



Lifeway Foods, Inc. Provides Preliminary Fourth Quarter Sales Results

Fourth Quarter 2012 Net Sales Increase 23% to \$20.6 Million

MORTON GROVE, IL, January 14, 2013 -- Lifeway Foods, Inc., (Nasdaq: LWAY), a leading supplier of cultured dairy products known as kefir and organic kefir, today announced preliminary sales results for the fourth quarter ended December 31, 2012. The Company does not plan to provide preliminary financial information in the future other than in unique circumstances, or in the event of a material event that requires disclosure.

Fourth quarter of 2012 gross sales increased approximately 23% to \$23.0 million compared to \$18.7 million in the same period last year. This increase is primarily attributable to increased sales and awareness of the Company's flagship line, Kefir, as well as ProBugs® Organic Kefir for kids and BioKefir™.

Total consolidated net sales increased approximately 23% or \$3.8 million to \$20.6 million during the three-month period ended December 31, 2012 from \$16.8 million during the same three-month period in 2011. Net sales are recorded as gross sales less promotional activities such as slotting fees paid, couponing, spoilage and promotional allowances as well as early payment terms given to customers.

"We are extremely pleased with the strength of our sales results as distribution and brand awareness of Lifeway's Kefir products continues to grow rapidly," said Julie Smolyansky, CEO of Lifeway Foods, Inc. "The health and wellness benefits of kefir continue to resonate with today's increasingly health conscious focused consumers, and we believe Lifeway is well positioned for increased growth as the use of probiotics dramatically rises on global basis."

The Company also began distribution to Walmart retail stores nation-wide the first week of January, 2013 with two of their most popular kefir flavors, including strawberry and blueberry in 32 ounce packages.

About Lifeway Foods, Inc.

Lifeway Foods, Inc. (LWAY), recently named one of Fortune Small Business' Fastest Growing Companies for the fifth consecutive year, is America's leading supplier of the cultured dairy products known as kefir and organic kefir. Lifeway Kefir is a dairy beverage that contains 10 exclusive live and active probiotic cultures plus ProBoost™. In addition to its line of Kefir products, the company produces a variety of Frozen Kefir and probiotic cheese products. Lifeway also sells frozen kefir, kefir smoothies and kefir parfaits through its Starfruit™ retail stores. Find Lifeway Foods, Inc. on Facebook: www.facebook.com/lifewaykefir Follow Lifeway Foods on Twitter: http://twitter.com/lifeway_kefir YouTube: <http://www.youtube.com/user/lifewaykefir>

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