

Lifeway Foods Acquires Assets of First Juice, Organic Children's Juice Company

Morton Grove, IL (September 23, 2010) – Lifeway Foods, Inc. (NASDAQ: LWAY), the leading U.S. supplier of healthy Kefir beverages, today announced the acquisition of assets of New Jersey-based First Juice, Inc., creator of the first organic fruit and vegetable juice beverages designed for children. The transaction builds on Lifeway's successful entry into the children's market with its ProBugs™ line of children's organic kefir, opens potential new distribution channels for existing Lifeway products, and marks the first step in a strategic diversification into non-dairy-based health beverages.

First Juice offers four juice flavors that are made from organic produce, lower in sugar than comparable products, and sold through more than 300 Babies R Us and Toys R Us stores as well as outlets including Whole Foods Market, Ralphs, Amazon.com and Diapers.com. The company's apple+carrot, banana+carrot, blueberry+purple carrot and peach+purple carrot juices are available in 8 oz. reusable and recyclable, spill-proof, BPA-free containers which feature a patented no-spill sippy-top for on-the-go use as well as in 32 oz. bottles for home use and refills.

First Juice recorded over \$1.7 million in sales in 2009 after just two years in business, reflecting parents' rising interest in providing their children with natural foods.

"The market for healthy children's beverages and other foods that promote healthy children's eating habits is clearly growing. We've seen it with our ProBugs Kefir products, as well as in the calls to improve children's nutrition everywhere from the media to the White House," said Julie Smolyansky, CEO of Lifeway Foods. "Adding First Juice to our product portfolio strengthens our offerings in this increasingly important market space, provides cross-marketing and channel expansion opportunities, and gives us a strong new platform for building revenues."

Lifeway's acquisition of First Juice assets is expected to close October 4, 2010. The purchase price for the assets of the company was \$220,000. Julie Smolyansky had previously served as a board member of First Juice Inc. since 2006.

The transaction is Lifeway's third acquisition in four years. The company purchased Helios Nutrition Limited in 2006 and Fresh Made Dairy in 2009, absorbing its top two competitors in the kefir market while also adding organic kefir to its product lineup.

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About Lifeway Foods

Lifeway Foods, Inc. (LWAY), recently named one of Fortune Small Business' Fastest Growing Companies for the fourth consecutive year, is America's leading supplier of the cultured dairy product known as Kefir and Organic Kefir. Lifeway Kefir is a dairy beverage that contains 10 exclusive live and active probiotic cultures. While most regular yogurt contains only two or three of these "friendly" cultures, Lifeway Kefir products offer even more nutritional benefits. Lifeway produces 12 different flavors of its drinkable Kefir and Organic Kefir beverage, and recently introduced a series of innovative new products such as a children's line of Organic Kefir called ProBugs (TM) with a no-spill pouch and kid-friendly flavors like Orange Creamy Crawler, Goo Berry Pie, Strawnana Split, and Sublime Slime Lime. In addition to its line of Kefir products, the company produces a variety of probiotic cheese products. Lifeway also sells frozen kefir and kefir smoothies through its Starfruit(TM) retail stores.

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.