



NEWS FROM OVERHILL FARMS, INC.

For Immediate Release

## Overhill Farms Reports Revenues of \$209.9 Million, Net Income of \$8.3 Million, For Fiscal 2009

*Net Income Is Second-Highest In Company's History*

LOS ANGELES, CA (December 11, 2009) — Overhill Farms, Inc. (NYSE-AMEX: OFI) today reported net revenues of \$209.9 million for the fiscal year ended September 27, 2009, and net income of \$8.3 million or \$0.52 per basic and diluted common share.

This compares to net revenues of \$238.8 million, and net income of \$10.3 million or \$0.66 per basic share and \$0.65 per diluted common share, for the year ended September 28, 2008. The 2009 net income was second only to the year-earlier earnings, which were a record for the Company.

James Rudis, the Company's Chairman, President and Chief Executive Officer, said, "Overall, the Company performed well in the most difficult economic environment our nation has faced in decades. In the face of these very challenging conditions, we reported strong earnings, generated \$14.7 million in net cash from operations, reduced long-term debt by \$12.9 million, and increased our retained earnings by \$8.3 million. In addition, we plan to pay another \$5 million on our debt at the end of December, 2009," he said.

"Virtually all of our major accounts have decreased their purchases or have grown at a much slower pace than we and they had anticipated, because sales to their customers were down. Many of the companies we supply have reduced their inventories and have delayed marketing initiatives. We do not expect this to continue," Mr. Rudis added.

During the fourth quarter of fiscal 2009, Mr. Rudis noted, the Company entered into an agreement with J. R. Simplot Company designating Simplot as the exclusive distributor of certain of the Company's products to some of the nation's largest foodservice accounts. The Company is also increasing its own sales efforts in this category.

Also during the fourth quarter, the Company extended its contracts with two of its largest customers, Jenny Craig, Inc. and Safeway, Inc.

In November of 2009, H. J. Heinz informed Overhill that it plans to move most of the production of their products to their own plants. Overhill estimates that sales to Heinz will decrease by approximately \$18 million over the course of fiscal 2010, beginning in the second quarter.

"It is our objective to offset the reduction in Heinz volume during 2010 with higher margin sales in the retail and foodservice segments," Mr. Rudis said. "We anticipate this coming from

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increased sales to our existing customers and sales to new customers already in development, as well from our new arrangement with J. R. Simplot.” Mr. Rudis added that the Company has already begun production for three new accounts, and is in the late stages of product development for other major accounts. The Company will also continue to work with Heinz on potential new replacement products, he said.

Mr. Rudis attributed most of the \$28.9 million decline in fiscal year 2009 net revenues to a decrease in sales to two retail customers. This included a previously disclosed reduction in volume from H.J. Heinz Company of \$19.1 million, and a \$5.8 million decline in sales to Jenny Craig, Inc.

Retail net revenues were \$146.4 million for the 2009 fiscal year, a decrease of \$27.6 million or 15.9% from the \$174.0 million of the prior fiscal year. The retail category accounted for 69.7% of the Company’s 2009 net revenues, compared to 72.9% for the 2008 fiscal year.

Foodservice net revenues increased by \$8.2 million, or 18.6%, to \$52.3 million for the latest fiscal year, from \$44.1 million for the prior year. Foodservice revenues increased to 24.9% of 2009 net revenues, from 18.5% the prior year.

Airline net revenues decreased by \$9.6 million or 46.4% to \$11.1 million for the 2009 fiscal year, compared to \$20.7 million for the prior fiscal year. This decline reflects continuing efforts by the airline industry to cut costs. The airline category represents 5.3% of total net revenues, compared to 8.7% a year earlier. The Company continues to transition to opportunities outside of the airline category.

Gross profit for fiscal 2009 was 12.2% of net revenues, compared to 12.3% for the prior year.

For the fourth quarter of fiscal 2009, the Company reported net revenues of \$48.5 million, compared to \$53.1 million for the same quarter in fiscal 2008. Net income for the most recent quarter was \$1.4 million, or \$0.09 per basic and diluted common share, compared to \$2.4 million or \$0.15 per basic and diluted common share.

“We experienced reduced sales in the fourth quarter as customers decreased their purchases, as described above, as well as due to seasonal volume reductions. This resulted in pressure on our margins as we allocated our overhead costs over less volume. We expect these margin pressures to continue into fiscal 2010,” Mr. Rudis said. “However, we believe we can mitigate this by increasing sales, negotiating lower prices for raw materials and changing the mix of our business among our retail, foodservice and airline customers, as we have in the past. As we move into fiscal 2010, we remain cautiously optimistic that sales and margins are beginning to normalize as the economy improves.”

### ABOUT OVERHILL FARMS

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., Safeway Inc., Panda Restaurant Group, Inc., H. J. Heinz Company, Pinnacle Foods Group LLC and American Airlines, Inc.

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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 volumes and revenues, margins, 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, and ability and desire to make further voluntary debt reductions. For this purpose, statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements include statements which are predictive in nature, which depend upon or refer to future events or conditions, or which include words such as "continue," "efforts," "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," "forecasts," "strategy," "will," "goal," "objective," "target," "prospects," "optimistic," "confident," "likely," "probable" or similar expressions. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), on-going business strategies or prospects, and possible future company actions, which may be provided by management, are also forward-looking statements. We caution that 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 impact of competitive products and pricing; fulfillment by suppliers of existing raw material contracts; market conditions that may affect the costs and/or availability of raw materials and the company's ability to obtain favorable long-term purchase commitments for raw materials, and of fuels, energy, logistics and labor as well as the market for the Company's products, including customers' ability to pay and consumer demand; changes in business environment, including actions of competitors and changes in customer preferences, as well as disruptions to customers' businesses; seasonality in the retail category; loss of key customers due to competitive environment or production being moved in-house by customers; natural disasters that can impact, among other things, costs of fuel and raw materials; the occurrence of acts of terrorism, such as the events of September 11, 2001, or acts of war; changes in governmental laws and regulations; change in control due to takeover or other significant changes in ownership; financial viability and resulting effect on revenues and collectability of accounts receivable of customers during deep recessionary periods; ability to obtain additional financing as and when needed, and rising costs of credit that may be associated with new borrowings; voluntary or government-mandated food recalls; and other factors as may be discussed in the Company's Annual Report on Form 10-K for the year ended September 27, 2009, and other reports filed with the Securities and Exchange Commission.*

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

	<b>For the Fiscal Year Ended</b>	
	<b>September 27, 2009</b>	<b>September 28, 2008</b>
Net revenues	\$ 209,877,039	\$ 238,780,014
Cost of sales	<u>184,326,050</u>	<u>209,516,642</u>
Gross profit	25,550,989	29,263,372
Selling, general and administrative expenses	<u>9,971,692</u>	<u>8,647,533</u>
Operating income	15,579,297	20,615,839
Total interest expense	(2,279,590)	(3,706,057)
Other income	<u>-</u>	<u>42,964</u>
Income before income tax expense	13,299,707	16,952,746
Income tax expense	<u>4,998,495</u>	<u>6,631,442</u>
Net income	<u><u>8,301,212</u></u>	<u><u>10,321,304</u></u>
Net income per share – basic	<u>\$ 0.52</u>	<u>\$ 0.66</u>
Net income per share – diluted	<u>\$ 0.52</u>	<u>\$ 0.65</u>
Shares used in computing net income per share, basic	15,823,271	15,747,434
Weighted average shares outstanding	16,028,698	15,992,467

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

	<b>For the Three Months Ended</b>	
	<b>September 27, 2009</b>	<b>September 28, 2008</b>
Net revenues	\$ 48,520,549	\$ 53,083,027
Cost of sales	43,630,746	46,628,916
Gross profit	4,889,803	6,454,111
Selling, general and administrative expenses	2,470,414	2,154,524
Operating income	2,419,389	4,299,587
Total interest expense	(448,421)	(797,312)
Other income	-	55,378
Income before income tax expense	1,970,968	3,557,653
Income tax expense	568,958	1,140,200
Net income	1,402,010	2,417,453
Net income per share – basic	\$ 0.09	\$ 0.15
Net income per share – diluted	\$ 0.09	\$ 0.15
Shares used in computing net income per share, basic	15,823,271	15,823,271
Weighted average shares outstanding	16,051,546	16,073,536

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