



NEWS FROM OVERHILL FARMS, INC.

For Immediate Release

Overhill Farms Reports Revenues of \$39.7 Million, Net Loss of 2 Cents Per Share, For Third Quarter

LOS ANGELES, CA (August 12, 2011) — Overhill Farms, Inc. (NYSE-AMEX: OFI) reported net revenues of \$39.7 million for the third fiscal quarter ended July 3, 2011. This compares with net revenues of \$43.4 million for the third fiscal quarter ended June 27, 2010.

The Company reported a net loss of \$331,971, or (\$0.02) per basic and diluted share, for the most recent quarter, compared to net income of \$930,333, or \$0.06 per basic and diluted share, for the same quarter in 2010.

The Company attributed the decrease in net revenues, and the net loss, to a number of factors, including lower orders from its retail and foodservice customers due to the continuing difficult economic environment; startup costs related to its new Boston Market and Target retail products; and higher prices for commodities, energy and freight.

James Rudis, Chairman, President and Chief Executive Officer of Overhill Farms, said, "While we are optimistic about the near-term and mid-term prospects for our business, this was a difficult quarter for the Company and for the food industry. Consumers continue to be cautious in their spending, which impacts sales of all retailers, including our customers. The reduced volume from our retail and foodservice accounts also lessened our operating efficiencies and thus our gross margins."

Mr. Rudis noted that, the Company's revenues were also impacted by the previously announced reduction in volume by a customer who took their production in-house.

"We have responded aggressively to a very challenging economic environment. We have acquired significant new business, and are pursuing ways to improve our operating efficiencies," Mr. Rudis said. "Boston Market and Target are very exciting new product lines for us. Our sales, distribution and production agreement with Bellisio Foods, Inc., demonstrates our commitment to use innovative strategies to get our products to market at the lowest cost. In addition, one of our core strengths is our ability to manage the effects of rising food costs through strategic forward buying. We expect that this approach will continue to support our future success."

During the third fiscal quarter, the Company began production of 16 retail frozen food items under license from Boston Market Corporation, as well as production of 16 private label frozen food items for sale in Target retail stores.

Operating expenses for the third fiscal quarter reflected costs related to beginning production and developing inventory for the new products. Pipeline shipments for Target began late in the third fiscal quarter and Boston Market products commenced shipping in early July.

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Overhill Farms – 2

Mr. Rudis noted that there is a substantial amount of Boston Market product manufactured by the previous license holder still in the retail channel. As a result, the Company anticipates that revenues from the brand will accelerate as the existing inventory is sold.

“Looking ahead, we believe we are well positioned to resume growth in both revenues and earnings over the next several quarters,” Mr. Rudis said. “We will begin to see revenues grow from both of these very significant new accounts as Target promotes its products and as our Boston Market products replace the existing inventory manufactured by the prior license holder. In addition, the seasonal upturn in sales of frozen foods during the colder months, and the anticipated increase in sales to our foodservice accounts, should also contribute to our top-line performance.”

“We continue to move ahead on new customer initiatives, which we hope will convert to additional revenues beginning in fiscal 2012,” Mr. Rudis said. “In addition, we have been working with our existing retail accounts to help them expedite the recovery of their retail sales by refreshing their product lines and introducing new products, some of which will be coming to market in the latter part of the fourth quarter of this fiscal year.”

By customer category, the Company’s net revenues from retail customers for the third quarter of fiscal 2011 decreased by \$2.6 million, or 9.1%, to \$26.1 million from the \$28.7 million reported for the third quarter of fiscal 2010. This decrease was largely due to reduced sales to Safeway Inc., Jenny Craig Inc., and Pinnacle Foods, Inc., and the previously disclosed decision by H. J. Heinz to self-manufacture product that had been made for it by the Company.

Foodservice net revenues decreased by \$1.1 million, or 8.7%, to \$11.6 million for the third quarter of fiscal 2011, from \$12.7 million for the third quarter of fiscal 2010. The decrease was primarily attributable to decreased sales volume to Panda Restaurant Group, Inc. Although net revenues from this customer were lower during the third quarter of fiscal 2011 than in the third quarter of fiscal 2010, we anticipate that our annualized net revenues from Panda Restaurant Group for calendar 2011 will be similar to those of calendar 2010.

Airline net revenues increased by \$88,000, or 4.6%, to \$2.0 million for the third quarter of fiscal 2011, from \$1.9 million for the third quarter of fiscal 2010, due to increased sales to one customer from new products we developed for them. However, due to continuing airline initiatives to cut costs, net revenues from airline customers are not likely to increase again, and may decline in future periods.

For the nine months ended July 3, 2011, a 40-week period, net revenues were \$125.0 million, a decrease of \$25.1 million or 16.7% from the \$150.1 million reported for the nine months ended June 27, 2010, a 39-week period.

Net income for the first nine months of fiscal 2011 was \$2.8 million, or \$0.18 per basic and \$0.17 diluted share, compared to \$6.3 million or \$0.40 per basic and diluted share for the first nine months of fiscal 2010.

ABOUT OVERHILL FARMS

Overhill Farms, Inc. (www.OverhillFarms.com) is a value-added manufacturer of high quality, prepared frozen food products for branded retail, private label, foodservice and airline customers. Our product line includes entrées, plated meals, bulk-packed meal components,

Overhill Farms – 3

pastas, soups, sauces, poultry, meat and fish specialties, and organic and vegetarian offerings. Our extensive research and development capabilities, combined with our flexible manufacturing capabilities, provide customers with a one-stop solution for new product ideas, product manufacturing and packaging, as well as precise replication of existing recipes. Our customers include nationally recognized names such as Panda Restaurant Group, Inc., Jenny Craig, Inc., Safeway Inc., American Airlines, Inc., Pinnacle Foods Group LLC and Target Corporation. We also sell frozen foods under the Boston Market brand, under exclusive license with 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 and Target lines, retention of existing Boston Market customers, 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," "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 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; 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 26, 2010, Quarterly Report on Form 10-Q for the quarter ended July 3, 2011, and other reports filed with the Securities and Exchange Commission.

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Overhill Farms – 4

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OVERHILL FARMS, INC.
CONDENSED SUMMARY OF OPERATIONS

	For the Quarter Ended	
	July 3, 2011	June 27, 2010
Net revenues	\$ 39,666,756	\$ 43,360,677
Cost of sales	<u>37,692,943</u>	<u>39,047,893</u>
Gross profit	1,973,813	4,312,784
Selling, general and administrative expenses	<u>2,520,145</u>	<u>2,505,551</u>
Operating (loss) income	(546,332)	1,807,233
Total interest expense	(79,043)	(311,987)
Other expenses	<u>-</u>	<u>(3,000)</u>
(Loss) income before income tax (benefit) expense	(625,375)	1,492,246
Income tax (benefit) expense	(293,404)	561,913
Net (loss) income	<u>(331,971)</u>	<u>930,333</u>
Net (loss) income per share – basic	<u>\$ (0.02)</u>	<u>\$ 0.06</u>
Net (loss) income per share – diluted	<u>\$ (0.02)</u>	<u>\$ 0.06</u>
Shares used in computing net income per share, basic	15,823,271	15,823,271
Weighted average shares outstanding	15,823,271	16,061,205

OVERHILL FARMS, INC.
CONDENSED SUMMARY OF OPERATIONS

	For the Nine Months Ended	
	July 3, 2011	June 27, 2010
Net revenues	\$ 124,967,766	\$ 150,052,518
Cost of sales	<u>113,492,700</u>	<u>131,034,537</u>
Gross profit	11,475,066	19,017,981
Selling, general and administrative expenses	<u>6,834,066</u>	<u>7,758,844</u>
Operating income	4,641,000	11,259,137
Total interest expense	(250,876)	(1,090,318)
Other expenses	<u>-</u>	<u>(4,000)</u>
Income before income tax expense	4,390,124	10,164,819
Income tax expense	<u>1,591,164</u>	<u>3,821,066</u>
Net income	<u>\$ 2,798,960</u>	<u>\$ 6,343,753</u>
Net income per share – basic	<u>\$ 0.18</u>	<u>\$ 0.40</u>
Net income per share – diluted	<u>\$ 0.17</u>	<u>\$ 0.40</u>
Shares used in computing net income per share, basic	15,823,271	15,823,271
Weighted average shares outstanding	16,055,684	16,053,033

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