UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 27, 2005
or
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from_____ to_____

Commission File No. 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)	(I.R.S. Employer Identification No.)
1400 Old Country Road, Westbury, New York	11590
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (516) 338-8500

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of Each Exchange on which Registered
None	None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock - par value $.01
(Title of Class)

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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K [X].

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of the last day of the Registrant's most recently completed second fiscal quarter - September 26, 2004 was approximately $32,148,000.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of June 20, 2005, there were 5,564,217 shares of Common Stock, par value $.01 per share outstanding.

Documents incorporated by reference: Part III (Items 10, 11, 12 and 13) - Registrant's definitive proxy statement to be filed pursuant to Regulation 14-A of the Securities Exchange Act of 1934.

PART I

ITEM 1. BUSINESS

As used herein, unless we otherwise specify, the terms "we," "us," "our" and "Nathan's" mean Nathan's Famous, Inc. and its subsidiaries, including Miami Subs Corporation, owner of the Miami Subs brand, and NF Roasters Corp., owner of the Kenny Rogers brand.

We have historically operated and franchised fast food units featuring Nathan's famous brand all beef frankfurters, crinkle-cut french fried potatoes, and a variety of other menu offerings. Our Nathan's brand company-owned and franchised units operate under the name "Nathan's Famous," the name first used at our original Coney Island restaurant opened in 1916. During fiscal 1998, we introduced our Branded Product Program which enables foodservice retailers to sell some of Nathan's proprietary products outside of the realm of a traditional franchise relationship. During fiscal 2000, we acquired the intellectual property rights, including trademarks, recipes and franchise agreements of Roasters Corp. and Roasters Franchise Corp. and also completed a merger with Miami Subs Corporation whereby we acquired the remaining 70% of Miami Subs common stock we did not already own.

Over the past five years, we have focused on developing our restaurant franchise system by continuing to open new franchised restaurants, expanding our Nathan's Branded Product Program and our Nathan's branded retail licensing programs, operating our existing company-owned restaurants and developing an international master franchising program. In an effort to expand our restaurant system and expand our brand portfolio, during fiscal 2000 we completed our merger with Miami Subs Corp. and our acquisition of the intellectual property of the Kenny Rogers Roasters franchise system. In addition, through our acquisition of Miami Subs, we also secured certain co-branding rights to use the Arthur Treachers' brand within the United States. During fiscal 2002 we offered the Nathan's, Kenny Rogers Roasters and Arthur Treachers' signature products to the Miami Subs franchise community. Since then, we have continued to capitalize on the co-branding opportunities within the Nathan's restaurant system, as well as seek to develop new multi-brand marketing and development plans.

At March 27, 2005, our system, consisting of Nathan's Famous, Kenny Rogers Roasters and Miami Subs restaurants, included 355 franchised units, including 6 units operating pursuant to management agreements, 6 company-owned units concentrated in the New York metropolitan area and more than 5,900 branded product points of sale under our Branded Product Program, located in 46 states, the District of Columbia and 13 foreign countries.

We plan to seek to continue expanding the scope and market penetration of our Branded Product Program, further develop the restaurant operations of existing franchised and company-owned outlets, open new franchised outlets in traditional or captive market environments, expand the Nathan's retail licensing programs and continue to co-brand within our restaurant system. We may selectively consider opening new company-owned restaurants. We also plan to further develop an international presence through the use of master franchising agreements based upon individual or combined use of our restaurant concepts. Nathan's plans to continue co-branding within its existing restaurant system and in new units that open.

We were incorporated in Delaware on July 10, 1992 under the name "Nathan's Famous Holding Corporation" to act as the parent of a Delaware corporation then-known as Nathan's Famous, Inc. On December 15, 1992, we changed our name to Nathan's Famous, Inc. and our Delaware subsidiary changed its name to Nathan's Famous Operating Corporation. The Delaware subsidiary was organized in October 1989 in connection with its reincorporation in Delaware from that of a New York corporation named "Nathan's Famous, Inc." The New York Nathan's was incorporated on July 10, 1925 as a successor to the sole proprietorship that opened the first Nathan's restaurant in Coney Island in 1916. On July 23, 1987, Equicor Group, Ltd. was merged with and into the New York Nathan's in a "going private" transaction. The New York Nathan's, the Delaware subsidiary and Equicor may all be deemed to be our predecessors.

RESTAURANT OPERATIONS

Nathan's Concept and Menus

Our Nathan's concept offers a wide range of facility designs and sizes, suitable to a vast variety of locations and features a core menu, consisting of "Nathan's Famous" all-beef frankfurters, crinkle-cut french fries and beverages. Nathans' menu is designed to be tailored to take advantage of site-specific market opportunities by adding complementary food items to the core menu. The Nathan's concept is suitable to stand alone or be co-branded with other nationally recognized brands.

Nathans' hot dogs are all-beef and are free from all fillers and starches. Hot dogs are flavored with the original secret blend of spices created by Ida Handwerker in 1916, which historically have distinguished Nathans' hot dogs. Our hot dogs are prepared and served in accordance with procedures which have not varied significantly in more than 89 years. Our signature crinkle-cut french fried potatoes are featured at each Nathan's restaurant. Nathans' french fried potatoes are cooked in 100% cholesterol-free corn oil. We believe that the majority of sales in our company-owned units consist of Nathan's famous hot dogs, crinkle-cut french fried potatoes and beverages.

Individual Nathan's restaurants supplement their core menu of hot dogs, french fries and beverages with a variety of other quality menu choices including: chargrilled hamburgers, chargrilled chicken sandwiches, Philly Cheesesteaks, selected seafood and other chicken items, a breakfast menu and assorted desserts and snacks. While the number of supplemental menus carried varies with the size of the unit, the specific supplemental menus chosen are tailored to local food preferences and market conditions. Each of these supplemental menu options consists of a number of individual items; for example, the hamburger menu may include chargrilled bacon cheeseburgers, superburgers and super cheeseburgers. We maintain the same quality standard with each of Nathan's supplemental menus as we do with Nathans' core hot dog and french fried potato menu. Thus, for example, hamburgers and sandwiches are prepared to order and not pre-wrapped or kept warm under lights. Nathan's also has a "Kids Meal" program in which various menu alternatives are combined with toys to appeal to the children's market. Soft drinks, iced tea, coffee and fresh squeezed lemonade are also offered.

Nathans' restaurant designs are available in a range of sizes from 300 to 4,000 sq. ft. We have also developed Nathan's carts, kiosks, and modular units. Our smaller units may not have customer seating areas, although they may often share seating areas with other fast food outlets in food court settings. Other units generally provide seating for 45 to 125 customers. Carts, kiosks and modular units generally carry only the core menu. This menu is supplemented by a number of other menu selections in our other restaurant types.

We believe Nathan's carts, kiosks, modular units and food court designs are particularly well-suited for placement in non-traditional sites, such as airports, travel plazas, stadiums, schools, convenience stores, entertainment facilities, military facilities, business and industry food service, within larger retail operations and other captive markets. Many of these smaller units have been designed specifically to support our expanding Branded Product Program. All of these units feature the Nathan's logo and utilize a contemporary design.

Miami Subs Concept and Menu

Our Miami Subs concept features a wide variety of moderately priced lunch, dinner and snack foods, including hot and cold submarine sandwiches, various ethnic foods such as gyros and pita sandwiches, flame grilled hamburgers and chicken breast sandwiches, cheesesteaks, chicken wings, fresh salads, ice cream and other desserts. Soft drinks, iced tea, coffee, beer and wine are also offered.

Freshness and quality of breads, produce and other ingredients are emphasized in Miami Subs restaurants. The Miami Subs menu may include low-fat selections such as salads, grilled chicken breasts, and non-fat frozen yogurt which we believe are perceived as nutritious and appealing to health conscious consumers. We believe Miami Subs has become known for certain "signature" foods, such as grilled chicken on pita bread, gyros on pita bread, cheesesteaks and chicken wings.

Miami Subs restaurants feature a distinctive decor unique to the Miami Subs concept. The exterior of free-standing restaurants feature an unusual roof design and neon pastel highlights for easy recognition. Interiors have a tropical motif in a neon pink and blue color scheme with murals of fish, mermaids, flamingos and tropical foliage. Exteriors and interiors are brightly lit to create an inviting, attractive ambience to distinguish our restaurants from those of our competitors. At March 27, 2005, 67 of the Miami Subs restaurants were located in freestanding buildings, ranging between 2,000 and 5,000 square feet. Certain other Miami Subs restaurants are scaled down to accommodate non-traditional captive market environments.

Miami Subs restaurants are typically open seven days a week, generally opening at 10:30 am, with many of the restaurants having extended late-night hours. Indoor service is provided at a walk-up counter where the customer places an order and is given an order number and a drink cup. The customer then proceeds to a self service soda bar while the food is prepared to order. Drive-thru service is provided at substantially all free-standing Miami Subs restaurants. We estimate that drive-thru sales account for approximately 52% of sales in free-standing restaurants that maintain drive-thru service.

Currently, 71 Miami Subs restaurants offer our co-branded menu consisting of various selections of Nathan's, Kenny Rogers Roasters or Arthur Treachers' signature products and we have created a new image for Miami Subs based upon this co-branding strategy called "Miami Subs Plus."

Kenny Rogers Roasters Concept and Menu

The Kenny Rogers Roasters concept was first introduced in 1991 with the idea of serving home-style family foods based on a menu centered around wood-fire rotisserie chicken. Kenny Rogers Roasters' unique proprietary marinade and spice formula, combined with wood-fire roasting in a specifically designed rotisserie, became the basis of a breakthrough taste in rotisserie chicken. The menu, design and service style were created to position the concept midway between quick-serve and casual dining. This format, coupled with a customer friendly environment developed for dine-in or take-home consumers, is the precursor of the Kenny Rogers Roasters system.

The distinctive flavoring of our Kenny Rogers Roasters chicken is the result of a two step process. First, our chickens are marinated using a specially flavored proprietary marinade. Then a second unique blend of spice is applied to the chicken prior to cooking, often in an open flame wood-fire rotisserie in full view of customers at the restaurant. Other entrees offered in Kenny Rogers Roasters restaurants may include Honey Bourbon BBQ ribs and rotisserie turkey. Complimenting Kenny Rogers Roasters main courses are a wide variety of freshly prepared side dishes, corn muffins, soups, salads and sandwiches. The menu offers a healthful alternative to traditional quick-serve menu offerings that caters to families and individuals.

A traditional Kenny Rogers Roasters restaurant is a free standing building or large in-line unit offering dine-in and drive thru delivery options ranging in size between 3,000 and 4,000 sq. ft. with seating capacity for approximately 125 guests. Other prototype restaurant designs that have been considered include food court units and scaled down in-line and free standing restaurant types.

The Kenny Rogers Roasters restaurant system consists primarily of approximately 95 restaurants operating internationally and 90 co-branded representations within our Nathan's and Miami Subs restaurant systems domestically.

Franchise Operations

At March 27, 2005, our franchise system, including our Nathan's, Miami Subs and Kenny Rogers restaurant concepts, consisted of 355 units operating in 23 states and 11 foreign countries.

Today, our franchise system counts among its 127 franchisees and licensees such well known companies as HMS Host , ARAMARK Leisure Services, Inc., CA1 Services, Inc., Centerplate (formerly known as Service America Corp.), Culinart, Loews Cineplex and National Amusements. We continue to seek to market our franchising program to larger, experienced and successful operators with the financial and business capability to develop multiple franchise units.

As of March 27, 2005, HMS Host operated 35 franchised outlets, including 12 units at airports, 18 units within highway travel plazas and five units within malls. Additionally, HMS Host operates 36 locations featuring Nathan's products pursuant to our Branded Product Program.

Nathan's Franchise Program

Franchisees are required to execute a standard franchise agreement prior to opening each Nathan's Famous unit. Our current standard Nathan's franchise agreement provides for, among other things, a one-time $30,000 franchise fee payable upon execution of the agreement, a monthly royalty payment based on 5.0% of restaurant sales and the expenditure of 2.0% of restaurant sales on advertising. We also offer a modified franchise agreement tailored to meet the needs of franchisees who desire to operate a Nathan's of a smaller size offering a reduced menu. The modified franchise agreement provides for the initial franchise fee of $15,000 which is payable upon execution of the agreement, monthly royalties of 5.0% and the expenditure of 2.0% of restaurant sales on advertising. We may offer alternatives to the standard franchise agreement, having to do with franchise fees or advertising requirements. The initial term of the typical franchise agreement is 20 years, with a 15-year renewal option by the franchisee, subject to conditions contained in the franchise agreement.

Franchisees are approved on the basis of their business background, evidence of restaurant management experience, net worth and capital available for investment in relation to the proposed scope of the development agreement.

We provide numerous support services to our Nathan's franchisees. We assist in and approve all site selections. Thereafter, we provide architectural plans suitable for restaurants of varying sizes and configurations for use in food-court, in-line and free-standing locations. We also assist in establishing building design specifications, reviewing construction compliance, equipping the restaurant and providing appropriate menus to coordinate with the restaurant design and location selected by the franchisee. We typically do not sell food, equipment or supplies to our Nathan's franchisees.

We offer various management training courses for management personnel of company-owned and franchised Nathan's restaurants. At least one restaurant manager from each restaurant must successfully complete our mandated management training program. We also offer additional operations and general management training courses for all restaurant managers and other managers with supervisory responsibilities. We provide standard manuals to each franchisee covering training and operations, products and equipment and local marketing programs. We also provide ongoing advice and assistance to franchisees. We host periodic "Focus on Food" meetings with our franchisees to discuss upcoming marketing events, menu development and other topics, each of which is created to provide systemwide benefits.

Franchised restaurants are required to be operated in accordance with uniform operating standards and specifications relating to the selection, quality and preparation of menu items, signage, decor, equipment, uniforms, suppliers, maintenance and cleanliness of premises and customer service. All standards and specifications are developed by us and applied on a system-wide basis. We continuously monitor franchisee operations and inspect restaurants. Franchisees are required to furnish us with detailed monthly sales or operating reports which assist us in monitoring the franchisee's compliance with its franchise or license agreement. We make both announced and unannounced inspections of restaurants to ensure that our practices and procedures are being followed. We have the right to terminate a franchise if a franchisee does not operate and maintain a restaurant in accordance with the requirements of its franchise or license agreement. We also have the right to terminate a franchise for non-compliance with certain other terms and conditions of the franchise or license agreement such as non-payment of royalties, sale of unauthorized products, bankruptcy or conviction of a felony. During the fiscal year ended March 27, 2005, ("fiscal 2005") franchisees have opened 26 new Nathan's franchised units in the United States and three Nathan's franchise agreements were terminated for non-compliance.

Franchisees who desire to open multiple units in a specific territory within the United States may enter into a standard area development agreement under which we receive an advance fee based upon the number of proposed units which the franchisee is authorized to open. This advance is credited against the franchise fee payable to us as provided in the standard franchise agreement. We may also grant exclusive territorial rights in foreign countries for the development of Nathan's units based upon compliance with a predetermined development schedule. Additionally, we may further grant exclusive manufacturing and distribution rights in foreign countries. In all situations we expect to require an exclusivity fee to be conveyed for such exclusive rights.

Miami Subs Franchise Program

Franchisees are required to execute a standard franchise agreement relating to the operation of each Miami Subs restaurant. Currently, the term of the franchise agreement is between ten and 20 years, and the initial franchise fee is $30,000 for traditional restaurants and $15,000 for certain non-traditional restaurants. The standard franchise agreement provides for the payment of a monthly royalty fee of 4.5% of gross sales in traditional restaurants or 5.0% of gross sales in non-traditional restaurants for the term of the franchise agreement. Additional charges, based on a percentage of restaurant sales are required by operators of traditional restaurants, typically totaling 2.25%, to support various system-wide and local advertising funds.

In addition to individual franchise agreements, we have from time to time entered into development agreements with certain franchisees. The development agreement establishes a minimum number of restaurants that the franchisee is required to open in an agreed upon exclusive area during the term of the agreement. In addition to receiving a franchise fee for each restaurant opened, we also receive a non-refundable fee based upon the number of restaurants committed to be opened under the agreement.

Operations personnel train and assist Miami Subs franchisees in opening new restaurants and monitor the operations of existing restaurants as part of the support provided under the franchise program. New franchisees are required to complete a six-week training program. Upon the opening of a new franchised restaurant, we typically send representatives to the restaurant to assist the franchisee during the opening period. These company representatives work in the restaurant to monitor compliance with Miami Subs' standards and provide additional on-site training of the franchisee's restaurant personnel.

We also provide development and construction support services to our Miami Subs franchisees. We review and approve plans and specifications for the restaurants before improvements begin. Our personnel typically visit the facility during construction to verify that construction standards are met.

The six-week training program consists of formal classroom training and in-restaurant training featuring various aspects of day-to-day operations leading to certification in all functioning positions. Topics covered include human resources, accounting and purchasing, in addition to labor and food handling laws. Standard operating manuals are provided to each franchisee.

To maintain uniform standards of appearance, service and food and beverage quality for our Miami Subs restaurants, we have adopted policies and implemented a monitoring program. Franchisees are expected to adhere to specifications and standards in connection with the selection and purchase of products used in the operation of the Miami Subs restaurant. Detailed specifications are provided for the products used, and franchisees must request approval for any deviations. We do not generally sell equipment, supplies or products to our Miami Subs franchisees. The franchise agreement requires franchisees to operate their restaurants in accordance with Miami Subs' requirements. We require our franchisees to use specified kitchen equipment to maximize consistency of food preparation. Ongoing advice and assistance is provided to franchisees in connection with the operation and management of each restaurant. Our area consultants are responsible for oversight of franchisees and periodically visit each restaurant. During such visits, the area consultant evaluates speed of preparation for menu items, quality of delivered product, cleanliness of restaurant facilities as well as evaluations of managers and other personnel. The area consultants also make announced and unannounced follow-up visits to ensure adherence to operational specifications.

During the past year, Miami Subs continued its meetings with small groups of franchisees in its primary market of south Florida throughout the year. The purpose of these meetings is principally to improve communications in areas of marketing, promotions, new products, training and personnel motivation, operations and other areas affecting the operation and performance of the franchised restaurants.

Franchisees are required to furnish us with detailed monthly sales or operating reports which assist us in monitoring the franchisee's compliance with its franchise agreement. We have the right to terminate a franchise if a franchisee does not operate and maintain a restaurant in accordance with the requirements of its franchise agreement. We also have the right to terminate a franchise for non-compliance with certain other terms and conditions of the franchise agreement such as non-payment of royalties, sale of unauthorized products, bankruptcy or conviction of a felony. During the fiscal year ended March 27, 2005, franchisees have opened two new Miami Subs franchised units and no Miami Subs franchise agreements were terminated for non-compliance.

Kenny Rogers Roasters Franchise Program

Kenny Rogers Roasters domestic franchisees from the previous franchise system were required to execute amended and restated franchise agreements in order to preserve their franchised units. The amended and restated franchise agreement affirmed the franchisees responsibilities and offered reduced royalties to 3% of sales and waived advertising fund payments through March 31, 2001. These reduced rates have been extended until March 31, 2006. Future Kenny Rogers Roasters franchisees will have to execute our current standard franchise agreement which provides for, among other things, a one-time $30,000 franchise fee payable upon execution of the agreement, a monthly royalty payment based on 4.5% of restaurant sales and the expenditure of 2.5% of restaurant sales on advertising. In some specific situations, we may offer alternatives to the standard franchise agreement. The initial term of the typical franchise agreement is 20 years, with up to a 20-year renewal option by the franchisee, subject to conditions contained in the franchise agreement.

Franchisees will be approved on the basis of their business background, evidence of restaurant management experience, net worth and capital available for investment in relation to the proposed scope of the development agreement.

We expect to provide numerous restaurant opening support services to future Kenny Rogers Roasters franchisees. We expect to assist in and approve all Kenny Rogers Roasters site selections. Thereafter, we expect to provide architectural prototype plans suitable for Kenny Rogers Roasters restaurants of varying sizes and configurations, for use in food-court, in-line and free-standing locations. We will also assist in establishing building design specifications, reviewing construction compliance, equipping the restaurant and providing appropriate menus to coordinate with the prototype restaurant design and location selected by the Kenny Rogers Roasters franchisee. We do not typically sell food, equipment or supplies to our Kenny Rogers Roasters franchisees.

We plan to offer various management training courses for management personnel of future Kenny Rogers Roasters restaurants. At least one restaurant manager from each new restaurant or co-branded restaurant will have to successfully complete Kenny Rogers Roasters' mandated management training program. We also plan to offer additional operations and general management training courses to all Kenny Rogers Roasters restaurant managers and other managers with supervisory responsibilities. We provide standard manuals to each franchisee covering training and operations, products and equipment and local marketing programs. We also provide ongoing advice and assistance to franchisees.

Franchised restaurants are required to be operated in accordance with uniform operating standards and specifications relating to the selection, quality and preparation of menu items, signage, decor, equipment, uniforms, suppliers, maintenance and cleanliness of premises and customer service. We develop all standards and specifications, which are applied on a system-wide basis and monitor franchisee operations. Franchisees are required to furnish us with detailed monthly sales or operating reports which assist us in monitoring the franchisee's compliance with its franchise agreement. We have the right to terminate a franchise if a franchisee does not operate and maintain a restaurant in accordance with the requirements of its franchise or license agreement. We also have the right to terminate a franchise for non-compliance with certain other terms and conditions of the franchise agreement such as non-payment of royalties, sale of unauthorized products, bankruptcy or conviction of a felony. During the fiscal year ended March 27, 2005, no Kenny Rogers Roasters franchise agreements were terminated for non-compliance.

Franchisees who desire to open multiple units in a specific territory within the United States may generally enter into a standard area development agreement under which we would receive an advance fee based upon the number of proposed units which the franchisee is authorized to open. This advance would be credited against the franchise fee payable to us, as provided in its standard franchise agreement. In some circumstances, we may grant exclusive territorial rights in foreign countries for the development of Roasters units based upon compliance with a predetermined development schedule. During fiscal 2004, we renegotiated our agreement with Roasters Asia Pacific, our Master Developer in the Far East. Under this agreement, we will receive an annual fee instead of ongoing royalties and restaurant opening fees. The annual fee is scheduled to increase on each anniversary of the agreement.

Company-owned Nathan's Restaurant Operations

As of March 27, 2005, we operated six company-owned Nathan's units, including one seasonal location, in New York. Company-owned units currently range in size from approximately 440 square feet to 10,000 square feet and are principally free-standing buildings. All restaurants, except our seasonal boardwalk location in Coney Island, NY, have seating to accommodate between 60 and 350 customers. The restaurants are designed to appeal to all ages and are open seven days a week. We have established high standards for food quality, cleanliness and service at our restaurants and regularly monitor the operations of our restaurants to ensure adherence to these standards. Restaurant service areas, seating, signage and general decor are contemporary.

Three of these restaurants are older and significantly larger units which do not conform to contemporary designs. These units carry a broader selection of menu items than current designs. The items offered at our restaurants, other than the core menu, tend to have lower margins than the core menu. The older units require significantly higher levels of initial investment than current franchise designs and tend to operate at a lower sales/investment ratio. Consequently, we do not intend to replicate these older units in future company-owned units.

We entered into a food service lease agreement with Home Depot U.S.A., Inc. ("Home Depot") under which we leased space in certain Home Depot Improvement Centers to operate Nathan's restaurants. The term of each Home Depot agreement was five years from the date on which the restaurant opens, with one five year renewal option. In August 2002, Nathan's received written notice from Home Depot that Home Depot terminated eight License Agreements with Nathan's pursuant to which Nathan's operated Nathan's restaurants in certain Home Depot Improvement Centers. In accordance with the termination notices, Nathan's ceased its operations in those locations before February 20, 2003.

Company-owned Miami Subs Restaurant Operations

During the fiscal year ended March 27, 2005, we did not operate any company-owned Miami Subs restaurants. During fiscal 2004, our four company-operated restaurants located in Southern Florida were franchised or transferred pursuant to Management Agreements. These four company-owned Miami Subs restaurants were free-standing restaurants offering drive-thru operations as well as dine-in seating. These restaurants ranged in size from approximately 2,500 square feet to 4,000 square feet with seating capacity for approximately 90 guests. At present, we do not intend to open any new company-operated Miami Subs restaurants.

Company-owned Kenny Rogers Roasters Restaurant Operations

In April 2002, we opened a new limited-menu Kenny Rogers food court type outlet, as part of a major remodeling of a large company-owned Nathan's facility in Oceanside, New York. The Kenny Rogers Roasters operations was closed in June 2005.

At March 27, 2005, we did not operate any Company-owned stand alone Kenny Rogers Roasters restaurants. At present, we do not intend to open any new company-operated Kenny Rogers Roasters restaurants.

International Development

As of March 27, 2005, our franchisees operated 106 units in 11 foreign countries having significant operations within Malaysia and the Philippines. The vast majority of foreign operations consist of approximately 95 Kenny Rogers Roasters units, although our Nathan's restaurant concept also has 11 foreign franchise operations. During the current fiscal year, our international franchising program opened seven Nathan's in Japan, three Nathan's in Kuwait and one Kenny Rogers Roasters restaurant in the Bahamas.

During fiscal 2004, we executed a Master Franchise Agreement and a Distribution and Manufacturing Agreement for the Nathan's and Miami Subs rights in Kuwait and are currently in various stages of negotiations for development in other foreign countries. We may continue to grant exclusive territorial rights for franchising and for the manufacturing and distribution rights in foreign countries, which would require that an exclusivity fee be conveyed for these rights. We plan to develop the restaurant franchising system internationally through the use of master franchising agreements based upon individual or combined use of all three restaurant concepts and for the distribution of Nathan's products. During the fiscal year ended March 27, 2005, approximately 3.3% of total revenues were derived from Nathan's international operations.

Location Summary

The following table shows the number of our company-owned and franchised or licensed units in operation at March 27, 2005 and their geographical distribution:

Domestic Locations	Company	Franchise or License(1)	Total
Arizona	-	2	2
California	-	2	2
Connecticut	-	7	7
Delaware	-	1	1
Florida	-	91	91
Georgia	-	4	4
Kentucky	-	2	2
Maine	-	1	1
Maryland	-	2	2
Massachusetts	-	3	3
Michigan	-	1	1
Minnesota	-	1	1
Missouri	-	3	3
Nevada	-	4	4
New Jersey	-	41	41
New York	6	60	66
North Carolina	-	9	9
Ohio	-	4	4
Pennsylvania	-	5	5
South Carolina	-	1	1
Tennessee	-	1	1
Texas	-	1	1
Virginia	-	3	3
Domestic Subtotal	6	249	255

International Locations

Bahamas	-	1	1
China	-	8	8
Cypress	-	1	1
Egypt	-	3	3
Hong Kong	-	2	2
Japan	-	7	7
Kuwait	-	3	3
Malaysia	-	31	31
Philippines	-	44	44
Singapore	-	4	4
United Arab Emirates	-	2	2
International Subtotal	-	106	106
Grand Total	6	355	361

(1) Amounts include 6 units operated by third parties pursuant to management agreements and does not include our Branded Product Program.

Branded Product Program

The "Branded Product Program" was launched during fiscal 1998. The program was expressly created to provide a new vehicle for the sale of Nathan's hot dogs and other proprietary items. Through the program, Nathan's provides qualified foodservice operators in a variety of venues the opportunity to capitalize on marketing Nathan's valued brand and selling Nathan's signature products. In conjunction with the program, the operators are granted a limited use of the Nathan's trademark, as well as Nathan's point of purchase materials. We sell products either directly to the end users, or to various foodservice distributors who provide the product to retailers.

As of March 2005, the Branded Product Program was comprised of over 5,900 points of sale. The program is unique in its flexibility and broad appeal. Hot dogs are offered in a variety of sizes and even come packaged with buns for vending machine use. The Canteen Corporation, America's largest vending company, uses Nathan's packaged hot dogs as part of its system. During fiscal 2005, Nathan's hot dogs continued to be promoted as part of the pretzel dogs sold at over 570 Auntie Ann's. Nathan's hot dogs were introduced in over 320 Circle K convenience stores and approximately 100 Subway restaurants operating within Wal-Mart stores.

During the past two years, the number of locations offering the Nathan's branded products have been significantly expanded. Today, Nathan's hot dogs are being offered in major hotel and casino operations such as Park Place Entertainment (Caesar's, Paris, Bally's, Flamingo, etc.), as well as by all of the Trump Casino operations in Atlantic City, New Jersey. National movie theaters, such as National Amusements, Loews Theaters and Muvico, also offer Nathan's at their concession stands. A wide variety of colleges and universities serve Nathan's hot dogs. Our products are also offered in the cafeteria at the House of Representatives and the Kennedy Space Center. Nathan's hot dog was named the official non-kosher hot dog of the New York Yankees for the 2001-2006 baseball seasons. In April 2005, Nathan's was also named an official hot dog of the New York Mets for the 2005 - 2007 baseball seasons.

Additionally, Nathan's hot dogs are currently being offered at a variety of restaurant chains such as Johnny Rockets, Flamers, Subway and A&W Hot Dogs & More. Of particular significance is our expansion into over 1,500 retail locations, approximately 1,800 convenience stores with companies such as Exxon/Mobil, and approximately 1,000 locations that are operated by various contract feeders. As we expand the program, we continue to encounter new business opportunities. Nathan's is offered in retail environments, universities, entertainment centers, casinos, airport and travel plazas and on Amtrak Trains throughout the nation.

Expansion Program

We expect to continue the growth of our Branded Product Program through the addition of new points of sale primarily for Nathan's hot dogs. We believe that as consumers look to assure confidence in the quality of the food that they purchase, there is great potential to increase our sales by converting existing sales of non-branded products to Nathan's branded products throughout the foodservice industry. In addition, certain Miami Subs, Kenny Rogers Roasters and additional Nathan's products may be included as part of our Branded Product Program.

We also expect to continue opening new franchised units individually and on a co-branded basis, expanding product distribution through various means such as branded products and retail licensing arrangements, developing master franchising programs in foreign countries and continuing to introduce our restaurant concepts' signature products through co-branding efforts within our restaurant system.

We anticipate that we will open franchised units individually and develop new co-branded outlets. We may selectively consider opening new company-owned Nathan's units on an opportunistic basis. Existing company-owned units are located in the New York metropolitan area, where we have extensive experience in operating restaurants. We may consider new opportunities in both traditional and captive market settings.

We believe that our international development efforts will continue to garner a variety of interest as a result of the unique co-branding and product distribution opportunities that we now offer. We believe that in addition to restaurant franchising, there is the opportunity to further increase revenues by offering master development agreements to qualified persons or entities allowing for the operation of franchised restaurants, subfranchising restaurants to others, licensing the manufacture of our signature products, selling our signature products through supermarkets or other retail venues and allowing for the further development of our Branded Product Program. Qualified persons or entities must have satisfactory foodservice experience managing multiple units, the appropriate infrastructure and the necessary financial resources to support the business development.

During fiscal 2004, we test marketed the sale of Nathan's hot dogs on the QVC television network. On May 20, 2004, Nathan's was featured as a "Today's Special Value", based upon the results of this test. During the balance of fiscal 2005, our products were also promoted on 18 additional QVC showings. We also developed additional products exclusively for sale by QVC such as cheese dogs and hot dogs on a stick. On May 12, 2005 we were once again featured as a "Today's Special Value"and intend to further develop this distribution channel throughout fiscal 2006.

Co-branding

We believe that there is an opportunity for co-branding our restaurant concepts. In addition to the three restaurant concepts that we own, we also maintain certain co-branding rights for the use of the brand "Arthur Treacher's Fish & Chips" within the United States. Franchisees wishing to co-brand with our other brands receive a current Uniform Franchise Offering Circular ("UFOC") and execute a participation agreement as a rider to their franchise agreement.

During 2001, we began implementing our co-branding strategy within our restaurant system. The "Host Restaurants" continued to operate pursuant to their original franchise agreements. Participating franchisees executed an addendum to their agreement which defined the terms of our co-branding relationship. In January 2001, we began to implement our co-branding strategy by offering the Miami Subs franchise community the ability to add Nathan's, Kenny Rogers Roasters and Arthur Treachers' signature products to their menus. As part of this co-branding strategy for the Miami Subs franchise system, an entirely new marketing approach was developed to include the name "Miami Subs Plus". Since fiscal 2002, we have continued to co-brand within the Nathan's restaurant system by adding the

Kenny Rogers and Arthur Treacher's brands into Nathan's restaurants, and we intend to continue these co-branding efforts with new and existing franchisees in the future.

Currently, the Arthur Treacher's brand is being sold within 114 Nathan's, Kenny Rogers Roasters and Miami Subs restaurants, the Nathan's brand is included on the menu of 65 Miami Subs and Kenny Rogers restaurants, while the Kenny Rogers Roasters brand is being sold within 90 Miami Subs and Nathan's restaurants.

We believe that our diverse brand offerings compliment each other, which has enabled us to market franchises of co-branded units and continue co-branding within existing franchised units. The Nathan's and Miami Subs products are typically stronger during lunch while the Kenny Rogers Roasters and Arthur Treachers' products are generally stronger during dinner.

We continue to market co-branded units, generally, promoting Nathan's as the "Host Restaurant", within the United States and internationally. We believe that a multi- branded restaurant concept offering strong lunch and dinner day parts is very appealing to both consumers and potential franchisees. Such restaurants are designed to allow the operator to increase sales and leverage the cost of real estate and other fixed costs to provide superior investment returns as compared to many restaurants that are single branded.

Licensing Program

We license Specialty Food Group, Inc. "SFG, Inc." (successor to SMG, Inc.) to produce packaged hot dogs and other meat products according to Nathans' proprietary recipes and spice formulations, and to use "Nathan's Famous" and related trademarks to sell these products on an exclusive basis in the United States to supermarkets, club stores and groceries, thereby providing foods for off-premises consumption. The SFG agreement expires in 2014 and provides for royalties ranging between 3% to 5% of sales. The percentage varies based on sales volume, with escalating minimum royalties. Earned royalties of approximately $2,451,000 in fiscal 2005 exceeded the contractual minimum established under the agreement. We believe that the overall exposure of the brand and opportunity for consumers to enjoy the "Nathan's Famous" hot dog in their homes helps promote "Nathan's Famous" restaurant patronage. Supermarket sales of our hot dogs are concentrated in the New York metropolitan area, New England, Florida, California, the Mid-Atlantic states and certain other select markets. Over the past year, SFG, Inc. has developed a variety of new products which include four different flavored Link Beef Sausages, two different flavored Dinner Sausages and Cheese Franks. Nathan's has surpassed the Hebrew National brand as the number one selling premium all beef hot dog in the United States for the fifty-two weeks ended April 16, 2005. For the same period of time, Nathan's was the third highest selling all beef hot dog in the United States surpassed only by the Ball Park and Oscar Mayer brands. Royalties from SFG provided the majority of our fiscal 2005 retail license revenues.

We license the manufacture of the proprietary spices and marinade which are used to produce Nathans' hot dogs and Kenny Rogers chicken. During fiscal 2005 and 2004, we earned $336,000 and $288,000, respectively, under these agreements.

During fiscal 2004, we entered into an agreement with ConAgra to test the production and retail distribution of Nathan's frozen french fries. The product was solely available at Shop Rite supermarkets in the New York City area during fiscal 2004. Based on the success of this test, we introduced Nathan's frozen french fries in approximately 1,200 Publix and Winn-Dixie supermarkets in Florida during the summer of 2004. Currently, Nathan's french fries are sold in all of the major supermarkets in the New York City metropolitan area.

During fiscal 2005, certain products were also distributed under licensing agreements with Hermann Pickle Packers, Inc., Gold Pure Food Product's Co., Inc. and Premio Foods, Inc. These companies licensed the "Nathan's Famous" name for the manufacture and sale of various condiments including mustard, salsa, sauerkraut, pickles and certain meat products which are not covered by the SFG license agreement. These products have been distributed on a limited basis. Fees and royalties earned during fiscal 2005 were approximately $175,000.

In fiscal 2004, we first licensed the sale of a Nathan's stove-top griddle which was marketed via televised infomercial and direct retail. During fiscal 2005, we continued to sell the stove-top griddle at retail only and have been focusing on developing new products, along with establishing a new relationship for the direct marketing of these products. Revenue derived under this agreement was $325,000 during fiscal 2004 and $38,000 during fiscal 2005. We intend to continue these efforts to develop and market additional Nathan's non-food items during fiscal 2006.

PROVISIONS AND SUPPLIES

Our proprietary hot dogs are produced by SFG, Inc. in accordance with Nathans' recipes, quality standards and proprietary spice formulations. John Morrell & Company, our licensee prior to SFG, has retained the right to produce Nathans' proprietary spice formulations. Kenny Rogers Roasters proprietary marinade and spice formulations are produced by McCormick and Co., Inc. Most other company provisions are purchased and obtained from multiple sources to prevent disruption in supply and to obtain competitive prices. We approve all products and product specifications. We negotiate directly with our suppliers on behalf of the entire system for all primary food ingredients and beverage products sold in the restaurants to ensure adequate supply of high quality items at competitive prices.

We utilize a unified source for the distribution needs of all of our restaurant concepts pursuant to a national food distribution contract with US Foodservice, Inc. This agreement enables our restaurant operators to order and receive deliveries for the majority of their food and paper products directly through this distributor. We believe that this arrangement is more efficient and cost effective than having multiple distributors.

MARKETING, PROMOTION AND ADVERTISING

We maintain advertising funds for local, regional and national advertising under the Nathan's Famous Systems, Inc. Franchise Agreement. Nathans' franchisees are generally required to spend on local marketing activities or contribute to the advertising funds up to 2.5% of restaurant sales for advertising and promotion. Franchisee contributions to the advertising fund for national marketing support are generally based upon the type of restaurant and its location. The difference, if any, between 2.5% and the contribution to the advertising fund must be expended on local programs approved by us as to form, content and method of dissemination.

Throughout fiscal 2005, Nathans' primary marketing emphasis continued to be focused on local store marketing campaigns featuring a value oriented strategy supplemented with promotional "Limited Time Offers." We anticipate that near-term marketing efforts for Nathan's will continue to emphasize local store marketing activities.

In addition, SFG promotes and advertises the "Nathan's Famous" packaged retail brand, particularly in the New York metropolitan area, California, the greater Boston area, Phoenix, Arizona and throughout Florida. We believe that the advertising by SFG increases brand recognition and thereby indirectly benefits Nathan's restaurants in the areas in which SFG conducts its campaigns. From time to time, we also participate with SFG in joint promotional activities.

We maintain a separate Production Advertising Fund for the creation and development of advertising, marketing, public relations, research and related programs for the Miami Subs system, as well as for other activities that are deemed appropriate. Franchisee and any company-operated restaurants contribute ..50% of each restaurant's gross sales to this fund. In addition, we maintain certain Regional Advertising Funds in which franchised and company-operated restaurants in the region contribute 1.75% of each restaurant's gross sales. If a restaurant is not located in an area where a regional advertising fund has been established, the franchisee or company-operated restaurant is required to spend at least 1.75% of the restaurant's gross sales for local advertising.

Miami Subs' advertising programs principally use print, and carry the theme that Miami Subs offers a variety of menu selections at competitive, fast food prices.

The physical facility of each Miami Subs restaurant represents a key component of Miami Subs' marketing strategy. The restaurants have well-lit exteriors featuring a distinctive roof design, an abundance of pastel neon lights and a lively interior featuring a tropical motif which we believe creates strong appeal during the day and night.

We maintain separate advertising funds on behalf of the Kenny Rogers Roasters franchise system for regional and national advertising under the NF Roasters Corp. Franchise Agreement. Franchisees who signed up to participate in the new system were required to contribute to the advertising funds .50% of restaurant sales for advertising and promotion for the year April 1, 1999 through March 31, 2000 and .75% of restaurant sales for advertising and promotion thereafter. However, contributions to the marketing fund for the years April 1, 2000 through March 31, 2006 have been waived. New franchisees will be expected to spend on local marketing activities or contribute to the advertising funds up to 2.5% of restaurant sales for advertising and promotion.

During the year, the Kenny Rogers Roasters' primary marketing focus has been toward utilizing promotional "Limited Time Offers". We anticipate that near-term marketing efforts for Kenny Rogers Roasters will continue to emphasize local store marketing activities.

GOVERNMENT REGULATION

We are subject to Federal Trade Commission ("FTC") regulation and several state laws which regulate the offer and sale of franchises. We are also subject to a number of state laws which regulate substantive aspects of the franchisor-franchisee relationship.

The FTC's "Trade Regulation Rule Concerning Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" requires us to disclose certain information to prospective franchisees. Fifteen states, including New York, also require similar disclosure. While the FTC rule does not require registration or filing of the disclosure document, fourteen states require franchisors to register the disclosure document (or obtain exemptions from that requirement) before offering or selling a franchise. The laws of seventeen other states require some form of registration under "business opportunity" laws, which sometimes apply to franchisors such as the franchisor of the Nathan's Famous, Miami Subs, and Kenny Rogers Roasters systems.

Laws that regulate one or another aspect of the franchisor-franchisee relationship presently exist in twenty-one states and the District of Columbia. These laws regulate the franchise relationship by, for example, requiring the franchisor to deal with its franchisees in good faith, prohibiting interference with the right of free association among franchisees, limiting the imposition of standards of performance on a franchisee, and regulating discrimination among franchisees in charges, royalties or fees. These laws have not precluded us from seeking franchisees in any given area. Although these laws may also restrict a franchisor in the termination of a franchise agreement by, for example, requiring "good cause" to exist as a basis for the termination, advance notice to the franchisee of the termination, an opportunity to cure a default and repurchase of inventory or other compensation, these provisions have not had a significant effect on our operations.

We are not aware of any pending franchise legislation in the U.S. that we believe is likely to significantly affect our operations. We believe that our operations comply substantially with the FTC rule and state franchise laws.

Each company-owned and franchised restaurant is subject to regulation by federal agencies and to licensing and regulation by state and local health, sanitation, safety, fire and other departments. Difficulties or failures in obtaining the required licenses or approvals could delay or prevent the opening of a new restaurant.

We are also subject to the Federal Fair Labor Standards Act, which governs minimum wages, overtime, working conditions and other matters. We are also subject to other federal and state environmental regulations, which have not had a material effect on our operations. More stringent and varied requirements of local governmental bodies with respect to zoning, land use and environmental factors could delay or prevent development of new restaurants in particular locations. In addition, the Federal Americans with Disabilities Act ("ADA") applies with respect to the design, construction and renovation of all restaurants in the United States. Compliance with the ADA's requirements could delay or prevent the development of, or renovations to, restaurants in certain locations, as well as add to the cost of such development or renovation.

Each of the companies which manufactures, supplies or sells our products is subject to regulation by federal agencies and to licensing and regulation by state and local health, sanitation, safety and other departments. Difficulties or failures by these companies in obtaining the required licenses or approvals could adversely effect our revenues which are generated from these companies.

Alcoholic beverage control regulations require each restaurant that sells such products to apply to a state authority and, in certain locations, county and municipal authorities, for a license or permit to sell alcoholic beverages on the premises. Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of the daily operations of the restaurants, including minimum age of customers and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling, storage and dispensing of alcoholic beverages. At March 27, 2005, we offered for sale beer or wine in two of our existing company-operated restaurants. Each of these restaurants have current alcoholic beverage licenses permitting the sale of these beverages. We have never had an alcoholic beverage license revoked.

We may be subject in certain states to "dram-shop" statutes, which generally provide a person injured by an intoxicated person the right to recover damages from an establishment which wrongfully served alcoholic beverages to such person. We carry liquor liability coverage as part of our existing comprehensive general liability insurance and have never been named as a defendant in a lawsuit involving "dram-shop" statutes.

We believe that we operate in substantial compliance with applicable laws and regulations governing our operations.

EMPLOYEES

At March 27, 2005, we had 238 employees, of whom 53 were corporate management and administrative employees, 30 were restaurant managers and 155 were hourly full-time and part-time food-service employees. Food-service employees at four locations are currently represented by Local 1102 RWSDU UFCW AFL-CIO, CLC , Retail, Wholesale and Department Store Union, under agreement which expires in June 2006. We consider our employee relations to be good and have not suffered any strike or work stoppage for more than 33 years.

We provide a training program for managers and assistant managers of our new company-owned and franchised restaurants. Hourly food workers are trained, on site, by managers and crew trainers following company practices and procedures outlined in our operating manuals.

TRADEMARKS

We hold trademark and service mark registrations for NATHAN'S FAMOUS, NATHAN'S and Design, NATHAN'S FAMOUS SINCE 1916 and SINCE 1916 NATHAN'S FAMOUS within the United States, with some of these marks holding corresponding foreign trademark and service mark registrations in more than 20 jurisdictions. We also hold various related marks for restaurant services and some food items.

We have registered the marks "MIAMI SUBS AND DESIGN" and "MIAMI SUBS GRILL AND DESIGN" with the United States Patent and Trademark Office. In addition, the marks have been registered in numerous foreign countries.

We have also filed the MIAMI SUBS PLUS trademark on February 15, 2001 and an Amendment to Alleged Use on May 21, 2001. The MIAMI SUBS PLUS application with the U.S. Patent and Trademark Office became effective on September 10, 2002.

We hold trademark and service mark registrations for "KENNY ROGERS ROASTERS", "KENNY ROGERS ROASTERS WOOD FIRE ROASTED CHICKEN & DESIGN", " DOWN RIGHT KICKIN BBQ CHICKEN", "EVERYONE ELSE IS JUST PLAIN CHICKEN", "THERE'S GOODNESS HERE", "YOU'RE GONNA LOVE THIS FOOD", "YOUR HEART IS IN THE RIGHT PLACE", "KENNY ROGERS TAKE IT HOME & DESIGN" and "KENNY ROGERS ROASTERS EXPRESS & DESIGN" within the United States. Some of these marks are covered by corresponding foreign trademark and service mark registrations in more than 80 jurisdictions. The "Kenny Rogers Roasters" marks are subject to the terms of an April 5, 1993 license from Mr. Kenny Rogers; that license agreement was assigned to us on April 1, 1999, when we purchased certain assets relating to the "Kenny Rogers Roasters" franchise system.

We believe that our trademarks and service marks provide significant value to us and are an important factor in the marketing of our products and services. We believe that we do not infringe on the trademarks or other intellectual property rights of any third parties.

COMPETITION

The fast food restaurant industry is highly competitive and can be significantly affected by many factors, including changes in local, regional or national economic conditions, changes in consumer tastes, consumer concerns about the nutritional quality of quick-service food and increases in the number of, and particular locations of, competing restaurants. Factors such as inflation, increases in food, labor and energy costs, the availability and cost of suitable sites, fluctuating interest and insurance rates, state and local regulations and licensing requirements and the availability of an adequate number of hourly paid employees can also adversely affect the fast food restaurant industry.

Our restaurant system competes with numerous restaurants and drive-in units operating on both a national and local basis, including major national chains with greater financial and other resources than ours. Changes in pricing or other marketing strategies by these competitors can have an adverse impact on our sales, earnings and growth. We also compete with local restaurants and diners on the basis of menu diversity, food quality, price, size, site location and name recognition. There is also active competition for management personnel as well as suitable commercial sites for restaurants.

We believe that our emphasis on our signature products and the reputation of these products for taste and quality set us apart from our major competitors. As fast food companies have experienced flattening growth rates and declining average sales per restaurant, some of them have adopted "value pricing" and or deep discount strategies. These strategies could have the effect of drawing customers away from companies which do not engage in discount pricing and could also negatively impact the operating margins of competitors which attempt to match their competitors' price reductions. We have introduced our own form of "value pricing," selling combinations of different menu items for a total price lower than the usual sale price of the individual items and other forms of price sensitive promotions. We have expanded our value pricing strategy by offering multi-sized alternatives to our value priced combo meals. Extensive price discounting in the fast food industry could have an adverse effect on our financial results.

We also compete with many franchisors of restaurants and other business concepts for the sale of franchises to qualified and financially capable franchisees.

Our Branded Product Program competes directly with a variety of nationally recognized hot dog companies. Our products primarily compete based upon price, quality and value to the foodservice operator and consumer. We believe that the reputation of the Nathan's brand for superior quality along with the unique operational support provided to the foodservice operator provides Nathan's with a competitive advantage.

Our retail licensing program for the sale of packaged foods within supermarkets, compete primarily on the basis of reputation, flavor, quality and price. In most cases, we compete against nationally recognized brands that have significantly greater resources then those at our disposal.

AVAILABLE INFORMATION

We file reports with the SEC, including an annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and a proxy statement on Schedule 14A. The public may read and copy any materials filed by us with the SEC at the SEC's public reference room at 450 Fifth Street, NW, Washington D.C., 20549. The public may obtain information about the operation of the SEC's public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at http://www.sec.gov that contains reports, proxy and information statements and other information about issuers such as us that file electronically with the SEC.

In addition, we make available free of charge on our website at http://www.nathansfamous.com our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statement on Schedule 14A and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) under the Exchange Act as soon as reasonably practical after we electronically file such material with, or furnish it to, the SEC.

ITEM 2. PROPERTIES

Our principal executive offices consist of approximately 9,700 sq. ft. of leased space in a modern, high-rise office building in Westbury, New York which expires in November 2009. We also own Miami Subs' regional office consisting of approximately 8,500 sq. ft. in Fort Lauderdale, Florida. We currently own two restaurant properties consisting of a 2,650 sq. ft. Nathan's restaurant, at 86th Street in Brooklyn, New York located on a 25,000 sq. ft. lot, and a 2,600 sq. ft. Miami Subs restaurant in Miami, FL located on a 25,000 sq. ft. lot. At March 27, 2005, other company-owned restaurants which were operating were located in leased space with terms expiring as shown in the following table:

Nathan's Restaurants	Location	Current Lease Expiration Date	Approximate Square Footage
Coney Island	Brooklyn, NY	December 2007	10,000
Coney Island Boardwalk	Brooklyn, NY	October 2005	440
Long Beach Road	Oceanside, NY	May 2011	7,300
Central Park Avenue	Yonkers, NY	April 2010	10,000
Broad Hollow Road	Farmingdale, NY	April 2008	2,200

Leases for Nathan's restaurants typically provide for a base rent plus real estate taxes, insurance and other expenses and, in some cases, provide for an additional percentage rent based on the restaurants' revenues. Three of the Nathan's leases provide for renewal options ranging between 10 and 20 years upon expiration of the current lease.

Properties leased by Miami Subs restaurants generally provide for an initial lease term of up to 20 years and renewal terms of five to 20 years. The leases generally provide for fixed rents plus adjustments based on changes in the consumer price index or percentage rentals on gross sales. Restaurants and other facilities are leased or sub-leased to franchisees or others on terms which are generally similar to the terms in our lease with the third-party landlord, except that in certain cases the rent has been increased. We remain liable for all lease costs when properties are sub-leased to franchisees or others.

At March 27, 2005, we were the sublessor to 29 properties pursuant to these arrangements; five of the restaurants leased/sub-leased to franchisees or others are located outside of Florida or the metropolitan New York area.

Aggregate rental expense, net of sublease income, under all current leases amounted to $1,278,000 in fiscal 2005.

ITEM 3. 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 has been 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 the franchisee's insurer has agreed to indemnify and defend Miami Subs and has assumed the defense of this action for Miami Subs.

An employee of a Miami Subs franchised restaurant commenced an action for unspecified damages in the United States District Court, Southern District of Florida in January 2004 against Miami Subs Corporation, Miami Subs USA, Inc., and two Miami Subs franchisees, Nadia M. Investments, Inc. and DYV SYS International, Inc.(the "franchisees"), claiming that he was not paid overtime when he worked in excess of 40 hours per week, in violation of the Fair Labor Standards Act. The action also seeks damages for any other employees of the defendants who would be similarly entitled to overtime. Pursuant to the terms of the Miami Subs Franchise Agreement, the franchisees are obligated to operate their Miami Subs franchises in compliance with the law, including all labor laws. On July 27, 2004, this action was settled without payment to the plaintiffs by Miami Subs Corporation.

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. Initial discoveries and depositions have commenced. Nathan's has denied any liability and intends to continue to defend this action vigorously. Nathan's has submitted this claim to its insurance carrier and expects that it will not incur any material liability that is not covered by its employment practices liability insurance policy.

An employee of a Miami Subs franchised restaurant commenced an action for unspecified damages in the United States District Court, Southern District of Florida in September 2004 against Miami Subs Corporation, Miami Subs USA, Inc., and three Miami Subs franchisees, FMI Subs Corporation, NEESA Subs Corp. and Muhammad Amin, (the "franchisees"), claiming that she was not paid overtime when she worked in excess of 40 hours per week, in violation of the Fair Labor Standards Act. The action also seeks damages for any other employees of the defendants who would be similarly entitled to overtime. Pursuant to the terms of the Miami Subs Franchise Agreement, the franchisees are obligated to operate their Miami Subs franchises in compliance with the law, including all labor laws. On May 27, 2005, this action was settled without payment to the plaintiffs by Miami Subs Corporation.

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. Although the parties agreed to a settlement in March 2004 for approximately $10,000, such agreement was not finalized and 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. Nathan's intends to cooperate with the EEOC's conciliation efforts in the hope that this matter can be settled on reasonable terms. If it cannot, and the employee or the EEOC commences legal proceedings, Nathan's will defend the matter vigorously.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

COMMON STOCK PRICES

Our common stock began trading on the over-the-counter market on February 26, 1993 and is quoted on the Nasdaq National Market System ("Nasdaq") under the symbol "NATH." The following table sets forth the high and low closing sales prices per share for the periods indicated:

	High	Low
Fiscal year ended March 27, 2005		
First quarter	$ 6.16	$ 5.50
Second quarter	6.30	5.61
Third quarter	8.35	5.86
Fourth quarter	8.39	7.01
Fiscal year ended March 28, 2004		
First quarter	$ 3.93	$ 3.38
Second quarter	4.87	3.48
Third quarter	5.36	4.22
Fourth quarter	5.99	5.00

At June 20, 2005 the closing price per share for our common stock, as reported by Nasdaq was $9.48.

DIVIDEND POLICY

We have not declared or paid a cash dividend on our common stock since our initial public offering and do not anticipate that we will pay any dividends in the foreseeable future. It is our Board of Directors' policy to retain all available funds to finance the development and growth of our business and to purchase stock pursuant to our stock buyback program. The payment of any cash dividends in the future will be dependent upon our earnings and financial requirements.

SHAREHOLDERS

As of June 20, 2005, we had 836 shareholders of record, excluding shareholders whose shares were held by brokerage firms, depositories and other institutional firms in "street name" for their customers.

ISSUER PURCHASES OF EQUITY SECURITIES

PERIOD	(a) TOTAL NUMBER OF SHARES PURCHASED	(b) AVERAGE PRICE PAID PER SHARE	(c) TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS	(d) MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLAN
DEC. 28 2004 - JAN. 23 2005	-0-	$ -0-	1,891,100	108,900
JAN. 24, 2005 - FEB. 20, 2005	-0-	$ -0-	1,891,100	108,900
FEB. 21, 2005 - MAR. 27, 2005	55,380	$7.90	1,891,100	108,900
TOTAL	55,380	$7.90	1,891,100	108,900

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 by September 29, 2002. On October 7, 2002, Nathan's was authorized to purchase up to one million additional shares of its common stock. To date, we have repurchased 891,100 shares of common stock in open market transactions. Nathan's is authorized to repurchase up to an additional 108,900 shares of common stock. There is no set time limit on the purchases.

On March 11, 2005, our Chairman and Chief Executive Officer exercised a stock option to purchase 100,000 shares of common stock at an exercise price of $4.375 per share (the "Option"). Pursuant to the terms of the 1992 Stock Option Plan, under which the Option was granted, the Option exercise price was paid by delivery of 55,380 "mature shares" previously owned by him. The repurchase of these shares was not under the publicly announced stock repurchase plan.

EQUITY COMPENSATION PLAN INFORMATION

The following chart summarizes the options and warrants outstanding and available to be issued at March 27, 2005:

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS AND WARRANTS (a)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS AND WARRANTS (b)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (a)) (c)
EQUITY COMPENSATION PLANS APPROVED BY SECURITY HOLDERS	1,031,046	$ 4.0886	203,500
EQUITY COMPENSATION PLANS NOT APPROVED BY SECURITY HOLDERS	632,500	$ 3.3271	-0-
TOTAL	1,663,546	$ 3.7991	203,500

Warrants

On July 17, 1997, we granted to our Chairman and Chief Executive Officer a warrant to purchase 150,000 shares of our common stock at an exercise price of $3.50 per share, representing the market price of our common stock on the date of grant. The shares vested at a rate of 25% per annum commencing July 17, 1998 and the warrant expires in July 2007.

1998 Stock Option Plan

In April 1998, our Board of Directors adopted the Nathan's Famous, Inc. 1998 Stock Option Plan, under which any of our directors, officers, employees or consultants, or those of a subsidiary or an affiliate, may be granted options to purchase an aggregate 500,000 shares of common stock. The 1998 Plan is to be administered by the Board of Directors of Nathan's; provided, however, that the Board may, in the exercise of its discretion, designate from among its members a compensation committee or a stock option committee consisting of no fewer than two "non-employee directors", as defined in the Securities Exchange Act of 1934. The Compensation Committee currently administers the 1998 Plan. Subject to the terms of the 1998 Plan, the Compensation Committee may determine and designate those directors, officers, employees and consultants who are to be granted stock options under the 1998 Plan and the number of shares to be subject to options and the term of the options to be granted, which term may not exceed ten years. The Board of Directors or the committee shall also, subject to the express provisions of the 1998 Plan, have authority to interpret the 1998 Plan and to prescribe, amend and rescind the rules and regulations relating to the 1998 Plan. Only non-qualified stock options may be granted under the terms of the 1998 Plan. The exercise price for the options granted under the 1998 Plan will be not less than the fair market value on the date of grant. The option price, as well as the number of shares subject to the option, shall be appropriately adjusted by the committee in the event of stock splits, stock dividends, recapitalizations, and other specified events involving a change in Nathan's capital.

On June 20, 2005, there were options outstanding to purchase an aggregate 482,500 shares of common stock with a weighted average exercise price of $3.351, each of which has a term of ten years from its grant date. Since the inception of the 1998 Plan, 17,500 options have been exercised and no options have lapsed.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

	FISCAL YEARS ENDED				
	MARCH 27, 2005	MARCH 28, 2004 (2)	MARCH 30, 2003 (2)	MARCH 31, 2002 (1, 2)	MARCH 25, 2001 (2)
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
Statement of Operations Data:					
Revenues:					
Sales	$ 23,296	$ 19,848	$ 23,809	$ 26,400	$ 28,796
Franchise fees and royalties	6,774	6,286	5,977	7,944	8,814
License royalties, investment and other income	4,042	3,628	3,033	4,106	3,561
Total revenues	34,112	29,762	32,819	38,450	41,171
Costs and Expenses:					
Cost of sales	17,266	14,198	16,012	17,644	18,536
Restaurant operating expenses	3,063	3,441	5,292	6,221	7,315
Depreciation and amortization	918	898	1,270	1,354	1,499
Amortization of intangible assets	263	261	278	888	839
General and administrative expenses	8,341	7,519	8,600	9,292	8,978
Interest expense	49	75	132	256	310
Impairment of long-lived assets	-	25	1,367	392	127
Impairment of notes receivable	-	208	1,425	185	151
Other expense (income), net	(16)	45	232	(210)	462
Total costs and expenses	29,884	26,670	34,608	36,022	38,217
Income (loss) from continuing operations before provision (benefit) for income taxes	4,228	3,092	(1,789)	2,428	2,954
Provision (benefit) for income taxes	1,482	1,140	(283)	1,049	1,389
Income (loss) from continuing operations	2,746	1,952	(1,506)	1,379	1,565
Discontinued operations					
(Loss) income from discontinued operations before income taxes	(15)	(98)	(206)	(217)	68
(Benefit) provision for income taxes	(6)	(40)	(82)	(87)	27
(Loss) income from discontinued operations	(9)	(58)	(124)	(130)	41
Income (loss) before cumulative effect of accounting change	2,737	1,894	(1,630)	1,249	1,606
Cumulative effect of change in accounting principle, net of tax benefit of $ 854 in 2003	-	-	(12,338)	-	-
Net income (loss)	$ 2,737	$ 1,894	($ 13,968)	$ 1,249	$ 1,606
Basic income (loss) per share:					
Income (loss) from continuing operations	$ 0.52	$ 0.37	($ 0.25)	$ 0.20	$ 0.22
Income (loss) from discontinued operations	-	(0.01)	(0.03)	(0.02)	.01
Cumulative effect of change in accounting principle	-	-	(2.06)	-	-
Net income (loss)	$ 0.52	$ 0.36	($ 2.34)	$ 0.18	$ 0.23

Diluted income (loss) per share:					
Income (loss) from continuing operations	$ 0.45	$ 0.34	($ 0.25)	$ 0.20	$ 0.22
Income (loss) from discontinued operations	-	(0.01)	(0.03)	(0.02)	.01
Cumulative effect of change in accounting principle	-	-	(2.06)	-	-
Net income (loss)	$ 0.45	$ 0.33	($ 2.34)	$ 0.18	$ 0.23
Dividends	-	-	-	-	-
Weighted average shares used in computing net income (loss) per share					
Basic	5,307	5,306	5,976	7,048	7,059
Diluted (3)	6,080	5,678	5,976	7,083	7,098
Balance Sheet Data at End of Fiscal Year:					
Working capital	$ 14,009	$ 9,185	$ 5,935	$ 9,565	$ 5,210
Total assets	31,269	27,584	25,886	48,745	51,826
Long term debt, net of current maturities	692	866	1,053	1,220	1,789
Stockholders' equity	$ 21,356	$ 17,352	$ 16,383	$ 36,145	$ 35,031
Selected Restaurant Operating Data:					
Company-owned Restaurant Sales (4)	$ 11,538	$ 12,780	$ 21,955	$ 27,484	$ 30,946
Number of Units Open at End of Fiscal Year:					
Company-owned	6	7	12	22	25
Franchised	355	338	343	364	386

Notes to Selected Financial Data

(1) Our fiscal year ends on the last Sunday in March which results in a 52 or 53 week year. Fiscal 2002 was a 53 week year.

(2) Results have been adjusted to reflect the closure of one restaurant during the fiscal year ended March 27, 2005 and reclassification of results of that restaurant's operations to discontinued operations.

(3) Common stock equivalents have been excluded from the computation for the year ended March 30, 2003 as, due to the net loss, the impact of their inclusion would have been anti-dilutive.

(4) Company-owned restaurant sales represent sales from restaurants presented within continuing operations and discontinued operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

As used in this Report, the terms "we", "us", "our", "the Company" 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 114 Nathan's, Kenny Rogers Roasters and Miami Subs restaurants, the Nathan's brand is included on the menu of 65 Miami Subs and Kenny Rogers restaurants, while the Kenny Rogers Roasters brand is being sold within 90 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 franchised two company-operated restaurants during the fiscal year ended March 30, 2003. During the fiscal year ended March 28, 2004, Nathan's franchised three company-operated restaurants and entered into two management agreements with franchisees to operate two company-operated restaurants. During the fiscal year ended March 27, 2005, Nathan's closed one company-operated restaurant due to its lease expiration. The remaining six restaurants are presented as continuing operations in the accompanying financial statements.

At March 27, 2005, our system, consisting of Nathan's Famous, Kenny Rogers Roasters and Miami Subs restaurants, included 355 franchised units, including 6 units operating pursuant to management agreements, 6 company-owned units, including one seasonal location, within the New York metropolitan area and more than 5,900 branded product points of sale under our Branded Product Program, located in 46 states, the District of Columbia and 13 foreign countries. At March 27, 2005, our company-owned restaurant system included six Nathan's units, as compared to seven Nathan's units at March 28, 2004.

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 events or changes in circumstances indicate the carrying value may not be recoverable) 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 charges may be required in the future. In the first quarter of fiscal 2003, Nathan's adopted SFAS No. 142. In connection with the implementation of this new standard in fiscal 2003, 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 an income tax benefit of $854,000. No goodwill or other intangible assets were determined to be impaired during the fifty-two week periods ended March 27, 2005 or March 28, 2004.

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 fifty-two week period ended March 27, 2005, no impairment charges on long-lived assets were recorded. During the fifty-two week period ended March 28, 2004, we identified one restaurant that had been impaired and recorded impairment charges of approximately $25,000. During the fifty-two weeks ended March 30, 2003, we identified seven restaurants that had been impaired and recorded impairment charges of approximately $1,367,000.

Impairment of Notes Receivable

Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan," as amended, 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; and/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. During the fifty-two week period ended March 27, 2005, no impairment charges on notes receivable were recorded. We previously identified certain notes receivable that had been impaired and recorded impairment charges of approximately $208,000 relating to two notes and $1,425,000 relating to nine notes during the fifty-two weeks ended March 28, 2004 and March 30, 2003, respectively.

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:

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

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 each 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 March 27, 2005 and March 28, 2004 was $324,000 and $346,000, respectively. During the fifty-two weeks ended March 27, 2005, we reversed approximately $71,000 of previously recorded insurance accruals to reflect the revised estimated cost of claims. Also, during the fifty-two weeks ended March 28, 2004, we reversed approximately $268,000 of previously recorded insurance accruals for items that have been concluded without further payment. Finally, during the fifty-two weeks ended March 30, 2003, we completed an evaluation of the outstanding claims and reserves in conjunction with our external risk manager and reversed $196,000 of previously recorded self insurance accruals for those claims on which our exposure had been settled.

RESULTS OF OPERATIONS

FISCAL YEAR END MARCH 27, 2005 COMPARED TO FISCAL YEAR ENDED MARCH 28, 2004

Revenues from Continuing Operations

Total sales increased by $3,448,000 or 17.4% to $23,296,000 for the fifty-two weeks ended March 27, 2005 ("fiscal 2005 period") as compared to $19,848,000 for the fifty-two weeks ended March 28, 2004 ("fiscal 2004 period"). Sales from the Branded Product Program increased by 41.7% to $10,838,000 for the fiscal 2005 period as compared to sales of $7,651,000 in the fiscal 2004 period. This increase was attributable to a volume increase of approximately 44.7% and price increases which were partly offset by higher sales allowances. Company-owned restaurant sales decreased by $741,000 or 6.2% to $11,122,000 from $11,863,000 primarily due to the operation of five fewer Company-owned stores as compared to the prior fiscal year, which was partly offset by a 4.7% sales increase at our comparable restaurants (consisting of six Nathan's, including one seasonal location). The reduction in Company-owned stores is the result of our franchising three restaurants and entering into two management agreements during the fiscal 2004 period. The financial impact associated with these five restaurants lowered restaurant sales by $1,237,000 and improved restaurant operating profits before depreciation by $138,000 versus the fiscal 2004 period. During the fiscal 2005 period we realized sales of $1,336,000 as compared to $334,000 in the fiscal 2004 period in connection with our QVC marketing program which was introduced in September 2003. The majority of the sales generated by QVC during the fiscal 2005 period were in connection with the "Today's Special Value" program held on May 20, 2004 featuring Nathan's hot dogs.

Franchise fees and royalties increased by $488,000 or 7.8% to $6,774,000 in the fiscal 2005 period compared to $6,286,000 in the fiscal 2004 period. Franchise royalties increased by $396,000 or 6.9% to $6,103,000 in the fiscal 2005 period as compared to $5,707,000 in the fiscal 2004 period. This increase is due primarily to improved contract compliance and higher domestic franchise sales. Domestic sales increased by 2.2% to $164,925,000 in the fiscal 2005 period as compared to $161,332,000 in the fiscal 2004 period. Comparable domestic franchise sales (consisting of 175 restaurants) increased by $7,931,000 or 6.3% to $133,141,000 in the fiscal 2005 period as compared to $125,210,000 in the fiscal 2004 period. At March 27, 2005, there were 355 domestic and international franchised or licensed restaurants operating as compared to 338 domestic and international franchised or licensed restaurants at March 28, 2004. During the fifty-two weeks ended March 27, 2005, royalty income from 25 domestic franchised locations have been deemed unrealizable as compared to 35 domestic franchised locations during the fifty-two weeks ended March 28, 2004. Domestic franchise fee income was $355,000 in the fiscal 2005 period as compared to $376,000 in the fiscal 2004 period. During the fiscal 2005 period, 28 new domestic franchised units opened as compared to opening 20 new franchised units and franchising four Company-owned restaurants during the fiscal 2004 period. Fourteen of the new units that opened during the fiscal 2005 period were non-traditional stores whereby lower franchise fees are earned as compared to nine non-traditional units during the fiscal 2004 period. Nathan's also recognized $66,000 in connection with three forfeited domestic franchise fees during the fiscal 2005 period and $23,000 in connection with one forfeited domestic franchise fee during the fiscal 2004 period. International franchise fee income was $250,000 in the fiscal 2005 period as compared to $180,000 during the fiscal 2004 period. During the fiscal 2005 period, 11 new international units were opened.

License royalties were $3,332,000 in the fiscal 2005 period as compared to $2,970,000 in the fiscal 2004 period. This increase is primarily attributable to higher royalties earned from the sale of Nathan's frankfurters within supermarkets and club stores and from our license agreements for Nathan's french fries and condiments, which more than offset lower royalties earned from the sale of the Nathan's "griddle" that was marketed via infomercial and retailers during the Christmas 2003 season.

Investment and other income was $472,000 in the fiscal 2005 period versus $459,000 in the fiscal 2004 period. During the fiscal 2005 period, income from subleasing activities and other income was approximately $135,000 higher than the fiscal 2004 period primarily due to the termination of unprofitable leases, which was partially offset by lower investment income and amortized deferred income. Gains associated with the sale of fixed assets were approximately $122,000 lower during the fiscal 2005 period than during the fiscal 2004 period. In the fiscal 2004 period net gains of $149,000 were realized, primarily in connection with the sale of two Company-owned restaurants to franchisees.

Interest income was $238,000 in the fiscal 2005 period versus $199,000 in the fiscal 2004 period due primarily to earning higher interest income from our marketable investment securities and lower interest income on notes receivable which were determined to be impaired during the fiscal year ended March 28, 2004.

Costs and Expenses from Continuing Operations

Cost of sales increased by $3,068,000 to $17,266,000 in the fiscal 2005 period from $14,198,000 in the fiscal 2004 period. Higher costs of approximately $2,868,000 were incurred primarily in connection with the growth of our Branded Product Program. Increased costs were also incurred in connection with our QVC marketing program and higher commodity costs of both programs during the fiscal 2005 period. During the fiscal 2005 period, restaurant cost of sales were lower than the fiscal 2004 period by approximately $706,000. Restaurant cost of sales were lower by approximately $919,000 as a result of operating five fewer Company-owned restaurants during the fiscal 2005 period. The cost of restaurant sales at our comparable units as a percentage of restaurant sales was 60.3% in the fiscal 2005 period as compared to 61.1% in the fiscal 2004 period. This decrease was the result of lower labor and related costs which were partly offset by higher food costs. The cost of beef products has continued to increase since the beginning of fiscal 2004. The cost of hot dogs was approximately 7.1% higher during the fiscal 2005 period than the fiscal 2004 period. In response to last year's cost increases, Nathan's increased selling prices within its Branded Product Program where possible to offset some of the margin pressure during the second half of fiscal 2004. Nathan's had previously increased menu prices in its company-operated restaurants due to these rising costs. Nathan's plans to further increase its selling prices in response to the unusually high cost of our beef products and the impact of higher gasoline prices in the first quarter of fiscal 2006.

Restaurant operating expenses decreased by $378,000 to $3,063,000 in the fiscal 2005 period from $3,441,000 in the fiscal 2004 period. Restaurant operating expenses were lower by $458,000 as a result of operating five fewer restaurants which were partly offset by higher marketing and insurance costs. Insurance costs during the fiscal 2004 period were lower as a result of the reversal of previously recorded insurance accruals for items that were concluded without further payment by Nathan's.

Depreciation and amortization was $918,000 in the fiscal 2005 period as compared to $923,000 in the fiscal 2004 period.

Amortization of intangible assets was $263,000 in the fiscal 2005 period and $261,000 in the fiscal 2004 period.

General and administrative expenses increased by $822,000 to $8,341,000 in the fiscal 2005 period as compared to $7,519,000 in the fiscal 2004 period. The increase in general and administrative expenses was due primarily to higher personnel, severance and incentive compensation expenses of approximately $588,000 and higher corporate insurance expense of approximately $65,000. Insurance costs during the fiscal 2004 period were lower as a result of the reversal of previously recorded insurance accruals for items that were concluded without further payment by Nathan's. During the fiscal 2004 period, Nathan's recorded an expense reversal of approximately $50,000 from the settlement of a disputed claim for less then the anticipated amount.

Interest expense was $49,000 during the fiscal 2005 period as compared to $75,000 during the fiscal 2004 period. The reduction in interest expense relates primarily to the repayment of outstanding loans between the two periods.

No notes receivable were determined to be impaired during the fiscal 2005 period. Impairment charge on notes receivable of $208,000 during the fiscal 2004 period represents the write-down of two notes receivable, due to the failure of the franchisees to make required payments to us.

Provision for Income Taxes

In the fiscal 2005 period, the income tax provision was $1,482,000 or 35.1% of income from continuing operations before income taxes as compared to $1,140,000 or 36.9% of income from continuing operations before income taxes in the fiscal 2004 period. During the third quarter fiscal 2005, Nathan's received a refund of prior years' state income taxes, which, net of applicable federal income tax, was approximately $81,000, lowering the effective tax rate by 1.9% for the fiscal 2005 period.

Discontinued operations

The fiscal 2005 period and fiscal 2004 period include the results of one restaurant that was closed pursuant to its lease expiration on September 12, 2004. Revenues generated by this restaurant were $415,000 and $917,000 during the fiscal 2005 and 2004 periods, respectively. Losses before income taxes from this restaurant were $15,000 and $98,000 during the fiscal 2005 and 2004 periods, respectively.

FISCAL YEAR END MARCH 28, 2004 COMPARED TO FISCAL YEAR ENDED MARCH 30, 2003

Revenues from Continuing Operations

Total sales from continuing operations decreased by 16.6% or $3,961,000 to $19,848,000 for the fifty-two weeks ended March 28, 2004 ("fiscal 2004") as compared to $23,809,000 for the fifty-two weeks ended March 30, 2003 ("fiscal 2003"). Company-owned restaurant sales decreased 32.0% or $5,595,000 to $11,863,000 from $17,458,000 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 $5,323,000 and improved restaurant operating profits by $43,000 versus fiscal 2003. Sales decreased 2.0% at our comparable company-owned restaurants (consisting of six Nathan's restaurants, including one seasonal restaurant). Sales from the Branded Product Program increased by 20.5% to $7,651,000 in fiscal 2004 as compared to sales of $6,351,000 in fiscal 2003. This increase was due to higher sales volume and the impact of the price increases implemented during the second half of the fiscal year. Additionally, during fiscal 2004, Nathan's realized sales of $334,000 in connection with a test marketing program with QVC.

Franchise fees and royalties increased by $309,000 or 5.2% to $6,286,000 in fiscal 2004 compared to $5,977,000 in fiscal 2003. Franchise royalties increased by $483,000 or 9.0% to $5,835,000 in fiscal 2004 as compared to $5,352,000 in fiscal 2003. This increase is due primarily to the royalties earned from the new units that were opened or franchised during fiscal 2004 and the full year earnings from units opened during fiscal 2003, all of which have been recognized as income. Additionally, we realized an improvement in the amount of unrealizable royalties which were not previously recognized as revenues, primarily in the South Florida marketplace for the Miami Subs brand, as compared to fiscal 2003. Domestic franchise restaurant sales were virtually unchanged, decreasing by 0.3% to $161,332,000 in fiscal 2004 as compared to $161,740,000 in fiscal 2003. At March 28, 2004, 338 franchised or licensed restaurants were operating as compared to 343 franchised or licensed restaurants at March 30, 2003. At March 28, 2004, royalties from 35 domestic franchised locations have been deemed unrealizable as compared to 59 domestic franchised locations at March 30, 2003. The majority of this decline is attributable to the number of unsuccessful units that have closed. Franchise fee income derived from new openings and our co-branding activities was $428,000 in fiscal 2004 as compared to $418,000 in fiscal 2003. During fiscal 2004, 40 franchised units including the franchising of three company-owned restaurants and the conversion of three company-owned restaurants into management agreements were opened as compared to 24 franchise openings during fiscal 2003. During fiscal 2003, Nathan's also earned $207,000 in connection with the termination of two Master Development Agreements due to breaches by the franchisees.

License royalties were $2,970,000 in fiscal 2004 as compared to $2,585,000 in fiscal 2003. The majority of this increase is attributable to revenues from new license agreements for the sale of Nathan's products, primarily the Nathan's "Griddle" which was marketed via "infomercial" throughout the year and by retailers during the Christmas 2003 season.

Interest income was $199,000 in fiscal 2004 versus $292,000 in fiscal 2003 due primarily to lower interest income earned on notes receivable which have been impaired during the fiscal years ended March 28, 2004 and March 30, 2003.

Investment and other income increased by $303,000 to $459,000 in fiscal 2004 versus $156,000 in fiscal 2003. During fiscal 2004, Nathan's recognized net gains of $206,000 primarily in connection with the sale of two company-owned restaurants to franchisees and additional miscellaneous revenue of $31,000 which was partially offset by an increased subleasing loss of $69,000. In fiscal 2003, Nathan's realized a gain of $135,000 in connection with the early termination of a Branded Product Program sales agreement. During fiscal 2003, Nathans' investment loss of approximately $244,000 was primarily attributable to our investment in limited partnership, which was liquidated during fiscal 2003.

Costs and Expenses from Continuing Operations

Cost of sales from continuing operations decreased by $1,814,000 to $14,198,000 in fiscal 2004 from $16,012,000 in fiscal 2003. During fiscal 2004, restaurant cost of sales were lower than fiscal 2003 by approximately $3,602,000. Cost of sales were lower by approximately $3,520,000 as a result of operating fewer company-owned restaurants during fiscal 2004. The cost of restaurant sales at our comparable units as a percentage of restaurant sales was 61.1% in fiscal 2004 as compared to 60.2% in fiscal 2003 due primarily to higher labor and related costs. Higher costs of approximately $1,461,000 were incurred primarily in connection with the growth of our Branded Product Program and higher commodity costs during fiscal 2004. Commodity costs of our beef products were higher during fiscal 2004 than fiscal 2003. This increase was caused by reductions in the supply of beef primarily due to: 1) the prohibition since May 2003 on importing of Canadian beef livestock into the U.S. 2) the decrease in imports of Australian beef due to local drought conditions and 3) the export of U.S. beef had increased through December 23, 2003 when the first case of bovine spongiform encephalopathy, otherwise known as BSE in the United States was reported. Although the export of beef by the United States was significantly reduced as a result of this finding, Nathan's had not realized a reduction in the cost of beef during the fourth quarter of fiscal 2004. In response to these higher costs, Nathan's had increased menu prices in its company-operated restaurants by approximately 2.0% and increased prices within its Branded Product Program to offset some of the margin pressure. Additionally, Nathan's also incurred cost of sales of $327,000 in fiscal 2004 in connection with the QVC test marketing program.

Restaurant operating expenses decreased by $1,851,000 to $3,441,000 in fiscal 2004 from $5,292,000 in fiscal 2003. Restaurant operating costs were lower in fiscal 2004 by approximately $1,847,000, as compared to fiscal 2003 as a result of operating seven fewer restaurants.

Depreciation and amortization decreased by $347,000 to $923,000 in fiscal 2004 from $1,270,000 in fiscal 2003. Depreciation expense was lower by approximately $255,000 as a result of operating fewer company-owned restaurants and the effect of the impairment charges on long-lived assets recorded during fiscal 2003.

Amortization of intangibles was $261,000 in fiscal 2004 as compared to $278,000 in fiscal 2003.

General and administrative expenses decreased by $1,081,000 to $7,519,000 in fiscal 2004 as compared to $8,600,000 in fiscal 2003. The decrease in general and administrative expenses was due primarily to lower personnel and incentive compensation expense of approximately $411,000 resulting from the implementation of an expense reduction plan (primarily in connection with the reduction in the number of company-operated restaurants), lower professional fees of $247,000, lower bad debts expense of approximately $99,000, lower un-leased property expense of approximately $86,000 and the expense reversal from the settlement of a disputed claim of approximately $50,000.

Interest expense was $75,000 during fiscal 2004 as compared to $132,000 during 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 $208,000 during fiscal 2004 represents the write-down of two notes receivable, due to the failure of the franchisees to make required payments to us and $1,425,000 during fiscal 2003 represents the write-down relating to nine notes receivable.

Impairment charge on long-lived assets of $1,367,000 during fiscal 2003 represents the write-down relating to seven under-performing restaurants.

Other expense of $45,000 in fiscal 2004 represents lease reserves relating to two vacant properties. Other expense of $232,000 in fiscal 2003 represents lease reserves relating to four vacant properties.

Provision (Benefit) for Income Taxes from Continuing Operations

In fiscal 2004, the income tax provision on income from continuing operations was $1,140,000 or 36.9% of income from continuing operations as compared to the income tax (benefit) from continuing operations of ($283,000) or 15.8% of loss from continuing operations before income taxes in fiscal 2003. The effective income tax rate was positively impacted in fiscal 2004 as a result of a tax refund received of $62,000 as a result of filing an amended fiscal 2002 tax return. The effective income tax rate was lower in the fiscal 2003 period due in part to the adoption of SFAS No. 142 which requires that goodwill no longer be amortized. Such goodwill amortization was not tax deductible by Nathan's which increased the effective tax rate in prior years.

Discontinued operations

No restaurants were accounted for as discontinued operations during fiscal 2004. However, during fiscal 2005, we closed one restaurant as a result of its lease expiration. Pursuant to SFAS No.144, results for this restaurant have been removed from Continuing Operations and are presented as Discontinued Operations for all prior periods presented. 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 early lease terminations of restaurants located in Home Depot Improvement Centers. Revenues generated by these restaurants were $917,000 during fiscal 2004 and $4,496,000 during fiscal 2003, respectively. Loss before income taxes from these restaurants was $99,000 during fiscal 2004 and $206,000 during fiscal 2003, respectively. The fiscal 2003 loss before tax included $428,000 of additional depreciation expense due to a change in the estimated useful lives of the restaurants operating within Home Depot Improvement Centers for which Nathan's received early lease termination notifications during the second quarter of fiscal 2003.

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.

OFF-BALANCE SHEET ARRANGEMENTS

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

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at March 27, 2005 aggregated $2,935,000, decreasing by $514,000 during the fiscal 2005 period. At March 27, 2005, marketable securities increased by $4,164,000 from March 28, 2004 to $11,641,000 and net working capital increased to $14,009,000 from $9,185,000 at March 28, 2004.

Nathan's earned cash from operations of $3,308,000 in the fiscal 2005 period due primarily to net income of $2,737,000 and non-cash expenses of $1,406,000 which was partly reduced by increased accounts receivable and notes receivable of

$1,370,000 resulting primarily from higher Branded Product Program sales and increased royalties.

We invested cash of $4,799,000 of which $4,553,000 resulted from the net purchase of available for sale securities. Nathan's also invested $588,000 in capital expenditures during the fiscal 2005 period. We also received repayments on notes receivable of $331,000 and proceeds from the sale of other fixed assets of $11,000.

We received cash from our financing activities of $977,000 which is comprised of proceeds received from the exercise of warrants issued in connection with the Miami Subs acquisition and employee stock options of $1,387,000. We repurchased 39,799 shares of common stock for an aggregate $237,000 pursuant to our stock buyback program and also repaid bank debt in the amount of approximately $173,000.

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 March 27, 2005, Nathan's purchased 891,100 shares of common stock at a cost of approximately $3,488,000 which includes the repurchase of 39,799 shares during the fifty-two weeks ended March 27, 2005 at a cost of $237,000. As of March 27, 2005, Nathan's has purchased a total of 1,891,100 shares of common stock at a cost of approximately $7,158,000. 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 and support the growth of the Branded Product Program in the future and to fund those investments from our operating cash flow. We may incur additional capital expenditures in connection with the replacement of a Company-owned restaurant whose lease expired in September 2004.

There are currently 29 properties that we either own or lease from third parties which we lease or sublease to franchisees, operating managers and non-franchisees. Additionally, there is currently one leased vacant property which was previously sublet to a franchisee. 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 March 27, 2005 was approximately $325,000.

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.

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	$ 819	$ 167	$ 333	$ 319	$ -
Capital Lease Obligations	47	7	17	21	2
Employment Agreements	1,509	572	500	437	-
Operating Leases	14,887	3,587	6,174	3,373	1,753
Gross Cash Contractual Obligations	17,262	4,333	7,024	4,150	1,755
Less: Sublease Income	9,115	2,001	3,508	2,043	1,563
Net Cash Contractual Obligations	$ 8,147	$ 2,332	$ 3,516	$ 2,107	$ 192

Other Contractual Commitments	Total Amounts Committed	Amount of Commitment Expiration Per Period: Less than 1 Year	1 - 3 Years	4-5 Years	After 5 Years
Loan Guarantees	$ 325	$ 123	$ 202	$ -	-
Total Commercial Commitments	$ 325	$ 123	$ 202	$ -	-

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 the company's lines of credit.

Seasonality

Our business is affected by seasonal fluctuations, the effects of weather and economic conditions. Historically, restaurant sales from Company-owned restaurants, franchised restaurants from which royalties are earned and the Company's earnings have been highest during our first two fiscal quarters with the fourth fiscal quarter representing the slowest period. This seasonality is primarily attributable to weather conditions in our marketplace for our company-owned and franchised Nathan's restaurants, which is principally the New York metropolitan area. As a result of the changing composition of the Miami Subs' restaurant system, sales, and the resulting royalties derived, are less seasonally dependant despite the ongoing concentration of restaurants being located in Florida. Notwithstanding the continued growth of our Branded Product Program and the reduced number of our restaurants, we believe that future revenues and profits will continue to be highest during our first two fiscal quarters with the fourth fiscal quarter representing the slowest period.

Inflationary Impact

We believe that general inflation has not materially impacted earnings during the past three years. Nevertheless, during that period of time, our commodity costs for beef have increased significantly while other costs have increased slightly. Beginning with fiscal 2004, throughout fiscal 2005 and into the first quarter fiscal 2006, the price of our beef products has risen dramatically over historical norms, particularly as compared to fiscal 2003. As previously discussed, Nathan's has increased prices in response to the increased commodity costs. In addition, during fiscal 2004 and fiscal 2005 we have realized the impact of higher oil prices in the form of higher distribution costs and utilities. Further, in 2002 various Federal and New York State legislators proposed changes to the minimum wage requirements, however, none of the proposals were enacted. Although we only operate six Company-owned restaurants, we believe that significant increases in the minimum wage could have a significant financial impact on our financial results and the results of our franchisees. Continued increases in labor, food and other operating expenses could adversely affect our operations and those of the restaurant industry and we might have to further reconsider our pricing strategy as a means to offset reduced operating margins.

Item 7A. 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 March 27, 2005, Nathans' cash and cash equivalents aggregated $2,935,000. Earnings on these cash and cash equivalents would increase or decrease by approximately $7,300 per annum for each 0.25% 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 March 27, 2005, the market value of

Nathans' marketable investment securities aggregated $11,641,000. Interest income on these marketable investment securities would increase or decrease by approximately $29,100 per annum for each 0.25% change in interest rates. The following chart presents the hypothetical changes in the fair value of the marketable investment securities held at March 27, 2005 that are sensitive to interest rate fluctuations (in thousands):

	Valuation of securities Given an interest rate Decrease of X Basis points			Fair	Valuation of securities Given an interest rate Increase of X Basis points		
	(150BPS)	(100BPS)	(50BPS)	Value	+50BPS	+100BPS	+150BPS
Municipal notes and bonds	$ 12,284	$ 12,064	$ 11,850	$11,641	$11,437	$11,237	$11,042

BORROWINGS

The interest rate on our borrowings is 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 March 27, 2005, total outstanding debt, including capital leases, aggregated $866,000 of which $819,000 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 January 2009 to prime plus 0.25%. Nathan's also maintains a $7,500,000 credit line at the prime rate 5.75% as of May 17, 2005). The Company has never borrowed any funds under its credit lines. 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 fifty-two week periods ended March 27, 2005 and March 28, 2004, the price of our beef products has risen dramatically over historical norms, particularly as compared to the fiscal year ended March 2003. The increases have been caused by reductions in the supply of beef primarily due to: 1) the prohibition since May 2003 on importing of Canadian beef livestock into the U.S., 2) the decrease in imports of Australian beef due to local drought conditions and 3) the export of United States beef had increased through December 23, 2003 when the first case of bovine spongiform encephalopathy, otherwise known as BSE in the United States was reported. Nathan's has not experienced a softening in the price of beef since December 23, 2003. Although the export of beef by the United States was significantly reduced as a result of this finding, beef costs have continued to rise. In March 2005, the Bush administration was expected to re-open the Canadian border and resume importing Canadian beef, which has not occurred. As a result, supply continues to be tight and prices remain unrelentingly high. Nathan's cost of its hot dogs was approximately 7.1% higher during the fifty-two weeks ended March 27, 2005 than the fifty-two weeks ended March 28, 2004, which is in addition to an approximately 14.6% increase over the fifty-two weeks ended March 30, 2003. Nathan's has already been forced to increase menu prices in its company-operated restaurants and had increased prices 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 fifty-two weeks ended March 27, 2005 would have increased or decreased cost of sales by approximately $1,265,000.

On December 23, 2003, the United States Department of Agriculture ("USDA") announced that the first case of bovine spongiform encephalopathy, otherwise known as BSE, or mad-cow disease was discovered in the United States in a single cow in the State of Washington. Nathan's has obtained written assurances from its beef processors that Nathan's products have not come from the meat processing plants associated with the production of products having to do with this incident. Nathan's demand for its products continues to be strong and Nathan's has not experienced any material sales impact in connection with this incident.

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.

FORWARD LOOKING STATEMENTS

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: the future effects of the first case of bovine spongiform encephalopathy, BSE, identified in the United States on December 23, 2003; 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.

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

In November 2004, the Financial Accounting Standards Board ("FASB") issued SFAS Statement 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. We are evaluating the impact of this standard on our consolidated financial statements.

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. We plan 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and supplementary data is submitted as a separate section of this report beginning on Page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. 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 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.

There were no significant changes in our internal controls over financial reporting that occurred during the quarter ended March 27, 2005 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required in response to this Item is incorporated herein by reference to our proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, not later than 120 days after the end of the fiscal year covered by this Report.

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this Item is incorporated herein by reference to our proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, not later than 120 days after the end of the fiscal year covered by this Report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required in response to this Item is incorporated herein by reference to our proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, not later than 120 days after the end of the fiscal year covered by this Report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required in response to this Item is incorporated herein by reference to our proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, not later than 120 days after the end of the fiscal year covered by this Report.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES

We were billed by Grant Thornton LLP the aggregate amount of approximately $168,000 in respect of fiscal 2005 and $149,000 in respect to fiscal 2004 for fees for professional services rendered for the audit of our annual financial statements and review of our financial statements included in our forms 10-Q.

AUDIT-RELATED FEES

We were billed by Grant Thornton LLP the aggregate amount of approximately $0 in respect of fiscal 2005 and $19,000 in respect to fiscal 2004 for fees for assurance and reasonably related services related to the performance of the audit.

TAX FEES

Grant Thornton LLP did not render any tax compliance, tax advice or tax planning services for fiscal 2005 and 2004.

ALL OTHER FEES

Grant Thornton LLP did not render any other services, other than as set forth above, for fiscal 2005 and 2004. Consequently, aggregate fees billed for all other services rendered by Grant Thornton LLP for fiscal 2005 and 2004 were $0.

PRE-APPROVAL POLICIES

Our audit committee has not adopted any pre-approval policies. Instead, the Audit Committee will specifically pre-approve the provision by Grant Thornton LLP of all audit and non-audit services.

Our audit committee approved all of the services provided by Grant Thornton LLP and described in the preceding paragraphs.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements listed in the accompanying index to consolidated financial statements and schedule on Page F-1 are filed as part of this report.

(2) FINANCIAL STATEMENT SCHEDULE

The consolidated financial statement schedule listed in the accompanying index to consolidated financial statements and schedule on Page F-1 is filed as part of this report.

(3) EXHIBITS

Certain of the following exhibits (as indicated in the footnotes to the list), were previously filed as exhibits to other reports or registration statements filed by the Registrant under the Securities Act of 1933 or under the Securities Exchange Act of 1934 and are herein incorporated by reference.

Exhibit No.	Exhibit
3.1	Certificate of Incorporation. (Incorporated by reference to Exhibit 3.1 to Registration Statement on Form S-1 No. 33-56976.)
3.2	Amendment to the Certificate of Incorporation, filed December 15, 1992. (Incorporated by reference to Exhibit 3.2 to Registration Statement on Form S-1 No. 33-56976.)
3.3	By-Laws, as amended.
4.1	Specimen Stock Certificate. (Incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-1 No. 33-56976.)
4.2	Form of Warrant issued to Ladenburg, Thalmann & Co., Inc. (Incorporated by reference to Exhibit 4.2 to Registration Statement on Form S-1 No. 33-56976.)
4.3	Specimen Rights Certificate (Incorporated by reference to Exhibit 2 to Form 8-A/A dated December 10, 1999.)
10.1	Employment Agreement with Wayne Norbitz, dated December 28, 1992. (Incorporated by reference to Exhibit 10.1 to Registration Statement on Form S-1 No. 33-56976.)
10.2	Leases for premises at Coney Island, New York, as follows: (Incorporated by reference Exhibit 10.3 to Registration Statement on Form S-1 No. 33-56976.)
	a) Lease, dated November 22, 1967, between Nathan's Realty Associates and the Company.
	b) Lease, dated November 22, 1967, between Ida's Realty Associates and the Company.
	c) Lease, dated November 17, 1967, between Ida's Realty Associates and the Company.
10.3	Leases for the premises at Yonkers, New York, as follows: (Incorporated by reference to Exhibit 10.4 to Registration Statement on Form S-1 No. 33-56976.)
	a) Lease Modification of Land and Building Lease between the Yonkers Corp. and the Company, dated November 19, 1980;

b) Lease Modification of Land and Building Lease between 787 Central Park Avenue, Inc., and the Company dated May 1, 1980.

10.4 Lease with NWCM Corp. for premises at Oceanside, New York, dated March 14, 1975. (Incorporated by reference to Exhibit 10.5 to Registration Statement on Form S-1 No. 33-56976.)

10.5 1992 Stock Option Plan, as amended. (Incorporated by reference to Exhibit 10.8 to Registration Statement on Form S-8 No. 33-93396.)

10.6 Area Development Agreement with Marriott Corporation, dated February 19, 1993. (Incorporated by reference to Exhibit 10.9(a) to the Annual Report on Form 10-K for the fiscal year ended March 28, 1993.)

10.7 Area Development Agreement with Premiere Foods, dated September 11, 1990. (Incorporated by reference to Exhibit 10.10 to Registration Statement on Form S-1 No. 33-56976.)

10.8 Form of Standard Franchise Agreement. (Incorporated by reference to Exhibit 10.12 to Registration Statement on Form S-1 No. 33-56976.)

10.9 401K Plan and Trust. (Incorporated by reference to Exhibit 10.5 to Registration Statement on Form S-1 No. 33-56976.)

10.10 Amendment dated November 8, 1993, to the Employment Agreement, dated December 28, 1992, with Wayne Norbitz. (Incorporated by reference to Exhibit 10.19 to the Annual Report filed on Form 10-K for the fiscal year ended March 27, 1994.)

10.11 License Agreement dated as of February 28, 1994, among Nathan's Famous Systems, Inc. and SMG, Inc., including amendments and waivers thereto. (Incorporated by reference to Exhibit 10.21 to the Annual Report filed on Form 10-K for the fiscal year ended March 27, 1994.)

10.12 Outside Director Stock Option Plan. (Incorporated by reference to Exhibit 10.22 to Registration Statement on Form S-8 No. 33-89442.)

10.13 Modification Agreement to the Employment Agreement with Wayne Norbitz, dated December 28, 1992. (Incorporated by reference to Exhibit 10.1 to the Quarterly Report filed on Form 10-Q for the fiscal quarter ended December 29, 1996.)

10.14 Amendment to License Agreement dated as of February 28, 1994, among Nathan's Famous Systems, Inc. and SMG, Inc. including waivers and amendments thereto. (Incorporated by reference to Exhibit 10.2 to the Quarterly Report filed on Form 10-Q for the fiscal quarter ended December 29, 1996.)

10.15 1998 Stock Option Plan. (Incorporated by reference to Exhibit 10.26 to the Annual Report filed on Form 10-K for the fiscal year ended March 29, 1998.)

10.16 North Fork Bank Promissory Note.(Incorporated by reference to Exhibit 10.21 to the Annual Report filed on Form 10-K for the fiscal year ended March 28, 1999.)

10.17 Amended and Restated Employment Agreement with Donald L. Perlyn effective September 30, 1999. (Incorporated by reference to Exhibit 10.20 to the Annual Report filed on Form 10-K for the fiscal year ended March 26, 2000.)

10.18 Third Amended and Restated Rights Agreement dated as of December 10, 1999 between Nathan's Famous, Inc. and American Stock Transfer and Trust Company (Incorporated by reference to Exhibit 2 to Form 8-A/A dated December 10, 1999.)

10.19 Amendment No. 1 to Rights Agreement dated as of June 15, 2005 between Nathan's Famous, Inc. and American Stock Transfer and Trust Company. (Incorporated by reference to Exhibit 10.1 to the Current Report filed on Form 8-K dated June 15, 2005.)

10.20 Employment Agreement dated as of January 1, 2005 with Howard M. Lorber.(Incorporated by reference to

Exhibit 10.01 to the Quarterly Report filed on Form 10-Q for the fiscal quarter ended December 26, 2004.)

10.21 Marketing Agreement with beverage supplier. (Incorporated by reference to Exhibit 10.25 to the Quarterly Report filed on Form 10-Q for the fiscal quarter ended June 25, 2000.)

10.22 2001 Stock Option Plan. (Incorporated by reference to Exhibit 4 to Registration Statement on Form S-8 No. 333-82760.)

10.23 2002 Stock Incentive Plan. (Incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-8 No. 333-101355.)

10.24 Master Distributor Agreement with U.S. Foodservice, Inc. dated February 5, 2003. (Incorporated by reference to Exhibit 10.24 to the Annual Report filed on Form 10-K for the fiscal year ended March 30, 2003.)

10.25 Material Definitive Agreement with Thor Realty, LLC dated February 25, 2005. (Incorporated by reference to Exhibit 10.01 to the Current Report filed on Form 8-K on February 28, 2005.)

10.26 Restricted Stock Agreement with Howard M. Lorber.

14. Code of Ethics (Incorporated by reference to Exhibit 14 to the Annual Report filed on Form 10-K for the fiscal year ended March 28, 2004.)

21 List of Subsidiaries of the Registrant.

23 Consent of Grant Thornton LLP dated May 27, 2005.

31.1 Certification by Howard M. Lorber, Chief Executive Officer, pursuant to Rule 13a - 14(a).

31.2 Certification by Wayne Norbitz, Chief Operating Officer, pursuant to Rule 13a - 14(a).

31.3 Certification by Ronald G. DeVos, Chief Financial Officer, pursuant to Rule 13a - 14(a).

32.1 Certification by Howard M. Lorber, Chief Executive Officer of 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, Chief Financial Officer of 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 Section 13 or 15(d) 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 on the 23rd day of June, 2005.

Nathan's Famous, Inc.

/s/ WAYNE NORBITZ
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Wayne Norbitz, President and

Chief Operating Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant in the capacities indicated on the 23rd day of June, 2005.

/s/ HOWARD M. LORBER
- ----------------------

Howard M. Lorber — Chairman of the Board and Chief Executive Officer (Principal Executive Officer)

/s/ WAYNE NORBITZ
- ----------------------

Wayne Norbitz — President, Chief Operating Officer and Director

/s/ RONALD G. DEVOS
- ----------------------

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

/s/ DONALD L. PERLYN
- ----------------------

Donald L. Perlyn — Executive Vice President and Director

/s/ ERIC GATOFF
- ----------------------

Eric Gatoff — Vice President - Corporate Counsel and Director

/s/ ROBERT J. EIDE
- ----------------------

Robert J. Eide — Director

/s/ BARRY LEISTNER
- ----------------------

Barry Leistner — Director

/s/ BRIAN GENSON
- ----------------------

Brian Genson — Director

- ----------------------

Attilio F. Petrocelli — Director

/s/ CHARLES RAICH
- ----------------------

Charles Raich — Director

Nathan's Famous, Inc. and Subsidiaries

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
NATHAN'S FAMOUS, INC. AND SUBSIDIARIES

We have audited the accompanying consolidated balance sheets of Nathan's Famous, Inc. (a Delaware Corporation) and subsidiaries (the "Company") as of March 27, 2005 and March 28, 2004, and the related consolidated statements of operations, stockholders' equity and cash flows for the fifty-two weeks ended March 27, 2005, March 28, 2004 and March 30, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nathan's Famous, Inc. and subsidiaries as of March 27, 2005 and March 28, 2004, and the consolidated results of their operations and their consolidated cash flows for the fifty-two weeks ended March 27, 2005, March 28, 2004 and March 30, 2003 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule II, Valuation and Qualifying Accounts, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GRANT THORNTON LLP

Melville, New York
May 27, 2005 (except for Note K - 3, as to
which the date is June 15, 2005)

Nathan's Famous, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	MARCH 27, 2005	March 28, 2004
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,935	$ 3,449
Marketable securities	11,641	7,477
Notes and accounts receivable, net	3,591	2,352
Inventories	688	743
Assets available for sale	688	507
Prepaid expenses and other current assets	907	463
Deferred income taxes	1,168	1,326
Total current assets	21,618	16,317
Notes receivable, net	136	313
Property and equipment, net	4,583	5,094
Goodwill	95	95
Intangible assets, net	2,800	3,063
Deferred income taxes	1,792	2,452
Other assets, net	245	250
	$ 31,269	$ 27,584
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of notes payable and capital lease obligations	$ 174	$ 173
Accounts payable	2,009	1,950
Accrued expenses and other current liabilities	5,088	4,836
Deferred franchise fees	338	173
Total current liabilities	7,609	7,132
Note payable and capital lease obligations, less current maturities	692	866
Other liabilities	1,612	2,234
Total liabilities	9,913	10,232
COMMITMENTS AND CONTINGENCIES (Note L)		
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value; 30,000,000 shares authorized; 7,440,317 and 7,065,202 shares issued; and 5,549,217 and 5,213,901 shares outstanding at March 27, 2005 and March 28, 2004, respectively	74	71
Additional paid-in capital	42,665	40,746
Deferred compensation	(281)	-
Accumulated deficit	(13,874)	(16,611)
Accumulated other comprehensive (loss) income	(70)	67
	28,514	24,273
Treasury stock, at cost, 1,891,100 and 1,851,301 shares at March 27, 2005 and March 28, 2004, respectively	(7,158)	(6,921)
Total stockholders' equity	21,356	17,352
	$ 31,269	$ 27,584

The accompanying notes are an integral part of these statements.

Nathan's Famous, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	FIFTY-TWO WEEKS ENDED MARCH 27, 2005	Fifty-two weeks ended March 28, 2004	Fifty-two weeks ended March 30, 2003
REVENUES			
Sales	$ 23,296	$ 19,848	$ 23,809
Franchise fees and royalties	6,774	6,286	5,977
License royalties	3,332	2,970	2,585
Interest income	238	199	292
Investment and other income	472	459	156
Total revenues	$ 34,112	29,762	32,819
COSTS AND EXPENSES			
Cost of sales	17,266	14,198	16,012
Restaurant operating expenses	3,063	3,441	5,292
Depreciation and amortization	918	923	1,270
Amortization of intangible assets	263	261	278
General and administrative expenses	8,341	7,519	8,600
Interest expense	49	75	132
Impairment charge on long-lived assets	-	-	1,367
Impairment charge on notes receivable	-	208	1,425
Other (income) expense, net	(16)	45	232
Total costs and expenses	29,884	26,670	34,608
Income (loss) from continuing operations before provision (benefit) for income taxes	4,228	3,092	(1,789)
Provision (benefit) for income taxes	1,482	1,140	(283)
Income (loss) from continuing operations	2,746	1,952	(1,506)
Loss from discontinued operations, net of income tax benefit of ($6), ($40) and ($82) in 2005, 2004 and 2003, respectively	(9)	(58)	(124)
Income (loss) from operations before cumulative effect of a change in accounting principle	2,737	1,894	(1,630)
Cumulative effect of change in accounting principle, net of tax benefit of ($854) in 2003	-	-	(12,338)
Net income (loss)	$ 2,737	$ 1,894	$ (13,968)
PER SHARE INFORMATION			
Basic income (loss) per share:			
Income (loss) from continuing operations	$ .52	$ .37	$ (.25)
Loss from discontinued operations	-	(.01)	(.03)
Cumulative effect of change in accounting principle	-	-	(2.06)
Net income (loss)	$ .52	$ .36	$ (2.34)
Diluted income (loss) per share:			
Income (loss) from continuing operations	$ .45	$ .34	$ (.25)
Loss from discontinued operations	-	(.01)	(.03)
Cumulative effect of change in accounting principle	-	-	(2.06)
Net income (loss)	$ .45	$ .33	$ (2.34)
Weighted average shares used in computing income (loss) per share			
Basic	5,307,000	5,306,000	5,976,000
Diluted	6,080,000	5,678,000	5,976,000

The accompanying notes are an integral part of these statements.

Nathan's Famous, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Fifty-two weeks ended March 27, 2005, March 28, 2004 and March 30, 2003

(in thousands, except share amounts)

	Common Shares	Common Stock	Additional Paid-in Capital	Deferred Compensation	Accumulated Deficit	Accumulated Other Comprehensive Income
Balance, March 31, 2002	7,065,202	$ 71	$ 40,746	-	$ (4,537)	$ -
Repurchase of treasury stock	-	-	-	-	-	-
Unrealized gains on marketable securities, net of deferred income taxes of $50	-	-	-	-	-	70
Reclassification adjustment for net gains realized in net loss, net of deferred income taxes of $4	-	-	-	-	-	(6)
Net loss	-	-	-	-	(13,968)	-
Comprehensive loss	-	-	-	-	-	-
Balance, March 30, 2003	7,065,202	71	40,746	-	(18,505)	64
Repurchase of treasury stock	-	-	-	-	-	-
Unrealized gains on marketable securities, net of deferred income taxes of $7	-	-	-	-	-	10
Reclassification adjustment for net gains realized in net income, net of deferred income taxes of $5	-	-	-	-	-	(7)
Net income	-	-	-	-	1,894	-
Comprehensive income	-	-	-	-	-	-
Balance, March 28, 2004	7,065,202	$ 71	$ 40,746	-	$ (16,611)	$ 67

	Treasury Stock, at Cost Shares	Treasury Stock, at Cost Amount	Total Stockholders' Equity	Comprehensive Income (Loss)
Balance, March 31, 2002	41,691	$ (135)	$ 36,145	$ -
Repurchase of treasury stock	1,599,547	(5,858)	(5,858)	
Unrealized gains on marketable securities, net of deferred income taxes of $50	-	-	70	70
Reclassification adjustment for net gains realized in net loss, net of deferred income taxes of $4	-	-	(6)	(6)
Net loss	-	-	(13,968)	(13,968)
Comprehensive loss	-	-	-	$ (13,904)
Balance, March 30, 2003	1,641,238	(5,993)	16,383	
Repurchase of treasury stock	210,063	(928)	(928)	
Unrealized gains on marketable securities, net of deferred income taxes of $7	-	-	10	10
Reclassification adjustment for net gains realized in net income, net of deferred income taxes of $5	-	-	(7)	(7)
Net income	-	-	1,894	1,894
Comprehensive income	-	-	-	$ 1,897
Balance, March 28, 2004	1,851,301	$ (6,921)	$ 17,352	

The accompanying notes are an integral part of this statement.

Nathan's Famous, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Fifty-two weeks ended March 27, 2005, March 28, 2004 and March 30, 2003

(in thousands, except share amounts)

	Common Shares	Common Stock	Additional Paid-in Capital	Deferred Compensation	Accumulated Deficit	Accumulated Other Comprehensive Income
BALANCE, MARCH 28, 2004	7,065,202	$ 71	$ 40,746	$ -	$ (16,611)	$ 67
SHARES ISSUED IN CONNECTION WITH THE EXERCISE OF WARRANTS	142,855	1	856	-	-	-
SHARES ISSUED IN CONNECTION WITH EXERCISE OF EMPLOYEE STOCK OPTIONS	182,260	1	529	-	-	-
INCOME TAX BENEFIT ON STOCK OPTION EXERCISES	-	-	172	-	-	-
ISSUANCE OF RESTRICTED STOCK AWARD	50,000	1	362	(363)	-	-
AMORTIZATION OF DEFERRED COMPENSATION RELATING TO RESTRICTED STOCK	-	-	-	82	-	-
REPURCHASE OF TREASURY STOCK	-	-	-	-	-	-
UNREALIZED (LOSSES) ON MARKETABLE SECURITIES, NET OF DEFERRED INCOME TAX (BENEFIT) OF ($95)	-	-	-	-	-	(137)
NET INCOME	-	-	-	-	2,737	-
COMPREHENSIVE INCOME	-	-	-	-	-	-
BALANCE, MARCH 27, 2005	7,440,317	$ 74	$ 42,665	$ (281)	$ (13,874)	$ (70)

	Treasury Stock, at Cost		Total Stockholders' Equity	Comprehensive Income (Loss)
	Shares	Amount		
BALANCE, MARCH 28, 2004	1,851,301	$ (6,921)	$ 17,352	
SHARES ISSUED IN CONNECTION WITH THE EXERCISE OF WARRANTS	-	-	857	
SHARES ISSUED IN CONNECTION WITH EXERCISE OF EMPLOYEE STOCK OPTIONS	-	-	530	
INCOME TAX BENEFIT ON STOCK OPTION EXERCISES	-	-	172	
ISSUANCE OF RESTRICTED STOCK AWARD	-	-	-	
AMORTIZATION OF DEFERRED COMPENSATION RELATING TO RESTRICTED STOCK	-	-	82	
REPURCHASE OF TREASURY STOCK	39,799	(237)	(237)	
UNREALIZED (LOSSES) ON MARKETABLE SECURITIES, NET OF DEFERRED INCOME TAX (BENEFIT) OF ($95)	-	-	(137)	$ (137)
NET INCOME	-	-	2,737	2,737
COMPREHENSIVE INCOME	-	-	-	$ 2,600
BALANCE, MARCH 27, 2005	1,891,100	$ (7,158)	$ 21,356	

The accompanying notes are an integral part of this statement.

Nathan's Famous, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	FIFTY-TWO WEEKS ENDED MARCH 27, 2005	Fifty-two weeks ended March 28, 2004	Fifty-two weeks ended March 30, 2003
Cash flows from operating activities:			
Net income (loss)	$ 2,737	$ 1,894	$ (13,968)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Cumulative effect of change in accounting principle, net of tax benefit	-	-	12,338
Depreciation and amortization	918	971	1,907
Amortization of intangible assets	263	261	278
Amortization of bond premium	155	127	85
Amortization of deferred compensation	82	-	-
Gain on disposal of fixed assets	(84)	(206)	(39)
Gain on sale of available for sale securities	-	(12)	(10)
Impairment of long-lived assets	-	25	1,367
Impairment of notes receivable	-	208	1,425
Provision for (recovery of) doubtful accounts	13	(17)	82
Income tax benefit on stock option exercises	172	-	-
Deferred income taxes	915	945	(585)
Changes in operating assets and liabilities:			
Marketable securities and investment in limited partnership	-	-	981
Notes and accounts receivable	(1,406)	294	2
Inventories	55	(354)	203
Prepaid expenses and other current assets	(444)	179	627
Other assets	5	18	32
Accounts payable, accrued expenses and other current liabilities	311	467	(1,647)
Deferred franchise fees	165	46	(205)
Other liabilities	(549)	430	(577)
Net cash provided by operating activities	3,308	5,276	2,296
Cash flows from investing activities:			
Proceeds from sale of available for sale securities	1,357	2,497	6,088
Purchase of available for sale securities	(5,910)	(5,461)	(2,884)
Purchases of property and equipment	(588)	(449)	(562)
Payments received on notes receivable	331	797	273
Proceeds from sales of property and equipment	11	489	781
Net cash (used in) provided by investing activities	(4,799)	(2,127)	3,696
Cash flows from financing activities:			
Principal repayments of notes payable and capitalized lease obligations	(173)	(187)	(553)
Repurchase of treasury stock	(237)	(928)	(5,858)
Proceeds from the exercise of stock options and warrants	1,387	-	-
Net cash provided by (used in) financing activities	977	(1,115)	(6,411)
Net change in cash and cash equivalents	(514)	2,034	(419)
Cash and cash equivalents, beginning of year	3,449	1,415	1,834
Cash and cash equivalents, end of year	$ 2,935	$ 3,449	$ 1,415
Cash paid during the year for:			
Interest	$ 49	$ 74	$ 138
Income taxes	$ 522	$ 253	$ 57
Noncash financing activities:			
Loans to franchisees in connection with sale of restaurants	$ -	$ 600	$ 44

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)

March 27, 2005, March 28,2004 and March 30, 2003

NOTE A - DESCRIPTION AND ORGANIZATION OF BUSINESS

Nathan's Famous, Inc. and subsidiaries (collectively the "Company" or "Nathan's") has historically operated or franchised a chain of retail fast food restaurants featuring the Nathan's famous brand of all beef frankfurters, fresh crinkle-cut french fried potatoes and a variety of other menu offerings. Nathan's has also established a Branded Product Program, which enables foodservice retailers to sell some of Nathan's proprietary products outside of the realm of a traditional franchise relationship. The Company, through wholly-owned subsidiaries, is also the franchisor of Kenny Rogers Roasters ("Roasters") and Miami Subs. Miami Subs features a wide variety of lunch, dinner and snack foods, including hot and cold sandwiches and various ethnic foods. Roasters features home-style family foods based on a menu centered around wood-fire rotisserie chicken. The Company considers its subsidiaries to be in the food service industry, and has pursued co-branding and co-hosting initiatives; accordingly, management has evaluated the Company as a single reporting unit.

At March 27, 2005, the Company's restaurant system, consisting of Nathan's Famous, Kenny Rogers Roasters and Miami Subs restaurants, included 6 company-owned units in the New York City metropolitan area, 355 franchised or licensed units, including 6 units operating pursuant to management agreements and over 5,900 branded product points of sale under the Branded Product Program, located in 46 states, the District of Columbia, and 13 foreign countries.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in the preparation of the consolidated financial statements:

1. Principles of Consolidation

   The consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

2. Fiscal Year

   The Company's fiscal year ends on the last Sunday in March, which results in a 52- or 53-week reporting period. The results of operations and cash flows for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003 are all on the basis of 52-week reporting periods.

3. Use of Estimates

   The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management in preparing the consolidated financial statements include revenue recognition, the allowance for doubtful accounts, the allowance for impaired notes receivable, the self-insurance reserve and impairment charges on goodwill and long-lived assets.

(in thousands, except share and per share amounts)

NOTE B (CONTINUED)

4. Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Included in cash and cash equivalents is cash restricted for untendered shares associated with the acquisition of Nathan's in 1987 of $83 at March 27, 2005 and March 28, 2004.

5. Impairment of Notes Receivable

Nathan's follows the guidance in Statement of Financial Accounting Standards ("SFAS") No. 114 ("SFAS No. 114") "Accounting by Creditors for Impairment of a Loan," as amended. Pursuant to SFAS No. 114, a loan is impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. When evaluating a note for impairment, the factors considered include: (a) indications that the borrower is experiencing business problems such as operating losses, marginal working capital, inadequate cash flow or business interruptions, (b) loans secured by collateral that is not readily marketable, or (c) that are susceptible to deterioration in realizable value. When determining impairment, management's assessment includes its intention to extend certain leases beyond the minimum lease term and the debtor's ability to meet its obligation over that extended term. In certain cases where Nathan's has determined that a loan has been impaired, it generally does not expect to extend or renew the underlying leases. Based on the Company's analysis, it has determined that there are notes that have incurred such an impairment. Following are summaries of impaired notes receivable and the allowance for impaired notes receivable:

	MARCH 27, 2005	March 28, 2004
Total recorded investment in impaired notes receivable	$ 1,836	$ 2,248
Allowance for impaired notes receivable	(1,701)	(2,051)
Recorded investment in impaired notes receivable, net	$ 135	$ 197

(in thousands, except share and per share amounts)

NOTE B (CONTINUED)

	MARCH 27, 2005	March 28, 2004
Allowance for impaired notes receivable at beginning of the fiscal year	$ 2,051	$ 2,065
Impairment charges on notes receivable	-	208
Impaired notes written off	(350)	(222)
Allowance for impaired notes receivable at end of the fiscal year	$ 1,701	$ 2,051

Based on the present value of the estimated cash flows of identified impaired notes receivable, the Company records interest income on its impaired notes receivable on a cash basis. The following represents the interest income recognized and average recorded investment of impaired notes receivable.

	MARCH 27, 2005	March 28, 2004	March 30, 2003
Interest income recorded on impaired notes receivable	$ 13	$ 19	$ 96
Average recorded investment in impaired notes receivable	$ 1,942	$ 2,341	$ 1,624

6. Inventories

Inventories, which are stated at the lower of cost or market value, consist primarily of restaurant food items, supplies, marketing items and equipment in connection with the Branded Product Program. Cost is determined using the first-in, first-out method.

NOTE B (CONTINUED)

7. Marketable Securities

In accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," the Company determines the appropriate classification of securities at the time of purchase and reassesses the appropriateness of the classification at each reporting date. At March 27, 2005 and March 28, 2004, all marketable securities held by the Company have been classified as available-for-sale and, as a result, are stated at fair value, with unrealized gains and losses on available - for-sale securities included as a component of accumulated other comprehensive income (loss) in the accompanying consolidated balance sheet. Realized gains and losses on the sale of securities, as determined on a specific identification basis, are included in the accompanying consolidated statements of operations.

8. Sales of Restaurants

The Company observes the provisions of SFAS No. 66, "Accounting for Sales of Real Estate," ("SFAS No. 66") 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 obliged 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 records 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.

As of March 27, 2005 and March 28, 2004, the Company had deferred gains, included in other liabilities, on the sales of restaurants, which are accounted for under the installment method of $196 and $269, respectively. Installment gains recognized in earnings for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003 were $73, $205 and $13 respectively.

(in thousands, except share and per share amounts)

NOTE B (CONTINUED)

9. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated primarily on the straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the estimated useful life or the lease term of the related asset. The estimated useful lives are as follows:

Building and improvements	5 - 25 years
Machinery, equipment, furniture and fixtures	5 - 15 years
Leasehold improvements	5 - 20 years

10. Goodwill and Intangible Assets

Intangible assets consist of (i) the goodwill resulting from the acquisition of Nathan's in 1987; (ii) trademarks, trade names and franchise rights in connection with Roasters and (iii) trademarks, trade names and franchise rights in connection with Miami Subs. These intangible assets were being amortized over periods from 10 to 40 years through March 31, 2002.

On April 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), which supercedes APB Opinion No. 17, "Intangible Assets" and certain provisions of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of" ("SFAS No. 121"). SFAS No. 142 requires that goodwill and other intangibles be reported separately; eliminates the requirement to amortize goodwill and indefinite-lived intangible assets; addresses the amortization of intangible assets with a definite life; and addresses impairment testing and recognition of goodwill and intangible assets. SFAS No. 142 changes the method of accounting for the recoverability of goodwill for the Company, such that it is evaluated at the brand level based upon the estimated fair value of the brand. Fair value can be determined based on discounted cash flows, on comparable sales or valuations of other restaurant brands. The impairment review involves a two-step process as follows:

Step 1: Compare the fair value for each reporting unit to its carrying value, including goodwill. For each reporting unit where the carrying value, including goodwill, exceeds the reporting unit's fair value, move on to step 2. If a reporting unit's fair value exceeds the carrying value, no further work is performed and no impairment charge is necessary.

(in thousands, except share and per share amounts)

NOTE B (CONTINUED)

Step 2: Allocate the fair value of the reporting unit to its identifiable tangible and intangible assets, excluding goodwill and liabilities. This will derive an implied fair value for the reporting unit's goodwill. Then, compare the implied fair value of the reporting unit's goodwill with the carrying amount of reporting unit's goodwill. If the carrying amount of the reporting unit's goodwill is greater than the implied fair value of its goodwill, an impairment loss must be recognized for the excess. The transitional impairment charge, if any, is recorded as a cumulative effect of accounting change for goodwill.

The Company completed its initial SFAS No. 142 transitional impairment test of goodwill and other intangible assets in April 2002, including an assessment of a valuation of the Nathan's, Miami Subs and Roasters reporting units by an independent valuation consultant, and has recorded an impairment charge requiring the Company to write-off substantially all goodwill, trademarks and recipes as a cumulative effect of accounting change in the first quarter of fiscal 2003. The fair value was determined through the combination of a present value analysis as well as prices of comparative businesses. The changes in the net carrying amount of goodwill, trademarks and recipes recorded in the first quarter of fiscal 2003 were as follows:

	Goodwill	Trademarks	Recipes	Total
Balance as of April 1, 2002	$ 11,083	$ 2,242	$ 30	$ 13,355
Cumulative effect of accounting change for goodwill and other intangible assets	(10,988)	(2,174)	(30)	(13,192)
Balance as of March 30, 2003	$ 95	$ 68	$ -	$ 163

(in thousands, except share and per share amounts)

NOTE B (CONTINUED)

The table below presents amortized and unamortized intangible assets as of March 27, 2005 and March 28, 2004:

	MARCH 27, 2005			March 28, 2004		
	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET CARRYING AMOUNT	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:						
Royalty streams	$ 4,259	$ (1,531)	$ 2,728	$ 4,259	$ (1,269)	$ 2,990
Favorable leases	285	(285)	-	285	(285)	-
Other	6	(2)	4	6	(1)	5
	$ 4,550	$ (1,818)	$ 2,732	$ 4,550	$ (1,555)	$ 2,995
Unamortized intangible assets:						
Trademarks and tradenames			68			68
			$ 2,800			$ 3,063
Goodwill			$ 95			$ 95

As of March 27, 2005 and March 28, 2004, the Company has reevaluated the impact of SFAS No. 142 on its goodwill and intangible assets, and determined no additional impairment charges are deemed necessary.

Total amortization expense for intangible assets was $263, $261 and $278 for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003. The Company estimates future annual amortization expense of approximately $261 per year for each of the next five years. In the fourth quarter of fiscal 2003, the Company recorded an impairment charge of $239 related to its favorable leases. This impairment charge, which was based upon the fact that such location had incurred negative cash flows from operations for fiscal 2003 and was projected to incur negative cash flows in fiscal 2004 and beyond, was recorded as a component of impairment charge on long-lived assets. (See Note B-11.)

11. Long-lived Assets

Long-lived assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Impairment is measured by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from use of the assets and their ultimate disposition. In instances where impairment is determined to exist, the Company writes down the asset to its fair value based on the present value of estimated future cash flows.

NOTE B (CONTINUED)

Impairment losses are recorded on long-lived assets on a restaurant-by-restaurant basis whenever impairment factors are determined to be present. The Company considers a history of restaurant operating losses to be its primary indicator of potential impairment for individual restaurant locations. No units were deemed impaired during the fiscal year ended March 27, 2005. The Company previously identified that seven units were impaired, and recorded impairment charges of $1,367, (inclusive of $239 related to favorable leases discussed in Note B-10), in the statement of operations for the fiscal year ended March 30, 2003.

The Company periodically reviews intangible assets for impairment, whenever events or changes in circumstances indicate that the carrying amounts of those assets may not be recoverable. No impairment charges were recorded with respect to such intangible assets for the fiscal years ended March 27, 2005 and March 28, 2004. (See Note B - 10 for a description of impairment charges recorded on goodwill and other intangible assets during the fiscal year ended March 30, 2003 as a result of the adoption of SFAS No. 142.)

12. Self-Insurance

The Company is self-insured for portions of its general liability coverage. As part of Nathan's risk management strategy, its insurance programs include deductibles for each incident and in the aggregate for a policy year. As such, Nathan's accrues estimates of its ultimate self-insurance costs throughout the policy year. These estimates have been developed based upon Nathan's historical trends, however, the final cost of many of these claims may not be known for five years or longer. Accordingly, Nathan's annual self-insurance costs may be subject to adjustment from previous estimates as facts and circumstances change. The self-insurance accruals at March 27, 2005 and March 28, 2004 were $324 and $346, respectively and are included in "accrued expenses and other current liabilities" in the accompanying consolidated balance sheets. During the fiscal year ended March 27, 2005, approximately $71 of previously recorded insurance accruals were reversed, reflecting the revised estimated cost of claims. During the fiscal year ended March 28, 2004, approximately $268 of previously recorded insurance accruals for items that have been concluded without further payment were reversed. During the fiscal year ended March 30, 2003, the self insurance accrual was reduced by approximately $829, due principally to the satisfaction of a claim against the Company totaling $659 and the reversal of approximately $196 of previously recorded self insurance accruals in connection with the conclusion of claims relating to prior policy years.

NOTE B (CONTINUED)

13. Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, marketable securities, accounts receivable and accounts payable approximate fair value due to the short-term maturities of the instruments. The carrying amounts of note payable and capital lease obligations and notes receivable approximate their fair values as the current interest rates on such instruments approximates current market interest rates on similar instruments.

14. Stock-Based Compensation

At March 27, 2005, the Company has five stock-based employee compensation plans, which are described more fully in Note K. 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 stock options 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.

(in thousands, except share and per share amounts)

NOTE B (CONTINUED)

The following table illustrates the effect on net income (loss) and net 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.

	Fiscal year ended MARCH 27, 2005	March 28, 2004	March 30, 2003
Net income (loss), as reported	$ 2,737	$ 1,894	$ (13,968)
Add: Stock-based compensation included in net income (loss)	49	-	-
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards	(171)	(170)	(165)
Pro forma net income (loss)	$ 2,615	$ 1,724	$ (14,133)
Net income (loss) per share			
Basic - as reported	$ .52	$ .36	$ (2.34)
Diluted - as reported	$ .45	$ .33	$ (2.34)
Basic - pro forma	$ .49	$ .32	$ (2.36)
Diluted - pro forma	$ .43	$ .30	$ (2.36)

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.

(in thousands, except share and per share amounts)

NOTE B (CONTINUED)

The weighted-average option fair values and the assumptions used to estimate these values for stock options granted are as follows:

	2005	2004	2003
Weighted-average option fair values	$ 2.87	$ 1.60	$ 2.19
Expected life (years)	7.0	7.0	10.0
Interest rate	4.50%	3.85%	5.30%
Volatility	29.9%	30.6%	32.8%
Dividend yield	0%	0%	0%

15. Start-up Costs

Preopening and similar costs are expensed as incurred.

16. Revenue Recognition - Company-owned Restaurants

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

17. Revenue Recognition - Franchising Operations

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:

(in thousands, except share and per share amounts)

NOTE B (CONTINUED)

- 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 nonrefundable 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. At March 27, 2005 and March 28, 2004, $316 and $453, respectively, of deferred development fee revenue is included in the accompanying consolidated balance sheets. In addition, at March 27, 2005 and March 28, 2004, $338 and $173, respectively, of deferred franchise fees are included in the accompanying consolidated balance sheets. For the fiscal years ended March 27, 2005, March 28, 2004, March 30, 2003, the Company earned franchise fees from new unit openings, transfers and co-branding of $605, $556 and $418, respectively. During the fiscal year ended March 30, 2003, the Company recognized $207 in connection with the forfeiture of two Master Development Agreements.

The following is a summary of franchise openings and closings for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003:

	2005	2004	2003
Franchised restaurants operating at the beginning of the period	338	343	364
New franchised restaurants opened during the period	39	40	24
Franchised restaurants closed during the period	(22)	(45)	(45)
Franchised restaurants operating at the end of the period	355	338	343

NOTE B (CONTINUED)

The Company 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. Revenue from sub-leasing properties to franchisees 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 accompanying consolidated statements of operations.

18. Revenue Recognition - Branded Products Operations

The Company 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.

19. Revenue Recognition - License Royalties

The Company earns revenue from royalties on the licensing of the use of its name on certain products produced and sold by outside vendors. The use of the Company name and symbols must be approved by the Company 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.

20. Interest Income

Interest income is recorded when it is earned and deemed realizable by the Company.

21. Investment and other income

The Company recognizes gains on the sale of fixed assets under the full accrual method, installment method or deposit method in accordance with provisions of SFAS No. 66 (See Note B-8).

Deferred revenue associated with supplier contracts is generally amortized into income on a straight-line basis over the life of the contract.

(in thousands, except share and per share amounts)

NOTE B (CONTINUED)

Investment and other income consists of the following:

	2005	2004	2003
Gain on disposal of fixed assets	$ 84	$ 206	$ 39
Realized gains (losses) on marketable securities	-	12	(242)
Loss on subleasing of rental properties	(124)	(312)	(243)
Gain from the early termination of sales agreement	-	-	135
Other income	512	553	467
	$ 472	$ 459	$ 156

22. Business Concentrations and Geographical Information

The Company's accounts receivable consist principally of receivables from franchisees for royalties and advertising contributions, from sales under the Branded Product Program, and for royalties from retail licensees. At March 27, 2005 one retail licensee and one franchisee each represented 19% and 11% respectively of accounts receivable. At March 28, 2004, no franchisee, retail licensee or Branded Product Program customer represented 10% or greater of accounts receivable. (See Note D). No franchisee, retail licensee or Branded Product customer accounted for 10% or more of revenues during the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003.

The Company's primary supplier of hot dogs represented 66%, 62% and 41% of product purchases for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003, respectively. The Company's distributor of product to its Company-owned restaurants represented 24%, 34% and 18% of product purchases for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003, respectively. A prior distributor represented 35% of product purchases for the fiscal year ended March 30, 2003.

The Company's revenues were derived from the following geographic areas:

	2005	2004	2003
Domestic (United States)	$32,994	$29,037	$32,485
Non-domestic	1,118	725	334
	$34,112	$29,762	$32,819

NOTE B (CONTINUED)

23. Advertising

The Company administers various advertising funds on behalf of its subsidiaries and franchisees to coordinate the marketing efforts of the Company. Under these arrangements, the Company collects and disburses fees paid by franchisees and Company-owned stores for national and regional advertising, promotional and public relations programs. Contributions to the advertising funds are based on specified percentages of net sales, generally ranging up to 3%. Net Company-owned store advertising expense was $242, $241 and $608, for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003, respectively.

24. Classification of Operating Expenses

Cost of sales consists of the following:

- The cost of products sold by the Company-operated restaurants, through the Branded Product Program and other distribution channels.

- The cost of labor and associated costs of in-store restaurant management and crew.

- The cost of paper products used in Company-operated restaurants.

- Other direct costs such as fulfillment, commissions, freight and samples.

Restaurant operating expenses consist of the following:

- Occupancy costs of Company-operated restaurants.

- Utility costs of Company-operated restaurants.

- Repair and maintenance expenses of the Company-operated restaurant facilities.

- Marketing and advertising expenses done locally and contributions to advertising funds for Company-operated restaurants.

- Insurance costs directly related to Company-operated restaurants.

25. Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in

NOTE B (CONTINUED)

which those temporary differences are expected to be recovered or settled. A valuation allowance has been established to reduce deferred tax assets attributable to net operating losses and credits of Miami Subs.

26. Reclassifications

Certain prior years' balances have been reclassified to conform with current year presentation.

27. 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. We are evaluating the impact of this standard on our consolidated financial statements.

In December 2004, the FASB issues 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. We plan 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 thousands, except share and per share amounts)

NOTE C - INCOME (LOSS) PER SHARE

Basic income (loss) per common share is calculated by dividing income (loss) by the weighted-average number of common shares outstanding and excludes any dilutive effects of stock options or warrants. Diluted income (loss) 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 (loss) 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 fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003, respectively:

	Income (loss) from continuing operations			Shares			Income (loss) per share From continuing operations		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
Basic EPS									
Basic calculation	$2,746	$1,952	$(1,506)	5,307,000	5,306,000	5,976,000	$.52	$.37	$(.25)
Effect of dilutive employee stock options and warrants	-	-	-	773,000	372,000	-	(.07)	(.03)	-
Diluted EPS									
Diluted calculation	$2,746	$1,952	$(1,506)	6,080,000	5,678,000	5,976,000	$.45	$.34	$(.25)

Options and warrants to purchase 19,500 and 811,918 shares of common stock for the years ended March 27, 2005 and March 28, 2004, respectively, were not included in the computation of diluted earnings per share because the exercise prices exceeded the average market price of common shares during the respective periods. Options and warrants to purchase 1,374,981 shares of the Company's common stock for the year ended March 30, 2003 were excluded from the calculation of diluted loss per share as the impact of their inclusion would have been anti-dilutive.

(in thousands, except share and per share amounts)

NOTE D - NOTES AND ACCOUNTS RECEIVABLE, NET

Notes and accounts receivable, net, consist of the following:

	MARCH 27, 2005	March 28, 2004
Notes receivable, net of impairment charges	$ 523	$ 573
Franchise and license royalties	1,803	1,404
Branded product sales	1,128	687
Other	450	329
	3,904	2,993
Less: allowance for doubtful accounts	177	328
Less: notes receivable due after one year	136	313
Notes and accounts receivable, net	$3,591	$2,352

Notes receivable at March 27, 2005 and March 28, 2004 principally resulted from sales of restaurant businesses to Miami Sub's and Nathan's franchisees and are generally guaranteed by the purchaser and collateralized by the restaurant businesses and assets sold. The notes are generally due in monthly installments of principal and interest with a balloon payment at the end of the term, with interest rates ranging principally between 5% and 10% (See Note B-5).

Accounts receivable are due within 30 days and are stated at amounts due from franchisees, retail licensees and Branded Product Program customers, net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the customer's current and expected future ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they are deemed to be uncollectible.

(in thousands, except share and per share amounts)

NOTE D (CONTINUED)

Changes in the Company's allowance for doubtful accounts are as follows:

	2005	2004	2003
Beginning balance	$ 328	$ 418	$ 644
Bad debt (recoveries) expense	13	(17)	82
Other	17	-	-
Accounts written off	(181)	(73)	(308)
Ending balance	$ 177	$ 328	$ 418

NOTE E - MARKETABLE SECURITIES

The cost, gross unrealized gains, gross unrealized losses and fair market value for marketable securities by major security type at March 27, 2005 and March 28, 2004 are as follows:

	Cost	Gross unrealized gains	Gross unrealized losses	Fair market value
2005:				
Available-for-sale securities:				
Bonds	$ 11,778	$ 24	$ (161)	$11,641
2004:				
Available-for-Sale securities:				
Bonds	$ 7,382	$ 107	$ (12)	$ 7,477

(in thousands, except share and per share amounts)

NOTE E (CONTINUED)

As of March 27, 2005, the bonds mature at various dates between May 2005 and April 2014. Proceeds from the sale of available-for-sale and trading securities and the resulting gross realized gains and losses included in the determination of net income are as follows:

	2005	2004	2003
Available-for-sale securities:			
Proceeds	$1,357	$2,497	$6,088
Gross realized gains	-	17	12
Gross realized losses	-	(5)	(2)
Trading securities:			
Proceeds	-	-	$ 767
Gross realized gains	-	-	-
Gross realized losses	-	-	(252)

Effective April 1, 2002, the Company transferred the Company's bond portfolio formerly classified as trading securities to available for sale securities due to a change in the Company's investment strategies. As required by SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities", the transfer of these securities between categories of investments has been accounted for at fair value and the unrealized holding loss previously recorded through April 1, 2002 of $20 from the trading category has not been reversed. The net unrealized (losses) gains for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003, respectively, of $(137), $3 and $64, net of deferred income taxes, has been included as a component of comprehensive income.

During the fiscal year ended March 30, 2003, the Company liquidated its investment in limited partnership and received proceeds of $767 and recorded a loss of $252 which is included as a component of investment and other income in the accompanying consolidated statement of operations for the fiscal year ended March 30, 2003.

(in thousands, except share and per share amounts)

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

	MARCH 27, 2005	March 28, 2004
Land	$ 1,094	$ 1,281
Building and improvements	1,917	1,854
Machinery, equipment, furniture and fixtures	6,021	5,980
Leasehold improvements	4,371	4,123
Construction-in-progress	9	103
	13,412	13,341
Less: accumulated depreciation and amortization	8,829	8,247
	$ 4,583	$ 5,094

Assets under capital lease amounted to $48 at March 27, 2005 and March 28, 2004. These assets were fully amortized prior to the fiscal year ended March 28, 2004. Depreciation expense on property and equipment was $918, $971 and $1,907 for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003, respectively.

1. Sales of Restaurants

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 that it sells, abandons or otherwise disposes of where the Company will have no further involvement in, or cash flows, from such restaurant's operations.

NOTE F (CONTINUED)

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 fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003, as the company has no continuing involvement in the operation of this restaurant or cash flows from this restaurant.

During the fiscal year ended March 28, 2004, the Company sold three Company-owned restaurants for total consideration of $1,083 and entered into two management agreements with franchisees to operate two Company-owned restaurants. As the Company expects to have a continuing stream of cash flows for all of these restaurants, the results of operations for these Company-operated restaurants are included as a component of continuing operations in the accompanying consolidated statements of operations.

During the fiscal year ended March 30, 2003, the Company sold three Company-owned restaurants for total consideration of $591. In August 2002, an operating restaurant, which had been classified as held for sale at March 31, 2002, was sold to a non-franchisee for $75. In October 2002, a non-operating restaurant, which had been classified as held for sale was sold to a non-franchisee for $466 and an operating restaurant was sold to a franchisee in exchange for a $50 note. As these restaurants were either classified as held-for-sale prior to the adoption of SFAS No. 144 or the Company has continuing cash flows in the case of the franchised restaurant, the results of operations for these Company-operated restaurants that were sold are included as a component of continuing operations in the accompanying consolidated statements of operations for the fiscal year ended March 30, 2003. In December 2002, the Company abandoned the operations of one Company-owned restaurant pursuant to a lease termination agreement with the landlord. The results of operations for this restaurant have been classified as discontinued operations for fiscal year ended March 30, 2003 as the Company does not have any continuing involvement in the operations of this restaurant or continuing cash flows from this restaurant.

As discussed in Note F-2 below, during fiscal 2003, the Company also abandoned the operations of seven company-operated restaurants located within certain Home Depot Home Improvement Centers. Pursuant to SFAS No. 144, the results of operations for all seven of these restaurants have been presented as discontinued operations in the accompanying consolidated statement of operations for the period ended March 30, 2003, as the Company has no continuing involvement in the operations of these restaurants or cash flows relating to any of these restaurants.

(in thousands, except share and per share amounts)

NOTE F (CONTINUED)

2. Food Service License Termination Within Home Depot Stores

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 Home Improvement Centers. In accordance with the termination notices, the Company ceased its operations in all seven Home Depot locations during the fiscal year ended March 30, 2003.

Pursuant to SFAS No. 144, the results of operations for all seven of these restaurants have been presented as discontinued operations in the accompanying consolidated statements of operations as the Company has no continuing involvement in the operations of these restaurants or cash flows relating to any of these restaurants. The Company revised the estimated useful lives of these assets to reflect the shortened useful lives and recorded additional depreciation expense of approximately $428 during the fiscal year ended March 30, 2003. Pursuant to the termination provisions of certain of the lease agreements with Home Depot, the Company received payments of $184.

Following is a summary of the results of operations for these seven restaurants for the fiscal year ended March 30, 2003:

	2003
Revenues	$ 3,096
(Loss) income before income taxes (A)	$ (166)

(A) - (Loss) income before income taxes for the fiscal year ended March 30, 2003 includes additional depreciation expense of $428, as a result of revising the estimated useful lives of these restaurants.

(in thousands, except share and per share amounts)

NOTE F (CONTINUED)

3. Discontinued Operations

As described in Notes F-1 and F-2 above, the Company has classified the results of operations of certain restaurants as discontinued operations in accordance with SFAS No. 144. The following is a summary of the results of operations for these restaurants for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003:

	2005	2004	2003
Revenues	$ 415	$ 917	$ 4,496
Loss before income taxes (A)	$ (15)	$ (98)	$ (206)

(A) - Loss before income taxes for the fiscal year ended March 30, 2003 includes additional depreciation expense of $428, as a result of revising the estimated useful lives of these restaurants.

4. Assets Held for Sale

Included in assets held for sale as of March 27, 2005 and March 28, 2004 are certain land, building and improvements associated with two and one properties, respectively.

(in thousands, except share and per share amounts)

NOTE G - ACCRUED EXPENSES, OTHER CURRENT LIABILITIES AND OTHER LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	MARCH 27, 2005	March 28, 2004
Payroll and other benefits	$ 1,618	$ 1,369
Professional and legal costs	328	259
Self-insurance costs	324	346
Rent, occupancy and lease reserve termination costs	413	757
Taxes payable	684	544
Unexpended advertising funds	498	440
Deferred marketing funds	365	410
Other	858	711
	$ 5,088	$ 4,836

(in thousands, except share and per share amounts)

NOTE G (CONTINUED)

Other liabilities consists of the following:

	MARCH 27, 2005	March 28, 2004
Deferred income - supplier contracts	$ 771	$ 1,137
Deferred development fees	316	453
Deferred gain on sales of fixed assets	160	269
Deferred rental liability	265	264
Tenant's security deposits on subleased property	100	111
	$ 1,612	$ 2,234

Lease Reserve Termination Costs

In connection with the Company's acquisition of Miami Subs in fiscal 2000, Nathan's planned to permanently close 18 under-performing company-owned restaurants; Nathan's expected to abandon or sell the related assets at amounts below the historical carrying amounts recorded by Miami Subs. In accordance with APB No. 16 "Business Combinations", the write-down of these assets was reflected as part of the purchase price allocation. The Company has closed or sold all 18 units. As of March 27, 2005, the Company has recorded charges to operations of approximately $1,461 ($877 after tax) for lease reserves and termination costs in connection with these properties.

Changes in the Company's reserve for lease reserve and termination costs are as follows:

	2005	2004	2003
Beginning balance	$ 532	$ 529	$ 336
Additions	-	80	209
Payments	(334)	(77)	(16)
Ending balance	$ 198	$ 532	$ 529

(in thousands, except share and per share amounts)

NOTE H - NOTES PAYABLE AND CAPITALIZED LEASE OBLIGATIONS

A summary of notes payable and capitalized lease obligations is as follows:

	MARCH 27, 2005	March 28, 2004
Note payable to bank at 8.5% through January 2003, 4.5% from February 2003 through January 2006 and adjusting to prime plus 0.25% in February 2006 and February 2009 and maturing in 2010	$ 819	$ 986
Capital lease obligations	47	53
	866	1,039
Less current portion	(174)	(173)
Long-term portion	$ 692	$ 866

The above notes are secured by the related property and equipment, which have been fully depreciated as of March 27, 2005.

In August 2001, Miami Subs entered into an agreement with a franchisee and a bank, which called for the assumption of a note payable by the franchisee and the repayment of an existing note receivable from the franchisee. The Company guarantees the franchisee's note payable with the bank. The Company's maximum obligation should the franchisee default on the required payments to the bank for the loan funded by the lender was approximately $225 as of March 27, 2005. (See Note L-2)

At March 27, 2005, the aggregate annual maturities of notes payable and capitalized lease obligations are as follows:

2006	$ 174
2007	175
2008	175
2009	176
2010	164
Thereafter	2
	$ 866

The Company maintains a $7,500 line of credit with its primary banking institution. Borrowings under the line of credit are intended to be used to meet the normal short-term working capital needs of the Company. The line of credit is not a commitment and, therefore, credit availability is subject to ongoing approval. The line of credit expires on October 1, 2005, and bears interest at the prime rate (5.75% at March 27, 2005). There were no borrowings outstanding under this line of credit as of March 27, 2005 and March 28, 2004.

(in thousands, except share and per share amounts)

NOTE I - OTHER EXPENSE (INCOME), NET

Included in other expense (income), in the accompanying consolidated statements of operations for the fiscal year ended March 27, 2005, is (i) $(16) for the recovery of lease termination expense, (ii) $45 of lease termination expense in connection with two properties for the fiscal year ended March 28, 2004, and (iii) $232 in lease reserves in connection with four vacant properties for the fiscal year ended March 30, 2003.

NOTE J - INCOME TAXES

Income tax provision (benefit) consists of the following for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003:

	2005	2004	2003
Federal			
Current	$ 577	$ 120	$ -
Deferred	611	804	(281)
	1,188	924	(281)
State and local			
Current	257	74	46
Deferred	37	142	(48)
	294	216	(2)
	$1,482	$1,140	$(283)

Total income tax provision (benefit) for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003 differs from the amounts computed by applying the United States Federal income tax rate of 34% to income before income taxes as a result of the following:

	2005	2004	2003
Computed "expected" tax (benefit) expense	$ 1,438	$ 1,052	$ (609)
Nondeductible amortization	37	37	99
Impairment on nondeductible favorable lease intangible assets	-	-	87
State and local income taxes, net of Federal income tax benefit	160	181	140
Tax-exempt investment earnings	(66)	(46)	(48)
Tax refunds received	(81)	(62)	-
Nondeductible meals and entertainment and other	(6)	(22)	48
	$ 1,482	$ 1,140	$ (283)

(in thousands, except share and per share amounts)

NOTE J (CONTINUED)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	MARCH 27, 2005	March 28, 2004
Deferred tax assets		
Accrued expenses	$ 619	$ 668
Allowance for doubtful accounts	72	131
Impairment of notes receivable	705	908
Deferred revenue	582	816
Depreciation expense and impairment of long-lived assets	850	988
Expenses not deductible until paid	130	138
Amortization of intangibles	213	308
Net operating loss and other carryforwards	312	751
Unrealized loss on marketable securities	47	-
Excess of straight line over actual rent	106	-
Other	5	65
Total gross deferred tax assets	$ 3,641	$ 4,773
Deferred tax liabilities		
Difference in tax bases of installment gains not yet recognized	198	196
Deductible prepaid expense	170	-
Unrealized gain on marketable securities	-	46
Other	1	2
Total gross deferred tax liabilities	369	244
Net deferred tax asset	3,272	4,529
Less valuation allowance	(312)	(751)
	2,960	3,778
Less current portion	(1,168)	(1,326)
Long-Term portion	$ 1,792	$ 2,452

NOTE J (CONTINUED)

The Company utilized net operating loss carryforwards ("NOLs") of approximately $244 during fiscal 2005. The determination that the net deferred tax asset of $2,960 and $3,778 at March 27, 2005 and March 28, 2004, respectively, is realizable is based on anticipated future taxable income.

At March 27, 2005, the Company had an NOL of approximately $244 remaining (after certain IRS agreed-upon adjustments and other reductions due to expiring losses) which may be available to offset the Company's March 27, 2005 taxable income and general business credit carryforwards remaining of approximately $120 which may be used to offset liabilities through 2008. These losses and credits are subject to limitations imposed under the Internal Revenue Code pursuant to Sections 382 and 383 regarding changes in ownership. As a result of these limitations, the Company has recorded a valuation allowance for the Miami Subs loss carryforwards and credits related to the acquisition of Miami Subs. The valuation allowance also includes various state NOL's related to the post-acquisition losses of Miami Subs not utilized on a consolidated basis and carried forward on a state basis.

NOTE K - STOCKHOLDER'S EQUITY, STOCK PLANS AND OTHER EMPLOYEE BENEFIT PLANS

1. Stock Option Plans

On December 15, 1992, the Company adopted the 1992 Stock Option Plan (the "1992 Plan"), which provides for the issuance of incentive stock options ("ISO's") to officers and key employees and nonqualified stock options to directors, officers and key employees. Up to 525,000 shares of common stock have been reserved for issuance under the 1992 Plan. The terms of the options are generally ten years, except for ISO's granted to any employee, whom prior to the granting of the option, owns stock representing more than 10% of the voting rights, for which the option term will be five years. The exercise price for nonqualified stock options outstanding under the 1992 Plan can be no less than the fair market value, as defined, of the Company's common stock at the date of grant. For ISO's, the exercise price can generally be no less than the fair market value of the Company's common stock at the date of grant, with the exception of any employee who prior to the granting of the option, owns stock representing more than 10% of the voting rights, for which the exercise price can be no less than 110% of fair market value of the Company's common stock at the date of grant.

NOTE K (CONTINUED)

On May 24, 1994, the Company adopted the Outside Director Stock Option Plan (the "Directors' Plan"), which provides for the issuance of nonqualified stock options to nonemployee directors, as defined, of the Company. Under the Directors' Plan, 200,000 shares of common stock have been authorized and issued. Options awarded to each nonemployee director are fully vested, subject to forfeiture under certain conditions and shall be exercisable upon vesting.

In April 1998, the Company adopted the Nathan's Famous, Inc. 1998 Stock Option Plan (the "1998 Plan"), which provides for the issuance of nonqualified stock options to directors, officers and key employees. Up to 500,000 shares of common stock have been reserved for issuance under the 1998 Plan.

In June 2001, the Company adopted the Nathan's Famous, Inc. 2001 Stock Option Plan (the "2001 Plan"), which provides for the issuance of nonqualified stock options to directors, officers and key employees. Up to 350,000 shares of common stock have been reserved for issuance under the 2001 Plan.

In June 2002, the Company adopted the Nathan's Famous, Inc. 2002 Stock Incentive Plan (the "2002 Plan"), which provides for the issuance of nonqualified stock options or restricted stock awards to directors, officers and key employees. Up to 300,000 shares of common stock have been reserved for issuance under the 2002 Plan.

The 1992 Plan and Directors' Plan expired with respect to the granting of new options on December 2, 2002 and December 31, 2004, respectively. The 1998 Plan, the 2001 Plan and the 2002 Plan expire on April 5, 2008, June 13, 2011 and June 17, 2012, respectively, unless terminated earlier by the Board of Directors under conditions specified in the Plan.

The Company issued 478,584 stock options to employees of Miami Subs to replace 957,168 of previously issued Miami Subs options pursuant to the acquisition by Nathan's and issued 47,006 new options. All options were fully vested upon consummation of the merger. Exercise prices range from a low of $3.1875 to a high of $18.6120 per share and expire at various times through September 30, 2009.

During the fiscal year ended March 27, 2005, 237,640 stock options were exercised which aggregated proceeds of $530 to the Company.

NOTE K (CONTINUED)

2. Warrants

In November 1993, the Company granted to its Chairman and Chief Executive Officer a warrant to purchase 150,000 shares of the Company's common stock at an exercise price of $9.71 per share, representing 105% of the market price of the Company's common stock on the date of grant, which exercise price was reduced on January 26, 1996 to $4.50 per share. The shares vested at a rate of 25% per annum commencing November 1994 and the warrant expired, unexercised in November 2003.

On July 17, 1997, the Company granted to its Chairman and Chief Executive Officer a warrant to purchase 150,000 shares of the Company's common stock at an exercise price of $3.50 per share, representing the market price of the Company's common stock on the date of grant. The shares vested at a rate of 25% per annum commencing July 17, 1998 and the warrant expires in July 2007.

In connection with the merger with Miami Subs, the Company issued 579,040 warrants to purchase common stock to the former shareholders of Miami Subs. These warrants expired on September 30, 2004 and had an exercise price of $6.00 per share. During fiscal 2005, 142,855 of these warrants were exercised which aggregated proceeds of $857 to the Company, and 436,179 warrants expired unexercised. The Company also issued 63,700 warrants to purchase common stock to the former warrant holders of Miami Subs, of which 18,750 remain outstanding as of March 27, 2005. The exercise price of these outstanding warrants is $16.55 per share and expire in March 2006.

(in thousands, except share and per share amounts)

NOTE K (CONTINUED)

A summary of the status of the Company's stock option plans and warrants, excluding the 579,040 warrants issued to former shareholders of Miami Subs, at March 27, 2005, March 28, 2004 and March 30, 2003 and changes during the fiscal years then ended is presented in the tables below:

	2005		2004		2003	
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	Shares	Weighted-Average Exercise price	Shares	Weighted-Average Exercise price
Options outstanding - beginning of year	1,778,686	$ 3.92	1,754,249	$ 4.01	1,821,146	$ 4.29
Granted	95,000	5.62	65,000	4.03	40,000	3.96
Expired	(141,250)	7.22	(40,563)	11.67	(106,897)	7.32
Exercised	(237,640)	4.08	-	-		
Options outstanding - end of year	1,494,796	3.81	1,778,686	3.92	1,754,249	4.01
Options exercisable - end of year	1,322,629		1,572,268		1,502,124	
Weighted-average fair value of options granted		$ 2.87		$ 1.60		$ 2.19
Warrants outstanding - beginning of year	168,750	$ 4.73	318,750	$ 4.62	318,750	$ 4.62
Expired	-		(150,000)	4.50	-	
Warrants outstanding - end of year	168,750	4.73	168,750	4.73	318,750	4.62
Warrants exercisable - end of year	168,750		168,750		318,750	
Weighted-average fair value of warrants granted		$ -		$ -		$ -

At March 27, 2005, 203,500 common shares were reserved for future restricted stock or stock option grants.

(in thousands, except share and per share amounts)

NOTE K (CONTINUED)

The following table summarizes information about stock options and warrants at March 27, 2005:

	Options and warrants outstanding			Options and warrants exercisable	
Range of exercise prices	Number outstanding at 3/27/05	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable at 3/27/05	Weighted-average exercise price
$ 3.19 to $ 4.00	1,434,418	4.0	$ 3.36	1,373,918	$ 3.35
4.01 to 6.00	136,250	8.1	5.27	24,583	4.52
6.01 to 16.55	92,878	1.4	8.38	92,878	8.38
$ 3.19 to $ 16.55	1,663,546	4.2	$ 3.80	1,491,379	$ 3.68

3. Common Stock Purchase Rights

On June 20, 1995, the Board of Directors declared a dividend distribution of one common stock purchase right (the "Rights") for each outstanding share of Common Stock of the Company. The distribution was paid on June 20, 1995 to the shareholders of record on June 20, 1995. The terms of the Rights were amended on April 6, 1998 and December 8, 1999. Each Right, as amended, entitles the registered holder thereof to purchase from the Company one share of the Common Stock at a price of $4.00 per share (the "Purchase Price"), subject to adjustment for anti-dilution. New Common Stock certificates issued after June 20, 1995 upon transfer or new issuance of the Common Stock will contain a notation incorporating the Rights Agreement by reference.

The Rights are not exercisable until the Distribution Date. The Distribution Date is the earlier to occur of (i) ten days following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding shares of the Common Stock, as amended, or (ii) ten business days (or such later date as may be determined by action of the Board of Directors prior to such time as any person becomes an Acquiring Person) following the commencement, or announcement of an intention to make a tender offer or exchange offer by a person (other than the Company, any wholly-owned subsidiary of the Company or certain employee benefit plans) which, if consummated, would result in such person becoming an Acquiring Person. The Rights were set to expire on June 19, 2005, unless earlier redeemed by the Company. On June 15, 2005, The Board of Directors approved an extension of the Rights through June 19, 2010 under essentially the same terms and conditions.

NOTE K (CONTINUED)

At any time prior to the time at which a person or group or affiliated or associated persons has acquired beneficial ownership of 15% or more of the outstanding shares of the Common Stock of the Company, the Board of Directors of the Company may redeem the Rights in whole, but not in part, at a price of $.001 per Right. In addition, the Rights Agreement, as amended, permits the Board of Directors, following the acquisition by a person or group of beneficial ownership of 15% or more of the Common Stock (but before an acquisition of 50% or more of Common Stock), to exchange the Rights (other than Rights owned by such 15% person or group), in whole or in part, for Common Stock, at an exchange ratio of one share of Common Stock per Right.

Until a Right is exercised, the holder thereof, as such, will have no rights as a shareholder of the Company, including, without limitation, the right to vote or to receive dividends. The Company has reserved 9,307,363 shares of Common Stock for issuance upon exercise of the Rights.

4. Stock Repurchase Plan

On September 14, 2001, the Board of Directors of the Company authorized the repurchase of up to 1,000,000 shares of the Company's common stock. As part of the stock repurchase plan, on April 10, 2002, the Company repurchased 751,000 shares of the Company's common stock for aggregate consideration of $2,741 in a private transaction with a stockholder. The Company completed its initial Stock Repurchase Plan at a cost of approximately $3,670 during the fiscal year ended March 30, 2003. On October 7, 2002, the Board of Directors of the Company authorized the repurchase of up to 1,000,000 additional shares of the Company's common stock. Purchases of stock will be made 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. The Company expects to fund these stock repurchases from its operating cash flow. Through March 27, 2005, 891,100 additional shares have been repurchased at a cost of approximately $3,488.

5. Employment Agreements

We entered into a new employment agreement with Howard M. Lorber, our Chairman and Chief Executive Officer, effective as of January 1, 2005. The agreement expires December 31, 2009. Pursuant to the agreement, Mr. Lorber receives a base salary of $250 and an annual bonus equal to 5 percent of our consolidated pre-tax earnings over $5,000 for each fiscal year. The agreement further provides for a consulting agreement after the termination of employment during which Mr. Lorber will receive a consulting payment of $225 per year. Mr. Lorber is also entitled to a severance payment in certain circumstances upon termination, as defined in the agreement. The employment agreement also provides Mr. Lorber the right to participate in employment benefits offered to other Nathan's executives. In connection with the agreement, we issued to Mr. Lorber 50,000 shares of restricted common stock

NOTE K (CONTINUED)

which vest ratably over the 5-year term of the employment agreement. A charge of $363 based on the fair market value of the Company's common stock has been recorded to deferred compensation and is being amortized to earnings ratably over the vesting period.

In the event that Mr. Lorber's officer employment is terminated without cause, he is entitled to receive his salary and bonus for the remainder of the contract term. The employment agreement further provides that in the event there is a change in control, as defined in the agreement, Mr. Lorber has the option, exercisable within one year after such event, to terminate his employment agreement. Upon such termination, he has the right to receive a lump sum cash payment equal to the greater of (A) his salary and annual bonuses for the remainder of the employment term (including a prorated bonus for any partial fiscal year), which bonus shall be equal to the average of the annual bonuses awarded to him during the three fiscal years preceding the fiscal year of termination; or (B) 2.99 times his salary and annual bonus for the fiscal year immediately preceding the fiscal year of termination, as well as a lump sum cash payment equal to the difference between the exercise price of any exercisable options having an exercise price of less than the then current market price of our common stock and such then current market price. In addition, we will provide Mr. Lorber with a tax gross-up payment to cover any excise tax due. In the event of termination due to Mr. Lorber's death or disability, he is entitled to receive an amount equal to his salary and annual bonuses for a three-year period, which bonus shall be equal to the average of the annual bonuses awarded to him during the three fiscal years preceding the fiscal year of termination.

The Company and its President and Chief Operating Officer entered into an employment agreement on December 28, 1992 for a period commencing on January 1, 1993 and ending on December 31, 1996. The employment agreement has been extended annually through December 31, 2005, based on the original terms, and no nonrenewal notice has been given as of May 25, 2005. The agreement provides for annual compensation of $289 plus certain other benefits. In November 1993, the Company amended this agreement to include a provision under which the officer has the right to terminate the agreement and receive payment equal to approximately three times annual compensation upon a change in control, as defined.

The Company and the President of Miami Subs, pursuant to the merger agreement, entered into an employment agreement on September 30, 1999 for a period commencing on September 30, 1999 and ending on September 30, 2002. The agreement provides for annual compensation of $210 plus certain other benefits and automatically renews annually unless 180 days prior written notice is given to the employee. No nonrenewal notice has been given as of May 25, 2005. The agreement includes a provision under which the officer has the right to terminate the agreement and receive payment equal to approximately three times his annual compensation upon a change in control, as defined. In the event a nonrenewal notice is delivered, the Company must pay the officer an amount equal to the employee's base salary as then in effect.

NOTE K (CONTINUED)

The Company and one executive of Miami Subs entered into a change of control agreement effective November 1, 2001 for annual compensation of $136 per year. The agreement additionally includes a provision under which the executive has the right to terminate the agreement and receive payment equal to approximately three times his annual compensation upon a change in control, as defined.

Each employment agreement terminates upon death or voluntary termination by the respective employee or may be terminated by the Company upon 30-days' prior written notice by the Company in the event of disability or "cause," as defined in each agreement.

6. 401(k) Plan

The Company has a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code covering all nonunion employees over age 21 who have been employed by the Company for at least one year. Employees may contribute to the plan, on a tax-deferred basis, up to 15% of their total annual salary. Company contributions are discretionary. The Company matches contributions at a rate of $.25 per dollar contributed by the employee on up to a maximum of 3% of the employee's total annual salary. Employer contributions for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003 were $22, $21 and $25, respectively.

7. Other Benefits

The Company provides, on a contributory basis, medical benefits to active employees. The Company does not provide medical benefits to retirees.

(in thousands, except share and per share amounts)

NOTE L - COMMITMENTS AND CONTINGENCIES

1. Commitments

The Company's operations are principally conducted in leased premises. The leases generally have initial terms ranging from 5 to 20 years and usually provide for renewal options ranging from 5 to 20 years. Most of the leases contain escalation clauses and common area maintenance charges (including taxes and insurance). Certain of the leases require additional (contingent) rental payments if sales volumes at the related restaurants exceed specified limits. As of March 27, 2005, the Company has noncancelable operating lease commitments, net of certain sublease rental income, as follows:

	Lease commitments	Sublease income	Net lease commitments
2006	$ 3,587	$ 2,001	$ 1,586
2007	3,377	1,905	1,472
2008	2,797	1,603	1,194
2009	1,846	1,099	747
2010	1,527	944	583
Thereafter	1,753	1,563	190
	$ 14,887	$ 9,115	$ 5,772

Aggregate rental expense, net of sublease income, under all current leases amounted to $1,278, $1,584 and $2,340 for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003, respectively.

The Company also owns or leases sites, which it in turn subleases to franchisees which expire on various dates through 2016 exclusive of renewal options. The Company remains liable for all lease costs when properties are subleased to franchisees.

The Company also subleases locations to third parties. Such sub-leases provide for minimum annual rental payments by the Company aggregating approximately $2,885 and expire on various dates through 2015 exclusive of renewal options.

NOTE L (CONTINUED)

Contingent rental payments on building leases are typically made based on the percentage of gross sales on the individual restaurants that exceed predetermined levels. The percentage of gross sales to be paid and related gross sales level vary by unit. Contingent rental expense was approximately $52, $67 and $88 for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003, respectively.

2. Guarantees

The Company guarantees certain equipment financing for franchisees with a third-party lender. The Company's maximum obligation, should the franchisees default on the required monthly payment to the third-party lender, for loans funded by the lender, as of March 27, 2005, was approximately $100. 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 fiscal 2007. The Company's maximum obligation, should the franchisee default on the required monthly payments to the bank, for the loan funded by the lender, as of March 27, 2005, was approximately $225.

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. Contingencies

An action has been 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 in connection with the construction of the leased premises. Miami Subs has been the primary tenant at the location since 1993, when the lease was assigned to Miami

NOTE L (CONTINUED)

Subs by the initial tenant under the lease, the party to whom the construction loan was made. To date, the landlord has not commenced legal action. Miami Subs intends to continue to dispute its liability for the construction loan and to vigorously defend any legal action.

An employee of a Miami Subs franchised restaurant, commenced an action for unspecified damages in the United States District Court, Southern District of Florida in January 2004 against Miami Subs Corporation, Miami Subs USA, Inc. , Nadia M. Investments, Inc. and DYV SYS International, Inc., both Miami Subs franchisees ("the franchisees"), claiming that he was not paid overtime when he worked in excess of 40 hours per week, in violation of the Fair Labor Standards Act. The action also seeks damages for any other employees of the defendants who would be similarly entitled to overtime. Pursuant to the terms of the Miami Subs Franchise Agreement, the franchisees are obligated to operate their Miami Subs franchises in compliance with the law, including all labor laws. On July 27, 2004, this action was settled without payment to the plaintiffs by Miami Subs Corporation.

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 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. Nathan's Famous, Inc. intends to deny any liability and defend this action vigorously. Nathan's Famous, Inc. has submitted this claim to its insurance carrier with the expectation that it will be covered by its employment practices liability insurance policy.

An employee of a Miami Subs franchised restaurant commenced an action for unspecified damages in the United States District Court, Southern District of Florida in September 2004 against Miami Subs Corporation, Miami Subs USA, Inc., and three Miami Subs franchisees, FMI Subs Corporation, NEESA Subs Corp. and Muhammad Amin, (the franchisees), claiming that she was not paid overtime when she worked in excess of 40 hours per week, in violation of the Fair Labor Standards Act. The action also seeks damages for any other employees of the defendants who would be similarly entitled to overtime. Pursuant to the terms of the Miami Subs Franchise Agreement, the franchisees are obligated to operate their Miami Subs franchises in compliance with the law, including all labor laws. On May 27, 2005 this action was settled without payment to the plaintiffs by Miami Subs Corporation.

NOTE L (CONTINUED)

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. Although the parties agreed to a settlement in March 2004 for approximately $10, such agreement was not finalized and 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. Nathan's intends to cooperate with the EEOC's conciliation efforts in the hope that this matter can be settled on reasonable terms. If it cannot, and the employee or the EEOC commences legal proceedings, Nathan's will defend the matter vigorously.

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.

NOTE M - RELATED PARTY TRANSACTIONS

An accounting firm of which Charles Raich, who joined Nathan's Board of Directors on June 15, 2004, serves as Managing Partner, received ordinary tax preparation and other consulting fees of $127, $99 and $81 for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003, respectively.

A firm on which Mr. Howard M. Lorber serves as chairman of the board of directors, and the firm's affiliates received ordinary and customary insurance commissions aggregating approximately $49, $26 and $41 for the fiscal years ended March 27, 2005, March 28, 2004 and March 30, 2003, respectively.

NOTE N - SIGNIFICANT FOURTH QUARTER ADJUSTMENTS

During the fourth quarter of fiscal 2004, the Company's management continued to monitor and evaluate the collectibility and potential impairment of its assets, in particular, notes receivable, certain fixed assets and certain intangible assets. In connection therewith, impairment charges on certain notes receivable of $108 and impairment charges on fixed assets of $25 were recorded in the fourth quarter. It is management's opinion that these adjustments are properly recorded in the fourth quarter based upon the facts and circumstances that became available in that period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(in thousands, except share and per share amounts)

March 27, 2005, March 28, 2004 and March 30, 2003

NOTE O - QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
FISCAL YEAR 2005				
TOTAL REVENUES (a)	$ 9,261	$ 9,903	$ 7,300	$ 7,648
GROSS PROFIT (a)(b)	1,812	2,243	1,033	942
NET INCOME (a)	$ 950	$ 1,090	$ 476	$ 221
PER SHARE INFORMATION				
NET INCOME PER SHARE				
BASIC (c)	$ .18	$ .21	$ .09	$ .04
DILUTED (c)	$ .16	$ .18	$ .08	$ .04
SHARES USED IN COMPUTATION OF NET INCOME PER SHARE				
BASIC (c)	5,214,000	5,203,000	5,352,000	5,459,000
DILUTED (C)	5,913,000	5,924,000	6,173,000	6,312,000
Fiscal Year 2004				
Total revenues (a)	$ 8,744	$ 8,484	$ 6,290	$ 6,244
Gross profit (a)(b)	1,903	1,878	939	930
Net income	$ 744	$ 856	$ 237	$ 57
Per share information				
Net income per share				
Basic (c)	$ .14	$ .16	$ .04	$ .01
Diluted (c)	$ .14	$ .15	$ .04	$ .01
Shares used in computation of net income per share				
Basic (c)	5,370,000	5,313,000	5,286,000	5,255,000
Diluted (c)	5,478,000	5,593,000	5,742,000	5,901,000

(a) Total revenues and gross profit were adjusted from amounts previously reported on Form 10Q's to reflect a reclassification of operations of one restaurant to discontinued operations in the fiscal year ended March 27, 2005.

(b) Gross profit represents the difference between sales and cost of sales.

(c) The sum of the quarters does not equal the full year per share amounts included in the accompanying consolidated statements of operations due to the effect of the weighted average number of shares outstanding during the fiscal years as compared to the quarters.

Nathan's Famous, Inc. and Subsidiaries

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Fifty-two weeks ended March 27, 2005, March 28, 2004 and March 30, 2003
(in thousands)

COL. A	COL. B	COL. C		COL. D	COL. E
		(1)	(2)		
Description	Balance at beginning of period	Additions charged to costs and expenses	Additions charged to other accounts	Deductions	Balance at end of period
FIFTY-TWO WEEKS ENDED MARCH 27, 2005					
ALLOWANCE FOR DOUBTFUL ACCOUNTS - ACCOUNTS RECEIVABLE	$ 328	$ 13	$ 17(b)	$ 181(a)	$ 177
LEASE RESERVE AND TERMINATION COSTS	$ 532	$ -	$ -	$ 334(c)	$ 198
Fifty-two weeks ended March 28, 2004					
Allowance for doubtful accounts - accounts receivable	$ 418	$ -	$ -	$ 90(a)	$ 328
Lease reserve and termination costs	$ 529	$ 80	$ -	$ 77(c)	$ 532
Fifty-two weeks ended March 30, 2003					
Allowance for doubtful accounts - accounts receivable	$ 644	$ 82	$ -	$ 308(a)	$ 418
Lease reserve and termination costs	$ 336	$ 209	$ -	$ 16(c)	$ 529

(a) Uncollectible amounts written off

(b) Provision charged to advertising fund

(c) Payment of lease termination and other costs

EXHIBIT 3.3

As amended March 30, 1999

BY-LAWS

OF

NATHAN'S FAMOUS, INC.

(A Delaware Corporation
originally organized under the name
Nathan's Famous Holding Corporation)

ARTICLE 1

STOCKHOLDERS

1. CERTIFICATES REPRESENTING STOCK.

Every holder of stock in the corporation shall be entitled to have a certificate signed by, or in the name of, the corporation by the Chief Executive Officer, if any, or by the President or a Vice-President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the corporation certifying the number of shares owned by him in the corporation. Any and all signatures on any such certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Whenever the corporation shall be authorized to issue more than one class of stock or more than one series of any class of stock, and whenever the corporation shall issue any shares of its stock as partly paid stock, the certificates representing shares of any such class or series or of any such partly paid stock shall set forth thereon the statements prescribed by the General Corporation Law. Any restrictions on the transfer or registration of transfer of any shares of stock of any class or series shall be noted conspicuously on the certificate representing such shares.

The corporation may issue a new certificate of stock in place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Board of Directors may require the owner of any lost, stolen or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify the corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

2. FRACTIONAL SHARE INTEREST.

The corporation may, but shall not be required to, issue fractions of a share. If the corporation does not issue fractions of a share, it shall (i) arrange for the disposition of fractional interest by those entitled thereto, (ii) pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or (iii) issue scrip or warrants in registered or bearer form which shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or warrants aggregating a full share. A certificate for a fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon, and to participate in any of the assets of the corporation in the event of liquidation. The Board of Directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing full shares before a specified date, or subject to the conditions that the shares for which scrip or warrants are exchangeable may be sold by the corporation and the proceeds thereof distributed to the holders of scrip or warrants, or subject to any other conditions which the Board of Directors may impose.

3. STOCK TRANSFERS.

Upon compliance with provisions restricting the transfer or registration of transfer of shares of stock, if any, transfers or registration of transfers of shares of stock of the corporation shall be made only on the stock ledger of the corporation by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation or with a transfer agent or a registrar, if any, and on surrender of the certificate or certificates for such shares of stock properly endorsed and the payment of all taxes due thereon.

4. RECORD DATE FOR STOCKHOLDERS.

For the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the directors may fix, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed; and the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at any meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

5. MEANING OF CERTAIN TERMS.

As used herein in respect of the right to notice of a meeting of stockholders or a waiver thereof or to participate or vote thereat or to consent or dissent in writing in lieu of a meeting, as the case may be, the term "share" or "shares" or "share of stock" or "shares of stock" or stockholder" or "stockholders" refers to an outstanding share or shares of stock and to a holder or holders of record of outstanding shares of stock when the corporation is authorized to issue only one class of shares of stock, and said reference is also intended to include any outstanding share or shares of stock and any holder or holders of record of outstanding shares of stock of any class upon which or upon whom the certificate of incorporation confers such rights where there are two or more classes or series of shares of stock or upon which or upon whom the General Corporation Law confers such rights notwithstanding that the certificate of incorporation may provide for more than one class or series of shares of stock, one or more of which are limited or denied such rights thereunder; provided, however, that no such right shall vest in the event of an increase or a decrease in the authorized number of shares of stock of any class or series which is otherwise denied voting rights under the provisions of the certificate of incorporation, except as any provision of law may otherwise require.

6. STOCKHOLDER MEETINGS.

TIME. The annual meeting shall be held on the date and at the time fixed, from time to time, by the directors, provided, that the first annual meeting and each successive annual meeting thereafter shall be held on a date within 10 months after the close of the preceding fiscal year. A special meeting shall be held on the date and at the time fixed by the directors.

PLACE. Annual meetings and special meetings shall be held at such place, within or without the State of Delaware, as the directors may, from time to time, fix. Whenever the directors shall fail to fix such place, the meeting shall be held at the registered office of the corporation in the State of Delaware.

CALL. Annual meetings and special meetings may be called by the directors or by any officer instructed by the directors to call the meeting.

NOTICE OR WAIVER OF NOTICE. Written notice of all meetings shall be given, stating the place, date and hour of the meeting and stating the place within the city or other municipality or community at which the list of stockholders of the corporation may be examined. The notice of an annual meeting shall state that the meeting is called for the election of directors and for the transaction of other business which may properly come before the meeting, and shall, (if any other action which could be taken at a special meeting is to be taken at such annual meeting) state the purpose or purposes. The notice of a special meeting shall in all instances state the purpose of purposes for which the meeting is called. The notice of any meeting shall also include, or be accompanied by, any additional statements, information or documents prescribed by the General Corporation Law. Except as otherwise provided by the General Corporation Law, a copy of the notice of any meeting shall be given, personally or by mail, not less than 10 days nor more than 60 days before the date of the meeting, unless the lapse of the prescribed period of time shall have been waived, and directed to each stockholder at his record address or at such other address which may have furnished by request in writing to the Secretary of the Corporation. Notice by mail shall be deemed to be given when deposited, with postage thereon prepaid, in the United States mail. If a meeting is adjourned to another time, not more than 30 days hence, and/or to another place, and if an announcement of the adjourned time and/or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the directors, after adjournment, fix a new record date for the adjourned meeting. Notice need not be given to any stockholder who submits a written waiver of notice signed by him before or after the time stated therein. Attendance of a stockholder at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, not the purpose of, any regular or special meeting of the stockholders need to be specified in any written waiver of notice.

STOCKHOLDER LIST. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city or other municipality of community where the meeting is to be held, which place shall be specified in the notice of the meeting, or it not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this section or the books of the corporation, or to vote at any meeting of stockholders.

CONDUCT OF MEETING. Meetings of the stockholders shall be presided over by one of the following officers in the order of seniority and if present and acting - the Chief Executive Officer, if any, if any, the President, a Vice-President, or, if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders. The Secretary of the corporation, or in his absence, an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present the Chairman of the meeting shall appoint a secretary of the meeting.

PROXY REPRESENTATION. Every stockholder may authorize another person or persons to act for him by proxy in all matters in which a stockholder is entitled to participate, whether by waiving notice of any meeting, voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the stockholder or by his attorney-in-fact. No proxy shall be voted or acted upon after three years from its date unless such proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and, if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally.

INSPECTORS. The directors, in advance of any meeting, may, but need not, appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, if any, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are Proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting, the inspector or inspectors, if any, shall make a report in writing of any challenge, question or matter determined by him or them and execute a certificate of any fact found by him or them.

QUORUM. The holders of a majority of the outstanding shares of stock shall constitute a quorum at a meeting of stockholders for the transaction of any business. The stockholders present may adjourn the meeting despite the absence of a quorum.

VOTING. Each share of stock shall entitle the holder thereof to one vote. In the action of directors, a plurality of the votes cast shall elect. Any other action shall be authorized by a majority of the votes cast except where the General Corporation Law prescribes a different percentage of votes and/or a different exercise of voting power, and except as may be otherwise prescribed by the provisions of the certificate of corporation and these By-Laws. In the election of directors, and for any other action, voting need not be by ballot.

STOCKHOLDER PROPOSALS (A)(1) Nominations of persons for election to the board of directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the corporation's notice of meeting, (b) by or at the direction of the board of directors or (c) by any stockholder of the corporation who was a stockholder of record at the time of giving of notice provided for in this By-law, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this By-law.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this By-law the stockholder must have given timely notice thereof in writing to the Secretary of the corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the 60th day nor earlier than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the corporation. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 14a-11 thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner and (ii) the class and number of shares of the corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this By-law to the contrary, in the event that the number of directors to be elected to the board of directors of the corporation is increased and there is no public announcement by the corporation naming all of the nominees for director or specifying the size of the increased board of directors at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this By-law shall also be considered timely, but only with respect

to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the corporation.

(B) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation's notice of meeting. Nominations of persons for election to the board of directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the corporation's notice of meeting (a) by or at the direction of the board of directors or (b) provided that the board of directors has determined that directors shall be elected at such meeting, by any stockholder of the corporation who is a stockholder of record at the time of giving of notice provided for in this By-law who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this By-law. In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the board of directors, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation's notice of meeting, if the stockholder's notice required by paragraph (A) (2) of this By-law shall be delivered to the Secretary at the principal executive offices of the corporation not earlier than the close of business on the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the board of directors to be elected at such meeting. In no event shall the public announcement of an adjournment of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(C) (1) Only such persons who are nominated in accordance with the procedures set forth in this By-law shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this By-law. Except as otherwise provided by law, the certificate of incorporation or these By-laws, the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this By-law and, if any proposed nomination or business is not in compliance with this By-law, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of this By-law, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act .

(3) Notwithstanding the foregoing provisions of this By-law, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-law. Nothing in this By-law shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the

corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock to elect directors under specified circumstances.

7. STOCKHOLDER ACTION WITHOUT MEETINGS Any action required by the General Corporation Law to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE II

DIRECTORS

1. FUNCTIONS AND DEFINITION. The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors of the corporation. The Board of Directors shall have the authority to fix the compensation of the members thereof. The use of the phrase "whole board" herein refers to the total number of directors which the corporation would have if there were no vacancies.

2. QUALIFICATIONS AND NUMBER. A director need not be a stockholder, a citizen of the United States, or a resident of the State of Delaware. The initial Board of Directors shall consist of three persons. Thereafter the number of directors constituting the whole board shall be fixed from time to time by action of the stockholders or of the directors, but shall be not less than five nor more than nine. The number of directors may be increased or decreased by action of the stockholders or of the directors.

3. ELECTION AND TERM. The first Board of Directors, unless the members thereof shall have been named in the certificate of incorporation, shall be elected by the incorporator or incorporators and shall hold office until the first annual meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal. Any director may resign at any time upon written notice to the corporation. Thereafter, directors who are elected at an annual meeting of stockholders, and directors who are elected in the interim to fill vacancies and newly created directorships, shall hold office until the next annual meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal. In the interim between annual meetings of stockholders or of special meetings of stockholders called for the election of directors and/or for the removal of one or more directors and for the filling of any vacancy in that connection, newly created directorships and any vacancies in the Board of Directors, including unfilled vacancies resulting from the

removal of directors for cause or without cause may be filled by the vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director.

4. MEETINGS.

TIME. Meetings shall be held at such time as the Board shall fix, except that the first meeting of a newly elected Board shall be held as soon after its election as the directors may conveniently assemble.

PLACE. Meetings shall be held at such place within or without the State of Delaware as shall be fixed by the Board.

CALL. No call shall be required for regular meetings for which the time and place have been fixed. Special meetings may be called by or at the direction of the Chairman of the Board, if any, the Vice-Chairman of the Board, if any, of the President, or of a majority of the directors in office.

NOTICE OR ACTUAL OR CONSTRUCTIVE WAIVER. No notice shall be required for regular meetings for which the time and place have been fixed. At least two days written, oral, or any other mode of notice of the time and place shall be given for special meetings. Notice need not be given to any director or to any member of a committee of directors who submits a written waiver of notice signed by him before or after the time stated therein. Attendance of any such person at a meeting shall constitute a waiver of notice of such meeting, except when he attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors need be specified in any notice or written waiver of notice.

QUORUM AND ACTION. A majority of the whole Board shall constitute a quorum except when a vacancy or vacancies prevents such majority, whereupon a majority of the directors in office shall constitute a quorum, provided, that such majority shall constitute at least one-third of the whole Board. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting to another time and place. Except as herein otherwise provided, and except as otherwise provided by the General Corporation Law, the vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. The quorum and voting provisions herein stated shall not be construed as conflicting with any provisions of the General Corporation Law and these By-Laws which govern a meeting of directors held to fill vacancies and newly created directorships in the Board or action of disinterested directors.

Any member or members of the Board of Directors or of any committee designated by the Board, may participate in a meeting of the Board, or any such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

CHAIRMAN OF THE MEETING. The Board of Directors may elect a Chairman of the Board who, if present and acting, shall preside at all meetings, Otherwise, the Vice-Chairman of the Board, if any and if present and acting, or the President, if present and acting, or any other director chosen by the Board, shall preside. If a Chairman of the Board has been named, he shall not be an officer of the Corporation unless he has also been designated as the Chief Executive Officer.

REMOVAL OF DIRECTORS. Except as may otherwise be provided by the General Corporation Law, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at election of directors.

6. COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the corporation with the exception of any authority the delegation of which is prohibited by Section 141 of the General Corporation Law, and may authorize the seal of the corporation to be affixed to all papers which may require it.

7. WRITTEN ACTION. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

ARTICLE III

OFFICERS

The officers of the corporation shall consist of a President, a Secretary, a Treasurer, and, if deemed necessary, expedient, or desirable by the Board of Directors, a Chairman of the Board and Chief Executive Officer, a Chief Executive Officer, a Chief Operating Officer, one or more Vice-Chairmen of the Board, one or more Executive Vice-Presidents, one or more other Senior Vice-Presidents, Vice-Presidents, or Assistant Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers with such titles as the resolution of the Board of Directors choosing them shall designate. Except as may otherwise be provided in the resolution of the Board of Directors choosing him, no officer other than the Chairman of the Board and Chief Executive Officer, or Vice-Chairman of the Board, if any, need be a director. Any number of offices may be held by the same person, as the directors may determine.

Unless otherwise provided in the resolution choosing him, each officer shall be chosen for a term which shall continue until the meeting of the Board of Directors following the next annual meeting of stockholders and until his successor shall have been chosen and qualified.

All officers of the corporation shall have such authority and perform such duties in the management and operation of the corporation as shall be prescribed in the resolutions Of the Board of Directors designating and choosing such officers and prescribing their authority and duties, and shall have such additional authority and duties as are incident to their office except to the extent that such resolutions may be inconsistent therewith. The Secretary or an Assistant Secretary of the corporation shall record all of the proceedings of all meetings and actions in writing of stockholders, directors, and committees of directors, and shall exercise such additional authority and perform such additional duties as the Board shall assign to him. Any officer may be removed, with or without cause, by the Board of Directors. Any vacancy in any office may be filled by the Board of Directors.

ARTICLE IV

CORPORATE SEAL

The corporate seal shall be in such form as the Board of Directors shall prescribe.

ARTICLE V

FISCAL YEAR

The fiscal year of the corporation shall be fixed, and shall be subject to change, by the Board of Directors.

ARTICLE VI

CONTROL OVER BY-LAWS

Subject to the provisions of the certificate of incorporation and the provisions of the General Corporation Law, the power to amend, alter or repeal these By-Laws and to adopt new By-Laws may be exercised by the Board of Directors or by the stockholders.

EXHIBIT 10.25

RESTRICTED STOCK AGREEMENT

AGREEMENT made the 3rd day of February, 2005, between NATHAN'S FAMOUS, INC., a Delaware corporation, (hereinafter called the "Company") and HOWARD M. LORBER (hereinafter called "Grantee").

WITNESSETH:

WHEREAS, the Company, for the purposes stated therein, has adopted a 2002 Stock Incentive Plan, a copy of which is annexed hereto as Exhibit "A" (hereinafter called the "Plan"); and

WHEREAS, in accordance with said Plan the Board of Directors has determined that Grantee is eligible for and should be granted a Restricted Stock Award pursuant to said Plan as herein below provided, and Grantee desires to have such Restricted Stock Award;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. GRANT OF AWARD. The Company hereby grants to Grantee a Restricted Stock Award of 50,000 shares of the authorized and unissued Common Stock of the Company, having a par value of $.01 per share (the "Restricted Shares"), upon and subject to the following terms and conditions:

(a) The rights to Restricted Shares shall vest only at the following times and in the following amounts:

(i) Upon the date of this Agreement, the rights to 10,000 Restricted Shares shall vest in Grantee;

(ii) After the expiration of one (1) year from the date of this Agreement, the rights to an aggregate 20,000 Restricted Shares shall vest in Grantee;

(iii) After the expiration of two (2) years from the date of this Agreement, the rights to an aggregate 30,000 Restricted Shares shall vest in Grantee;

(iv) After the expiration of three (3) years from the date of this Agreement, the rights to an aggregate 40,000 Restricted Shares shall vest in Grantee; and

(v) After the expiration of four (4) years from the date of this Agreement, the rights to an aggregate 50,000 Restricted Shares shall vest in Grantee.

(b) The Restricted Stock Award shall vest in each instance, only during the continuance of the Grantee's employment or service with the Company as set forth in Section 3.3 of the Plan, except as set forth in Section 1(c), below.

(c) Upon Grantee's death or Total Disability, the rights to all of the Restricted Shares shall vest in Grantee, notwithstanding any lack of expiration of the vesting periods set forth in Section 1(a).

(d) Grantee shall be entitled to any dividend payments or dividend equivalent payments with respect to the Restricted Shares; provided, that the right to receive any such payments shall be deferred and shall vest upon the vesting of the Restricted Shares on which such dividend was paid.

(e) If at any time, the Company or any Subsidiary or Affiliate is required, under applicable laws and regulations, to withhold, or to make any deduction for any taxes, or take any other action in connection with a Restricted Stock Award, the Grantee shall be required to pay to the Company or such Subsidiary or Affiliate, the amount of any taxes required to be withheld, or, in lieu thereof, at the option of the Company, the Company or such Subsidiary or Affiliate may accept Common Stock valued at its Fair Market Value on the date of payment, to cover the amount required to be withheld.

2. NON-TRANSFERABILITY. The Restricted Stock Award granted under this Agreement shall not be transferable otherwise than by will or the laws of descent and distribution or to the extent permitted by the Board or the Committee.

3. BINDING EFFECT OF THE PLAN. Grantee represents that he has read and understands the Plan and agrees to be bound by all of the terms and conditions thereof.

4. CAPITALIZED TERMS. The capitalized terms used herein without definition are used as defined in the Plan.

5. APPLICABLE LAW. This Agreement and the legal relations among the parties hereto shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and performed therein.

6. CONSENT TO JURISDICTION AND WAIVERS . The parties hereto irrevocably consent that any legal action or proceeding against any of them under, arising out of or in any manner relating to, this Agreement or any other document delivered in connection herewith, may be brought in any court of the State of New York located within Nassau County or in the United States District Court for the Eastern District of New York. By the execution and delivery of this Agreement, the parties expressly and irrevocably consent and submit to the personal jurisdiction of any of such courts in any such action or proceeding. The parties further irrevocably consent to the service of any complaint, summons, notice or other process relating to any such action or proceeding by delivery thereof to it by hand or by any other manner permitted by law. The parties hereby expressly and irrevocably waive any claim or defense in any such action or proceeding based on any alleged lack of personal jurisdiction, improper venue or forum non convenient or any similar basis.

7. EMPLOYMENT. Nothing herein shall be deemed to create any employment agreement or guaranty of continued service as an employee, officer or director of the Company or limit in any way the Company's right to terminate Grantee's service as an employee, officer or director of the Company at any time consistent with the certificate of incorporation and by-laws of the Company, if applicable.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

NATHAN'S FAMOUS, INC.

By: /s/ Wayne Norbitz

Name: Wayne Norbitz
Title: President and Chief Operating Officer

/s/ Howard M. Lorber

Howard M. Lorber, Grantee

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Exhibit 21

Nathan's Famous, Inc.
SUBSIDIARIES

Company Name	State of Incorporation
Nathan's Famous, Inc.	Delaware
Nathan's Famous Operating Corp.	Delaware
Nathan's Famous Systems, Inc.	Delaware
Nathan's Famous Services, Inc.	Delaware
Nathan's Famous of Times Square, Inc.	New York
Nathan's Famous of New Jersey, Inc.	New Jersey
Nathan's Roadside Rest, Inc.	New York
Denek of Hicksville, Inc.	New York
Nathan's Famous of Yonkers, Inc.	New York
Nathan's Famous of Hicksville, Inc.	New York
Nathan's Famous of Kings Plaza, Inc.	New York
Nathan's Famous of Farmingdale, Inc.	New York
Nathan's Famous of 325 Fifth Avenue, Inc.	New York
Namasil Realty Corp.	New York
Nathan's Famous of H.D., Inc.	Delaware
Nathan's Famous of Crossgates, Inc.	New York
Nathan's Famous, of Lynbrook, Inc.	Delaware
Miami Subs Corporation	Florida
Miami Subs USA, Inc.	Florida
MGIII, Inc.	Florida
Miami Subs Real Estate Corp.	Florida
QSR, Inc.	Florida
Miami Subs of Delaware, Inc.	Delaware
NF Roasters Corp.	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated May 27, 2005 (except for Note K - 3, as to which the date is June 15, 2005), accompanying the consolidated financial statements and schedule included in the Annual Report of Nathan's Famous, Inc. and subsidiaries on Form 10-K for the year ended March 27, 2005. We hereby consent to the incorporation by reference of said report in the Registration Statements of Nathan's Famous, Inc. on Forms S-8 (Registration Nos. 33-72066, 33-89442, 33-93396, 333-86043, 333-86195, 333-92995, 333-82760 and 333-101355).

GRANT THORNTON LLP

Melville, New York
May 27, 2005 (except for Note K - 3, as to
which the date is June 15, 2005)

EXHIBIT 31.1

CERTIFICATION

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

1. I have reviewed this annual report on Form 10-K 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: June 23, 2005

/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 annual report on Form 10-K 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: June 23, 2005

/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 annual report on Form 10-K 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: June 23, 2005

/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-K of Nathan's Famous, Inc. for the period ended March 27, 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: June 23, 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.

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-K of Nathan's Famous, Inc. for the period ended March 27, 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: June 23, 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.