

## **Lifeway Foods Acquires Golden Guernsey Dairy Plant for \$7.4 Million**

*Acquisition Will Quadruple Manufacturing Capacity for Leading Kefir Manufacturer*

Morton Grove, IL – May 15, 2013 – Lifeway Foods, Inc., (Nasdaq: LWAY), a leading supplier of kefir cultured dairy products, today announced the \$7.4 million acquisition of the Golden Guernsey dairy plant in Waukesha, WI, to provide additional manufacturing capacity for its growing kefir-based business. Adding the 170,000-square-foot plant to Lifeway's existing 50,000-square-foot facility in Morton Grove, IL, will more than quadruple the company's production capacity and provide much-needed expansion abilities.

The Golden Guernsey plant was shuttered this past January following a bankruptcy filing, leaving 112 employees without jobs. Lifeway plans to reopen the plant this summer and rehire a portion of the workforce to staff the facility. The transaction is expected to close on June 10.

Lifeway's growth has been fueled in part by the burgeoning natural foods movement as well as mounting awareness of the health benefits of probiotic products like kefir. Sales of probiotic foods and supplements jumped 79 percent over the past two years, settling at US\$2.25 billion in July 2012, according to data from natural foods market research company SPINS. Organic food sales in the U.S. alone jumped from \$11 billion in 2004 to \$27 billion in 2012, according to the *Nutrition Business Journal*, with growth in conventional grocery stores as well as natural foods markets.

Diversification of Lifeway's product portfolio has also contributed, with innovations ranging from ProBugs™ organic kefir drinks for children to the market's first packaged frozen kefir. The company's newest products include freeze-dried Lifeway ProBugs™ Bites for infants, other new ProBugs varieties for older children, frozen kefir bars, and a Greek kefir line featuring extra protein.

### **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.*

### **Media Contact:**

Hanni Itah

847.415.9324

[hitah@sspr.com](mailto:hitah@sspr.com)

**Contact:**

Lifeway Foods

877.281.3874

info@Lifeway.net