

FOR IMMEDIATE RELEASE

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**MORGAN'S FOODS ANNOUNCES FULL YEAR AND FOURTH QUARTER
FISCAL 2011 RESULTS**

Cleveland, Ohio (May 31, 2011) -- Morgan's Foods, Inc. (OTC:MRFD) (www.morgansfoods.com) announces full year and fourth quarter fiscal 2011 results.

Revenue was \$89,891,000 in fiscal 2011, a decrease of \$653,000, or 0.7%, compared to fiscal 2010. The \$653,000 decrease in restaurant revenues during fiscal 2011 was primarily due to the permanent closing of four restaurants and the temporary closing during the current year of three restaurants for image enhancement; offset by the temporary closing during the previous year fourth quarter of one restaurant for image enhancement.

Revenues for the 16 weeks ended February 27, 2011, were \$24,791,000, an increase of \$1,025,000, or 4.3%, compared to the 16 weeks ended February 28, 2010 primarily resulting from a 4.7% or \$1,093,000 increase in comparable restaurant revenues, \$473,000 of lost revenue from three permanently closed restaurants, offset by the temporary closing of one location in the previous year quarter.

The Company recorded a net loss of \$(988,000) or \$(0.34) per share (\$0.34 diluted) for the fiscal year ended February 27, 2011 compared to a net profit of \$396,000, or \$0.13 per share (\$0.13 diluted) for the fiscal year ended February 28, 2010 inclusive of a loss of \$(1,672,000), or \$(0.57) per share (\$0.57 diluted), in the fourth quarter (16 weeks) ended February 27, 2011. This compares to a loss for the fiscal 2010 fourth quarter of \$(704,000), or \$(0.24) per share (\$0.24 diluted). Our results for fiscal 2011 included a charge of \$841,000 for loss on restaurant assets, \$703,000 of which was included in the fourth quarter. Approximately half of the loss on restaurant assets represents reductions in value to the properties of the restaurants closed in April 2011, subsequent to the end of the fiscal year. The Company's operating margins in fiscal 2011 remained very similar to the margins in fiscal 2010 despite rising food costs throughout the latter half of the 2011 fiscal year. Capital expenditures in fiscal 2011 were \$1,763,000 compared to \$1,648,000 in fiscal 2010 as the Company completed the image enhancement of three restaurants during fiscal 2011 compared to one image enhancement during fiscal 2010. Subsequent to the fiscal 2011 year end, the Company was required by its KFC franchisor to close 12 restaurants due to failure to complete the image enhancement of the restaurants on a timely basis. This also resulted in the Company paying "interest only" on substantially all of its debt beginning with the April 2011 payment to conserve cash and to begin discussions regarding the restructuring of its debt. As a result of this strategic default, all of the Company's debt is classified as current in the balance sheet as of February 27, 2011. The Company and its financial advisor, Brookwood Associates, are continuing to negotiate the financial restructuring, utilizing debt and sale/leaseback financing. Also subsequent to the 2011 fiscal year end, the Company has executed a Pre-negotiation agreement with KFC Corp. outlining the terms of the negotiation of an image enhancement schedule for its remaining restaurants. The "interest only" payments to lenders

and the execution of the Pre-negotiation agreement were previously disclosed in filings on Form 8-K dated April 8, 2011 and May 20, 2011 respectively.

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 and those risks described in Part I Item 1A. ("Risk Factors") of the Company's Form 10-K for the fiscal year ended February 27, 2011. 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 56 KFC restaurants, 5 Taco Bell restaurants, 10 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

	Fourth Quarter Ended		Fiscal Year Ended	
	February 27, 2011	February 28, 2010	February 27, 2011	February 28, 2010
Revenues	\$ 24,791,000	\$ 23,766,000	\$ 89,891,000	\$ 90,544,000
Cost of sales:				
Food, paper and beverage	8,064,000	7,316,000	28,267,000	28,457,000
Labor and benefits	7,566,000	7,632,000	26,533,000	26,332,000
Restaurant operating expenses	6,626,000	6,511,000	23,748,000	23,765,000
Depreciation and amortization	965,000	913,000	2,831,000	3,026,000
G&A expenses	1,521,000	1,604,000	5,450,000	5,691,000
Loss on restaurant assets	703,000	63,000	841,000	75,000
Operating income	(654,000)	(273,000)	2,221,000	3,198,000
Interest Expense:				
Prepayment and deferred financing costs	(40,000)	(3,000)	(138,000)	13,000
Bank debt and notes payable	(675,000)	(758,000)	(2,286,000)	(2,558,000)
Capital leases	(32,000)	(33,000)	(104,000)	(108,000)
Other income and expense, net	(75,000)	62,000	(44,000)	191,000
Income before income taxes	(1,476,000)	(1,005,000)	(351,000)	736,000
Income tax provision (benefit)	196,000	(301,000)	637,000	340,000
Net Income (loss)	\$ (1,672,000)	\$ (704,000)	\$ (988,000)	\$ 396,000
Basic net income (loss) per common share	\$ (0.57)	\$ (0.24)	\$ (0.34)	\$ 0.13
Diluted net income (loss) per common share	\$ (0.57)	\$ (0.24)	\$ (0.34)	\$ 0.13
Basic average number of shares outstanding	2,934,995	2,934,995	2,934,995	2,934,995
Diluted average number of shares outstanding	2,934,995	2,934,995	2,934,995	2,991,941
	February 27, 2011	February 28, 2010		
ASSETS				
Current assets	\$ 5,796,000	\$ 6,792,000		
Property and equipment, net	27,838,000	31,227,000		
Other assets	410,000	546,000		
Intangibles	10,044,000	10,360,000		
Total assets	\$ 44,088,000	\$ 48,925,000		
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	\$ 35,566,000	\$ 10,776,000		
Long-term debt	-	29,725,000		
Long-term capital lease obligations	1,013,000	1,061,000		
Other long-term liabilities	4,362,000	3,853,000		
Deferred tax liabilities	2,512,000	1,887,000		
Total shareholder's equity	635,000	1,623,000		
Total liabilities and shareholders' equity	\$ 44,088,000	\$ 48,925,000		