

Lifeway Foods, Inc.

For Immediate Release

**Lifeway Foods Launches New Lassi Drink,
Expanding into New Health & Ethnic Markets**

Morton Grove, IL, June 28, 2007 – Lifeway Foods, Inc. (NASDAQ: LWAY), the country's leading manufacturer of kefir and a provider of other natural and organic dairy products, today expanded its product line with a new smoothie drink called Lifeway Lassi. Lifeway's mango and strawberry versions of the traditional South Asian beverage are available in 8-oz. "Grab and Go" containers and will be distributed through select natural, specialty and ethnic food stores nationwide.

The new line is designed for Lifeway's core natural and health food markets, people who are familiar with lassi from Indian restaurants, and the large immigrant population from India where lassi is a staple sold on street corners and in vending machines. The Asian Indian community in the U.S. has surged from under 1 million in 1990 to more than 2.3 million in 2005, including a jump of 640,000 from 2000 to 2005 alone, to achieve the highest growth rate of any Asian community.

Lifeway has had a history of success in bringing ethnic dairy products to the mainstream market. The company's flagship product, kefir, is a tangy fermented milk drink with Russian origins that has gained widespread acceptance in the U.S. largely through Lifeway's efforts. La Fruta, a variation that Lifeway introduced to the Hispanic market in 2001, has become another mainstay of the company's business.

Lassi, a smoothie-like drink dating back 6,000 years to its origins as a thirst quencher to combat the heat of the Indian subcontinent, is a logical addition to this lineup. Its association with Ayurvedic health practices and healthy eating also aligns with Lifeway's emphasis on the nutritional value of its products.

"Until now, the only place to buy lassi in the U.S. has been in Indian restaurants. There has been no way for consumers to buy it in a grocery store and take it home," said Lifeway President and CEO Julie Smolyansky, "For that reason, we expect Lifeway Lassi to fill a void in the Indian food market, expand the choices available to health-conscious consumers who are looking for variety in their menus, and drive significant new business for the company."

Lifeway plans to promote the line through its traditional channels as well as by sampling it at yoga studios, conferences and similar events.

About Lifeway Foods

Lifeway, recently named Fortune Small Business' 94th Fastest Growing Small Business, and one of only 20 companies to ever be named to the list three 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, Sublime Slime Lime, and Goo Berry Pie, 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!.