

FOR IMMEDIATE RELEASE

Contact: Kenneth L. Hignett
Senior Vice President, Chief Financial Officer & Secretary
(216) 359-9000

MORGAN'S FOODS ANNOUNCES FIRST QUARTER FISCAL 2010 RESULTS

Cleveland, Ohio (July 13, 2009) -- Morgan's Foods, Inc. (OTC:MRFD) (www.morgansfoods.com) announces first quarter fiscal 2010 results.

Revenues for the quarter ended May 24, 2009 were \$22,931,000 compared to \$21,753,000 for the prior year quarter ended May 25, 2008. The revenue increase of \$1,178,000 in the quarter ended May 24, 2009 compared to the quarter ended May 25, 2008 was primarily the result of a 6.9% increase in comparable restaurant revenues. Most of the revenue increase took place in the Company's third fiscal period which is the final period of the first quarter and was related to the national rollout of Kentucky Grilled Chicken® ("KGC").

Income before taxes for the fiscal 2010 first quarter increased to \$479,000 from \$176,000 in the comparable prior year period. This increase of \$303,000 was mainly the result of the increase in revenues generated primarily by the introduction of the KGC product. Operating margins for the first quarter of fiscal 2010 were almost identical to the operating margins in the first quarter of fiscal 2009.

Net income for the quarter ended May 24, 2009 was \$354,000, or \$.12 per share (\$.12 diluted), compared to net income for the quarter ended May 25, 2008 of \$94,000, or \$.03 per share (\$.03 diluted). The improvement in net income was primarily the result of higher income before taxes and a decrease in the Company's effective tax rate for the current year quarter caused by changes in the estimates of the future usage of deferred tax benefits. This change did not affect the Company's cash balances or cashflow for the current year period as the tax provisions relate primarily to deferred taxes.

Cash provided by operating activities was \$3,513,000 for the quarter ended May 24, 2009 compared to cash used in operating activities of \$237,000 for the quarter ended May 25, 2008. The increase in operating cash flow resulted primarily from the increase in net income in the current year and increases in accounts payable and accrued liabilities. The Company paid scheduled long-term bank and capitalized lease debt of \$735,000 in the first quarter of fiscal 2010 compared to payments of \$811,000 for the comparable period in fiscal 2009. Capital expenditures in the quarter ended May 24, 2009 were \$401,000, compared to \$2,213,000 for the comparable period in fiscal 2009 as the Company has curtailed its image enhancement activity during fiscal 2010.

"We are very pleased with the national introduction of Kentucky Grilled Chicken® and the potential it provides for increased sales and a broadening of our customer base. Our management team continues to make the difficult adjustments necessary to maintain profitability in this challenging economic climate." said Leonard R. Stein-Sapir, Chairman and Chief Executive Officer.

Forward-Looking Statements

Statements in this release that are not historical in nature are forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied in this release. The forward-looking statements reflect the Company's current expectations, are based upon data available at the time of the statement. Such risks and uncertainties include both Company risks and uncertainties and general economic and industry risks and uncertainties. Such risks and uncertainties include, but are not limited to, the Company's debt covenant compliance, actions that lenders

may take with respect to any debt covenant violations, the Company's ability to obtain waivers of any debt covenant violations or to pay all of its current and long-term obligations and those risks described in Part I Item 1.A. ("Risk Factors") of the Company's Form 10-K for the fiscal year ended March 1, 2009. Economic and industry risks and uncertainties include, but are not limited to, franchisor promotions, business and economic conditions, legislation and governmental regulation, competition, success of operating initiatives and advertising and promotional efforts, volatility of commodity costs and increases in minimum wage and other operating costs, availability and cost of land and construction, consumer preferences, spending patterns and demographic trends. The Company does not undertake any obligation to publicly update or revise any forward-looking statements to reflect future events, information or circumstances that arise after the date of this release.

Morgan's Foods, Inc. operates a total of 92 restaurants in six states, being comprised of 68 KFC restaurants, 6 Taco Bell restaurants, 13 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".

###

Table attached.

MORGAN'S FOODS, INC.
SELECTED FINANCIAL INFORMATION

	First Quarter Ended	
	May 24, 2009	May 25, 2008
Revenues	\$ 22,931,000	\$ 21,753,000
Cost of sales:		
Food, paper and beverage	7,410,000	6,964,000
Labor and benefits	6,428,000	6,238,000
Restaurant operating expenses	5,876,000	5,487,000
Depreciation and amortization	717,000	773,000
G&A expenses	1,409,000	1,350,000
Loss on restaurant assets	6,000	5,000
Operating income	1,085,000	936,000
Interest Expense:		
Bank debt and notes payable	625,000	824,000
Capital leases	25,000	26,000
Other income and expense, net	(44,000)	(90,000)
Income before income taxes	479,000	176,000
Income tax provision	125,000	82,000
Net Income	354,000	94,000
Basic net income per common share	\$ 0.12	\$ 0.03
Diluted net income per common share	\$ 0.12	\$ 0.03
Basic average number of shares outstanding	2,934,995	2,934,995
Diluted average number of shares outstanding	2,963,105	2,957,896

	May 24, 2009	March 1, 2009
ASSETS		
Current assets	\$10,198,000	\$8,246,000
Property and equipment, net	32,261,000	32,559,000
Deferred tax assets	555,000	594,000
Other assets	11,098,000	11,163,000
Total assets	\$ 54,112,000	\$ 52,562,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$12,546,000	\$24,357,000
Long-term debt	32,429,000	19,738,000
Long-term capital lease obligations	1,095,000	1,105,000
Other long-term liabilities	4,254,000	4,061,000
Deferred tax liabilities	2,207,000	2,130,000
Total shareholder's equity	1,581,000	1,171,000
Total liabilities and shareholders' equity	\$54,112,000	\$52,562,000