FOR IMMEDIATE RELEASE

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

MORGAN'S FOODS ANNOUNCES SECOND QUARTER FISCAL 2011 RESULTS

Cleveland, Ohio (September 29, 2010) -- Morgan's Foods, Inc. (OTC:MRFD) (www.morgansfoods.com) announces second quarter fiscal 2011 results.

Revenues decreased by $1,529,000 in the quarter ended August 15, 2010 as compared to the prior year quarter primarily as a result of a 5.6%, or $1,292,000, decrease in comparable restaurant revenues, the permanent closing of one restaurant and the temporary closing during the current year quarter of two restaurants for image enhancement. The decline in comparable restaurant revenues was exacerbated by having no KFC national advertising for five and one half weeks during the current year quarter due to issues in the national advertising committee. The revenue decrease of $2,290,000 for the twenty-four weeks ended August 15, 2010 compared to the twenty-four weeks ended August 16, 2009 was primarily the result of a 4.1% or $1,873,000 decrease in comparable restaurant revenues, the permanent closing of two restaurants and the temporary closing during the current year of three restaurants for image enhancement. The decline in comparable restaurant revenues resulted primarily from higher sales in the prior year first quarter during the introduction of grilled chicken (KGC) and the advertising blackout discussed above.

Income before taxes for the fiscal 2011 second quarter decreased to $223,000 from $619,000 in the comparable prior year period. This decrease of $396,000 was primarily the result of lower sales which caused inefficiencies in labor costs and restaurant operating expenses. Income before taxes for the twenty-four weeks ended August 15, 2010 decreased to $982,000 from $1,098,000 for the comparable prior year period due to lower profit in the second quarter, partially offset by improved profit margins in the first quarter of the current fiscal year primarily driven by lower food costs.

Net income for the quarter ended August 15, 2010 was $163,000, or $.06 per share ($.05 diluted), compared to $320,000, or $.11 per share ($.11 diluted) for the quarter ended August 16, 2009. Net income for the twenty-four weeks ended August 15, 2010 was $738,000, or $.25 per share ($.24 diluted), compared to the twenty-four weeks ended August 16, 2009 of $674,000, or $.23 per share ($.23 diluted). The changes in net income for the year to date were primarily the result of higher income before taxes and a decrease in the Company's effective tax rate for the current year 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 tax provisions relate primarily to deferred taxes.

Cash provided by operating activities was $3,142,000 for the twenty-four weeks ended August 15, 2010 compared to $4,107,000 for the twenty-four weeks ended August 16, 2009. The decrease in operating cash flow was primarily the result of $168,000 less in cash provided by the change in deferred taxes, $385,000 less in cash provided by the reduction of accounts receivable, $91,000 less of cash provided by the increase in accounts payable and $227,000 less cash provided by funding from supply agreements in the current year period compared the prior year period. The Company paid scheduled long-term bank and capitalized lease debt of $1,537,000 and $451,000 of debt before its scheduled maturity in the first twenty-four weeks of fiscal 2011 compared to payments of $1,496,000 and $306,000 for the same period in fiscal 2010. Capital expenditures for the first twenty-four weeks of fiscal 2011 were $1,009,000 less $234,000 of proceeds from the sale of assets, compared to $802,000 and $119,000, respectively, for the same period in fiscal 2010. As of August 15, 2010 management believes that it will not meet the stated deadlines for seven of its image enhancement projects and is in discussions with its franchisors to obtain revised schedules.

"The past quarter has confronted us with challenges and we have met the challenge of operating profitably in the face of declining sales and have minimized the impact of the lower sales volumes while at the same time initiating programs designed to replace some of the lost sales. The loss of national advertising during the quarter was a major factor in the sales decline, however, we believe it was a onetime event. We are looking forward to a healthier revenue structure." said Leonard 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 February 28, 2009. 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 91 restaurants in six states, being comprised of 70 KFC restaurants, 6 Taco Bell restaurants, 10 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".

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Table attached.

MORGAN’S FOODS, INC.
SELECTED FINANCIAL INFORMATION

	Quarter Ended		Twenty-four Weeks Ended	
	August 15, 2010	August 16, 2009	August 15, 2010	August 16, 2009
Revenues	$ 21,673,000	$ 23,202,000	$ 43,843,000	$ 46,133,000
Cost of sales:				
Food, paper and beverage	6,728,000	7,356,000	13,485,000	14,766,000
Labor and benefits	6,348,000	6,405,000	12,579,000	12,833,000
Restaurant operating expenses	5,717,000	6,004,000	11,351,000	11,880,000
Depreciation and amortization	648,000	711,000	1,295,000	1,428,000
G&A expenses	1,419,000	1,437,000	2,739,000	2,846,000
Loss (gain) on restaurant assets	49,000	15,000	99,000	21,000
Operating income	764,000	1,274,000	2,295,000	2,359,000
Interest Expense:				
Prepayment and deferred financing costs	-	82,000	98,000	82,000
Bank debt and notes payable	534,000	591,000	1,095,000	1,216,000
Capital leases	24,000	25,000	48,000	50,000
Other income and expense, net	(17,000)	(43,000)	72,000	(87,000)
Income (loss) before income taxes	223,000	619,000	982,000	1,098,000
Income tax provision	60,000	299,000	244,000	424,000
Net Income (loss)	$ 163,000	$ 320,000	$ 738,000	$ 674,000
Basic net income (loss) per common share	$ 0.06	$ 0.11	$ 0.25	$ 0.23
Diluted net income (loss) per common share	$ 0.05	$ 0.11	$ 0.24	$ 0.23
Basic average number of shares outstanding	2,934,995	2,934,995	2,934,995	2,934,995
Diluted average number of shares outstanding	3,018,782	2,990,361	3,026,208	2,976,733

	August 15, 2010	February 28, 2010
ASSETS		
Current assets	$ 6,794,000	$ 6,792,000
Property and equipment, net	30,710,000	31,227,000
Other assets	508,000	546,000
Intangibles	10,296,000	10,360,000
Total assets	$ 48,308,000	$ 48,925,000
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Current liabilities	$11,338,000	$10,776,000
Long-term debt	$27,712,000	29,725,000
Long-term capital lease obligations	$1,038,000	1,061,000
Other long-term liabilities	$3,731,000	3,853,000
Deferred tax liabilities	$2,128,000	1,887,000
Total shareholder’s equity	2,361,000	1,623,000
Total liabilities and shareholders’ equity	$ 48,308,000	$ 48,925,000