

FOR IMMEDIATE RELEASE

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MORGAN'S FOODS, INC. ANNOUNCES SETTLEMENT OF LAWSUIT

Beachwood, Ohio (July 15, 1999) Morgan's Foods, Inc. (AMEX:MR) (www.morgansfoods.com) announced today that it has reached an agreement to settle its two lawsuits against East Side Mario's, Inc. and related parties. The lawsuits were filed in Federal District Court in Cleveland, Ohio on April 20, 1998, and July 7, 1998. The settlement agreement releases all parties from material obligations relating to any contracts which existed between the parties at the time of the filing of the lawsuit. The parties joint stipulation of dismissal will be filed with the court.

Morgan's Foods, Inc., recently was recognized as a 35 year KFC franchisee. Including restaurants recently acquired, 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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