

LIFEWAY FOODS INC
 Form 5
 February 14, 2017

FORM 5

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

1. Name and Address of Reporting Person *
SMOLYANSKY EDWARD
 (Last) (First) (Middle)

2. Issuer Name and Ticker or Trading Symbol
LIFEWAY FOODS INC [LWAY]
 3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2016

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
 COO, Treasurer, and Secretary

C/O LIFEWAY FOODS, INC., 6431 OAKTON STREET
 (Street)

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

6. Individual or Joint/Group Reporting
 (check applicable line)

MORTON GROVE, IL 60053
 (City) (State) (Zip)

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

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

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | (A) or (D) | Price | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|------------|-------|--------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------|
| Common Stock, no par value | 12/30/2016 | ^ | G | 1,200 | A | \$ 0 | 262,715 | D | ^ |
| Common Stock, no par value | 12/30/2016 | ^ | G | 6,008 | D | \$ 0 | 256,707 | D | ^ |
| Common Stock, no par value | ^ | ^ | ^ | ^ | ^ | ^ | 500,000 | I | See Footnote (1) |

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

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(9-02)

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|
| Performance Shares | \$ 0 | 11/17/2016 | Â | J4 ⁽²⁾ | Â 9,407 | 08/17/2017 08/17/2017 | Common Stock |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|----------------------------------------------------------------------------------------------|---------------|-----------|---------------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| SMOLYANSKY EDWARD C/O LIFEWAY FOODS, INC. 6431 OAKTON STREET MORTON GROVE, IL 60053 | Â | Â | Â COO, Treasurer, and Secretary | Â |

Signatures

/s/ Edward Smolyansky 02/14/2017

 Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The reporting person is the beneficial owner of 50% of Smolyansky Family Holdings LLC and disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein.
- (2) The grant of Performance Shares, which provided for vesting on August 17, 2017, was cancelled, terminated and extinguished pursuant to resolutions adopted by the Company's Compensation Committee in exchange for a cash payment in the amount of the original value of the award.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.