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

   REILLY JENNIFER

   (Last) REILLY (First) JENNIFER

   6431 W. OAKTON STREET

   MORTON GROVE IL 60053

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

   LIFEWAY FOODS INC [ LWAY ]

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

   07/01/2016

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

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

   Director

   Officer (give title below)

   Sr Exec V. President of Sales

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

   Form filed by One Reporting Person

   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>Title of Security</th>
<th>Transaction Date (Month/Day/Year)</th>
<th>Deemed Execution Date, if any (Month/Day/Year)</th>
<th>Transaction Code (Instr. 3)</th>
<th>Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)</th>
<th>Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)</th>
<th>Ownership Form: Direct (D) or Indirect (I) (Instr. 4)</th>
<th>Nature of Indirect Beneficial Ownership (Instr. 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>07/01/2016</td>
<td></td>
<td>A</td>
<td>5,000</td>
<td>5,000</td>
<td>D</td>
<td>V (A)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Title of Derivative Security (Instr. 3)</th>
<th>Conversion or Exercise Price of Derivative Security</th>
<th>Transaction Date (Month/Day/Year)</th>
<th>Deemed Execution Date, if any (Month/Day/Year)</th>
<th>Transaction Code (Instr. 5)</th>
<th>Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)</th>
<th>Date Exercisable and Expiration Date (Month/Day/Year)</th>
<th>Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)</th>
<th>Amount of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)</th>
<th>Price of Derivative Security (Instr. 5)</th>
<th>Ownership Form: Direct (D) or Indirect (I) (Instr. 4)</th>
<th>Nature of Indirect Beneficial Ownership (Instr. 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock option (Right to buy)</td>
<td>$9.57</td>
<td>07/01/2016</td>
<td></td>
<td>A</td>
<td>5,000</td>
<td>07/01/2026</td>
<td>Common Stock 5,000</td>
<td>0</td>
<td>$0</td>
<td>D</td>
<td></td>
</tr>
</tbody>
</table>

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**Explanation of Responses:**

1. Of such options, 1,200 vest on July 1, 2016, 400 in each successive month from August 1, 2016 through April 1, 2017, 100 on July 1, 2018 and 100 on July 1, 2019.

   /s/ Jennifer Reilly 07/22/2016

   **Signature of Reporting Person**

   Date

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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.

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