

### **Branded Product Program**

Through the Branded Product Program, Nathan's provides qualified foodservice operators in a variety of venues the opportunity to capitalize on Nathan's valued brand by marketing and selling primarily Nathan's Famous hot dog products. We believe that the program is unique in its flexibility and broad appeal. Hot dogs are offered in a variety of sizes and additional specialty products are available to satisfy consumer needs. In conjunction with the program, the operators are granted a limited use of the Nathan's Famous trademark, as well as Nathan's point of purchase materials. We earn income by selling our products either directly to the end users or to various foodservice distributors who resell the products to specific operators.

As of March 27, 2016, the Branded Product Program distributed product in all 50 states, the District of Columbia, Puerto Rico, Canada, the U.S. Virgin Islands, Guam and Mexico. During the fiscal 2016 period, we continued to open many new locations offering Nathan's branded products. Today, Nathan's World Famous Beef Hot Dogs are being offered in national restaurant chains such as Auntie Anne's and Hot Dog On A Stick, national movie theater chains such as Regal Entertainment and National Amusements, casino hotels such as Foxwoods Casino in Connecticut and convenience store chains such as Race Trac, Holiday Station stores, and the Cinemex movie chain in Mexico. The Branded Products Program also continued its representation in professional sports arenas with Nathan's World Famous Beef Hot Dogs now being served in stadiums and arenas that host the New York Yankees, New York Mets, Brooklyn Nets, New York Islanders, New Jersey Devils, St. Louis Blues and Dallas Cowboys.

Additionally, our products are offered in numerous other foodservice operations including cafeterias, snack bars and vending machines located in many different types of foodservice outlets and venues, including airports, highway travel plazas, colleges and universities, gas and convenience stores, military installations and Veteran's Administration hospitals throughout the country.

Nathan's expects to continue to seek out and evaluate a variety of alternative environments designed to maximize the value of our Branded Product Program.

### **Expansion Program**

We expect that our retail licensing program will continue to grow centered around our new licensing program with John Morrell & Co. John Morrell brings superior sales and marketing resources to our brand through its national scale, broad distribution platform, strong retail relationships and research and development infrastructure capable of developing and introducing attractive new products. As a result of our partnership with John Morrell, we expect *Nathan's Famous* products to further penetrate the grocery, mass merchandising and club channels by expanding points of distribution in targeted, underpenetrated regions and through the development of new products. John Morrell expects to leverage this relationship with continued full-scale marketing efforts, both inside and outside of stores, highlighted by exciting customer events and brand representation and support at numerous Hot Dog Eating Contest Qualifying Events. Additionally, John Morrell & Co. will continue its mobile marketing tour throughout the year, whereby merchandising trucks will be making over 200 scheduled stops at supermarkets throughout the country and certain Hot Dog Eating Contests to bring the Nathan's / Coney Island experience to new markets.

We expect to continue the growth of our Branded Product Program through the addition of new points of sale. We believe that the flexible design of the Branded Product Program makes it well-suited for sales to all segments of the broad foodservice industry. We intend to keep targeting sales to a broad line of food distributors, which we believe complements our continuing focus on sales to various foodservice retailers. We continue to 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.

We will seek to market our franchise restaurant program to large, experienced and successful operators with the financial and business capability to develop multiple franchise units, as well as to individual owner-operators with evidence of restaurant management experience, net worth and sufficient capital.