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LifeWatch turns the page on key legal matters

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Zug/Switzerland, June 1, 2016 – LifeWatch AG (SIX Swiss Exchange: LIFE), a leading developer and provider of medical solutions and remote diagnostic monitoring services in the digital health market, reports that its subsidiary, LifeWatch Services, Inc. and Highmark Blue Cross Blue Shield, a private health insurer, agreed to a compromise on the previously announced, International Arbitration award related to LifeWatch’s practices billing in the years 2009-2010. Highmark agreed to reduce its entitlement from approximately \$22,000,000 (\$18,700,000 plus interest) to \$13,000,000. In return, LifeWatch agreed to release Highmark Inc. and its affiliates from the antitrust case LifeWatch has pending against Highmark and the Blue Cross Blue Shield Association and other Blue Cross Blue Shield affiliates. The settlement agreement is conditional upon payment being made by August 15, 2016 at the latest, which is following LifeWatch AG’s capital increase.

Today LifeWatch also announces a preliminary settlement in the case of United States, et. al., ex. rel. Cieszynski v. LifeWatch Services, Inc. (*qui tam* action). This case contained allegations related to billing processes for clinical services provided off shore and was filed against LifeWatch in May of 2013. The parties recently signed a Memorandum of Understanding agreeing to pay a total of \$12,750,000 to the United States Government and the Relator and are awaiting approval from the Department of Justice. While LifeWatch vehemently denies any wrongdoing, the company nonetheless agreed to a settlement to eliminate any possible unknown exposure and to allow LifeWatch to focus on the future rather than the past. This payment will also be made after the capital increase is completed.

Dr. Stephan Rietiker, CEO of LifeWatch, stated: “The settlements announced today, while painful for the company, will allow LifeWatch to put the past behind and focus on growing the business and providing world-class diagnostic services for our patients. Collectively, these settlements amount to only slightly more than the reserves set forth in the 2015 Annual Report.

About LifeWatch AG

LifeWatch AG, headquartered in Zug and listed on SIX Swiss Exchange (LIFE), Switzerland, is a leading healthcare technology and solution company, specializing in advanced digital health systems and wireless remote diagnostic patient monitoring services. LifeWatch's services provide physicians with critical information to determine appropriate treatment and thereby improve patient outcomes. LifeWatch AG has operative subsidiaries in the United States, in Switzerland and in Israel, and is the parent company of LifeWatch Services Inc., and LifeWatch Technologies, Ltd. LifeWatch Services, Inc. is a leading U.S.-based provider of cardiac monitoring services and home sleep testing of Obstructive Sleep Apnea (OSA). LifeWatch Technologies Ltd., based in Israel, is a leading developer and manufacturer of telemedicine products. For additional information, please visit www.lifewatch.com.

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