

***Morgan's* FOODS, INC.**

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FOR IMMEDIATE RELEASE

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MORGAN'S FOODS ANNOUNCES FIRST QUARTER FISCAL 2008 RESULTS

Cleveland, Ohio (July 5, 2007) -- Morgan's Foods, Inc. (OTC:MRFD) (www.morgansfoods.com) announces first quarter fiscal 2008 results.

For the quarter ended May 20, 2007 the Company reported revenues of \$22,650,000 compared to \$21,101,000 for the quarter ended May 21, 2006. This increase of \$1,549,000 was due mainly to an 8.4% increase in comparable restaurant revenues. The increase in comparable restaurant revenues was primarily the result of continuing effective product promotions by the franchisors during the current year quarter including the Variety Big Box at KFC and the Steak Grilled Taquito at Taco Bell.

Income before taxes for the fiscal 2008 first quarter increased to \$1,237,000 from \$980,000 in the comparable prior year period. This increase of \$257,000 was mainly the result of the Company's increased revenues and effective cost controls.

Net income for the quarter ended May 20, 2007 was \$830,000 or \$.29 per share (\$.28 diluted) compared to net income for the quarter ended May 21, 2006 of \$899,000 or \$.33 per share (\$.32 diluted). The reduction in net income was primarily the result of the increase in income taxes for the current year quarter. The provision for income taxes increased to \$407,000 for the first quarter of fiscal 2008 compared to \$81,000 for the first quarter of fiscal 2007. The provision for income taxes is recorded at the Company's projected annual effective tax rate. The increase was primarily due to the Company having recognized during fiscal 2007 the benefits of its remaining net operating loss carryforwards therefore requiring a provision for taxes in the current year period which was offset by the use of net operating loss carryforwards in the prior year period. This change did not affect the Company's cash balances or cashflow for the period as the provision related to deferred taxes.

The Company's operating cash flow for the first quarter of fiscal 2008 increased to \$2,275,000 from \$1,890,000 for the first quarter of fiscal 2007 and resulted in an increase in the Company's cash balances from \$7,127,000 at the end of fiscal 2007 to \$8,615,000 at May 20, 2007.

"We are extremely proud of our continued excellent results which have put us in the position of having to include significant income taxes in our results for the first time in many years." said Leonard R. Stein-Sapir, Chairman and Chief Executive Officer.

Morgan's Foods, Inc. operates a total of 97 restaurants in six states, being comprised of 71 KFC restaurants, 7 Taco Bell restaurants, 14 KFC/Taco Bell "2n1" restaurants, 3 Taco Bell/Pizza Hut Express "2n1's", 1 KFC/Pizza Hut Express "2n1" and 1 KFC/A&W "2n1".

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Table attached.

MORGAN'S FOODS, INC.

SELECTED FINANCIAL INFORMATION

	First Quarter Ended (unaudited)	
	May 20, 2007	May 21, 2006
Revenues	\$ 22,650,000	\$ 21,101,000
Cost of sales:	0	0
Food, paper and beverage	6,939,000	6,640,000
Labor and benefits	6,051,000	5,495,000
Restaurant operating expenses	5,573,000	5,211,000
Depreciation and amortization	654,000	723,000
G&A expenses	1,380,000	1,135,000
Gain on restaurant assets	(16,000)	(6,000)
Operating income	2,069,000	1,903,000
Interest Expense:		
Bank debt and notes payable	(847,000)	(919,000)
Capital leases	(29,000)	(27,000)
Other income and expense, net	44,000	23,000
Income before income taxes	(1,237,000)	(980,000)
Provision for income taxes	407,000	81,000
Net income	\$ 830,000	\$ 899,000
Basic net income per common share	\$0.29	\$0.33
Diluted net income per common share	\$0.28	\$0.32
Basic weighted average number of shares outstanding	2,880,995	2,718,495
Diluted weighted average number of shares outstanding	2,964,527	2,806,030

	May 20, 2007	May 21, 2006
ASSETS		
Current assets	\$ 10,159,000	\$ 9,458,000
Property and equipment, net	30,583,000	30,470,000
Other assets	12,138,000	12,395,000
Total assets	\$ 52,880,000	\$ 52,323,000

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities	\$ 12,280,000	\$ 11,861,000
Long-term debt	33,710,000	34,445,000
Long-term capital lease obligations	1,286,000	1,299,000
Other long-term liabilities	1,256,000	1,302,000
Deferred tax liabilities	1,679,000	1,577,000
Shareholders' equity (deficiency)	2,669,000	1,839,000
Total liabilities and shareholders' equity	\$ 52,880,000	\$ 52,323,000