

FOR IMMEDIATE RELEASE

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**MORGAN'S FOODS ANNOUNCES FOURTH QUARTER
AND FULL FISCAL 2002 RESULTS**

Beachwood, Ohio (May 31, 2002) -- Morgan's Foods, Inc. (AMEX:MR) (www.morgansfoods.com) announced financial results for the fourth quarter and full 2002 fiscal year. Revenue was \$84,930,000 in fiscal 2002 an increase of \$6,790,000 or 8.7% compared to revenue of \$78,140,000 in fiscal 2001. The increase in restaurant revenues during fiscal 2002 was the result of an 8.2% increase in comparable restaurant revenues and \$1,641,000 in revenues generated from the extra week due to the fact that fiscal 2002 contained 53 weeks. These increases were partially offset by lost revenues of \$952,000 due to restaurants being permanently or temporarily closed. The increase in comparable restaurant revenues was primarily the result of effective product promotions during the year by the franchisors.

For the fourth quarter ended March 3, 2002, the Company reported revenues of \$25,966,000, an increase of \$3,393,000 from \$22,573,000 for the quarter ended February 25, 2001. The increase was due to a comparable restaurant increase of 8.1% and \$1,641,000 in revenues generated from the extra week that occurred during fiscal 2002.

Operating income for fiscal 2002 increased to \$5,693,000 from \$3,335,000 in fiscal 2001 due to several factors including higher average restaurant volumes, improved food and labor costs and increased operating efficiencies. Income (loss) from continuing operations for fiscal 2002 was \$602,000 or \$.21 per share compared to a loss of \$(1,693,000) or (.58) per share for fiscal 2001. The Company made principal payments of long-term debt of \$2,264,000 in fiscal 2002 compared to \$1,862,000 in fiscal 2001.

The Company believes that many of the favorable conditions that permitted it to report greatly improved results in fiscal 2002 will continue into fiscal 2003. In addition, the recent acquisition of the A&W and Long John Silver's restaurant concepts by Yum! Brands, Inc., the parent company of our franchisors, portends significant future growth potential for the Company. The addition of these brands to many of the Company's single concept restaurants will permit the Company to enhance the sales growth and profitability of its restaurant properties. The Company has committed approximately \$2,000,000 to invest in the expansion and image enhancement of certain of its existing restaurants during fiscal 2003 including the addition of its first KFC/A&W "2n1" restaurant within the next few months.

This press release 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. These “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 and those specific to the industry, and could differ materially from expectations.

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.

Morgan’s Foods, Inc. operates 76 KFC restaurants, 7 Taco Bell restaurants, 16 KFC/Taco Bell "2n1's", 3 Taco Bell/Pizza Hut Express “2n1” restaurants and 1 KFC/Pizza Hut Express “2n1” in six states.

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Table Attached.

MORGAN'S FOODS, INC.
SELECTED FINANCIAL INFORMATION

	<u>Fourth Quarter Ended (unaudited)</u>		<u>Year Ended</u>	
	<u>March 3, 2002</u>	<u>February 25, 2001</u>	<u>March 3, 2002</u>	<u>February 25, 2001</u>
Revenues	\$25,966,000	\$22,573,000	\$84,930,000	\$78,140,000
Cost of sales:				
Food, paper and beverage	8,005,000	6,672,000	25,987,000	24,378,000
Labor and benefits	6,993,000	5,867,000	22,155,000	20,702,000
Restaurant operating expenses	6,683,000	6,090,000	21,805,000	19,795,000
Depreciation and amortization	1,199,000	1,193,000	3,866,000	3,817,000
G&A expenses	1,692,000	1,665,000	5,209,000	5,516,000
Loss on restaurant assets	<u>103,000</u>	<u>176,000</u>	<u>215,000</u>	<u>597,000</u>
Operating income	1,291,000	910,000	5,693,000	3,335,000
Interest Expense:				
Bank debt and notes payable	(1,648,000)	(1,584,000)	(5,174,000)	(5,072,000)
Capital leases	(23,000)	(24,000)	(72,000)	(81,000)
Other income and expense, net	<u>54,000</u>	<u>30,000</u>	<u>159,000</u>	<u>148,000</u>
Income (loss) from continuing operations before income taxes and extraordinary items	(326,000)	(668,000)	606,000	(1,670,000)
Provision (benefit) for income taxes	<u>(6,000)</u>	<u>13,000</u>	<u>4,000</u>	<u>23,000</u>
Income (loss) from continuing operations before income taxes	(320,000)	(681,000)	602,000	(1,693,000)
Gain from discontinued operations	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>150,000</u>
Net income (loss)	<u>\$ (320,000)</u>	<u>\$ (668,000)</u>	<u>\$ 602,000</u>	<u>\$ (1,543,000)</u>
Basic and diluted per share amounts:				
Income (loss) from continuing operations	\$ (.12)	\$ (.23)	\$.21	\$ (.58)
Gain (loss) from discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>.05</u>
Net income (loss)	<u>\$ (.12)</u>	<u>\$ (.23)</u>	<u>\$.21</u>	<u>\$ (.53)</u>
Basic average number of shares outstanding	2,752,790	2,937,572	2,851,160	2,931,227
Diluted average number of shares outstanding	2,758,118	2,937,572	2,853,789	2,931,227

	<u>March 3, 2002</u>	<u>February 25, 2001</u>
ASSETS		
Current assets	\$ 8,494,000	\$ 6,628,000
Property and equipment, net	38,148,000	40,554,000
Other assets	<u>13,611,000</u>	<u>14,372,000</u>
Total assets	<u>\$60,253,000</u>	<u>\$61,554,000</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities	\$ 9,806,000	\$ 9,082,000
Long-term debt	48,563,000	51,046,000
Long-term capital lease obligations	544,000	651,000
Other long-term liabilities	1,537,000	1,353,000
Shareholders' equity (deficit)	<u>(197,000)</u>	<u>(578,000)</u>
Total liabilities and shareholders' equity (deficit)	<u>\$60,253,000</u>	<u>\$61,554,000</u>