

Lifeway Foods, Inc.
For Immediate Release

Lifeway Foods Reports Record Second Quarter 2008 Revenues

- **Total consolidated sales for the second quarter 2008 year rose 19% to \$11,522,000 from \$9,715,000 in 2007.**

Morton Grove, IL—July 9, 2008- Lifeway Foods, Inc., (NASDAQ: LWAY), makers of a nutritious, probiotic dairy beverage called Kefir, announced today for the second quarter ended June 30, 2008, total consolidated sales increased 19% to approximately \$11,522,000 from \$9,715,000 during the same period a year ago.

Julie Smolyansky, Lifeway's CEO, commented, "The second quarter 2008 was another outstanding quarter for Lifeway Foods. Even though we had several weeks where we were not able to ship out a large amount of ProBugs™ due to a problem with our packaging supplier, we were still able to exceed our overall revenue expectations, as the demand for the Probugs™, as well all our Kefir products, continues to grow month after month. We have since addressed this issue and are back to shipping full orders. In addition, we expect to begin shipping a new product specially developed for Costco in the next few weeks which we are very excited about. The product is a 12 pack of 8 ounce bottles in 2 of our most popular flavors, Strawberry and Pomegranate, and is this first time we have sold a product in this mix."

About Lifeway Foods

Lifeway, recently named Fortune Small Business' 49th Fastest Growing Small Business, is America's leading supplier of the cultured dairy product known as 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 SoyTreat (a soy based kefir). Lifeway recently introduced a series of innovative new products such as pomegranate kefir, Greek-style kefir, a children's line of organic kefir products called ProBugs (TM) 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 and recently introduced a line of organic pudding called It's Pudding!

For more information, contact Julie Smolyansky at Lifeway Foods, Inc. at (877) 281-3874 or e-mail at info@lifeway.net and visit <http://www.lifeway.net> .

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.

