**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940.

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### Form 4

**1. Name and Address of Reporting Person**

SMOLYANSKY LUDMILA

(Last) (First) (Middle)

C/O LIFEWAY FOODS, INC.

6431 W. OAKTON ST.

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**2. Issuer Name and Ticker or Trading Symbol**

LIFEWAY FOODS INC [ LWAY ]

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

07/26/2011

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

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**5. Relationship of Reporting Person(s) to Issuer**

X 10% Owner

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**6. Individual or Joint/Group Filing (Check Applicable Line)**

Form filed by More than One Reporting Person

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**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, 4 and 5)</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>07/26/2011</td>
<td></td>
<td>S</td>
<td>4,707 D</td>
<td>$11.1 7,491,267</td>
<td>D</td>
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</tr>
<tr>
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<td>07/26/2011</td>
<td></td>
<td>S</td>
<td>399 D</td>
<td>$11.11 7,490,868</td>
<td>D</td>
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<tr>
<td>Common stock, no par value</td>
<td>07/26/2011</td>
<td></td>
<td>S</td>
<td>2 D</td>
<td>$11.12 7,490,866</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>Common stock, no par value</td>
<td>07/26/2011</td>
<td></td>
<td>S</td>
<td>100 D</td>
<td>$11.13 7,490,766</td>
<td>D</td>
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<td>Common stock, no par value</td>
<td>07/26/2011</td>
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<td>S</td>
<td>414 D</td>
<td>$11.14 7,490,352</td>
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<td>Common stock, no par value</td>
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<td></td>
<td>G</td>
<td>25,000 D</td>
<td>$0 7,465,352</td>
<td>D</td>
<td></td>
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<tr>
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<td>07/27/2011</td>
<td></td>
<td>G</td>
<td>15,000 A</td>
<td>$0 15,000</td>
<td>I</td>
<td>See Footnote (1)</td>
</tr>
<tr>
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<tr>
<td>Common stock, no par value</td>
<td>07/28/2011</td>
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<td>S</td>
<td>600 D</td>
<td>$11.11 7,463,867</td>
<td>D</td>
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</tbody>
</table>

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See Footnote (1)
<table>
<thead>
<tr>
<th>Title of Derivative Security (Instr. 3)</th>
<th>2. Conversion or Exercise Price of Derivative Security</th>
<th>3. Transaction Date (Month/Day/Year)</th>
<th>3A. Deemed Execution Date, if any (Month/Day/Year)</th>
<th>4. Transaction Code (Instr. 8)</th>
<th>5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)</th>
<th>6. Date Exercisable and Expiration Date (Month/Day/Year)</th>
<th>7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)</th>
<th>8. Price of Derivative Security (Instr. 5)</th>
<th>9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)</th>
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</thead>
<tbody>
<tr>
<td>Common stock, no par value</td>
<td>07/28/2011</td>
<td>s</td>
<td>15</td>
<td>D</td>
<td>$11.12</td>
<td>7,463,852</td>
<td>D</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, no par value</td>
<td>07/28/2011</td>
<td>s</td>
<td>100</td>
<td>D</td>
<td>$11.14</td>
<td>7,463,752</td>
<td>D</td>
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<td>D</td>
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<td>D</td>
<td>$11.16</td>
<td>7,458,804</td>
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<td>s</td>
<td>700</td>
<td>D</td>
<td>$11.19</td>
<td>7,458,104</td>
<td>D</td>
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<td>1,200</td>
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<td>D</td>
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<td>D</td>
<td>$11.21</td>
<td>7,456,852</td>
<td>D</td>
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</tbody>
</table>

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

**Explanation of Responses:**

1. These shares are held by The Smolyansky Foundation, of which Ludmila Smolyansky is a trustee.

**By:** /s/ Ludmila Smolyansky

**Signature of Reporting Person**

07/28/2011

**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.

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