

FOR IMMEDIATE RELEASE

Contact: Kenneth L. Hignett
Senior Vice President, Chief Financial Officer & Secretary
(216) 359-9000

CORRECTED PRESS RELEASE

**MORGAN'S FOODS ANNOUNCES SECOND QUARTER
FISCAL 2009 RESULTS**

Cleveland, Ohio (October 3, 2008) -- Morgan's Foods, Inc. (OTC:MRFD) (www.morgansfoods.com) announces second quarter fiscal 2009 results.

An amended report on Form 10-Q/A has been filed on October 3, 2008 to correct certain language in the Liquidity and Capital Resources discussion in Part I, Item 2 of the Form 10-Q filed on October 1, 2008 dealing with cash provided by (used in) operations and capital expenditures, which language was also used in the Company's press release dated October 1, 2008.

Revenues for the quarter ended August 17, 2008 were \$23,049,000 compared to \$22,877,000 for the quarter ended August 12, 2007. This revenue increase of \$172,000 was the result of a minor 0.2% increase in comparable restaurant revenues and the addition of a KFC/Taco Bell restaurant partially offset by the permanent closing of two restaurants, one of which was a Taco Bell restaurant that was replaced by the new KFC/Taco Bell. Revenues for the twenty-four weeks ended August 17, 2008 were \$44,802,000 compared to \$45,527,000 for the twenty-four weeks ended August 12, 2007. This comparable restaurant revenue decline of 2.2% was primarily the result of weak product promotions by the KFC system during the second quarter of the current fiscal year as well as difficult economic conditions in our market areas.

Income (loss) before taxes for the fiscal 2009 second quarter decreased to a loss of \$311,000 from income of \$1,224,000 in the comparable prior year period. This decrease of \$1,535,000 was mainly the result of \$428,000 of prepayment fees and the write off of deferred financing costs related to the refinancing of certain of the Company's debt during the period as well as higher labor and food costs due to minimum wage increases and rising commodity costs which negatively affected operating margins. While menu price increases have been implemented during the current year quarter, they have not fully offset the rapid increase in costs. Income before taxes for the twenty-four weeks ended August 17, 2008 was a loss of \$135,000 compared to income of \$2,461,000 for the comparable prior year period for primarily the same reasons as the quarter.

Net income (loss) for the quarter ended August 17, 2008 was a loss of \$641,000, or \$.22 per share (\$.22 diluted), compared to net income for the quarter ended August 12, 2007 of \$870,000, or \$.30 per share (\$.29 diluted). The reduction in net income was primarily the result of lower

income before taxes and an increase in the Company's effective tax rate for the current year quarter caused by changes in the estimates of the future usage of deferred tax benefits. This change did not affect the Company's cash balances or cashflow for the current year period as the provisions relate primarily to deferred taxes. Net income (loss) for the twenty-four weeks ended August 17, 2008 was a loss of \$547,000, or \$.19 per share (\$.19 diluted), compared to net income for the twenty-four weeks ended August 12, 2007 of \$1,700,000, or \$.59 per share (\$.57 diluted).

Cash used in operating activities was \$267,000 for the twenty-four weeks ended August 17, 2008 compared to cash provided by operating activities of \$4,222,000 for the twenty-four weeks ended August 12, 2007. The decrease in operating cash flow resulted primarily from a decrease in net income which included refinancing costs. The Company paid scheduled long-term bank and capitalized lease debt of \$1,545,000 in the first twenty-four weeks of fiscal 2009 compared to payments of \$1,504,000 for the comparable period in fiscal 2008. Capital expenditures in the twenty-four weeks ended August 17, 2008 were \$2,956,000, compared to \$2,263,000 for the comparable period in fiscal 2008 as the Company has continued its image enhancement activity into fiscal 2009 to meet the requirements of its franchise agreements.

On May 30, 2008, the Company completed a set of financing transactions involving: 1) the sale leaseback of five of its restaurant properties, 2) equipment debt supported by five additional restaurants and 3) the payment, before their maturity, of nine existing loans secured by certain of the properties. The Company retired approximately \$1,532,000 of debt, paid \$222,000 of prepayment charges and administrative fees and wrote off approximately \$31,000 of deferred financing costs associated with the loans being retired early. The Company received approximately \$5,188,000 of proceeds from the sale leasebacks, net of origination fees and costs, and approximately \$2,961,000 of net proceeds from the equipment loan. Additionally, the Company paid, before their maturity, four other fixed rate loans having a total principal balance of \$919,000. In doing so, the Company incurred \$165,000 of prepayment penalties and wrote off \$9,000 of deferred financing costs related to the loans.

"During this fiscal year we have witnessed unprecedented increases in wages and commodity costs as well as hostile economic conditions which have impaired the purchasing power of our customers. We have taken, and will continue to take all actions possible to adjust our business to be successful in these difficult circumstances," said Leonard R. Stein-Sapir, Chairman and Chief Executive Officer.

Forward-Looking Statements

Statements in this release that are not historical in nature are forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied in this release. The forward-looking statements reflect the Company's current expectations, are based upon data available at the time of the statement. Such risks and uncertainties include both Company risks and uncertainties and general economic and industry risks and uncertainties. Such risks and uncertainties include, but are not limited to, the Company's debt covenant compliance, actions that lenders may take with respect to any debt covenant violations, the Company's ability to obtain waivers of any debt covenant violations or to pay all of its current and long-term obligations and those risks

described in Part I Item 1.A. (“Risk Factors”) of the Company’s Form 10-K for the fiscal year ended March 2, 2008. Economic and 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. The Company does not undertake any obligation to publicly update or revise any forward-looking statements to reflect future events, information or circumstances that arise after the date of this release.

Morgan’s Foods, Inc. operates a total of 94 restaurants in six states, being comprised of 70 KFC restaurants, 6 Taco Bell restaurants, 13 KFC/Taco Bell “2n1” restaurants, 3 Taco Bell/Pizza Hut Express “2n1’s”, 1 KFC/Pizza Hut Express “2n1” and 1 KFC/A&W “2n1”.

#

Table attached.

MORGAN'S FOODS, INC.
SELECTED FINANCIAL INFORMATION

	Quarter Ended		Twenty-four Weeks Ended	
	August 17, 2008	August 12, 2007	August 17, 2008	August 12, 2007
Revenues	\$ 23,049,000	\$ 22,877,000	\$ 44,802,000	\$ 45,527,000
Cost of sales:				
Food, paper and beverage	7,506,000	6,977,000	14,470,000	13,916,000
Labor and benefits	6,557,000	6,196,000	12,795,000	12,247,000
Restaurant operating expenses	6,041,000	5,727,000	11,528,000	11,300,000
Depreciation and amortization	791,000	661,000	1,564,000	1,315,000
G&A expenses	1,364,000	1,380,000	2,714,000	2,760,000
Loss (gain) on restaurant assets	(9,000)	8,000	(4,000)	(8,000)
Operating income	799,000	1,928,000	1,735,000	3,997,000
Interest Expense:				
Prepayment and deferred financing costs	428,000	-	428,000	-
Bank debt and notes payable	734,000	803,000	1,558,000	1,650,000
Capital leases	27,000	29,000	53,000	58,000
Other income and expense, net	(79,000)	(128,000)	(169,000)	(172,000)
Income (loss) before income taxes	(311,000)	1,224,000	(135,000)	2,461,000
Income tax provision	330,000	354,000	412,000	761,000
Net Income (loss)	\$ (641,000)	\$ 870,000	\$ (547,000)	\$ 1,700,000
Basic net income (loss) per common share	\$ (0.22)	\$ 0.30	\$ (0.19)	\$ 0.59
Diluted net income (loss) per common share	\$ (0.22)	\$ 0.29	\$ (0.19)	\$ 0.57
Basic average number of shares outstanding	2,934,995	2,888,999	2,934,995	2,884,997
Diluted average number of shares outstanding	2,944,450	2,960,272	2,951,173	2,962,399

	August 17, 2008	August 12, 2007
ASSETS		
Current assets	\$ 9,479,000	\$ 8,285,000
Property and equipment, net	34,373,000	35,430,000
Deferred tax assets	404,000	766,000
Other assets	11,301,000	11,481,000
Total assets	\$ 55,557,000	\$ 55,962,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$11,624,000	\$13,620,000
Long-term debt	34,910,000	35,789,000
Long-term capital lease obligations	1,128,000	1,144,000
Other long-term liabilities	4,006,000	1,083,000
Deferred tax liabilities	1,963,000	1,853,000
Total shareholder's equity	1,926,000	2,473,000
Total liabilities and shareholders' equity	\$ 55,557,000	\$ 55,962,000