



Lifeway Foods Announces Preliminary Fourth Quarter & Full Year 2013 Sales Results

*Full Year 2013 Gross Sales Increase 21% to \$108.2 Million
Full Year 2013 Net Sales Increase 20% to \$97.6 Million*

Morton Grove, IL — January 21, 2014—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 and full year ended December 31, 2013.

Fourth quarter of 2013 gross sales increased approximately 26% or \$5.9 million to \$28.8 million compared to \$22.9 million in the same period last year. Full year 2013 gross sales increased approximately 21% to \$108.2 million compared to \$89.8 million 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 25% or \$5.3 million to \$26.3 million during the three-month period ended December 31, 2013 from \$21.0 million during the same three-month period in 2012. Full year 2013 net sales increased 20% to \$97.6 million compared to \$81.4 million in 2012. 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 another year of record sales growth," said Julie Smolyansky, CEO of Lifeway Foods. "Distribution of Lifeway's kefir products continues to grow in new and existing markets, and we believe the strategic investments made in 2013 will enable us to further increase our capacity to meet the strong demand for kefir in 2014 and beyond."

The Company will report full financial results for the fourth quarter and full year ended December 31, 2013 in late March or early April 2014.

About Lifeway Foods

Lifeway Foods, Inc. (LWAY), recently named one of Fortune Small Business' Fastest Growing Companies for the sixth 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>.

Forward Looking Statements

Investors and readers are cautioned that certain statements contained in this news release, as well as some statements in periodic press releases and some oral statements of Lifeway officials during presentations about Lifeway, along with Lifeway's filings with the Securities and Exchange Commission, including Lifeway's registration statements, quarterly reports on Form 10-Q and annual report on Form 10-K, are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). Forward-looking statements include statements that are predictive in nature, which depend upon or refer to future events or conditions, which include words such as "expects," "anticipates," "intends," "plans," "could," "might," "believes," "seeks," "estimates" or similar expressions. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions, which may be provided by Lifeway's management, are also forward-looking statements within the meaning of the Act. Forward-looking statements are based on current expectations and projections about future events and are subject to various risks, uncertainties and assumptions including, but not limited to, competitive pressures and other important factors detailed in the Company's reports filed with the Securities and Exchange Commission. Investors are cautioned that actual results may differ materially from such forward-looking statements. These statements are not guarantees of future performance and Lifeway undertakes no specific obligation or intention to update these statements after the date of this release.

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