting from the implementation of an expense reduction plan, lower insurance expense of approximately $87,000, expense reversal from the settlement of a disputed claim of approximately $50,000 and lower property expense of approximately $32,000.

Interest expense was $25,000 during the second quarter fiscal 2004 as compared to $39,000 during the second quarter fiscal 2003. The reduction in interest expense relates primarily to the repayment of outstanding loans between the two periods.

Impairment charge on notes receivable of $56,000 during the second quarter fiscal 2004 represents the write-down of one non-performing note receivable and $320,000 during the second quarter fiscal 2003 represents the write-down relating to three notes receivable.

Provision for Income Taxes from Continuing Operations

In the second quarter fiscal 2004, the income tax provision on income from continuing operations was $547,000 or 39.0% as compared to $109,000 or 40.5% in the second quarter fiscal 2003.

Discontinued operations

The second quarter fiscal 2003 included the results of operations of eight company-owned restaurants, all of which were abandoned by March 30, 2003, including seven which were abandoned in connection with the Home Depot early lease terminations. Revenues generated by these eight restaurants were $1,148,000 during the second quarter fiscal 2003. Loss before income taxes from these restaurants was $83,000 during the second quarter fiscal 2003. No restaurants have been accounted for as discontinued operations during fiscal 2004.

TWENTY-SIX WEEKS ENDED SEPTEMBER 28, 2003 COMPARED TO TWENTY-SIX WEEKS ENDED SEPTEMBER 29, 2002

Revenues from Continuing Operations

Total sales from continuing operations decreased by 13.6% or $1,997,000 to $12,634,000 for the twenty-six weeks ended September 28, 2003 ("fiscal 2004 period") as compared to $14,631,000 for the twenty-six weeks ended September 29, 2002 ("fiscal 2003 period"). Company-owned restaurant sales decreased 25.4% or $2,831,000 to $8,318,000 from $11,149,000 primarily due to the operation of seven fewer company-owned restaurants as compared to the prior fiscal year. The reduction in company-owned restaurants is the result of our franchising or entering into management agreements for six restaurants and selling one restaurant. The financial impact associated with these seven restaurants lowered restaurant sales by $2,482,000 and lowered restaurant operating profits by $113,000 versus the fiscal 2003 period. Sales decreased 3.9% at our comparable company-owned restaurants (consisting of seven Nathan's restaurants). The sales decline at our comparable company-owned restaurants was primarily due to the unseasonable weather experienced in the Northeast United States during the spring and summer of 2003, where all of our company-owned restaurants are now located. Sales from the Branded Product Program increased by 19.8% to $4,170,000 for the fiscal 2004 period as compared to sales of $3,482,000 in the fiscal 2003 period. Additionally, Nathan's realized sales of $146,000 in connection with a test marketing program with a marketer of retail products.

Franchise fees and royalties increased by $70,000 or 2.3% to $3,063,000 in the fiscal 2004 period compared to $2,993,000 in the fiscal 2003 period. Franchise royalties decreased by $61,000 or 2.1% to $2,841,000 in the fiscal 2004 period as compared to $2,902,000 in the fiscal 2003 period. This decrease is due to the decrease in domestic franchise restaurant sales and the increase in royalties deemed unrealizable which are not recognized as revenues, primarily in the South Florida marketplace for the Miami Subs brand, during the fiscal 2004 period as compared to the fiscal 2003 period. Domestic franchise restaurant sales decreased by 2.3% to $80,918,000 in the fiscal 2004 period as compared to $82,864,000 in the fiscal 2003 period. At September 28, 2003, 341 franchised or licensed restaurants were operating as compared to 350 franchised or licensed restaurants at September 29, 2002. At September 28, 2003, royalties from 44 domestic franchised locations have been deemed unrealizable as compared to 54 domestic franchised locations at September 29, 2002. Franchise fee income derived from new openings and our co-branding activities was $222,000 in the fiscal 2004 period as compared to $91,000 in the fiscal 2003 period. This increase was primarily attributable to the opening of 11 new franchised units and the franchising of three company-owned restaurants during the fiscal 2004 period as compared to two new franchise openings during the fiscal 2003 period.

License royalties were $1,656,000 in the fiscal 2004 period as compared to $1,399,000 in the fiscal 2003 period. The majority of this increase is attributable to revenues from new license agreements.

Investment and other income increased by $242,000 to $293,000 in the fiscal 2004 period versus $51,000 in the fiscal 2003 period. During the fiscal 2004 period, Nathan's recognized a net gain of $108,000 primarily in connection with the sale of a company-owned restaurant to a franchisee. In the fiscal 2003 period, Nathan's realized a gain of $135,000 in connection with the early termination of a Branded Product Program sales agreement. During the fiscal 2003 period, Nathans' investment loss of approximately $241,000 was primarily attributable to our investment in limited partnership, which was subsequently liquidated during the third and fourth quarters of fiscal 2003.

Interest income was $126,000 in the fiscal 2004 period versus $156,000 in the fiscal 2003 period due primarily to lower interest income earned on notes receivable as a result of the impairment charges recorded during the fiscal year ended March 30, 2003. The decline was partly offset by higher interest earned on Nathans' marketable securities.

Costs and Expenses from Continuing Operations

Cost of sales from continuing operations decreased by $890,000 from $9,569,000 in the fiscal 2003 period to $8,679,000 in the fiscal 2004 period. During the fiscal 2004 period, restaurant cost of sales were lower than the fiscal 2003 period by approximately $1,745,000. Cost of sales were lower by approximately $1,589,000 as a result of operating fewer company-owned restaurants during the fiscal 2004 period. The cost of restaurant sales at our comparable units as a percentage of restaurant sales was 58.1% in the fiscal 2004 period as compared to 57.3% in the fiscal 2003 period due primarily to higher labor and related costs. Higher costs of approximately $709,000 were incurred in connection with the growth of our Branded Product Program and higher commodity costs during the fiscal 2004 period. Commodity costs of our beef products were higher during the fiscal 2004 period than the fiscal 2003 period as a result of supply shortages. In response, Nathan's has already increased menu prices in its company-operated restaurants by approximately 2.0% and is seeking to assess a temporary surcharge within its Branded Product Program to offset some of the margin pressure. Nathan's also incurred cost of sales of $146,000 in connection with a test marketing program with a marketer of retail products.

Restaurant operating expenses decreased by $1,010,000 from $3,101,000 in the fiscal 2003 period to $2,091,000 in the fiscal 2004 period. Restaurant operating costs were lower in the fiscal 2004 period by approximately $780,000, as compared to the fiscal 2003 period as a result of operating fewer restaurants. Nathan's also incurred lower utility costs during the fiscal 2004 period.

Depreciation and amortization decreased by $164,000 from $675,000 in the fiscal 2003 period to $511,000 in the fiscal 2004 period. Depreciation expense was lower by approximately $73,000 as a result of operating fewer company-owned restaurants and $47,000 as a result of the impairment charges on long-lived assets recorded during fiscal 2003.

Amortization of intangibles was $139,000 in the fiscal 2003 period as compared to $131,000 in the fiscal 2004 period.

General and administrative expenses decreased by $544,000 to $3,616,000 in the fiscal 2004 period as compared to $4,160,000 in the fiscal 2003 period. The decrease in general and administrative expenses was due primarily to lower personnel and incentive compensation expense of approximately $222,000 resulting from the implementation of an expense reduction plan, lower insurance expense of approximately $82,000, lower bad debts expense of approximately $63,000, expense reversal from the settlement of a disputed claim of approximately $50,000 and lower property expense of approximately $55,000.

Interest expense was $39,000 during the fiscal 2004 period as compared to $78,000 during the fiscal 2003 period. The reduction

in interest expense relates primarily to the repayment of outstanding loans between the two periods.

Impairment charge on notes receivable of $56,000 during the fiscal 2004 period represents the write-down of one non-performing note receivable and $320,000 during the fiscal 2003 period represents the write-down relating to three notes receivable.

Impairment charge on long-lived assets of $421,000 during the fiscal 2003 period represents the write-down relating to three under-performing stores.

Provision for Income Taxes from Continuing Operations

In the fiscal 2004 period, the income tax provision on income from continuing operations was $1,049,000 or 39.6% compared to $315,000 or 41.1% in the fiscal 2003 period.

Discontinued operations

The fiscal 2003 period included the results of operations of eight company-owned restaurants, all of which were abandoned by March 30, 2003, including seven which were abandoned in connection with the Home Depot early lease terminations. Revenues generated by these eight restaurants were $2,396,000 during the fiscal 2003 period. Income before income taxes from these restaurants was $6,000 during the fiscal 2003 period. No restaurants have been accounted for as discontinued operations during fiscal 2004.

Cumulative effect of change in accounting principle

In the first quarter fiscal 2003, we adopted SFAS No. 142, "Accounting for Goodwill and Other Intangibles." In connection with the implementation of this new standard, Goodwill, Trademarks, Trade Names and Recipes were deemed to be impaired and their carrying value was written down by $13,192,000, or $12,338,000, net of tax.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at September 28, 2003 aggregated $2,515,000, increasing by $1,100,000 during the fiscal 2004 period. At September 28, 2003, marketable securities increased by $2,493,000 from March 30, 2003 to $7,116,000 and net working capital increased to $7,881,000 from $5,935,000 at March 30, 2003.

Cash provided by operations of $3,419,000 in the fiscal 2004 period is primarily attributable to net income of $1,600,000, non-cash charges of $746,000, including depreciation and amortization of $672,000, an impairment charge on a note receivable of $56,000 and provision for doubtful accounts of $18,000, in addition to decreases in prepaid expenses and other current assets of $275,000, notes and accounts receivable of $131,000, increases in accounts payable and accrued expenses of $640,000 and other liabilities of $97,000.

Cash used in investing activities of $1,716,000 is comprised primarily of the purchase of available-for-sale securities of $3,832,000, and capital expenditures of $219,000 which were partly offset from proceeds from the sale of available-for-sale securities of $1,322,000, repayments on notes receivable of $541,000 and proceeds from the sale of restaurants and other fixed assets of $472,000.

Cash used in financing activities of $603,000 represents repurchases of 133,907 shares of common stock at a total cost of $503,000 and repayments of notes payable and obligations under capital leases in the amount of $100,000.

On September 14, 2001, Nathan's was authorized to purchase up to one million shares of its common stock. Pursuant to our stock repurchase program, we repurchased one million shares of common stock in open market transactions and a private transaction at a total cost of $3,670,000 through the quarter ended September 29, 2002. On October 7, 2002, Nathan's was authorized to purchase up to one million additional shares of its common stock. Through September 28, 2003, Nathan's purchased 775,145 shares of common stock at a cost of approximately $2,826,000. Subsequent to September 28, 2003, Nathan's purchased an additional 2,700 shares of common stock at a cost of approximately $11,000. To date, Nathan's has purchased a total of 1,777,845 shares of common stock at a cost of approximately $6,507,000. Nathan's expects to make additional purchases of stock from time to time, depending on market conditions, in open market or in privately negotiated transactions, at prices deemed appropriate by management. There is no set time limit on the purchases. Nathan's expects to fund these stock repurchases from its operating cash flow.

We expect that we will make additional investments in certain existing restaurants in the future and to fund those investments from our operating cash flow. We do not expect to incur significant capital expenditures to develop new company-owned restaurants through March 29, 2004.

In connection with our acquisition of Miami Subs, we determined that up to 18 underperforming restaurants would be closed pursuant to our divestiture plan. We have terminated leases on 17 of those properties and sold the remaining property to a non-franchisee. The sale of the restaurant was consummated on October 4, 2002. Since acquiring Miami Subs, we have accrued approximately $1,461,000 and made payments of approximately $1,282,000 for lease obligations and termination costs, as part of the acquisition, for units having total future minimum lease obligations of $8,298,000 that had remaining lease terms of one year up to approximately 17 years. We may incur future cash payments, consisting primarily of future lease payments, including costs and expenses associated with terminating additional leases, that were not part of our divestiture plan.

There are currently 33 properties that we either own or lease from third parties which we lease or sublease to franchisees, operating managers and non-franchisees. Additionally, there are currently 2 vacant properties which were previously sublet to franchisees. We remain contingently liable for all costs associated with these properties including: rent, property taxes and insurance. Additionally, we guaranteed financing on behalf of certain franchisees with two third-party lenders. Our maximum obligation for loans funded by the lenders as of September 28, 2003 was approximately $731,000.

The following schedules represent Nathan's cash contractual obligations and the expiration of other contractual commitments by maturity (in thousands):

		Payments Due by Period			
Cash Contractual Obligations	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-Term Debt	$ 1,069	$ 167	$ 333	$ 333	$ 236
Capital Lease Obligations	57	6	15	18	18
Employment Agreements	857	726	131	-	-
Operating Leases	23,634	4,127	7,931	6,123	5,453
Gross Cash Contractual Obligations	25,617	5,026	8,410	6,474	5,707
Sublease Income	13,859	2,344	4,535	3,462	3,518
Net Cash Contractual Obligations	$ 11,758	$ 2,682	$ 3,875	$ 3,012	$ 2,189

		Amount of Commitment Expiration Per Period			
Other Contractual Commitments	Total Amounts Committed	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Loan Guarantees	$ 731	$ 290	$ 433	$ 8	-
Total Commercial Commitments	$ 731	$ 290	$ 433	$ 8	-

Management believes that available cash, marketable investment securities, and internally generated funds should provide sufficient capital to finance our operations for at least the next twelve months. We currently maintain a $5,000,000 uncommitted bank line of credit and have never borrowed any funds under the Company's lines of credit.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

CASH AND CASH EQUIVALENTS

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. As of September 28, 2003, Nathans' cash and cash equivalents aggregated $2,515,000. Earnings on these cash and cash equivalents would increase or decrease by approximately $6,300 per annum for each .25% change in interest rates.

MARKETABLE INVESTMENT SECURITIES

We have invested our marketable investment securities in intermediate term, fixed rate, highly rated and highly liquid instruments. These investments are subject to fluctuations in interest rates. As of September 28, 2003, the market value of Nathans' marketable investment securities aggregated $7,116,000. Interest income on these marketable investment securities would increase or decrease by approximately $17,800 per annum for each .25% change in interest rates. The following chart presents the hypothetical changes in the fair value of the marketable investment securities held at September 28, 2003 that are sensitive to interest rate fluctuations (in thousands):

	Valuation of securities Given an interest rate Decrease of X Basis points			Fair Value	Valuation of securities Given an interest rate Increase of X Basis points		
	(150BPS)	(100BPS)	(50BPS)		+50BPS	+100BPS	+150BPS
Municipal notes and bonds	$5,446	$5,366	$5,287	$5,211	$5,137	$5,065	$4,994

BORROWINGS

The interest rate on our borrowings are generally determined based upon the 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. At September 28, 2003, total outstanding debt, including capital leases, aggregated $1,126,000 of which $1,069,000 is at risk due to changes in interest rates. The current interest rate is 4.50% per annum and will adjust in January 2006 and 2009 to prime plus .25%. Nathan's also maintains a $5,000,000 credit line which bears interest at the prime rate plus 1.00% (5.25% at October 1, 2003). The Company has never borrowed any funds under its line of credit. Accordingly, the Company does not believe that fluctuations in interest rates would have a material impact on its financial results.

COMMODITY COSTS

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. Generally, we attempt to pass through permanent increases in our commodity prices to our customers, thereby reducing the impact of long-term increases on our financial results. During the twenty-six week period ended September 28, 2003, the price of our beef products has risen dramatically over historical norms and particularly last year. This increase has been caused by reductions in the supply of beef primarily due to: 1) Import of Canadian beef livestock into the U.S. has been banned since May 2003, 2) Import of Australian products is down 37% due to local drought conditions and 3) U.S. exports of beef have increased. Nathan's cost of its hot dogs was approximately 17.4% higher during the twenty-six weeks ended September 28, 2003 than the twenty-six weeks ended September 29, 2002. Nathan's has already increased menu prices in its company-operated restaurants by approximately 2.0% and is seeking to assess a temporary surcharge within its Branded Product Program to offset some of the margin pressure. A short term increase or decrease of 10% in the cost of our food and paper products for the entire twenty-six weeks ended September 28, 2003 would have increased or decreased cost of sales by approximately $566,000.

FOREIGN CURRENCIES

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 and we do not believe fluctuations in the value of foreign currencies would have a material impact on our financial results.

Item 4. Controls and Procedures

EVALUATION AND DISCLOSURE CONTROLS AND PROCEDURES

Based on their evaluation as of a date within 90 days of the filing of this form 10-Q, our management, with the participation of our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as required by Exchange Act Rule 13a-15. Based on that evaluation, the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the exchange act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

CHANGES IN INTERNAL CONTROLS

There were no significant changes in our internal controls over financial reporting that occurred during the quarter ended september 28, 2003 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

LIMITATIONS ON THE EFFECTIVENESS OF CONTROLS

We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

FORWARD LOOKING STATEMENT

Certain statements contained in this report are forward-looking statements. Forward-looking statements represent our current judgment regarding future events. Although we would not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy and actual results may differ materially from those we anticipated due to a number of uncertainties, many of which we are not aware. These risks and uncertainties, many of which are not within our control, include, but are not limited to: economic, weather, legislative and business conditions; the collectibility of receivables; the availability of suitable restaurant sites on reasonable rental terms; changes in consumer tastes; the 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 our ability to attract competent restaurant and managerial personnel. We generally identify forward-looking statements with the words "believe," "intend," "plan," "expect," "anticipate," "estimate," "will," "should" and similar expressions.

PART II. OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

We and our subsidiaries are from time to time involved in ordinary and routine litigation. We are also involved in the following litigation:

Elizabeth B. Jackson and Joseph Jackson commenced an action, for unspecified damages, in the Circuit Court of the Fifteenth Judicial Circuit, Palm Beach County, Florida in September 2001 against Miami Subs and EKFD Corporation, a Miami Subs franchisee ("the franchisee") claiming negligence in connection with a slip and fall which allegedly occurred on the premises of the franchisee. Pursuant to the terms of the Miami Subs Franchise Agreement, the franchisee is obligated to indemnify Miami Subs and hold them harmless against claims asserted and procure an insurance policy which named Miami Subs as an additional insured. Miami Subs has denied any liability to Plaintiffs and has made demand upon the franchisee's insurer to indemnify and defend against the claims asserted. The insurer has agreed to indemnify and defend Miami Subs and has assumed the defense of this action for Miami Subs.

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

(a) The Registrant held its Annual Meeting of Stockholders on September 12, 2003.

(b) Seven Directors were elected at the Annual Meeting to serve until the Annual Meeting of Stockholders in 2004. 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	4,522,816	58,405
Wayne Norbitz	4,522,966	58,255
Donald Perlyn	4,522,916	58,305
Robert J. Eide	4,522,723	58,498
Brian Genson	4,522,965	58,256
Barry Leistner	4,522,816	58,405
A.F. Petrocelli	4,522,831	58,390

(d) Not applicable.

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Chief Operating Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.3 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification by Howard M. Lorber, CEO, Nathan's Famous, Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification by Ronald G. DeVos, CFO, Nathan's Famous, Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) No reports on Form 8-K were filed during the quarter ended September 28, 2003.

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 10, 2003	By: /s/Wayne Norbitz Wayne Norbitz President and Chief Operating Officer (Principal Executive Officer)
Date: November 10, 2003	By: /s/Ronald G. DeVos Ronald G. DeVos Vice President - Finance and Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Howard M. Lorber, Chief Executive Officer, of Nathan's Famous, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nathan's Famous, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2003

/s/ Howard M. Lorber

Howard M. Lorber

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Wayne Norbitz, President and Chief Operating Officer, of Nathan's Famous, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nathan's Famous, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2003

/s/Wayne Norbitz

Wayne Norbitz

President and Chief Operating Officer

Exhibit 31.3

CERTIFICATION

I, Ronald G. DeVos, Chief Financial Officer, of Nathan's Famous, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nathan's Famous, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2003

/s/ Ronald G. DeVos

Ronald G. DeVos

Vice President - Finance and Chief

Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Howard M. Lorber, Chief Executive Officer of Nathan's Famous, Inc., certify that:

The Form 10-Q of Nathan's Famous, Inc. for the period ended September 28, 2003 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Nathan's Famous, Inc.

This certification is being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and, except to the extent required by the Sarbanes-Oxley Act, shall not be deemed to be filed as part of the periodic report described herein nor shall it be deemed filed by Nathan's Famous, Inc. for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

/s/ Howard M. Lorber

Name: Howard M. Lorber

Date: November 10, 2003

A signed original of this written statement required by Section 906 has been provided to Nathan's Famous, Inc. and will be retained by Nathan's Famous, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Ronald, G. DeVos, Chief Financial Officer of Nathan's Famous, Inc., certify that:

The Form 10-Q of Nathan's Famous, Inc. for the period ended September 28, 2003 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Nathan's Famous, Inc.

This certification is being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and, except to the extent required by the Sarbanes-Oxley Act, shall not be deemed to be filed as part of the periodic report described herein nor shall it be deemed filed by Nathan's Famous, Inc. for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

/s/ Ronald G. DeVos

Name: Ronald G. DeVos

Date: November 10, 2003

A signed original of this written statement required by Section 906 has been provided to Nathan's Famous, Inc. and will be retained by Nathan's Famous, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.