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MORGAN'S FOODS ANNOUNCES RESTRUCTURING

Beachwood, Ohio (November 30, 2004) -- Morgan's Foods, Inc. (OTC:MRFD) (www.morgansfoods.com) today announced an organizational restructuring and meetings with its lenders which it believes will lead to a financial restructuring. Both actions are intended to substantially improve net cash flow for the Company. Very weak revenues and cash flows in the first quarter of fiscal 2005 caused by a disastrously failed new product introduction by the Company's KFC franchisor were compounded by the flooding of two of its most profitable restaurants in the third quarter of fiscal 2005 which will not be able to be reopened for several weeks. As a result, the Company's current cash balances have dropped below the levels that it considers adequate to fund cash obligations during the traditionally very low volume winter months. The organizational and financial restructurings are expected to provide both the short term cash flow improvements necessary to navigate the difficult winter season and the permanent cash flow improvements to allow the Company to function appropriately while waiting for its KFC franchisor to implement a program to improve revenues.

Organizational and Operational Restructuring

The organizational restructuring contains several elements. First, substantial cost reduction measures have been put in place for both restaurant and administrative operations. Three senior officers of the Company have reduced their salaries and other benefits to near zero while the remainder of the Company's executive team and some of its management team have taken pay cuts. These salary and benefit reductions are expected to improve the Company's cash flow substantially during the winter months. Second, the Company closed three unprofitable restaurants on November 24, 2004, two in the St. Louis market and one in the Pittsburgh market which will improve cash flow. Last, several members of management have been reassigned and several positions have been eliminated. The Company's former Vice President of Operations Services is now Director of Operations responsible for the operation of all 99 of its restaurants and the Company's former Director of Operations has been reassigned to the extremely challenging Missouri market and will be responsible for streamlining supervision and improving the operation of those restaurants. Also, several restaurant supervision and support positions have been eliminated.

Financial Restructuring

The Company has conducted meetings with its primary lenders with the intent of securing short term, temporary reductions in its debt service payments to conserve cash while the Company converts most of its mortgage debt to sale/leaseback financing by selling most of its fee owned properties. The sale/leaseback transactions, if successful, will generate proceeds to repay debt and will create significant long term cash flow improvement. All payments on the Company's debt have been, and continue to be current, however, the Company intends to unilaterally reduce its debt service payments to interest only for one or more of its lenders beginning with the December payment and will continue with this reduced payment schedule until the restructuring is completed or the Company's cash flow situation improves. Management believes that the lenders will consent to the financial restructuring based on the substantial improvements to the strength of the Company's operations provided by both the financial and the organizational restructuring. Nonetheless, given the level of the Company's indebtedness and other demands on its cash resources, there can be no assurance that the Company's lenders will consent to the restructuring or that the restructuring will be accomplished.

The Company has not been in compliance, for the last four fiscal years, with certain fixed charge coverage ratios required by its loan agreements. Based upon the expected financial results for the quarter ended November 7, 2004 the Company will continue to be out of compliance with certain fixed charge coverage ratios for which it has not yet obtained waivers from the applicable lenders for that quarter. If waivers are not obtained for the most recent covenant violations, the lenders will have certain remedies available to them which could include calling of the debt or acceleration of payments or foreclosure on the Company's assets which secure the debt. Unless approved by the lenders, the Company's intended temporary reduction of the required debt payments could also result in the lenders taking the aforementioned actions. The Company expects that more effective product introductions from its KFC franchisor will be forthcoming in the near future and believes that the substantially improved operating cash flows to be generated by the organizational and financial restructurings will put the Company in a much better position to weather the sluggish revenue performance of its KFC restaurants.

This document contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The statements include those identified by such words as "may," "will," "expect," "anticipate," "believe," "plan" and other similar terminology. The "forward-looking statements" reflect the Company's current expectations and are based upon data available at the time of the statements. Actual results involve risks and uncertainties, including both those specific to the Company as well as general economic and business risks.

Morgan's Foods, Inc. operates a total of 99 restaurants in six states, being comprised of 73 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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