

PREMIUM BRANDS HOLDINGS CORPORATION ANNOUNCES ACQUISITION OF LEADING SPECIALTY SANDWICH MANUFACTURER

VANCOUVER, B.C., October 18, 2010. Premium Brands Holdings Corporation (TSX: PBH), a leading producer, marketer and distributor of branded specialty food products, announced today the acquisition of Seattle, WA based SK Food Group Inc. ("SK Food Group") for approximately \$42.5 million.

SK Food Group is a leading manufacturer of artisan breakfast sandwiches and wraps. It sells to customers across the United States and Canada from its state-of-the-art 150,000 square foot facility in Reno, NV and has annualized sales and EBITDA run rates of approximately \$90 million and \$8.1 million, respectively.

"SK Food Group fits perfectly with our core specialty food business strategies," said Mr. George Paleologou, President and CEO of Premium Brands. "Furthermore, the combination of SK Food Group and our existing sandwich businesses will create an industry leading platform with state-of-the-art production facilities, innovative products, leading brands and a North American wide reach."

"We are very excited to be joining the Premium Brands family," said Mr. Steve Sposari, President and CEO of SK Food Group. "We see significant opportunities to generate synergies by leveraging the strengths of Premium Brands' other businesses, including their extensive distribution networks in Western Canada."

"Steve Sposari has done an excellent job in building SK Food Group into a leading North American sandwich company. We look forward to working with him and his management team in taking our platform of sandwich businesses to the next level," said Mr. Paleologou.

The acquisition of SK Food Group is expected to be immediately accretive to Premium Brands' earnings per share and cash flow per share.

The \$42.5 million purchase price, which is subject to adjustment if SK Food Group's net working capital at closing is above or below a defined normalized level, consisted of: (i) \$18.4 million in cash; (ii) the issuance of 491,898 shares valued at \$6.8 million; (iii) vendor take-back notes totaling \$6.5 million which are due on March 31, 2011 and are contingent upon SK Food Group achieving certain profitability targets in 2010; and (iv) \$10.8 million vendor take-back notes which are payable over the next three years in equal annual installments and are contingent upon SK Food Group achieving certain sales and profitability targets over that time.

Premium Brands will not assume any funded debt under the terms of the transaction and the cash portion of the purchase price will be funded through the Company's senior credit facilities.

Cascadia Capital, a diversified, boutique investment bank serving both private and public growth companies around the globe, represented SK Food Group in the transaction. "Premium Brands and SK Food Group are an ideal fit with both companies sharing a common vision of producing differentiated products that cater to consumers' increasing demand for high quality convenience foods," said Michael Butler, Chairman and CEO, Cascadia Capital.

About Premium Brands

Premium Brands owns a broad range of leading specialty food manufacturing and differentiated food distribution businesses with operations in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Washington State and Nevada. The Company services over 25,000 customers and its family of brands include Grimm's, Harvest, McSweeney's, Bread Garden Express, Hygaard, Hempler's, Quality Fast Foods, Gloria's Best of Fresh, Harlan's, Creekside Bakehouse, Centennial Foodservice, B&C Foods, Duso's, and OvenPride.

For further information, please contact George Paleologou, President and CEO or Will Kalutycz, CFO at (604) 656-3100.

www.premiumbrandsholdings.com

Forward Looking Statements

This press release includes forward looking statements with respect to Premium Brands, including its business operations strategy and financial performance and condition. These statements generally can be identified by the use of forward looking words such as "may", "could", "should", "would", "will", "expect", "intend", "plan", "estimate", "project", "anticipate", "believe" or "continue", or the negative thereof or similar variations. Although management believes that the expectations reflected in such forward looking statements are reasonable and represent Premium Brands' internal expectations and belief as of October 18, 2010, such statements involve unknown risks and uncertainties beyond Premium Brands' control which may cause its actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward looking statements.

Important factors that could cause actual results to differ materially from Premium Brands' expectations include, among other things: (i) seasonal and/or weather related fluctuations in its sales; (ii) changes in consumer discretionary spending resulting from changes in economic conditions and/or general consumer confidence levels; (iii) changes in the cost of raw materials used for its products; (iv) changes in the cost of products sourced from third party manufacturers and sold through Premium Brands' proprietary distribution networks; (v) changes in Canadian income tax laws; (vi) changes in consumer preferences for food products; (vii) competition from other food manufacturers and distributors; (viii) new government regulations affecting Premium Brands' business and operations; (ix) the inability to realize anticipated tax attributes associated with its recent conversion to a corporation; (x) exposure to third party credit/contractual risk and operational risk relating to its recent conversion to a corporation; and (xi) other factors as discussed in Premium Brands' Management's Discussion and Analysis for 2009, which is filed electronically through SEDAR and are available online at www.sedar.com. It should be noted that this list of important factors affecting forward looking information may not be exhaustive.

Unless otherwise indicated, the forward looking information in this document is made as of October 18, 2010 and, except as required by applicable law, will not be publicly updated or revised. This cautionary statement expressly qualifies the forward looking information in this document.