

FOR IMMEDIATE RELEASE

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

MORGAN'S FOODS ANNOUNCES FIRST QUARTER FISCAL 2011 RESULTS

Cleveland, Ohio (July 7, 2010) -- Morgan's Foods, Inc. (OTC:MRFD) (www.morgansfoods.com) announces first quarter fiscal 2011 results.

Revenues decreased by \$761,000 in the quarter ended May 23, 2010 as compared to the prior year quarter primarily the result of a decrease in comparable restaurant revenues of 2.6% or \$582,000 as well as the permanent closing of two restaurants and the temporary closing during the current year quarter of one restaurant for image enhancement. The decline in comparable restaurant revenues was mainly the result of higher revenues in the prior year period related to the introduction of Kentucky Grilled Chicken ("KGC").

The Company recorded a net profit of \$575,000, or \$0.20 per share (\$0.19 diluted) for the twelve weeks ended May 23, 2010. This compares to a profit for the twelve weeks ended May 24, 2009 of \$354,000 or \$0.12 per share (\$0.12 diluted). Our results for fiscal 2011 included a charge of \$98,000 related to the payment, prior to its maturity, of \$454,000 of debt and \$50,000 of loss on restaurant assets while fiscal 2010 included a charge of \$55,000 of stock option compensation expense. The Company's margins were positively affected during fiscal 2011 by lower food costs due to commodity cost decreases while the prior year had higher food costs due to free food promotions for the rollout of KGC. Capital expenditures in fiscal 2011 were \$381,000 compared to \$401,000 in fiscal 2010 as the Company completed the image enhancement of one restaurant during fiscal 2011 and added the ovens for the KGC product during the first quarter of fiscal 2010. The Company failed to complete the image enhancement or relocation of four restaurants which were due in fiscal 2010. The image enhancement completed during the first quarter of fiscal 2011 was one of the restaurants which was due in fiscal 2010 and the Company has scheduled the start of another on July 12, 2010. The Company is continuing to negotiate potential changes to its schedule of image enhancement requirements with the franchisor.

"We are pleased that food costs remain at reasonable levels and that our management team has been able to control labor costs in the face of rising wages. While there are some signs of minimal economic strengthening in our market areas, comparable sales increases are not yet forthcoming. We believe the introduction of new sandwich offerings to the KFC product line is a positive step and look forward to sales increases resulting from the increased variety provided to our customers," 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 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, the Company's inability to complete required facilities upgrades and those risks described in Part I Item 1.A. ("Risk Factors") of the Company's Form 10-K for the fiscal year ended February 28, 2010. 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 69 KFC restaurants, 6 Taco Bell restaurants, 11 KFC/Taco Bell "2n1's", 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

	Quarter Ended	
	May 23, 2010	May 24, 2009
Revenues	\$ 22,170,000	\$ 22,931,000
Cost of sales:		
Food, paper and beverage	6,757,000	7,410,000
Labor and benefits	6,231,000	6,428,000
Restaurant operating expenses	5,634,000	5,876,000
Depreciation and amortization	647,000	717,000
G&A expenses	1,320,000	1,409,000
Loss on restaurant assets	50,000	6,000
Operating income	1,531,000	1,085,000
Interest Expense:		
Prepayment fees and deferred financing costs	98,000	-
Bank debt and notes payable	561,000	625,000
Capital leases	24,000	25,000
Other income and expense, net	89,000	(44,000)
Income before income taxes	759,000	479,000
Income tax provision	184,000	125,000
Net Income	\$ 575,000	\$ 354,000
Basic net income per common share	\$ 0.20	\$ 0.12
Diluted net income per common share	\$ 0.19	\$ 0.12
Basic average number of shares outstanding	2,934,995	2,934,995
Diluted average number of shares outstanding	3,033,634	2,963,105
	May 23, 2010	February 28, 2010
ASSETS		
Current assets	\$ 7,807,000	\$ 6,792,000
Property and equipment, net	30,713,000	31,227,000
Other assets	533,000	546,000
Intangibles	10,326,000	10,360,000
Total assets	\$ 49,379,000	\$ 48,925,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$11,704,000	\$10,776,000
Long-term debt	28,533,000	29,725,000
Long-term capital lease obligations	1,050,000	1,061,000
Other long-term liabilities	3,827,000	3,853,000
Deferred tax liabilities	2,067,000	1,887,000
Total shareholder's equity	2,198,000	1,623,000
Total liabilities and shareholders' equity	\$ 49,379,000	\$ 48,925,000