



NEWS FROM OVERHILL FARMS, INC.

For Immediate Release

Overhill Farms Reports Revenues of \$169.2 Million, Net Income of \$1.4 Million, For Fiscal 2011

Company Announces Share Buyback

LOS ANGELES, CA (December 15, 2011) — Overhill Farms, Inc. (NYSE-AMEX: OFI) today reported net revenues of \$169.2 million for the fiscal year ended October 2, 2011, and net income of \$1.4 million or \$0.09 per basic and diluted common share.

This compares to net revenues of \$194.5 million, and net income of \$7.6 million or \$0.48 per basic and \$0.47 per diluted common share, for the fiscal year ended September 26, 2010.

James Rudis, the Company's Chairman, President and Chief Executive Officer, said, "Despite an economic climate that continues to be difficult for us and our customers, we remained profitable. Additionally, during this fiscal year we reduced our debt, attracted new customers and prospects, and acquired the Boston Market frozen food license, all of which should contribute significantly to revenues in fiscal year 2012 and beyond."

Mr. Rudis added, "In our third and fourth fiscal quarters, our results were also affected by increases in the costs of food and other raw materials, freight expenses and costs related to the start-up of our Boston Market line."

The Company also announced that its Board of Directors has authorized a share repurchase plan. The Board has approved an initial repurchase of up to \$5 million of common shares. The authorized repurchases will be made from time to time in the open market. The timing, volume and nature of share repurchases will be at the sole discretion of management, and will be dependent on market conditions, blackout periods, the price and availability of the Company's shares, and applicable securities laws.

Net revenues for fiscal year 2011 decreased by \$25.3 million, or 13.0%, from the prior fiscal year due to decreases in retail and foodservice net revenues, partially offset by a small increase in airline net revenues.

Retail net revenues decreased by \$15.1 million, or 11.8%, to \$112.9 million for fiscal year 2011 from \$128.0 million for the prior fiscal year. Approximately \$9.5 million of this decrease was due to the previously disclosed reduced volume from H.J. Heinz Co. The remaining decrease in retail net revenues included a decline of \$7.7 million in sales to Safeway Inc. and a decline of \$5.8 million in sales to Jenny Craig. These declines were partially offset by sales of Boston Market products totaling \$7.5 million. For fiscal year 2011, the retail category as a percentage of net revenues increased to 66.7% from 65.8%.

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Foodservice net revenues for fiscal year 2011 decreased by \$10.3 million, or 17.6%, to \$48.2 million from \$58.5 million for fiscal year 2010, due primarily to reduced sales of \$9.8 million to Panda Restaurant Group Inc. For fiscal year 2011, the foodservice category as a percentage of net revenues decreased to 28.5% from 30.1%. Notwithstanding the decline, we continue to increase our sales efforts in this category, and believe that foodservice represents a significant opportunity for the Company in 2012.

Airline net revenues increased by \$139,000, or 1.7%, to \$8.1 million for fiscal year 2011 from \$8.0 million for fiscal year 2010, due to increased sales to an existing customer stemming from new products we developed for them. However, due to continuing airline industry cost-cutting initiatives, we do not expect airline net revenues to increase again, and they may decrease in future periods. For fiscal year 2011, the airline category as a percentage of net revenues increased to 4.8% from 4.1%.

Gross profit in fiscal 2011 was \$13.0 million, compared to \$23.7 million in fiscal 2010. Gross margin, or gross profit as a percentage of net revenues, was 7.7%, compared to 12.2% in fiscal 2010. The Company said the decline in gross margin was due to higher variable overhead costs as a percentage of net revenues, a less favorable sales mix and higher conversion costs.

Margins were also impacted by higher costs for transportation and ingredients during fiscal 2011 compared to the prior fiscal year, due to global increases in commodity prices. The Company said it anticipates some continued inflation in commodity costs.

Mr. Rudis said, “As we have done in the past when faced with rising costs for ingredients and raw materials, we will strive to offset these increases through strategic purchasing and by being even more vigilant about controlling our other operating expenses.”

For the fourth quarter of fiscal 2011, the Company reported net revenues of \$44.3 million, compared to \$44.4 million for the same quarter in fiscal 2010. The Company reported a net loss for the fourth quarter of fiscal 2011 of (\$1.4 million), or (\$0.09) per basic and diluted common share, compared to net income of \$1.2 million, or \$0.08 per basic and diluted common share, for the fourth quarter of fiscal 2010. “Fourth quarter sales, which are generally seasonally lower, were up 11.6% for fiscal 2011 from third-quarter 2011 results,” Mr. Rudis noted.

The fourth-quarter 2011 loss also included the effect of a \$412,000 non-cash impairment charge for the remaining term of the Better Living Brands licensing agreement, due to decreased sales of products covered under the agreement.

“Sales of Boston Market have exceeded our expectations, and with our production partner, Bellisio Foods, we expect to deliver approximately one million cases by calendar year-end,” he added.

The Company said it incurred significant non-recurring costs related to Boston Market, starting in the third quarter of fiscal 2011 and continuing through the fourth quarter. As part of the transition to its management of the Boston Market line, the Company experienced substantial additional freight costs as it produced a large majority of product until Bellisio Foods began manufacturing. The Company also said it offered aggressive pricing and high promotional allowances to maintain Boston Market’s position in the retail channel.

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Mr. Rudis added, “Having accomplished the successful transition, we are now reviewing our pricing and promotion programs, as well as opportunities to reduce costs, including alternative strategies for product mix, freight, distribution, and production.”

Commenting on the buyback program, Mr. Rudis said, “It reflects our belief that the current price of the stock does not fully reflect the Company’s growth potential.” The Company noted that the program is discretionary and has no expiration date. No assurance can be given that any particular amount of shares will be repurchased. The buyback program does not obligate the Company to acquire a specific number of shares in any period, and it may be modified, suspended, extended or discontinued at any time, without prior notice.

CONFERENCE CALL

Overhill Farms will host a conference call on December 15, 2011, at 8:00 a.m. PST (11:00 a.m. EST). Shareholders and investment professionals can participate by dialing 877-407-9210. A webcast of accompanying slides is at <http://tinyurl.com/cp2j7kr>.

ABOUT OVERHILL FARMS

Overhill Farms, Inc. (www.OverhillFarms.com) is a 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., Pinnacle Foods Group LLC and American Airlines, Inc. We also sell frozen foods under the Boston Market brand, under an exclusive license from Boston Market Corporation.

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, brokerage and freight expense savings, 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, revenue growth from new customers, expectations concerning our Boston Market line, implementation of a stock repurchase program, contemplated or potential acquisitions or similar transactions and general economic pressures. 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,” “potential,” “may,” “goal,” “target,” “prospects,” “optimistic,” “confident,” “likely,” “probable,” “hope,” “should,” “growth,” “opportunities” 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

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differ materially depending on a variety of important factors, including, among others: the Company's and other parties' ability to satisfy conditions precedent to proposed acquisitions or similar transactions, including, without limitation, obtaining any applicable regulatory and stockholder approvals, 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; certifications obtained by competitors; seasonality in the retail category; blackout periods and other factors that may limit the Company's ability to repurchase shares under a stock repurchase program; 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 October 2, 2011, and other reports filed with the Securities and Exchange Commission.

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OVERHILL FARMS, INC.
CONDENSED SUMMARY OF OPERATIONS

	For the Fiscal Year Ended	
	October 2, 2011	September 26, 2010
Net revenues	\$ 169,218,474	\$ 194,481,635
Cost of sales	<u>156,264,764</u>	<u>170,825,958</u>
Gross profit	12,953,710	23,655,677
Selling, general and administrative expenses	<u>10,352,586</u>	<u>9,730,674</u>
Operating income	2,601,124	13,925,003
Total interest expense	(334,570)	(1,663,857)
Other expense	<u>-</u>	<u>(3,991)</u>
Income before income tax expense	2,266,554	12,257,155
Income tax expense	<u>825,046</u>	<u>4,682,621</u>
Net income	<u><u>\$ 1,441,508</u></u>	<u><u>\$ 7,574,534</u></u>
Net income per share – basic	<u>\$ 0.09</u>	<u>\$ 0.48</u>
Net income per share – diluted	<u>\$ 0.09</u>	<u>\$ 0.47</u>
Shares used in computing net income per share, basic	15,823,271	15,823,271
Weighted average shares outstanding	16,051,058	16,049,587

OVERHILL FARMS, INC.
CONDENSED SUMMARY OF OPERATIONS

	For the Three Months Ended	
	October 2, 2011	September 26, 2010
Net revenues	\$ 44,250,708	\$ 44,429,117
Cost of sales	42,772,064	39,791,422
Gross profit	1,478,644	4,637,695
Selling, general and administrative expenses	3,518,519	1,971,830
Operating (loss) income	(2,039,875)	2,665,865
Total interest expense	(83,694)	(573,539)
Other income		9
(Loss) income before income tax expense	(2,123,569)	2,092,335
Income tax (benefit) expense	(766,117)	861,555
Net (loss) income	<u>\$ (1,357,452)</u>	<u>\$ 1,230,780</u>
Net (loss) income per share – basic	<u>\$ (0.09)</u>	<u>\$ 0.08</u>
Net (loss) income per share – diluted	<u>\$ (0.09)</u>	<u>\$ 0.08</u>
Shares used in computing net income per share, basic	15,823,271	15,823,271
Weighted average shares outstanding	15,823,271	16,039,248

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