

# Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

## Part I Reporting Issuer

1 Issuer's name <b>Eterna Therapeutics Inc.</b>		2 Issuer's employer identification number (EIN) <b>31-1103425</b>	
3 Name of contact for additional information <b>Sandra Gurrola</b>	4 Telephone No. of contact <b>212-582-1199</b>	5 Email address of contact <b>sandra.gurrola@eternatx.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>10531 4S Commons Drive, Suite 166-550</b>		7 City, town, or post office, state, and ZIP code of contact <b>San Diego, CA 92127</b>	
8 Date of action <b>Payment date: December 1, 2022</b>	9 Classification and description <b>Distribution to preferred shareholders of the issuer's common stock</b>		
10 CUSIP number <b>114082100</b>	11 Serial number(s)	12 Ticker symbol <b>ERNA</b>	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 ► On 12/1/2022, Eterna Therapeutics Inc. (formerly Brooklyn ImmunoTherapeutics, Inc.) distributed cash in the amount of \$7,806 to its preferred shareholders. As the company has not yet finalized its activities or its books and records for the year, the company calculated an estimate of its earnings and profits. It was determined that the company would not have enough earnings and profits by year end to allow for the entire distribution to constitute a dividend pursuant to IRC Section 316(a). As such, the distribution is being treated as a non-dividend distribution. This amount will be reported to shareholders on a 2022 Form 1099-DIV as a non-dividend distribution in Box 3. There were 156,112 preferred shares outstanding. The value of cash received for each preferred share held was \$0.05.

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 ► Eterna Therapeutics Inc. has determined that distributions described above will be treated as a return of capital under IRC Section 301(c)(2). Thus, the entire value of the cash received will reduce basis in the preferred stock. The basis in each share of preferred stock will be reduced by \$0.05. If the stockholder has an adjusted basis in the preferred stock of zero, or the basis is reduced to zero with this distribution, then the distribution in excess of basis should be considered a capital gain treatment under IRC Section 301(c)(3).

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 cash distribution on 12/1/2022 was \$7,806. An analysis of the company's projected estimated earnings and profits as of 12/31/2022 was made in order to determine the portion of the distribution that would constitute a dividend pursuant to IRC Section 316(a) and the portion that would constitute either a non-dividend distribution pursuant to IRC Section 301(c)(2) or a gain from the sale or exchange of property pursuant to IRC Section 301(c)(3). As a result of the analysis performed, it was estimated that the distribution would constitute a non-dividend distribution pursuant to IRC Section (c)(2) or gain from the sale or exchange of property pursuant to IRC Section 301(c)(3). There were 156,112 preferred shares outstanding. Thus the reduction in basis of each preferred share is \$0.05.

**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► IRC Sections 301(c)(2), 301(C)(3), and 316(a).

IRC Section 301(c)(2) provides that the portion of a distribution that is not a dividend shall be applied against and reduce the adjusted basis of stock. IRC Section 301(c)(3) provides that to the extent the amount of the non-dividend distribution exceeds the shareholder's basis in the stock, the excess amount will be treated as a gain from the sale or exchange of property. IRC Section 316(a) defines a dividend as any distribution of property made by a corporation to its shareholders out of its earnings and profits accumulated after February 28, 1913, or its earnings and profits of the current year.

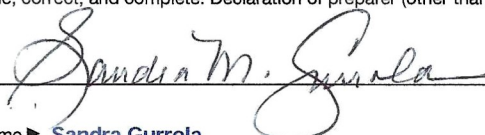
**18** Can any resulting loss be recognized? ► No loss will be recognized as a result of any non-dividend distribution.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► N/A

**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 ►



Date ►

12/31/2022Print your name ► Sandra GurrolaTitle ► VP of Finance**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.