

## **Overhill Farms Announces Revenues of \$56.8 Million and Net Income of 10 Cents Per Share For First Quarter**

LOS ANGELES, CA (February 7, 2008) — Overhill Farms, Inc. (AMEX: OFI) reported record net revenues of \$56,827,000 for the first quarter ended December 30, 2007, up \$16.3 million or 40% from the \$40,538,000 reported for the first quarter of fiscal 2007.

Net income for the first quarter of fiscal 2008 was \$1,578,000 (\$0.10 per basic and diluted share) up 1.4% from the \$1,556,000 (\$0.10 per basic and diluted share) for the year-ago quarter.

James Rudis, Chairman and Chief Executive Officer of Overhill Farms said, “These record results for the first quarter reflect the Company’s strengths in sales, product development, production, quality control and close attention to operating margins. These strengths have enabled us to obtain significant new business which we believe will enable us to exceed last year’s double-digit growth rate. Our strong first-quarter revenues demonstrate our continuing success in attracting and retaining business from some of the leading companies in the food industry.”

Operating income for the most recent quarter reflected improvements in gross profit margins compared to the second, third and fourth quarters of fiscal 2007, resulting from continuing manufacturing process improvements.

Gross profit margins declined in the first quarter of fiscal 2008 compared to the year-earlier period, to 10.5% from 13.6%, due largely to higher commodity costs as well as lower margins for sales to some of the Company’s major customers.

“Like most other food manufacturers, we have seen dramatic increases in commodity costs during the past year,” Mr. Rudis said. “While we cover most of our ingredient costs with long-term contracts, sales to several of our customers were higher than anticipated and required purchases in the spot market at higher prices, negatively affecting overall gross margins.”

Mr. Rudis added, “The agreements we have recently negotiated and are now negotiating for existing and new customers reflect the prices we will be paying to our suppliers for raw materials during the terms of these contracts. We anticipate that this will enable us to continue to improve our operating margins in the coming quarters.”

By customer category, the Company said net revenues for the first quarter from retail customers increased by \$16.9 million, or 85.8%, to \$36.6 million from the \$19.7 million reported a year earlier. This increase was largely due to new business from a major national-brand food company and the addition of a private label line of 24 new items for Safeway Inc.

Foodservice net revenues for most recent quarter decreased by \$1.6 million, or 9.9%, to \$14.6 million from \$16.2 million a year earlier, due to a previously announced decrease in volume for an existing foodservice customer.

During the quarter the Company reached an agreement with Panda Restaurant Group which calls for minimum sales of approximately \$39 million for the fiscal year. The new agreement provides for a price increase to reflect rising raw material costs for Panda products. Mr. Rudis said, “the Company believes there is opportunity for additional revenue from Panda, both through their expected growth and through additional products.”

Airline net revenues increased by \$996,000, or 21.7%, to \$5.6 million for the quarter. The higher revenue was due to increases in passenger travel.

“Overhill Farms is continuing to increase revenues and improve margins and operating profits,” Mr. Rudis said. “The interest of two competing private equity groups in acquiring the Company, disclosed in yesterday’s announcement, underscores the Company’s fundamental strength and potential for profitable growth. The Board of Directors remains committed to exploring all opportunities to enhance stockholders’ value.”

Overhill Farms is a value-added supplier of custom high quality frozen foods to foodservice, retail and airline customers.

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*This news release contains disclosures that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations or beliefs and include, but are not limited to, statements about the Company’s operations and financial performance and condition and statements regarding expectations of continued or increased sales, profitability, production efficiencies and expansions, cash flows and growth, and ability to obtain favorable long-term purchase commitments for raw materials and sales commitments to our customers and anticipated amounts and timing of growth in the Company’s customer base and business. For this purpose, statements of historical fact may be deemed to be forward-looking statements. In addition, forward-looking statements include statements in which the company uses words such as “continue,” “efforts,” “expect,” “believe,” “anticipate,” “confident,” “intend,” “strategy,” “plan,” “will,” “estimate,” “project,” “goal,” “target,” “prospects,” “optimistic” or similar expressions. These statements by their nature involve risks and uncertainties, and actual results may differ materially depending on a variety of important factors, including, among others: the Company’s ability to finalize legal documentation formalizing the existing agreement in principle with Panda, actual amounts and timing of growth in the Company’s customer base and business, the Company’s ability to meet its customers’ production expectations; the Company’s ability to achieve production efficiencies; the Company’s ability to meet its obligations under its financing arrangements; the impact of competitive products and pricing; market conditions, weather patterns and the level and availability of long-term purchase commitments that may affect the cost of raw materials as well as the market for the company’s products; changes in the Company’s business environment, including actions of competitors and changes in customer preferences; customers’ ability and willingness to pay for products and meet their own contractual obligations under their agreements with the Company; customers’ decisions regarding the timing and volume of shifts in production volume to other vendors; acts of terrorism or acts of war; changes in governmental laws and regulations, including income taxes; the Company’s ability to timely and effectively establish, demonstrate and maintain compliance with Sarbanes-Oxley Section 404 reporting and internal control requirements; market and customer demand for new and existing products; and other factors as may be discussed in the Company’s Annual Report on Form 10-K for the year ended September 30, 2007, Quarterly Report on Form 10-Q for the quarter ended December 30, 2007 and other reports filed with the Securities and Exchange Commission.*

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**OVERHILL FARMS, INC.**  
**CONDENSED SUMMARY OF OPERATIONS**

	<b>For the Quarter Ended</b>	
	<b>December 30, 2007</b>	<b>December 31, 2006</b>
Net revenues	\$ 56,826,629	\$ 40,538,492
Cost of sales	50,839,325	35,031,990
Gross profit	5,987,304	5,506,502
Selling, general and administrative expenses	2,211,232	1,777,217
Operating income	3,776,072	3,729,285
Total interest expense	(1,094,512)	(1,114,359)
Other expense	(11,603)	(18,099)
Income before income taxes	2,669,957	2,596,827
Income tax expense	1,092,013	1,041,068
Net income	<u>\$ 1,577,944</u>	<u>\$ 1,555,759</u>
Net income per share – basic	<u>\$ 0.10</u>	<u>\$ 0.10</u>
Net income per share – diluted	<u>\$ 0.10</u>	<u>\$ 0.10</u>
Shares used in computing net income per share, basic	15,620,271	15,267,271
Weighted average shares outstanding	15,862,067	15,672,313

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