



NEWS FROM OVERHILL FARMS, INC.

For Immediate Release

Overhill Farms Reports Revenues of \$43.4 Million, Net Income of \$930,000, For Third Quarter

Net Income is 6 Cents Per Share

LOS ANGELES, CA (August 6, 2010) — Overhill Farms, Inc. (NYSE-AMEX: OFI) reported net revenues of \$43.4 million and net income of \$930,000 (\$0.06 per basic and diluted share) for the third quarter ended June 27, 2010.

For the third quarter ended June 28, 2009, the Company previously reported net revenues of \$54.5 million and net income of \$2.6 million (\$0.16 per basic and diluted share).

During the most recent quarter, the Company continued to reduce its debt, making principal payments of \$5.13 million, including a voluntary prepayment of \$4.5 million. The Company is reviewing commitment letters from several major banks for a new three year credit facility to refinance its existing debt on favorable terms. It anticipates making a further announcement shortly regarding the credit facility.

James Rudis, Chairman, President and Chief Executive Officer of Overhill Farms, said, “While we remain profitable under challenging conditions, our sales during the third quarter, particularly in June 2010, were significantly affected by several factors. Foremost among these was the impact of the difficult economic climate, with consumers remaining cautious in their spending, even on grocery items. Stronger sales earlier in the year reflected, in great part, increases in customer inventories from their low levels late in calendar 2009, in anticipation of a rebound in the economy and sales growth that did not materialize. As a result, customer orders in our third quarter were reduced across all categories.”

In addition, Mr. Rudis noted, “Our revenues also were affected by the seasonal decline in frozen foods sales during the warmer months, and the previously announced reduction in volume by a customer who took their production in-house.”

Mr. Rudis added that, “Based on our expectations that the economy will not improve significantly in the near term, we continue to focus intensively on closing new business transactions, from new and existing customers.”

As a result of these efforts, he said, the Company has a substantial pipeline of business opportunities. Previously announced new retail business with an existing customer, originally scheduled to begin production during the latter part of the third quarter but delayed by the customer, went into production in the fourth quarter. The Company also began production of three items for two restaurant chains, resulting from its sales and distribution partnership with J.R. Simplot Co. Additionally, the Company is in the advanced stages of negotiations with a

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major U.S. retail chain for production of a new line of frozen foods, is in preliminary discussions with a large restaurant chain, and is pursuing several additional foodservice accounts.

“Our successful track record of turning promising opportunities into significant accounts, along with the seasonal upturn in sales of frozen foods during the colder months and the outlook for gradual improvement in the overall economy, all lead us to be cautiously optimistic about the Company’s gradual return to growth,” Mr. Rudis said.

Gross profit as a percentage of net revenues was 9.9% for the quarter ended June 27, 2010, compared to 13.6% for the third quarter of fiscal 2009. The decrease was largely due to overhead costs representing a higher percentage of net revenues on lower sales volume, changes in product mix and increased investment spending in the plants to achieve certification under the new global Food Safety Management Systems standard FSSC 22000. These were partially offset by favorable commodity prices. The Company anticipates gross margin will improve as sales volume increases.

By customer category, the Company’s net revenues from retail customers for the third quarter of fiscal 2010 decreased by \$9.3 million, or 24.5%, to \$28.7 million from the \$38.0 million reported a year earlier. This decrease was largely due to reduced sales to Jenny Craig Inc., H. J. Heinz Company and Safeway Inc.

As previously disclosed, H. J. Heinz Company informed the Company that it intended to move most of its remaining volume to self-manufacture, beginning after its contract expired at the end of calendar year 2009. The third quarter of fiscal year 2010 includes \$2.4 million in net revenues from sales to Heinz, as Heinz was delayed in transitioning to its own plants. The Company plans to continue to produce limited products for Heinz on an on-going basis, and is continuing to work with them on potential new products.

Foodservice net revenues decreased by \$1.2 million, or 8.6%, to \$12.7 million for the third quarter of fiscal of 2010, from \$13.9 million a year earlier. The decrease was primarily attributable to the conclusion of an existing customer’s promotional item. We continue our sales efforts in this category and continue to believe that foodservice represents a significant opportunity for us.

Airline net revenues decreased by \$706,000, or 27.2%, to \$1.9 million for the most recent quarter, from \$2.6 million a year earlier, due largely to the current economic downturn and the resulting decline in air travel

For the nine months ended June 27, 2010, the Company reported net income of \$6.3 million or \$0.40 per basic and diluted share, compared to net income of \$6.9 million or \$0.44 per basic share and \$0.43 per diluted share a year earlier.

Revenues for the first nine months of fiscal 2010 were \$150.1 million, a decrease of \$11.3 million or 7.0% from the \$161.4 million for the first nine months of fiscal 2009.

Operating income for the first nine months of fiscal 2010 was \$11.3 million, or 7.5% of net revenues, compared to \$13.2 million, or 8.2% 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

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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, production efficiencies and expansions, cash flows and growth, improvements in the overall economy, 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," "should," "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; slower than anticipated sales due to continuing poor economic conditions; financial viability and resulting effect on revenues and collectability of accounts receivable of customers during deep recessionary periods; the Company's ability to complete a refinancing of its credit facility and ability to obtain subsequent additional financing as and when needed, and possible increases in LIBOR or other baselines used for variable interest rate calculations, or other rising costs of credit that may be associated with existing or 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, Quarterly Report on Form 10-Q for the

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quarter ended June 27, 2010 and other reports filed with the Securities and Exchange Commission.

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OVERHILL FARMS, INC.
CONDENSED SUMMARY OF OPERATIONS

	For the Quarter Ended	
	June 27, 2010	June 28, 2009
Net revenues	\$ 43,360,677	\$ 54,501,049
Cost of sales	39,047,893	47,115,020
Gross profit	4,312,784	7,386,029
Selling, general and administrative expenses	2,505,551	2,671,531
Operating income	1,807,233	4,714,498
Total interest expense	(311,987)	(491,231)
Other expenses	(3,000)	-
Income before income tax expense	1,492,246	4,223,267
Income tax expense	561,913	1,651,298
Net income	930,333	2,571,969
Net income per share – basic	\$ 0.06	\$ 0.16
Net income per share – diluted	\$ 0.06	\$ 0.16
Shares used in computing net income per share, basic	15,823,271	15,823,271
Weighted average shares outstanding	16,061,205	16,033,414

OVERHILL FARMS, INC.
CONDENSED SUMMARY OF OPERATIONS

	For the Nine Months Ended	
	June 27, 2010	June 28, 2009
Net revenues	\$ 150,052,518	\$ 161,356,490
Cost of sales	131,034,537	140,695,304
Gross profit	19,017,981	20,661,186
Selling, general and administrative expenses	7,758,844	7,501,279
Operating income	11,259,137	13,159,907
Total interest expense	(1,090,318)	(1,831,170)
Other expenses	(4,000)	-
Income before income tax expense	10,164,819	11,328,737
Income tax expense	3,821,066	4,429,536
Net income	\$ 6,343,753	6,899,201
Net income per share – basic	\$ 0.40	\$ 0.44
Net income per share – diluted	\$ 0.40	\$ 0.43
Shares used in computing net income per share, basic	15,823,271	15,823,271
Weighted average shares outstanding	16,053,033	16,021,082

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