



## Lifeway Foods Expands to UK with Frozen Kefir

### First EU Distribution Agreement Positions Company for Further Overseas Opportunities

MORTON GROVE, IL – May 8, 2013 – Lifeway Foods, Inc. (Nasdaq: [LWAY](#)) is expanding into the UK with a distribution agreement for Lifeway Frozen Kefir, its healthy 90-calorie sweet treat made from probiotic-rich dairy kefir. Four flavors debut Sunday at Harvey Nichols, a leading one-stop-shop for the most exclusive international brands in fashion, beauty and food in the UK, in the retailer's eight-floor flagship store in London.

Harvey Nichols will carry 500 ml packages of Lifeway Frozen Kefir in vanilla, raspberry, strawberry and mango flavors. The new guilt-free indulgence will enable diet- and health-conscious UK consumers to enjoy a frozen treat that's low-cal, low-fat, gluten-free, lactose-free, and packed with three times the live probiotic cultures of yogurt.

Introduced at U.S. Fashion Week in New York two years ago, Lifeway Frozen Kefir has a creamy texture and tastes like a tangy/tart cross between yogurt and a smoothie. The delicious frozen treat has been enthusiastically received in the U.S. and has enjoyed double-digit annual sales growth. Lifeway Frozen Kefir is now carried in more than 1,000 U.S. stores including Kroger, Wegmans and Whole Foods.

This overseas expansion takes advantage of strong growth in the UK frozen yogurt market with consumers who have an interest in 'healthy treating.' Over the last several years, frozen yogurt sales in the UK have soared 50 percent from £4million to £6million with a wave of new fro-yo shops and a corresponding decline in ice cream sales as consumers turn to slimmer and trimmer options.

Lifeway's expansion to the UK also positions the company to pursue additional distribution opportunities throughout the European Union as the global wallet share for natural foods continues to climb. The market for organic food and beverages in Europe is the largest worldwide, accounting for almost half of all global sales of organically grown products, with a projected compound annual growth rate (CAGR) of 7.5% from 2012 to 2016.

"Lifeway Frozen Kefir exceeded our expectations and is one of the most successful product launches since the company was founded in 1986. The increasing global demand for healthy food options and the tremendous success of our frozen kefir in the U.S. are why we believe expansion into the UK and beyond will be a strong opportunity for future growth," said Julie Smolyansky, President and CEO of Lifeway Foods. "With its high-end clientele and their concerns about both health and fitness, Harvey Nichols is an ideal launching pad in the UK and a solid first step in a broader initiative to bring kefir and our related products to interested consumers anywhere in the world."

Lifeway Frozen Kefir will be manufactured in the UK under a co-packing agreement that eliminates capital investment in production facilities.

More information on Lifeway Frozen Kefir can be found at [www.kefir.com](http://www.kefir.com).

### **About Lifeway Foods, Inc.**

Lifeway Foods, Inc. (LWAY), recently named one of Fortune Small Business' Fastest Growing Companies for the fifth consecutive year, is America's leading supplier of the cultured dairy products known as 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.

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### **Forward Looking Statements**

*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.*

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