

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>Nathan's Famous, Inc.</b>		2 Issuer's employer identification number (EIN) 11-3166443	
3 Name of contact for additional information <b>Ronald G. DeVos</b>	4 Telephone No. of contact 516-338-8500	5 Email address of contact investorrelations@nathansfamous.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact One Jericho Plaza, Second Floor - Wing A		7 City, town, or post office, state, and ZIP code of contact Jericho, NY 11753	
8 Date of action January 4, 2018		9 Classification and description Cash distribution to shareholders	
10 CUSIP number 632347100	11 Serial number(s)	12 Ticker symbol NATH	13 Account number(s)

**Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.**

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On January 4, 2018, Nathan's Famous, Inc. ("NFI") made a special cash distribution to shareholders of \$5.00 per share. This amount is in excess of its current and accumulated earnings and profits.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ NFI currently expects that it will have positive current and accumulated earnings and profits for the fiscal year ended on March 25, 2018, however the the special distribution is expected to be in excess of its earnings and profits, based on our best estimates using information currently available. NFI expects that approximately 57% of the special distribution will be taxable as a dividend and the remainder as a non-dividend distribution. The non-dividend distribution will be applied as a reduction of the shareholder's basis in their NFI stock. Any amount in excess of basis will be taxable to the shareholder as a capital gain.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ NFI has calculated its earnings and profits under Internal Revenue Code ("IRC") Section 312. NFI expects that approximately 57% of the special distribution will be taxable as a dividend and the remainder as a reduction in basis or a capital gain, as discussed above.

**Part II Organizational Action (continued)**

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Distributions to shareholders are reportable as taxable dividends to the extent of the corporation's earnings and profits under IRC Section 301(c)(1) and in accordance with IRC Section 316. If a distributions exceeds the corporation's current and accumulated earnings and profits as computed under IRC Section 312, shareholders must apply the rules of IRC Section 301(c) to determine if the distribution is a non-taxable return of capital and reduction of basis under IRC Section 301(c)(2) or as a capital gain under IRC Section 301(c)(3). NFI has estimated its current and accumulated earnings and profits in accordance with the principles of IRC Section 312.

18 Can any resulting loss be recognized? ▶ N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable year is December 31, 2018.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ *Ronald G. DeVos* Date ▶ 2/8/18

Print your name ▶ Ronald G. DeVos

Title ▶ CFO

**Paid Preparer Use Only**

Print/Type preparer's name <u>Steven P. Garofalo</u>	Preparer's signature <u><i>Steven P. Garofalo</i></u>	Date <u>2/8/18</u>	Check <input type="checkbox"/> if self-employed	PTIN <u>P00025774</u>
Firm's name ▶ <u>Raich Ende Malter &amp; Co. LLP</u>			Firm's EIN ▶ <u>11-2336434</u>	
Firm's address ▶ <u>175 Broadhollow Road, Melville, NY 11747</u>			Phone no. <u>516-228-9000</u>	