

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Act of 1934 for the quarterly period ended SEPTEMBER 25, 2005.
- 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
(State or other jurisdiction of
incorporation or organization)

11-3166443
(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 Exchange 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 No

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

At November 7, 2005, an aggregate of 5,590,905 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
at September 25, 2005 and March 27, 2005
(in thousands, except share and per share amounts)

	Sept. 25, 2005	March 27, 2005
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents including restricted cash of \$83	\$ 5,240	\$ 2,935
Marketable securities	16,124	11,641
Notes and accounts receivable, net	3,461	3,591
Inventories	641	688
Assets available for sale	--	688
Prepaid expenses and other current assets	418	907
Deferred income taxes	1,168	1,168
	-----	-----
Total current assets	27,052	21,618
Notes receivable, net	121	136
Property and equipment, net	4,445	4,583
Goodwill	95	95
Intangible assets, net	2,669	2,800
Deferred income taxes	1,757	1,792
Other assets, net	257	245
	-----	-----
	\$36,396	\$ 31,269
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of note payable and capital lease obligations	\$ 174	\$ 174
Accounts payable	1,863	2,009
Accrued expenses and other current liabilities	5,947	5,088
Deferred franchise fees	324	338
	-----	-----
Total current liabilities	8,308	7,609
Note payable and capital lease obligations, less current maturities	605	692
Other liabilities	1,504	1,612
	-----	-----
Total liabilities	10,417	9,913
	-----	-----
COMMITMENTS AND CONTINGENCIES (Note H)		
STOCKHOLDERS' EQUITY		
Common stock, \$.01 par value; 30,000,000 shares authorized; 7,482,005 and 7,440,317 shares issued; and 5,590,905 and 5,549,217 shares outstanding at September 25, 2005 and March 27, 2005, respectively	75	74
Additional paid-in capital	42,947	42,665
Deferred compensation	(245)	(281)
Accumulated deficit	(9,597)	(13,874)
Accumulated other comprehensive loss	(43)	(70)
	-----	-----
	33,137	28,514
Treasury stock, at cost, 1,891,100 shares	(7,158)	(7,158)
	-----	-----
Total stockholders' equity	25,979	21,356
	-----	-----
	\$36,396	\$ 31,269
	=====	=====

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
Thirteen weeks ended September 25, 2005 and September 26, 2004
(in thousands, except share and per share amounts)
(Unaudited)

	2005	2004
	-----	-----
REVENUES		
Sales	\$ 8,780	\$ 7,148
Franchise fees and royalties	1,738	1,670
License royalties	833	884
Interest income	187	156
Investment and other income	114	50
	-----	-----
Total revenues	11,652	9,908
	-----	-----
COSTS AND EXPENSES		
Cost of sales	6,156	4,905
Restaurant operating expenses	851	839
Depreciation and amortization	192	225
Amortization of intangible assets	66	66
General and administrative expenses	2,121	2,042
Interest expense	9	12
	-----	-----
Total costs and expenses	9,395	8,089
	-----	-----
Income from continuing operations before provision for income taxes	2,257	1,819
Provision for income taxes	871	717
	-----	-----
Income from continuing operations	1,386	1,102
Income (loss) from discontinued operations, including gain from disposal of discontinued operations of \$2,819 in 2005	2,816	(21)
Income tax expense (benefit)	1,094	(9)
	-----	-----
Income (loss) from discontinued operations	1,722	(12)
	-----	-----
Net income	\$ 3,108	\$ 1,090
	=====	=====
PER SHARE INFORMATION		
Basic income (loss) per share:		
Income from continuing operations	\$.25	\$.21
Income (loss) from discontinued operations	.31	--
	-----	-----
Net income	\$.56	\$.21
	=====	=====
Diluted income (loss) per share:		
Income from continuing operations	\$.21	\$.18
Income (loss) from discontinued operations	.27	--
	-----	-----
Net income	\$.48	\$.18
	=====	=====
Weighted average shares used in computing income (loss) per share		
Basic	5,566,000	5,203,000
	=====	=====
Diluted	6,527,000	5,924,000
	=====	=====

The accompanying notes are an integral part of these statements.

Nathan's Famous, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS
 Twenty-six weeks ended September 25, 2005 and September 26, 2004
 (in thousands, except share and per share amounts)
 (Unaudited)

	2005	2004
	-----	-----
REVENUES		
Sales	\$ 17,002	\$ 13,579
Franchise fees and royalties	3,486	3,335
License royalties	1,990	1,823
Interest income	333	338
Investment and other income	196	98
	-----	-----
Total revenues	23,007	19,173
	-----	-----
COSTS AND EXPENSES		
Cost of sales	12,451	9,524
Restaurant operating expenses	1,634	1,598
Depreciation and amortization	391	443
Amortization of intangible assets	131	131
General and administrative expenses	4,226	4,066
Interest expense	20	24
	-----	-----
Total costs and expenses	18,853	15,786
	-----	-----
Income from continuing operations before provision for income taxes	4,154	3,387
Provision for income taxes	1,593	1,333
	-----	-----
Income from continuing operations	2,561	2,054
Income (loss) from discontinued operations, including gain from disposal of discontinued operations of \$2,819 in 2005	2,806	(24)
Income tax expense (benefit)	1,090	(10)
	-----	-----
Income (loss) from discontinued operations	1,716	(14)
	-----	-----
Net income	\$ 4,277	\$ 2,040
	=====	=====
PER SHARE INFORMATION		
Basic income (loss) per share:		
Income from continuing operations	\$.46	\$.39
Income (loss) from discontinued operations	.31	--
	-----	-----
Net income	\$.77	\$.39
	=====	=====
Diluted income (loss) per share:		
Income from continuing operations	\$.39	\$.34
Income (loss) from discontinued operations	.27	--
	-----	-----
Net income	\$.66	\$.34
	=====	=====
Weighted average shares used in computing income (loss) per share		
Basic	5,560,000	5,208,000
	=====	=====
Diluted	6,501,000	5,918,000
	=====	=====

The accompanying notes are an integral part of these statements.

Nathan's Famous, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
 Twenty-six weeks ended September 25, 2005
 (in thousands, except share amounts)
 (Unaudited)

	Common Shares	Common Stock	Additional Paid-In Capital	Deferred Compensation	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock, at Cost		Total Stockholders' Equity
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Balance, March 27, 2005	7,440,317	\$74	\$42,665	\$(281)	\$(13,874)	\$(70)	1,891,100	\$(7,158)	\$21,356
Shares issued in connection with exercise of employee stock options	41,688	1	237	--	--	--	--	--	238
Income tax benefit on stock option exercises	--	--	45	--	--	--	--	--	45
Amortization of deferred compensation relating to restricted stock	--	--	--	36	--	--	--	--	36
Unrealized gains on marketable securities, net of deferred income tax expense of \$19	--	--	--	--	--	27	--	--	27
Net Income	-----	-----	-----	-----	-----	-----	-----	-----	-----
Balance, September 25, 2005	<u>7,482,005</u>	<u>\$75</u>	<u>\$42,947</u>	<u>\$(245)</u>	<u>\$ (9,597)</u>	<u>\$(43)</u>	<u>1,891,100</u>	<u>\$(7,158)</u>	<u>\$25,979</u>

The accompanying notes are an integral part of this statement.

Nathan's Famous, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
 Twenty-six weeks ended September 25, 2005 and September 26, 2004
 (in thousands)
 (Unaudited)

	2005	2004
	-----	-----
Cash flows from operating activities:		
Net Income	\$ 4,277	\$ 2,040
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	391	443
Amortization of intangible assets	131	131
Amortization of bond premium	105	64
Amortization of deferred compensation	36	--
Gain on disposal of fixed assets	(2,869)	(42)
Provision for doubtful accounts	5	5
Income tax benefit on stock option exercises	45	--
Deferred income taxes	16	18
Changes in operating assets and liabilities:		
Accounts and notes receivable	(155)	(1,185)
Inventories	47	262
Prepaid expenses and other current assets	489	146
Other assets	(12)	(2)
Accounts payable, accrued expenses and other current liabilities	713	(274)
Deferred franchise fees	(14)	140
Other liabilities	(74)	(299)
	-----	-----
Net cash provided by operating activities	3,131	1,447
	-----	-----
Cash flows from investing activities:		
Proceeds from sale of available-for-sale securities	1,188	900
Purchases of available-for-sale securities	(5,730)	(1,323)
Purchases of property and equipment	(251)	(441)
Payments received on notes receivable	295	115
Proceeds from sales of property and equipment	3,521	12
	-----	-----
Net cash used in investing activities	(977)	(737)
	-----	-----
Cash flows from financing activities:		
Principal repayments of notes payable and capitalized lease obligations	(87)	(86)
Repurchases of common stock	--	(237)
Proceeds from the exercise of stock options and warrants	238	46
	-----	-----
Net cash provided by (used in) financing activities	151	(277)
	-----	-----
Net increase in cash and cash equivalents	2,305	433
Cash and cash equivalents, beginning of period	2,935	3,449
	-----	-----
Cash and cash equivalents, end of period	\$ 5,240	\$ 3,882
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ 20	\$ 24
	-----	-----
Income taxes	\$ 1,512	\$ 645
	=====	=====

The accompanying notes are an integral part of these statements.

NATHAN'S FAMOUS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 25, 2005
(Unaudited)

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 25, 2005 and September 26, 2004 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 27, 2005.

A summary of the Company's significant accounting policies is identified in Note B of the Notes to Consolidated Financial Statements included in the Company's 2005 Annual Report on Form 10-K. There have been no changes to the Company's significant accounting policies subsequent to March 27, 2005.

NOTE B - RECENTLY ISSUED ACCOUNTING STANDARDS

In November 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 151, "Inventory Costs--an amendment of ARB No.43" ("SFAS No.151"), which is the result of its efforts to converge U.S. accounting standards for inventories with International Accounting Standards. SFAS No.151 requires idle facility expenses, freight, handling costs, and wasted material (spoilage) costs to be recognized as current-period charges. It also requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS No.151 will be effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The Company has evaluated the impact of this standard on its consolidated financial statements, and does not believe the adoption of SFAS No. 151 will have a material impact on its results of operations.

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment" ("SFAS No. 123R"), which revises SFAS No. 123, Accounting for Stock Based Compensation, and generally requires, among other things, that all employee stock-based compensation be measured using a fair value method and that the resulting compensation cost be recognized in the financial statements. SFAS 123R also provides guidance on how to determine the grant-date fair value for awards of equity instruments, as well as alternative methods of adopting its requirements. On April 14, 2005, the SEC delayed the effective date of required adoption of SFAS No. 123R to the beginning of the first annual period after June 15, 2005. The Company plans to adopt the provisions of SFAS No. 123R in the first quarter of fiscal year 2007. The Company is currently evaluating the impact of adoption of the various provisions of SFAS No. 123R.

In June 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3" ("SFAS No.154"). APB Opinion No. 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. SFAS No. 154 requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of SFAS No. 154 to have an impact on its consolidated financial statements.

NOTE C - INCOME PER SHARE

Basic income per common share is calculated by dividing income by the weighted-average number of common shares outstanding and excludes any dilutive effect of stock options or warrants. Diluted income 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 per common share result from the assumed exercise of stock options and warrants, using the treasury stock method.

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 25, 2005 and September 26, 2004, respectively.

THIRTEEN WEEKS

	Income from		Number of Shares		Income from	
	Continuing Operations				Continuing Operations	
	2005	2004	2005	2004	Per Share	Per Share
	(in thousands)		(in thousands)		2005	2004
Basic EPS						
Basic calculation	\$1,386	\$1,102	5,566	5,203	\$ 0.25	\$ 0.21
Effect of dilutive employee stock options and warrants	--	--	961	721	(0.04)	(0.03)
Diluted EPS						
Diluted calculation	\$1,386	\$1,102	6,527	5,924	\$ 0.21	\$ 0.18

TWENTY-SIX WEEKS

	Income from		Number of Shares		Income from	
	Continuing Operations				Continuing Operations	
	2005	2004	2005	2004	Per Share	Per Share
	(in thousands)		(in thousands)		2005	2004
Basic EPS						
Basic calculation	\$2,561	\$2,054	5,560	5,208	\$ 0.46	\$ 0.39
Effect of dilutive employee stock options and warrants	--	--	941	710	(0.07)	(0.05)
Diluted EPS						
Diluted calculation	\$2,561	\$2,054	6,501	5,918	\$ 0.39	\$ 0.34

Options and warrants to purchase 19,500 and 92,878 shares of common stock in both the thirteen and twenty-six week periods ended September 25, 2005 and September 26, 2004, 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.

NOTE D - STOCK BASED COMPENSATION

At September 25, 2005, 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 Statement of Financial Accounting Standards ("SFAS") No. 148 "Accounting for Stock-Based Compensation-Transition and Disclosure." Under APB No. 25, when the exercise price of stock options or warrants granted to employees or the Company's independent directors 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 or independent director stock option grants. Compensation expense for restricted stock awards is measured at the fair value on the date of grant, based upon the number of shares granted and the quoted market price of the Company's stock. Such value is recognized as expense over the vesting period of the award.

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

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	Sept. 25, 2005	Sept. 26, 2004	Sept. 25, 2005	Sept. 26, 2004
	(in thousands)		(in thousands)	
Net income, as reported	\$3,108	\$1,090	\$4,277	\$2,040
Add: Stock-based compensation included in net income	11	--	22	--
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards	(33)	(51)	(67)	(102)
Pro forma net income	\$3,086	\$1,039	\$4,232	\$1,938
Earnings per Share				
Basic - as reported	\$ 0.56	\$ 0.21	\$ 0.77	\$ 0.39
Diluted - as reported	\$ 0.48	\$ 0.18	\$ 0.66	\$ 0.34
Basic - pro forma	\$ 0.55	\$ 0.20	\$ 0.76	\$ 0.37
Diluted - pro forma	\$ 0.47	\$ 0.18	\$ 0.65	\$ 0.33

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 and independent director 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 and independent director stock options.

During the twenty-six weeks ended September 26, 2004, the Company granted 95,000 options having an exercise price of \$5.62. All of the options granted vest as follows: 33 1/3% on the first anniversary of the date of grant, 66 2/3% on the second anniversary of the date of grant and 100% on the third anniversary of the date of grant. All options have an expiration date of ten years from the date of grant. No options were granted during the twenty-six weeks ended September 25, 2005.

The weighted average option fair values and the assumptions used to estimate these values are as follows:

	Twenty-six Weeks Ended Sept. 26, 2004
Option fair values	\$2.87
Expected life (years)	7.0
Interest rate	4.50%
Volatility	29.9%
Dividend yield	0.0%

1. SALE OF RESTAURANT

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 the full accrual method, 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 25, 2005, the Company sold one Company-owned restaurant, that it had previously leased to the operator pursuant to a management agreement, for total cash consideration of \$515,000 and entered into a franchise agreement with the buyer to continue operating the restaurant. As the Company expects to have a continuing stream of cash flows from this restaurant, the results of operations for this restaurant are included in "Income from continuing operations before income taxes" in the accompanying consolidated statements of operations for the thirteen and twenty-six week periods ended September 25, 2005 through the date of sale. There were no sales of Company-owned restaurants during the thirteen and twenty-six week periods ended September 26, 2004.

The results for this restaurant are as follows:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	Sept. 25, 2005	Sept. 26, 2004	Sept. 25, 2005	Sept. 26, 2004
	(in thousands)		(in thousands)	
Total revenues	\$2	\$12	\$61	\$24
Income from continuing operations before income taxes	\$2	\$11	\$59	\$21

2. DISCONTINUED OPERATIONS

The Company follows the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No.144"), related to the accounting and reporting for segments of a business to be disposed of. In accordance with SFAS No. 144, the definition of discontinued operations includes components of an entity whose cash flows are clearly identifiable. SFAS No. 144 requires the Company to classify as discontinued operations any restaurant or property that Nathan's sells, abandons or otherwise disposes of where the Company will have no further involvement in, or cash flows, from such restaurant's operations.

On July 13, 2005, Nathan's sold all of its right, title and interest in and to a vacant real estate parcel previously utilized as a parking lot, adjacent to a Company-owned restaurant, located in Brooklyn, New York, in exchange for a cash payment of \$3,100,000. Nathan's also entered into an agreement pursuant to which an affiliate of the buyer has assumed all of Nathan's rights and obligations under a lease for an adjacent property and has agreed to pay \$500,000 to Nathan's over a period of up to three years, \$100,000 of which has been paid. Nathan's recognized a gain before income taxes of \$2,819,000, net of associated expenses. The operating expenses for this property have been included in discontinued operations for the thirteen and twenty-six week periods ended September 25, 2005 and September 26, 2004 as the Company has no continuing involvement in the operation of the property or cash flows from this property.

During the fiscal year ended March 27, 2005, the Company ceased the operations of one Company-owned restaurant pursuant to the termination of the lease and notification by the landlord not to renew. The results of operations for this restaurant have been included in discontinued operations for thirteen and twenty-six week periods ended September 26, 2004 as the Company has no continuing involvement in the operation of the restaurant or cash flows from this restaurant.

The results of operations for these properties are as follows:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	Sept. 25, 2005	Sept. 26, 2004	Sept. 25, 2005	Sept. 26, 2004
	(in thousands)		(in thousands)	
Total revenue	\$ --	\$187	\$ --	\$406
Gain (loss) from discontinued operations before income taxes (including gain on disposal of \$2,819 in 2005)	\$2,816	\$(21)	\$2,806	\$(24)

NOTE F - STOCK REPURCHASE PROGRAM

On September 14, 2001, Nathan's was authorized to purchase up to one million shares of its common stock. Pursuant to its stock repurchase program, it 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 25, 2005, Nathan's purchased 891,100 shares of common stock at a cost of approximately \$3,488,000. To date, Nathan's has purchased a total of 1,891,100 shares of common stock at a cost of approximately \$7,158,000. There were no repurchases of the Company's common stock during the twenty-six weeks ended September 25, 2005. 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 G - COMPREHENSIVE INCOME

The components of comprehensive income are as follows:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	Sept. 25, 2005	Sept. 26, 2004	Sept. 25, 2005	Sept. 26, 2004
	(in thousands)		(in thousands)	
Net income	\$3,108	\$1,090	\$4,277	\$2,040
Unrealized gain (loss) on available-for-sale securities, net of tax provision (benefit) of (\$35), \$37, \$19 and (\$18), respectively	(56)	63	27	(24)
Comprehensive income	\$3,052	\$1,153	\$4,304	\$2,016

Accumulated other comprehensive income at September 25, 2005 and September 26, 2004 consists entirely of unrealized gains and (losses) on available-for-sale securities, net of deferred taxes.

NOTE H - COMMITMENTS AND CONTINGENCIES

1. CONTINGENCIES

An action was commenced, 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 for unspecified damages. Pursuant to the terms of the Miami Subs Franchise Agreement, the franchisee is obligated to indemnify Miami Subs and hold it harmless against claims asserted and procure an insurance policy which names 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.

Miami Subs has received a claim from a landlord for a franchised location that Miami Subs owes the landlord \$150,000 in connection with the construction of the leased premises. Miami Subs had been the primary tenant at the location since 1993, when the lease was assigned to Miami Subs by the initial tenant under the lease, the party to whom the construction loan was made. On September 6, 2005, this claim was settled without payment by Miami Subs of any sums.

Ismael Rodriguez commenced an action, in the Supreme Court of the State of New York, Kings County, in May 2004 against Nathan's Famous, Inc. seeking damages of \$1,000,000 for claims of age discrimination in connection with the termination of Mr. Rodriguez's employment. Mr. Rodriguez was terminated from his position in connection with his repeated violation of company policies and failure to follow company-mandated procedures. On October 28, 2005, the parties entered into a settlement and release of all claims by the employee against the Company. Nathan's cost related to this claim, including its defense, was \$50,000.

In July 2001, a female manager at one of the Company-owned restaurants filed a charge with the Equal Employment Opportunity Commission ("EEOC") claiming sex discrimination in violation of Title VII of the Civil Rights Act of 1964 and a violation of the Equal Pay Act. The employee claimed that she was being paid less than male employees for comparable work, which Nathan's denied. In June and August 2004, the employee filed further charges with the EEOC claiming that Nathan's had retaliated against her, first by refusing her request for a shift change and then by terminating her employment in July 2004. Following a determination by the EEOC in May 2005 that there was no reasonable cause to believe that the employee was terminated in retaliation for filing a charge of discrimination, but that there was reasonable cause to believe that she was paid less than similarly situated males in violation of the Equal Pay Act and Title VII and that she was denied a request for a change in shift in retaliation for filing the discrimination charge, the EEOC advised that it would engage in conciliation and settlement efforts to try to resolve the employee's charges. On September 30, 2005, those efforts resulted in the settlement and release of all claims by the employee against the Company, as well as any related charges made by the EEOC against the Company. These financial statements reflect the cost of the settlement, which did not have a material affect on our financial position, results of operations or cash flows.

The Company is involved in various other litigation, in the normal course of business, none of which, in the opinion of management, will have a significant adverse impact on its financial position or results of operations.

2. GUARANTEES

The Company guarantees certain equipment financing for certain franchisees with a third-party lender. The Company's maximum obligation, should all of the franchisees default on the required monthly payment to the third-party lender for loans funded by the lender, as of September 25, 2005, would be approximately \$45,000. The equipment financing expires at various dates through fiscal 2008.

The Company also guarantees a franchisee's note payable with a bank. The note payable matures in August 2006. The Company's maximum obligation, should the franchisee default on the required monthly payments to the bank, for loans funded by the lender, as of September 25, 2005, would be approximately \$207,000.

The guarantees referred to above were entered into by the Company prior to December 31, 2002 and have not been modified since that date, which was the effective date for FIN 45 "Guarantors Accounting and Disclosure Requirements for Guarantees, Including Guarantees of Indebtedness of Others."

3. EMPLOYMENT AGREEMENTS

On July 12, 2005, Miami Subs Corporation ("MSC"), and Donald Perlyn, entered into an amendment to Mr. Perlyn's employment agreement with MSC dated as of January 15, 1999. Mr. Perlyn is employed as President of MSC and is also an Executive Vice President of Nathan's. Nathan's is a guarantor of MSC's obligations under the Employment Agreement. Pursuant to the Amendment, (1) the definition of a competing business has been expanded so that Mr. Perlyn is prohibited from competing in the business of selling food products to the foodservice industry and (2) the definition of a change in control has been changed. The effect of the change in the definition of change in control is that Mr. Perlyn will be entitled to receive a payment upon a change in control of Nathan's, rather than upon a change in control of Nathan's or MSC. In connection with the execution and delivery of the Amendment, Nathan's entered into a letter agreement with Mr. Perlyn on the same date pursuant to which Nathan's agreed that upon a sale by it of the stock of MSC and any termination of Mr. Perlyn's Employment Agreement upon the consummation of such sale, Nathan's will enter into an employment agreement with Mr. Perlyn on substantially the same terms and conditions as those currently contained in the Employment Agreement.

NOTE I - RECLASSIFICATIONS

Certain reclassifications of prior period balances have been made to conform to the September 25, 2005 presentation.

NOTE J - SUBSEQUENT EVENT

On October 24, 2005, Hurricane Wilma struck the south Florida counties of Miami-Dade, Broward and Palm Beach. The Company's franchisees operate 73 restaurants within these counties. As of November 2, 2005, 61 of these restaurants have reopened. Nathan's has not incurred significant damage to its owned property.

Nathan's is currently attempting to assess the financial impact that Hurricane Wilma may have on our results of operations.

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", "Nathan's" or "the Company" mean Nathan's Famous, Inc. and its subsidiaries (unless the context indicates a different meaning).

Our revenues are generated primarily from selling products under Nathan's Branded Product Program, operating Company-owned restaurants, franchising the Nathan's, Miami Subs and Kenny Rogers restaurant concepts and licensing the sale of Nathan's products within supermarkets and other retail venues. 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 of our Branded Product Program and through franchising, Nathan's continues to co-brand within its restaurant system. Currently, the Arthur Treacher's brand is being sold within 122 Nathan's, Kenny Rogers Roasters and Miami Subs restaurants, the Nathan's brand is included on the menu of 60 Miami Subs and Kenny Rogers restaurants, while the Kenny Rogers Roasters brand is being sold within 121 Miami Subs and Nathan's restaurants.

At September 25, 2005, our combined restaurant system consisted of 361 franchised or licensed units and six Company-owned units (including one seasonal unit), located in 23 states, and 12 foreign countries. At September 25, 2005, and September 26, 2004, our Company-owned restaurant system included six Nathan's units.

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 judgment 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 reviewed annually (or more frequently if impairment indicators arise) for impairment. The most significant assumptions 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. No goodwill or other intangible assets were determined to be impaired during the twenty-six weeks ended September 25, 2005.

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 judgments regarding the future operating and disposition plans for under-performing 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. No restaurants were determined to be impaired during the twenty-six weeks ended September 25, 2005.

Impairment of Notes Receivable

Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan," requires management judgments 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 that extended term. No notes receivable were determined to be impaired during the twenty-six weeks ended September 25, 2005.

Revenue Recognition

Sales by Company-owned restaurants, which are typically paid in cash by the customer, are recognized upon the performance of services.

In connection with its franchising operations, the Company receives initial franchise fees, development fees, royalties, contributions to marketing funds, and in certain cases, revenue from sub-leasing restaurant properties to franchisees.

Franchise and area development fees, which are typically received prior to completion of the revenue recognition process, are recorded as deferred revenue. Initial franchise fees, which are non-refundable, are recognized as income when substantially all services to be performed by Nathan's and conditions relating to the sale of the franchise have been performed or satisfied, which generally occurs when the franchised restaurant commences operations. The following services are typically provided by the Company prior to the opening of a franchised restaurant:

- Approval of all site selections to be developed.
- Provision of architectural plans suitable for restaurants to be developed.
- Assistance in establishing building design specifications, reviewing construction compliance and equipping the restaurant.
- Provision of appropriate menus to coordinate with the restaurant design and location to be developed.
- Provide management training for the new franchisee and selected staff.
- Assistance with the initial operations of restaurants being developed.

Development fees are non-refundable and the related agreements require the franchisee to open a specified number of restaurants in the development area within a specified time period or the agreements may be canceled by the Company. Revenue from development agreements is deferred and recognized as restaurants in the development area commence operations on a pro rata basis to the minimum number of restaurants required to be open, or at the time the development agreement is effectively canceled.

Nathan's recognizes franchise royalties when they are earned and deemed collectible. Franchise fees and royalties that are not deemed to be collectible are not recognized as revenue until paid by the franchisee, or until collectibility is deemed to be reasonably assured. The number of non-performing units are determined by analyzing the number of months that royalties have been paid during a period. When royalties have been paid for less than the majority of the time frame reported, such location is deemed non-performing. Accordingly, the number of non-performing units may differ between the quarterly results and year to date results. Revenue from sub-leasing properties is recognized as income as the revenue is earned and becomes receivable and deemed collectible. Sub-lease rental income is presented net of associated lease costs in the consolidated statements of earnings.

Nathan's recognizes revenue from the Branded Product Program when it is determined that the products have been delivered via third party common carrier to Nathans' customers.

Nathan's recognizes revenue from royalties on the licensing of the use of its name on certain products produced and sold by outside vendors. The use of Nathans' name and symbols must be approved by Nathan's prior to each specific application to ensure proper quality and project a consistent image. Revenue from license royalties is recognized when it is earned and deemed collectible.

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 at the date of the transaction is doubtful, the associated revenue is not recorded until the facts and circumstances change in accordance with Staff Accounting Bulletin ("SAB") No. 104, "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. The self-insurance accrual at September 25, 2005, and September 26, 2004, was \$315,000 and \$330,000 respectively. During the twenty-six week periods ended September 25, 2005, and September 26, 2004, we reversed approximately \$38,000 and \$33,000 of previously recorded insurance accruals, to reflect the revised estimated cost of claims.

RESULTS OF OPERATIONS

THIRTEEN WEEKS ENDED SEPTEMBER 25, 2005 COMPARED TO THIRTEEN WEEKS ENDED SEPTEMBER 26, 2004

Revenues from Continuing Operations

Total sales increased by \$1,632,000 or 22.8% to \$8,780,000 for the thirteen weeks ended September 25, 2005 ("second quarter fiscal 2006") as compared to \$7,148,000 for the thirteen weeks ended September 26, 2004 ("second quarter fiscal 2005"). Sales from the Branded Product Program increased by 49.5% to \$4,258,000 for the second quarter fiscal 2006 as compared to sales of \$2,848,000 in the second quarter fiscal 2005. This increase was primarily attributable to increased volume from new accounts, and a price increase of approximately 2.7%. Total company-owned restaurant sales (representing our six comparable Nathan's restaurants) increased by \$166,000 or 4.2% to \$4,115,000 from \$3,949,000. During the second quarter fiscal 2006, sales to our television retailer were approximately \$56,000 higher than the second quarter fiscal 2005.

Franchise fees and royalties increased by \$68,000 or 4.1% to \$1,738,000 in the second quarter fiscal 2006 compared to \$1,670,000 in the second quarter fiscal 2005. Franchise royalties were \$1,574,000 in the second quarter fiscal 2006 as compared to \$1,528,000 in the second quarter fiscal 2005. Domestic franchise restaurant sales increased by 1.5% to \$42,141,000 in the second quarter fiscal 2006 as compared to \$41,518,000 in the second quarter fiscal 2005. Comparable domestic franchise sales (consisting of 191 restaurants) increased by \$932,000 or 2.6% to \$36,193,000 in the second quarter fiscal 2006 as compared to \$35,261,000 in the second quarter fiscal 2005. At September 25, 2005, 361 domestic and international franchised or licensed units were operating as compared to 343 domestic and international franchised or licensed units at September 26, 2004. During the thirteen weeks ended September 25, 2005, royalty income from 26 domestic franchised locations have been deemed unrealizable as compared to 30 domestic franchised locations during the thirteen weeks ended September 26, 2004. Domestic franchise fee income was \$87,000 in the second quarter fiscal 2006 as compared to \$42,000 in the second quarter fiscal 2005. International franchise fee income was \$74,000 in the second quarter fiscal 2006, as compared to \$100,000 during the second quarter fiscal 2005. During the second quarter fiscal 2006, six new franchised units opened, including one unit in the Dominican Republic, and one unit in the United Arab Emirates. During the second quarter fiscal 2005, five new franchised units were also opened. During the second quarter fiscal 2006, Nathan's also recognized \$3,000 of forfeited franchise fees.

License royalties were \$833,000 in the second quarter fiscal 2006 as compared to \$884,000 in the second quarter fiscal 2005. This decrease was primarily attributable to lower royalties earned from the sale of Nathan's frankfurters within supermarkets and club stores.

Investment and other income was \$187,000 in the second quarter fiscal 2006 versus \$156,000 in the second quarter fiscal 2005 due to higher income from subleasing activities, which was partly offset by lower amortization of deferred revenue and other income.

Interest income was \$114,000 in the second quarter fiscal 2006 versus \$50,000 in the second quarter fiscal 2005 due primarily to higher interest earned on the increased amount of our marketable securities during the second quarter fiscal 2006 as compared to the second quarter fiscal 2005. We invest our excess cash in marketable securities.

Costs and Expenses from Continuing Operations

Cost of sales increased by \$1,251,000 to \$6,156,000 in the second quarter fiscal 2006 from \$4,905,000 in the second quarter fiscal 2005. During the second quarter fiscal 2006, the cost of restaurant sales at our six comparable company-owned units was \$2,211,000 or 53.7% of restaurant sales as compared to \$2,157,000 or 54.6% of restaurant sales in the second quarter fiscal 2005. This reduction was primarily due to lower labor and associated costs. Food and paper costs, as a percentage of restaurant sales, were

slightly lower than last year due to the effects of re-engineering of our menu and certain retail price increases to mitigate higher beef costs. We incurred higher costs of our Branded Product Program totaling approximately \$1,151,000 primarily in connection with the increased volume during the second quarter fiscal 2006 as compared to the second quarter fiscal 2005. We also paid slightly more for beef products during the second quarter fiscal 2006. Commodity costs of our hot dogs, which have continued to increase for the third consecutive year, were approximately 1.0 % higher during the second quarter fiscal 2006 than the second quarter fiscal 2005. The beef cost increases caused us to increase our selling prices beginning in June 2005 in an effort to reduce the margin pressure that we continue to experience.

Restaurant operating expenses increased by \$12,000 to \$851,000 in the second quarter fiscal 2006 from \$839,000 in the second quarter fiscal 2005 due primarily to higher utility costs. Based upon current market conditions for natural gas and electricity, we expect continuing margin pressure in the future.

Depreciation and amortization decreased by \$33,000 to \$192,000 in the second quarter fiscal 2006 from \$225,000 in the second quarter fiscal 2005.

Amortization of intangible assets was \$66,000 in the second quarter fiscal 2006 and second quarter fiscal 2005.

General and administrative expenses increased by \$79,000 to \$2,121,000 in the second quarter fiscal 2006 as compared to \$2,042,000 in the second quarter fiscal 2005. The increase in general and administrative expenses was primarily due to higher, net personnel and incentive compensation expense of \$98,000, arising from increased earnings due to the sale to a third party of a vacant piece of property in Brooklyn, New York, as discussed below. We accrued \$141,000 of incentive compensation during the second quarter fiscal 2006, which was partly offset by the elimination of severance expense of \$86,000 recorded during the second quarter fiscal 2005.

Interest expense was \$9,000 during the second quarter fiscal 2006 as compared to \$12,000 during the second quarter fiscal 2005. The reduction in interest expense relates primarily to the repayment of outstanding loans between the two periods.

Provision for Income Taxes from Continuing Operations

In the second quarter fiscal 2006, the income tax provision was \$871,000 or 38.6% of income from continuing operations before income taxes as compared to \$717,000 or 39.4% of income from continuing operations before income taxes in the second quarter fiscal 2005. The effective income tax rate was lower during the second quarter fiscal 2006 due primarily to Nathan's earning higher tax exempt interest income than during the second quarter fiscal 2005.

Discontinued Operations

On July 13, 2005, we sold a vacant piece of property in Brooklyn, New York, to a third party, which property was classified as "available-for-sale" at March 27, 2005. The property had a carrying value of \$187,000 and Nathan's recognized a gain before income taxes of \$2,819,000, net of associated expenses. In addition, we previously closed one company-operated restaurant during fiscal 2005. Revenues from these properties were \$187,000 during the second quarter fiscal 2005.

Income before income taxes from discontinued operations during the second quarter fiscal 2006 was \$2,816,000 as compared to loss before income taxes from discontinued operations during the second quarter fiscal 2005 of \$21,000.

TWENTY-SIX WEEKS ENDED SEPTEMBER 25, 2005 COMPARED TO TWENTY-SIX WEEKS ENDED SEPTEMBER 26, 2004

Revenues from Continuing Operations

Total sales increased by \$3,423,000 or 25.2% to \$17,002,000 for the twenty-six weeks ended September 25, 2005, ("fiscal 2006 period") as compared to \$13,579,000 for the twenty-six weeks ended September 26, 2004 ("fiscal 2005 period"). Sales from the Branded Product Program increased by 58.7% to \$8,563,000 for the fiscal 2006 period as compared to sales of \$5,396,000 in the fiscal 2005 period. This increase was primarily attributable to increased volume from new accounts, and a price increase of approximately 1.9%. The six company-owned Nathan's restaurant sales increased by \$278,000 or 3.9% to \$7,421,000 from \$7,143,000 representing our comparable restaurants. During the fiscal 2006 period, sales to our television retailer were approximately \$22,000 lower than the fiscal 2005 period.

Franchise fees and royalties increased by \$151,000 or 4.5% to \$3,486,000 in the fiscal 2006 period compared to \$3,335,000 in the fiscal 2005 period. Franchise royalties were \$3,086,000 in the fiscal 2006 period as compared to \$3,025,000 in the fiscal 2005 period. Domestic franchise restaurant sales increased to \$83,235,000 in the fiscal 2006 period as compared to \$83,018,000 in the fiscal 2005 period. Comparable domestic franchise sales (consisting of 191 restaurants) increased by \$1,871,000 or 2.7% to \$71,565,000 in the fiscal 2006 period as compared to \$69,694,000 in the fiscal 2005 period. At September 25, 2005, 361 domestic and international

franchised or licensed units were operating as compared to 343 domestic and international franchised or licensed units at September 26, 2004. During the twenty-six weeks ended September 25, 2005, royalty income from 26 domestic franchised locations have been deemed unrealizable as compared to 30 domestic franchised locations during the twenty-six weeks ended September 26, 2004. Domestic franchise fee income was \$146,000 in the fiscal 2006 period as compared to \$186,000 in the fiscal 2005 period. International franchise fee income was \$185,000 in the fiscal 2006 period as compared to \$124,000 in the fiscal 2005 period. During the fiscal 2006 period, 16 new franchised units opened, including three units in Japan, one unit in Kuwait, one unit in the Dominican Republic and two units in the United Arab Emirates. During the fiscal 2006 period, we franchised one restaurant that previously operated pursuant to a management agreement. During the fiscal 2005 period, 13 new domestic franchised units were opened. During the fiscal 2006 period, Nathan's also recognized \$69,000 in connection with three forfeited franchise fees.

License royalties increased \$167,000 or 9.2% to \$1,990,000 in the fiscal 2006 period as compared to \$1,823,000 in the fiscal 2005 period. This increase is primarily attributable to higher royalties earned from the sale of Nathan's frankfurters within supermarkets and club stores and new license agreements that commenced operations over the last year.

Investment and other income was \$333,000 in the fiscal 2006 period versus \$338,000 in the fiscal 2005 period due to reductions in amortization of deferred revenue and other income, which was partly offset by higher subleasing income.

Interest income was \$196,000 in the fiscal 2006 period versus \$98,000 in the fiscal 2005 period due primarily to higher interest earned on the increased amount of our marketable securities during the fiscal 2006 period as compared to the fiscal 2005 period. We invest our excess cash in marketable securities.

Costs and Expenses from Continuing Operations

Cost of sales increased by \$2,927,000 to \$12,451,000 in the fiscal 2006 period from \$9,524,000 in the fiscal 2005 period. During the fiscal 2006 period, the cost of restaurant sales at our six comparable units was \$4,076,000 or 54.9% of restaurant sales as compared to \$4,029,000 or 56.4% of restaurant sales in the fiscal 2005 period. This reduction was primarily due to lower labor and associated costs. Food and paper costs, as a percentage of restaurant sales, were slightly lower in the fiscal 2006 period than in the fiscal 2005 period due to the effects of re-engineering of our menu and certain retail price increases to mitigate higher beef costs. We incurred higher costs of our Branded Product Program totaling approximately \$2,915,000 primarily in connection with the increased volume during the fiscal 2006 period as compared to the fiscal 2005 period. We also paid significantly more for beef products during the fiscal 2006 period. Commodity costs of our hot dogs, which have continued to increase for the third consecutive year, were approximately 7.3% higher during the fiscal 2006 period than the fiscal 2005 period. These commodity cost increases caused us to increase our selling prices beginning in June 2005 in an effort to reduce the margin pressure that we continue to experience.

Restaurant operating expenses increased by \$36,000 to \$1,634,000 in the fiscal 2006 period from \$1,598,000 in the fiscal 2005 period due primarily to higher utility costs. Based upon current market conditions for natural gas and electricity, we expect continuing margin pressure in the future.

Depreciation and amortization decreased by \$52,000 to \$391,000 in the fiscal 2006 period from \$443,000 in the fiscal 2005 period.

Amortization of intangible assets was \$131,000 in the fiscal 2006 period and fiscal 2005 period.

General and administrative expenses increased by \$160,000 to \$4,226,000 in the fiscal 2006 period as compared to \$4,066,000 in the fiscal 2005 period. The increase in general and administrative expenses was primarily due to higher net personnel and incentive compensation expense of \$182,000 and marketing costs of \$71,000 which were partly offset by lower professional fees of \$38,000 and corporate insurance expense of \$18,000. Higher net personnel and incentive compensation expense arose from increased earnings by the company due to the sale to a third party of a vacant piece of property in Brooklyn, New York, as discussed below. We accrued \$141,000 of incentive compensation during the second quarter fiscal 2006, which was partly offset by the elimination of severance expense of \$86,000 recorded during the second quarter fiscal 2005.

Interest expense was \$20,000 during the fiscal 2006 period as compared to \$24,000 during the fiscal 2005 period. The reduction in interest expense relates primarily to the repayment of outstanding loans between the two periods.

Provision for Income Taxes from Continuing Operations

In the fiscal 2006 period, the income tax provision was \$1,593,000 or 38.3% of income from continuing operations before income taxes as compared to \$1,333,000 or 39.4% of income from continuing operations before income taxes in the fiscal 2005 period. The effective income tax rate was lower during the fiscal 2006 period due in part to Nathan's earning higher tax exempt interest income than during the fiscal 2005 period.

Discontinued Operations

On July 13, 2005, we sold a vacant piece of property in Brooklyn, New York, to a third party, which was classified as "available-for-sale" at March 27, 2005. The property had a carrying value of \$187,000 and Nathan's recognized a gain before income taxes of \$2,819,000, net of associated expenses. In addition, we previously closed one company-operated restaurant during fiscal 2005. Revenues were \$406,000 during the fiscal 2005 period.

Income before income taxes from discontinued operations during the fiscal 2006 period was \$2,806,000 as compared to loss before income taxes from discontinued operations of \$24,000 during the fiscal 2005 period.

OFF-BALANCE SHEET ARRANGEMENTS

We are not a party to any off-balance sheet arrangements.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at September 25, 2005 aggregated \$5,240,000, increasing by \$2,305,000 during the fiscal 2006 period. At September 25, 2005, marketable securities increased by \$4,483,000 from March 27, 2005 to \$16,124,000 and net working capital increased to \$18,744,000 from \$14,009,000 at March 27, 2005.

Cash provided by operations of \$3,131,000 in the fiscal 2006 period is primarily attributable to net income, excluding the gains on sales of fixed assets, of \$1,461,000, non-cash expenses of \$729,000, a reduction of prepaid expenses and other current assets of \$489,000 and an increase in accounts payable and accrued expenses of \$713,000 which were partly reduced by increased accounts receivable and notes receivable of \$155,000 resulting primarily from higher sales from the Branded Product Program and increased royalties from franchisees.

We invested cash of \$977,000 of which \$4,542,000 resulted from the net purchase of available-for-sale securities. We received proceeds of \$3,521,000 from the sale of vacant land and from the sale of another restaurant to a franchisee. Nathan's received payments on notes receivable of \$295,000, and also invested \$251,000 in capital expenditures.

We received cash from our financing activities of \$151,000, which is comprised of proceeds received from the exercise of employee stock options of \$238,000 net of our repayment of bank debt in the amount of \$87,000 during the fiscal 2006 period.

On September 14, 2001, Nathan's was authorized to purchase up to one million shares of its common stock. Pursuant to its stock repurchase program, it 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 25, 2005, Nathan's purchased 891,100 shares of common stock at a cost of approximately \$3,488,000. To date, Nathan's has purchased a total of 1,891,100 shares of common stock at a cost of approximately \$7,158,000. There were no repurchases of the Company's common stock during the twenty-six weeks ended September 25, 2005. 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 and support the growth of the Branded Product Program in the future and fund those investments from our operating cash flow. We may also incur capital expenditures in connection with opportunistic investments on a case-by-case basis.

There are currently 27 properties that we either own or lease from third parties which we lease or sublease to franchisees, operating managers and non-franchisees. We remain contingently liable for all costs associated with these properties including: rent, property taxes and insurance. We may incur future cash payments with respect to such properties, consisting primarily of future lease payments, including costs and expenses associated with terminating any of such leases. 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 25, 2005 was approximately \$252,000.

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

Cash Contractual Obligations	Payments Due by Period				
	Total	Less than 1 Year	1 - 3 Years	4-5 Years	After 5 Years
Long-Term Debt	\$ 736	\$ 167	\$ 333	\$ 236	\$ --
Capital Lease Obligations	43	7	18	18	--
Employment Agreements	1,633	749	572	312	--
Operating Leases	13,849	3,511	5,583	3,069	1,686
Gross Cash Contractual Obligations	16,261	4,434	6,506	3,635	1,686
Sublease Income	9,005	2,074	3,371	1,954	1,606
Net Cash Contractual Obligations	\$ 7,256	\$2,360	\$3,135	\$1,681	\$ 80

Other Contractual Commitments	Amount of Commitment Expiration Per Period				
	Total Amounts Committed	Less than 1 Year	1 - 3 Years	4-5 Years	After 5 Years
Loan Guarantees	\$252	\$252	\$--	\$--	\$--
Total Commercial Commitments	\$252	\$252	\$--	\$--	\$--

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 \$7,500,000 uncommitted bank line of credit and have never borrowed any funds under our lines of credit.

RISKS RELATED TO OUR BUSINESS

ANY INCREASES IN THE MINIMUM WAGE MAY ADVERSELY AFFECT OUR OPERATIONS.

We depend to a large degree, on employees who work at the minimum wage. Substantial increases in the minimum wage could adversely affect our operations. In addition, changes in other laws and regulations which govern our relationships with our employees, such as minimum wage requirements, overtime and working conditions and citizenship requirements may also adversely affect our operations.

ANY INCREASES IN OUR FOOD AND OTHER COSTS MAY ADVERSELY AFFECT OUR PROFITABILITY.

Commodity costs of our hot dogs have increased for the past three years. In addition, recent increases in fuel costs have negatively affected our margins. We have increased our selling prices in an attempt to reduce the negative impact of the increases in the cost of beef on our profits, and have attempted to reduce fuel costs by finding alternate suppliers. Continued increases in the cost of our food products and fuel costs could adversely affect our profitability.

INCREASES IN COSTS TO FRANCHISEES MAY ADVERSELY AFFECT OUR ABILITY TO ATTRACT AND RETAIN FRANCHISEES, WHICH WOULD ADVERSELY AFFECT OUR PROFITABILITY.

In the event that our prospective franchisees are unable to locate suitable restaurant sites on reasonable terms, it could adversely affect our franchisees projected financial results and they may determine not to enter into franchise agreements with us. Similarly, increased commodity and other costs which adversely affect our prospective franchisees' profitability may cause them not to enter into franchise agreements with us. In addition, such increased commodity and other costs may reduce the profitability of our existing franchisees, resulting in the termination of existing franchise agreements. Our failure to attract new franchisees or retain our existing franchisees, whether due to increased costs or otherwise, would result in a decrease in our franchise fee revenue and adversely affect our profitability.

IN THE EVENT THAT ANY OF OUR VENDORS OR LICENSEES ENCOUNTERS FINANCIAL DIFFICULTIES AND FAILS TO PAY US, IT COULD ADVERSELY EFFECT OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

If the financial condition of any vendor or licensee deteriorates resulting in an impairment of that party's ability to pay to us amounts owed in respect of a significant amount of outstanding receivables, our financial condition would be adversely effected.

WE CANNOT GUARANTEE MARKET ACCEPTANCE OF NEW PRODUCTS.

We cannot assure you that Nathan's, Miami Subs or Kenny Rogers will be able to achieve the necessary market acceptance for any new products, or compete effectively, in their product markets. Broad market acceptance of new products is critical to our future success. We believe that factors affecting the ability of our products to achieve broad market acceptance include:

- brand recognition,
- quality,
- broad variety, and
- price.

As a result, revenues for any future quarter may not be predictable with any significant degree of accuracy. If revenue levels are below expectations, operating results are likely to be adversely affected and may be below the expectations of public market analysts and investors. In such event, the price of the common stock would likely decrease.

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 25, 2005, Nathans' cash and cash equivalents aggregated \$5,240,000. Earnings on these cash and cash equivalents would increase or decrease by approximately \$13,100 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 25, 2005, the market value of Nathans' marketable investment securities aggregated \$16,124,000. Interest income on these marketable investment securities would increase or decrease by approximately \$40,300 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 25, 2005 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	\$17,105	\$16,769	\$16,442	\$16,124	\$15,814	\$15,511	\$15,214
	=====	=====	=====	=====	=====	=====	=====

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 25, 2005, total outstanding debt, including capital leases, aggregated \$779,000 of which \$736,000 is subject to risk related to changes in interest rates. The current interest rate is 4.50% per annum and will adjust in January 2006 and January 2009 to prime plus 0.25%. We also maintain a \$7,500,000 credit line at the prime rate (6.75% as of September 20, 2005). We have never borrowed any funds under our credit lines. Interest expense on these borrowings would increase or decrease by approximately \$1,800 per annum for each .25% change in interest rates. Accordingly, we do not believe that fluctuations in interest rates would have a material impact on our 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. A short term increase or decrease of 10% in the cost of our food and paper products for the thirteen weeks ended September 25, 2005 would have increased or decreased cost of sales by approximately \$954,000.

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

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, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that the 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 25, 2005 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. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer have concluded that such controls and procedures are effective at the reasonable assurance level.

FORWARD LOOKING STATEMENTS

Certain statements contained in this report are forward-looking statements. We generally identify forward-looking statements with the words "believe," "intend," "plan," "expect," "anticipate," "estimate," "will," "should" and similar expressions. 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 risks and uncertainties, many of which we are not aware of and / or cannot control. These risks and uncertainties include, but are not limited to: the effect on sales over concerns relating to bovine spongiform encephalopathy, BSE, which was first identified in the United States on December 23, 2003; economic, weather, legislative and business conditions; the collectibility of receivables; changes in consumer tastes; our ability to attract competent restaurant and managerial personnel; and the other risks described above, under "Risks Related to Our Business".

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:

An action was commenced, 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 for unspecified damages. Pursuant to the terms of the Miami Subs Franchise Agreement, the franchisee is obligated to indemnify Miami Subs and hold it harmless against claims asserted and procure an insurance policy which names 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.

Ismael Rodriguez commenced an action, in the Supreme Court of the State of New York, Kings County, in May 2004 against Nathan's Famous, Inc. seeking damages of \$1,000,000 for claims of age discrimination in connection with the termination of Mr. Rodriguez's employment. Mr. Rodriguez was terminated from his position in connection with his repeated violation of company policies and failure to follow company-mandated procedures. On October 28, 2005, the parties entered into a settlement and release of all claims by the employee against the Company. Nathan's cost related to this claim, including its defense, was \$50,000.

In July 2001, a female manager at one of our company-owned restaurants filed a charge with the Equal Employment Opportunity Commission ("EEOC") claiming sex discrimination in violation of Title VII of the Civil Rights Act of 1964 and a violation of the Equal Pay Act. The employee claimed that she was being paid less than male employees for comparable work, which Nathan's denied. In June and August 2004, the employee filed further charges with the EEOC claiming that Nathan's had retaliated against her, first by refusing her request for a shift change and then by terminating her employment in July 2004. Following a determination by the EEOC in May 2005 that there was no reasonable cause to believe that the employee was terminated in retaliation for filing a charge of discrimination, but that there was reasonable cause to believe that she was paid less than similarly situated males in violation of the Equal Pay Act and Title VII and that she was denied a request for a change in shift in retaliation for filing the discrimination charge, the EEOC advised that it would engage in conciliation and settlement efforts to try to resolve the employee's charges. On September 30, 2005, those efforts resulted in the settlement and release of all claims by the employee against the Company, and of any related charges made by the EEOC against the Company. These financial statements reflect the cost of the settlement, which did not have a material affect on our financial position, results of operations or cash flows.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEED:

(c) We have not repurchased any equity securities during the quarter ended September 25, 2005.

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

- (a) The Registrant held its Annual Meeting of Stockholders on September 15, 2005.
- (b) Nine Directors were elected at the Annual Meeting to serve until the Annual Meeting of Stockholders in 2006. The names of these Directors and votes cast in favor of their election and shares withheld are as follows:

	FOR	WITHHELD
	-----	-----
WAYNE NORBITZ	4,698,960	70,050
ROBERT J. EIDE	4,697,580	71,430
ERIC GATOFF	4,698,656	70,354
BRIAN S. GENSON	4,699,027	69,983
BARRY LEISTNER	4,697,817	71,193
HOWARD M. LORBER	4,697,804	71,206
DONALD L. PERLYN	4,697,934	71,076
A.F. PETROCELLI	4,699,099	69,911
CHARLES RAICH	4,698,117	70,893

- (c) Not applicable.
- (d) Not applicable.

ITEM 6: EXHIBITS

(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.

SIGNATURES

Pursuant to the requirements of the Securities 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 07, 2005

By: /s/ Wayne Norbitz

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

Date: November 07, 2005

By: /s/ Ronald G. DeVos

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

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 for the quarter ended September 25, 2005 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 officer(s) 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 officer(s) 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 registrant's board of directors (or persons performing the equivalent function):
 - 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 07, 2005

/s/ Howard M. Lorber

Howard M. Lorber
Chief Executive Officer

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 for the quarter ended September 25, 2005 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 officer(s) 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 officer(s) 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 registrant's board of directors (or persons performing the equivalent function):
 - 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 07, 2005

/s/ Wayne Norbitz

Wayne Norbitz
President and Chief Operating Officer

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 for the quarter ended September 25, 2005 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 officer(s) 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 officer(s) 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 registrant's board of directors (or persons performing the equivalent function):
 - 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 07, 2005

/s/ Ronald G. DeVos

 Ronald G. DeVos
 Chief Financial Officer

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 25, 2005 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.

/s/ Howard M. Lorber

Name: Howard M. Lorber

Date: November 07, 2005

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.

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 25, 2005 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.

/s/ Ronald G. DeVos

Name: Ronald G. DeVos

Date: November 07, 2005

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.