

FOR IMMEDIATE RELEASE

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**MORGAN'S FOODS ANNOUNCES FOURTH QUARTER
AND FULL FISCAL 2003 RESULTS**

Beachwood, Ohio (June 3, 2003) -- Morgan's Foods, Inc. (AMEX:MR) (www.morgansfoods.com) announced financial results for the fourth quarter and full 2003 fiscal year. Revenue was \$82,326,000 in fiscal 2003 a decrease of \$2,604,000 or 3.1% compared to revenue of \$84,930,000 in fiscal 2002. The decrease in restaurant revenues during fiscal 2003 was the result of an 1.2% decrease in comparable restaurant revenues and \$1,641,000 in revenues generated from the extra week that occurred in fiscal 2002. The decrease in comparable restaurant revenues was primarily the result of ineffective product promotions during the year by the franchisors.

For the fourth quarter ended March 2, 2003, the Company reported revenues of \$23,202,000, a decrease of \$2,764,000 from \$25,966,000 for the quarter ended March 3, 2002. The decrease was due to a comparable restaurant decrease of 4.6% and \$1,641,000 in revenues generated from the extra week that occurred during fiscal 2002. The decrease in comparable restaurant revenues was due to ineffective promotions and a prolonged winter with near record snowfalls.

Operating income for fiscal 2003 decreased to \$3,535,000 from \$5,693,000 in fiscal 2002 due to several factors including lower average restaurant volumes, higher food cost product promotions and increased payroll and benefit costs. The net loss for fiscal 2003 was (\$1,192,000) or (\$.44) per share compared to net income of \$602,000 or \$.21 per share for fiscal 2002. The Company made principal payments on long-term debt of \$2,178,000 in fiscal 2003 compared to \$2,264,000 in fiscal 2002 and reported cash flow from operations of \$1,829,000 compared to \$5,069,000 during the prior year.

Morgan's Foods, Inc. operates 75 KFC restaurants, 7 Taco Bell restaurants, 16 KFC/Taco Bell "2n1's", 3 Taco Bell/Pizza Hut Express "2n1" restaurants, 1 KFC/Pizza Hut Express "2n1" and 1 KFC/A&W "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 2, 2003</u>	<u>March 3, 2002</u>	<u>March 2, 2003</u>	<u>March 3, 2002</u>
Revenues	\$23,202,000	\$25,966,000	\$82,326,000	\$84,930,000
Cost of sales:				
Food, paper and beverage	7,213,000	8,005,000	25,645,000	25,987,000
Labor and benefits	6,518,000	6,993,000	22,329,000	22,155,000
Restaurant operating expenses	6,072,000	6,683,000	21,018,000	21,805,000
Depreciation and amortization	1,138,000	1,199,000	3,499,000	3,866,000
G&A expenses	1,695,000	1,692,000	5,749,000	5,209,000
Loss on restaurant assets	<u>358,000</u>	<u>103,000</u>	<u>551,000</u>	<u>215,000</u>
Operating income	208,000	1,291,000	3,535,000	5,693,000
Interest Expense:				
Bank debt and notes payable	(1,411,000)	(1,648,000)	(4,802,000)	(5,174,000)
Capital leases	(20,000)	(23,000)	(62,000)	(72,000)
Other income and expense, net	<u>29,000</u>	<u>54,000</u>	<u>147,000</u>	<u>159,000</u>
Income (loss) from continuing operations before income taxes	(1,194,000)	(326,000)	(1,182,000)	606,000
Provision (benefit) for income taxes	<u>4,000</u>	<u>(6,000)</u>	<u>10,000</u>	<u>4,000</u>
Net income (loss)	<u><u>\$(1,198,000)</u></u>	<u><u>\$ (320,000)</u></u>	<u><u>\$(1,192,000)</u></u>	<u><u>\$ 602,000</u></u>
Basic and diluted net income (loss) per common share	\$ (.44)	\$ (.12)	\$ (.44)	\$.21
Basic average number of shares outstanding	2,718,441	2,752,790	2,720,182	2,851,160
Diluted average number of shares outstanding	2,718,441	2,758,118	2,720,182	2,853,789
			<u>March 2, 2003</u>	<u>March 3, 2002</u>
ASSETS				
Current assets			\$ 6,255,000	\$ 8,494,000
Property and equipment, net			36,452,000	38,148,000
Other assets			<u>13,318,000</u>	<u>13,611,000</u>
Total assets			<u><u>\$56,025,000</u></u>	<u><u>\$60,253,000</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)				
Current liabilities			\$ 9,366,000	\$ 9,806,000
Long-term debt			46,113,000	48,563,000
Long-term capital lease obligations			436,000	544,000
Other long-term liabilities			1,532,000	1,537,000
Shareholders' equity (deficit)			<u>(1,422,000)</u>	<u>(197,000)</u>
Total liabilities and shareholders' equity (deficit)			<u><u>\$56,025,000</u></u>	<u><u>\$60,253,000</u></u>