

FRANCHISE DISCLOSURE DOCUMENT

Nathan's Famous Systems, Inc.
(A Delaware Corporation)
One Jericho Plaza - Wing A, 2nd Floor
Jericho, New York 11753
1-800-Nathans / 1-516-338-8500
fl@nathansfamous.com
www.nathansfamous.com

We offer franchises for the operation of "Nathan's Famous" restaurants. "Nathan's Famous" restaurants are fast-service restaurants operating in buildings that feature our trade dress. A "Nathan's Famous" restaurant offers customers our proprietary hot dogs (made with our proprietary spice formula) as well as crinkle-cut french fries, hamburgers, assorted sandwiches, platters, and other fast-service menu items.

The estimated total initial investment necessary to begin operation of a "Nathan's Famous" restaurant franchise varies depending on the type of restaurant operated: \$440,943 to \$1,040,360 for a "traditional" free-standing restaurant; \$276,360 to \$659,610 for an "in-line" restaurant or restaurant operated in a "food court;" \$86,092 to \$190,500 for a restaurant operated from a kiosk (and, if you decide to build the optional preparation area, your additional costs for the preparation area will range from \$12,700 to \$58,335), and \$82,200 to \$264,100 for a restaurant operated as a Mobile Unit. This includes an initial fee of \$30,000 (\$15,000 for restaurants operated from a kiosk, Mobile Unit or a limited menu restaurant) (see Item 5 for details) that you must pay to us. These figures do not include co-branding costs (see below).

If you wish to add an "Arthur Treacher's Co-Branded Operation" to your "Nathan's Famous" restaurant, you will incur additional estimated costs of between \$16,500 to \$31,000. If you want to add a "Nathan's Famous" Branded Menu Operation (as described below) to your new or existing food service establishment, the estimated initial investment ranges from \$33,000 to \$66,300, including an initial license fee of \$7,500. If you want to add an "Arthur Treacher's" Branded Menu Operation (as described below) to your new or existing food service establishment, the estimated initial investment ranges from \$24,404 to \$61,486, including an initial license fee of \$7,500.

If you sign an area development agreement, your estimated initial investment under that agreement will vary depending on how many restaurants you will develop. This includes a development fee that you must pay to us, the amount of which will be subject to our mutual discussion and agreement, and will vary under the circumstances taking into account a number of factors. See Item 5 for details.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Randy Watts at the address and telephone number listed above.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

The issuance date of this Franchise Disclosure Document is July 11, 2014.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrators listed in Exhibit K for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

- 1.* THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO LITIGATE ONLY IN NEW YORK. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH THE FRANCHISOR IN NEW YORK THAN IN YOUR HOME STATE.
- 2.* THE FRANCHISE AGREEMENT STATES THAT THE LAW OF NEW YORK GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

* Local law may supersede these franchise agreement provisions. Certain states require the superseding provisions to appear in an addendum in this disclosure document. See Exhibits P and Q.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See the next page for the state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin; as well as exemption from the business opportunity registration requirements in Florida, Kentucky, Nebraska, Texas, and Utah.

STATES	EFFECTIVE DATE
California	
Florida	July 11, 2014
Hawaii	
Illinois	July 11, 2014
Indiana	July 11, 2014
Kentucky	July 11, 2014
Maryland	
Michigan	July 11, 2014
Minnesota	
Nebraska	July 11, 2014
New York	July 11, 2014
North Dakota	
Rhode Island	
South Dakota	
Texas	July 11, 2014
Utah	July 11, 2014
Virginia	
Washington	
Wisconsin	

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of July 11, 2014.

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