Form 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

1. Name and Address of Reporting Person

SMOLYANSKY EDWARD

C/O LIFEWAY FOODS, INC.
6431 W. OAKTON ST.
MORTON GROVE IL 60053

2. Issuer Name and Ticker or Trading Symbol

LIFEWAY FOODS INC [ LWAY ]

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

02/17/2012

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

5. Relationship of Reporting Person(s) to Issuer

Director
10% Owner
Officer (give title below)
CFO, Treasurer

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

1. Title of Security (Instr. 3)

Common stock, no par value

2. Transaction Date (Month/Day/Year)

02/17/2012

3. Deemed Execution Date, if any (Month/Day/Year)

4. Transaction Code (Instr. 8)

S

5. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)

1,500

6. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)

312,546

7. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)

D

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned

e.g., puts, calls, warrants, options, convertible securities

1. Title of Derivative Security (Instr. 3)

2. Conversion or Exercise Price of Derivative Security

3. Transaction Date (Month/Day/Year)

4. Deemed Execution Date, if any (Month/Day/Year)

5. Transaction Code (Instr. 8)

6. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)

7. Date Exercisable and Expiration Date (Month/Day/Year)

8. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)

9. Price of Derivative Security (Instr. 5)

10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)

11. Nature of Indirect Beneficial Ownership (Instr. 4)

Explanation of Responses:

/s/ Edward Smolyansky
02/21/2012

** 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.