

SMOLYANSKY LUDMILA  
Form 4  
September 30, 2008

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
SMOLYANSKY LUDMILA

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

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

Director  10% Owner  
 Officer (give title below)  Other (specify below)

C/O LIFEWAY FOODS, INC., 6431 W. OAKTON STREET

09/26/2008

(Street)

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

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

MORTON GROVE, IL 60053

(City) (State) (Zip)

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

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------|
|                                 |                                      |                                                    | Code                           | V Amount (A) or (D) Price                                         |                                                                                               |                                                          |                                   |
| Common stock, no par value      |                                      |                                                    |                                |                                                                   | 7,535,354                                                                                     | D                                                        |                                   |
| Common stock, no par value      | 09/26/2008                           |                                                    | S                              | 1,700 D \$ 12.15                                                  | 3,300                                                                                         | I                                                        | See Footnote (1)                  |
| Common stock, no par value      | 09/26/2008                           |                                                    | S                              | 1,000 D \$ 12.27                                                  | 2,300                                                                                         | I                                                        | See Footnote (1)                  |
| Common stock, no                | 09/26/2008                           |                                                    | S                              | 600 D \$ 12.2                                                     | 1,700                                                                                         | I                                                        | See Footnote                      |

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|                            |            |   |     |   |          |       |   |                  |
|----------------------------|------------|---|-----|---|----------|-------|---|------------------|
| par value                  |            |   |     |   |          |       |   | (1)              |
| Common stock, no par value | 09/26/2008 | S | 500 | D | \$ 12.26 | 1,200 | I | See Footnote (1) |
| Common stock, no par value | 09/26/2008 | S | 500 | D | \$ 12.24 | 700   | I | See Footnote (1) |
| Common stock, no par value | 09/26/2008 | S | 306 | D | \$ 12.24 | 394   | I | See Footnote (1) |
| Common stock, no par value | 09/26/2008 | S | 200 | D | \$ 12.18 | 194   | I | See Footnote (1) |
| Common stock, no par value | 09/26/2008 | S | 100 | D | \$ 12.17 | 94    | I | See Footnote (1) |
| Common stock, no par value | 09/26/2008 | S | 94  | D | \$ 12.25 | 0     | I | See Footnote (1) |

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

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(9-02)

**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) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction (Instr. 6) |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------|
|                                            |                                                        |                                      |                                                    |                                |                                                                                         | Date Exercisable                                         | Expiration Date                                               | Title                                      | Amount or Number of Shares                                                                      |
|                                            |                                                        |                                      |                                                    |                                |                                                                                         | Code                                                     | V                                                             | (A)                                        | (D)                                                                                             |

