



## NEWS FROM OVERHILL FARMS, INC.

**For Immediate Release**

### **Overhill Farms Reports Net Income Up 32% to \$2.36 Million, On Net Revenues of \$50.5 Million, For Second Quarter**

LOS ANGELES, CA (May 6, 2010) — Overhill Farms, Inc. (NYSE-AMEX: OFI) today reported net income of \$2.36 million, or \$0.15 per basic and diluted common share, on net revenues of \$50.5 million for the second quarter of fiscal 2010, which ended March 28, 2010.

Net income increased by 31.6% from the \$1.8 million (\$0.11 per basic and diluted share) from the second quarter of fiscal 2009, on a 2.1% decline in net revenues from the \$51.6 million reported in the year-earlier quarter. The Company attributed the increase in net income to continuous process improvement, improved efficiencies and yields, favorable commodity prices and reduced interest expense due to lower debt balances and lower variable interest rates.

During the second fiscal quarter of 2010 the Company reduced its outstanding long-term debt by \$2.6 million. After these debt payments, the Company had \$5.8 million in cash at the end of the quarter. In April, 2010, after the close of the second fiscal quarter, the Company made an additional payment of \$1.5 million on its long-term debt.

James Rudis, Chairman and Chief Executive Officer of Overhill Farms, said, "Our ability to increase our gross margins, maintain a strong cash position, and lower our debt is evidence of our continuing gains in efficiency despite a very difficult economy."

Mr. Rudis said the Company is "seeing encouraging signs of improvement. Our stepped-up sales efforts have led to new retail business from one of our existing customers, which should go into production late in the third quarter. In addition, we are in the final stages of preparing several product launches for both new and existing customers."

In addition, Mr. Rudis said, the sales and distribution alliance with J.R. Simplot Co. has resulted in two immediate opportunities, and additional leads. "We are negotiating final product pricing for one Simplot account, and at the request of another Simplot customer we are preparing for test marketing of a new product early in the fourth fiscal quarter," he said. "These opportunities reflect the continuing effort that Simplot and Overhill are putting into this promising alliance."

Mr. Rudis said he believes the new product launches, along with the Simplot opportunities, have the potential to offset the economy's continuing effect on net sales and the reluctance of customers to maintain normal levels of inventory.

Net revenues for the second quarter of fiscal 2010 decreased by \$1.1 million or 2.1%, as the result of pricing decreases on some products, changes in product volume and mix, and continuing declines in sales to airline customers.

By customer category, retail net revenues for the second quarter of fiscal year 2010 decreased by \$3.0 million (8.2%) to \$33.8 million from \$36.8 million for the year-earlier second quarter.

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Most of the decrease was due to loss of distribution to a club store account by one of the Company's existing customers. Net revenues from most other retail accounts also declined but were offset by increased sales to Safeway Inc.

Foodservice net revenues increased by 20.7% or \$2.5 million to \$14.6 million for the second quarter of fiscal 2010 from \$12.1 million for the year-earlier second quarter. The Company attributed the increase to the introduction of new products and increased volume from an existing customer.

Airline net revenues decreased by \$610,000, or 23.5%, to \$2.0 million for the second quarter of fiscal 2010 from \$2.6 million for the year-earlier quarter. The Company anticipates further declines in airline net revenues as airlines continue to cut costs due to current economic conditions.

Gross profit increased by 17.2% for the second quarter of fiscal year 2010, to \$6.8 million from \$5.8 million for the second quarter of fiscal year 2009. Gross profit as a percentage of net revenues increased to 13.5% for the second quarter of fiscal year 2010 from 11.2% for the second quarter of fiscal year 2009. As noted above, this was due largely to continuous process improvements, improved efficiencies and yields and favorable commodity prices.

For the six months ended March 28, 2010, the Company reported a 25% increase in net income to \$5.4 million or \$0.34 per basic and diluted common share, from the \$4.3 million or \$0.27 per basic and diluted share reported for the six months ended March 29, 2009.

Revenues for the first six months of fiscal 2010 were \$106.7 million, a decrease of less than 0.2% from the \$106.9 million reported for the first six months of fiscal 2009. Revenues from the foodservice category increased by \$12.3 million during the six months. This largely offset a decline of \$10.4 million in retail sales, which was due to the previously announced reduction in volume from a retail customer that moved a large portion of its production to its own facilities. Airline net sales were down \$2.0 million for the six months.

Operating income for the first six months of fiscal 2010 was \$9.4 million, or 8.8% of net revenues, up 12% from the \$8.4 million or 7.9% of net revenues for the year-earlier period.

### **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*

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*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), planned product launches, on-going business strategies or prospects, and possible future Company actions (including actions relating to sales and distribution alliances), 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 alliances and changes in customer preferences and willingness to maintain normal inventory levels, 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; difficulties that may be encountered in attracting and retaining new customers; natural disasters that can impact, among other things, costs of fuel and raw materials; the occurrence of acts of terrorism, 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 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; ability to successfully resolve outstanding legal matters; and other factors as may be discussed in the Company’s Annual Report on Form 10-K for the year ended September 27, 2009, Quarterly Report on Form 10-Q for the quarter ended March 28, 2010 and other reports filed with the Securities and Exchange Commission.*

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**OVERHILL FARMS, INC.**  
**CONDENSED SUMMARY OF OPERATIONS**  
(Unaudited)

	<b>For the Quarter Ended</b>	
	<b>March 28, 2010</b>	<b>March 29, 2009</b>
Net revenues	\$ 50,459,303	\$ 51,583,412
Cost of sales	43,640,235	45,815,774
Gross profit	6,819,068	5,767,638
Selling, general and administrative expenses	2,691,512	2,295,531
Operating income	4,127,556	3,472,107
Total interest expense	(345,713)	(525,851)
Income before income tax expense	3,781,843	2,946,256
Income tax expense	1,421,217	1,151,986
Net income	2,360,626	1,794,270
Net income per share – basic	\$ 0.15	\$ 0.11
Net income per share – diluted	\$ 0.15	\$ 0.11
Shares used in computing net income per share, basic	15,823,271	15,823,271
Weighted average shares outstanding	16,046,275	16,011,493

**OVERHILL FARMS, INC.**  
**CONDENSED SUMMARY OF OPERATIONS**  
(Unaudited)

	<b>For the Six Months Ended</b>	
	<b>March 28, 2010</b>	<b>March 29, 2009</b>
Net revenues	\$ 106,691,840	\$ 106,855,441
Cost of sales	91,986,643	93,580,285
Gross profit	14,705,197	13,275,156
Selling, general and administrative expenses	5,253,293	4,829,746
Operating income	9,451,904	8,445,410
Total interest expense	(778,331)	(1,339,939)
Other expenses	(1,000)	–
Income before income tax expense	8,672,573	7,105,471
Income tax expense	3,259,153	2,778,239
Net income	5,413,420	4,327,232
Net income per share – basic	\$ 0.34	\$ 0.27
Net income per share – diluted	\$ 0.34	\$ 0.27
Shares used in computing net income per share, basic	15,823,271	15,823,271
Weighted average shares outstanding	16,048,947	16,014,916

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