

Form **8937**
(December 2017)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Ontrak, Inc.		2 Issuer's employer identification number (EIN) 88-0464853	
3 Name of contact for additional information Investor Relations	4 Telephone No. of contact 310.444.4300	5 Email address of contact investors@ontrak-inc.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 2120 Colorado Ave., Suite 230		7 City, town, or post office, state, and ZIP code of contact Santa Monica, CA 90404	
8 Date of action 11/30/20		9 Classification and description Series A Cumulative Perpetual Preferred Stock	
10 CUSIP number 683373104	11 Serial number(s)	12 Ticker symbol OTRK	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **Ontrak, Inc. (OTRK) distributed cash to holders of its Series A Cumulative Perpetual Preferred Stock on November 30, 2020 (\$0.6333333 per share). OTRK estimates that its earnings and profits will be insufficient to characterize the 2020 distribution as dividends.**

Pursuant to the applicable Treasury Regulations under Section 6045B, if these assumptions turn out to be incorrect, OTRK will file a corrected Form 8937 within 45 days of such determination.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **Based on reasonable assumptions regarding information available at the time of this posting all of the preferred distributions made during 2020 are expected to be characterized as non-dividend distributions treated as a non-taxable return of capital to the extent of a preferred shareholder's tax basis in each preferred share**

Any non-dividend distribution exceeding a shareholder's tax basis in preferred shares is taxable as a capital gain.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **The calculation of the change in basis relates to Ontrak, Inc.'s estimate of current and accumulated earnings and profits for the tax year 2020 and the reasonable assumptions related thereto.**

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Section 301(c) and 316(a) of the Internal Revenue Code.

18 Can any resulting loss be recognized? ▶ N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ None

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶  Date ▶ 1/15/2021 | 15:52:00 PST

Paid Preparer Use Only	Print your name ▶ <u>Brandon LaVerne</u>	Preparer's signature	Date ▶ <u>Chief Financial Officer</u>	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	