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

Report of Organizational Actions Affecting Basis of Securities

▶ **See separate instructions.**

OMB No. 1545-0123

Part I Reporting Issuer

1 Issuer's name Livongo Health, Inc.	2 **Issuer's employer identification number (EIN)** 26-3542036

3 Name of contact for additional information Nerissa Canonizado	4 Telephone No. of contact (650) 346-5929	5 Email address of contact ncanonizado@livongo.com

6 Number and street (or P.O. box if mail is not delivered to street address) of contact 150 W. Evelyn Ave., Suite 100	7 City, town, or post office, state, and ZIP code of contact Mountain View, CA 94041

8 Date of action October 29 and 30, 2020	9 Classification and description Common Stock

10 CUSIP number 539183103	11 Serial number(s)	12 Ticker symbol LVGO	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 ▶ See attachment

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 ▶ See attachment

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 ▶ See attachment

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment

18 Can any resulting loss be recognized? ▶ See attachment

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment

Sign Here

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.

Signature ▶ DocuSigned by: Nerissa Canonizado 96684606C9A84CB... Date ▶ 11/10/2020

Print your name ▶ Nerissa Canonizado Title ▶ SVP, Corporate Controller

Paid Preparer Use Only					
	Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Livongo Health, Inc.
Special Dividend and Merger
Attachment to IRS Form 8937

Part II:

Line 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.**

On August 5, 2020, Livongo Health, Inc., a Delaware corporation ("Livongo"), Teladoc Health, Inc., a Delaware corporation ("Teladoc"), and Tempranillo Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Teladoc ("Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which Livongo and Teladoc agreed to combine their respective businesses.

On October 30, 2020, pursuant to the terms of the Merger Agreement, Merger Sub merged with and into Livongo, with Livongo surviving as a wholly-owned subsidiary of Teladoc (the "Merger"). At the effective time of the Merger (the "Effective Time"), each share of common stock of Livongo ("Livongo Common Stock") issued and outstanding immediately prior to the Effective Time (other than shares held by any shareholder who properly demanded and perfected its appraisal rights with respect to such shares and treasury shares held by Livongo), converted into the right to receive (i) 0.5920 of a share of common stock of Teladoc ("Teladoc Common Stock") and (ii) $4.24 in cash, without any interest thereon ("Cash Consideration"). Each Livongo stockholder received cash in lieu of any fractional share of Teladoc Common Stock.

In addition, Livongo paid a special cash dividend (the "Special Dividend") equal to $7.09 per share of Livongo Common Stock to Livongo stockholders of record on the October 29, 2020 record date, in accordance with the terms of the Merger Agreement.

Shareholders are urged to refer to the *U.S. Federal Income Tax Considerations* section of the definitive proxy statement contained in the registration statement filed by Teladoc on Form S-4 (File No. 333-248568) that was declared effective by the Securities and Exchange Commission on September 15, 2020 (the "Proxy"), and to consult with their own tax advisors as to the tax consequences of the Merger and the Special Dividend in their particular circumstances.

Line 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.**

The Special Dividend is intended to be treated, and will be reported by Livongo, as a distribution by Livongo within the meaning of Section 301 of the Internal

Revenue Code of 1986, as amended (the "Code"). It is possible that the Internal Revenue Service (the "IRS") would disagree with this treatment, and instead seek to characterize the Special Dividend as Cash Consideration paid by Teladoc in exchange for a portion of a holder's Livongo Common Stock. If this characterization were to be sustained, the Special Dividend would be treated as though it were Cash Consideration received in the Merger, subject to the treatment described below.

Assuming the Special Dividend is characterized as a distribution by Livongo under Section 301 of the Code, the Special Dividend will be treated as a dividend for U.S. federal income tax purposes to the extent paid out of current or accumulated earnings and profits of Livongo. To the extent the amount of the Special Dividend exceeds Livongo's current and accumulated earnings and profits, the excess will first be treated as a tax-free return of capital, causing a reduction in the holder's adjusted basis in its Livongo Common Stock. If such basis is reduced to zero, any remaining portion of the Special Dividend will be taxed as capital gain.

The process of determining current and accumulated earnings and profits requires a final determination of Livongo's financial results for 2020 and a review of certain other factors. Based on Livongo's current estimates of its current and accumulated earnings and profits, it expects that none of the Special Dividend will be paid out of its current or accumulated earnings and profits, and thus Livongo expects that none of the Special Dividend will be treated as a dividend for U.S. federal income tax purposes. Accordingly, based on its current estimates, Livongo expects that the Special Dividend will be treated as a tax-free return of capital, reducing a holder's adjusted basis in its Livongo Common Stock, and any amount in excess of the holder's basis will be taxed as capital gain.

Livongo will provide an updated Form 8937 if it is finally determined that an amount of the Special Dividend was paid out of current or accumulated earnings and profits.

The Merger is intended to be a "reorganization" within the meaning of Section 368(a) of the Code. Assuming the Merger qualifies as a "reorganization," a holder of Livongo Common Stock should recognize gain (but not loss) in an amount equal to the lesser of (i) the amount by which the sum of the fair market value of the Teladoc Common Stock and Cash Consideration received in the Merger exceeds such holder's tax basis in the holder's Livongo Common Stock, and (ii) the amount of Cash Consideration received by such holder of Livongo Common Stock (in each case excluding any cash received in lieu of a fractional share of Teladoc Common Stock, which is treated as discussed below). The aggregate tax basis of the Teladoc Common Stock received in the Merger (including any fractional share of Teladoc Common Stock deemed received and exchanged for cash, as described below) should be the same as the aggregate tax basis of the Livongo Common Stock exchanged for Teladoc Common Stock, decreased by the amount of Cash Consideration received in the Merger (excluding any cash received in lieu of a fractional share of Teladoc Common Stock), and increased by the amount of gain recognized on the exchange (excluding gain recognized with respect to a fractional share of Teladoc Common Stock for which cash is received, as discussed below).

If a holder of Livongo Common Stock acquired different blocks of Livongo Common Stock at different times or at different prices, any gain will be determined separately with respect to each block of Livongo Common Stock, and such holder's basis in its shares of Teladoc Common Stock (including its basis in any fractional share deemed received and exchanged for cash, as described below) may be determined by reference to each block of Livongo Common Stock.

Each holder of Livongo Common Stock should consult its tax advisor to determine the tax basis of the shares of Teladoc Common Stock received in the Merger, the manner in which the Cash Consideration and shares of Teladoc Common Stock received in the Merger should be allocated among different blocks of Livongo Common Stock exchanged in the Merger, and the manner in which the aggregate tax basis of the Teladoc Common Stock received in the Merger (as adjusted in the manner described in the paragraph above) should be allocated among the holder's shares of Teladoc Common Stock received in the Merger.

A holder who receives cash in lieu of a fractional share of Teladoc Common Stock in the Merger will be treated as having received the fractional share pursuant to the Merger and then as having exchanged that fractional share with Teladoc for cash. Gain or loss generally will be recognized based on the difference between the amount of cash received in lieu of the fractional share and such holder's adjusted tax basis allocated to such fractional share.

Line 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 in connection with the Special Dividend and the Merger is described above in Part II, Line 15.

As described above, the tax treatment of the Special Dividend is dependent on Livongo's current and accumulated earnings and profits, which cannot be conclusively calculated until there is a final determination of Livongo's financial results for 2020 and a review of certain other factors. Livongo's expectation that none of the Special Dividend will be paid out of its current or accumulated earnings and profits is based on Livongo's current estimates of its current and accumulated earnings and profits.

The fair market value of each share of Teladoc Common Stock was $217.89 if the value is based on the October 29, 2020 NYSE closing price. U.S. federal income tax law does not specifically prescribe a methodology for determining fair market value; however, the closing price on the date before the Merger appears to be a reasonable methodology for ascertaining the fair market value of Teladoc Common Stock received in the Merger. Each holder of Livongo Common Stock should consult its tax advisor to determine the proper fair market value of Teladoc Common Stock for purposes of determining the amount of gain, if any, recognized in the Merger.

Line 17. **List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.**

The applicable Code sections upon which the tax treatment of the Special Dividend is based are Sections 301, 312, and 316(a).

The applicable Code sections upon which the tax treatment of the Merger is based are Sections 302, 354, 356, 358, and 368(a).

Line 18. **Can any resulting loss be recognized?**

Other than loss recognized in connection with the receipt of cash in lieu of a fractional share of Teladoc Common Stock, as described above in Part II, Line 15, no loss can be recognized in connection with the Special Dividend or Merger.

Line 19. **Provide any other information necessary to implement the adjustment, such as the reportable tax year.**

The stock basis adjustments described above are taken into account in the tax year of a holder of Livongo Common Stock during which the Special Dividend and Merger occurred (e.g., 2020 for calendar year taxpayers).