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Document Description 2	Amended and Restated By-laws
Document Name 3*	lifeway_ex1001.htm
Document Type 3*	EX-10.1
Document Description 3	Executive Employment Agreement - Douglas Hass
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Document Description 4	Executive Employment Agreement - Jennifer Reilly
Document Name 5*	lifeway_ex1003.htm
Document Type 5*	EX-10.3
Document Description 5	Executive Employment Agreement - John Waldron
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 21, 2017

LIFEWAY FOODS, INC.

(Exact name of registrant as specified in its charter)

ILLINOIS

(State or other jurisdiction of
incorporation)

000-17363

(Commission File Number)

36-3442829

(I.R.S. Employer Identification No.)

6431 Oakton St. Morton Grove, IL

(Address of principal executive offices)

60053

(Zip code)

Registrant's telephone number, including area code: (847) 967-1010

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) Compensatory Arrangements of Certain Officers

On April 21, 2017, Lifeway Foods, Inc. (the “Company”) entered into three (3) separate employment agreements (each an “Employment Agreement” and collectively, the “Employment Agreements”) with Mr. Douglas A. Hass (“Hass”), Ms. Jennifer Reilly (“Reilly”), and Mr. John Waldron (“Waldron”).

Hass Employment Agreement

On April 21, 2017, the Company entered into an employment agreement with Douglas A. Hass to continue his employment as the Company’s General Counsel (the “Hass Employment Agreement”), the term of which is effective as of January 1, 2017 and expires on December 31, 2017. The Hass Employment Agreement automatically renews on January 1 of each year, and renews automatically for successive terms of one year, unless pursuant to the Agreement it is terminated earlier or the Compensation Committee gives timely notice of non-renewal. Mr. Hass’s base salary for 2017 is \$345,000, and is subject to annual review by the Compensation Committee. Pursuant to the Agreement, Mr. Hass is also eligible for certain cash, equity, and other incentive awards, in the sole discretion of the Board, based on the satisfaction of certain pre-established performance goals established by the Compensation Committee. For 2017, the Compensation Committee has set bonus targets in compliance with its Omnibus Plan and applicable IRS regulations governing performance-based compensation. Mr. Hass is subject to covenants not to compete and not to solicit the Company customers, contractors, suppliers, or employees during his employment and for a period of 18 months following his termination for any reason. The Company will not unreasonably withhold its consent to competitive employment during the 18-month period if Mr. Hass satisfies certain obligations regarding his future employment. The Company may terminate Mr. Hass’s employment for any lawful reason, with or without Cause, and Mr. Hass may resign for or without Good Reason (each as defined in the Hass Employment Agreement). This Agreement supersedes the employment agreement previously entered into between the Company and Mr. Hass on March 5, 2016.

Reilly Employment Agreement

On April 21, 2017, the Company entered into an employment agreement with Jennifer Reilly to continue her employment as the Company’s Senior Executive Vice President, Sales (the “Reilly Employment Agreement”), the term of which is effective as of January 1, 2017 and expires on December 31, 2017. The Reilly Employment Agreement automatically renews on January 1 of each year, and renews automatically for successive terms of one year, unless pursuant to the Agreement it is terminated earlier or the Compensation Committee gives timely notice of non-renewal. Ms. Reilly’s base salary for 2017 is \$315,000, and is subject to annual review by the Compensation Committee. Pursuant to the Agreement, Ms. Reilly is also eligible for certain cash, equity, and other incentive awards, in the sole discretion of the Board, based on the satisfaction of certain pre-established performance goals established by the Compensation Committee. For 2017, the Compensation Committee has set bonus targets in compliance with its Omnibus Plan and applicable IRS regulations governing performance-based compensation. Ms. Reilly is subject to covenants not to compete and not to solicit the Company customers, contractors, suppliers, or employees during her employment and for a period of 18 months following her termination for any reason. The Company will not unreasonably withhold its consent to competitive employment during the 18-month period if Ms. Reilly satisfies certain obligations regarding her future employment. The Company may terminate Ms. Reilly’s employment for any lawful reason, with or without Cause, and Ms. Reilly may resign for or without Good Reason (each as defined in the Reilly Employment Agreement).

Waldron Employment Agreement

On April 21, 2017, the Company entered into an employment agreement with John Waldron to continue his employment as the Company’s Chief Financial and Accounting Officer (the “Waldron Employment Agreement”), the term of which is effective as of January 1, 2017 and expires on December 31, 2017. The Waldron Employment Agreement automatically renews on January 1 of each year, and renews automatically for successive terms of one year, unless pursuant to the Agreement it is terminated earlier or the Compensation Committee gives timely notice of non-renewal. Mr. Waldron’s base salary for 2017 is \$400,000, and is subject to annual review by the Compensation Committee. Pursuant to the Agreement, Mr. Waldron is also eligible for certain cash, equity, and other incentive awards, in the sole discretion of the Board, based on the satisfaction of certain pre-established performance goals established by the Compensation Committee. For 2017, the Compensation Committee has set bonus targets in compliance with its Omnibus Plan and applicable IRS regulations governing performance-based compensation. Mr. Waldron is subject to covenants not to compete and not to solicit the Company customers, contractors, suppliers, or employees during his employment and for a period of 18 months following his termination for any reason. The Company will not unreasonably withhold its consent to competitive employment during the 18-month period if Mr. Waldron satisfies certain obligations regarding his future employment. The Company may terminate Mr. Waldron’s employment for any lawful reason, with or without Cause, and Mr. Waldron may resign for or without Good Reason (each as defined in the Waldron Employment Agreement). This Agreement supersedes the employment agreement previously entered into between the Company and Mr. Waldron on July 20, 2015.

Employment Agreements’ summary of payments and benefits due after termination of employment

Pursuant to each of their respective Employment Agreements, Mr. Hass, Ms. Reilly, and Mr. Waldron, upon Non-Renewal, termination without Cause, or by their resignation with Good Reason (as defined in the respective Employment Agreements), will be entitled to certain payments and benefits shown in the tables below. Receipt of any severance amounts under the respective Employment Agreements is conditioned on execution of an enforceable general release of claims in a form satisfactory to the Company.

	Non-Renewal	Termination without Cause or Resignation for Good Reason	Termination for Cause or Resignation Without Good Reason
<i>Base Salary</i>	3 months after termination date	The remainder of the term or 6 months, whichever is greater	Through termination date
<i>Bonus Payments</i>	Greater of (i) bonus for fiscal year of termination date (ii) bonus paid for fiscal year prior to termination date	Greater of (i) bonus for fiscal year of termination date (ii) bonus paid for fiscal year prior to termination date	None
<i>Outstanding Equity Awards</i>	Vested but unsettled outstanding equity awards	Accelerated vesting of all outstanding equity awards	Vested but unsettled outstanding equity awards
<i>Health Insurance</i>	None	Company-paid COBRA premiums through the earliest of (i) six calendar months after termination date, (ii) the date executive becomes eligible for group health insurance through another employer, or (iii) the date executive ceases to be eligible for COBRA coverage	None
<i>Financial Services or Transition-Related</i>	None	\$10,000	None

The foregoing references to and descriptions of each of the Employment Agreements in this Current Report do not purport to be complete and are qualified in their entirety by reference to the full texts of the Employment Agreements, which are attached hereto as Exhibits 10.1 through 10.3, and incorporated herein by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

The Company's Amended and Restated Bylaws were approved and adopted by the Company's board of directors on April 24, 2017, to be effective immediately.

A copy of the Company's Amended and Restated Bylaws is attached as Exhibit 3.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

EXHIBITS

- 3.1 Amended and Restated Bylaws.
- 10.1 Employment Agreement dated April 21, 2017 with Douglas A. Hass.
- 10.2 Employment Agreement dated April 21, 2017 with Jennifer Reilly.
- 10.3 Employment Agreement dated April 21, 2017 with John Waldron.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: April 26, 2017

LIFEWAY FOODS, INC.

By: /s/ Douglas A. Hass

Name: Douglas A. Hass

Title: General Counsel and Assistant
Corporate Secretary

**AMENDED AND RESTATED BY-LAWS
OF
LIFEWAY FOODS, INC.**

These by-laws are hereby amended and restated as of this 24th day of April 2017, by the Board of Directors of Lifeway Foods, Inc. (the "Board").

RECITALS

WHEREAS, Lifeway Foods, Inc. has heretofore been formed as a corporation under the Illinois Business Corporation Act of 1983 (805 ILCS § 5/1.01, et seq.), as amended, pursuant to the Articles of Incorporation filed in the office of the Illinois Secretary of State on May 19, 1986, and thereafter amended;

WHEREAS, the Board desires to amend and restate the by-laws of the corporation in their entirety; and

WHEREAS, the Board has the authority to amend the by-laws pursuant to Section 12.1 hereof.

NOW THEREFORE, the Board, hereby amends and restates the by-laws in their entirety as follows:

ARTICLE I. OFFICES.

SECTION 1.1. The corporation shall continuously maintain in the State of Illinois a registered office and a registered agent whose business office is identical with such registered office, and may have other offices within or without the state.

SECTION 1.2. BOOKS AND RECORDS. Any records maintained by the corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be maintained on any information storage device or method; provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The corporation shall so convert any records so kept on the reasonable request of any person entitled to inspect such records pursuant to applicable law.

ARTICLE II. SHAREHOLDERS.

SECTION 2.1. ANNUAL MEETING. An annual meeting of the shareholders shall be held on the first Monday in June of each year or at such time as the board of directors may designate for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

SECTION 2.1.1. Failure to hold the annual meeting at the designated time does not result in the winding up or dissolution of the corporation. If the board of directors fails to call the annual meeting, any shareholder may make demand in writing to any officer of the corporation that an annual meeting be held.

SECTION 2.2. SPECIAL MEETINGS. Special meetings of the shareholders may be called either by the president, by the board of directors or by the holders of not less than one-fifth of all the outstanding shares of the corporation entitled to vote, for the purpose or purposes stated in the call of the meeting.

SECTION 2.3. PLACE OF MEETING. The board of directors may designate any place, as the place of meeting for any annual meeting or for any special meeting called by the board of directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be at Lifeway Foods, Inc., 6431 West Oakton St., Morton Grove, Illinois 60053. The board of directors may, in its discretion, determine that shareholder meetings may be held solely by means of remote communication. If authorized by the board of directors, and subject to any guidelines and procedures adopted by the board of directors, shareholders not physically present at a meeting of shareholders may participate in a meeting of shareholders by means of remote communication; and, may be considered present in person and may vote at a meeting of shareholders held at a designated place or held solely by means of remote communication, subject to the conditions imposed by applicable law.

SECTION 2.4. NOTICE OF MEETINGS. Written notice stating the place, date, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 nor more than 60 days before the date of the meeting, or in the case of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of assets not less than 20 nor more than 60 days before date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his or her address as it appears on the records of the corporation, with postage thereon prepaid. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken.

SECTION 2.5. FIXING OF RECORD DATE. For the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors of the corporation may fix in advance a date as the record date to any such determination of shareholders, such date in any case to be not more than 60 days and for a meeting of shareholders, less than 10 days, or in the case of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of assets, less than 20 days before the date of such meeting. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. A determination of shareholders. A determination of shareholders shall apply to any adjournment of the meeting.

SECTION 2.6. VOTING LISTS. The officer or agent having charge of the transfer book for shares of the corporation shall make, within 20 days after the record date for a meeting of shareholders or 10 days before such meeting, whichever is earlier, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of and the number of shares held by each, which list, for a period of 10 days prior to such meeting, shall be kept on file at the registered office of the corporation and shall be subject to inspection by any shareholder, and to copying at the shareholder's expense, at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof kept in this State, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of shareholders.

SECTION 2.6.1. If any shareholders are participating in the meeting by means of remote communication, the list must be open to examination by the shareholders for the duration of the meeting on a reasonably accessible electronic network, and the information required to access the list must be provided to shareholders with the notice of the meeting.

SECTION 2.7. QUORUM. The holders of a majority of the outstanding shares of the corporation entitled to vote on a matter, represented in person or by proxy, shall constitute a quorum for consideration of such matter at any meeting of shareholders, but in no event shall a quorum consist of less than one-third of the outstanding shares entitled so to vote; provided that if less than a majority of the outstanding shares are represented at said meeting, a majority of the shares so represented may adjourn the meeting at any time without further notice. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the Business Corporation Act, the articles of incorporation or these by-laws. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting. Withdrawal of shareholders from any meeting shall not cause failure of a duly constituted quorum at that meeting.

SECTION 2.8. PROXIES. Each shareholder may appoint a proxy to vote or otherwise act for him or her by signing an appointment form and delivering it to the person so appointed, but no such proxy shall be valid after 11 months from the date of its execution, unless otherwise provided in the proxy.

SECTION 2.9. VOTING OF SHARES. Each outstanding share, regardless of class, shall be entitled to one vote in each matter submitted to vote at a meeting of shareholders, and in all elections for directors every shareholder shall have the right to vote the number of shares owned by such shareholder for as many persons as there are directors to be elected and for whose election the shareholder has a right to vote. Each shareholder may vote either in person or by proxy as provided in Section 2.8 hereof.

SECTION 2.10. VOTING OF SHARES BY CERTAIN HOLDERS. Shares held by the corporation in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares entitled to vote at any given time.

SECTION 2.10.1. Shares registered in the name of another corporation, domestic or foreign, may be voted by any officer, agent, proxy or other legal representative authorized to vote such shares under the law of incorporation of such corporation. Shares registered in the name of a deceased person, a minor ward or a person under legal disability, may be voted by his or her administrator, executor or court appointed guardian, either in person or by proxy without a transfer of such shares into the name of such administrator, executor or court appointed guardian. Shares registered in the name of a trustee may be voted by him or her, either in person or by proxy.

SECTION 2.10.2. Shares registered in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his or her name if authority to do so is contained in an appropriate order of the court by which such receiver was appointed.

SECTION 2.10.3. A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

SECTION 2.10.4. Any number of shareholders may create a voting trust for the purpose of conferring upon a trustee or trustees the right to vote or otherwise represent their shares, for a period not to exceed 10 years, by entering into a written voting trust agreement specifying the terms and conditions of the voting trust, and by transferring their shares to such trustee or trustees for the purpose of the agreement. Any such trust agreement shall not become effective until a counterpart of the agreement is deposited with the corporation at its registered office. The counterpart of the voting trust agreement so deposited with the corporation shall be subject to the same right of examination by a shareholder of the corporation, in person or by agent or attorney, as are the books and records of the corporation, and shall be subject to examination by any holder of a beneficial interest in the voting trust, either in person or by agent or attorney, at any reasonable time for any proper purpose. Shares of its own stock belonging to this corporation shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time, but shares of its own stock held by it in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares at any given time.

SECTION 2.11. CUMULATIVE VOTING. In all elections for directors there shall be no right of cumulative voting.

SECTION 2.12. INSPECTORS. At any meeting of shareholders, presiding officer may, or upon the request of any shareholder, shall appoint one or more persons as inspectors for such meeting.

SECTION 2.12.1. Such inspectors shall ascertain and report the number of shares represented at the meeting, based upon their determination of the validity and effect of proxies; count all votes and report the results; and do such other acts as are proper to conduct the election and voting with impartiality and fairness to all the shareholders.

SECTION 2.12.2. Each report of an inspector shall be in writing and signed by him or her or by a majority of them if there be more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

SECTION 2.13. INFORMAL ACTION BY SHAREHOLDERS. Any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, taken without a meeting and without a vote, if a consent in writing, setting forth the action so taken shall be signed (a) if 5 days prior notice of the proposed action is given in writing to all of the shareholders entitled to vote with respect to the subject matter hereof, by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voting or (b) by all of the shareholders entitled to vote with respect to the subject matter thereof.

SECTION 2.13.1. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given in writing to those shareholders who have not consented in writing. In the event that the action which is consented to is such as would have required the filing of a certificate under any section of the Business Corporation Act if such action had been voted on by the shareholders at a meeting thereof, the certificate filed under such section shall state, in lieu of any statement required by such section concerning any vote of shareholders, that written consent has been given in accordance with the provisions of Section 7.10 of the Business Corporation Act and that written notice has been given as provided in such Section 7.10.

SECTION 2.14. VOTING BY BALLOT. Voting on any question or in any election may be by voice unless the presiding officer shall order or any shareholder shall demand that voting be by ballot.

SECTION 2.15. ABSTENTIONS AND BROKER NON-VOTES. Outstanding shares represented in person or by proxy (including Broker Non-Votes and shares that abstain with respect to one or more proposals presented for shareholder approval) will be counted for purposes of determining whether a quorum is present at a meeting. Except as otherwise provided by law, Abstentions and Broker Non-Votes will be treated as shares that are present and entitled to vote for purposes of determining the number of shares that are present and entitled to vote with respect to any particular proposal, but will not be counted as a vote cast on such proposal. Abstentions and Broker Non-Votes, therefore, will have no effect on proposals which require a plurality or majority of votes cast for approval, but will have the same effect as a vote "against" proposals requiring any percentage of the outstanding voting securities for approval.

ARTICLE III. DIRECTORS.

SECTION 3.1. GENERAL POWERS. The business of the corporation shall be managed by or under the direction of its board of directors. A majority of the board of directors may establish reasonable compensation for their services and the services of other officers, irrespective of any personal interest.

SECTION 3.2. NUMBER, TENURE AND QUALIFICATIONS. The number of directors of the corporation shall not be less than three (3) and not more than seven (7). The number of directors within that range may be set by the board of directors by resolution from time to time. Each director shall hold office until the next annual meeting of shareholders; or until his successor shall have been elected and qualified. Directors need not be residents of Illinois or shareholders of the corporation. The number of directors may be increased or decreased from time to time by the amendment of this section. No decrease shall have the effect of shortening the term of any incumbent director.

SECTION 3.3. REGULAR MEETINGS. A regular meeting of the board of directors shall be held without other notice than this by-law, immediately after the annual meeting of shareholders. The board of directors may provide, by resolution, the time and place for holding of additional regular meetings without other notice than such resolution.

SECTION 3.4. SPECIAL MEETINGS. Special meetings of the board of directors may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the board of directors may fix any as the place for holding any special meeting of the board of directors called by them.

SECTION 3.5. NOTICE. Notice of any special meeting shall be given at least 10 days previous thereto by written notice to each director at his business address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice is given by facsimile transmission, such notice shall be deemed to be delivered upon the day the facsimile transmission is sent. If notice is given by electronic mail transmission, such notice shall be deemed to be delivered upon the day the electronic mail transmission is sent. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

SECTION 3.6. QUORUM. A majority of the number of directors fixed by these by-laws shall constitute a quorum for transaction of business at any meeting of the board of directors, provided that if less than a majority of such number of directors are present at said meeting, a majority of the directors present may adjourn the meeting at any time without further notice.

SECTION 3.7. MANNER OF ACTING. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute, these by-laws, or the articles of incorporation.

SECTION 3.8. VACANCIES. Any vacancy on the board of directors may be filled by election at the next annual or special meeting of shareholders. A majority of the board of directors may fill any vacancy prior to such annual or special meeting of shareholders.

SECTION 3.9. RESIGNATION AND REMOVAL OF DIRECTORS. A director may resign at any time upon written notice to the board of directors. A director may be removed with or without cause, by a majority of shareholders if the notice of the meeting names the director or directors to be removed at said meeting.

SECTION 3.10. INFORMAL ACTION BY DIRECTORS. The authority of the board of directors may be exercised without a meeting if a consent in writing, setting forth the action taken, is signed by all of the directors entitled to vote.

SECTION 3.11. COMPENSATION. The board of directors, by the affirmative vote of a majority of directors then in office, and irrespective of any personal interest of any of its members shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise notwithstanding any director conflict of interest. By resolution of the board of directors, the directors may be paid their expenses, if any, of attendance at each meeting of the board. No such payment previously mentioned in this section shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

SECTION 3.12. PRESUMPTION OF ASSENT. A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be conclusively presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered or certified mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 3.13. COMMITTEES. A majority of the board of directors may create one or more committees of two or more members to exercise appropriate authority of the board of directors. A majority of such committee shall constitute a quorum for transaction of business. A committee may transact business without a meeting by unanimous written consent.

SECTION 3.13.1. AUDIT COMMITTEE. For so long as the corporation is subject to the Qualitative Listing Requirements for Nasdaq National Market and Nasdaq SmallCap Market Issuers, as provided in Section 4350 of the National Association of Securities Dealers ("NASD") Manual, as amended from time to time, the corporation shall maintain an Audit Committee of at least two (2) members, comprised solely of independent directors. No member of the Audit Committee, other than in his or her capacity as a member of the Audit Committee, the board of directors or any other committee of the board of directors, shall (i) accept any consulting, advisory, or other compensatory fee from the corporation or (ii) be an affiliated person of the corporation or any subsidiary thereof.

ARTICLE IV. OFFICERS.

SECTION 4.1. NUMBER. The officers of the corporation shall be a president, one or more vice-presidents, a treasurer, a secretary, and such other officers as may be elected or appointed by the board of directors. Any two or more offices may be held by the same person.

SECTION 4.2. ELECTION AND TERM OF OFFICE. The officers of the corporation shall be elected annually by the board of directors at the first meeting of the board of directors held after each annual meeting of shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the board of directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Election of an officer shall not of itself create contract rights.

SECTION 4.3. REMOVAL. Any officer elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interest of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

SECTION 4.4. PRESIDENT. The president shall be the principal executive officer of the corporation. Subject to the direction and control of the board of directors, he/she shall be in charge of the business of the corporation; he shall see that the resolutions and directions of the board of directors are carried into effect except in those instances in which that responsibility is specifically assigned to some other person by the board of directors; and, in general, he/she shall discharge all duties incident to the office of president and such other duties as may be prescribed by the board of directors from time to time. He shall preside at all meetings of the shareholders and of the board of directors. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the board of directors or these by-laws, he may execute for the corporation certificates for its shares, and any contracts, deeds, mortgages, bonds, or other instruments which the board of directors has authorized to be executed, and he may accomplish such execution either under or without the seal of the corporation and either individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the board of directors, according to the requirements of the form of the instrument. He or she may vote all securities which the corporation is entitled to vote except as and to the extent such authority shall be vested in a different officer or agent of the corporation by the board of directors.

SECTION 4.5. THE VICE-PRESIDENTS. The vice-president (or in the event there be more than one vice-president, each of the vice-presidents) shall assist the president in the discharge of his/her duties as the president may direct and shall perform such other duties as from time to time may be assigned to him/her by the president or by the board of directors. In the absence of the president or in the event of his/her inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated by the board of directors, or by the president if the board of directors has not made such a designation, or in the absence of any designation, then in the order of seniority of tenure as vice-president) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the board of directors or these by-laws, the vice-president (or each of them if there are more than one) may execute for the corporation certificates for its shares and any contracts, deed, mortgages, bonds or other instruments which the board of directors has authorized to be executed, and he/she may accomplish such execution either under or without the seal of the corporation and either individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the board of directors, according to the requirements of the form of the instrument.

SECTION 4.6. THE TREASURER. The treasurer shall be the principal accounting and financial officer of the corporation. He shall: (a) have charge of and be responsible for the maintenance of adequate books of account for the corporation; (b) have charge and custody of all funds and securities of the corporation, and be responsible therefor and for the receipt and disbursement thereof; and (c) perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or by the board of directors. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors may determine.

SECTION 4.7. THE SECRETARY. The secretary shall: (a) record the minutes of the shareholders' and of the board of directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation; (d) keep a register of the post-office address of each shareholder which shall be furnished to the secretary by such shareholder; (e) sign with the president, or a vice-president, or any other officer thereunto authorized by the board of directors, certificates for shares of the corporation, the issue of which shall have been authorized by the board of directors, and any contracts, deeds, mortgages, bonds, or other instruments which the board of directors has authorized to be executed, according to the requirements of the form of the instrument, except when a different mode of execution is expressly prescribed by the board of directors or these by laws; (f) have general charge of the stock transfer books of the corporation; (g) have authority to certify the by-laws, resolutions of the shareholders and board of directors and committees thereof, and other documents of the corporation as true and correct copies thereof, and (h) perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him/her by the president or by the board of directors.

SECTION 4.8. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. The assistant treasurers and assistant secretaries shall perform such duties as shall be assigned to them by the treasurer or the secretary, respectively, or by the president or the board of directors. The assistant secretaries may sign with the president, or a vice-president, or any other officer thereunto authorized by the board of directors, certificates for shares of the corporation, the issue of which shall have been authorized by the board of directors, and any contracts, deeds, mortgages, bonds, or other instruments which the board of directors has authorized to be executed, according to the requirements of the form of the instrument, except when a different mode of execution is expressly prescribed by the board of directors or these by-laws. The assistant treasurers shall respectively, if required by the board of directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of directors shall determine.

SECTION 4.9. SALARIES. The salaries of the officers shall be fixed from time to time by the board of directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

ARTICLE V. CONTRACTS, LOANS, CHECKS AND DEPOSITS.

SECTION 5.1. CONTRACTS. The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 5.2. LOANS. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors.

SECTION 5.3. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of Indebtedness is issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by dissolution of the board of directors.

SECTION 5.4. DEPOSITS. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the board of directors may select.

ARTICLE VI. SHARES AND THEIR TRANSFER.

SECTION 6.1. SHARES REPRESENTED BY CERTIFICATES AND UNCERTIFICATED SHARES. Shares either shall be represented by certificates or shall be uncertificated shares.

SECTION 6.1.1. Certificates representing shares of the corporation shall be signed by the appropriate officers and may be sealed with the seal or a facsimile of the seal of the corporation. If a certificate is countersigned by a transfer agent or registrar, other than the corporation or its employee, any other signatures may be facsimile. Each certificate representing shares shall be consecutively numbered or otherwise identified, and shall also state the name of the person to whom issued, the number and class of shares (with designation of series, if any), the date of issue, and that the corporation is organized under Illinois law. If the corporation is authorized to issue shares of more than one class or of series within a class, the certificate shall also contain such information or statement as may be required by law. Unless prohibited by the articles of incorporation, the board of directors may provide by resolution that some or all of any class or series of shares shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until the certificate has been surrendered to the corporation. Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send the registered owner thereof a written notice of all information that would appear on a certificate. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated shares shall be identical to those of the holders of certificates representing shares of the same class and series.

SECTION 6.1.2. The name and address of each shareholder, the number and class of shares held and the date on which the shares were issued shall be entered on the books of the corporation. The person in whose name shares stand on the books of the corporation shall be deemed the owner thereof for all purposes as regards the corporation.

SECTION 6.2. LOST CERTIFICATES. If a certificate representing shares has allegedly been lost or destroyed the board of directors may in its discretion, except as may be required by law, direct that a new certificate be issued upon such indemnification and other reasonable requirements as it may impose.

SECTION 6.3. TRANSFERS OF SHARES. Transfer of shares of the corporation shall be recorded on the books of the corporation. Transfer of shares represented by a certificate, except in the case of a lost or destroyed certificate, shall be made on surrender for cancellation of the certificate for such shares. A certificate presented for transfer must be duly endorsed and accompanied by proper guaranty of signature and other appropriate assurances the endorsement is effective. Transfer of an uncertificated share shall be made on receipt by the corporation of an instruction from the registered owner or other appropriate person. The instruction shall be in writing or a communication in such form as may be agreed upon in writing by the corporation.

ARTICLE VII. FISCAL YEAR.

SECTION 7.1. The fiscal year of the corporation shall be fixed by resolution of the board of directors. In the absence of such a resolution, the fiscal year of the corporation shall be the calendar year.

ARTICLE VIII. DISTRIBUTIONS.

SECTION 8.1. The board of directors may authorize, and the corporation may make, distributions to its shareholders, subject to any restrictions in its articles of incorporation or provided by law.

ARTICLE IX. SEAL.

SECTION 9.1. The corporate seal shall have inscribed thereon the name of the corporation and the words Corporate Seal, Illinois. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced, provided that affixing of the corporate seal to an instrument shall not give the instrument additional force or effect, or change the construction thereof, and the use of the corporate seal is not mandatory.

ARTICLE X. WAIVER OF NOTICE.

SECTION 10.1. Whenever any notice is required to be given under the provisions of these by-laws or under the provisions of the articles of incorporation or under the provisions of The Business Corporation Act of the State of Illinois, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall constitute waiver of notice thereof unless the person at the meeting objects to the holding of the meeting because proper notice was not given.

ARTICLE XI. INDEMNIFICATION OF OFFICERS, DEBTORS, EMPLOYEES AND AGENTS.

SECTION 11.1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment or settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

SECTION 11.2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor any reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

SECTION 11.3. To the extent that a director, officer, employee or agent of a corporation has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in sections 1 and 2, or in defense of any claim, or matter therein, such person shall be indemnified against expenses actually and reasonably incurred by such person in connection therewith.

SECTION 11.4. Any indemnification under sections 1 and 2 shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in sections 1 and 2. Such determination shall be made (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the shareholders.

SECTION 11.5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding, as authorized by the board of directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the corporation as authorized in this article.

SECTION 11.6. The indemnification provided by this article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 11.7. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of these sections.

SECTION 11.8. If the corporation has paid indemnity or has advanced expenses to a director, officer, employee or agent, the corporation shall report the indemnification or advance in writing to the shareholders with or before the notice of the next shareholders' meeting.

SECTION 11.9. References to "the corporation" shall include, in addition to the surviving corporation, any merging corporation, including any corporation having merged with a merging corporation, absorbed in a merger which otherwise would have lawfully been entitled to indemnify its directors, officers, and employees or agents.

ARTICLE XII. AMENDMENTS.

SECTION 12.1. Unless the power to make, alter, amend or repeal the by-laws is reserved to the shareholders by the articles of incorporation, the by-laws of the corporation may be made, altered, amended or repealed by the shareholders or the board of directors, but no by-law adopted by the shareholders may be altered, amended or repealed by the board of directors if the by-laws so provide. The by-laws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with the law or the articles of incorporation.

EXECUTIVE EMPLOYMENT AGREEMENT

This Agreement is made as of the date last signed below, but shall be effective as of January 1, 2017 (the “**Effective Date**”) between Lifeway Foods, Inc., an Illinois corporation, and the corporation’s present or future parents, subsidiaries, successors, directors, officers, and assigns (collectively referred to as “**Lifeway**” or the “**Company**”), and Douglas Hass (“**You**”).

1. Employment. You accept employment with Lifeway as of the Effective Date in the position of General Counsel, or in such other position as may be mutually agreed upon by you and Lifeway.

A. Duties. You agree to provide all your business time, ability, energy, efforts, judgment, knowledge, and skill to the performance of your duties for Lifeway, to comply with all Lifeway policies, and to perform all job duties assigned to you by Lifeway. Notwithstanding the foregoing, you may (i) participate in charitable, civic, educational, professional, community, or industry affairs; (ii) manage your passive personal investments; (iii) with prior written notice to the Chief Executive Officer and General Counsel, serve on the boards of directors of non-profit organizations; and (iv) undertake pro bono or other uncompensated legal projects consistent with applicable rules of professional conduct for attorneys; so long as such activities, individually or in the aggregate, do not interfere or conflict with your job duties hereunder or create a potential business or fiduciary conflict.

B. Place of Performance. The principal place of your employment shall be the Company’s principal executive offices within a fifty (50) mile radius of Chicago, Illinois; provided that Lifeway may require you to travel on Company business.

C. License to Practice Law. You have represented to the Company that you are licensed to practice law in the States of Illinois and Indiana only, and you agree to apply for and maintain such licenses as are required to practice law as an in-house counsel in the states in which the Company operates (within such time frames required by the applicable laws, regulations, and rules of those states) as necessary for the performance of your duties. The Company will obtain professional malpractice insurance applicable to your employment as in-house counsel.

2. Term. Your employment under this Agreement will begin on the Effective Date, and will continue for a period of one (1) year thereafter (the “**Term**”), unless terminated earlier pursuant to this Agreement. On each annual anniversary of the Effective Date thereafter (each, a “**Renewal Date**”), the Agreement shall automatically renew, on the same terms and conditions, for successive Terms of one year, unless Lifeway’s Board of Directors’ (the “**Board**”) Compensation Committee (the “**Compensation Committee**”) provides written notice to you at least ninety (90) days prior to the applicable Renewal Date of Lifeway’s intention not to renew the Agreement. The period during which you are employed by Lifeway is referred to as the “**Employment Term**”.

3. Compensation.

A. Base Salary. During the Employment Term, Lifeway shall pay you an annual **Base Salary** of \$345,000 in accordance with the Company’s customary payroll practices and applicable wage payment laws. Your Base Salary shall be reviewed at least annually by the Company and Lifeway may, but shall not be required to, increase it. However, your Base Salary may not be decreased during the Employment Term other than as part of a general reduction in Base Salary that affects all similarly situated executives in substantially the same proportions.

B. Annual Bonus. For each fiscal year ending during the Employment Term, you shall be eligible for an **Annual Bonus**. The Annual Bonus shall consist of a Target Cash Bonus and a Target Equity Bonus. You will be eligible for a **Target Cash Bonus** based on the achievement of your individual annual goals and targets established by the Compensation Committee. You will be eligible for a **Target Equity Bonus** on a sliding scale determined by Lifeway's performance against Company-wide annual goals and targets established by the Compensation Committee. Depending on results, the Annual Bonus you are eligible to earn may be higher or lower than the Target Cash and Target Equity Bonuses. Your 2017 Target Cash Bonus and Target Equity Bonus eligibility are described in the attached Exhibit A (Cash Bonus) and Exhibit B (Equity Bonus).

C. Earning the Annual Bonus. Except as otherwise provided in Section 4, (i) the Annual Bonus will be subject to the terms of any Company plan under which it is granted and any award agreement or notice provided to you by the Company; and (ii) in order to earn and receive an Annual Bonus, you must be employed by Lifeway on the date that the Annual Bonus is paid by the Company to similarly-situated executives. Nothing contained in this Agreement restricts the Company's rights to alter, amend, or terminate at any time any Company plan under which the Annual Bonus is granted.

D. Fringe Benefits and Perquisites. During the Employment Term, you shall be entitled to these fringe benefits and perquisites:

- i) Coverage under an excess liability (umbrella) insurance policy that the Company selects in its sole discretion that provides \$15,000,000 of coverage per occurrence;
- ii) An allowance of up to \$2,000 per calendar year for Internet/telecommunications services, subject to applicable tax withholdings;
- iii) If free, Company-provided parking is not available at that office, a Company-paid parking pass at a mutually agreeable location near any of the Company's principal executive offices;
- iv) Four (4) weeks of Paid Time Off per calendar year or an amount of Paid Time Off that is at least as favorable as that provided to other similarly situated officers and senior executives of the Company. Paid Time Off shall not carry over from calendar year to calendar year during the Employment Term.

E. Employee Benefits. During the Employment Term, you shall be entitled to participate in all health and welfare, retirement, and other benefit plans applicable to officers and senior executives of the Company (collectively, "**Employee Benefit Plans**") to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. Lifeway reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law. In addition, Lifeway will reimburse you for the cost of an annual comprehensive executive physical examination at a healthcare provider/facility of your choice, with a maximum reimbursement of \$2,000, net of applicable tax withholdings, per calendar year (\$4,000, net of applicable tax withholdings, per calendar year including your spouse or domestic partner).

F. Clawback Provisions. Notwithstanding any other provisions of this Agreement, any compensation paid to you during the Employment Term is subject to any policy (whether in existence as of the Effective Date or later adopted) established by the Company providing for clawback or recovery of amounts that were paid to you. The Company will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable policy, law, or regulation, and you agree to effectuate any such clawback or recovery at such time and in such manner as Lifeway may specify.

4. Termination of Employment.

A. You may terminate your employment under this Agreement at any time and for any reason with ninety (90) days' prior written notice. Lifeway may terminate your employment at any time and for any reason not prohibited by law. On the date that your employment terminates under this Agreement (the "**Termination Date**"), you shall be entitled to the compensation and benefits described in this Section 4 and shall have no further rights to any compensation or any other benefits of any type from Lifeway, except benefits expressly required by law or expressly mandated by the terms of any applicable benefit or incentive plans.

B. Resignation of All Positions. Effective on your Termination Date, you shall be deemed to have resigned from all positions that you hold with Lifeway and/or its Board.

C. Expiration/Non-Renewal of the Term. If your employment is terminated by Lifeway on account of the Company's failure to renew the Agreement in accordance with Section 2 ("**Non-Renewal**"), and you return to Lifeway an enforceable general release in a form satisfactory to the Company (a "**General Release**"), you shall be entitled to receive:

- i) your Base Salary for three (3) months after your Termination Date;
- ii) your accrued but unused Paid Time Off as of your Termination Date in accordance with the Company's customary payroll procedures;
- iii) a cash bonus equal to the greater of (i) the value of the Annual Bonus you would have earned for the fiscal year of your Termination Date if you would have been employed on the date that the Company paid such Annual Bonus; or (ii) the value of the actual Annual Bonus you earned for the fiscal year prior to your Termination Date. The bonus shall be payable in a lump sum, less applicable withholdings, on or before the date that the Annual Bonus for the fiscal year of your Termination Date is (or would have been) paid by the Company to similarly situated executives.
- iv) reimbursement for unreimbursed business expenses that you properly incurred, in accordance with the Company's expense reimbursement policy; and
- v) to the extent that you hold equity-based awards granted by Lifeway under any of its equity incentive plans as of your Termination Date (your "**Outstanding Awards**"), any vested but unsettled Outstanding Awards; provided that in no event shall you be entitled to any Outstanding Award that is not vested. Such unvested Outstanding Awards will terminate on your Termination Date.

D. Termination for Cause or Without Good Reason. If your employment is terminated by Lifeway for Cause or by you without Good Reason, you shall be entitled to receive:

- i) your accrued but unpaid Base Salary and Paid Time Off as of your Termination Date in accordance with the Company's customary payroll procedures;
- ii) reimbursement for unreimbursed business expenses that you properly incurred, in accordance with the Company's expense reimbursement policy; and
- iii) any vested but unsettled Outstanding Awards (if applicable); provided that in no event shall you be entitled to any Outstanding Award that is not vested. Such unvested Outstanding Awards will terminate on your Termination Date.

E. Termination without Cause or for Good Reason. If your employment is terminated by Lifeway without Cause or by you voluntarily for Good Reason, and you return to Lifeway a General Release, you shall be entitled to receive:

- i) your Base Salary for the remainder of the current Term or six (6) months, whichever is greater;
- ii) your accrued but unused Paid Time Off as of your Termination Date in accordance with the Company's customary payroll procedures;
- iii) a one-time payment of \$10,000 for your financial planning or transition-related needs;
- iv) if you timely elect continued coverage under COBRA, the COBRA premiums necessary to continue your coverage (including coverage for eligible dependents, if applicable) ("**COBRA Premiums**") through the period (the "**COBRA Premium Period**") starting on the Termination Date and ending on the earliest to occur of: (i) six calendar months after the calendar month of your Termination Date; (ii) the date you (and your eligible dependents, if applicable) become eligible for group health insurance coverage through another employer; or (iii) the date you cease to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event you become covered under another employer's group health plan or otherwise cease to be eligible for COBRA during the COBRA Premium Period, you must immediately notify the Company of such event.
- v) a cash bonus equal to the greater of (i) the value of the Annual Bonus you would have earned for the fiscal year of your Termination Date if you would have been employed on the date that the Company paid such Annual Bonus; or (ii) the value of the actual Annual Bonus you earned for the fiscal year prior to your Termination Date. The bonus shall be payable in a lump sum, less applicable withholdings, on or before the date that the Annual Bonus for the fiscal year of your Termination Date is (or would have been) paid by the Company to similarly situated executives.
- vi) reimbursement for unreimbursed business expenses that you properly incurred, in accordance with the Company's expense reimbursement policy; and
- vii) to the extent that you hold any Outstanding Awards, an amendment to each award agreement that evidences each such Outstanding Award that provides as follows:

If your employment with Lifeway is terminated without Cause or for Good Reason, your Outstanding Awards that are Stock Options or Stock Appreciation Rights shall immediately become fully vested and exercisable on your Termination Date. The vested Outstanding Awards shall be exercisable for the period specified in the applicable option agreement. Your Outstanding Awards that are equity-based compensation other than Stock Options/Stock Appreciation Rights and are not intended to qualify as performance-based compensation under Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended (the "Code") shall become fully vested and the restrictions thereon shall lapse; provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award agreement and that are required under Section 409A of the Code ("Section 409A") shall remain in effect. Your Outstanding Awards that are equity-based compensation other than Stock Options/Stock Appreciation Rights and are intended to qualify as performance-based compensation under Section 162(m)(4)(C) of the Code shall remain outstanding and shall vest or be forfeited as specified by the applicable award agreements, if the applicable performance goals are satisfied.

F. For purposes of this Agreement, “**Cause**” means your: (i) Death; (ii) Inability to perform the essential functions of your job, with or without reasonable accommodation, for a period of more than twelve weeks, in the aggregate, during any rolling twelve-month period (“**Disability**”); (iii) Willful engagement in dishonesty, illegal conduct, or gross misconduct, which is, in each case, injurious to Lifeway; (iv) Willful failure to follow the valid and lawful directives of the Board or any executive to which you report; (v) Conviction of or plea of guilty or nolo contendere to a crime that constitutes either a felony (or state law equivalent); or another crime that constitutes a misdemeanor involving moral turpitude, if such other crime is work-related, materially impairs your ability to perform services for Lifeway, or results in reputational or financial harm to the Company; (vi) Failure to reasonably cooperate in any audit or investigation of the business or financial practices of Lifeway; (vii) Act of theft, embezzlement, fraud, or misappropriation, regardless of its relationship to Lifeway; (viii) Failure to obtain, maintain in good standing, or provide documentation of any license, certification, or registration required by law or which Lifeway may from time to time require as a condition of your employment, *provided however* that you will be provided written notice and a reasonable opportunity to cure such failure, if curable, prior to termination of your employment under this provision; (ix) Material breach of this Agreement, failure to follow the reasonable policies, practices, procedures, or instructions of Lifeway, or failure to perform the duties of your employment to Lifeway’s reasonable satisfaction, *provided however* that you will be provided written notice and a reasonable opportunity to cure any such breach or failure, if curable, prior to termination of your employment under this provision. (x) Notice to Lifeway that you intend to terminate your employment under this Agreement without complying with the notice provisions of this Section 4.

G. For purposes of this Agreement, “**Good Reason**” means the occurrence of any of the following events: (i) A material reduction in your Base Salary, other than a general reduction in Base Salary that affects all similarly situated executives in substantially the same proportions; (ii) A reduction in your Annual Bonus opportunity below 10% of your Base Salary, other than a general reduction in Annual Bonus opportunity that affects all similarly situated executives in substantially the same proportions; (iii) A relocation of your principal place of employment by more than fifty (50) miles; (iv) Any material breach by Lifeway of any material provision of this Agreement or any material provision of any other agreement between you and Lifeway; (v) A material, adverse change in your title, authority, duties, or responsibilities (other than temporarily while you are physically or mentally incapacitated or as required by applicable law), other than a change that affects all similarly situated executives in substantially the same manner;

H. Section 280G. If any of the payments you receive in connection with this Section 4 (“**280G Payments**”) constitute “parachute payments” within the meaning of Section 280G of the Code and would, but for this Section, be subject to the excise tax imposed under Section 4999 of the Code (the “**Excise Tax**”), then prior to making the 280G Payments, a conclusive, binding calculation and determination shall be made by an independent accounting firm or independent tax counsel (the “**Tax Counsel**”) appointed and paid by Lifeway that compares (i) the Net Benefit (as defined below) to you of the 280G Payments after payment of the Excise Tax to (ii) the Net Benefit to you if the 280G Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Lifeway will pay you the amount of either (i) or (ii) that results in the greatest Net Benefit to you and is consistent with the requirements of Section 409A. “**Net Benefit**” shall mean the present value of the 280G Payments net of all federal, state, local, foreign income, employment, and excise taxes. For purposes of making the calculations and determinations required by this Section, the Tax Counsel may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. You and Lifeway agree to furnish the Tax Counsel with such information and documents as the Tax Counsel may reasonably request in order to make its determinations under this Section.

I. Section 409A.

- i) **General Compliance.** This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, Lifeway makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall Lifeway be liable for any taxes, penalties, interest, or other expenses that may be incurred by you on account of non-compliance with Section 409A.
- ii) **Specified Employees.** Notwithstanding any other provision of this Agreement, if any payment or benefit provided to you in connection with your termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and you are determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of your Termination Date or, if earlier, on your death (the "**Specified Employee Payment Date**"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date and interest on such amounts calculated based on the applicable federal rate published by the Internal Revenue Service for the month of your Termination Date shall be paid to you in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.
- iii) **Reimbursements.** To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (b) any reimbursement of an eligible expense shall be paid to you on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (c) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.
- iv) **Tax Gross-ups.** Any tax gross-up payments provided under this Agreement shall be paid to you on or before December 31 of the calendar year immediately following the calendar year in which you remit the related taxes.
- v) **Payments Subject to Execution of a General Release.** Notwithstanding anything herein to the contrary, any payment or benefit provided to you in connection with your termination of employment that is subject to your execution of a General Release shall be made within 60 days after your Termination Date, provided that you have executed a General Release and it has become irrevocable by the date payment is to be made. To the extent required to comply with Section 409A of the Code, if the period during which you have the discretion to execute or revoke a General Release straddles two calendar years, then the Company will make the payments due to you under this Section in the second year, regardless of which year you actually deliver an executed General Release to the Company.

5. Indemnification.

A. If you are made or threatened to be made a party to or a participant in any actual, threatened, pending, or completed action, claim, or proceeding of any type, Lifeway shall indemnify, defend, and hold you harmless to the fullest extent authorized or permitted by applicable law, by its Certificate of Incorporation, and by its By-Laws, as the foregoing may be amended from time to time, and including any and all expenses and losses arising out of or relating to any of your actual or alleged acts, omissions, negligence or active or passive wrongdoing, including the advancement of expenses you incur.

B. The indemnification in this Agreement shall not apply to (i) any acts, omissions, or transactions from which you may not be relieved of liability under applicable law; (ii) proceedings that you initiate voluntarily without Lifeway's prior written consent and not by way of defense, counterclaim, or affirmative defense (not including good faith, non-frivolous proceedings brought to enforce a right to indemnification under this Agreement); or (iii) actions, claims, or proceedings of any type arising from your purchase and/or sale of securities in violation of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

C. During the Employment Term and for a period of six (6) years thereafter, the Company or any successor to the Company shall purchase and maintain, at its own expense, directors' and officers' liability insurance providing coverage to you on terms that are no less favorable than the coverage provided to other directors and officers of Lifeway.

6. Cooperation. You may be involved in matters during the Employment Term that necessitate your cooperation in the future. Accordingly, following your Termination Date, to the extent that Lifeway reasonably requests, you shall cooperate with Lifeway regarding matters arising out of your employment; provided that Lifeway shall: make reasonable efforts to minimize disruption of your other activities; reimburse you for reasonable expenses incurred in connection with such cooperation; and, to the extent that you required to spend substantial time on such matters, compensate you at an hourly rate based on your Base Salary on your Termination Date.

7. Restrictive Covenants.

A. Acknowledgements. You acknowledge and agree that the nature of your position (i) gives you access to and knowledge of Confidential Information (defined below), as well as Lifeway's customers, suppliers, and business contacts; (ii) that it places you in a position of trust and confidence with Lifeway and generates goodwill for the Company. You also understand and agree that the services you provide to Lifeway are unique, special, extraordinary, and irreplaceable.

B. Confidential Information. You acknowledge that, by virtue of your employment by Lifeway, you will be granted otherwise prohibited access to Confidential Information belonging to Lifeway, which is not known either to its competitors, within the industry generally, or to the public. You recognize that Lifeway's Confidential Information is the Company's valuable property that it developed over a significant period of time and at substantial expense, and that its exclusive knowledge and use of that Confidential Information is of great competitive importance and commercial value. You further acknowledge that Lifeway's industry is highly competitive, and that Lifeway would be irreparably harmed by actual or threatened disclosure of its Confidential Information or the use of that Confidential Information by any competitor or outside party. Accordingly, you agree that you will not in any way during your employment with Lifeway or thereafter directly or indirectly use or disclose (or allow to be disclosed or used) any Confidential Information, except as necessary and authorized in the course of your employment with Lifeway.

C. Non-Competition. You agree that, for the duration of your employment with Lifeway and for a period of eighteen (18) months following the Termination Date if you are terminated with Cause or for Non-Renewal, you shall not directly or indirectly, whether for pay or otherwise, provide any services of any type to or on behalf of a Competitor, whether as an employee, independent contractor, partner, agent, consultant, owner, or otherwise; or hold any ownership interest in any Competitor of Lifeway. Nothing shall prohibit you from: (i) providing such services to a Competitor if your relationship with that Competitor does not involve you directly or indirectly providing services of any type related to Competitive Products; or (ii) owning up to 2% of any class of securities of any issuer if the securities are listed on a national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934 and your ownership of such shares represents a passive interest in the issuer.

D. Non-Solicitation. During your employment with Lifeway and for a period of eighteen (18) months thereafter, you will not directly or indirectly (i) participate in promoting, offering, or selling any Competitive Products to any Customer; (ii) solicit or encourage any Lifeway employee or independent contractor to terminate his or her employment or contractor relationship with Lifeway, or to become an employee or independent contractor of any Competitor; (iii) solicit or encourage any Lifeway supplier to terminate its business relationship with Lifeway, or to engage in a new relationship or expand an existing business relationship with any Competitor; or (iv) otherwise take any action that is intended to or can reasonably be expected to cause the termination of or interference with any business relationship or expectancy between Lifeway and any of its Customers, suppliers, independent contractors, or employees. You further agree that you will not induce, attempt to induce, or aid any other person or entity to induce (or attempt to induce) any person or entity to breach any restrictive covenant agreement with Lifeway.

E. Non-Disparagement. You agree that you will not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments, or statements concerning Lifeway, its existing and prospective customers, suppliers, investors, and other associated third parties. You acknowledge and agree that you are not restricted or impeded from reporting conduct to, providing truthful information to, or participating in any investigation or proceeding conducted by any federal or state government agency or self-regulatory organization; from exercising any protected rights that cannot be waived by agreement; or from complying with any applicable law or regulation or a valid court or administrative order. Lifeway agrees that it shall cause its officers and directors to refrain from making any defamatory or disparaging remarks, comments, or statements concerning you to third parties.

F. Immunity. Pursuant to 18 U.S.C § 1833(b)(1): “An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.” If you are found to have wrongfully misappropriated trade secrets, you may be liable for, among other things, exemplary damages and attorneys’ fees.

G. Definitions. For purposes of this Agreement:

- i) “**Competitive Products**” shall mean products, services, or lines of business that Lifeway offers, manufactures, sells, or distributes (or demonstrably contemplates offering, manufacturing, selling, or distributing) within the last three (3) years of your employment, including without limitation drinkable kefir; cupped or pouched kefir; other kefir products; probiotic, cultured milk products; farmer cheeses, spreadable cheeses; probiotic supplements; and probiotic beverages.
- ii) A “**Competitor**” of the Company shall mean any person or entity that engages (or intends to engage) in Competitive Products, or owns or controls (or intends to own or control) a significant interest in any entity that engages in Competitive Products.

- iii) “**Confidential Information**” shall include, without limitation and as broadly as permissible under applicable law, all information in spoken, printed, electronic, or any other form or medium existing now or in the future and relating directly or indirectly to Lifeway, its businesses, or any existing or prospective customer, supplier, investor, employee, or other person or entity that has entrusted information to Lifeway in confidence. Confidential Information also includes, without limitation, all trade secrets as defined under the Defend Trade Secrets Act of 2016, the Uniform Trade Secrets Act, or other applicable laws affording protection to trade secret and confidential information. Notwithstanding the foregoing, Confidential Information shall not include any information that was lawfully in your possession prior to (and not obtained in connection with) commencing employment with Lifeway.
- iv) A “**Customer**” of the Company shall mean any person or entity that has purchased any products or services from Lifeway during the last three (3) years of your employment and (i) you communicated with in any way during the past twelve (12) months; or (ii) about whom you possess Confidential Information or other nonpublic information.

H. Reasonableness and Enforcement of Covenants. You acknowledge and agree that the foregoing covenants are reasonable and not contrary to public policy, and that such restrictions are intended solely to safeguard the protectable interests and legitimate business needs of Lifeway. You further acknowledge and agree that your adherence to these restrictions will not prevent you from engaging in your chosen occupation and earning a satisfactory livelihood following the termination of your employment with Lifeway. In addition to any other remedies provided by law, Lifeway may obtain equitable relief from any actual or threatened violation of this Agreement, including specific performance and temporary or permanent injunctive relief. You agree that Lifeway may disclose the fact and terms of this Agreement to any future actual or prospective employer, and you waive any claims against Lifeway resulting from such disclosure. Additionally, Lifeway reserves the right to take disciplinary action, up to and including termination for violations of this Section 7 occurring during your employment with Lifeway. Should you violate any of the terms of the restrictive covenant obligations articulated herein, the obligation at issue will run from the first date on which you cease to be in violation of such obligation. If Lifeway prevails in any legal proceedings to enforce this Section 7, you agree to pay Lifeway all costs and attorneys’ fees reasonably it reasonably incurs in connection with such proceedings.

I. Future Employment. Before beginning employment with another employer at any time within eighteen (18) months after the Termination Date, you agree to notify Lifeway, in writing, of the name and business address of your prospective employer and the job title or position in which you will be employed. If your prospective employment is with a Competitor, you agree to seek Lifeway’s written consent to such employment, and the Company will not unreasonably withhold such consent if you have complied with all other provisions of this Agreement and provided sufficient information to Lifeway to demonstrate that your employment will not result in a breach of any other provision of this Agreement. By consenting to your employment with a Competitor, Lifeway does not waive any other provision of this Agreement. The Company reserves the right to withdraw such consent if you breach any other provision of this Agreement, if the nature of your employment with the Competitor or the Competitor’s business materially change, or if any of the representations you make to Lifeway regarding the nature of your employment or the Competitor’s business are false or misleading.

8. Proprietary Rights. You acknowledge that both parties intend that (i) all Employment IPRs, Employment Works and all materials embodying them shall be promptly and fully disclosed to and will belong to Lifeway; (ii) Employment Works, and all materials contained therein or prepared therefor, shall be deemed to be Work Made For Hire on behalf of Lifeway as such term is defined under the copyright laws of the United States, and that Lifeway shall be the sole owner of the Employment Works, and all underlying rights therein, worldwide and in perpetuity.

A. In the event that the Employment Works, or any portion thereof, do not qualify or are deemed not to be Work Made For Hire, you hereby irrevocably grant, transfer, assign, and convey any and all right, title, and interest of any kind in and to the Employment Works and all materials contained therein or prepared therefor, and any improvements thereon, including all Employment IPRs and Intellectual Property Rights, to Lifeway to the maximum extent permitted by applicable law, to the extent ownership of any such rights does not vest originally in Lifeway. You further agree that you shall never transfer, license or assign the Employment Works and/or any Intellectual Property Rights therein to any third party, nor purport to do the same, nor contest Lifeway's exclusive, complete, and unrestricted ownership in and to the Employment Works and/or any Intellectual Property Rights therein, nor claim adverse rights therein. In addition to the foregoing, you acknowledge that you shall not be entitled to any compensation other than that provided for in this Agreement for any of the Employment Works and/or any Intellectual Property Rights therein.

B. You agree that you have not created, invented, designed, developed, contributed to or improved any Works prior to your employment by Lifeway that are relevant to or implicated by such employment or status ("**Prior Works**"). However, should you use or incorporate any Works later determined to be Prior Works in any work or development during your employment at Lifeway you hereby grant Lifeway a perpetual, non-exclusive, royalty-free, worldwide, assignable, sublicensable license under all rights and intellectual property rights of any kind in any such Prior Works for all purposes in connection with Lifeway's current and future business. You shall have the burden of proving that any Works created, invented, designed, developed, contributed to or improved by you that are relevant to or implicated by your employment by Lifeway are not Employment Works.

C. You agree to maintain any type or form of records, execute any further documents, and take any further actions requested by Lifeway to assist it in validating, effectuating, maintaining, protecting, enforcing, perfecting, recording, patenting, or registering any of their rights hereunder. If you are unable to execute a document or take any action for any reason, you irrevocably designate and appoint Lifeway as your agent and attorney-in-fact to act in your behalf in all applicable instances, including with any government authorities or agencies.

D. You agree not to attempt to register any Employment IPR or patent any Employment Works unless requested to do so by Lifeway; and to keep confidential each Employment Work unless Lifeway has consented in writing to its disclosure by you.

E. You waive all your present and future moral rights which arise under the applicable laws, and all similar rights in other jurisdictions, relating to any copyright which forms part of the Employment IPRs, and agree not to support, maintain, or permit any claim for infringement of moral rights in such copyright works.

F. You agree to give all necessary assistance to Lifeway to enable it to enforce Intellectual Property Rights against third parties, to defend claims for infringement of third party Intellectual Property Rights, and to apply for registration of Intellectual Property Rights, where appropriate throughout the world, and for the full term of those rights.

G. Limitations. Your assignment under this Section 8 does not apply to Works for which no equipment, supplies, facility, or Confidential Information of Lifeway was used and which was developed entirely on your own time, unless the invention relates to: (a) the business of Lifeway, or (b) Lifeway's actual or demonstrably anticipated research or development, or the Work results from any work performed by you for Lifeway.

H. Definitions. For purposes of this Agreement:

- i) “**Employment Works**” shall mean any Works which are made wholly or partially by you at any time during the course of your employment with Lifeway and within the scope of such employment or status and/or with the use of any Lifeway resources and whether or not recorded in material form.
- ii) “**Employment IPRs**” shall mean Intellectual Property Rights created by you in the course of your employment with Lifeway (whether or not during working hours or using Lifeway premises or resources and whether or not recorded in material form).
- iii) “**Intellectual Property Rights**” shall mean any and all right, title and interest in and to the Employment Works and all materials contained therein or prepared therefore, and any improvements thereon, including all intellectual property rights, including, without limitation, any and all rights that may exist from time to time in this or any other jurisdiction whether foreign or domestic under patent law, copyright law, publicity rights law, moral law, trade secret law, semiconductor chip law, trademark law, unfair competition law, or other similar protections regardless of whether or not such rights or protections are registered or perfected.
- iv) “**Works**” shall mean any invention, idea, concept, creation, plan, discussion, discovery, process, writing, artwork, audiovisuals, manuals, designs, drawings, graphics, computer programs, source code, object code, code/software, documentation, original work of authorship, development, improvement or innovation, or any other production of any nature whatsoever whether or not patentable or capable of registration, and whether or not recorded in any material form.

9. Return of Lifeway Property. At Lifeway’s request and on your Termination Date, you will return to Lifeway all computer hardware, software, or other media, program codes or documentation, contracts, proposals, plans, lists, reports, schedules, manuals, files, and all other tangible or intangible documents, copies, or items which relate in any way to the business of Lifeway, including, without limitation, all materials that constitute, contain, or refer to any Confidential Information; and give to Lifeway all originals and copies of correspondence, documents, papers and records on all media which record or relate to any Employment IPRs.

10. Severability. If any provision of this Agreement is declared unenforceable, the remaining provisions of this Agreement will remain in effect. If any restriction on your post-employment activities is found by a court to be unreasonable or overly broad with respect to time, geography, or scope of the activities restricted, you and Lifeway agree that the court before which the matter is pending will enforce the restriction to the maximum extent it deems enforceable. Restrictions will be deemed divisible as to time, geographical scope, and scope of the activities restricted.

11. Withholding. The Company shall have the right to withhold from any amount payable hereunder any federal, state, and local taxes in order for Lifeway to satisfy any withholding tax obligation it may have under any applicable law or regulation.

12. Waiver. Either Lifeway’s or your failure to insist on strict compliance with any terms in this Agreement is not a waiver of such terms. No breach of the covenants stated herein can be waived, except expressly in writing.

13. Choice of Law. This Agreement will be construed in accordance with and governed by the substantive laws of the State of Illinois, without regard to conflict of laws principles. Any action or proceeding to enforce or arising out of this Agreement must be commenced in the state or federal courts located in Cook County, Illinois. The parties consent to personal jurisdiction and exclusive venue in such court, and waive any request to transfer such action out of such court for the convenience of the parties and witnesses. HAVING HAD THE OPPORTUNITY TO CONSULT COUNSEL, THE PARTIES KNOWINGLY AND VOLUNTARILY WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT, AND/OR ITS PERFORMANCE UNDER OR THE ENFORCEMENT OF THIS AGREEMENT.

14. Entire Agreement and Amendments. This Agreement constitutes the entire agreement between the parties regarding the subject matters addressed herein; supersedes any and all prior or contemporaneous written or oral agreements, promises, representations, and negotiations between the parties; and may be amended only by a later written agreement signed by both you and Lifeway. For the sake of clarification, nothing in this Agreement shall affect your rights under any Company incentive or equity plan or any award agreement or notice provided to you by the Company pursuant to such plan. You and Lifeway agree that this Agreement is executed to and, as of the Effective Date, does restate and supersede the Employment Agreement previously executed by you and the Company dated March 5, 2016.

15. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by you, Lifeway, and any respective heirs, successors and assigns, except that you shall not have any right to assign or otherwise transfer this Agreement, or any of your rights, duties, or any other interest herein to any party without the prior written consent of Lifeway. Any such purported assignment shall be null and void. Lifeway may assign this Agreement to any successor or assign to all or substantially all of the business or assets of the Company.

16. Notice. Notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by certified mail, return receipt requested, postage prepaid, addressed to the respective addresses last given by each party to the other, provided that all notices to Lifeway will be directed to the attention of the Board with a copy to the General Counsel of the Company at 6101 West Gross Point Road, Niles, IL 60714. All notices and communications will be deemed to have been received on their date of delivery or on the third business day after the mailing thereof, except that notices of changes of address will be effective only upon receipt.

17. Survival. Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

18. Acknowledgement of Full Understanding. YOU ACKNOWLEDGE AND AGREE (I) THAT YOU HAD AN EQUAL OPPORTUNITY TO FULLY READ, UNDERSTAND, AND NEGOTIATE ALL OF THE TERMS OF THIS AGREEMENT; (II) THAT THIS AGREEMENT PROVIDES YOU VALUABLE CONSIDERATION TO WHICH YOU ARE NOT OTHERWISE ENTITLED, SUCH AS SEVERANCE BENEFITS TO WHICH YOU MAY BE ENTITLED TO HEREUNDER AND ANY EQUITY-BASED INCENTIVE AWARD(S) GRANTED TO YOU; (III) THAT YOU VOLUNTARILY ENTER INTO THIS AGREEMENT; AND (IV) THAT YOU HAVE HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF YOUR CHOICE BEFORE SIGNING THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date last signed below.

Lifeway Foods, Inc.

By: /s/ Jason Scher

Name: Jason Scher

Title: Chairperson of the Compensation Committee

Date: 4/21/2017

Executive

By: /s/ Douglas A. Hass

Name: Douglas A. Hass

Date: 3/15/2017

EXHIBIT A

(Target Cash Bonus)

For the year ended December 31, 2017, the incentive plan for Douglas Hass approved by the Compensation Committee based on the recommendation of the Chief Executive Officer and Chief Operating Officer includes a performance-based plan that provides for cash bonuses of up to \$325,000 if certain individual performance targets are met.

EXHIBIT B

(Target Equity Bonus)

For the fiscal year ended December 31, 2017, the incentive plan for Douglas Hass approved by the Compensation Committee based on the recommendation of the Chief Executive Officer and Chief Operating Officer includes a performance-based plan that provides for a Target Equity Bonus of up to \$400,000 if the Company meets the net revenue and adjusted EBITDA targets established by the Committee.

EXECUTIVE EMPLOYMENT AGREEMENT

This Agreement is made as of the date last signed below, but shall be effective as of January 1, 2017 (the “**Effective Date**”) between Lifeway Foods, Inc., an Illinois corporation, and the corporation’s present or future parents, subsidiaries, successors, directors, officers, and assigns (collectively referred to as “**Lifeway**” or the “**Company**”), and Jennifer Reilly (“**You**”).

1. Employment. You accept employment with Lifeway as of the Effective Date in the position of Senior Executive Vice President of Sales, or in such other position as may be mutually agreed upon by you and Lifeway.

A. Duties. You agree to provide all your business time, ability, energy, efforts, judgment, knowledge, and skill to the performance of your duties for Lifeway, to comply with all Lifeway policies, and to perform all job duties assigned to you by Lifeway. Notwithstanding the foregoing, you may (i) participate in charitable, civic, educational, professional, community, or industry affairs; (ii) manage your passive personal investments; and (iii) with prior written notice and approval by the Chief Executive Officer and General Counsel, serve on the boards of directors of other organizations; so long as such activities, individually or in the aggregate, do not interfere or conflict with your job duties hereunder or create a potential business or fiduciary conflict.

B. Place of Performance. The principal place of your employment shall be the Company’s principal executive offices within a fifty (50) mile radius of Chicago, Illinois; provided that Lifeway may require you to travel on Company business.

2. Term. Your employment under this Agreement will begin on the Effective Date, and will continue for a period of one (1) year thereafter (the “**Term**”), unless terminated earlier pursuant to this Agreement. On each annual anniversary of the Effective Date thereafter (each, a “**Renewal Date**”), the Agreement shall automatically renew, on the same terms and conditions, for successive Terms of one year, unless Lifeway’s Board of Directors’ (the “**Board**”) Compensation Committee (the “**Compensation Committee**”) provides written notice to you at least ninety (90) days prior to the applicable Renewal Date of Lifeway’s intention not to renew the Agreement. The period during which you are employed by Lifeway is referred to as the “**Employment Term**”.

3. Compensation.

A. Base Salary. During the Employment Term, Lifeway shall pay you an annual **Base Salary** of \$315,000 in accordance with the Company’s customary payroll practices and applicable wage payment laws. Your Base Salary shall be reviewed at least annually by the Company and Lifeway may, but shall not be required to, increase it. However, your Base Salary may not be decreased during the Employment Term other than as part of a general reduction in Base Salary that affects all similarly situated executives in substantially the same proportions.

B. Annual Bonus. For each fiscal year ending during the Employment Term, you shall be eligible for an **Annual Bonus**. The Annual Bonus shall consist of a Target Cash Bonus and a Target Equity Bonus. You will be eligible for a **Target Cash Bonus** based on the achievement of your individual annual goals and targets established by the Compensation Committee. You will be eligible for a **Target Equity Bonus** on a sliding scale determined by Lifeway’s performance against Company-wide annual goals and targets established by the Compensation Committee. Depending on results, the Annual Bonus you are eligible to earn may be higher or lower than the Target Cash and Target Equity Bonuses. Your 2017 Target Cash Bonus and Target Equity Bonus eligibility are described in the attached Exhibit A (Cash Bonus) and Exhibit B (Equity Bonus).

C. Earning the Annual Bonus. Except as otherwise provided in Section 4, (i) the Annual Bonus will be subject to the terms of any Company plan under which it is granted and any award agreement or notice provided to you by the Company; and (ii) in order to earn and receive an Annual Bonus, you must be employed by Lifeway on the date that the Annual Bonus is paid by the Company to similarly-situated executives.

D. Fringe Benefits and Perquisites. During the Employment Term, you shall be entitled to these fringe benefits and perquisites:

- i) Coverage under an excess liability (umbrella) insurance policy that the Company selects in its sole discretion that provides \$15,000,000 of coverage per occurrence;
- ii) An allowance of up to \$2,000 per calendar year for Internet/telecommunications services, subject to applicable tax withholdings;
- iii) If free, Company-provided parking is not available at that office, a Company-paid parking pass at a mutually agreeable location near any of the Company's principal executive offices;
- iv) Four (4) weeks of Paid Time Off per calendar year or an amount of Paid Time Off that is at least as favorable as that provided to other similarly situated officers and senior executives of the Company. Paid Time Off shall not carry over from calendar year to calendar year during the Employment Term.

E. Employee Benefits. During the Employment Term, you shall be entitled to participate in all health and welfare, retirement, and other benefit plans applicable to officers and senior executives of the Company (collectively, "**Employee Benefit Plans**") to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. Lifeway reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law. In addition, Lifeway will reimburse you for the cost of an annual comprehensive executive physical examination at a healthcare provider/facility of your choice, with a maximum reimbursement of \$2,000, net of applicable tax withholdings, per calendar year (\$4,000, net of applicable tax withholdings, per calendar year including your spouse or domestic partner).

F. Clawback Provisions. Notwithstanding any other provisions of this Agreement, any compensation paid to you during the Employment Term is subject to any policy (whether in existence as of the Effective Date or later adopted) established by the Company providing for clawback or recovery of amounts that were paid to you. The Company will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable policy, law, or regulation, and you agree to effectuate any such clawback or recovery at such time and in such manner as Lifeway may specify.

4. Termination of Employment.

A. You may terminate your employment under this Agreement at any time and for any reason with ninety (90) days' prior written notice. Lifeway may terminate your employment at any time and for any reason not prohibited by law. On the date that your employment terminates under this Agreement (the "**Termination Date**"), you shall be entitled to the compensation and benefits described in this Section 4 and shall have no further rights to any compensation or any other benefits of any type from Lifeway, except benefits expressly required by law or expressly mandated by the terms of any applicable benefit or incentive plans.

B. Resignation of All Positions. Effective on your Termination Date, you shall be deemed to have resigned from all positions that you hold with Lifeway and/or its Board.

C. Expiration/Non-Renewal of the Term. If your employment is terminated by Lifeway on account of the Company's failure to renew the Agreement in accordance with Section 2 ("**Non-Renewal**"), and you return to Lifeway an enforceable general release in a form satisfactory to the Company (a "**General Release**"), you shall be entitled to receive:

- i) your Base Salary for three (3) months after your Termination Date;
- ii) your accrued but unused Paid Time Off as of your Termination Date in accordance with the Company's customary payroll procedures;
- iii) a cash bonus equal to the greater of (i) the value of the Annual Bonus you would have earned for the fiscal year of your Termination Date if you would have been employed on the date that the Company paid such Annual Bonus; or (ii) the value of the actual Annual Bonus you earned for the fiscal year prior to your Termination Date. The bonus shall be payable in a lump sum, less applicable withholdings, on or before the date that the Annual Bonus for the fiscal year of your Termination Date is (or would have been) paid by the Company to similarly situated executives.
- iv) reimbursement for unreimbursed business expenses that you properly incurred, in accordance with the Company's expense reimbursement policy; and
- v) to the extent that you hold equity-based awards granted by Lifeway under any of its equity incentive plans as of your Termination Date (your "**Outstanding Awards**"), any vested but unsettled Outstanding Awards; provided that in no event shall you be entitled to any Outstanding Award that is not vested. Such unvested Outstanding Awards will terminate on your Termination Date.

D. Termination for Cause or Without Good Reason. If your employment is terminated by Lifeway for Cause or by you without Good Reason, you shall be entitled to receive:

- i) your accrued but unpaid Base Salary and Paid Time Off as of your Termination Date in accordance with the Company's customary payroll procedures;
- ii) reimbursement for unreimbursed business expenses that you properly incurred, in accordance with the Company's expense reimbursement policy; and
- iii) any vested but unsettled Outstanding Awards (if applicable); provided that in no event shall you be entitled to any Outstanding Award that is not vested. Such unvested Outstanding Awards will terminate on your Termination Date.

E. Termination without Cause or for Good Reason. If your employment is terminated by Lifeway without Cause or by you voluntarily for Good Reason, and you return to Lifeway a General Release, you shall be entitled to receive:

- i) your Base Salary for the remainder of the current Term or six (6) months, whichever is greater;
- ii) your accrued but unused Paid Time Off as of your Termination Date in accordance with the Company's customary payroll procedures;

- iii) a one-time payment of \$10,000 for your financial planning or transition-related needs;
- iv) if you timely elect continued coverage under COBRA, the COBRA premiums necessary to continue your coverage (including coverage for eligible dependents, if applicable) (“**COBRA Premiums**”) through the period (the “**COBRA Premium Period**”) starting on the Termination Date and ending on the earliest to occur of: (i) six calendar months after the calendar month of your Termination Date; (ii) the date you (and your eligible dependents, if applicable) become eligible for group health insurance coverage through another employer; or (iii) the date you cease to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event you become covered under another employer’s group health plan or otherwise cease to be eligible for COBRA during the COBRA Premium Period, you must immediately notify the Company of such event.
- v) a cash bonus equal to the greater of (i) the value of the Annual Bonus you would have earned for the fiscal year of your Termination Date if you would have been employed on the date that the Company paid such Annual Bonus; or (ii) the value of the actual Annual Bonus you earned for the fiscal year prior to your Termination Date. The bonus shall be payable in a lump sum, less applicable withholdings, on or before the date that the Annual Bonus for the fiscal year of your Termination Date is (or would have been) paid by the Company to similarly situated executives.
- vi) reimbursement for unreimbursed business expenses that you properly incurred, in accordance with the Company’s expense reimbursement policy; and
- vii) to the extent that you hold any Outstanding Awards, an amendment to each award agreement that evidences each such Outstanding Award that provides as follows:

If your employment with Lifeway is terminated without Cause or for Good Reason, your Outstanding Awards that are Stock Options or Stock Appreciation Rights shall immediately become fully vested and exercisable on your Termination Date. The vested Outstanding Awards shall be exercisable for the period specified in the applicable option agreement. Your Outstanding Awards that are equity-based compensation other than Stock Options/Stock Appreciation Rights and are not intended to qualify as performance-based compensation under Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended (the “Code”) shall become fully vested and the restrictions thereon shall lapse; provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award agreement and that are required under Section 409A of the Code (“Section 409A”) shall remain in effect. Your Outstanding Awards that are equity-based compensation other than Stock Options/Stock Appreciation Rights and are intended to qualify as performance-based compensation under Section 162(m)(4)(C) of the Code shall remain outstanding and shall vest or be forfeited as specified by the applicable award agreements, if the applicable performance goals are satisfied.

F. For purposes of this Agreement, “**Cause**” means your: (i) Death; (ii) Inability to perform the essential functions of your job, with or without reasonable accommodation, for a period of more than twelve weeks, in the aggregate, during any rolling twelve-month period (“**Disability**”); (iii) Willful engagement in dishonesty, illegal conduct, or gross misconduct, which is, in each case, injurious to Lifeway; (iv) Willful failure to follow the valid and lawful directives of the Board or any executive to which you report; (v) Conviction of or plea of guilty or nolo contendere to a crime that constitutes either a felony (or state law equivalent); or another crime that constitutes a misdemeanor involving moral turpitude, if such other crime is work-related, materially impairs your ability to perform services for Lifeway, or results in reputational or financial harm to the Company; (vi) Failure to reasonably cooperate in any audit or investigation of the business or financial practices of Lifeway; (vii) Act of theft, embezzlement, fraud, or misappropriation, regardless of its relationship to Lifeway; (viii) Failure to obtain, maintain in good standing, or provide documentation of any license, certification, or registration required by law or which Lifeway may from time to time require as a condition of your employment, *provided however* that you will be provided written notice and a reasonable opportunity to cure such failure, if curable, prior to termination of your employment under this provision; (ix) Material breach of this Agreement, failure to follow the reasonable policies, practices, procedures, or instructions of Lifeway, or failure to perform the duties of your employment to Lifeway’s reasonable satisfaction, *provided however* that you will be provided written notice and a reasonable opportunity to cure any such breach or failure, if curable, prior to termination of your employment under this provision. (x) Notice to Lifeway that you intend to terminate your employment under this Agreement without complying with the notice provisions of this Section 4.

G. For purposes of this Agreement, “**Good Reason**” means the occurrence of any of the following events: (i) A material reduction in your Base Salary, other than a general reduction in Base Salary that affects all similarly situated executives in substantially the same proportions; (ii) A reduction in your Annual Bonus opportunity below 10% of your Base Salary, other than a general reduction in Annual Bonus opportunity that affects all similarly situated executives in substantially the same proportions; (iii) A relocation of your principal place of employment by more than fifty (50) miles; (iv) Any material breach by Lifeway of any material provision of this Agreement or any material provision of any other agreement between you and Lifeway; (v) A material, adverse change in your title, authority, duties, or responsibilities (other than temporarily while you are physically or mentally incapacitated or as required by applicable law), other than a change that affects all similarly situated executives in substantially the same manner;

H. Section 280G. If any of the payments you receive in connection with this Section 4 (“**280G Payments**”) constitute “parachute payments” within the meaning of Section 280G of the Code and would, but for this Section, be subject to the excise tax imposed under Section 4999 of the Code (the “**Excise Tax**”), then prior to making the 280G Payments, a conclusive, binding calculation and determination shall be made by an independent accounting firm or independent tax counsel (the “**Tax Counsel**”) appointed and paid by Lifeway that compares (i) the Net Benefit (as defined below) to you of the 280G Payments after payment of the Excise Tax to (ii) the Net Benefit to you if the 280G Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Lifeway will pay you the amount of either (i) or (ii) that results in the greatest Net Benefit to you and is consistent with the requirements of Section 409A. “**Net Benefit**” shall mean the present value of the 280G Payments net of all federal, state, local, foreign income, employment, and excise taxes. For purposes of making the calculations and determinations required by this Section, the Tax Counsel may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. You and Lifeway agree to furnish the Tax Counsel with such information and documents as the Tax Counsel may reasonably request in order to make its determinations under this Section.

I. Section 409A.

- i) **General Compliance.** This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a “separation from service” under Section 409A. Notwithstanding the foregoing, Lifeway makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall Lifeway be liable for any taxes, penalties, interest, or other expenses that may be incurred by you on account of non-compliance with Section 409A. In no event shall the value of any payments due to you hereunder be diminished in order to comply with Section 409A.
- ii) **Specified Employees.** Notwithstanding any other provision of this Agreement, if any payment or benefit provided to you in connection with your termination of employment is determined to constitute “nonqualified deferred compensation” within the meaning of Section 409A and you are determined to be a “specified employee” as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of your Termination Date or, if earlier, on your death (the “**Specified Employee Payment Date**”). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date and interest on such amounts calculated based on the applicable federal rate published by the Internal Revenue Service for the month of your Termination Date shall be paid to you in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

- iii) **Reimbursements.** To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (b) any reimbursement of an eligible expense shall be paid to you on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (c) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.
- iv) **Tax Gross-ups.** Any tax gross-up payments provided under this Agreement shall be paid to you on or before December 31 of the calendar year immediately following the calendar year in which you remit the related taxes.
- v) **Payments Subject to Execution of a General Release.** Notwithstanding anything herein to the contrary, any payment or benefit provided to you in connection with your termination of employment that is subject to your execution of a General Release shall be made within 60 days after your Termination Date, provided that you have executed a General Release and it has become irrevocable by the date payment is to be made. To the extent required to comply with Section 409A of the Code, if the period during which you have the discretion to execute or revoke a General Release straddles two calendar years, then the Company will make the payments due to you under this Section in the second year, regardless of which year you actually deliver an executed General Release to the Company.

5. Indemnification.

A. If you are made or threatened to be made a party to or a participant in any actual, threatened, pending, or completed action, claim, or proceeding of any type, Lifeway shall indemnify, defend, and hold you harmless to the fullest extent authorized or permitted by applicable law, by its Certificate of Incorporation, and by its By-Laws, as the foregoing may be amended from time to time, and including any and all expenses and losses arising out of or relating to any of your actual or alleged acts, omissions, negligence or active or passive wrongdoing, including the advancement of expenses you incur.

B. The indemnification in this Agreement shall not apply to (i) any acts, omissions, or transactions from which you may not be relieved of liability under applicable law; (ii) proceedings that you initiate voluntarily without Lifeway's prior written consent and not by way of defense, counterclaim, or affirmative defense (not including good faith, non-frivolous proceedings brought to enforce a right to indemnification under this Agreement); or (iii) actions, claims, or proceedings of any type arising from your purchase and/or sale of securities in violation of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

C. During the Employment Term and for a period of six (6) years thereafter, the Company or any successor to the Company shall purchase and maintain, at its own expense, directors' and officers' liability insurance providing coverage to you on terms that are no less favorable than the coverage provided to other directors and officers of Lifeway.

6. **Cooperation.** You may be involved in matters during the Employment Term that necessitate your cooperation in the future. Accordingly, following your Termination Date, to the extent that Lifeway reasonably requests, you shall cooperate with Lifeway regarding matters arising out of your employment; provided that Lifeway shall: make reasonable efforts to minimize disruption of your other activities; reimburse you for reasonable expenses incurred in connection with such cooperation; and, to the extent that you required to spend substantial time on such matters, compensate you at an hourly rate based on your Base Salary on your Termination Date.

7. Restrictive Covenants.

A. Acknowledgements. You acknowledge and agree that the nature of your position (i) gives you access to and knowledge of Confidential Information (defined below), as well as Lifeway's customers, suppliers, and business contacts; (ii) that it places you in a position of trust and confidence with Lifeway and generates goodwill for the Company. You also understand and agree that the services you provide to Lifeway are unique, special, extraordinary, and irreplaceable.

B. Confidential Information. You acknowledge that, by virtue of your employment by Lifeway, you will be granted otherwise prohibited access to Confidential Information belonging to Lifeway, which is not known either to its competitors, within the industry generally, or to the public. You recognize that Lifeway's Confidential Information is the Company's valuable property that it developed over a significant period of time and at substantial expense, and that its exclusive knowledge and use of that Confidential Information is of great competitive importance and commercial value. You further acknowledge that Lifeway's industry is highly competitive, and that Lifeway would be irreparably harmed by actual or threatened disclosure of its Confidential Information or the use of that Confidential Information by any competitor or outside party. Accordingly, you agree that you will not in any way during your employment with Lifeway or thereafter directly or indirectly use or disclose (or allow to be disclosed or used) any Confidential Information, except as necessary and authorized in the course of your employment with Lifeway.

C. Non-Competition. You agree that, for the duration of your employment with Lifeway and for a period of eighteen (18) months following the Termination Date if you are terminated with Cause or for Non-Renewal, you shall not directly or indirectly, whether for pay or otherwise, provide any services of any type to or on behalf of a Competitor, whether as an employee, independent contractor, partner, agent, consultant, owner, or otherwise; or hold any ownership interest in any Competitor of Lifeway. Nothing shall prohibit you from: (i) providing such services to a Competitor if your relationship with that Competitor does not involve you directly or indirectly providing services of any type related to Competitive Products; or (ii) owning up to 2% of any class of securities of any issuer if the securities are listed on a national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934 and your ownership of such shares represents a passive interest in the issuer.

D. Non-Solicitation. During your employment with Lifeway and for a period of eighteen (18) months thereafter, you will not directly or indirectly (i) participate in promoting, offering, or selling any Competitive Products to any Customer; (ii) solicit or encourage any Lifeway employee or independent contractor to terminate his or her employment or contractor relationship with Lifeway, or to become an employee or independent contractor of any Competitor; (iii) solicit or encourage any Lifeway supplier to terminate its business relationship with Lifeway, or to engage in a new relationship or expand an existing business relationship with any Competitor; or (iv) otherwise take any action that is intended to or can reasonably be expected to cause the termination of or interference with any business relationship or expectancy between Lifeway and any of its Customers, suppliers, independent contractors, or employees. You further agree that you will not induce, attempt to induce, or aid any other person or entity to induce (or attempt to induce) any person or entity to breach any restrictive covenant agreement with Lifeway.

E. Non-Disparagement. You agree that you will not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments, or statements concerning Lifeway, its existing and prospective customers, suppliers, investors, and other associated third parties. You acknowledge and agree that you are not restricted or impeded from reporting conduct to, providing truthful information to, or participating in any investigation or proceeding conducted by any federal or state government agency or self-regulatory organization; from exercising any protected rights that cannot be waived by agreement; or from complying with any applicable law or regulation or a valid court or administrative order. Lifeway agrees that it shall cause its officers and directors to refrain from making any defamatory or disparaging remarks, comments, or statements concerning you to third parties.

F. Immunity. Pursuant to 18 U.S.C § 1833(b)(1): “An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.” If you are found to have wrongfully misappropriated trade secrets, you may be liable for, among other things, exemplary damages and attorneys’ fees.

G. Definitions. For purposes of this Agreement:

- i) “**Competitive Products**” shall mean products, services, or lines of business that Lifeway offers, manufactures, sells, or distributes (or demonstrably contemplates offering, manufacturing, selling, or distributing) within the last three (3) years of your employment, including without limitation drinkable kefir; cupped or pouched kefir; other kefir products; probiotic, cultured milk products; probiotic cheeses; and non-dairy products containing kefir cultures. Competitive Products shall not include any line of non-fermented and/or non-cultured dairy products unless as of your Termination Date the net sales of such product line constitutes more than ten (10) percent of the Company’s annual net revenue.
- ii) A “**Competitor**” of the Company shall mean any person or entity that engages (or intends to engage) in Competitive Products, or owns or controls (or intends to own or control) a significant interest in any entity that engages in Competitive Products.
- iii) “**Confidential Information**” shall include, without limitation and as broadly as permissible under applicable law, all information in spoken, printed, electronic, or any other form or medium existing now or in the future and relating directly or indirectly to Lifeway, its businesses, or any existing or prospective customer, supplier, investor, employee, or other person or entity that has entrusted information to Lifeway in confidence. Confidential Information also includes, without limitation, all trade secrets as defined under the Defend Trade Secrets Act of 2016, the Uniform Trade Secrets Act, or other applicable laws affording protection to trade secret and confidential information. Notwithstanding the foregoing, Confidential Information shall not include any information that was lawfully in your possession prior to (and not obtained in connection with) commencing employment with Lifeway.
- iv) A “**Customer**” of the Company shall mean any person or entity that has purchased any products or services from Lifeway during the last three (3) years of your employment and (i) you communicated with in any way during the past twelve (12) months; or (ii) about whom you possess Confidential Information or other nonpublic information.

H. Reasonableness and Enforcement of Covenants. You acknowledge and agree that the foregoing covenants are reasonable and not contrary to public policy, and that such restrictions are intended solely to safeguard the protectable interests and legitimate business needs of Lifeway. You further acknowledge and agree that your adherence to these restrictions will not prevent you from engaging in your chosen occupation and earning a satisfactory livelihood following the termination of your employment with Lifeway. In addition to any other remedies provided by law, Lifeway may obtain equitable relief from any actual or threatened violation of this Agreement, including specific performance and temporary or permanent injunctive relief. You agree that Lifeway may disclose the fact and terms of this Agreement to any future actual or prospective employer, and you waive any claims against Lifeway resulting from such disclosure. Additionally, Lifeway reserves the right to take disciplinary action, up to and including termination for violations of this Section 7 occurring during your employment with Lifeway. Should you violate any of the terms of the restrictive covenant obligations articulated herein, the obligation at issue will run from the first date on which you cease to be in violation of such obligation. If Lifeway prevails in any legal proceedings to enforce this Section 7, you agree to pay Lifeway all costs and attorneys’ fees reasonably it reasonably incurs in connection with such proceedings.

I. Future Employment. Before beginning employment with another employer at any time within eighteen (18) months after the Termination Date, you agree to notify Lifeway, in writing, of the name and business address of your prospective employer and the job title or position in which you will be employed. If your prospective employment is with a Competitor, you agree to seek Lifeway's written consent to such employment, and the Company will not unreasonably withhold such consent if you have complied with all other provisions of this Agreement and provided sufficient information to Lifeway to demonstrate that your employment will not result in a breach of any other provision of this Agreement. By consenting to your employment with a Competitor, Lifeway does not waive any other provision of this Agreement. The Company reserves the right to withdraw such consent if you breach any other provision of this Agreement, if the nature of your employment with the Competitor or the Competitor's business materially change, or if any of the representations you make to Lifeway regarding the nature of your employment or the Competitor's business are false or misleading.

8. Proprietary Rights. You acknowledge that both parties intend that (i) all Employment IPRs, Employment Works and all materials embodying them shall be promptly and fully disclosed to and will belong to Lifeway; (ii) Employment Works, and all materials contained therein or prepared therefor, shall be deemed to be Work Made For Hire on behalf of Lifeway as such term is defined under the copyright laws of the United States, and that Lifeway shall be the sole owner of the Employment Works, and all underlying rights therein, worldwide and in perpetuity.

A. In the event that the Employment Works, or any portion thereof, do not qualify or are deemed not to be Work Made For Hire, you hereby irrevocably grant, transfer, assign, and convey any and all right, title, and interest of any kind in and to the Employment Works and all materials contained therein or prepared therefor, and any improvements thereon, including all Employment IPRs and Intellectual Property Rights, to Lifeway to the maximum extent permitted by applicable law, to the extent ownership of any such rights does not vest originally in Lifeway. You further agree that you shall never transfer, license or assign the Employment Works and/or any Intellectual Property Rights therein to any third party, nor purport to do the same, nor contest Lifeway's exclusive, complete, and unrestricted ownership in and to the Employment Works and/or any Intellectual Property Rights therein, nor claim adverse rights therein. In addition to the foregoing, you acknowledge that you shall not be entitled to any compensation other than that provided for in this Agreement for any of the Employment Works and/or any Intellectual Property Rights therein.

B. You agree that you have not created, invented, designed, developed, contributed to or improved any Works prior to your employment by Lifeway that are relevant to or implicated by such employment or status ("**Prior Works**"). However, should you use or incorporate any Works later determined to be Prior Works in any work or development during your employment at Lifeway you hereby grant Lifeway a perpetual, non-exclusive, royalty-free, worldwide, assignable, sublicensable license under all rights and intellectual property rights of any kind in any such Prior Works for all purposes in connection with Lifeway's current and future business. You shall have the burden of proving that any Works created, invented, designed, developed, contributed to or improved by you that are relevant to or implicated by your employment by Lifeway are not Employment Works.

C. You agree to maintain any type or form of records, execute any further documents, and take any further actions requested by Lifeway to assist it in validating, effectuating, maintaining, protecting, enforcing, perfecting, recording, patenting, or registering any of their rights hereunder. If you are unable to execute a document or take any action for any reason, you irrevocably designate and appoint Lifeway as your agent and attorney-in-fact to act in your behalf in all applicable instances, including with any government authorities or agencies.

D. You agree not to attempt to register any Employment IPR or patent any Employment Works unless requested to do so by Lifeway; and to keep confidential each Employment Work unless Lifeway has consented in writing to its disclosure by you.

E. You waive all your present and future moral rights which arise under the applicable laws, and all similar rights in other jurisdictions, relating to any copyright which forms part of the Employment IPRs, and agree not to support, maintain, or permit any claim for infringement of moral rights in such copyright works.

F. You agree to give all necessary assistance to Lifeway to enable it to enforce Intellectual Property Rights against third parties, to defend claims for infringement of third party Intellectual Property Rights, and to apply for registration of Intellectual Property Rights, where appropriate throughout the world, and for the full term of those rights.

G. **Limitations.** Your assignment under this Section 8 does not apply to Works for which no equipment, supplies, facility, or Confidential Information of Lifeway was used and which was developed entirely on your own time, unless the invention relates to: (a) the business of Lifeway, or (b) Lifeway's actual or demonstrably anticipated research or development, or the Work results from any work performed by you for Lifeway.

H. **Definitions.** For purposes of this Agreement:

- i) **"Employment Works"** shall mean any Works which are made wholly or partially by you at any time during the course of your employment with Lifeway and within the scope of such employment or status and/or with the use of any Lifeway resources and whether or not recorded in material form.
- ii) **"Employment IPRs"** shall mean Intellectual Property Rights created by you in the course of your employment with Lifeway (whether or not during working hours or using Lifeway premises or resources and whether or not recorded in material form).
- iii) **"Intellectual Property Rights"** shall mean any and all right, title and interest in and to the Employment Works and all materials contained therein or prepared therefore, and any improvements thereon, including all intellectual property rights, including, without limitation, any and all rights that may exist from time to time in this or any other jurisdiction whether foreign or domestic under patent law, copyright law, publicity rights law, moral law, trade secret law, semiconductor chip law, trademark law, unfair competition law, or other similar protections regardless of whether or not such rights or protections are registered or perfected.
- iv) **"Works"** shall mean any invention, idea, concept, creation, plan, discussion, discovery, process, writing, artwork, audiovisuals, manuals, designs, drawings, graphics, computer programs, source code, object code, code/software, documentation, original work of authorship, development, improvement or innovation, or any other production of any nature whatsoever whether or not patentable or capable of registration, and whether or not recorded in any material form.

9. **Return of Lifeway Property.** At Lifeway's request and on your Termination Date, you will return to Lifeway all computer hardware, software, or other media, program codes or documentation, contracts, proposals, plans, lists, reports, schedules, manuals, files, and all other tangible or intangible documents, copies, or items which relate in any way to the business of Lifeway, including, without limitation, all materials that constitute, contain, or refer to any Confidential Information; and give to Lifeway all originals and copies of correspondence, documents, papers and records on all media which record or relate to any Employment IPRs.

10. Severability. If any provision of this Agreement is declared unenforceable, the remaining provisions of this Agreement will remain in effect. If any restriction on your post-employment activities is found by a court to be unreasonable or overly broad with respect to time, geography, or scope of the activities restricted, you and Lifeway agree that the court before which the matter is pending will enforce the restriction to the maximum extent it deems enforceable. Restrictions will be deemed divisible as to time, geographical scope, and scope of the activities restricted.

11. Withholding. The Company shall have the right to withhold from any amount payable hereunder any federal, state, and local taxes in order for Lifeway to satisfy any withholding tax obligation it may have under any applicable law or regulation.

12. Waiver. Either Lifeway's or your failure to insist on strict compliance with any terms in this Agreement is not a waiver of such terms. No breach of the covenants stated herein can be waived, except expressly in writing.

13. Choice of Law. This Agreement will be construed in accordance with and governed by the substantive laws of the State of Illinois, without regard to conflict of laws principles. Any action or proceeding to enforce or arising out of this Agreement must be commenced in the state or federal courts located in Cook County, Illinois. The parties consent to personal jurisdiction and exclusive venue in such court, and waive any request to transfer such action out of such court for the convenience of the parties and witnesses. **HAVING HAD THE OPPORTUNITY TO CONSULT COUNSEL, THE PARTIES KNOWINGLY AND VOLUNTARILY WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT, AND/OR ITS PERFORMANCE UNDER OR THE ENFORCEMENT OF THIS AGREEMENT.**

14. Entire Agreement and Amendments. This Agreement constitutes the entire agreement between the parties regarding the subject matters addressed herein; supersedes any and all prior or contemporaneous written or oral agreements, promises, representations, and negotiations between the parties; and may be amended only by a later written agreement signed by both you and Lifeway. For the sake of clarification, nothing in this Agreement shall affect your rights under any Company incentive or equity plan or any award agreement or notice provided to you by the Company pursuant to such plan. You and Lifeway agree that this Agreement is executed to and, as of the Effective Date, does restate and supersede the Employment Agreement previously executed by you and the Company dated May 2, 2016.

15. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by you, Lifeway, and any respective heirs, successors and assigns, except that you shall not have any right to assign or otherwise transfer this Agreement, or any of your rights, duties, or any other interest herein to any party without the prior written consent of Lifeway. Any such purported assignment shall be null and void. Lifeway may assign this Agreement to any successor or assign to all or substantially all of the business or assets of the Company.

16. Notice. Notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by certified mail, return receipt requested, postage prepaid, addressed to the respective addresses last given by each party to the other, provided that all notices to Lifeway will be directed to the attention of the Board with a copy to the General Counsel of the Company at 6101 West Gross Point Road, Niles, IL 60714. All notices and communications will be deemed to have been received on their date of delivery or on the third business day after the mailing thereof, except that notices of changes of address will be effective only upon receipt.

17. **Survival.** Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

18. **Acknowledgement of Full Understanding.** YOU ACKNOWLEDGE AND AGREE (I) THAT YOU HAD AN EQUAL OPPORTUNITY TO FULLY READ, UNDERSTAND, AND NEGOTIATE ALL OF THE TERMS OF THIS AGREEMENT; (II) THAT THIS AGREEMENT PROVIDES YOU VALUABLE CONSIDERATION TO WHICH YOU ARE NOT OTHERWISE ENTITLED, SUCH AS SEVERANCE BENEFITS TO WHICH YOU MAY BE ENTITLED TO HEREUNDER AND ANY EQUITY-BASED INCENTIVE AWARD(S) GRANTED TO YOU; (III) THAT YOU VOLUNTARILY ENTER INTO THIS AGREEMENT; AND (IV) THAT YOU HAVE HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF YOUR CHOICE BEFORE SIGNING THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date last below written.

Lifeway Foods, Inc.

By: /s/ Jason Scher

Name: Jason Scher

Title: Chairperson of the Compensation Committee

Date: 4/21/2017

Jennifer Reilly

By: /s/ Jennifer Reilly

Name: Jennifer Reilly

Date: 3/31/2017

EXHIBIT A

(Target Cash Bonus)

For the fiscal year ended December 31, 2017, the incentive plan for Jennifer Reilly approved by the Compensation Committee based on the recommendation of the Chief Executive Officer and Chief Operating Officer includes a performance-based plan that provides for a Target Cash Bonus of up to \$150,000 if certain individual performance targets are met.

EXHIBIT B

(Target Equity Bonus)

For the fiscal year ended December 31, 2017, the incentive plan for Jennifer Reilly approved by the Compensation Committee based on the recommendation of the Chief Executive Officer and Chief Operating Officer includes a performance-based plan that provides for a Target Equity Bonus of up to \$400,000 if the Company meets the net revenue and adjusted EBITDA targets established by the Committee.

EXECUTIVE EMPLOYMENT AGREEMENT

This Agreement is made as of the date last signed below, but shall be effective as of January 1, 2017 (the “**Effective Date**”) between Lifeway Foods, Inc., an Illinois corporation, and the corporation’s present or future parents, subsidiaries, successors, directors, officers, and assigns (collectively referred to as “**Lifeway**” or the “**Company**”), and John Waldron (“**You**”).

1. Employment. You accept employment with Lifeway as of the Effective Date in the position of Chief Financial Officer, or in such other position as may be mutually agreed upon by you and Lifeway.

A. Duties. You agree to provide all your business time, ability, energy, efforts, judgment, knowledge, and skill to the performance of your duties for Lifeway, to comply with all Lifeway policies, and to perform all job duties assigned to you by Lifeway. Notwithstanding the foregoing, you may (i) participate in charitable, civic, educational, professional, community, or industry affairs; (ii) manage your passive personal investments; and (iii) with prior written notice to the Chief Executive Officer and General Counsel, serve on the boards of directors of non-profit organizations; so long as such activities, individually or in the aggregate, do not interfere or conflict with your job duties hereunder or create a potential business or fiduciary conflict.

B. Place of Performance. The principal place of your employment shall be the Company’s principal executive offices within a fifty (50) mile radius of Chicago, Illinois; provided that Lifeway may require you to travel on Company business.

2. Term. Your employment under this Agreement will begin on the Effective Date, and will continue for a period of one (1) year thereafter (the “**Term**”), unless terminated earlier pursuant to this Agreement. On each annual anniversary of the Effective Date thereafter (each, a “**Renewal Date**”), the Agreement shall automatically renew, on the same terms and conditions, for successive Terms of one year, unless Lifeway’s Board of Directors’ (the “**Board**”) Compensation Committee (the “**Compensation Committee**”) provides written notice to you at least ninety (90) days prior to the applicable Renewal Date of Lifeway’s intention not to renew the Agreement. The period during which you are employed by Lifeway is referred to as the “**Employment Term**”.

3. Compensation.

A. Base Salary. During the Employment Term, Lifeway shall pay you an annual **Base Salary** of \$400,000 in accordance with the Company’s customary payroll practices and applicable wage payment laws. Your Base Salary shall be reviewed at least annually by the Company and Lifeway may, but shall not be required to, increase it. However, your Base Salary may not be decreased during the Employment Term other than as part of a general reduction in Base Salary that affects all similarly situated executives in substantially the same proportions.

B. Annual Bonus. For each fiscal year ending during the Employment Term, you shall be eligible for an **Annual Bonus**. The Annual Bonus shall consist of a Target Cash Bonus and a Target Equity Bonus. You will be eligible for a **Target Cash Bonus** based on the achievement of your individual annual goals and targets established by the Compensation Committee. You will be eligible for a **Target Equity Bonus** on a sliding scale determined by Lifeway’s performance against Company-wide annual goals and targets established by the Compensation Committee. Depending on results, the Annual Bonus you are eligible to earn may be higher or lower than the Target Cash and Target Equity Bonuses. Your 2017 Target Cash Bonus and Target Equity Bonus eligibility are described in the attached Exhibit A (Cash Bonus) and Exhibit B (Equity Bonus).

C. Earning the Annual Bonus. Except as otherwise provided in Section 4, (i) the Annual Bonus will be subject to the terms of any Company plan under which it is granted and any award agreement or notice provided to you by the Company; and (ii) in order to earn and receive an Annual Bonus, you must be employed by Lifeway on the date that the Annual Bonus is paid by the Company to similarly-situated executives. Nothing contained in this Agreement restricts the Company's rights to alter, amend, or terminate at any time any Company plan under which the Annual Bonus is granted.

D. Fringe Benefits and Perquisites. During the Employment Term, you shall be entitled to these fringe benefits and perquisites:

- i) Coverage under an excess liability (umbrella) insurance policy that the Company selects in its sole discretion that provides \$15,000,000 of coverage per occurrence;
- ii) An allowance of up to \$2,000 per calendar year for Internet/telecommunications services, subject to applicable tax withholdings;
- iii) If free, Company-provided parking is not available at that office, a Company-paid parking pass at a mutually agreeable location near any of the Company's principal executive offices;
- iv) Four (4) weeks of Paid Time Off per calendar year or an amount of Paid Time Off that is at least as favorable as that provided to other similarly situated officers and senior executives of the Company. Paid Time Off shall not carry over from calendar year to calendar year during the Employment Term.

E. Employee Benefits. During the Employment Term, you shall be entitled to participate in all health and welfare, retirement, and other benefit plans applicable to officers and senior executives of the Company (collectively, "**Employee Benefit Plans**") to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. Lifeway reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law. In addition, Lifeway will reimburse you for the cost of an annual comprehensive executive physical examination at a healthcare provider/facility of your choice, with a maximum reimbursement of \$2,000, net of applicable tax withholdings, per calendar year (\$4,000, net of applicable tax withholdings, per calendar year including your spouse or domestic partner).

F. Clawback Provisions. Notwithstanding any other provisions of this Agreement, any compensation paid to you during the Employment Term is subject to any policy (whether in existence as of the Effective Date or later adopted) established by the Company providing for clawback or recovery of amounts that were paid to you. The Company will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable policy, law, or regulation, and you agree to effectuate any such clawback or recovery at such time and in such manner as Lifeway may specify.

4. Termination of Employment.

A. You may terminate your employment under this Agreement at any time and for any reason with ninety (90) days' prior written notice. Lifeway may terminate your employment at any time and for any reason not prohibited by law. On the date that your employment terminates under this Agreement (the "**Termination Date**"), you shall be entitled to the compensation and benefits described in this Section 4 and shall have no further rights to any compensation or any other benefits of any type from Lifeway, except benefits expressly required by law or expressly mandated by the terms of any applicable benefit or incentive plans.

B. Resignation of All Positions. Effective on your Termination Date, you shall be deemed to have resigned from all positions that you hold with Lifeway and/or its Board.

C. Expiration/Non-Renewal of the Term. If your employment is terminated by Lifeway on account of the Company's failure to renew the Agreement in accordance with Section 2 ("**Non-Renewal**"), and you return to Lifeway an enforceable general release in a form satisfactory to the Company (a "**General Release**"), you shall be entitled to receive:

- i) your Base Salary for three (3) months after your Termination Date;
- ii) your accrued but unused Paid Time Off as of your Termination Date in accordance with the Company's customary payroll procedures;
- iii) a cash bonus equal to the greater of (i) the value of the Annual Bonus you would have earned for the fiscal year of your Termination Date if you would have been employed on the date that the Company paid such Annual Bonus; or (ii) the value of the actual Annual Bonus you earned for the fiscal year prior to your Termination Date. The bonus shall be payable in a lump sum, less applicable withholdings, on or before the date that the Annual Bonus for the fiscal year of your Termination Date is (or would have been) paid by the Company to similarly situated executives.
- iv) reimbursement for unreimbursed business expenses that you properly incurred, in accordance with the Company's expense reimbursement policy; and
- v) to the extent that you hold equity-based awards granted by Lifeway under any of its equity incentive plans as of your Termination Date (your "**Outstanding Awards**"), any vested but unsettled Outstanding Awards; provided that in no event shall you be entitled to any Outstanding Award that is not vested. Such unvested Outstanding Awards will terminate on your Termination Date.

D. Termination for Cause or Without Good Reason. If your employment is terminated by Lifeway for Cause or by you without Good Reason, you shall be entitled to receive:

- i) your accrued but unpaid Base Salary and Paid Time Off as of your Termination Date in accordance with the Company's customary payroll procedures;
- ii) reimbursement for unreimbursed business expenses that you properly incurred, in accordance with the Company's expense reimbursement policy; and
- iii) any vested but unsettled Outstanding Awards (if applicable); provided that in no event shall you be entitled to any Outstanding Award that is not vested. Such unvested Outstanding Awards will terminate on your Termination Date.

E. Termination without Cause or for Good Reason. If your employment is terminated by Lifeway without Cause or by you voluntarily for Good Reason, and you return to Lifeway a General Release, you shall be entitled to receive:

- i) your Base Salary for the remainder of the current Term or six (6) months, whichever is greater;

- ii) your accrued but unused Paid Time Off as of your Termination Date in accordance with the Company's customary payroll procedures;
- iii) a one-time payment of \$10,000 for your financial planning or transition-related needs;
- iv) if you timely elect continued coverage under COBRA, the COBRA premiums necessary to continue your coverage (including coverage for eligible dependents, if applicable) ("**COBRA Premiums**") through the period (the "**COBRA Premium Period**") starting on the Termination Date and ending on the earliest to occur of: (i) six calendar months after the calendar month of your Termination Date; (ii) the date you (and your eligible dependents, if applicable) become eligible for group health insurance coverage through another employer; or (iii) the date you cease to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event you become covered under another employer's group health plan or otherwise cease to be eligible for COBRA during the COBRA Premium Period, you must immediately notify the Company of such event.
- v) a cash bonus equal to the greater of (i) the value of the Annual Bonus you would have earned for the fiscal year of your Termination Date if you would have been employed on the date that the Company paid such Annual Bonus; or (ii) the value of the actual Annual Bonus you earned for the fiscal year prior to your Termination Date. The bonus shall be payable in a lump sum, less applicable withholdings, on or before the date that the Annual Bonus for the fiscal year of your Termination Date is (or would have been) paid by the Company to similarly situated executives.
- vi) reimbursement for unreimbursed business expenses that you properly incurred, in accordance with the Company's expense reimbursement policy; and
- vii) to the extent that you hold any Outstanding Awards, an amendment to each award agreement that evidences each such Outstanding Award that provides as follows:

If your employment with Lifeway is terminated without Cause or for Good Reason, your Outstanding Awards that are Stock Options or Stock Appreciation Rights shall immediately become fully vested and exercisable on your Termination Date. The vested Outstanding Awards shall be exercisable for the period specified in the applicable option agreement. Your Outstanding Awards that are equity-based compensation other than Stock Options/Stock Appreciation Rights and are not intended to qualify as performance-based compensation under Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended (the "Code") shall become fully vested and the restrictions thereon shall lapse; provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award agreement and that are required under Section 409A of the Code ("Section 409A") shall remain in effect. Your Outstanding Awards that are equity-based compensation other than Stock Options/Stock Appreciation Rights and are intended to qualify as performance-based compensation under Section 162(m)(4)(C) of the Code shall remain outstanding and shall vest or be forfeited as specified by the applicable award agreements, if the applicable performance goals are satisfied.

F. For purposes of this Agreement, “**Cause**” means your: (i) Death; (ii) Inability to perform the essential functions of your job, with or without reasonable accommodation, for a period of more than twelve weeks, in the aggregate, during any rolling twelve-month period (“**Disability**”); (iii) Willful engagement in dishonesty, illegal conduct, or gross misconduct, which is, in each case, injurious to Lifeway; (iv) Willful failure to follow the valid and lawful directives of the Board or any executive to which you report; (v) Conviction of or plea of guilty or nolo contendere to a crime that constitutes either a felony (or state law equivalent); or another crime that constitutes a misdemeanor involving moral turpitude, if such other crime is work-related, materially impairs your ability to perform services for Lifeway, or results in reputational or financial harm to the Company; (vi) Failure to reasonably cooperate in any audit or investigation of the business or financial practices of Lifeway; (vii) Act of theft, embezzlement, fraud, or misappropriation, regardless of its relationship to Lifeway; (viii) Failure to obtain, maintain in good standing, or provide documentation of any license, certification, or registration required by law or which Lifeway may from time to time require as a condition of your employment, *provided however* that you will be provided written notice and a reasonable opportunity to cure such failure, if curable, prior to termination of your employment under this provision; (ix) Material breach of this Agreement, failure to follow the reasonable policies, practices, procedures, or instructions of Lifeway, or failure to perform the duties of your employment to Lifeway’s reasonable satisfaction, *provided however* that you will be provided written notice and a reasonable opportunity to cure any such breach or failure, if curable, prior to termination of your employment under this provision. (x) Notice to Lifeway that you intend to terminate your employment under this Agreement without complying with the notice provisions of this Section 4.

G. For purposes of this Agreement, “**Good Reason**” means the occurrence of any of the following events: (i) A material reduction in your Base Salary, other than a general reduction in Base Salary that affects all similarly situated executives in substantially the same proportions; (ii) A reduction in your Annual Bonus opportunity below 10% of your Base Salary, other than a general reduction in Annual Bonus opportunity that affects all similarly situated executives in substantially the same proportions; (iii) A relocation of your principal place of employment by more than fifty (50) miles; (iv) Any material breach by Lifeway of any material provision of this Agreement or any material provision of any other agreement between you and Lifeway; (v) A material, adverse change in your title, authority, duties, or responsibilities (other than temporarily while you are physically or mentally incapacitated or as required by applicable law), other than a change that affects all similarly situated executives in substantially the same manner;

H. Section 280G. If any of the payments you receive in connection with this Section 4 (“**280G Payments**”) constitute “parachute payments” within the meaning of Section 280G of the Code and would, but for this Section, be subject to the excise tax imposed under Section 4999 of the Code (the “**Excise Tax**”), then prior to making the 280G Payments, a conclusive, binding calculation and determination shall be made by an independent accounting firm or independent tax counsel (the “**Tax Counsel**”) appointed and paid by Lifeway that compares (i) the Net Benefit (as defined below) to you of the 280G Payments after payment of the Excise Tax to (ii) the Net Benefit to you if the 280G Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Lifeway will pay you the amount of either (i) or (ii) that results in the greatest Net Benefit to you and is consistent with the requirements of Section 409A. “**Net Benefit**” shall mean the present value of the 280G Payments net of all federal, state, local, foreign income, employment, and excise taxes. For purposes of making the calculations and determinations required by this Section, the Tax Counsel may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. You and Lifeway agree to furnish the Tax Counsel with such information and documents as the Tax Counsel may reasonably request in order to make its determinations under this Section.

I. Section 409A.

- i) **General Compliance.** This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, Lifeway makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall Lifeway be liable for any taxes, penalties, interest, or other expenses that may be incurred by you on account of non-compliance with Section 409A.
- ii) **Specified Employees.** Notwithstanding any other provision of this Agreement, if any payment or benefit provided to you in connection with your termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and you are determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of your Termination Date or, if earlier, on your death (the "**Specified Employee Payment Date**"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date and interest on such amounts calculated based on the applicable federal rate published by the Internal Revenue Service for the month of your Termination Date shall be paid to you in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.
- iii) **Reimbursements.** To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (b) any reimbursement of an eligible expense shall be paid to you on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (c) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.
- iv) **Tax Gross-ups.** Any tax gross-up payments provided under this Agreement shall be paid to you on or before December 31 of the calendar year immediately following the calendar year in which you remit the related taxes.
- v) **Payments Subject to Execution of a General Release.** Notwithstanding anything herein to the contrary, any payment or benefit provided to you in connection with your termination of employment that is subject to your execution of a General Release shall be made within 60 days after your Termination Date, provided that you have executed a General Release and it has become irrevocable by the date payment is to be made. To the extent required to comply with Section 409A of the Code, if the period during which you have the discretion to execute or revoke a General Release straddles two calendar years, then the Company will make the payments due to you under this Section in the second year, regardless of which year you actually deliver an executed General Release to the Company.

5. Indemnification.

A. If you are made or threatened to be made a party to or a participant in any actual, threatened, pending, or completed action, claim, or proceeding of any type, Lifeway shall indemnify, defend, and hold you harmless to the fullest extent authorized or permitted by applicable law, by its Certificate of Incorporation, and by its By-Laws, as the foregoing may be amended from time to time, and including any and all expenses and losses arising out of or relating to any of your actual or alleged acts, omissions, negligence or active or passive wrongdoing, including the advancement of expenses you incur.

B. The indemnification in this Agreement shall not apply to (i) any acts, omissions, or transactions from which you may not be relieved of liability under applicable law; (ii) proceedings that you initiate voluntarily without Lifeway's prior written consent and not by way of defense, counterclaim, or affirmative defense (not including good faith, non-frivolous proceedings brought to enforce a right to indemnification under this Agreement); or (iii) actions, claims, or proceedings of any type arising from your purchase and/or sale of securities in violation of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

C. During the Employment Term and for a period of six (6) years thereafter, the Company or any successor to the Company shall purchase and maintain, at its own expense, directors' and officers' liability insurance providing coverage to you on terms that are no less favorable than the coverage provided to other directors and officers of Lifeway.

6. Cooperation. You may be involved in matters during the Employment Term that necessitate your cooperation in the future. Accordingly, following your Termination Date, to the extent that Lifeway reasonably requests, you shall cooperate with Lifeway regarding matters arising out of your employment; provided that Lifeway shall: make reasonable efforts to minimize disruption of your other activities; reimburse you for reasonable expenses incurred in connection with such cooperation; and, to the extent that you required to spend substantial time on such matters, compensate you at an hourly rate based on your Base Salary on your Termination Date.

6. Restrictive Covenants.

A. Acknowledgements. You acknowledge and agree that the nature of your position (i) gives you access to and knowledge of Confidential Information (defined below), as well as Lifeway's customers, suppliers, and business contacts; (ii) that it places you in a position of trust and confidence with Lifeway and generates goodwill for the Company. You also understand and agree that the services you provide to Lifeway are unique, special, extraordinary, and irreplaceable.

B. Confidential Information. You acknowledge that, by virtue of your employment by Lifeway, you will be granted otherwise prohibited access to Confidential Information belonging to Lifeway, which is not known either to its competitors, within the industry generally, or to the public. You recognize that Lifeway's Confidential Information is the Company's valuable property that it developed over a significant period of time and at substantial expense, and that its exclusive knowledge and use of that Confidential Information is of great competitive importance and commercial value. You further acknowledge that Lifeway's industry is highly competitive, and that Lifeway would be irreparably harmed by actual or threatened disclosure of its Confidential Information or the use of that Confidential Information by any competitor or outside party. Accordingly, you agree that you will not in any way during your employment with Lifeway or thereafter directly or indirectly use or disclose (or allow to be disclosed or used) any Confidential Information, except as necessary and authorized in the course of your employment with Lifeway.

C. Non-Competition. You agree that, for the duration of your employment with Lifeway and for a period of eighteen (18) months following the Termination Date if you are terminated with Cause or for Non-Renewal, you shall not directly or indirectly, whether for pay or otherwise, provide any services of any type to or on behalf of a Competitor, whether as an employee, independent contractor, partner, agent, consultant, owner, or otherwise; or hold any ownership interest in any Competitor of Lifeway. Nothing shall prohibit you from: (i) providing such services to a Competitor if your relationship with that Competitor does not involve you directly or indirectly providing services of any type related to Competitive Products; or (ii) owning up to 2% of any class of securities of any issuer if the securities are listed on a national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934 and your ownership of such shares represents a passive interest in the issuer.

D. Non-Solicitation. During your employment with Lifeway and for a period of eighteen (18) months thereafter, you will not directly or indirectly (i) participate in promoting, offering, or selling any Competitive Products to any Customer; (ii) solicit or encourage any Lifeway employee or independent contractor to terminate his or her employment or contractor relationship with Lifeway, or to become an employee or independent contractor of any Competitor; (iii) solicit or encourage any Lifeway supplier to terminate its business relationship with Lifeway, or to engage in a new relationship or expand an existing business relationship with any Competitor; or (iv) otherwise take any action that is intended to or can reasonably be expected to cause the termination of or interference with any business relationship or expectancy between Lifeway and any of its Customers, suppliers, independent contractors, or employees. You further agree that you will not induce, attempt to induce, or aid any other person or entity to induce (or attempt to induce) any person or entity to breach any restrictive covenant agreement with Lifeway.

E. Non-Disparagement. You agree that you will not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments, or statements concerning Lifeway, its existing and prospective customers, suppliers, investors, and other associated third parties. You acknowledge and agree that you are not restricted or impeded from reporting conduct to, providing truthful information to, or participating in any investigation or proceeding conducted by any federal or state government agency or self-regulatory organization; from exercising any protected rights that cannot be waived by agreement; or from complying with any applicable law or regulation or a valid court or administrative order. Lifeway agrees that it shall cause its officers and directors to refrain from making any defamatory or disparaging remarks, comments, or statements concerning you to third parties.

F. Immunity. Pursuant to 18 U.S.C § 1833(b)(1): “An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.” If you are found to have wrongfully misappropriated trade secrets, you may be liable for, among other things, exemplary damages and attorneys’ fees.

G. Definitions. For purposes of this Agreement:

- i) “**Competitive Products**” shall mean products, services, or lines of business that Lifeway offers, manufactures, sells, or distributes (or demonstrably contemplates offering, manufacturing, selling, or distributing) within the last three (3) years of your employment, including without limitation drinkable kefir; cupped or pouched kefir; other kefir products; probiotic, cultured milk products; farmer cheeses, spreadable cheeses; probiotic supplements; and probiotic beverages.

- ii) A “**Competitor**” of the Company shall mean any person or entity that engages (or intends to engage) in Competitive Products, or owns or controls (or intends to own or control) a significant interest in any entity that engages in Competitive Products.
- iii) “**Confidential Information**” shall include, without limitation and as broadly as permissible under applicable law, all information in spoken, printed, electronic, or any other form or medium existing now or in the future and relating directly or indirectly to Lifeway, its businesses, or any existing or prospective customer, supplier, investor, employee, or other person or entity that has entrusted information to Lifeway in confidence. Confidential Information also includes, without limitation, all trade secrets as defined under the Defend Trade Secrets Act of 2016, the Uniform Trade Secrets Act, or other applicable laws affording protection to trade secret and confidential information. Notwithstanding the foregoing, Confidential Information shall not include any information that was lawfully in your possession prior to (and not obtained in connection with) commencing employment with Lifeway.
- iv) A “**Customer**” of the Company shall mean any person or entity that has purchased any products or services from Lifeway during the last three (3) years of your employment and (i) you communicated with in any way during the past twelve (12) months; or (ii) about whom you possess Confidential Information or other nonpublic information.

H. Reasonableness and Enforcement of Covenants. You acknowledge and agree that the foregoing covenants are reasonable and not contrary to public policy, and that such restrictions are intended solely to safeguard the protectable interests and legitimate business needs of Lifeway. You further acknowledge and agree that your adherence to these restrictions will not prevent you from engaging in your chosen occupation and earning a satisfactory livelihood following the termination of your employment with Lifeway. In addition to any other remedies provided by law, Lifeway may obtain equitable relief from any actual or threatened violation of this Agreement, including specific performance and temporary or permanent injunctive relief. You agree that Lifeway may disclose the fact and terms of this Agreement to any future actual or prospective employer, and you waive any claims against Lifeway resulting from such disclosure. Additionally, Lifeway reserves the right to take disciplinary action, up to and including termination for violations of this Section 7 occurring during your employment with Lifeway. Should you violate any of the terms of the restrictive covenant obligations articulated herein, the obligation at issue will run from the first date on which you cease to be in violation of such obligation. If Lifeway prevails in any legal proceedings to enforce this Section 7, you agree to pay Lifeway all costs and attorneys’ fees reasonably it reasonably incurs in connection with such proceedings.

I. Future Employment. Before beginning employment with another employer at any time within eighteen (18) months after the Termination Date, you agree to notify Lifeway, in writing, of the name and business address of your prospective employer and the job title or position in which you will be employed. If your prospective employment is with a Competitor, you agree to seek Lifeway’s written consent to such employment, and the Company will not unreasonably withhold such consent if you have complied with all other provisions of this Agreement and provided sufficient information to Lifeway to demonstrate that your employment will not result in a breach of any other provision of this Agreement. By consenting to your employment with a Competitor, Lifeway does not waive any other provision of this Agreement. The Company reserves the right to withdraw such consent if you breach any other provision of this Agreement, if the nature of your employment with the Competitor or the Competitor’s business materially change, or if any of the representations you make to Lifeway regarding the nature of your employment or the Competitor’s business are false or misleading.

7. **Proprietary Rights.** You acknowledge that both parties intend that (i) all Employment IPRs, Employment Works and all materials embodying them shall be promptly and fully disclosed to and will belong to Lifeway; (ii) Employment Works, and all materials contained therein or prepared therefor, shall be deemed to be Work Made For Hire on behalf of Lifeway as such term is defined under the copyright laws of the United States, and that Lifeway shall be the sole owner of the Employment Works, and all underlying rights therein, worldwide and in perpetuity.

A. In the event that the Employment Works, or any portion thereof, do not qualify or are deemed not to be Work Made For Hire, you hereby irrevocably grant, transfer, assign, and convey any and all right, title, and interest of any kind in and to the Employment Works and all materials contained therein or prepared therefor, and any improvements thereon, including all Employment IPRs and Intellectual Property Rights, to Lifeway to the maximum extent permitted by applicable law, to the extent ownership of any such rights does not vest originally in Lifeway. You further agree that you shall never transfer, license or assign the Employment Works and/or any Intellectual Property Rights therein to any third party, nor purport to do the same, nor contest Lifeway's exclusive, complete, and unrestricted ownership in and to the Employment Works and/or any Intellectual Property Rights therein, nor claim adverse rights therein. In addition to the foregoing, you acknowledge that you shall not be entitled to any compensation other than that provided for in this Agreement for any of the Employment Works and/or any Intellectual Property Rights therein.

B. You agree that you have not created, invented, designed, developed, contributed to or improved any Works prior to your employment by Lifeway that are relevant to or implicated by such employment or status ("**Prior Works**"). However, should you use or incorporate any Works later determined to be Prior Works in any work or development during your employment at Lifeway you hereby grant Lifeway a perpetual, non-exclusive, royalty-free, worldwide, assignable, sublicensable license under all rights and intellectual property rights of any kind in any such Prior Works for all purposes in connection with Lifeway's current and future business. You shall have the burden of proving that any Works created, invented, designed, developed, contributed to or improved by you that are relevant to or implicated by your employment by Lifeway are not Employment Works.

C. You agree to maintain any type or form of records, execute any further documents, and take any further actions requested by Lifeway to assist it in validating, effectuating, maintaining, protecting, enforcing, perfecting, recording, patenting, or registering any of their rights hereunder. If you are unable to execute a document or take any action for any reason, you irrevocably designate and appoint Lifeway as your agent and attorney-in-fact to act in your behalf in all applicable instances, including with any government authorities or agencies.

D. You agree not to attempt to register any Employment IPR or patent any Employment Works unless requested to do so by Lifeway; and to keep confidential each Employment Work unless Lifeway has consented in writing to its disclosure by you.

E. You waive all your present and future moral rights which arise under the applicable laws, and all similar rights in other jurisdictions, relating to any copyright which forms part of the Employment IPRs, and agree not to support, maintain, or permit any claim for infringement of moral rights in such copyright works.

F. You agree to give all necessary assistance to Lifeway to enable it to enforce Intellectual Property Rights against third parties, to defend claims for infringement of third party Intellectual Property Rights, and to apply for registration of Intellectual Property Rights, where appropriate throughout the world, and for the full term of those rights.

G. Limitations. Your assignment under this Section 8 does not apply to Works for which no equipment, supplies, facility, or Confidential Information of Lifeway was used and which was developed entirely on your own time, unless the invention relates to: (a) the business of Lifeway, or (b) Lifeway's actual or demonstrably anticipated research or development, or the Work results from any work performed by you for Lifeway.

H. Definitions. For purposes of this Agreement:

- i) **"Employment Works"** shall mean any Works which are made wholly or partially by you at any time during the course of your employment with Lifeway and within the scope of such employment or status and/or with the use of any Lifeway resources and whether or not recorded in material form.
- ii) **"Employment IPRs"** shall mean Intellectual Property Rights created by you in the course of your employment with Lifeway (whether or not during working hours or using Lifeway premises or resources and whether or not recorded in material form).
- iii) **"Intellectual Property Rights"** shall mean any and all right, title and interest in and to the Employment Works and all materials contained therein or prepared therefore, and any improvements thereon, including all intellectual property rights, including, without limitation, any and all rights that may exist from time to time in this or any other jurisdiction whether foreign or domestic under patent law, copyright law, publicity rights law, moral law, trade secret law, semiconductor chip law, trademark law, unfair competition law, or other similar protections regardless of whether or not such rights or protections are registered or perfected.
- iv) **"Works"** shall mean any invention, idea, concept, creation, plan, discussion, discovery, process, writing, artwork, audiovisuals, manuals, designs, drawings, graphics, computer programs, source code, object code, code/software, documentation, original work of authorship, development, improvement or innovation, or any other production of any nature whatsoever whether or not patentable or capable of registration, and whether or not recorded in any material form.

8. Return of Lifeway Property. At Lifeway's request and on your Termination Date, you will return to Lifeway all computer hardware, software, or other media, program codes or documentation, contracts, proposals, plans, lists, reports, schedules, manuals, files, and all other tangible or intangible documents, copies, or items which relate in any way to the business of Lifeway, including, without limitation, all materials that constitute, contain, or refer to any Confidential Information; and give to Lifeway all originals and copies of correspondence, documents, papers and records on all media which record or relate to any Employment IPRs.

9. Severability. If any provision of this Agreement is declared unenforceable, the remaining provisions of this Agreement will remain in effect. If any restriction on your post-employment activities is found by a court to be unreasonable or overly broad with respect to time, geography, or scope of the activities restricted, you and Lifeway agree that the court before which the matter is pending will enforce the restriction to the maximum extent it deems enforceable. Restrictions will be deemed divisible as to time, geographical scope, and scope of the activities restricted.

10. Withholding. The Company shall have the right to withhold from any amount payable hereunder any federal, state, and local taxes in order for Lifeway to satisfy any withholding tax obligation it may have under any applicable law or regulation.

11. Waiver. Either Lifeway's or your failure to insist on strict compliance with any terms in this Agreement is not a waiver of such terms. No breach of the covenants stated herein can be waived, except expressly in writing.

12. Choice of Law. This Agreement will be construed in accordance with and governed by the substantive laws of the State of Illinois, without regard to conflict of laws principles. Any action or proceeding to enforce or arising out of this Agreement must be commenced in the state or federal courts located in Cook County, Illinois. The parties consent to personal jurisdiction and exclusive venue in such court, and waive any request to transfer such action out of such court for the convenience of the parties and witnesses. HAVING HAD THE OPPORTUNITY TO CONSULT COUNSEL, THE PARTIES KNOWINGLY AND VOLUNTARILY WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT, AND/OR ITS PERFORMANCE UNDER OR THE ENFORCEMENT OF THIS AGREEMENT.

13. Entire Agreement and Amendments. This Agreement constitutes the entire agreement between the parties regarding the subject matters addressed herein; supersedes any and all prior or contemporaneous written or oral agreements, promises, representations, and negotiations between the parties; and may be amended only by a later written agreement signed by both you and Lifeway. For the sake of clarification, nothing in this Agreement shall affect your rights under any Company incentive or equity plan or any award agreement or notice provided to you by the Company pursuant to such plan. You and Lifeway agree that this Agreement is executed to and, as of the Effective Date, does restate and supersede the Employment Agreement previously executed by you and the Company dated July 20, 2015.

14. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by you, Lifeway, and any respective heirs, successors and assigns, except that you shall not have any right to assign or otherwise transfer this Agreement, or any of your rights, duties, or any other interest herein to any party without the prior written consent of Lifeway. Any such purported assignment shall be null and void. Lifeway may assign this Agreement to any successor or assign to all or substantially all of the business or assets of the Company.

15. Notice. Notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by certified mail, return receipt requested, postage prepaid, addressed to the respective addresses last given by each party to the other, provided that all notices to Lifeway will be directed to the attention of the Board with a copy to the General Counsel of the Company at 6101 West Gross Point Road, Niles, IL 60714. All notices and communications will be deemed to have been received on their date of delivery or on the third business day after the mailing thereof, except that notices of changes of address will be effective only upon receipt.

16. Survival. Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

17. **Acknowledgement of Full Understanding.** YOU ACKNOWLEDGE AND AGREE (I) THAT YOU HAD AN EQUAL OPPORTUNITY TO FULLY READ, UNDERSTAND, AND NEGOTIATE ALL OF THE TERMS OF THIS AGREEMENT; (II) THAT THIS AGREEMENT PROVIDES YOU VALUABLE CONSIDERATION TO WHICH YOU ARE NOT OTHERWISE ENTITLED, SUCH AS SEVERANCE BENEFITS TO WHICH YOU MAY BE ENTITLED TO HEREUNDER AND ANY EQUITY-BASED INCENTIVE AWARD(S) GRANTED TO YOU; (III) THAT YOU VOLUNTARILY ENTER INTO THIS AGREEMENT; AND (IV) THAT YOU HAVE HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF YOUR CHOICE BEFORE SIGNING THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date last below written.

Lifeway Foods, Inc.

By: /s/ Jason Scher

Name: Jason Scher

Title: Chairperson of the Compensation Committee

Date: 4/21/2017

Executive

By: /s/ John Waldron

Name: John Waldron

Date: 3/14/2017

EXHIBIT A

(Target Cash Bonus)

For the year ended December 31, 2017, the incentive plan for John Waldron approved by the Compensation Committee based on the recommendation of the Chief Executive Officer and Chief Operating Officer includes a performance-based plan that provides for cash bonuses of up to \$200,000 if certain individual performance targets are met.

EXHIBIT B

(Target Equity Bonus)

For the fiscal year ended December 31, 2017, the incentive plan for John Waldron approved by the Compensation Committee based on the recommendation of the Chief Executive Officer and Chief Operating Officer includes a performance-based plan that provides for a Target Equity Bonus of up to \$400,000 if the Company meets the net revenue and adjusted EBITDA targets established by the Committee.