STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person
   SMOLYANSKY EDWARD
   (Last) (First) (Middle)
   C/O LIFEWAY FOODS, INC.
   6431 W. OAKTON ST.
   (Street)
   MORTON GROVE IL 60053
   (City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
   LIFEWAY FOODS INC [LWAY]

3. Date of Earliest Transaction (Month/Day/Year)
   01/23/2012

4. If Amendment, Date of Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
   Director
   Officer (give title below)
   X CFO, Treasurer
   10% Owner
   Other (specify below)

6. Individual or Joint/Group Filing (Check Applicable Line)
   Form filed by One Reporting Person
   Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

<table>
<thead>
<tr>
<th>1. Title of Security (Instr. 3)</th>
<th>2. Transaction Date (Month/Day/Year)</th>
<th>2A. Deemed Execution Date, if any (Month/Day/Year)</th>
<th>3. Transaction Code (Instr. 8)</th>
<th>4. Securities Acquired (A) or Disposed Of (D) (Instr. 3 and 4)</th>
<th>5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)</th>
<th>6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)</th>
<th>7. Nature of Indirect Beneficial Ownership (Instr. 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock, no par value</td>
<td>01/23/2012</td>
<td>S</td>
<td>200</td>
<td>D $9.11</td>
<td>315,846</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>Common stock, no par value</td>
<td>01/23/2012</td>
<td>S</td>
<td>300</td>
<td>D $9.12</td>
<td>315,546</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>Common stock, no par value</td>
<td>01/23/2012</td>
<td>S</td>
<td>1,243</td>
<td>D $9.13</td>
<td>314,303</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>Common stock, no par value</td>
<td>01/23/2012</td>
<td>S</td>
<td>199</td>
<td>D $9.2</td>
<td>314,065</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>Common stock, no par value</td>
<td>01/23/2012</td>
<td>S</td>
<td>19</td>
<td>D $9.21</td>
<td>314,046</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>1. Title of Derivative Security (Instr. 3)</td>
<td>2. Conversion or Exercise Price of Derivative Security</td>
<td>3. Transaction Date (Month/Day/Year)</td>
<td>3A. Deemed Execution Date, if any (Month/Day/Year)</td>
<td>4. Transaction Code (Instr. 8)</td>
<td>5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)</td>
<td>6. Date Exercisable and Expiration Date (Month/Day/Year)</td>
<td>7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)</td>
</tr>
<tr>
<td>---------------------------------------</td>
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<td>---------------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>Code</td>
<td>V</td>
<td>(A)</td>
<td>(D)</td>
<td>Date Exercisable</td>
<td>Expiration Date</td>
<td>Title</td>
<td>Amount or Number of Shares</td>
</tr>
</tbody>
</table>

**Explanation of Responses:**

/s/ Edward Smolyansky 01/25/2012

**Signature of Reporting Person Date**

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).


Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.