

Lifeway Foods Announces Kefir's Growing Popularity Leads To Distribution Channel Expansion

MORTON GROVE, IL—August 5, 2010—Lifeway Foods, Inc., (NASDAQ: LWAY), the leading U.S. supplier of healthy Kefir beverages, today announced it added four new brand name chain stores to its distribution channel during the third quarter 2010. Shipments of Lifeway Foods Kefir products to these retailers began during the first half of July.

The new retail outlets include:

- Costco, which already offers Lifeway Foods' Kefir in its Midwest locations, is expanding its offering of the Costco club pack, which includes a mix of 12 Lifeway kefir grab-n go sized bottles in two flavors sold in stores that make up its Northern California Region
- BJ's Wholesale Club, a retail shopping club with more than 180 stores in 15 states, is offering a special BJ's Kefir Club Pack.
- Big Y Foods, a New England area supermarket chain with over 60 stores, is offering five different 32 ounce varieties of Kefir.

"Our increased distribution is a direct result of the growing popularity of kefir and the many health benefits of its probiotics," said Julie Smolyansky, Lifeway Foods' chief executive officer. "We are excited about working with these retailers and offering our products to an entirely new demographic of customers."

For more information visit:

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About Lifeway Foods

Lifeway Food is America's leading supplier of the cultured dairy product known as kefir, and now America's leading supplier of Organic Kefir. Lifeway Kefir is a dairy beverage that contains Lifeway's exclusive 10 Live and Active probiotic cultures. While most regular yogurt only contains two or three of these "friendly" cultures, Lifeway kefir products offer more nutritional benefits. Lifeway offers 12 different flavors of its Kefir beverage, Organic Kefir, and Probugs, a children's line of organic kefir products in a no-spill pouch in kid-friendly flavors like Orange Creamy Crawler and Sublime Slime Lime, and a line of organic whole milk kefir. Lifeway also produces a line of products marketed in US Hispanic communities, called La Fruta, Drinkable Yogurt (yogurt drinks distinct from kefir). In addition to its line of Kefir products, the company produces a variety of cheese products.

This news release contains forward-looking statements. Investors are cautioned that actual results may differ materially from such forward-looking statements. Forward-

looking statements involve risks and uncertainties including, but not limited to, competitive pressures and other important factors detailed in the Company's reports filed with the Securities and Exchange Commission.