



**NEWS FROM OVERHILL FARMS, INC.**

**For Immediate Release**

## **Overhill Farms Reports Revenues of \$54.5 Million, Net Income of \$2.6 Million, For Third Quarter**

*Net Income is 16 Cents Per Share*

LOS ANGELES, CA (August 7, 2009) — Overhill Farms, Inc. (NYSE-AMEX: OFI) reported net revenues of \$54.5 million and net income of \$2.6 million (\$0.16 per basic and diluted share) for the third quarter ended June 28, 2009.

For the third quarter of fiscal 2008, the company previously reported net revenues of \$62.4 million and net income of \$3.2 million (\$0.20 per basic and diluted share).

Compared to the second quarter of fiscal year 2009, when net revenues were \$51.6 million and net income was \$1.8 million (\$0.11 per basic and diluted share), the third quarter reflected a 44% increase in net income (approximately \$0.05 per share) on a 5.6% increase in revenues.

James Rudis, Chairman and Chief Executive Officer of Overhill Farms, said, “Due to the negative economic climate, many of our customers have experienced reduced sales and competitive pressure on prices. While the economy has clearly affected Overhill Farms’ revenues and will continue to do so in the near-term, we have been able to record strong profits by controlling costs and improving productivity wherever possible.”

Mr. Rudis added, “Equally important, we have developed additional business from new and existing accounts, and intend to continue to do so. Our performance, in both efficiency and new sales, supports our belief that the outlook for our company remains positive, particularly in fiscal 2010 if, as we expect, economic conditions begin to improve.”

Mr. Rudis said the latest quarterly results, which reflect current economic conditions, contrast to an exceptionally strong quarter a year ago, and were also influenced by previously announced reductions in volume from one retail customer and by softness in sales to the supermarket and airline industries.

Reflecting the company’s positive outlook, Mr. Rudis said that during the third quarter, Overhill Farms made a \$5 million voluntary loan prepayment to its principal lender, Guggenheim Corporate Funding, LLC.

After the scheduled and voluntary debt payments and outlays of more than \$1 million for other assets, Mr. Rudis noted, the company had cash on hand of \$7.8 million, compared to \$4.7 million a year earlier. This, along with the company’s entire \$7.5 million line of credit, is available to meet liquidity and growth needs. Mr. Rudis said the company plans to continue to make voluntary debt reductions as cash flow permits.

more

## Overhill Farms – 2

Gross profit as a percentage of net revenues increased slightly to 13.6% for the quarter ended June 28, 2009 from 13.5% for the third quarter of fiscal 2008. Mr. Rudis attributed the increase to improved commodity prices and lower freight charges, offset in part by lower absorption of overhead costs due to lower sales volume.

By customer category, the company's net revenues from retail customers for the third quarter of fiscal 2009 decreased by \$10.3 million, or 21.3%, to \$38.0 million from the \$48.3 million reported a year earlier. This decrease was largely due to the decision by one of the company's retail customers, H.J. Heinz Company, to self-manufacture a greater share of its volume requirements. The remainder of the decrease in retail net revenues was the result of lower sales to key customers due to the economic downturn.

Foodservice net revenues increased by \$4.8 million, or 52.7%, to \$13.9 million for the third quarter of fiscal of 2009, from \$9.1 million a year earlier. The increase was attributable to sales to a new customer and increased volume for an existing customer, as previously announced. The company expects to see increased foodservice revenues as it manufactures full quarters of anticipated volume from new and existing customers. The anticipated increased revenues are expected to partially offset the decreased revenue from H.J. Heinz Company noted above.

Airline net revenues decreased by \$2.4 million, or 48.0%, to \$2.6 million for the most recent quarter, from \$5.0 million a year earlier, due largely to the current economic downturn and the resulting decline in air travel.

For the nine months ended June 28, 2009, the company reported net income of \$6.9 million or \$0.44 per basic share and \$0.43 per diluted share, compared to \$7.9 million or \$0.50 per basic and diluted share a year earlier.

Revenues for the first nine months of fiscal 2009 were \$161.4 million, a decrease of \$24.3 million, or 13.1%, from the \$185.7 million for the first nine months of fiscal 2008.

Operating income for the first nine months of fiscal 2009 was \$13.2 million, or 8.2% of net revenues, compared to \$16.3 million, or 8.8% of net revenues, a year earlier.

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.

-----  
*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,*

## Overhill Farms – 3

*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," "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 28, 2008, Quarterly Report on Form 10-Q for the quarter ended June 28, 2009 and other reports filed with the Securities and Exchange Commission.*

# # #

### **Contacts:**

James Rudis, Chairman, President and CEO  
Overhill Farms, Inc.  
323-582-9977

Alexander Auerbach  
Auerbach & Co. Public Relations  
1-800-871-2583  
auerbach@aapr.com

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

	<b>For the Quarter Ended</b>	
	<b>June 28, 2009</b>	<b>June 29, 2008</b>
Net revenues	\$ 54,501,049	\$ 62,422,674
Cost of sales	<u>47,115,020</u>	<u>54,023,789</u>
Gross profit	7,386,029	8,398,885
Selling, general and administrative expenses	<u>2,671,531</u>	<u>2,223,424</u>
Operating income	4,714,498	6,175,461
Total interest expense	(491,231)	(837,755)
Other income	<u>-</u>	<u>(1,000)</u>
Income before income tax expense	4,223,267	5,336,706
Income tax expense	<u>1,651,298</u>	<u>2,182,714</u>
Net income	<u>2,571,969</u>	<u>3,153,992</u>
Net income per share – basic	<u>\$ 0.16</u>	<u>\$ 0.20</u>
Net income per share – diluted	<u>\$ 0.16</u>	<u>\$ 0.20</u>
Shares used in computing net income per share, basic	15,823,271	15,802,969
Weighted average shares outstanding	16,033,414	16,059,963

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

	<b>For the Nine Months Ended</b>	
	<b>June 28, 2009</b>	<b>June 29, 2008</b>
Net revenues	\$ 161,356,490	\$ 185,696,987
Cost of sales	<u>140,695,304</u>	<u>162,887,725</u>
Gross profit	20,661,186	22,809,262
Selling, general and administrative expenses	<u>7,501,279</u>	<u>6,493,009</u>
Operating income	13,159,907	16,316,253
Total interest expense	(1,831,170)	(2,908,745)
Other expenses	<u>-</u>	<u>(12,414)</u>
Income before income tax expense	11,328,737	13,395,094
Income tax expense	<u>4,429,536</u>	<u>5,491,241</u>
Net income	<u>6,899,201</u>	<u>7,903,853</u>
Net income per share – basic	<u>\$ 0.44</u>	<u>\$ 0.50</u>
Net income per share – diluted	<u>\$ 0.43</u>	<u>\$ 0.50</u>
Shares used in computing net income per share, basic	15,823,271	15,721,404
Weighted average shares outstanding	16,021,082	15,965,444

###