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MORGAN'S FOODS ANNOUNCES ACQUISITION OF FOUR KFC RESTAURANTS

Beachwood, Ohio (July 24, 1998) -- Morgan's Foods, Inc. (AMEX:MR) announced the acquisition of four KFC restaurants in the Erie, Pennsylvania market area. The restaurants were acquired from another KFC franchisee under an agreement which was announced previously. This acquisition marks the latest step in the Company's continuing efforts to expand its quick service restaurant portfolio. The four restaurants are expected to add approximately \$3.2 million in annual revenues to the Company. Financing for the transaction was provided by Captec Financial Group of Ann Arbor, Michigan.

Morgan's Foods, Inc. operates 43 KFC restaurants in five states and six East Side Mario's restaurants in Cleveland/Akron and Columbus, Ohio.

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