

Lifeway Foods, Inc.
For Immediate Release

- Lifeway Foods Announces Completion of \$2.5 million Production Capacity Expansion Project

Morton Grove, IL—February 7, 2008- Lifeway Foods, Inc., (NASDAQ: LWAY), makers of the nutritious, probiotic dairy beverage called Kefir, announced today the completion their production capacity expansion project at their main Morton Grove headquarters facility. The project, which cost approximately \$2.5 million and took about one and a half years to complete, will approximately double Lifeway's existing production capacity.

Julie Smolyansky, Lifeway's CEO, commented, "We are very excited to have completed our first major expansion project in over 8 years. We have grown tremendously in the last few years and the time had come to increase our capacity to get ready for the future. Our main focus now is to obviously fill this new capacity, which is a very exciting prospect, and one which we are confident we will succeed in."

Edward Smolyansky, Lifeway's CFO, commented, "This expansion project gives us the much needed flexibility to finish moving the production of our Helios Organic kefir line, acquired in 2006, from its current production facility in Minnesota to our main Illinois facility, where we can use our larger scale and automated production efficiencies to produce at a lower unit cost."

About Lifeway Foods

Lifeway, recently named Fortune Small Business' 97th Fastest Growing Small Business, and one of only 4 companies to ever be named to the list four straight years in a row, is America's leading supplier of the cultured dairy product known as kefir, and now America's only 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 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 (847) 967-1010 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.

