

**FOR IMMEDIATE RELEASE**

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**MORGAN'S FOODS, INC. ANNOUNCES PURCHASE OF  
RESTAURANTS FROM KFC AND TACO BELL**

Beachwood, Ohio (July 14, 1999) Morgan's Foods, Inc. (AMEX:MR) ([www.morgansfoods.com](http://www.morgansfoods.com)) announced today that it has completed the acquisition of 42 KFC restaurants, one non-operating KFC restaurant property and 12 Taco Bell restaurants from the respective franchisor organizations, KFC Corporation and Taco Bell Corp. Twelve of the KFC restaurants also offer Taco Bell products. These transactions were completed pursuant to asset purchase agreements with KFC dated April 30, 1999 and Taco Bell dated May 7, 1999, the signing of which were previously announced on May 10, 1999.

Revenues for the KFC restaurants during the 12 months ended April 19, 1999, were \$34,100,000 and revenues for the Taco Bell restaurants for the 12 months ended April 20, 1999 were \$7,300,000. The purchase price of the restaurant assets was \$33,740,000. In addition, the Company executed a Development Agreement, which allows for the addition of up to 20 specific new KFC/Taco Bell opportunities including dual branding of locations which currently offer only KFC or Taco Bell products alone. These developments may include the conversion of nine existing KFC's and Taco Bells into KFC/Taco Bell "2n1" locations, eight new build KFC/Taco Bell "2n1" locations, two new build KFC locations and one new build "3n1" including Pizza Hut products.

Financing for the transaction was provided by Captec Financial Group of Ann Arbor, MI in the form of separate loans for each property. The maturities of the loans range from 13 years to 20 years at fixed interest rates and they are secured by substantially all of the assets which were purchased.

Completion of this purchase makes Morgan's the fourth largest domestic franchisee in the KFC system. This acquisition also marks the first time Morgan's will operate separate Taco Bell restaurants. The transaction encompasses 26 KFC restaurants in the Pittsburgh, PA market, 7 KFC restaurants in the Wheeling, WV market, 9 KFC restaurants in the St. Louis, MO market, 12 Taco Bell restaurants in the Pittsburgh, PA market and one closed KFC restaurant in Wheeling, WV. It is the Company's intention to reopen the closed restaurant as a KFC/Taco Bell "2n1" location.

Chairman Leonard R. Stein-Sapir stated "We have always done well with the KFC restaurants and we are excited about adding to our Taco Bell presence because it is such a strong brand. Our future ability to combine these two market-leading concepts provides major opportunities for Morgan's Foods." James J. Liguori, President said "By expanding in our existing markets, especially the Pittsburgh area, Morgan's will achieve significant management and marketing efficiencies and will open up many high quality development sites to fill in the markets."

Morgan's Foods, Inc., recently was recognized as a 35 year KFC franchisee. Including restaurants acquired in this transaction, Morgan's will operate 91 KFC restaurants, 15 of which are KFC/Taco Bell "2n1" units and 12 Taco Bell restaurants in six states, as well as five East Side Mario's restaurants in Cleveland/Akron and Columbus, Ohio.

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