



NEWS FROM OVERHILL FARMS, INC.

Overhill Farms Announces Increased Earnings and Revenues For Third Quarter

Net Income Rises 187%, to 20 Cents Per Share

LOS ANGELES, CA (August 7, 2008) — Overhill Farms, Inc. (AMEX: OFI) today reported net revenues of \$62.4 million for the third quarter ended June 29, 2008, an increase of \$9.3 million or 17.5% from the \$53.1 million reported for the third quarter of fiscal 2007.

Net income for the third quarter of fiscal 2008 was \$3.2 million (\$0.20 per basic and diluted share), up 187% from the \$1.1 million (\$0.07 per basic and diluted share) for the year-ago quarter.

Gross profit margins rose to 13.5% in the latest quarter, compared to 10.0% in the year-earlier period. The gain was attributed to increased sales, on-going improvements in manufacturing efficiencies, enhancements in financial and operational controls, and modest increases in sales prices to customers.

James Rudis, Chairman, President and Chief Executive Officer of Overhill Farms, said, "The Company continues to do well in a difficult economic environment, with rising costs for ingredients, energy and transportation, as well as slower sales growth in retail chains and the food service sector. We have been successful in overcoming these challenges by carefully managing our controllable costs as well as by generating significant additional business from both new and existing customers."

By customer category, the Company said net revenues from retail customers for the third quarter of fiscal 2008 increased by \$15 million, or 45%, to \$48.3 million from the \$33.3 million reported a year earlier. This increase was largely due to significantly higher volume of products for several customers, including both a major national-brand food company and for Jenny Craig, Inc.

Foodservice net revenues for the most recent quarter declined by \$5.5 million, or 37.7%, to \$9.1 million from the \$14.6 million of a year earlier. The decline was attributable to a softness in the foodservice industry due to a slowing economy and anticipated reduced volume from one customer. The Company believes the foodservice sector continues to represent an opportunity for growth through the acquisition of new accounts.

Airline net revenues decreased by \$160,000, or 3.1%, to \$5.0 million for the third quarter, from \$5.2 million a year earlier.

During the third quarter, Overhill Farms entered into a five-year licensing agreement with Better Living Brands^{lmm} Alliance for the exclusive right to produce frozen entrees under the

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Eating Right™ and O Organics™ brands. The Company paid a \$1 million one-time licensing fee and a \$125,000 royalty advance. The agreement is renewable for two five-year terms. The Company expects new business under this alliance to begin in fiscal 2009.

“With our growth in sales into the retail sector, we expect to see some increased seasonality in our business,” Mr. Rudis said. “Retail sales of frozen foods historically have trended higher in the winter months – our second quarter – and lower in the summer, our fourth quarter.”

The Company also announced that during the fourth quarter of fiscal 2008 it plans to begin production of an additional 30 items for a retail customer. “We are scheduled to start this new product rollout late in the fourth quarter,” Mr. Rudis said, “and we anticipate realizing the full impact of this new business in the first quarter of fiscal 2009.”

Revenues for the nine months ended June 29, 2008 were \$185.7 million, an increase of \$46.1 million or 33% from the \$139.6 million for the first nine months of fiscal 2007.

Net income for the first nine months of fiscal 2008 was \$7.9 million or \$0.50 per basic and diluted share, an increase of 126% from the \$3.5 million or \$0.23 per basic and \$0.22 per diluted share for the year-earlier period.

Operating income for the latest nine months was \$16.3 million, or 8.8% of net revenues, up from \$9.3 million or 6.7% of net revenues, for the year-earlier period.

Overhill Farms is a leading value-added supplier of custom high quality prepared frozen foods for branded retail, private label, foodservice and airline customers. Its product line includes entrées, plated meals, bulk-packed meal components, pastas, soups, sauces, poultry, meat and fish specialties, as well as organic and vegetarian offerings. The Company's capabilities give its customers a one-stop solution for new product development, precise replication of existing recipes, product manufacturing and packaging. Its customers include prominent nationally recognized names such as Jenny Craig, Inc., American Airlines, Inc., Safeway Inc., Pinnacle Foods Group LLC and Panda Restaurant Group, Inc.

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, anticipated amounts and timing of growth in the Company's customer base and business in the foodservice and retail market sectors. 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 meet its customers' production expectations; the Company's ability to achieve and maintain production efficiencies; the Company's ability to meet its obligations under its financing arrangements; the effects of seasonality, particularly in the retail category of the Company's business; 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; changes in general economic environment, including increases in labor and energy costs; 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 June 29, 2008 and other filings with the Securities and Exchange Commission.

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OVERHILL FARMS, INC.
CONDENSED SUMMARY OF OPERATIONS

	For the Quarter Ended	
	June 29, 2008	July 1, 2007
Net revenues	\$ 62,422,674	\$ 53,079,823
Cost of sales	54,023,789	47,753,690
Gross profit	8,398,885	5,326,133
Selling, general and administrative expenses	2,223,424	2,321,578
Operating income	6,175,461	3,004,555
Total interest expense	(837,755)	(1,167,391)
Other expense	(1,000)	-
Income before income tax expense	5,336,706	1,837,164
Income tax expense	2,182,714	736,519
Net income	3,153,992	1,100,645
Net income per share – basic	\$ 0.20	\$ 0.07
Net income per share – diluted	\$ 0.20	\$ 0.07
Shares used in computing net income per share, basic	15,802,969	15,370,271
Weighted average shares outstanding	16,059,963	15,890,819

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OVERHILL FARMS, INC.
CONDENSED SUMMARY OF OPERATIONS

	For the Nine Months Ended	
	June 29, 2008	July 1, 2007
Net revenues	\$ 185,696,987	\$ 139,646,741
Cost of sales	162,887,725	124,603,716
Gross profit	22,809,262	15,043,025
Selling, general and administrative expenses	6,493,009	5,775,850
Operating income	16,316,253	9,267,175
Total interest expense	(2,908,745)	(3,366,074)
Other expenses	(12,414)	(6,643)
Income before income tax expense	13,395,094	5,894,458
Income tax expense	5,491,241	2,363,010
Net income	7,903,853	3,531,448
Net income per share – basic	\$ 0.50	\$ 0.23
Net income per share – diluted	\$ 0.50	\$ 0.22
Shares used in computing net income per share, basic	15,721,404	15,308,393
Weighted average shares outstanding	15,965,444	15,781,451