

**FOR IMMEDIATE RELEASE**

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**MORGAN'S FOODS ANNOUNCES FULL YEAR AND FOURTH QUARTER  
FISCAL 2007 RESULTS**

Cleveland, Ohio (May 30, 2007) -- Morgan's Foods, Inc. (OTC:MRFD) (www.morgansfoods.com) announces full year and fourth quarter fiscal 2007 results.

For the fiscal year ended February 25, 2007 the Company reported revenues of \$91,248,000 compared to \$87,457,000 for the fiscal year ended February 26, 2006 and \$25,822,000 for the fourth quarter of fiscal 2006 compared to \$25,133,000 for the fourth quarter of fiscal 2006. The revenue increases for the fourth quarter and full year were primarily the result of comparable restaurant revenue increases of 5.0% and 3.3%, respectively. The increases in comparable restaurant revenues were primarily the result of more effective products and promotions by the Company's KFC and Taco Bell franchisors as well as improved customer satisfaction generated by the Company's operations management.

Net income for fiscal 2007 was \$3,527,000 or \$1.29 per share (\$1.27 diluted) compared to net income of \$3,437,000 or \$1.26 per share (\$1.24 diluted) for fiscal 2006. For the fourth quarter of fiscal 2007 net income was \$337,000 or \$.12 per share (\$.12 diluted) compared to \$596,000 or \$.22 per share (\$.21 diluted) for the fourth quarter of fiscal 2006. The Company's improved profitability is mainly the result of its increased revenues and effective cost controls.

Primarily as a result of its improved profitability, the Company's operating cash flow for fiscal 2007 increased to \$7,114,000 from \$5,922,000 for fiscal 2006 and resulted in an increase in the Company's cash balances from \$6,415,000 at the end of fiscal 2006 to \$7,829,000 at the end of fiscal 2007.

"Our continued excellent results will assist us in accomplishing the aggressive restaurant image enhancement program which we have ahead of us" 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

	Fourth Quarter Ended (unaudited)		Fiscal Year Ended	
	February 25, 2007	February 26, 2006	February 25, 2007	February 26, 2006
Revenues	\$25,822,000	\$25,133,000	\$91,248,000	\$87,457,000
Cost of sales:				
Food, paper and beverage	7,733,000	7,819,000	27,981,000	27,146,000
Labor and benefits	7,668,000	6,958,000	24,798,000	23,186,000
Restaurant operating expenses	6,626,000	6,547,000	22,765,000	22,190,000
Depreciation and amortization	868,000	997,000	2,950,000	3,254,000
G&A expenses	1,761,000	1,441,000	5,428,000	5,133,000
Loss (gain) on restaurant assets	9,000	2,000	5,000	(715,000)
Operating income	<u>1,157,000</u>	<u>1,369,000</u>	<u>7,321,000</u>	<u>7,263,000</u>
Interest Expense:				
Bank debt and notes payable	(1,107,000)	(1,213,000)	(3,762,000)	(4,078,000)
Capital leases	(36,000)	(35,000)	(117,000)	(89,000)
Other income and expense, net	81,000	91,000	221,000	154,000
Income before income taxes	<u>95,000</u>	<u>212,000</u>	<u>3,663,000</u>	<u>3,250,000</u>
Income tax provision (benefit)	(242,000)	(384,000)	136,000	(187,000)
Net Income	<u>\$337,000</u>	<u>\$596,000</u>	<u>\$3,527,000</u>	<u>\$3,437,000</u>
Basic net income per common share	\$0.12	\$0.22	\$1.29	\$1.26
Diluted net income per common share	\$0.12	\$0.21	\$1.27	\$1.24
Basic average number of shares	2,738,982	2,718,495	2,738,982	2,718,495
Diluted average number of shares	2,767,478	2,718,524	2,767,478	2,778,524
	<u>February 25, 2007</u>	<u>February 26, 2006</u>		
ASSETS				
Current assets	\$9,458,000	\$8,246,000		
Property and equipment, net	30,470,000	30,225,000		
Deferred tax assets	825,000	550,000		
Other assets	11,570,000	11,730,000		
Total assets	<u>\$52,323,000</u>	<u>\$50,751,000</u>		
LIABILITIES AND				
Current liabilities	\$11,861,000	\$11,424,000		
Long-term debt	\$34,445,000	\$37,357,000		
Long-term capital lease obligations	1,299,000	1,194,000		
Other long-term liabilities	1,302,000	1,631,000		
Deferred tax liabilities	1,577,000	1,331,000		
Total shareholder's equity (deficiency)	<u>1,839,000</u>	<u>(2,186,000)</u>		
Total liabilities and shareholders'	<u>\$52,323,000</u>	<u>\$50,751,000</u>		