FOR IMMEDIATE RELEASE

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MORGAN'S FOODS ANNOUNCES SECOND QUARTER FISCAL 2012 RESULTS

Cleveland, Ohio (September 28, 2011) -- Morgan's Foods, Inc. (OTC:MRFD) (www.morgansfoods.com) announces second quarter fiscal 2012 results.

Revenues decreased $2,160,000 in the fiscal second quarter ended August 14, 2011 as compared to the prior year quarter primarily as the result of the permanent closing of 15 restaurants prior to the quarter, including the 12 for which the franchise agreements were terminated, causing a reduction in revenues of approximately $2,455,000. Also, the removal of the Taco Bell concept from three locations caused a reduction of $148,000 and the temporary closing of three locations this year versus two last year for image enhancement reduced revenues in the current year quarter by $94,000. These decreases were partially offset by an increase in comparable restaurant revenues of 2.8%, or $535,000. The revenue decrease of $4,768,000 in the twenty-four weeks ended August 14, 2011 as compared to the twenty-four weeks ended August 15, 2010 was primarily the result of the permanent closing of 16 restaurants causing a reduction in revenues of approximately $4,129,000. Also, the removal of the Taco Bell concept from three locations caused a reduction of $363,000, the temporary closing of three locations this year versus two last year for image enhancement resulted in a decrease of $56,000 and a comparable restaurant revenue decrease of 0.6% resulted in a decrease of $220,000.

The Company recorded a net loss of $(257,000) or $(0.09) per share ($0.09 diluted) for the fiscal second quarter of fiscal 2012 compared to a net profit of $163,000, or $0.06 per share ($0.05 diluted) for the comparable prior year quarter. Our results for fiscal 2012 second quarter include a charge of $148,000 for loss on restaurant assets, compared to $49,000 in the second quarter of fiscal 2011. The Company's operating margins in the second quarter were approximately 2.0% of sales, lower than the margins in the comparable prior year period due to higher food costs driven by higher commodity costs and high food cost promotions and additional closed location costs during the fiscal 2012 second quarter. Capital expenditures in the fiscal 2012 period were $1,114,000 compared to $1,009,000 in fiscal 2011 as the Company completed the image enhancement of three restaurants during fiscal 2012 compared to two image enhancements during fiscal 2011. Since its April 2011 payment, the Company has been paying "interest only" on substantially all of it debt to conserve cash and to begin discussions regarding the restructuring of its debt. As a result of this strategic default, all of the Company's debt is classified as current in the balance sheets as of August 14, 2011 and February 27, 2011. The Company has been granted, by its lenders, a waiver of the prepayment penalties on substantially all of its debt that contains prepayment provisions through December 31, 2011 and forbearance on the payment of principal until December 31, 2011 for one lender and October 31, 2011 for the other, in order to pursue its plan to recapitalize its existing debt using a combination of new debt and sale/leaseback financing, which structure contemplates the payment of the debt on which it has not met its loan covenants. The Company and its financial advisor, Brookwood Associates, are continuing to negotiate the financial restructuring, utilizing debt and sale/leaseback financing, and continue to negotiate the terms of an image enhancement agreement and other items under the Pre-negotiation agreement with KFC which was signed in May 2011.

If the recapitalization plan is not executed successfully by the deadline in the forbearance agreements and the Company does not resume making periodic payments of principal, the respective lenders will have certain remedies available to them which include calling the debt and the acceleration of payments. Noncompliance with the requirements of the Company's debt agreements could also trigger cross-default provisions contained in the respective agreements.

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 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 1A. ("Risk Factors") of the Company's Form 10-K for the fiscal year ended February 27, 2011. 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 56 KFC restaurants, 5 Taco Bell restaurants, 10 KFC/Taco Bell "2n1's", 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 (unaudited)

	Quarter Ended		Twenty-four Weeks Ended	
	August 14, 2011	August 15, 2010	August 14, 2011	August 15, 2010
Revenues	$ 19,513,000	$ 21,673,000	$ 39,075,000	$ 43,843,000
Cost of sales:				
Food, paper and beverage	6,604,000	6,728,000	13,101,000	13,485,000
Labor and benefits	5,543,000	6,381,000	11,228,000	12,637,000
Restaurant operating expenses	5,096,000	5,783,000	9,960,000	11,459,000
Depreciation and amortization	588,000	648,000	1,190,000	1,295,000
G&A expenses	1,224,000	1,320,000	2,473,000	2,573,000
Loss (gain) on restaurant assets	148,000	49,000	359,000	99,000
Operating income	310,000	764,000	764,000	2,295,000
Interest Expense:				
Prepayment and deferred financing costs	-	-	33,000	98,000
Bank debt and notes payable	445,000	534,000	914,000	1,095,000
Capital leases	23,000	24,000	46,000	48,000
Other income and expense, net	32,000	(17,000)	4,000	72,000
Income (loss) before income taxes	(190,000)	223,000	(233,000)	982,000
Income tax provision	67,000	60,000	241,000	244,000
Net Income (loss)	$ (257,000)	$ 163,000	$ (474,000)	$ 738,000
Basic net income (loss) per common share	$ (0.09)	$ 0.06	$ (0.16)	$ 0.25
Diluted net income (loss) per common share	$ (0.09)	$ 0.05	$ (0.16)	$ 0.24
Basic average number of shares outstanding	2,934,995	2,934,995	2,934,995	2,934,995
Diluted average number of shares outstanding	2,934,995	3,018,782	2,934,995	3,026,208

	August 14, 2011	February 27, 2011
ASSETS		
Current assets	$ 6,278,000	$ 5,796,000
Property and equipment, net	26,244,000	27,838,000
Other assets	372,000	410,000
Intangibles	10,017,000	10,044,000
Total assets	$ 42,911,000	$ 44,088,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	$ 34,503,000	$ 35,566,000
Long-term debt	-	-
Long-term capital lease obligations	990,000	1,013,000
Other long-term liabilities	4,505,000	4,362,000
Deferred tax liabilities	2,752,000	2,512,000
Total shareholder's equity	161,000	635,000
Total liabilities and shareholders' equity	$ 42,911,000	$ 44,088,000