

Uber

2019

Annual Report



69

Countries

10K+

Cities

\$65B

Gross Bookings

111M

MAPCs

7B

Trips

A global tech platform at massive scale

Serving multiple multi-trillion dollar markets with products leveraging our core technology and infrastructure

We believe deeply in our bold mission. Every minute of every day, consumers and Drivers on our platform can tap a button and get a ride or tap a button and get work. We revolutionized personal mobility with ridesharing, and we are leveraging our platform to redefine the massive meal delivery and logistics industries. The foundation of our platform is our massive network, leading technology, operational excellence, and product expertise. Together, these elements power movement from point A to point B.

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number: 001-38902

UBER TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization) 45-2647441
(I.R.S. Employer Identification No.)

1455 Market Street, 4th Floor
San Francisco, California 94103
(Address of principal executive offices, including zip code)

(415) 612-8582
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.00001 per share	UBER	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 28, 2019, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$59.7 billion based upon the closing price reported for such date on the New York Stock Exchange.

The number of shares of the registrant's common stock outstanding as of February 19, 2020 was 1,723,775,076.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement relating to the Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2019.

UBER TECHNOLOGIES, INC.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this Annual Report on Form 10-K, including statements regarding our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “hope,” “intend,” “may,” “might,” “objective,” “ongoing,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our ability to successfully compete in highly competitive markets;
- our ability to effectively manage our growth and maintain and improve our corporate culture;
- our expectations regarding financial performance, including but not limited to revenue, Adjusted Net Revenue, potential profitability and the timing thereof, ability to generate positive Adjusted EBITDA, expenses, and other results of operations;
- our expectations regarding future operating performance, including but not limited to our expectations regarding future Monthly Active Platform Consumers (“MAPCs”), Trips, Gross Bookings, and Take Rate;
- our expectations regarding our competitors’ use of incentives and promotions, our competitors’ ability to raise capital, and the effects of such incentives and promotions on our growth and results of operations;
- our anticipated investments in new products and offerings, and the effect of these investments on our results of operations;
- our anticipated capital expenditures and our estimates regarding our capital requirements;
- our ability to close and integrate acquisitions into our operations;
- anticipated technology trends and developments and our ability to address those trends and developments with our products and offerings;
- the size of our addressable markets, market share, category positions, and market trends, including our ability to grow our business in the six countries we have identified as near-term priorities;
- the safety, affordability, and convenience of our platform and our offerings;
- our ability to identify, recruit, and retain skilled personnel, including key members of senior management;
- our expected growth in the number of platform users, and our ability to promote our brand and attract and retain platform users;
- our ability to maintain, protect, and enhance our intellectual property rights;
- our ability to introduce new products and offerings and enhance existing products and offerings;
- our ability to successfully enter into new geographies, expand our presence in countries in which we are limited by regulatory restrictions, and manage our international expansion;
- our ability to successfully renew licenses to operate our business in certain jurisdictions;
- the availability of capital to grow our business;
- our ability to meet the requirements of our existing debt;
- our ability to prevent disturbance to our information technology systems;
- our ability to successfully defend litigation brought against us;
- our ability to comply with existing, modified, or new laws and regulations applying to our business; and
- our ability to implement, maintain, and improve our internal control over financial reporting.

Actual events or results may differ from those expressed in forward-looking statements. As such, you should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, operating results, prospects, strategy, and financial needs. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, assumptions, and other factors described in the section titled “Risk Factors” and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a highly competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Annual Report on Form 10-K. While we believe that such information provides a reasonable basis for these statements, such information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Annual Report on Form 10-K speak only as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information, actual results, revised expectations, or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

PART I

ITEM 1. BUSINESS

Overview

We are a technology platform that uses a massive network, leading technology, operational excellence and product expertise to power movement from point A to point B. We develop and operate proprietary technology applications supporting a variety of offerings on our platform (“platform(s)” or “Platform(s)”). We connect consumers (“Rider(s)”) with independent providers of ride services (“Rides Driver(s)”) for ridesharing services, and connect consumers (“Eater(s)”) with restaurants (“Restaurant(s)”) and food delivery service providers (“Delivery People”) for meal preparation and delivery services. Riders and Eaters are collectively referred to as “end-user(s)” or “consumer(s).” Rides Drivers and Delivery People are collectively referred to as “Driver(s)”. We also connect consumers with public transportation networks, e-bikes, e-scooters and other personal mobility options. We use this same network, technology, operational excellence and product expertise to connect shippers with carriers in the freight industry. We are also developing technologies that will provide autonomous driving vehicle solutions to consumers, networks of vertical take-off and landing vehicles and new solutions to solve everyday problems.

Our technology is available in 69 countries around the world, principally in the United States (“U.S.”) and Canada, Latin America, Europe, the Middle East, Africa, and Asia (excluding China and Southeast Asia).

Our Segments

We have five operating and reportable segments: Rides, Eats, Freight, Other Bets, and Advanced Technologies Group (“ATG”) and Other Technology Programs. Rides, Eats, Freight and Other Bets platform offerings each address large, fragmented markets. ATG and Other Technology Programs is focused on the development and commercialization of autonomous vehicle and ridesharing technologies, as well as Uber Elevate.

Rides

Rides refers to products that connect consumers with Rides Drivers who provide rides in a variety of vehicles, such as cars, auto rickshaws, motorbikes, minibuses, or taxis. Rides also includes activity related to our Uber for Business (“U4B”), Financial Partnerships, and Vehicle Solutions offerings.

We believe that our ridesharing category position is a key indicator of our progress towards our massive market opportunity. We calculate our ridesharing category position based on the best available data within a given region. For example, in most cases we divide our Rides Gross Bookings by our estimates of total ridesharing Gross Bookings generated by us and other companies with similar ridesharing products. We estimate our total ridesharing Gross Bookings in a given region by utilizing internal source data, including historical trip, bookings, product mix, and fare information, and external source data provided by publicly available information and marketing analytics firms. Based on these estimates, we believe we have a leading ridesharing category position in every major region of the world where we operate. We also participate in certain regions through our minority-owned affiliates. At the time of entering into such transactions, we believed based on our internal estimates using the information then available to us that each of Didi, Grab, and Yandex.Taxi, on a pro forma basis, had the leading ridesharing category position in its respective market.

Eats

Our Eats offering allows consumers to search for and discover local restaurants, order a meal, and either pick-up at the restaurant or have the meal delivered. We launched our Eats app over four years ago. We believe that Eats not only leverages, but also increases, the supply of Drivers on our network. For example, Eats enables Rides Drivers to increase their utilization and earnings by accessing additional demand for trips during non-peak Rides times. Eats also expands the pool of Drivers by enabling people who are not Rides Drivers or who do not have access to Rides-qualified vehicles to deliver meals on our platform. In addition to benefiting Drivers and consumers, Eats provides Restaurants with an instant mobile presence and efficient delivery capability, which we believe generates incremental demand and improves margins for Restaurants by enabling them to serve more consumers without increasing their existing front-of-house expenses. In October 2019, we announced a majority investment in Cornershop, a leading provider of online grocery delivery in Mexico and Chile. The transaction is expected to close in the second quarter of 2020, subject to regulatory approval.

Freight

We believe that Freight is revolutionizing the logistics industry. Freight leverages our proprietary technology, brand awareness, and experience revolutionizing industries to connect carriers with shippers on our platform, and gives carriers upfront, transparent pricing and the ability to book a shipment. The freight industry today is highly fragmented and deeply inefficient. It can take several hours, sometimes days, for shippers to find a truck and driver for shipments, with most of the process conducted over the phone or by fax. Procurement is highly fragmented, with traditional players relying on local or regional offices to book shipments. It is equally difficult for carriers to find and book the shipments that work for their businesses, spending hours on the phone negotiating pricing and terms. These inefficiencies adversely impact both shippers and carriers, and contribute to the number of non-revenue or “dead-head” miles, which are miles driven by carriers between shipments. Freight greatly reduces friction in the logistics industry by providing an on-demand platform to automate and accelerate logistics transactions end-to-end. Freight connects carriers with shippers available on our platform, and gives carriers upfront, transparent pricing and the ability to book a shipment with the touch of a button.

We serve shippers ranging from small-and medium-sized businesses to global enterprises by enabling them to create and tender shipments with a few clicks, secure capacity on demand with upfront pricing, and track those shipments in real-time from pickup to delivery. We believe that all of these factors represent significant efficiency improvements over traditional freight brokerage providers.

In March 2019, we announced the expansion of our Freight offering into Europe. Although Europe’s freight market is one of the largest and most sophisticated in the world, we believe that European shippers and carriers experience many of the same pain points in their current operations as U.S. shippers and carriers.

Other Bets

The Other Bets segment consists of multiple investment stage offerings. The largest investment within the segment is our New Mobility offering that refers to products that provide consumers with access to rides through a variety of modes, including dockless e-bikes and e-scooters (“New Mobility”). New Mobility also includes Transit, UberWorks and our Platform Incubator group, which is responsible for innovating new services and use cases on our platform to drive long-term growth and cross-platform customer engagement.

We are investing in new modes of transportation that enable us to address a wider range of consumer use cases and represent a significant opportunity to bring additional trips onto our platform. We believe that dockless e-bikes and e-scooters address many of these use cases and will replace a portion of these vehicle trips over time, particularly in urban environments that suffer from substantial traffic during peak commuting hours.

ATG and Other Technology Programs

The ATG and Other Technology Programs segment is primarily responsible for the development and commercialization of autonomous vehicle and ridesharing technologies, as well as Uber Elevate.

ATG focuses on developing autonomous vehicle technologies, which we believe have the long-term potential to provide safer and more efficient rides and deliveries to consumers, as well as lower prices. Along the way to a potential future autonomous vehicle world, we believe that there will be a long period of hybrid autonomy, in which autonomous vehicles will be deployed gradually against specific use cases while Drivers continue to serve most consumer demand. As we solve specific autonomous use cases, we will deploy autonomous vehicles against them. Such situations may include trips along a standard, well-mapped route in a predictable environment in good weather. In other situations, such as those that involve substantial traffic, complex routes, or unusual weather conditions, we will continue to rely on Drivers. Accordingly, we believe that we will be uniquely suited for this dynamic phase during the expected long hybrid period of co-existence of Drivers and autonomous vehicles. Drivers are therefore a critical and differentiating advantage for us and will continue to be an advantage in the long term. We plan to continue to partner with original equipment manufacturers (“OEMs”), other suppliers, such as Toyota and DENSO, and other technology companies to determine how to most effectively leverage our network during the transition to autonomous vehicle technologies.

Platform Synergies

Our Platform

The foundation of our platform is our massive network, leading technology, operational excellence, and product expertise. Together, these elements power movement from point A to point B.

Massive Network	Our massive, efficient, and intelligent network consists of tens of millions of Drivers, consumers, Restaurants, shippers, carriers, and dockless e-bikes and e-scooters, as well as underlying data, technology, and shared infrastructure. Our network becomes smarter with every trip. In approximately 10,000 cities around the world (as of January 1, 2020), our network powers movement at the touch of a button for millions, and we hope eventually billions, of people.
Leading Technology	We have built proprietary marketplace, routing, and payments technologies. Marketplace technologies are the core of our deep technology advantage and include demand prediction, matching and dispatching, and pricing technologies. Our technologies make it extremely efficient to launch new businesses and operationalize existing ones.
Operational Excellence	Our regional on-the-ground operations teams use their extensive market-specific knowledge to rapidly launch and scale products in cities, support Drivers, consumers, Restaurants, shippers, and carriers, and build and enhance relationships with cities and regulators.
Product Expertise	Our products are built with the expertise that allows us to set the standard for powering movement on-demand, provide platform users with a contextual, intuitive interface, continually evolve features and functionality, and deliver safety and trust.

We intend to continue to invest in new platform offerings that we believe will further strengthen our platform and existing offerings.

We believe that all of these synergies serve the customer experience, enabling us to attract new platform users and to deepen engagement with existing platform users. Both of these dynamics grow our network scale and liquidity, which further increases the value of our platform to platform users. For example, Eats attracts new consumers to our network—for the three months ended December 31, 2019, over 45% of first-time Eats consumers were new to our platform. Additionally, for the three months ended December 31, 2019, consumers who used both Rides and Eats had 15.9 Trips per month on average, compared to 5.7 Trips per month on average for consumers who used a single offering in cities where both Rides and Eats were offered. We believe that these trends will continue as we further expand Eats from approximately 6,000 cities into additional cities where we already offer Rides. Our city counts are as of January 1, 2020.

With our platform, we are making it even easier for our consumers to unlock convenience. We are working on developing a “Super App,” which will combine our multiple offerings into a single app and is designed to remove friction for our consumers, positioning Uber to become the operating system for your everyday life. We have already taken steps in this regard as we already have integrated the Eats App, as well as bikes and scooters into our Rides application. With Uber Rewards, we are developing programs to take care of our best consumers for the long term, while helping them get the most out of our platform. Our subscription programs are designed to make utilizing our suite of products a seamless and rewarding experience for our consumers.

Competitive Environment

We compete on a global basis in highly fragmented markets. We face significant competition in each of the ridesharing, meal delivery, and freight industries globally from existing, well-established, and low-cost alternatives, and in the future we expect to face competition from new market entrants given the low barriers to entry that characterize these industries. As we and our competitors introduce new products and offerings, and as existing products evolve, we expect to become subject to additional competition. While we work to expand globally and introduce new products and offerings across a range of industries, many of our competitors remain focused on a limited number of products or on a narrow geographic scope, allowing them to develop specialized expertise and employ resources in a more targeted manner than we do. The competition we face in each of our offerings includes:

- *Rides.* Our Rides offering competes with personal vehicle ownership and usage, which accounts for the majority of passenger miles in the markets that we serve, and traditional transportation services, including taxicab companies and taxi-hailing services, and livery services. In addition, public transportation can be a superior substitute to our Rides offering and in many cases, offers a faster and lower-cost travel option in many cities. We also compete with other ridesharing companies, including certain of our minority-owned affiliates, for drivers and riders, including Lyft, OLA, Didi, Taxify, and our Yandex.Taxi joint venture.
- *Eats.* Our Eats offering competes with numerous companies in the meal delivery space in various regions for drivers, consumers, and restaurants, including GrubHub, DoorDash, Deliveroo, Postmates, Delivery Hero, Just Eat, Takeaway.com, and Amazon. Our Eats offering also competes with restaurants, meal kit delivery services, grocery delivery services, and traditional grocers.
- *Freight.* Our Freight offering competes with global and North American freight brokers such as C.H. Robinson, Total Quality Logistics, XPO Logistics, Convoy, Echo Global Logistics, Coyote, Transfix, DHL, and NEXT Trucking.
- *Other Bets.* Our Other Bets segment products compete for riders in the bike and scooter space, including Motivate (an affiliate of Lyft), Lime, Bird, and Skip.
- *ATG and Other Technology Programs.* Our ATG and Other Technology Programs segment competes with OEMs and other technology companies in the development of autonomous vehicle technologies and the deployment of autonomous vehicles, including Waymo, Cruise Automation, Tesla, Apple, Zoox, Aptiv, Aurora, and Nuro.

Government Regulation

We operate in a particularly complex legal and regulatory environment. Our business is subject to a variety of U.S. federal, state, local and foreign laws, rules, and regulations, including those related to Internet activities, privacy, data protection, intellectual property, competition, consumer protection, payments, transportation services, transportation network companies, licensing regulations and taxation. These laws and regulations are constantly evolving and may be interpreted, applied, created, or amended, in a manner that could harm our business. Examples of certain laws and regulations we are subject to are described below.

Rides and Other Bets

Our platform, and in particular our Rides products, are subject to differing, and sometimes conflicting, laws, rules, and regulations in the numerous jurisdictions in which we operate. A large number of proposals are before various national, regional, and local legislative bodies and regulatory entities, both within the United States and in foreign jurisdictions, regarding issues related to our business model.

In the United States, many state and local laws, rules, and regulations impose legal restrictions and other requirements on operating our Rides products, including licensing, insurance, screening, and background check requirements. Outside of the United States, certain jurisdictions have adopted similar laws, rules, and regulations while other jurisdictions have not adopted any laws, rules, and regulations which govern our Rides business. Further, certain jurisdictions, including Argentina, Germany, Italy, Japan, South Korea, and Spain, the six countries that we have identified as near-term priorities, have adopted laws, rules, and regulations banning certain ridesharing products or imposing extensive operational restrictions. This uncertainty and fragmented regulatory environment creates significant complexities for our business and operating model.

Substantially all states in the United States and numerous municipalities in the United States and around the world have adopted Transportation Network Company (“TNC”) regulations. These regulations generally focus on companies that operate websites or mobile apps that connect individual drivers with their own vehicles to passengers willing to pay to be driven to their destinations. These regulations often require TNCs to comply with rules regarding, among other things, background checks, vehicle inspections, accessible vehicles, driver and consumer safety, insurance, driver training, driver conduct, and other similar matters.

In addition, many jurisdictions have municipal bodies that adopted and will adopt regulations that govern our business. For example:

- In London, Transport for London (“TfL”) denied our application for a new license on November 25, 2019. Rides Drivers who use Uber in London are licensed by TfL and as part of the licensing process undertake the same enhanced background checks as black cab drivers. We are continuing to operate in London, while we have appealed this decision and expect a hearing in Westminster Magistrates Court in mid-2020.
- In January 2019, we suspended our Rides products in Barcelona after the regional government enacted regulations mandating minimum wait times before riders could be picked up by ridesharing drivers.
- In addition, in August 2018, New York City approved regulations for the local for-hire market (which includes our Ridesharing products), including a cap on the number of new vehicle licenses issued to drivers who offer for-hire services. In December 2018, New York City also established a standard for time and distance designed to target minimum hourly earnings for drivers providing for-hire services in New York City and surrounding areas. These minimum rates took effect in February 2019, and the regulator will update them periodically. We continue to work through adjustments with respect to rider promotions, driver supply, and other aspects of our business in response to these regulations; however, these regulations had a negative impact on our financial performance in New York City throughout 2019 and may have a similar adverse impact in the future. In August 2019, New York City issued a regulation to limit how much time drivers providing ride-hailing services can spend cruising streets in busy areas of Manhattan without passengers. In December 2019, a New York state judge struck down this regulation, which was to come into effect in February 2020. New York City is appealing this ruling. Additionally, in November 2019, a ballot measure to impose a surcharge on ridesharing trips in San Francisco was approved by voters in San Francisco. This surcharge took effect on January 1, 2020.
- In December 2017, the Court of Justice of the European Union (“CJEU”) ruled in the Elite referral case that the peer-to-peer Ridesharing service UberPOP was inherently linked to a transport service and, accordingly, must be classified as “a service in the field of transport” within the meaning of applicable European Union (“EU”) legislation rather than an information society service. This ruling requires us to comply with national laws, rules, and regulations, if any, governing transport services in respect of the specific UberPOP product. The majority of our Ridesharing products in the EU currently operate under licensing regimes where one or more of Drivers, vehicles, or we are required to register or hold licenses to provide services. As such, while Member States can decide how to interpret this CJEU ruling in their national laws, rules, and regulations in accordance with applicable EU law, we believe the ruling will have a limited impact on our business and operations.
- In 2015, German authorities banned our peer-to-peer ridesharing product, UberPOP, after a court ruled that it violated local applicable laws, including transport laws, by intermediating riders with drivers operating without professional licenses.
- In Italy, while we currently have limited ridesharing operations through our licensed ridesharing product, UberBLACK, in Rome and Milan and a taxi product in Turin, we continue to face limitations due to extensive operational requirements faced by licensed drivers.

In addition to the foregoing, many jurisdictions have adopted regulations that apply to how we classify the Drivers who use our platform. For example, in California, State Assembly Bill 5 (“AB5”), which went into effect in January 2020, codifies a test to determine whether a worker is an employee under California law. AB5 provides a mechanism for determining whether workers of a hiring entity are employees or independent contractors, but AB5 does not result in any immediate change in how workers are classified. If the State of California, cities or municipalities, or workers disagree with how a hiring entity classifies workers, AB5 sets forth the test for evaluating their classification. As we explore legal options, we have received and expect to continue to receive claims by or on behalf of Drivers that claim that the Drivers have been misclassified, and should be classified as employees. See the section titled “Risk Factors” included in Part I, Item 1A and “Note 15 - Commitments and Contingencies” to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

For example, we are currently appealing the loss of our license to operate in London. See the section titled “Risk Factors” included in Part I, Item 1A, “Risk Factors” for more information. This uncertainty and fragmented regulatory environment creates significant complexities for our business and operating model.

As we continue to expand our offerings, we may be subject to additional regulations separate from those that apply to our Rides products, such as regulations related to our dockless e-bike and e-scooter and other products in our Other Bets segment.

ATG and Other Technology Programs

There are no federal U.S. laws expressly regulating the safety of autonomous vehicles or systems; however, various federal agencies, including the National Highway Traffic Safety Administration, have established guidelines regarding the development of automated driving systems. The U.S. Congress has passed and may continue to consider legislation relating to the regulation of autonomous vehicle testing or general deployment. Certain U.S. states and localities have imposed legal restrictions or other requirements on the testing or general deployment of autonomous vehicles, and many other states are considering them. Autonomous vehicle laws, rules, and regulations are expected to continue to evolve in numerous jurisdictions in the United States and in foreign countries and may impose restrictions on our ability to develop, test and commercially deploy autonomous vehicles on our network.

Data Protection and Privacy

Our technology platform, and the user data it collects and processes to run our business, are an integral part of our business model and, as a result, our compliance with laws dealing with the collection and processing of personal data is core to our strategy to improve platform user experience and build trust. Regulators around the world have adopted or proposed requirements regarding the collection, use, transfer, security, storage, destruction, and other processing of personally identifiable information and other data relating to individuals, and these laws are increasing in number, enforcement, fines, and other penalties. Two examples of such regulations that have significant implications for our platform are the General Data Protection Regulation (the “GDPR”), a data privacy security law which went into effect in May 2018 and implemented more stringent requirements for processing personal data relating to individuals in the EU, and the California Consumer Privacy Act (the “CCPA”), which went into effect in January 2020 and established new consumer rights and data privacy and security requirements for covered businesses.

Payments and Financial Services

Most jurisdictions in which we operate have laws that govern payment and financial services activities. For example, our subsidiary in the Netherlands, Uber Payments B.V., is registered and authorized as an electronic money institution in support of certain payment activities in the European Economic Area (the “EEA”). Regulators in certain additional jurisdictions may determine that certain aspects of our business are subject to these laws and could require us to obtain licenses to continue to operate in such jurisdictions. In addition, laws related to money transmission and online payments are evolving, and changes in such laws could affect our ability to provide payment processing on our platform. We are continuing to evaluate our options for seeking further licenses and approvals in several other jurisdictions to optimize payment solutions and support future growth of our business.

Antitrust

Competition authorities closely scrutinize us under U.S. and foreign antitrust and competition laws. An increasing number of governments are enforcing competition laws and are doing so with increased scrutiny, including governments in large markets such as the EU, the United States, Brazil, and India, particularly surrounding issues of predatory pricing,

price-fixing, and abuse of market power. In addition, governmental agencies and regulators may, among other things, prohibit future acquisitions, divestitures, or combinations we plan to make, impose significant fines or penalties, require divestiture of certain of our assets, or impose other restrictions that limit or require us to modify our operations, including limitations on our contractual relationships with platform users or restrictions on our pricing models.

Intellectual Property

We believe that our intellectual property is essential to our business and affords us a competitive advantage in the markets in which we operate. Our intellectual property includes the content of our website, mobile applications, registered domain names, software code, firmware, hardware and hardware designs, registered and unregistered trademarks, trademark applications, copyrights, trade secrets, inventions (whether or not patentable), patents, and patent applications.

To protect our intellectual property, we rely on a combination of copyright, trademark, patent, and trade secret laws, contractual provisions, end-user policies, and disclosure restrictions. Upon discovery of potential infringement of our intellectual property, we assess and when necessary, take action to protect our rights as appropriate. We also enter into confidentiality agreements and invention assignment agreements with our employees and consultants and seek to control access to, and distribution of, our proprietary information in a commercially prudent manner.

Research and Development

Because the industries in which we compete are characterized by rapid technological advances, our ability to compete successfully depends heavily upon our ability to ensure a continual and timely flow of competitive new offerings and technologies, including: autonomous vehicle technologies, dockless e-bikes and e-scooters, as well as certain offerings and technologies related to Freight, and Uber Elevate. We continue to develop new technologies to enhance existing offerings and services, and to expand the range of our offerings through research and development (“R&D”) and acquisition of third-party businesses and technology.

Seasonality

Rides

We typically generate higher revenue in our fourth quarter compared to other quarters due in part to fourth-quarter holiday and business demand, and typically generate lower revenue in our third quarter compared to other quarters due in part to less usage of our platform during peak vacation season in certain cities, such as Paris. We have typically experienced lower quarter-over-quarter growth in Rides in the first quarter.

Eats

We expect to experience seasonal increases in our revenue in the first and fourth quarters compared to the second and third quarters, although the historical growth of Eats has masked these seasonal fluctuations.

Employees

As of December 31, 2019, we and our subsidiaries had approximately 26,900 employees.

Additional Information

We were founded in 2009 and incorporated as Ubercab, Inc., a Delaware corporation, in July 2010. In February 2011, we changed our name to Uber Technologies, Inc. Our principal executive offices are located at 1455 Market Street, 4th Floor, San Francisco, California 94103, and our telephone number is (415) 612-8582.

Our website address is www.uber.com and our investor relations website is located at <https://investor.uber.com>. The information posted on our website is not incorporated into this Annual Report on Form 10-K. The U.S. Securities and Exchange Commission (“SEC”) maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) are also available free of charge on our investor relations website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, as part of our investor relations website. The contents of these websites are not intended to be incorporated by reference into this report or in any other report or document we file.

ITEM 1A. RISK FACTORS

Certain factors may have a material adverse effect on our business, financial condition, and results of operations. You should carefully consider the following risks, together with all of the other information contained in this Annual Report on Form 10-K, including the sections titled “Special Note Regarding Forward-Looking Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. Any of the following risks could have an adverse effect on our business, financial condition, operating results, or prospects and could cause the trading price of our common stock to decline, which would cause you to lose all or part of your investment. Our business, financial condition, operating results, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material.

Risks Related to Our Business

The personal mobility, meal delivery, and logistics industries are highly competitive, with well-established and low-cost alternatives that have been available for decades, low barriers to entry, low switching costs, and well-capitalized competitors in nearly every major geographic region. If we are unable to compete effectively in these industries, our business and financial prospects would be adversely impacted.

Our platform provides offerings in the personal mobility, meal delivery, and logistics industries. We compete on a global basis, and the markets in which we compete are highly fragmented. We face significant competition in each of the personal mobility, meal delivery, and logistics industries globally from existing, well-established, and low-cost alternatives, and in the future we expect to face competition from new market entrants given the low barriers to entry that characterize these industries. In addition, within each of these markets, the cost to switch between products is low. Consumers have a propensity to shift to the lowest-cost or highest-quality provider; Drivers have a propensity to shift to the platform with the highest earnings potential; restaurants have a propensity to shift to the delivery platform that offers the lowest service fee for their meals and provides the highest volume of orders; and shippers and carriers have a propensity to shift to the platform with the best price and most convenient service for hauling shipments.

Further, while we work to expand globally and introduce new products and offerings across a range of industries, many of our competitors remain focused on a limited number of products or on a narrow geographic scope, allowing them to develop specialized expertise and employ resources in a more targeted manner than we do. As we and our competitors introduce new products and offerings, and as existing products evolve, we expect to become subject to additional competition. In addition, our competitors may adopt certain of our product features, or may adopt innovations that Drivers, consumers, restaurants, shippers, and carriers value more highly than ours, which would render our products less attractive or reduce our ability to differentiate our products. Increased competition could result in, among other things, a reduction of the revenue we generate from the use of our platform, the number of platform users, the frequency of use of our platform, and our margins.

We face competition in each of our offerings, including:

- *Rides.* Our Rides offering competes with personal vehicle ownership and usage, which accounts for the majority of passenger miles in the markets that we serve, and traditional transportation services, including taxicab companies and taxi-hailing services, and livery services. In addition, public transportation can be a superior substitute to our Rides offering and in many cases, offers a faster and lower-cost travel option in many cities. We also compete with other ridesharing companies, including certain of our minority-owned affiliates, for Drivers and riders, including Lyft, OLA, Didi, Taxify, and our Yandex.Taxi joint venture.
- *Eats:* Our Eats offering competes with numerous companies in the meal delivery space in various regions for Drivers, consumers, and restaurants, including GrubHub, DoorDash, Deliveroo, Postmates, Delivery Hero, Just Eat, Takeaway.com, and Amazon. Our Eats offering also competes with restaurants, including those that offer their own delivery and/or take-away, meal kit delivery services, grocery delivery services, and traditional grocers.

- *Freight*: Our Freight offering competes with global and North American freight brokers such as C.H. Robinson, Total Quality Logistics, XPO Logistics, Convoy, Echo Global Logistics, Coyote, Transfix, DHL, and NEXT Trucking, among others.
- *Other Bets*. Our New Mobility offering, included in our Other Bets segment, competes for riders in the bike and scooter space, including Motivate (an affiliate of Lyft), Lime, Bird, and Skip.
- *ATG and Other Technology Programs*. Our ATG and Other Technology Programs segment competes with OEMs and other technology companies in the development of autonomous vehicle technologies and the deployment of autonomous vehicles, including Waymo, Cruise Automation, Tesla, Apple, Zoox, Aptiv, Aurora, and Nuro.

Many of our competitors are well-capitalized and offer discounted services, Driver incentives, consumer discounts and promotions, innovative products and offerings, and alternative pricing models, which may be more attractive to consumers than those that we offer. Further, some of our current or potential competitors have, and may in the future continue to have, greater resources and access to larger Driver, consumer, restaurant, shipper, or carrier bases in a particular geographic market. In addition, our competitors in certain geographic markets enjoy substantial competitive advantages such as greater brand recognition, longer operating histories, larger marketing budgets, better localized knowledge, and more supportive regulatory regimes. As a result, such competitors may be able to respond more quickly and effectively than us in such markets to new or changing opportunities, technologies, consumer preferences, regulations, or standards, which may render our products or offerings less attractive. In addition, future competitors may share in the effective benefit of any regulatory or governmental approvals and litigation victories we may achieve, without having to incur the costs we have incurred to obtain such benefits.

We are contractually restricted from competing with our minority-owned affiliates with respect to certain aspects of our business, including in China through August 2023, Russia/CIS through February 2025, Southeast Asia through the later of March 2023 or one year after we dispose of all interests in Grab, and India with respect to meal delivery through January 2023, while none of our minority-owned affiliates are restricted from competing with us anywhere in the world. Didi currently competes with us in certain countries in Latin America and in Australia, and in 2018 made significant investments to gain or maintain category position in certain markets in Latin America. In addition, our Yandex.Taxi joint venture currently competes with us in certain countries in Europe and Africa. As Didi and our other minority-owned affiliates continue to expand their businesses, they may in the future compete with us in additional geographic markets.

Additionally, although we have closed our acquisition of Careem as to most countries in January 2020, we may not ultimately consummate the transaction in countries where antitrust approval has not yet been granted. Further, we may be required in some or all of such countries where antitrust approval has not yet been obtained to divest all or part of our or Careem's operations. Any such divestiture could bring additional competition to these markets.

For all of these reasons, we may not be able to compete successfully against our current and future competitors. Our inability to compete effectively would have an adverse effect on, or otherwise harm, our business, financial condition, and operating results.

To remain competitive in certain markets, we have in the past lowered, are currently lowering, and may continue to lower, fares or service fees, and we have in the past offered, and may continue to offer, significant Driver incentives and consumer discounts and promotions, which has adversely affected and may continue to adversely affect our financial performance.

To remain competitive in certain markets and generate network scale and liquidity, we have in the past lowered, and expect in the future to continue to lower, fares or service fees, and we have offered and expect to continue to offer significant Driver incentives and consumer discounts and promotions. At times, in certain geographic markets, we have offered, and expect to continue to offer, Driver incentives that cause the total amount of the fare that a Driver retains, combined with the Driver incentives a Driver receives from us, to increase, at times meeting or exceeding the amount of Gross Bookings we generate for a given Trip. In certain geographic markets and regions, we do not have a leading category position, which may result in us choosing to further increase the amount of Driver incentives and consumer discounts and promotions that we offer in those geographic markets and regions. We cannot assure you that offering such Driver incentives and consumer discounts and promotions will be successful. Driver incentives, consumer discounts, promotions, and reductions in fares and our service fee have negatively affected, and will continue to negatively affect, our financial performance. Additionally, we rely on pricing models to calculate consumer fares and Driver earnings, which have been modified over time and will likely in the future be modified, and pricing models at times vary based

upon jurisdiction. We cannot assure you that our pricing models or strategies will be successful in attracting consumers and Drivers. For example, recent changes we have made in California to the information that Drivers see in the application, as well as pricing and offer structure changes, have adversely impacted usage of the application. If we are unable to successfully manage these and similar kinds of changes in the future, our business may be adversely impacted.

The markets in which we compete have attracted significant investments from a wide range of funding sources, and we anticipate that many of our competitors will continue to be highly capitalized. Moreover, certain of our stockholders, including SoftBank (our largest stockholder), Alphabet, and Didi, have made substantial investments in certain of our competitors and may increase such investments, make new investments in other competitors, or enter into strategic transactions with competitors in the future. These investments or strategic transactions, along with other competitive advantages discussed above, may allow our competitors to compete more effectively against us and continue to lower their prices, offer Driver incentives or consumer discounts and promotions, or otherwise attract Drivers, consumers, restaurants, shippers, and carriers to their platform and away from ours. Such competitive pressures may lead us to maintain or lower fares or service fees or maintain or increase our Driver incentives and consumer discounts and promotions. Ridesharing and other categories in which we compete are nascent, and we cannot guarantee that they will stabilize at a competitive equilibrium that will allow us to achieve profitability.

We have incurred significant losses since inception, including in the United States and other major markets. We expect our operating expenses to increase significantly in the foreseeable future, and we may not achieve profitability.

We have incurred significant losses since inception. We incurred operating losses of \$4.1 billion, \$3.0 billion and \$8.6 billion in the years ended December 31, 2017, 2018 and 2019, and as of December 31, 2019, we had an accumulated deficit of \$16.4 billion. We will need to generate and sustain increased revenue levels and decrease proportionate expenses in future periods to achieve profitability in many of our largest markets, including in the United States, and even if we do, we may not be able to maintain or increase profitability. We anticipate that we will continue to incur losses in the near term as a result of expected substantial increases in our operating expenses, as we continue to invest in order to: increase the number of Drivers, consumers, restaurants, shippers, and carriers using our platform through incentives, discounts, and promotions; expand within existing or into new markets; increase our research and development expenses; invest in ATG and Other Technology Programs; expand marketing channels and operations; hire additional employees; and add new products and offerings to our platform. These efforts may prove more expensive than we anticipate, and we may not succeed in increasing our revenue sufficiently to offset these expenses. Many of our efforts to generate revenue are new and unproven, and any failure to adequately increase revenue or contain the related costs could prevent us from attaining or increasing profitability. In addition, we sometimes introduce new products, such as UberPOOL, that we expect to add value to our overall platform and network but which we expect will generate lower Gross Bookings per Trip or a lower Take Rate. Further, we charge a lower service fee to certain of our largest chain restaurant partners on our Eats offering to grow the number of Eats consumers, which may at times result in a negative take rate with respect to those transactions after considering amounts collected from consumers and paid to Drivers. As we expand our offerings to additional cities, our offerings in these cities may be less profitable than the markets in which we currently operate. As such, we may not be able to achieve or maintain profitability in the near term, in accordance with our expectations, or at all. Additionally, we may not realize the operating efficiencies we expect to achieve as a result of our acquisition of Careem and may continue to incur significant operating losses in the Middle East, North Africa, and Pakistan in the future. Even if we do experience operating efficiencies, our operating results may not improve, at least in the near term.

Our business would be adversely affected if Drivers were classified as employees.

The classification of Drivers is currently being challenged in courts, by legislators and by government agencies in the United States and abroad. We are involved in numerous legal proceedings globally, including putative class and collective class action lawsuits, demands for arbitration, charges and claims before administrative agencies, and investigations or audits by labor, social security, and tax authorities that claim that Drivers should be treated as our employees (or as workers or quasi-employees where those statuses exist), rather than as independent contractors. We believe that Drivers are independent contractors because, among other things, they can choose whether, when, and where to provide services on our platform, are free to provide services on our competitors' platforms, and provide a vehicle to perform services on our platform. Nevertheless, we may not be successful in defending the classification of Drivers in some or all jurisdictions. Furthermore, the costs associated with defending, settling, or resolving pending and future lawsuits (including demands for arbitration) relating to the classification of Drivers could be material to our business. For example, in March 2019, we reached a preliminary settlement in the O'Connor, et al., v. Uber Technologies, Inc. and Yucesoy v. Uber Technologies, Inc., et al., class actions, pursuant to which we agreed to pay \$20 million to Drivers who contracted with us in California and Massachusetts but with whom we have not entered into arbitration agreements, and who sought damages against us based on misclassification, among other claims. The settlement was approved by the court in September 2019.

In addition, more than 100,000 Drivers in the United States who have entered into arbitration agreements with us have filed (or expressed an intention to file) arbitration demands against us that assert similar classification claims. We have resolved the classification claims of a majority of these Drivers under individual settlement agreements. We anticipate the aggregate amount of payments to Drivers under these individual settlement agreements, together with attorneys' fees, will fall within an approximate range of \$149 million to \$170 million, of which approximately \$149 million has been paid as of December 31, 2019. Furthermore, we are involved in numerous legal proceedings regarding the enforceability of arbitration agreements entered into with Drivers. If we are not successful in such proceedings, this could negatively impact the enforceability of arbitration agreements in other legal proceedings, which could have an adverse consequence on our business and financial condition.

Changes to foreign, state, and local laws governing the definition or classification of independent contractors, or judicial decisions regarding independent contractor classification, could require classification of Drivers as employees (or workers or quasi-employees where those statuses exist) and/or representation of Drivers by labor unions. For example, the California Supreme Court's 2018 decision in *Dynamex Operations West, Inc. v. Superior Court*, which established a new standard for determining employee or independent contractor status in the context of California wage orders, was expanded and codified in California via Assembly Bill 5, which was signed into law in September 2019 and became effective as of January 1, 2020. Government authorities may, and private plaintiffs have brought litigation asserting that Assembly Bill 5 requires Drivers in California to be classified as employees. For example, a lawsuit filed in California (*Colopy v. Uber Technologies, Inc.*) references Assembly Bill 5, and the plaintiff filed a motion for preliminary injunction requesting the court to reclassify him and others similarly situated as employees. The preliminary injunction was denied, but the plaintiff also seeks a permanent injunction. If we do not prevail in current litigation or similar actions that may be brought in the future, we may be required to treat Drivers in California as employees or make other changes to our business model in California. Furthermore, a plaintiff in another jurisdiction has filed, and other parties may file, similar motions for injunctive relief and if we do not prevail, we may be required to make changes to our business model in such jurisdictions. In addition, if we are required to classify Drivers as employees, this may impact our current financial statement presentation including revenue, incentives and promotions as further described in our significant and critical accounting policies in the section titled "Critical Accounting Policies and Estimates" included in Part II, Item 7 of this Annual Report on Form 10-K and Note 1 in the section titled "Notes to the Consolidated Financial Statements" included in Part II, Item 8 of this Annual Report on Form 10-K. We cannot predict whether Assembly Bill 5, or legislation in other jurisdictions, may lead to similar legislation being enacted elsewhere. Although we have filed a ballot initiative in California with other companies to address Assembly Bill 5, we may be unsuccessful in our efforts and the measure may not pass. Other examples of recent judicial decisions relating to Driver classification include the *Aslam, Farrar, Hoy and Mithu v. Uber B.V.*, et al. ruling by the Employment Appeal Tribunal in the United Kingdom that found that Drivers are workers (rather than self-employed) and a decision by the French Supreme Court that a driver for a third-party meal delivery service was under a "subordinate relationship" of the service, indicating an employment relationship. In *Razak v. Uber Technologies, Inc.*, the Third Circuit Court of Appeals is reviewing misclassification claims by UberBLACK Drivers in Philadelphia following a summary judgment order in our favor at the district court level, and we expect a decision in the near term. If, as a result of legislation or judicial decisions, we are required to classify Drivers as employees (or as workers or quasi-employees where those statuses exist), we would incur significant additional expenses for compensating Drivers, potentially including expenses associated with the application of wage and hour laws (including minimum wage, overtime, and meal and rest period requirements), employee benefits, social security contributions, taxes (direct and indirect), and penalties. Further, any such reclassification would require us to fundamentally change our business model, and consequently have an adverse effect on our business and financial condition.

If we are unable to attract or maintain a critical mass of Drivers, consumers, restaurants, shippers, and carriers, whether as a result of competition or other factors, our platform will become less appealing to platform users, and our financial results would be adversely impacted.

Our success in a given geographic market significantly depends on our ability to maintain or increase our network scale and liquidity in that geographic market by attracting Drivers, consumers, restaurants, shippers, and carriers to our platform. If Drivers choose not to offer their services through our platform, or elect to offer them through a competitor's platform, we may lack a sufficient supply of Drivers to attract consumers and restaurants to our platform. We have experienced and expect to continue to experience Driver supply constraints in most geographic markets in which we operate. To the extent that we experience Driver supply constraints in a given market, we may need to increase or may not be able to reduce the Driver incentives that we offer without adversely affecting the liquidity network effect that we experience in that market. Similarly, if carriers choose not to offer their services through our platform or elect to use other freight brokers, we may lack a sufficient supply of carriers in specific geographic markets to attract shippers to our

platform. Furthermore, if restaurants choose to partner with other meal delivery services in a specific geographic market, or if restaurants choose to engage exclusively with our competitors, other restaurant marketing websites, or other delivery services, we may lack a sufficient variety and supply of restaurant options, or lack access to the most popular restaurants, such that our Eats offering will become less appealing to consumers and restaurants. A significant amount of our Eats Gross Bookings come from a limited number of large restaurant groups, and this concentration increases the risk of fluctuations in our operating results and our sensitivity to any material adverse developments experienced by our significant restaurant partners. If platform users choose to use other ridesharing, meal delivery, or logistics services, we may lack sufficient opportunities for Drivers to earn a fare, carriers to book a shipment, or restaurants to provide a meal, which may reduce the perceived utility of our platform. An insufficient supply of platform users would decrease our network liquidity and adversely affect our revenue and financial results. Although we may benefit from having larger network scale and liquidity than some competitors, those network effects may not result in competitive advantages or may be overcome by smaller competitors. Maintaining a balance between supply and demand for rides in any given area at any given time and our ability to execute operationally may be more important to service quality than the absolute size of the network. If our service quality diminishes or our competitors' products achieve greater market adoption, our competitors may be able to grow at a quicker rate than we do and may diminish our network effect.

Our number of platform users may decline materially or fluctuate as a result of many factors, including, among other things, dissatisfaction with the operation of our platform, the price of fares, meals, and shipments (including a reduction in incentives), dissatisfaction with the quality of service provided by the Drivers and restaurants on our platform, quality of platform user support, dissatisfaction with the restaurant selection on Eats, negative publicity related to our brand, including as a result of safety incidents and corporate reporting related to safety, perceived political or geopolitical affiliations, a pandemic or an outbreak of disease or similar public health concern, such as the recent coronavirus outbreak, or fear of such an event, treatment of Drivers, perception of a toxic work culture, perception that our culture has not fundamentally changed, dissatisfaction with changes we make to our products and offerings, or dissatisfaction with our products and offerings in general. For example, in January 2017, a backlash against us in response to accusations that we intended to profit from a protest against an executive order banning certain refugees and immigrants from entering the United States spurred #DeleteUber, a social media campaign that encouraged platform users to delete our app and cease use of our platform. As a result of the #DeleteUber campaign, hundreds of thousands of consumers stopped using our platform within days of the campaign. In addition, if we are unable to provide high-quality support to platform users or respond to reported incidents, including safety incidents, in a timely and acceptable manner, our ability to attract and retain platform users could be adversely affected. If Drivers, consumers, restaurants, shippers, and carriers do not establish or maintain active accounts with us, if a campaign similar to #DeleteUber occurs, if we fail to provide high-quality support, or if we cannot otherwise attract and retain a large number of Drivers, consumers, restaurants, shippers, and carriers, our revenue would decline, and our business would suffer.

The number of Drivers and restaurants on our platform could decline or fluctuate as a result of a number of factors, including Drivers ceasing to provide their services through our platform, passage or enforcement of local laws limiting our products and offerings, the low switching costs between competitor platforms or services, and dissatisfaction with our brand or reputation, pricing models (including potential reductions in incentives), ability to prevent safety incidents, or other aspects of our business. While we aim to provide an earnings opportunity comparable to that available in retail, wholesale, or restaurant services or other similar work, we continue to experience dissatisfaction with our platform from a significant number of Drivers. In particular, as we aim to reduce Driver incentives to improve our financial performance, we expect Driver dissatisfaction will generally increase.

Often, we are forced to make tradeoffs between the satisfaction of various platform users, as a change that one category of users views as positive will likely be viewed as negative to another category of users. We also take certain measures to protect against fraud, help increase safety, and prevent privacy and security breaches, including terminating access to our platform for users with low ratings or reported incidents, and imposing certain qualifications for Drivers and restaurants, which may damage our relationships with platform users or discourage or diminish their use of our platform. Further, we are investing in our autonomous vehicle strategy, which may add to Driver dissatisfaction over time, as it may reduce the need for Drivers. Driver dissatisfaction has in the past resulted in protests by Drivers in various regions, including India, the United Kingdom, and the United States. Such protests have resulted, and any future protests may result, in interruptions to our business. Continued Driver dissatisfaction may also result in a decline in our number of platform users, which would reduce our network liquidity, and which in turn may cause a further decline in platform usage. Any decline in the number of Drivers, consumers, restaurants, shippers, or carriers using our platform would reduce the value of our network and would harm our future operating results.

In addition, changes in Driver qualification and background-check requirements may increase our costs and reduce our ability to onboard additional Drivers to our platform. Our Driver qualification and background check process varies by jurisdiction, and there have been allegations, including from regulators, legislators, prosecutors, taxicab owners, and consumers, that our background check process is insufficient or inadequate. With respect to Drivers who are only eligible to make deliveries through Eats, our qualification and background check standards are generally less extensive than the standards for Drivers who are eligible to provide rides through our Ridesharing products. Legislators and regulators may pass laws or adopt regulations in the future requiring Drivers to undergo a materially different type of qualification, screening, or background check process, or that limit our ability to access information used in the background check process in an efficient manner, which could be costly and time-consuming. Required changes in the qualification, screening, and background check process (including, with respect to our acquisition of Careem, any changes to such processes of Careem) could also reduce the number of Drivers in those markets or extend the time required to recruit new Drivers to our platform, which would adversely impact our business and growth. Furthermore, we rely on a single background-check provider in certain jurisdictions, and we may not be able to arrange for adequate background checks from a different provider on commercially reasonable terms or at all. The failure of this provider to provide background checks on a timely basis would result in our inability to onboard new Drivers or retain existing Drivers undergoing periodic background checks that are required to continue using our platform.

Our workplace culture and forward-leaning approach created operational, compliance, and cultural challenges, and a failure to address these challenges would adversely impact our business, financial condition, operating results, and prospects.

Our workplace culture and forward-leaning approach created significant operational and cultural challenges that have in the past harmed, and may in the future continue to harm, our business results and financial condition. Our focus on aggressive growth and intense competition, and our prior failure to prioritize compliance, has led to increased regulatory scrutiny globally. Recent changes in our company's cultural norms and composition of our leadership team, together with our ongoing commitment to address and resolve our historical cultural and compliance problems and promote transparency and collaboration, may not be successful, and regulators may continue to perceive us negatively, which would adversely impact our business, financial condition, operating results, and prospects.

Our workplace culture also created a lack of transparency internally, which has resulted in siloed teams that lack coordination and knowledge sharing, causing misalignment and inefficiencies in operational and strategic objectives. Although we have embraced a culture of enhanced transparency under our new management, these efforts may not be successful. Furthermore, many of our regional operations are not centrally managed, such that key policies may not be adequately communicated or managed to achieve consistent business objectives across functions and regions. Although we have reorganized some of our teams to address such issues, such reorganizations may not be successful in aligning operational or strategic objectives across our company.

Maintaining and enhancing our brand and reputation is critical to our business prospects. We have previously received significant media coverage and negative publicity, particularly in 2017, regarding our brand and reputation, and failure to rehabilitate our brand and reputation will cause our business to suffer.

Maintaining and enhancing our brand and reputation is critical to our ability to attract new employees and platform users, to preserve and deepen the engagement of our existing employees and platform users, and to mitigate legislative or regulatory scrutiny, litigation, government investigations, and adverse platform user sentiment.

We have previously received a high degree of negative media coverage around the world, which has adversely affected our brand and reputation and fueled distrust of our company. In 2017, the #DeleteUber campaign prompted hundreds of thousands of consumers to stop using our platform within days. Subsequently, our reputation was further harmed when an employee published a blog post alleging, among other things, that we had a toxic culture and that certain sexual harassment and discriminatory practices occurred in our workplace. Shortly thereafter, we had a number of highly publicized events and allegations, including investigations related to a software tool allegedly designed to evade and deceive authorities, a high-profile lawsuit filed against us by Waymo, and our disclosure of a data security breach. These events and the public response to such events, as well as other negative publicity we have faced in recent years, have adversely affected our brand and reputation, which makes it difficult for us to attract and retain platform users, reduces confidence in and use of our products and offerings, invites legislative and regulatory scrutiny, and results in litigation and governmental investigations. Concurrently with and after these events, our competitors raised additional capital, increased their investments in certain markets, and improved their category positions and market shares, and may continue to do so.

In 2019, we released a safety report, which provides the public with data related to reports of sexual assaults and other critical safety incidents claimed to have occurred on our platform in the United States. The continuing public responses to this safety report or similar public reporting of safety incidents claimed to have occurred on our platform, which may include disclosure of reports provided to regulators and other government authorities, may continue to result in positive and negative media coverage and increased regulatory scrutiny and could adversely affect our reputation with platform users. Further unfavorable media coverage and negative publicity could adversely impact our financial results and future prospects. As our platform continues to scale and becomes increasingly interconnected, resulting in increased media coverage and public awareness of our brand, future damage to our brand and reputation could have an amplified effect on our various platform offerings. Additionally, with respect to our acquisition of Careem, the Careem brand and its apps will continue to operate in parallel with our brand and apps, and any damage or reputational harm to the Careem brand could adversely impact our brand and reputation.

Our brand and reputation might also be harmed by events outside of our control. For example, we faced negative press related to suicides of taxi drivers in New York City reportedly related to the impact of ridesharing on the taxi cab industry. In addition, we have licensed our brand to Didi in China, to our Yandex.Taxi joint venture in Russia/CIS, and to Zomato in India, and while we have certain contractual protections in place governing the use of our brand by these companies, we do not control these businesses, we are not able to anticipate their actions, and consumers may not be aware that these service providers are not controlled by us. Furthermore, if Drivers, restaurants, or carriers provide diminished quality of service, are involved in incidents regarding safety or privacy, engage in malfeasance, or otherwise violate the law, we may receive unfavorable press coverage and our reputation and business may be harmed. As a result, any of these third parties could take actions that result in harm to our brand, reputation, and consequently our business.

While we have taken significant steps to rehabilitate our brand and reputation, the successful rehabilitation of our brand will depend largely on maintaining a good reputation, minimizing the number of safety incidents, improving our culture and workplace practices, improving our compliance programs, maintaining a high quality of service and ethical behavior, and continuing our marketing and public relations efforts. Our brand promotion, reputation building, and media strategies have involved significant costs and may not be successful. We anticipate that other competitors and potential competitors will expand their offerings, which will make maintaining and enhancing our reputation and brand increasingly more difficult and expensive. If we fail to successfully rehabilitate our brand in the current or future competitive environment or if events similar to those that occurred in 2017 occur in the future, our brand and reputation would be further damaged and our business may suffer.

Our workforce and operations have grown substantially since our inception and we expect that they will continue to do so. If we are unable to effectively manage that growth, our financial performance and future prospects will be adversely affected.

Since our inception, we have experienced rapid growth in the United States and internationally. This expansion increases the complexity of our business and has placed, and will continue to place, significant strain on our management, personnel, operations, systems, technical performance, financial resources, and internal financial control and reporting functions. We may not be able to manage our growth effectively, which could damage our reputation and negatively affect our operating results.

As our operations have expanded, we have grown from 159 employees as of December 31, 2012 to approximately 26,900 global employees as of December 31, 2019, of whom approximately 16,200 were located outside the United States. We expect the total number of our employees located outside the United States to increase significantly as we expand globally, including as a result of our acquisition of Careem. Properly managing our growth will require us to continue to hire, train, and manage qualified employees and staff, including engineers, operations personnel, financial and accounting staff, and sales and marketing staff, and to improve and maintain our technology. If our new hires perform poorly, if we are unsuccessful in hiring, training, managing, and integrating these new employees and staff, or if we are not successful in retaining our existing employees and staff, our business may be harmed. Moreover, in order to optimize our organizational structure, we have recently implemented reductions in force and may in the future implement other reductions in force. Any reduction in force may yield unintended consequences and costs, such as attrition beyond the intended reduction in force, the distraction of employees, reduced employee morale and could adversely affect our reputation as an employer, which could make it more difficult for us to hire new employees in the future and the risk that we may not achieve the anticipated benefits from the reduction in force. Properly managing our growth will require us to establish consistent policies across regions and functions, and a failure to do so could likewise harm our business.

Our failure to upgrade our technology or network infrastructure effectively to support our growth could result in unanticipated system disruptions, slow response times, or poor experiences for Drivers, consumers, restaurants, shippers, and carriers. To manage the growth of our operations and personnel and improve the technology that supports our business operations, as well as our financial and management systems, disclosure controls and procedures, and internal controls over financial reporting, we will be required to commit substantial financial, operational, and technical resources. In particular, we will need to improve our transaction processing and reporting, operational, and financial systems, procedures, and controls. For example, due to our significant growth, especially with respect to our high-growth emerging offerings like Eats and Freight, we face challenges in timely and appropriately designing controls in response to evolving risks of material misstatement. These improvements will be particularly challenging if we acquire new businesses with different systems, such as Careem. Our current and planned personnel, systems, procedures, and controls may not be adequate to support our future operations. If we are unable to expand our operations and hire additional qualified personnel in an efficient manner, or if our operational technology is insufficient to reliably service Drivers, consumers, restaurants, shippers, or carriers, platform user satisfaction will be adversely affected and may cause platform users to switch to our competitors' platforms, which would adversely affect our business, financial condition, and operating results.

Our organizational structure is complex and will continue to grow as we add additional Drivers, consumers, restaurants, carriers, shippers, employees, products and offerings, and technologies, and as we continue to expand globally (including as a result of our acquisition of Careem). We will need to improve our operational, financial, and management controls as well as our reporting systems and procedures to support the growth of our organizational structure. We will require capital and management resources to grow and mature in these areas. If we are unable to effectively manage the growth of our business, the quality of our platform may suffer, and we may be unable to address competitive challenges, which would adversely affect our overall business, operations, and financial condition.

If platform users engage in, or are subject to, criminal, violent, inappropriate, or dangerous activity that results in major safety incidents, our ability to attract and retain Drivers, consumers, restaurants, shippers, and carriers may be harmed, which could have an adverse impact on our reputation, business, financial condition, and operating results.

We are not able to control or predict the actions of platform users and third parties, either during their use of our platform or otherwise, and we may be unable to protect or provide a safe environment for Drivers and consumers as a result of certain actions by Drivers, consumers, restaurants, carriers, and third parties. Such actions may result in injuries, property damage, or loss of life for consumers and third parties, or business interruption, brand and reputational damage, or significant liabilities for us. Although we administer certain qualification processes for users of our platform, including background checks on Drivers through third-party service providers, these qualification processes and background checks may not expose all potentially relevant information and are limited in certain jurisdictions according to national and local laws, and our third-party service providers may fail to conduct such background checks adequately or disclose information that could be relevant to a determination of eligibility. Further, the qualification and background check standards for Eats Delivery People are generally less extensive than those conducted for Rides Drivers. In addition, we do not independently test Drivers' driving skills. Consequently, we expect to continue to receive complaints from riders and other consumers, as well as actual or threatened legal action against us related to Driver conduct. We have also faced civil litigation alleging, among other things, inadequate Driver qualification processes and background checks, and general misrepresentations regarding the safety of our platform.

If Drivers or carriers, or individuals impersonating Drivers or carriers, engage in criminal activity, misconduct, or inappropriate conduct or use our platform as a conduit for criminal activity, consumers and shippers may not consider our products and offerings safe, and we may receive negative press coverage as a result of our business relationship with such Driver or carrier, which would adversely impact our brand, reputation, and business. There have been numerous incidents and allegations worldwide of Drivers, or individuals impersonating Drivers, sexually assaulting, abusing, kidnapping and/or fatally injuring consumers, or otherwise engaging in criminal activity while using our platform or claiming to use our platform. Furthermore, if consumers engage in criminal activity or misconduct while using our platform, Drivers and restaurants may be unwilling to continue using our platform. In addition, certain regions where we operate have high rates of violent crime, which has impacted Drivers and consumers in those regions. For example, in Latin America, there have been numerous and increasing reports of Drivers and consumers being victimized by violent crime, such as armed robbery, violent assault, and rape, while taking or providing a trip on our platform. If other criminal, inappropriate, or other negative incidents occur due to the conduct of platform users or third parties, our ability to attract platform users may be harmed, and our business and financial results could be adversely affected.

Public reporting or disclosure of reported safety information, including information about safety incidents reportedly occurring on or related to our platform, whether generated by us or third parties such as media or regulators, may adversely impact our business and financial results.

Further, we may be subject to claims of significant liability based on traffic accidents, deaths, injuries, or other incidents that are caused by Drivers, consumers, or third parties while using our platform, or even when Drivers, consumers, or third parties are not actively using our platform. On a smaller scale, we may face litigation related to claims by Drivers for the actions of consumers or third parties. Our auto liability and general liability insurance policies may not cover all potential claims to which we are exposed, and may not be adequate to indemnify us for all liability. These incidents may subject us to liability and negative publicity, which would increase our operating costs and adversely affect our business, operating results, and future prospects. Even if these claims do not result in liability, we will incur significant costs in investigating and defending against them. As we expand our products and offerings, such as Freight and dockless e-bikes and e-scooters, this insurance risk will grow.

We are making substantial investments in new offerings and technologies, and expect to increase such investments in the future. These new ventures are inherently risky, and we may never realize any expected benefits from them.

We have made substantial investments to develop new offerings and technologies, including autonomous vehicle technologies, dockless e-bikes and e-scooters, Freight, and Uber Elevate, and we intend to continue investing significant resources in developing new technologies, tools, features, services, products and offerings. For example, we believe that autonomous vehicles will be an important part of our offerings over the long term, and in 2019, we incurred approximately \$960 million of research and development expenses for our ATG and Other Technology Programs initiatives. We expect to increase our investments in these new initiatives in the near term. Additionally, we plan to invest significant resources to develop and expand new offerings and technologies in the markets in which Careem operates. We also expect to spend substantial amounts to purchase additional dockless e-bikes and e-scooters, which are susceptible to theft and destruction, as we seek to build our network and increase our scale, and to expand these products to additional markets. If we do not spend our development budget efficiently or effectively on commercially successful and innovative technologies, we may not realize the expected benefits of our strategy. Our new initiatives also have a high degree of risk, as each involves nascent industries and unproven business strategies and technologies with which we have limited or no prior development or operating experience. Because such offerings and technologies are new, they will likely involve claims and liabilities (including, but not limited to, personal injury claims), expenses, regulatory challenges, and other risks, some of which we do not currently anticipate. For example, we discontinued certain products, such as Xchange Leasing, our vehicle leasing business in the United States because we failed to operate it efficiently.

There can be no assurance that consumer demand for such initiatives will exist or be sustained at the levels that we anticipate, or that any of these initiatives will gain sufficient traction or market acceptance to generate sufficient revenue to offset any new expenses or liabilities associated with these new investments. It is also possible that products and offerings developed by others will render our products and offerings noncompetitive or obsolete. Further, our development efforts with respect to new products, offerings and technologies could distract management from current operations, and will divert capital and other resources from our more established products, offerings and technologies. Even if we are successful in developing new products, offerings or technologies, regulatory authorities may subject us to new rules or restrictions in response to our innovations that could increase our expenses or prevent us from successfully commercializing new products, offerings or technologies. If we do not realize the expected benefits of our investments, our business, financial condition, operating results, and prospects may be harmed.

Our business is substantially dependent on operations outside the United States, including those in markets in which we have limited experience, and if we are unable to manage the risks presented by our business model internationally, our financial results and future prospects will be adversely impacted.

As of December 31, 2019, we operated in 69 countries, and markets outside the United States accounted for approximately 78% of all Trips. We have limited experience operating in many jurisdictions outside of the United States and have made, and expect to continue to make, significant investments to expand our international operations and compete with local competitors. For example, in January 2020, we completed our acquisition of Careem in jurisdictions where we have received regulatory approval and in March 2019, we announced the expansion of our Freight offering into Europe. Such investments may not be successful and may negatively affect our operating results.

Conducting our business internationally, particularly in countries in which we have limited experience, subjects us to risks that we do not face to the same degree in the United States. These risks include, among others:

- operational and compliance challenges caused by distance, language, and cultural differences;
- the resources required to localize our business, which requires the translation of our mobile app and website into foreign languages and the adaptation of our operations to local practices, laws, and regulations and any changes in such practices, laws, and regulations;
- laws and regulations more restrictive than those in the United States, including laws governing competition, pricing, payment methods, Internet activities, transportation services (such as taxis and vehicles for hire), transportation network companies (such as ridesharing), logistics services, payment processing and payment gateways, real estate tenancy laws, tax and social security laws, employment and labor laws, driver screening and background checks, licensing regulations, email messaging, privacy, location services, collection, use, processing, or sharing of personal information, ownership of intellectual property, and other activities important to our business;
- competition with companies or other services (such as taxis or vehicles for hire) that understand local markets better than we do, that have pre-existing relationships with potential platform users in those markets, or that are favored by government or regulatory authorities in those markets;
- differing levels of social acceptance of our brand, products, and offerings;
- differing levels of technological compatibility with our platform;
- exposure to business cultures in which improper business practices may be prevalent;
- legal uncertainty regarding our liability for the actions of platform users and third parties, including uncertainty resulting from unique local laws or a lack of clear legal precedent;
- difficulties in managing, growing, and staffing international operations, including in countries in which foreign employees may become part of labor unions, employee representative bodies, or collective bargaining agreements, and challenges relating to work stoppages or slowdowns;
- fluctuations in currency exchange rates;
- managing operations in markets in which cash transactions are favored over credit or debit cards;
- regulations governing the control of local currencies that impact our ability to collect fares on behalf of Drivers and remit those funds to Drivers in the same currencies, as well as higher levels of credit risk and payment fraud;
- adverse tax consequences, including the complexities of foreign value added tax systems, and restrictions on the repatriation of earnings;
- increased financial accounting and reporting burdens, and complexities associated with implementing and maintaining adequate internal controls;
- difficulties in implementing and maintaining the financial systems and processes needed to enable compliance across multiple offerings and jurisdictions;
- import and export restrictions and changes in trade regulation;
- political, social, and economic instability abroad, terrorist attacks and security concerns in general, and societal crime conditions that can directly impact platform users;
- public health concerns or emergencies, such as coronavirus and other highly communicable diseases or viruses, outbreaks of which have from time to time occurred in various parts of the world in which we operate; and
- reduced or varied protection for intellectual property rights in some markets.

These risks could adversely affect our international operations, which could in turn adversely affect our business, financial condition, and operating results.

We have limited influence over our minority-owned affiliates, which subjects us to substantial risks, including potential loss of value.

Our international growth strategy has included the restructuring of our business and assets in certain jurisdictions by partnering with and investing in local ridesharing and meal delivery companies to participate in those markets rather than operate in those markets independently. As a result, a significant portion of our assets includes minority ownership positions in each of Didi, Grab, our Yandex.Taxi joint venture and Zomato. Each of Didi, Grab and our Yandex.Taxi joint venture operates ridesharing, meal delivery, and related logistics businesses in their respective primary markets in China, Southeast Asia, Russia/CIS, and Zomato operates a meal delivery business in India.

Our ownership in these entities involves significant risks that are outside our control. We are not represented on the management team or board of directors of Didi or Zomato, and therefore we do not participate in the day-to-day management of Didi or Zomato or the actions taken by the board of directors of Didi and Zomato. We are not represented on the management teams of Grab or our Yandex.Taxi joint venture, and therefore do not participate in the day-to-day management of Grab or our Yandex.Taxi joint venture. Although we are represented on each of the boards of directors of Grab and our Yandex.Taxi joint venture, we do not have a controlling influence on those boards, other than with respect to certain approval rights over material corporate actions. As a result, the boards of directors or management teams of these companies may make decisions or take actions with which we disagree or that may be harmful to the value of our ownership in these companies. Additionally, these companies have expanded their offerings, and we expect them to continue to expand their offerings in the future, to compete with us in various markets throughout the world such as in certain countries in Latin America and in Australia where we compete with Didi and certain countries in Europe where we compete with our Yandex.Taxi joint venture. While this could enhance the value of our ownership interest in these companies, our business, financial condition, operating results, and prospects would be adversely affected by such expansion into markets in which we operate.

Any material decline in the business of these entities would adversely affect the value of our assets and our financial results. Furthermore, the value of these assets is based in part on the market valuations of these entities, and weakened financial markets may adversely affect such valuations. These positions could expose us to risks, litigation, and unknown liabilities because, among other things, these companies have limited operating histories in an evolving industry and may have less predictable operating results; are privately owned and, as a result, limited public information is available and we may not learn all the material information regarding these businesses; are domiciled and operate in countries with particular economic, tax, political, legal, safety, regulatory and public health risks, including impact of the recent outbreak of coronavirus to their business; depend on the management talents and efforts of a small group of individuals, and, as a result, the death, disability, resignation, or termination of one or more of these individuals could have an adverse effect on the relevant company's operations; and will likely require substantial additional capital to support their operations and expansion and to maintain their competitive positions. Any of these risks could materially affect the value of our assets, which could have an adverse effect on our business, financial condition, operating results, or the trading price of our common stock.

Further, we are contractually limited in our ability to sell or transfer these assets. Until February 2021, we are prohibited from transferring any shares in our Yandex.Taxi joint venture without the consent of Yandex, and for a period of time thereafter any transfer is subject to a right of first refusal in favor of Yandex. While we are not prohibited from transferring our shares in Didi or Grab, the transferability of such shares are subject to both a right of first refusal and a co-sale right in favor of certain shareholders of each of Didi and Grab. There is currently no public market for any of these securities, and there may be no market in the future if and when we decide to sell such assets. Furthermore, we may be required to sell these assets at a time at which we would not be able to realize what we believe to be the long-term value of these assets. For example, if we were deemed an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"), we may be required to sell some or all of such assets so that we would not be subject to the requirements of the Investment Company Act. Additionally, we may have to pay significant taxes upon the sale or transfer of these assets. Accordingly, we may never realize the value of these assets relative to the contributions we made to these businesses.

We may experience significant fluctuations in our operating results. If we are unable to achieve or sustain profitability, our prospects would be adversely affected and investors may lose some or all of the value of their investment.

Our operating results may vary significantly and are not necessarily an indication of future performance. These fluctuations may be a result of a variety of factors, some of which are beyond our control. In particular, we experience seasonal fluctuations in our financial results. For Ridesharing, we typically generate higher revenue in our fourth quarter compared to other quarters due in part to fourth quarter holiday and business demand, and typically generate lower revenue in our third quarter compared to other quarters due in part to less usage of our platform during peak vacation season in certain cities, such as Paris. We have typically experienced lower quarter-over-quarter growth in Rides in the first quarter. For Eats, we expect to experience seasonal increases in our revenue in the first and fourth quarters compared to the second and third quarters, although the historical growth of Eats has masked these seasonal fluctuations. Our growth has made, and may in the future make, seasonal fluctuations difficult to detect. We expect these seasonal trends to become more pronounced over time as our growth slows. Other seasonal trends may develop or these existing seasonal trends may become more extreme, which would contribute to fluctuations in our operating results. In addition to seasonality, our operating results may fluctuate as a result of factors including our ability to attract and retain new platform users, increased competition in the markets in which we operate, our ability to expand our operations in new and existing markets, our ability to maintain an adequate growth rate and effectively manage that growth, our ability to keep pace with technological changes in the industries in which we operate, changes in governmental or other regulations affecting our business, harm to our brand or reputation, and other risks described elsewhere in this Annual Report on Form 10-K. As such, we may not accurately forecast our operating results. We base our expense levels and investment plans on estimates. A significant portion of our expenses and investments are fixed, and we may not be able to adjust our spending quickly enough if our revenue is less than expected, resulting in losses that exceed our expectations. If we are unable to achieve sustained profits, our prospects would be adversely affected and investors may lose some or all of the value of their investment.

If our growth slows more significantly than we currently expect, we may not be able to achieve profitability, which would adversely affect our financial results and future prospects.

Our Gross Bookings, revenue, and Adjusted Net Revenue growth rates (in particular with respect to our Ridesharing products) have slowed in recent periods, and we expect that they will continue to slow in the future. We believe that our growth depends on a number of factors, including our ability to:

- grow supply and demand on our platform;
- increase existing platform users' activity on our platform;
- continue to introduce our platform to new markets;
- provide high-quality support to Drivers, consumers, restaurants, shippers, and carriers;
- expand our business and increase our market share and category position;
- compete with the products and offerings of, and pricing and incentives offered by, our competitors;
- develop new products, offerings, and technologies;
- identify and acquire or invest in businesses, products, offerings, or technologies that we believe could complement or expand our platform;
- penetrate suburban and rural areas and increase the number of rides taken on our platform outside metropolitan areas;
- reduce the costs of our Rides and New Mobility offerings to better compete with personal vehicle ownership and usage and other low-cost alternatives like public transportation, which in many cases can be faster or cheaper than any other form of transportation;
- maintain existing local regulations in key markets where we operate;
- enter or expand operations in some of the key countries in which we are currently limited by local regulations, such as Argentina, Germany, Italy, Japan, South Korea, and Spain; and
- increase positive perception of our brand.

We may not successfully accomplish any of these objectives. A softening of Driver, consumer, restaurant, shipper, or carrier demand, whether caused by changes in the preferences of such parties, failure to maintain our brand, changes in the U.S. or global economies, licensing fees in various jurisdictions, competition, or other factors, may result in decreased revenue or growth and our financial results and future prospects would be adversely impacted. We expect to continue to incur significant expenses, and if we cannot increase our revenue at a faster rate than the increase in our expenses, we will not achieve profitability.

We generate a significant percentage of our Gross Bookings from trips in large metropolitan areas and trips to and from airports. If our operations in large metropolitan areas or ability to provide trips to and from airports are negatively affected, our financial results and future prospects would be adversely impacted.

In 2019, we derived 23% of our Rides Gross Bookings from five metropolitan areas—Chicago, Los Angeles, New York City, and the San Francisco Bay Area in the United States; and London in the United Kingdom. We experience greater competition in large metropolitan areas than we do in other markets in which we operate, which has led us to offer significant Driver incentives and consumer discounts and promotions in these large metropolitan areas. As a result of our geographic concentration, our business and financial results are susceptible to economic, social, weather, and regulatory conditions or other circumstances in each of these large metropolitan areas. An economic downturn, increased competition, or regulatory obstacles in any of these key metropolitan areas would adversely affect our business, financial condition, and operating results to a much greater degree than would the occurrence of such events in other areas. In addition, any changes to local laws or regulations within these key metropolitan areas that affect our ability to operate or increase our operating expenses in these markets would have an adverse effect on our business. Furthermore, if we are unable to renew existing licenses or do not receive new licenses in key metropolitan areas where we operate or such licenses are terminated, any inability to operate in such metropolitan area, as well as the publicity concerning any such termination or non-renewal, could adversely affect our business, financial condition, and operating results. For example, Transport for London (“TfL”) denied our application for a new license on November 25, 2019. We are continuing operations in London, while we have appealed this decision and expect a hearing in Westminster Magistrates Court in mid-2020. If we are not granted a new license, any inability to operate in London could adversely affect our business, financial condition and operating results.

In addition, in August 2018, New York City approved regulations for the local for-hire market (which includes our Ridesharing products), including a cap on the number of new vehicle licenses issued to drivers who offer for-hire services. In December 2018, New York City also established a standard for time and distance designed to target minimum hourly earnings for drivers providing for-hire services in New York City and surrounding areas. These minimum rates took effect in February 2019, and the regulator will update them periodically. We continue to work through adjustments with respect to rider promotions, driver supply, and other aspects of our business in response to these regulations; however, these regulations had a negative impact on our financial performance in New York City throughout 2019 and may have a similar adverse impact in the future. In August 2019, New York City issued a regulation to limit how much time drivers providing ride-hailing services can spend cruising streets in busy areas of Manhattan without passengers. In December 2019, a New York state judge struck down this regulation, which was to come into effect in February 2020. New York City is appealing this ruling. Additionally, in November 2019, a ballot measure to impose a surcharge on ridesharing trips in San Francisco was approved by voters in San Francisco. This surcharge took effect on January 1, 2020. In addition, other jurisdictions such as Seattle have in the past considered or may consider regulations that would implement minimum wage requirements or permit drivers to negotiate for minimum wages while providing services on our platform. Further, we expect that we will continue to face challenges in penetrating lower-density suburban and rural areas, where our network is smaller and less liquid, the cost of personal vehicle ownership is lower, and personal vehicle ownership is more convenient. If we are not successful in penetrating suburban and rural areas, or if we are unable to operate in certain key metropolitan areas in the future, our ability to serve what we consider to be our total addressable market would be limited, and our business, financial condition, and operating results would suffer.

In 2019, we generated 15% of our Rides Gross Bookings from trips that either started or were completed at an airport, and we expect this percentage to increase in the future. As a result of this concentration, our operating results are susceptible to existing regulations and regulatory changes that impact the ability of drivers using our platform to provide trips to and from airports. Certain airports currently regulate ridesharing within airport boundaries, including by mandating that ridesharing service providers obtain airport-specific licenses, and some airports, particularly those outside the United States, have banned ridesharing operations altogether. Despite such bans, some Drivers continue to provide Rides services, including trips to and from airports, despite lacking the requisite permits. Such actions may result in the imposition of fines or sanctions, including further bans on our ability to operate within airport boundaries, against us or Drivers. Additional bans on our airport operations, or any permitting requirements or instances of non-compliance by

Drivers, would significantly disrupt our operations. In addition, if drop-offs or pick-ups of riders become inconvenient because of airport rules or regulations, or more expensive because of airport-imposed fees, the number of Drivers or consumers could decrease, which would adversely affect our business, financial condition, and operating results. While we have entered into agreements with most major U.S. airports as well as certain airports outside the United States to allow the use of our platform within airport boundaries, we cannot guarantee that we will be able to renew such agreements on favorable terms if at all, and we may not be successful in negotiating similar agreements with airports in all jurisdictions.

If we fail to develop and successfully commercialize autonomous vehicle technologies or fail to develop such technologies before our competitors, or if such technologies fail to perform as expected, are inferior to those of our competitors, or are perceived as less safe than those of our competitors or non-autonomous vehicles, our financial performance and prospects would be adversely impacted.

We have invested, and we expect to continue to invest, substantial amounts in autonomous vehicle technologies. As discussed elsewhere in this Annual Report on Form 10-K, we believe that autonomous vehicle technologies may have the ability to meaningfully impact the industries in which we compete. While we believe that autonomous vehicles present substantial opportunities, the development of such technology is expensive and time-consuming and may not be successful. Several other companies, including Waymo, Cruise Automation, Tesla, Apple, Zoox, Aptiv, Aurora, and Nuro, are also developing autonomous vehicle technologies, either alone or through collaborations with car manufacturers, and we expect that they will use such technology to further compete with us in the personal mobility, meal delivery, or logistics industries. We expect certain competitors to commercialize autonomous vehicle technologies at scale before we do. Waymo has already introduced a commercialized ridehailing fleet of autonomous vehicles, and it is possible that other of our competitors could introduce autonomous vehicle offerings earlier than we will. In the event that our competitors bring autonomous vehicles to market before we do, or their technology is or is perceived to be superior to ours, they may be able to leverage such technology to compete more effectively with us, which would adversely impact our financial performance and our prospects. For example, use of autonomous vehicles could substantially reduce the cost of providing ridesharing, meal delivery, or logistics services, which could allow competitors to offer such services at a substantially lower price as compared to the price available to consumers on our platform. If a significant number of consumers choose to use our competitors' offerings over ours, our financial performance and prospects would be adversely impacted.

Autonomous vehicle technologies involve significant risks and liabilities. We conduct real-world testing of our autonomous vehicles, which currently includes at least one trained driver in the driver's seat monitoring operations while the vehicle is in autonomous mode. In March 2018, one such test vehicle struck and killed a pedestrian in Tempe, Arizona. Following that incident, we voluntarily suspended public-road testing of our autonomous vehicles for several months in all markets where we were conducting real-world testing, which was a setback for our autonomous vehicle technology efforts. The National Transportation Safety Board investigated the collision, and, in its conclusion, recommended that we implement certain safety risk management measures for autonomous driving system testing. While we continue to implement and monitor a safety risk management system, we cannot assure you that such a system will prevent additional collisions involving our autonomous vehicles. We currently test vehicles in autonomous mode on public roads in Pennsylvania, and, in February 2020, were issued a permit to test autonomous vehicles on California public roads with a trained driver in the vehicle. Failures of our autonomous vehicle technologies or additional crashes involving autonomous vehicles using our technology could generate substantial liability for us, create negative publicity about us, or result in regulatory scrutiny, all of which would have an adverse effect on our reputation, brand, business, prospects, and operating results.

The development of our autonomous vehicle technologies is highly dependent on internally developed software, as well as on partnerships with third parties such as OEMs and other suppliers, including Toyota and DENSO pursuant to the ATG Collaboration Agreement, and Volvo. We develop and integrate self-driving software into our autonomous vehicle technologies and work with OEMs and other suppliers to develop autonomous vehicle technology hardware. We partner with OEMs that will seek to manufacture vehicles capable of incorporating our autonomous vehicle technologies. The timely development and performance of our autonomous vehicle programs is dependent on the materials, cooperation, and quality delivered by our partners and suppliers. Our dependence on these relationships exposes us to the risk that components manufactured by OEMs or other suppliers could contain defects that would cause our autonomous vehicle technologies to not operate as intended. Further, reliance on these relationships exposes us to risks beyond our control, such as third-party software or manufacturing defects, which would substantially impair our ability to deploy autonomous vehicles. If our autonomous vehicle technologies were to contain design or manufacturing defects that caused such technology to not perform as expected, or if we were unable to deploy autonomous vehicles as a result of manufacturing delays by OEMs, our financial performance and our prospects could be harmed.

Federal and state government regulations specifically designed to govern autonomous vehicle operation, testing and/or manufacture are developing. These regulations could include requirements that significantly delay or narrowly limit the commercialization of autonomous vehicles, limit the number of autonomous vehicles that we can manufacture or use on our platform, or impose significant liabilities on manufacturers or operators of autonomous vehicles or developers of autonomous vehicle technologies. If regulations of this nature are implemented, we may not be able to commercialize our autonomous vehicle technologies in the manner we expect, or at all. Further, if we are unable to comply with existing or new regulations or laws applicable to autonomous vehicles, we could become subject to substantial fines or penalties.

In 2019, we entered into an agreement with SoftBank, Toyota, and DENSO pursuant to which these investors invested an aggregate of \$1.0 billion (\$400 million from Toyota, \$333 million from SoftBank, and \$267 million from DENSO) in a newly formed corporate parent entity for ATG. This investment will enable us to raise dedicated capital to fund our ATG business and aims to accelerate the development and commercialization of automated ridesharing services. In connection with the investment, we have entered into the ATG Collaboration Agreement with Toyota, DENSO, and ATG with respect to next-generation self-driving hardware and the development of self-driving vehicles leveraging technology from each of the parties. The transaction closed in July 2019; however, we cannot assure you that the transaction will have the effects that we anticipate.

Our business depends on retaining and attracting high-quality personnel, and continued attrition, future attrition, or unsuccessful succession planning could adversely affect our business.

Our success depends in large part on our ability to attract and retain high-quality management, operations, engineering, and other personnel who are in high demand, are often subject to competing employment offers, and are attractive recruiting targets for our competitors. Challenges related to our culture and workplace practices and negative publicity we experience have in the past led to significant attrition and made it more difficult to attract high-quality employees. Future challenges related to our culture and workplace practices or additional negative publicity could lead to further attrition and difficulty attracting high-quality employees. In 2017, we experienced significant leadership changes, which disrupted our business and increased attrition among senior management and employees, and during the third quarter of 2018, annualized attrition among employees was near peak levels.

Future leadership transitions and management changes may cause uncertainty in, or a disruption to, our business, and may increase the likelihood of senior management or other employee turnover. The loss of qualified executives and employees, or an inability to attract, retain, and motivate high-quality executives and employees required for the planned expansion of our business, may harm our operating results and impair our ability to grow.

In addition, we depend on the continued services and performance of our key personnel, including our Chief Executive Officer Dara Khosrowshahi. We have entered into an employment agreement with Mr. Khosrowshahi, which is at-will and has no specific duration. Other key members of our management team joined our company after August 2017, and none had previously worked within our industry. Recently hired executives may view our business differently than members of our prior management team and, over time, may make changes to our personnel and their responsibilities as well as our strategic focus, operations, or business plans. We may not be able to properly manage any such shift in focus, and any changes to our business may ultimately prove unsuccessful.

In addition, our failure to put in place adequate succession plans for senior and key management roles or the failure of key employees to successfully transition into new roles could have an adverse effect on our business and operating results. The unexpected or abrupt departure of one or more of our key personnel and the failure to effectively transfer knowledge and effect smooth key personnel transitions has had and may in the future have an adverse effect on our business resulting from the loss of such person's skills, knowledge of our business, and years of industry experience. If we cannot effectively manage leadership transitions and management changes in the future, our reputation and future business prospects could be adversely affected.

To attract and retain key personnel, we use equity incentives, among other measures. These measures may not be sufficient to attract and retain the personnel we require to operate our business effectively. Additionally, key members of our management team and many of our employees hold RSUs that vested in connection with our IPO, or hold stock options that are or will become exercisable for common stock, which we expect will adversely impact our ability to retain employees. Further, the equity incentives we currently use to attract, retain, and motivate employees may not be as effective as in the past, particularly if the value of the underlying stock does not increase commensurate with expectations or consistent with our historical stock price growth. If we are unable to attract and retain high-quality management and operating personnel, our business, financial condition, and operating results could be adversely affected.

The impact of economic conditions, including the resulting effect on discretionary consumer spending, may harm our business and operating results.

Our performance is subject to economic conditions and their impact on levels of discretionary consumer spending. Some of the factors that have an impact on discretionary consumer spending include general economic conditions, unemployment, consumer debt, reductions in net worth, residential real estate and mortgage markets, taxation, energy prices, interest rates, consumer confidence, and other macroeconomic factors. Consumer preferences tend to shift to lower-cost alternatives during recessionary periods and other periods in which disposable income is adversely affected. In such circumstances, consumers may choose to use one of our lower price-point products, such as UberPOOL, over a higher Gross Bookings per Trip offering, may choose to forgo our offerings for lower-cost personal vehicle or public transportation alternatives, or may reduce total miles traveled as economic activity decreases. Such a shift in consumer behavior may reduce our network liquidity and may harm our business, financial condition, and operating results. Likewise, small businesses that do not have substantial resources, including many of the restaurants in our network, tend to be more adversely affected by poor economic conditions than large businesses. Further, because spending for food purchases from restaurants is generally considered discretionary, any decline in consumer spending may have a disproportionate effect on our Eats offering. If spending at many of the restaurants in our network declines, or if a significant number of these restaurants go out of business, consumers may be less likely to use our products and offerings, which could harm our business and operating results. Alternatively, if economic conditions improve, it could lead to Drivers obtaining additional or alternative opportunities for work, which could negatively impact the number of Drivers on our platform, and thereby reduce our network liquidity.

Increases in fuel, food, labor, energy, and other costs could adversely affect our operating results.

Factors such as inflation, increased fuel prices, and increased vehicle purchase, rental, or maintenance costs may increase the costs incurred by Drivers and carriers when providing services on our platform. Similarly, factors such as inflation, increased food costs, increased labor and employee benefit costs, increased rental costs, and increased energy costs may increase restaurant operating costs, particularly in certain international markets, such as Egypt. Many of the factors affecting Driver, restaurant, and carrier costs are beyond the control of these parties. In many cases, these increased costs may cause Drivers and carriers to spend less time providing services on our platform or to seek alternative sources of income. Likewise, these increased costs may cause restaurants to pass costs on to consumers by increasing prices, which would likely cause order volume to decline, may cause restaurants to cease operations altogether, or may cause carriers to pass costs on to shippers, which may cause shipments on our platform to decline. A decreased supply of Drivers, consumers, restaurants, shippers, or carriers on our platform would decrease our network liquidity, which could harm our business and operating results.

We will require additional capital to support the growth of our business, and this capital might not be available on reasonable terms or at all.

To continue to effectively compete, we will require additional funds to support the growth of our business and allow us to invest in new products, offerings, and markets. In particular, our dockless e-bike and e-scooter products and autonomous vehicle development efforts are capital and operations intensive. While we closed the investment in ATG from the ATG Investors for an aggregate of \$1.0 billion, we will likely require additional capital to expand these products or continue these development efforts. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders may suffer significant dilution, and any new equity securities we issue may have rights, preferences, and privileges superior to those of existing stockholders. Certain of our existing debt instruments contain, and any debt financing we secure in the future could contain, restrictive covenants relating to our ability to incur additional indebtedness and other financial and operational matters that make it more difficult for us to obtain additional capital with which to pursue business opportunities. For example, our existing debt instruments contain significant restrictions on our ability to incur additional secured indebtedness. We may not be able to obtain additional financing on favorable terms, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when required, our ability to continue to support our business growth and to respond to business challenges and competition may be significantly limited.

If we experience security or data privacy breaches or other unauthorized or improper access to, use of, disclosure of, alteration of or destruction of our proprietary or confidential data, employee data, or platform user data, we may face loss of revenue, harm to our brand, business disruption, and significant liabilities.

We collect, use, and process a variety of personal data, such as email addresses, mobile phone numbers, profile photos, location information, drivers' license numbers and Social Security numbers of Drivers, consumer payment card information, and Driver and restaurant bank account information. As such, we are an attractive target of data security attacks by third parties. Any failure to prevent or mitigate security breaches or improper access to, use of, disclosure, alteration or destruction of any such data could result in significant liability and a material loss of revenue resulting from the adverse impact on our reputation and brand, a diminished ability to retain or attract new platform users, and disruption to our business. We rely on third-party service providers to host or otherwise process some of our data and that of platform users, and any failure by such third party to prevent or mitigate security breaches or improper access to, disclosure, alteration or destruction of, such information could have similar adverse consequences for us.

Because the techniques used to obtain unauthorized access, disable or degrade services, or sabotage systems change frequently and are often unrecognizable until launched against a target, we may be unable to anticipate these techniques and implement adequate preventative measures. Our servers and platform may be vulnerable to computer viruses or physical or electronic break-ins that our security measures may not detect. Individuals able to circumvent our security measures may misappropriate confidential, proprietary, or personal information held by or on behalf of us, disrupt our operations, damage our computers, or otherwise damage our business. In addition, we may need to expend significant resources to protect against security breaches or mitigate the impact of any such breaches, including potential liability that may not be limited to the amounts covered by our insurance.

Security breaches could also expose us to liability under various laws and regulations across jurisdictions and increase the risk of litigation and governmental investigation. We have been subject to security and data privacy incidents in the past and may be again in the future. For example, in May 2014, we experienced a data security incident in which an outside actor gained access to certain personal information belonging to Drivers through an access key written into code that an employee had unintentionally posted publicly on a code-sharing website used by software developers (the "2014 Breach"). In October and November of 2016, outside actors downloaded the personal data of approximately 57 million Drivers and consumers worldwide (the "2016 Breach"). The accessed data included the names, email addresses, mobile phone numbers, and drivers' license numbers of approximately 600,000 Drivers, among other information. For further information on this incident, see the risk factors titled "—We currently are subject to a number of inquiries, investigations, and requests for information from the DOJ, the SEC and other U.S. and foreign government agencies, the adverse outcomes of which could harm our business" and "—We face risks related to our collection, use, transfer, disclosure, and other processing of data, which could result in investigations, inquiries, litigation, fines, legislative, and regulatory action, and negative press about our privacy and data protection practices," below. In November 2018, a third-party assessor ranked our maturity level for all but two security capabilities as below or at the minimum maturity end of our industry maturity range, which purports to be a composite range derived from the minimum and maximum maturity ratings across related industry sections in consumer products, travel and hospitality, banking and securities, and technology. As we expand our operations, we may also assume liabilities for breaches experienced by the companies we acquire. For example, in April 2018, Careem publicly disclosed and notified relevant regulatory authorities that it had been subject to a data security breach that allowed access to certain personal information of riders and drivers on its platform, as of January 14, 2018. If Careem becomes subject to liability as a result of this or other data security breaches, or if we fail to remediate this or any other data security breach that Careem or we experience, we may face harm to our brand, business disruption, and significant liabilities.

If we are unable to successfully introduce new or upgraded products, offerings, or features for Drivers, consumers, restaurants, shippers, and carriers, we may fail to retain and attract such users to our platform and our operating results would be adversely affected.

To continue to retain and attract Drivers, consumers, restaurants, shippers, and carriers to our platform, we will need to continue to invest in the development of new products, offerings, and features that add value for Drivers, consumers, restaurants, shippers, and carriers and that differentiate us from our competitors. For example, in 2018, we redesigned our Driver application with features that better anticipate Driver needs, such as improved real-time communication and updates on the availability of riders and consumers and the pricing of fares and deliveries, and we acquired orderTalk to better integrate Eats with restaurant point-of-sale systems. In addition, in January 2020, we introduced a number of product changes in California intended to, among other things, provide Drivers with more information about rider destinations, trip distance, and expected fares, display prices more clearly, and allow users to select preferred Drivers, all of which are intended to further strengthen the independence of Drivers in California and protect their ability to work flexibly when using the Uber platform.

Developing and delivering these new or upgraded products, offerings, and features is costly, and the success of such new products, offerings, and features depends on several factors, including the timely completion, introduction, and market acceptance of such products, offerings, and features. Moreover, any such new or upgraded products, offerings, or features may not work as intended or may not provide intended value to platform users. For example, our recent product changes in California have resulted in, and may continue to result in, reduced demand for rides and reduced supply of Drivers on our platform, Driver dissatisfaction, and adverse impacts on the operation of our platform. If we are unable to continue to develop new or upgraded products, offerings, and features, or if platform users do not perceive value in such new or upgraded products, offerings, and features, platform users may choose not to use our platform, which would adversely affect our operating results.

If we are unable to manage supply chain risks related to New Mobility products such as dockless e-bikes and e-scooters and advanced technologies such as autonomous vehicles, our operations may be disrupted.

Our New Mobility products include dockless e-bikes and e-scooters and we are developing advanced technologies for autonomous vehicles. These products require and rely on hardware and other components that we source from third-party suppliers. The continued development of dockless e-bikes and e-scooters, autonomous vehicle technologies, and other products depends on our ability to implement and manage supply chain logistics to secure the necessary components and hardware. We do not have significant experience in managing supply chain risks. We depend on a limited number of suppliers for our dockless e-bikes, and on a single supplier for our e-scooters that also supplies our primary competitors. It is possible that we may not be able to obtain a sufficient supply of dockless e-bikes and e-scooters in a timely manner, or at all. The timely development and performance of our New Mobility products is dependent on the materials, cooperation, and quality delivered by our suppliers. Further, we source certain specialized or custom-made components for our autonomous vehicle and other advanced technologies from a small number of specialized suppliers, and we may not be able to secure substitutes in a timely manner, on reasonable terms, or at all. Events that could disrupt our supply chain include, but are not limited to:

- the imposition of trade laws or regulations;
- the imposition of duties, tariffs, and other charges on imports and exports, including with respect to imports and exports of dockless e-bikes and e-scooters from China;
- disruption in the supply of certain hardware and components from our international suppliers, particularly those in China;
- public health concerns or epidemics, such as the recent coronavirus outbreak, affecting the production capabilities of our suppliers, including by resulting in quarantines or closures;
- foreign currency fluctuations;
- theft; and
- restrictions on the transfer of funds.

The occurrence of any of the foregoing could materially increase the cost and reduce or delay the supply of dockless e-bikes and e-scooters available on our platform and could materially delay our progress towards introducing autonomous vehicles onto our platform, all of which could adversely affect our business, financial condition, operating results, and prospects.

We track certain operational metrics and our category position with internal systems and tools, and our equity stakes in minority-owned affiliates with information provided by such minority-owned affiliates, and do not independently verify such metrics. Certain of our operational metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We track certain operational metrics, including key metrics such as MAPCs, Trips, Gross Bookings, and our category position, with internal systems and tools, and our equity stakes in minority-owned affiliates with information provided by such minority-owned affiliates, that are not independently verified by any third party and which may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies, or the assumptions on which we rely. Our internal systems and tools have a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we

publicly disclose, or our estimates of our category position. If the internal systems and tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our products are used across large populations globally. For example, we believe that there are consumers who have multiple accounts, even though we prohibit that in our Terms of Service and implement measures to detect and prevent that behavior. In addition, limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long-term strategies. If our operating metrics or our estimates of our category position or our equity stakes in our minority-owned affiliates are not accurate representations of our business, or if investors do not perceive our operating metrics or estimates of our category position or equity stakes in our minority-owned affiliates to be accurate, or if we discover material inaccuracies with respect to these figures, our reputation may be significantly harmed, and our operating and financial results could be adversely affected.

In certain jurisdictions, we allow consumers to pay for rides and meal deliveries using cash, which raises numerous regulatory, operational, and safety concerns. If we do not successfully manage those concerns, we could become subject to adverse regulatory actions and suffer reputational harm or other adverse financial and accounting consequences.

In certain jurisdictions, including India, Brazil, and Mexico, as well as certain other countries in Latin America, Europe, the Middle East, and Africa, we allow consumers to use cash to pay Drivers the entire fare of rides and cost of meal deliveries (including our service fee from such rides and meal deliveries). In 2019, cash-paid trips accounted for approximately 11% of our global Gross Bookings. This percentage may increase in the future, particularly in the markets in which Careem operates. The use of cash in connection with our technology raises numerous regulatory, operational, and safety concerns. For example, many jurisdictions have specific regulations regarding the use of cash for ridesharing and certain jurisdictions prohibit the use of cash for ridesharing. Failure to comply with these regulations could result in the imposition of significant fines and penalties and could result in a regulator requiring that we suspend operations in those jurisdictions. In addition to these regulatory concerns, the use of cash with our Rides products and Eats offering can increase safety and security risks for Drivers and riders, including potential robbery, assault, violent or fatal attacks, and other criminal acts. In certain jurisdictions such as Brazil, serious safety incidents resulting in robberies and violent, fatal attacks on Drivers while using our platform have been reported. If we are not able to adequately address any of these concerns, we could suffer significant reputational harm, which could adversely impact our business.

In addition, establishing the proper infrastructure to ensure that we receive the correct service fee on cash trips is complex, and has in the past meant and may continue to mean that we cannot collect the entire service fee for certain of our cash-based trips. We have created systems for Drivers to collect and deposit the cash received for cash-based trips and deliveries, as well as systems for us to collect, deposit, and properly account for the cash received, some of which are not always effective, convenient, or widely-adopted by Drivers. Creating, maintaining, and improving these systems requires significant effort and resources, and we cannot guarantee these systems will be effective in collecting amounts due to us. Further, operating a business that uses cash raises compliance risks with respect to a variety of rules and regulations, including anti-money laundering laws. If Drivers fail to pay us under the terms of our agreements or if our collection systems fail, we may be adversely affected by both the inability to collect amounts due and the cost of enforcing the terms of our contracts, including litigation. Such collection failure and enforcement costs, along with any costs associated with a failure to comply with applicable rules and regulations, could, in the aggregate, impact our financial performance.

Loss or material modification of our credit card acceptance privileges could have an adverse effect on our business and operating results.

In 2019, 89% of our Gross Bookings were paid by either credit card or debit card. As such, the loss of our credit card acceptance privileges would significantly limit our business model. We are required by our payment processors to comply with payment card network operating rules, including the Payment Card Industry (“PCI”) and Data Security Standard (the “Standard”). The Standard is a comprehensive set of requirements for enhancing payment account data security developed by the PCI Security Standards Council to help facilitate the broad adoption of consistent data security measures. Our failure to comply with the Standard and other network operating rules could result in fines or restrictions on our ability to accept payment cards. Under certain circumstances specified in the payment card network rules, we may be required to submit to periodic audits, self-assessments, or other assessments of our compliance with the Standard. Such activities may reveal that we have failed to comply with the Standard. If an audit, self-assessment, or other test determines that we need to take steps to remediate any deficiencies, such remediation efforts may distract our management team and require us to undertake costly and time consuming remediation efforts. In addition, even if we

comply with the Standard, there is no assurance that we will be protected from a security breach. Moreover, the payment card networks could adopt new operating rules or interpret existing rules that we or our processors might find difficult or even impossible to follow, or costly to implement. In addition to violations of network rules, including the Standard, any failure to maintain good relationships with the payment card networks could impact our ability to receive incentives from them, could increase our costs, or could otherwise harm our business. The loss of our credit card acceptance privileges for any one of these reasons, or the significant modification of the terms under which we obtain credit card acceptance privileges, may have an adverse effect on our business, revenue, and operating results.

The successful operation of our business depends upon the performance and reliability of Internet, mobile, and other infrastructures that are not under our control.

Our business depends on the performance and reliability of Internet, mobile, and other infrastructures that are not under our control. Disruptions in Internet infrastructure or GPS signals or the failure of telecommunications network operators to provide us with the bandwidth we need to provide our products and offerings could interfere with the speed and availability of our platform. For example, in January 2018, some T-Mobile customers traveling internationally experienced a mobile service outage and as a result were unable to use our platform. If our platform is unavailable when platform users attempt to access it, or if our platform does not load as quickly as platform users expect, platform users may not return to our platform as often in the future, or at all, and may use our competitors' products or offerings more often. In addition, we have no control over the costs of the services provided by national telecommunications operators. If mobile Internet access fees or other charges to Internet users increase, consumer traffic may decrease, which may in turn cause our revenue to significantly decrease.

Our business depends on the efficient and uninterrupted operation of mobile communications systems. The occurrence of an unanticipated problem, such as a power outage, telecommunications delay or failure, security breach, or computer virus could result in delays or interruptions to our products, offerings, and platform, as well as business interruptions for us and platform users. Furthermore, foreign governments may leverage their ability to shut down directed services, and local governments may shut down our platform at the routing level. Any of these events could damage our reputation, significantly disrupt our operations, and subject us to liability, which could adversely affect our business, financial condition, and operating results. We have invested significant resources to develop new products to mitigate the impact of potential interruptions to mobile communications systems, which can be used by consumers in territories where mobile communications systems are less efficient. However, these products may ultimately be unsuccessful.

We rely on third parties maintaining open marketplaces to distribute our platform and to provide the software we use in certain of our products and offerings. If such third parties interfere with the distribution of our products or offerings or with our use of such software, our business would be adversely affected.

Our platform relies on third parties maintaining open marketplaces, including the Apple App Store and Google Play, which make applications available for download. We cannot assure you that the marketplaces through which we distribute our platform will maintain their current structures or that such marketplaces will not charge us fees to list our applications for download. We rely upon certain third parties to provide software for our products and offerings, including Google Maps for the mapping function that is critical to the functionality of our platform. We do not believe that an alternative mapping solution exists that can provide the global functionality that we require to offer our platform in all of the markets in which we operate. We do not control all mapping functions employed by our platform or Drivers using our platform, and it is possible that such mapping functions may not be reliable. If such third parties cease to provide access to the third-party software that we and Drivers use, do not provide access to such software on terms that we believe to be attractive or reasonable, or do not provide us with the most current version of such software, we may be required to seek comparable software from other sources, which may be more expensive or inferior, or may not be available at all, any of which would adversely affect our business.

Our business depends upon the interoperability of our platform across devices, operating systems, and third-party applications that we do not control.

One of the most important features of our platform is its broad interoperability with a range of devices, operating systems, and third-party applications. Our platform is accessible from the web and from devices running various operating systems such as iOS and Android. We depend on the accessibility of our platform across these third-party operating systems and applications that we do not control. Moreover, third-party services and products are constantly evolving, and we may not be able to modify our platform to assure its compatibility with that of other third parties following development changes. The loss of interoperability, whether due to actions of third parties or otherwise, could adversely affect our business.

We rely on third parties for elements of the payment processing infrastructure underlying our platform. If these third-party elements become unavailable or unavailable on favorable terms, our business could be adversely affected.

The convenient payment mechanisms provided by our platform are key factors contributing to the development of our business. We rely on third parties for elements of our payment-processing infrastructure to remit payments to Drivers, restaurants, and carriers using our platform, and these third parties may refuse to renew our agreements with them on commercially reasonable terms or at all. If these companies become unwilling or unable to provide these services to us on acceptable terms or at all, our business may be disrupted. For certain payment methods, including credit and debit cards, we generally pay interchange fees and other processing and gateway fees, and such fees result in significant costs. In addition, online payment providers are under continued pressure to pay increased fees to banks to process funds, and there is no assurance that such online payment providers will not pass any increased costs on to merchant partners, including us. If these fees increase over time, our operating costs will increase, which could adversely affect our business, financial condition, and operating results.

In addition, system failures have at times prevented us from making payments to Drivers in accordance with our typical timelines and processes, and have caused substantial Driver dissatisfaction and generated a significant number of Driver complaints. Future failures of the payment processing infrastructure underlying our platform could cause Drivers to lose trust in our payment operations and could cause them to instead use our competitors' platforms. If the quality or convenience of our payment processing infrastructure declines as a result of these limitations or for any other reason, the attractiveness of our business to Drivers, restaurants, and carriers could be adversely affected. If we are forced to migrate to other third-party payment service providers for any reason, the transition would require significant time and management resources, and may not be as effective, efficient, or well-received by platform users.

Computer malware, viruses, spamming, and phishing attacks could harm our reputation, business, and operating results.

We rely heavily on information technology systems across our operations. Our information technology systems, including mobile and online platforms and mobile payment systems, administrative functions such as human resources, payroll, accounting, and internal and external communications, and the information technology systems of our third-party business partners and service providers, contain proprietary or confidential information related to business and personal data, including sensitive personal data, entrusted to us by platform users, employees, and job candidates. Computer malware, viruses, spamming, and phishing attacks have become more prevalent in our industry, have occurred on our systems in the past, and may occur on our systems in the future. Various other factors may also cause system failures, including power outages, catastrophic events, inadequate or ineffective redundancy, issues with upgrading or creating new systems or platforms, flaws in third-party software or services, errors by our employees or third-party service providers, or breaches in the security of these systems or platforms. For example, third parties may attempt to fraudulently induce employees or platform users to disclose information to gain access to our data or the data of platform users. If our incident response, disaster recovery, and business continuity plans do not resolve these issues in an effective manner, they could result in adverse impacts to our business operations and our financial results. Because of our prominence, the number of platform users, and the types and volume of personal data on our systems, we may be a particularly attractive target for such attacks. Although we have developed systems and processes that are designed to protect our data and that of platform users, and to prevent data loss, undesirable activities on our platform, and security breaches, we cannot guarantee that such measures will provide absolute security. Our efforts on this front may be unsuccessful as a result of, for example, software bugs or other technical malfunctions; employee, contractor, or vendor error or malfeasance; government surveillance; or other threats that evolve, and we may incur significant costs in protecting against or remediating cyber-attacks. Any actual or perceived failure to maintain the performance, reliability, security, and availability of our products, offerings, and technical infrastructure to the satisfaction of platform users and certain regulators would likely harm our reputation and result in loss of revenue from the adverse impact to our reputation and brand, disruption to our business, and our decreased ability to attract and retain Drivers, consumers, restaurants, shippers, and carriers.

Our platform is highly technical, and any undetected errors could adversely affect our business.

Our platform is a complex system composed of many interoperating components and incorporates software that is highly complex. Our business is dependent upon our ability to prevent system interruption on our platform. Our software, including open source software that is incorporated into our code, may now or in the future contain undetected errors, bugs, or vulnerabilities. Some errors in our software code may only be discovered after the code has been released. Bugs in our software, third-party software including open source software that is incorporated into our code, misconfigurations of our

systems, and unintended interactions between systems could result in our failure to comply with certain federal, state, or foreign reporting obligations, or could cause downtime that would impact the availability of our service to platform users. We have from time to time found defects or errors in our system and may discover additional defects in the future that could result in platform unavailability or system disruption. In addition, we have experienced outages on our platform due to circumstances within our control, such as outages due to software limitations. We rely on co-located data centers for the operation of our platform. If our co-located data centers fail, our platform users may experience down time. If sustained or repeated, any of these outages could reduce the attractiveness of our platform to platform users. For example, as a result of an error with one of our routine maintenance releases in February 2018, we experienced an outage on our platform for 28 minutes, resulting in Drivers, consumers, restaurants, shippers, and carriers being unable to log on to our platform in major cities, including Las Vegas, Atlanta, New York, and Washington D.C. In addition, our release of new software in the past has inadvertently caused, and may in the future cause, interruptions in the availability or functionality of our platform. Any errors, bugs, or vulnerabilities discovered in our code or systems after release could result in an interruption in the availability of our platform or a negative experience for Drivers, consumers, restaurants, shippers, and carriers, and could also result in negative publicity and unfavorable media coverage, damage to our reputation, loss of platform users, loss of revenue or liability for damages, regulatory inquiries, or other proceedings, any of which could adversely affect our business and financial results.

We currently rely on a small number of third-party service providers to host a significant portion of our platform, and any interruptions or delays in services from these third parties could impair the delivery of our products and offerings and harm our business.

We use a combination of third-party cloud computing services and co-located data centers in the United States and abroad. We do not control the physical operation of any of the co-located data centers we use or the operations of our third-party service providers. These third-party operations and co-located data centers may experience break-ins, computer viruses, denial-of-service attacks, sabotage, acts of vandalism, and other misconduct. These facilities may also be vulnerable to damage or interruption from power loss, telecommunications failures, fires, floods, earthquakes, hurricanes, tornadoes, and similar events. Our systems do not provide complete redundancy of data storage or processing, and as a result, the occurrence of any such event, a decision by our third-party service providers to close our co-located data centers without adequate notice, or other unanticipated problems may result in our inability to serve data reliably or require us to migrate our data to either a new on-premise data center or cloud computing service. This could be time consuming and costly and may result in the loss of data, any of which could significantly interrupt the provision of our products and offerings and harm our reputation and brand. We may not be able to easily switch to another cloud or data center provider in the event of any disruptions or interference to the services we use, and even if we do, other cloud and data center providers are subject to the same risks. Additionally, our co-located data center facility agreements are of limited durations, and our co-located data center facilities have no obligation to renew their agreements with us on commercially reasonable terms or at all. If we are unable to renew our agreements with these facilities on commercially reasonable terms, we may experience delays in the provision of our products and offerings until an agreement with another co-located data center is arranged. Interruptions in the delivery of our products and offerings may reduce our revenue, cause Drivers, restaurants, and carriers to stop offering their services through our platform, and reduce use of our platform by consumers and shippers. Our business and operating results may be harmed if current and potential Drivers, consumers, restaurants, shippers, and carriers believe our platform is unreliable. In addition, if we are unable to scale our data storage and computational capacity sufficiently or on commercially reasonable terms, our ability to innovate and introduce new products on our platform may be delayed or compromised, which would have an adverse effect on our growth and business.

Our use of third-party open source software could adversely affect our ability to offer our products and offerings and subjects us to possible litigation.

We use third-party open source software in connection with the development of our platform. From time to time, companies that use third-party open source software have faced claims challenging the use of such open source software and their compliance with the terms of the applicable open source license. We may be subject to suits by parties claiming ownership of what we believe to be open source software, or claiming non-compliance with the applicable open source licensing terms. Some open source licenses require end-users who distribute or make available across a network software and services that include open source software to make available all or part of such software, which in some circumstances could include valuable proprietary code. While we employ practices designed to monitor our compliance with the licenses of third-party open source software and protect our valuable proprietary source code, we have not run a complete open source license review and may inadvertently use third-party open source software in a manner that exposes us to claims of non-compliance with the applicable terms of such license, including claims for infringement of intellectual property rights or for breach of contract. Furthermore, there is an increasing number of open-source software license types,

almost none of which have been tested in a court of law, resulting in a dearth of guidance regarding the proper legal interpretation of such licenses. If we were to receive a claim of non-compliance with the terms of any of our open source licenses, we may be required to publicly release certain portions of our proprietary source code or expend substantial time and resources to re-engineer some or all of our software.

In addition, the use of third-party open source software typically exposes us to greater risks than the use of third-party commercial software because open-source licensors generally do not provide warranties or controls on the functionality or origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to compromise our platform. Additionally, because any software source code that we make available under an open source license or that we contribute to existing open source projects becomes publicly available, our ability to protect our intellectual property rights in such software source code may be limited or lost entirely, and we would be unable to prevent our competitors or others from using such contributed software source code. Any of the foregoing could be harmful to our business, financial condition, or operating results and could help our competitors develop products and offerings that are similar to or better than ours.

We have incurred a significant amount of debt and may in the future incur additional indebtedness. Our payment obligations under such indebtedness may limit the funds available to us, and the terms of our debt agreements may restrict our flexibility in operating our business.

As of December 31, 2019, we had total outstanding indebtedness of \$5.8 billion aggregate principal amount. In addition, approximately \$1.7 billion of the Careem Convertible Notes were issued to Careem stockholders upon the closing of our acquisition of Careem. The Careem Convertible Notes do not bear interest and will mature 90 days after their respective dates of issuance. Subject to the limitations in the terms of our existing and future indebtedness, we and our subsidiaries may incur additional debt, secure existing or future debt, or refinance our debt. In particular, we may need to incur additional debt to finance the purchase of dockless e-bikes and e-scooters or autonomous vehicles, and such financing may not be available to us on attractive terms or at all.

We may be required to use a substantial portion of our cash flows from operations to pay interest and principal on our indebtedness. Such payments will reduce the funds available to us for working capital, capital expenditures, and other corporate purposes and limit our ability to obtain additional financing for working capital, capital expenditures, expansion plans, and other investments, which may in turn limit our ability to implement our business strategy, heighten our vulnerability to downturns in our business, the industry, or in the general economy, limit our flexibility in planning for, or reacting to, changes in our business and the industry, and prevent us from taking advantage of business opportunities as they arise. For example, the Careem Convertible Notes are convertible into shares of our common stock at the election of each note holder at a price of \$55 per share. Some or all of the holders of the Careem Convertible Notes may not elect to convert their notes prior to their maturity, in which case we will be required to repay such notes in cash. We cannot assure you that our business will generate sufficient cash flow from operations or that future financing will be available to us in amounts sufficient to enable us to make required and timely payments on our indebtedness, or to fund our operations. To date, we have used a substantial amount of cash for operating activities, and we cannot assure you when we will begin to generate cash from operating activities in amounts sufficient to cover our debt service obligations.

In addition, under certain of our existing debt instruments, we and certain of our subsidiaries are subject to limitations regarding our business and operations, including limitations on incurring additional indebtedness and liens, limitations on certain consolidations, mergers, and sales of assets, and restrictions on the payment of dividends or distributions. Any debt financing secured by us in the future could involve additional restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital to pursue business opportunities, including potential acquisitions or divestitures. Any default under our debt arrangements could require that we repay our loans immediately, and may limit our ability to obtain additional financing, which in turn may have an adverse effect on our cash flows and liquidity.

In addition, we are exposed to interest rate risk related to some of our indebtedness, which is discussed in greater detail under the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Quantitative and Qualitative Disclosures About Market Risk - Interest Rate Risk.”

We may have exposure to materially greater than anticipated tax liabilities.

The tax laws applicable to our global business activities are subject to uncertainty and can be interpreted differently by different companies. For example, we may become subject to sales tax rates in certain jurisdictions that are significantly greater than the rates we currently pay in those jurisdictions. Like many other multinational corporations, we are subject to tax in multiple U.S. and foreign jurisdictions and have structured our operations to reduce our effective tax rate. Currently, certain jurisdictions are investigating our compliance with tax rules. If it is determined that we are not compliant with such rules, we could owe additional taxes. Additionally, the taxing authorities of the jurisdictions in which we operate have in the past, and may in the future, examine or challenge our methodologies for valuing developed technology, which could increase our worldwide effective tax rate and harm our financial position and operating results. Furthermore, our future income taxes could be adversely affected by earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, changes in the valuation of our deferred tax assets and liabilities, or changes in tax laws, regulations, or accounting principles. We are subject to regular review and audit by both U.S. federal and state tax authorities, as well as foreign tax authorities, and currently face numerous audits in the United States and abroad. Any adverse outcome of such reviews and audits could have an adverse effect on our financial position and operating results. In addition, the determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment by our management, and we have engaged in many transactions for which the ultimate tax determination remains uncertain. The ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made. Our tax positions or tax returns are subject to change, and therefore we cannot accurately predict whether we may incur material additional tax liabilities in the future, which could impact our financial position. In addition, in connection with any planned or future acquisitions, we may acquire businesses that have differing licenses and other arrangements that may be challenged by tax authorities for not being at arm's-length or that are otherwise potentially less tax efficient than our licenses and arrangements. Any subsequent integration or continued operation of such acquired businesses may result in an increased effective tax rate in certain jurisdictions or potential indirect tax costs, which could result in us incurring additional tax liabilities or having to establish a reserve in our consolidated financial statements, and could adversely affect our financial results.

Changes in global and U.S. tax legislation may adversely affect our financial condition, operating results, and cash flows.

We are a U.S.-based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. U.S. tax legislation enacted in 2017 has significantly changed the U.S. federal income taxation of U.S. corporations, including reducing the U.S. corporate income tax rate, revising the rules governing net operating losses effective for tax years beginning after December 31, 2017, providing a transition of U.S. international taxation from a worldwide tax system to a modified territorial system, imposing a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017, and imposing new limitations on the deductibility of interest. Many of these changes were effective immediately, without any transition periods or grandfathering for existing transactions. The legislation is unclear in many respects and could be subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the U.S. Treasury and U.S. Internal Revenue Service (the "IRS"), any of which could lessen or increase certain adverse impacts of the legislation. In addition, it is unclear how these U.S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities.

We are unable to predict what global or U.S. tax reforms may be proposed or enacted in the future or what effects such future changes would have on our business. Any such changes in tax legislation, regulations, policies or practices in the jurisdictions in which we operate could increase the estimated tax liability that we have expensed to date and paid or accrued on our balance sheet; affect our financial position, future operating results, cash flows, and effective tax rates where we have operations; reduce post-tax returns to our stockholders; and increase the complexity, burden, and cost of tax compliance. We are subject to potential changes in relevant tax, accounting, and other laws, regulations, and interpretations, including changes to tax laws applicable to corporate multinationals. For example, in March 2018, the European Commission released a proposal for a European Council directive on taxation of specified digital services. The proposal calls for an interim tax on certain revenues from digital activities, as well as a longer-term regime that creates a taxable presence for digital services and imposes tax on digital profits. We do not yet know the impact this proposal, if implemented, would have on our financial results. Additionally, other countries could introduce similar digital services taxes. The governments of countries in which we operate and other governmental bodies could make unprecedented assertions about how taxation is determined in their jurisdictions that are contrary to the way in which we have interpreted and historically applied the rules and regulations described above in our income tax returns filed in such

jurisdictions. New laws could significantly increase our tax obligations in the countries in which we do business or require us to change the manner in which we operate our business. As a result of the large and expanding scale of our international business activities, many of these changes to the taxation of our activities could increase our worldwide effective tax rate and harm our financial position, operating results, and cash flows.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2019, we had net operating loss carryforwards for U.S. federal income tax purposes and state income tax purposes of \$8.8 billion and \$8.3 billion, respectively, available to offset future taxable income. If not utilized, the federal net operating loss carryforward amounts generated prior to January 1, 2018 will begin to expire in 2031, and the state net operating loss carryforward amounts will begin to expire in 2020. As of December 31, 2019, we also had foreign net operating loss carryforwards of \$2.7 billion that will begin to expire in 2024. Realization of these net operating loss carryforwards depends on our future taxable income, and there is a risk that our existing carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could materially and adversely affect our operating results. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the “Code”), if a corporation undergoes an “ownership change,” generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period, the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income may be limited. We may experience ownership changes in the future because of subsequent shifts in our stock ownership. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carry-forwards and other tax attributes to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us.

We are exposed to fluctuations in currency exchange rates.

Because we conduct a significant and growing portion of our business in currencies other than the U.S. dollar but report our consolidated financial results in U.S. dollars, we face exposure to fluctuations in currency exchange rates. As exchange rates vary, revenue, cost of revenue, exclusive of depreciation and amortization, operating expenses, other income and expense, and assets and liabilities, when translated, may also vary materially and thus affect our overall financial results. We have not to date, but may in the future, enter into hedging arrangements to manage foreign currency translation, but such activity may not completely eliminate fluctuations in our operating results due to currency exchange rate changes. Hedging arrangements are inherently risky, and we do not have experience establishing hedging programs, which could expose us to additional risks that could adversely affect our financial condition and operating results.

Our acquisition of Careem is subject to a number of risks and uncertainties.

In March 2019, we entered into an asset purchase agreement to acquire Careem for approximately \$3.1 billion, consisting of up to approximately \$1.7 billion of the Careem Convertible Notes and approximately \$1.4 billion in cash, subject to certain adjustments. In January 2020, we completed the acquisition following clearance of the transaction in Egypt, Jordan, Saudi Arabia and the United Arab Emirates, which represent substantially all of the major markets where regulatory approval was required, and in February 2020, we received regulatory approval in Pakistan. We continue to seek regulatory approval in Qatar and Morocco, and upon receipt of such approvals, we will proceed to close the acquisition of the Careem businesses in those countries.

We acquired substantially all of the assets and assumed substantially all of the liabilities of Careem, including liabilities associated with any data security breaches it has experienced in the past. In markets where we have not received regulatory approval, the acquisition could be blocked, delayed, or subject to significant limitations or restrictions on our ability to operate in any of such markets, and we could be required to divest our or Careem’s business in any such markets. For example, the Qatar competition authority issued a decision in August 2019 blocking the proposed acquisition in Qatar, of which we are appealing. Based on gross bookings in 2018, Careem’s business in Qatar represents approximately 1.8% of its overall business.

In addition, some or all of the holders of the Careem Convertible Notes may not elect to convert their notes into shares of our common stock at any time prior to their maturity 90 days after issuance, in which case we will be required to repay their notes in cash.

Pursuant to our agreement with Careem, the Careem brand and ridesharing, meal delivery, and payments apps will continue to operate in parallel with Uber’s apps following the closing of the acquisition. Careem’s Chief Executive Officer will continue to be the Chief Executive Officer of Careem and will report to an Uber-controlled board of

directors. Although we will integrate certain general and administrative functions at the Uber parent level, Careem's engineering, human resources, and operations teams will continue to operate independently and report to Careem's Chief Executive Officer. This structure may delay the efficiencies that we expect to gain from the acquisition and our brand and reputation could be impacted by any damage or reputational harm to the Careem brand.

Careem has historically shared certain user data with certain government authorities, which conflicts with our global policies regarding data use, sharing, and ownership. We expect to maintain our data use, sharing, and ownership practices for both our business and Careem's business following the closing of the acquisition, and doing so may cause our relationships with government authorities in certain jurisdictions to suffer, and may result in such government authorities assessing significant fines or penalties against us or shutting down our or Careem's app on either a temporary or indefinite basis.

Our acquisition of Careem has increased our risks under the U.S. Foreign Corrupt Practices Act ("FCPA") and other similar laws outside the United States. We have worked with Careem's compliance team to develop and implement employee training and related compliance processes. Our existing and planned safeguards, including training and compliance programs to discourage corrupt practices by such parties, may not prove effective, and such parties may engage in conduct for which we could be held responsible.

Any of these risks and uncertainties could have an adverse effect on our business, financial condition, operating results, and prospects.

If we are unable to identify and successfully acquire suitable businesses, our operating results and prospects could be harmed, and any businesses we acquire may not perform as expected or be effectively integrated.

As part of our business strategy, we have entered into, and expect to continue to enter into, agreements to acquire companies, form joint ventures, divest portions or aspects of our business, sell minority stakes in portions or aspects of our business, and acquire complementary companies or technologies, including divestitures in China, Southeast Asia and India, our Yandex.Taxi joint venture in Russia/CIS, our acquisition of Careem, and the investment by SoftBank, Toyota, and DENSO in ATG (the "ATG Investment Transaction"). Competition within our industry for acquisitions of businesses, technologies, and assets is intense. As such, even if we are able to identify a target for acquisition, we may not be able to complete the acquisition on commercially reasonable terms, we may not be able to receive approval from the applicable competition authorities, or such target may be acquired by another company, including one of our competitors. For example, our acquisition of Careem continues to be subject to approval from the regional competition authorities in certain markets in which Careem operates. Pursuant to the terms of our agreement with Careem, failure to obtain approval in one or more of these countries could require us to divest our or Careem's business in that country. Moreover, the ATG Investment Transaction is subject to a number of risks and uncertainties. For example, if the Committee on Foreign Investment in the United States ("CFIUS") unwinds the ATG Collaboration Agreement or requires mitigation measures that materially and adversely affect the strategic benefits of the ATG Collaboration Agreement, SoftBank, Toyota, and DENSO will each have the right to require ATG to redeem some or all of their preferred units at a price equal to their respective initial investment amounts.

Further, negotiations for potential acquisitions or other transactions may result in the diversion of our management's time and significant out-of-pocket costs. We may expend significant cash or incur substantial debt to finance such acquisitions, and such indebtedness may restrict our business or require the use of available cash to make interest and principal payments. In addition, we may finance or otherwise complete acquisitions by issuing equity or convertible debt securities, which may result in dilution to our stockholders, or if such convertible debt securities are not converted, significant cash outlays. If we fail to evaluate and execute acquisitions successfully or fail to successfully address any of these risks, our business, financial condition, and operating results may be harmed.

In addition, any businesses we acquire may not perform as well as we expect. Failure to manage and successfully integrate recently acquired businesses and technologies, including managing any privacy or data security risks associated with such acquisitions, may harm our operating results and expansion prospects. The process of integrating an acquired company, business, or technology or acquired personnel into our company is subject to various risks and challenges, including:

- diverting management time and focus from operating our business to acquisition integration;
- disrupting our ongoing business operations;
- platform user acceptance of the acquired company's offerings;

- implementing or remediating the controls, procedures, and policies of the acquired company;
- integrating the acquired business onto our systems and ensuring the acquired business meets our financial reporting requirements and timelines;
- retaining and integrating acquired employees, including aligning incentives between acquired employees and existing employees, as well as managing costs associated with eliminating redundancies or transferring employees on acceptable terms with minimal business disruption;
- maintaining important business relationships and contracts of the acquired business;
- liability for pre-acquisition activities of the acquired company;
- litigation or other claims or liabilities arising in connection with the acquisition or the acquired company; and
- impairment charges associated with goodwill, long-lived assets, investments, and other acquired intangible assets.

We may not receive a favorable return on investment for prior or future business combinations, including with respect to ATG, Careem or our minority-owned affiliates, and we cannot predict whether these transactions will be accretive to the value of our common stock. It is also possible that acquisitions, combinations, divestitures, joint ventures, or other strategic transactions we announce could be viewed negatively by the press, investors, platform users, or regulators, any or all of which may adversely affect our reputation and our business. Any of these factors may adversely affect our ability to consummate a transaction, our financial condition, and our operating results.

Legal and Regulatory Risks Related to Our Business

We may continue to be blocked from or limited in providing or operating our products and offerings in certain jurisdictions, and may be required to modify our business model in those jurisdictions as a result.

In certain jurisdictions, including key markets such as Argentina, Germany, Italy, Japan, South Korea, and Spain, our ridesharing business model has been blocked, capped, or suspended, or we have been required to change our business model, due primarily to laws and significant regulatory restrictions in such jurisdictions. In some cases, we have applied for and obtained licenses or permits to operate and must continue to comply with the license or permit requirements or risk revocation. In addition, we may not be able to maintain or renew any such license or permit. For example, TfL scrutinizes our business on an on-going basis and we are subject to license reviews at renewal. In September 2019, TfL granted us a two month license, finding us a fit and proper operator, but in November 2019, TfL declined to issue us a license, finding that we were not “fit and proper,” including with respect to confidence in our change and release management processes. We have appealed the decision and are able to continue operations pending judicial proceedings. We expect the appeal to be heard in Westminster Magistrates Court in mid-2020. Any inability to operate in London, as well as the publicity concerning an adverse judicial decision, would adversely affect our business, revenue, and operating results. We cannot predict whether the TfL decision, or future regulatory decisions or legislation in other jurisdictions, may embolden or encourage other authorities to take similar actions even where we are operating according to the terms of an existing license or permit. Additionally, in April 2019, Mexico City’s Secretaría de Movilidad passed an amendment to existing ridesharing regulations implementing certain operational requirements, including a prohibition on the use of cash to pay for ridesharing services and, effective as of November 2019, a requirement that Drivers in Mexico City obtain additional licenses to provide ridesharing services. We are still evaluating the impact of these regulations, but such operational requirements, if implemented without modification, could have a negative impact on our business and our failure to comply with such regulations may result in a revocation of our license to operate in Mexico City.

Traditional taxicab and car service operators in various jurisdictions continue to lobby legislators and regulators to block our Rides products or to require us to comply with regulatory, insurance, record-keeping, licensing, and other requirements to which taxicab and car services are subject. For example, in January 2019, we suspended our Rides products in Barcelona after the regional government enacted regulations mandating minimum wait times before riders could be picked up by ridesharing drivers. In December 2018, New York City’s Taxi and Limousine Commission implemented a per-mile and per-minute minimum trip payment formula, designed to establish a minimum pay standard, for drivers providing for-hire services in New York City, such as those provided by Drivers on our platform. These minimum rates took effect in February 2019. We are still working through adjustments to be made with respect to rider promotions, driver supply, and other aspects of our business in response to these regulations; however, these regulations had a negative

impact on our financial performance in New York City in the first quarter of 2019 and may have a similar adverse impact in the future. In August 2018, the New York City Council voted to approve various measures to further regulate our business, including driver earning rules, licensing requirements, and a one-year freeze on new for-hire vehicle licenses for ridesharing services like those enabled via our platform, while the city studies whether a permanent freeze would help reduce congestion. In August 2019, New York City's Taxi and Limousine Commission voted to extend such freeze on for-hire vehicle licenses and also voted to enact a new "cruising cap," intended to reduce the number of for-hire vehicles operating without passengers on platforms like ours in the central business district of New York City. Although such "cruising cap" was struck down by a New York state judge in December 2019, the freeze on for-hire vehicle licenses remains. Additionally, in November 2019, a ballot measure to impose a surcharge on ridesharing trips in San Francisco was passed by voters in San Francisco and such surcharge took effect on January 1, 2020. Also in January 2020, a new tax went into effect in Chicago that imposes a surcharge of up to \$3 per ridesharing trip taken in Chicago. In addition, other jurisdictions such as Seattle have in the past considered or may consider regulations which would implement minimum wage requirements or permit drivers to negotiate for minimum wages while providing services on our platform. Similar legislative or regulatory initiatives are being considered or have been enacted in countries outside the United States. If other jurisdictions impose similar regulations, our business growth could be adversely affected.

In certain jurisdictions, we are subject to national, state, local, or municipal laws and regulations that are ambiguous in their application or enforcement or that we believe are invalid or inapplicable. In such jurisdictions, we may be subject to regulatory fines and proceedings and, in certain cases, may be required to cease operations altogether if we continue to operate our business as currently conducted, unless and until such laws and regulations are reformed to clarify that our business operations are fully compliant. For example, on January 31, 2020, we ceased offering our Rides products in Colombia after a Colombian court ruled that we violated local competition laws. We have appealed the decision, which does not suspend its enforceability, and although the Colombian courts have not ruled on the appeal, we have made certain changes to our Rides products in Colombia and re-launched Rides in Colombia in February 2020. Furthermore, in certain of these jurisdictions, we continue to provide our products and offerings while we assess the applicability of these laws and regulations to our products and offerings or while we seek regulatory or policy changes to address concerns with respect to our ability to comply with these laws and regulations. Our decision to continue operating in these instances has come under investigation or has otherwise been subject to scrutiny by government authorities. Our continuation of this practice and other past practices may result in fines or other penalties against us and Drivers imposed by local regulators, potentially increasing the risk that our licenses or permits that are necessary to operate in such jurisdictions will not be renewed. Such fines and penalties have in the past been, and may in the future continue to be, imposed solely on Drivers, which may cause Drivers to stop providing services on our platform. In many instances, we make the business decision as a gesture of goodwill to pay the fines on behalf of Drivers or to pay Drivers' defense costs, which, in the aggregate, can be in the millions of dollars. Furthermore, such business practices may also result in negative press coverage, which may discourage Drivers and consumers from using our platform and could adversely affect our revenue. In addition, we face regulatory obstacles, including those lobbied for by our competitors or from local governments globally, that have favored and may continue to favor local or incumbent competitors, including obstacles for potential Drivers seeking to obtain required licenses or vehicle certifications. We have incurred, and expect that we will continue to incur, significant costs in defending our right to operate in accordance with our business model in many jurisdictions. To the extent that efforts to block or limit our operations are successful, or we or Drivers are required to comply with regulatory and other requirements applicable to taxicab and car services, our revenue and growth would be adversely affected.

Our business is subject to numerous legal and regulatory risks that could have an adverse impact on our business and future prospects.

Our platform is available in approximately 10,000 cities across 69 countries. We are subject to differing, and sometimes conflicting, laws and regulations in the various jurisdictions in which we provide our offerings. A large number of proposals are before various national, regional, and local legislative bodies and regulatory entities, both within the United States and in foreign jurisdictions, regarding issues related to our business model. Certain proposals, if adopted, could significantly and materially harm our business, financial condition, and operating results by restricting or limiting how we operate our business, increasing our operating costs, and decreasing our number of platform users. We cannot predict whether or when such proposals may be adopted.

Further, existing or new laws and regulations could expose us to substantial liability, including significant expenses necessary to comply with such laws and regulations, and could dampen the growth and usage of our platform. For example, as we expand our offerings in new areas, such as non-emergency medical transportation, we may be subject to additional healthcare-related federal and state laws and regulations. Additionally, because our offerings are frequently first-to-

market in the jurisdictions in which we operate, several local jurisdictions have passed, and we expect additional jurisdictions to pass, laws and regulations that limit or block our ability to offer our products to Drivers and consumers in those jurisdictions, thereby impeding overall use of our platform. We are actively challenging some of these laws and regulations and are lobbying other jurisdictions to oppose similar restrictions on our business, especially our ridesharing services. Further, because a substantial portion of our business involves vehicles that run on fossil fuels, laws, regulations, or governmental actions seeking to curb air pollution or emissions may impact our business. For example, in response to London's efforts to cut emissions and improve air quality in the city (including the institution of a toxicity charge for polluting vehicles in the city center congestion zone and the introduction of an "Ultra Low Emissions Zone" that went into effect in April 2019), we have added a clean-air fee of 15 pence per mile to each trip on our platform in London, and plan to help Drivers on our platform fully transition to electric vehicles by 2025. Additionally, proposed ridesharing regulations in Egypt and other jurisdictions may require us to share certain personal data with government authorities to operate our app, which we may not be willing to provide. Our failure to share such data in accordance with these regulations may result in government authorities assessing significant fines or penalties against us or shutting down our or Careem's app in Egypt on either a temporary or indefinite basis.

Additionally, effective January 31, 2020, the United Kingdom commenced an exit from the European Union ("EU"), commonly referred to as Brexit. During a transition period that is set to expire on December 31, 2020, the British government will continue to negotiate the terms of the United Kingdom's future relationship with the EU. The outcome of these negotiations is uncertain, and we do not know to what extent Brexit will ultimately impact the business and regulatory environment in the United Kingdom, the rest of the EU, or other countries. Lack of clarity about future U.K. laws and regulations as the United Kingdom determines which EU rules and regulations to replace or replicate, including financial laws and regulations (including relating to payment processing), tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws, and employment laws, could decrease foreign direct investment in the United Kingdom, increase costs, depress economic activity, and restrict access to capital.

In addition, we are currently involved in litigation in a number of the jurisdictions in which we operate. We initiated some of these legal challenges to contest the application of certain laws and regulations to our business. Others have been brought by taxicab owners, local regulators, local law enforcement, and platform users, including Drivers and consumers. These include individual, multiple plaintiff, and putative class and class action claims for alleged violation of laws related to, among other things, transportation, competition, advertising, consumer protection, fee calculations, personal injuries, privacy, intellectual property, product liability, discrimination, safety, and employment. For example, in May 2019, a class action was filed against us and certain of our subsidiaries in the Supreme Court of Victoria, Australia on behalf of participants in the taxi, hire-car, limousine, and charter vehicle industry who were licensed to operate in particular regions of Australia during certain periods between April 2014 and August 2017. The class action alleges that we operated unlawfully in such regions during such periods. These legislative and regulatory proceedings, allegations, and lawsuits are expensive and time consuming to defend, and, if resolved adversely to us, could result in financial damages or penalties, including criminal penalties, incarceration, and sanctions for individuals employed by us or parties with whom we contract, which could harm our ability to operate our business as planned in one or more of the jurisdictions in which we operate, which could adversely affect our business, revenue, and operating results.

We face legal risks specific to our new dockless e-bike and e-scooter products, including those that result from quality problems that may arise with our hardware products, which may result in product recalls, litigation, enforcement actions, or regulatory proceedings, and could adversely affect our business, brand, financial condition, and results of operations.

As we expand our New Mobility offerings to include dockless e-bikes and e-scooters, we expect to become subject to additional risks distinct from those relating to our Rides, Eats and Freight offerings. Consumers may not be technically proficient in using dockless e-bikes and e-scooters, and they may not know to wear, or intentionally choose not to wear, protective equipment designed to enhance the safety of these products, including helmets. User error, together with the failure to use protective equipment, increases the risk of injuries or death while using these products. Non-compliance with standard traffic laws, as well as urban hazards such as unpaved or uneven roadways, increases the risk and severity of potential injuries. In addition, we offer our dockless e-bike and e-scooter products predominantly in metropolitan areas, where consumers using dockless e-bikes and e-scooters need to share, navigate, and at times contend with narrow and heavily congested roads occupied by cars, buses and light rail, especially during "rush" hours, all of which heighten the potential of injuries or death. Although we advise platform users of local requirements, including applicable helmet laws, and offer promotional codes for and occasionally give away helmets during promotions or in accordance with local regulations, we do not otherwise provide protective equipment to consumers using our dockless e-bikes and e-scooters.

Further, dockless e-bike and e-scooter maintenance, whether performed or facilitated by us, is difficult to ensure, and improper maintenance could lead to serious rider injury or death. Consumers using dockless e-bikes or e-scooters face a more severe level of injury in the event of a collision than that faced while riding in a vehicle, given the less sophisticated, and in some cases absent, passive protection systems on dockless e-bikes and e-scooters. In addition, government regulators in certain jurisdictions have placed the responsibility for user error on e-bike and e-scooter operators, and we cannot assure you that other jurisdictions will not do the same. As such, our dockless e-bike and e-scooter products expose us to increased liability.

Additionally, we rely on third parties to manufacture our dockless e-bikes and e-scooters and their component parts. We have experienced, and may in the future experience, issues with our dockless e-bikes and e-scooters that may lead to product liability, personal injury or death, property damage claims, and increased scrutiny by governmental authorities. In response, we have taken action to replace, modify, increase maintenance frequency, or limit the use of such products, and may need to do so in the future. Such issues may also lead to recalls, market withdrawals, or regulatory actions by governmental authorities. Any of these events could result in increased governmental and regulatory scrutiny, harm to our reputation, significant financial costs, reduced demand from consumers for our products, and additional safety and testing requirements. For example, we have previously replaced rechargeable batteries for dockless e-bikes that did not meet performance expectations under certain conditions, which led to significant replacement costs and launch delays. The occurrence of real or perceived quality problems or material defects in our current or future dockless e-bikes or e-scooters could result in negative publicity, market withdrawals, regulatory proceedings, enforcement actions, or lawsuits filed against us, particularly if consumers are injured. Even if injuries to consumers are not the result of any defects in or the failure to properly maintain or repair our products, we may incur expenses to defend or settle any claims and our brand and reputation may be harmed.

Our dockless e-bikes and e-scooters are currently subject to operating restrictions or caps in certain cities and municipalities.

Most jurisdictions in which we provide our dockless e-bikes and e-scooters, including Santa Monica and Austin, limit the aggregate number of dockless e-bikes or e-scooters that we may provide in a given jurisdiction. In other jurisdictions, such as Fort Lauderdale, we have failed to secure permits to offer dockless e-bikes or e-scooters, which allows our competitors to operate in those markets while we cannot. In addition, many jurisdictions have not yet authorized dockless e-bike or e-scooter operations, which in some cases has limited our ability to expand our operations. In many major metropolitan areas, such as New York City, Chicago and San Francisco, governmental bodies have entered into exclusive contracts for docked e-bike services in certain portions of the city, including Manhattan, and those jurisdictions may interpret such exclusive deals to prohibit dockless e-bikes provided by other operators. We face a combination of these limitations in certain cities. Even in jurisdictions where we have current permits to operate, a city may restructure its permitting process and we may fail to secure the right to operate in the future. Our inability to expand our dockless e-bikes and e-scooters could harm our business, financial condition, and operating results. Additionally, most dockless e-bike and e-scooter operating regulations are jurisdiction-specific and many jurisdictions have broad and evolving interpretations of what constitutes compliance with their regulations. This operational uncertainty increases our exposure to reputational damage, financial harm, reduced availability of and demand for our products, and our ability to efficiently manage operations.

Changes in, or failure to comply with, competition laws could adversely affect our business, financial condition, or operating results.

Competition authorities closely scrutinize us under U.S. and foreign antitrust and competition laws. An increasing number of governments are enforcing competition laws and are doing so with increased scrutiny, including governments in large markets such as the EU, the United States, Brazil, and India, particularly surrounding issues of predatory pricing, price-fixing, and abuse of market power. Many of these jurisdictions also allow competitors or consumers to assert claims of anti-competitive conduct. For example, complaints have been filed in several jurisdictions, including in the United States and India, alleging that our prices are too high (surge pricing) or too low (discounts or predatory pricing), or both. In February 2020, a purported assignee of Sidecar, an early competitor in the ridesharing business, re-filed a lawsuit against us asserting claims under both federal and California law based on allegations that we engaged in anti-competitive conduct, after a federal judge dismissed Sidecar's original lawsuit against us, which was based on similar allegations. If one jurisdiction imposes or proposes to impose new requirements or restrictions on our business, other jurisdictions may follow. Further, any new requirements or restrictions, or proposed requirements or restrictions, could result in adverse publicity or fines, whether or not valid or subject to appeal.

In addition, governmental agencies and regulators may, among other things, prohibit future acquisitions, divestitures, or combinations we plan to make, impose significant fines or penalties, require divestiture of certain of our assets, or impose other restrictions that limit or require us to modify our operations, including limitations on our contractual relationships with platform users or restrictions on our pricing models. For example, while our acquisition of Careem has been approved in Egypt, Jordan, KSA, UAE and Pakistan, it continues to be subject to approval in Morocco and Qatar and a failure to obtain approval in one or more of these remaining markets could require us to divest our or Careem's business in those markets. We cannot guarantee that we will be able to obtain competition authority approval in any or all of these markets. Such rulings may alter the way in which we do business and, therefore, may continue to increase our costs or liabilities or reduce demand for our platform, which could adversely affect our business, financial condition, or operating results.

Our business is subject to extensive government regulation and oversight relating to the provision of payment and financial services.

Most jurisdictions in which we operate have laws that govern payment and financial services activities. Regulators in certain jurisdictions may determine that certain aspects of our business are subject to these laws and could require us to obtain licenses to continue to operate in such jurisdictions. Our subsidiary in the Netherlands, Uber Payments B.V., is registered and authorized by its competent authority, De Nederlandsche Bank, as an electronic money institution. This authorization permits Uber Payments B.V. to provide payment services (including acquiring and executing payment transactions and money remittances, as referred to in the Revised Payment Services Directive (2015/2366/EU)) and to issue electronic money in the Netherlands. In addition, Uber Payments B.V. has notified De Nederlandsche Bank that it will provide such services on a cross-border passport basis into other countries within the EEA. We continue to critically evaluate our options for seeking additional licenses and approvals in several other jurisdictions to optimize our payment solutions and support the future growth of our business. We could be denied such licenses, have existing licenses revoked, or be required to make significant changes to our business operations before being granted such licenses. For example, it is prohibited for persons to hold, acquire, or increase a "qualifying holding" in an electronic money institution with a corporate seat in the Netherlands, such as Uber Payments B.V., prior to receiving a declaration of no objection ("DNO") from De Nederlandsche Bank. A "qualifying holding" is a direct or indirect holding of 10% or more of the issued share capital of an electronic money institution, the ability to exercise directly or indirectly 10% or more of the voting rights in an electronic money institution, or the ability to exercise directly or indirectly a similar influence over an electronic money institution. We cannot guarantee that a person intending to hold, acquire, or increase a qualifying holding in us will receive a DNO in the future, and a failure of such person to receive a DNO could expose that person to financial regulatory enforcement action in the Netherlands and could cause our electronic money institution license to be negatively impacted or revoked. If we are denied payment or other financial licenses or such licenses are revoked, we could be forced to cease or limit business operations in certain jurisdictions, including in the EEA, and even if we are able to obtain such licenses, we could be subject to fines or other enforcement action, or stripped of such licenses, if we are found to violate the requirements of such licenses. In some countries, it is not clear whether we are required to be licensed as a payment services provider. Were local regulators to determine that such arrangements require us to be so licensed, such regulators may block payments to Drivers, restaurants, shippers or carriers. Such regulatory actions, or the need to obtain regulatory approvals, could impose significant costs and involve substantial delay in payments we make in certain local markets, any of which could adversely affect our business, financial condition, or operating results.

Effective September 2019, payments made by platform users with payment accounts in the EEA for services provided through our platform are subject to Strong Customer Authentication ("SCA") regulatory requirements. In many cases, SCA will require a platform user to engage in additional steps to authenticate each payment transaction. These additional authentication requirements may make our platform user experience in the EEA substantially less convenient, and such loss of convenience could meaningfully reduce the frequency with which platform users use our platform or could cause some platform users to stop using our platform entirely, which could adversely affect our business, financial condition, operating results, and prospects. Further, once SCA is implemented, many payment transactions on our platform may fail to be authenticated due to platform users not completing all necessary authentication steps. Thus, in some cases, we may not receive payment from consumers in advance of paying Drivers for services received by those users. A substantial increase in the frequency with which we make Driver payments without having received corresponding payments from consumers could adversely affect our business, financial condition, operating results, and prospects.

In addition, laws related to money transmission and online payments are evolving, and changes in such laws could affect our ability to provide payment processing on our platform in the same form and on the same terms as we have historically, or at all. For example, changes to our business in Europe, combined with changes to the EU Payment Services Directive, caused aspects of our payment operations in the EEA to fall within the scope of European payments regulation.

As a result, one of our subsidiaries, Uber Payments B.V., is directly subject to financial services regulations (including those relating to anti-money laundering, terrorist financing, and sanctioned or prohibited persons) in the Netherlands and in other countries in the EEA where it conducts business. Our payment operations in the EEA are in the process of transitioning to the Uber Payments B.V. regulated entity in order to comply with the European payments regulations.

In addition, as we evolve our business or make changes to our business structure, we may be subject to additional laws or requirements related to money transmission, online payments, and financial regulation. These laws govern, among other things, money transmission, prepaid access instruments, electronic funds transfers, anti-money laundering, counter-terrorist financing, banking, systemic integrity risk assessments, security of payment processes, and import and export restrictions. Our business operations, including our payments to Drivers and restaurants, may not always comply with these financial laws and regulations. Historical or future non-compliance with these laws or regulations could result in significant criminal and civil lawsuits, penalties, forfeiture of significant assets, or other enforcement actions. Costs associated with fines and enforcement actions, as well as reputational harm, changes in compliance requirements, or limits on our ability to expand our product offerings, could harm our business.

Further, our payment system is susceptible to illegal and improper uses, including money laundering, terrorist financing, fraudulent sales of goods or services, and payments to sanctioned parties. We have invested and will need to continue to invest substantial resources to comply with applicable anti-money laundering and sanctions laws, and in the EEA to conduct appropriate risk assessments and implement appropriate controls as a regulated financial service provider. Government authorities may seek to bring legal action against us if our payment system is used for improper or illegal purposes or if our enterprise risk management or controls in the EEA are not adequately assessed, updated, or implemented, and any such action could result in financial or reputational harm to our business.

We currently are subject to a number of inquiries, investigations, and requests for information from the DOJ, the SEC, and other U.S. and foreign government agencies, the adverse outcomes of which could harm our business.

We are the subject of DOJ criminal inquiries and investigations, as well as civil enforcement inquiries and investigations by other government agencies, including the SEC, in the United States and abroad. Those inquiries and investigations cover a broad range of matters, including our data designation and document retention policies related to the 2016 Breach, which involved the breach of certain archived consumer data hosted on a cloud-based service that outside actors accessed and downloaded. We have in the past and may in the future, settle claims related to such matters. For example, in September 2018, after investigations and various lawsuits relating to the 2016 Breach, we settled with the Attorneys General of all 50 U.S. states and the District of Columbia through stipulated judgments and payment in an aggregate amount of \$148 million related to our failure to report the incident for approximately one year. In April 2018, we entered into a consent decree that lasts through 2038 covering the 2014 Breach and the 2016 Breach with the U.S. Federal Trade Commission (the “FTC”), which the FTC Commissioners approved in October 2018. In November and December 2018, U.K., Dutch and French regulators imposed fines totaling approximately \$1.6 million related to the 2016 Breach. The 2016 Breach may lead to additional costly and time-consuming regulatory investigations and litigation from other government entities, as well as potentially material fines and penalties imposed by other U.S. and international regulators. We are also subject to inquiries and or investigations by various government authorities related to, among other matters, alleged deceptive business practices and fraud and the adequacy of our disclosures to potential investors and other potential stockholders. Investigations and enforcement actions from such entities, as well as continued negative publicity and an erosion of current and prospective platform users’ trust, could severely disrupt our business.

We are also subject to inquiries and investigations by government agencies related to certain transactions we have entered into in the United States and other countries. For example, in connection with the Grab transaction, the Competition and Consumer Commission of Singapore concluded that the transaction violated local competition laws and imposed fines and restrictions on both us and Grab, including a requirement that Grab cannot require drivers to drive exclusively on its platform, a prohibition on “excessive price surges,” and protections for driver commission rates. In addition, the Philippine Competition Commission approved the transaction subject to similar restrictions, including a cap on maximum allowable fares and a requirement that Grab cannot require drivers to drive exclusively on its platform, and imposed fines relating to our and Grab’s non-compliance with its interim measures order during the pendency of the commission’s antitrust review. We are currently appealing parts of the Singapore and Philippines decisions. Furthermore, the Careem transaction has not been approved by competition authorities in Qatar and Morocco, and we cannot assure you that the transaction will be approved in any or all of such countries.

These government inquiries and investigations are time-consuming and require a great deal of financial resources and attention from us and our senior management. If any of these matters are resolved adversely to us, we may be subject to additional fines, penalties, and other sanctions, and could be forced to change our business practices substantially in the relevant jurisdictions. Any such determinations could also result in significant adverse publicity or additional reputational harm, and could result in or complicate other inquiries, investigations, or lawsuits from other regulators in future merger control or conduct investigations. Any of these developments could result in material financial damages, operational restrictions, and harm our business.

We face risks related to our collection, use, transfer, disclosure, and other processing of data, which could result in investigations, inquiries, litigation, fines, legislative, and regulatory action, and negative press about our privacy and data protection practices.

The nature of our business exposes us to claims, including civil lawsuits in the United States such as those related to the 2014 Breach and the 2016 Breach. These and any future data privacy or security incidents could result in violation of applicable U.S. and international privacy, data protection, and other laws. Such violations subject us to individual or consumer class action litigation as well as governmental investigations and proceedings by federal, state, and local regulatory entities in the United States and internationally, resulting in exposure to material civil or criminal liability. Our data security and privacy practices have been the subject of inquiries from government agencies and regulators, not all of which are finally resolved. In April 2018, we entered into an FTC consent decree pursuant to which we agreed, among other things, to implement a comprehensive privacy program, undergo biennial third-party audits, and not misrepresent how we protect consumer information through 2038. In October 2018, the FTC approved the final settlement, which exposes us to penalties, for, amongst other activities, future failure to report security incidents. In November and December 2018, U.K., Dutch and French supervisory authorities imposed fines totaling approximately \$1.6 million. We have also entered into settlement agreements with numerous state enforcement agencies. In January 2016, we entered into a settlement with the Office of the New York State Attorney General under which we agreed to enhance our data security practices. In September 2018, we entered into stipulated judgments with the state attorneys general of all 50 U.S. states and the District of Columbia relating to the 2016 Breach, which involved payment of \$148 million and assurances that we would enhance our data security and privacy practices. Failure to comply with these and other orders could result in substantial fines, enforcement actions, injunctive relief, and other penalties that may be costly or that may impact our business. We may also assume liabilities for breaches experienced by the companies we acquire as we expand our operations. For example, in April 2018, Careem publicly disclosed and notified relevant regulatory authorities that it had been subject to a data security breach that allowed access to certain personal information of riders and drivers on its platform as of January 14, 2018. If Careem becomes subject to liability as a result of this or other data security breaches or if we fail to remediate this or any other data security breach that Careem or we experience, we may face harm to our brand, business disruption, and significant liabilities. Our general liability insurance and corporate risk program may not cover all potential claims to which we are exposed and may not be adequate to indemnify us for the full extent of our potential liabilities.

This risk is enhanced in certain jurisdictions with stringent data privacy laws and, as we expand our products, offerings, and operations domestically and internationally, we may become subject to amended or additional laws that impose substantial additional obligations related to data privacy. The EU adopted the GDPR in 2016, and it became effective in May 2018. The GDPR applies extraterritorially and imposes stringent requirements for controllers and processors of personal data. Such requirements include higher consent standards to process personal data, robust disclosures regarding the use of personal data, strengthened individual data rights, data breach requirements, limitations on data retention, strengthened requirements for special categories of personal data and pseudonymised (i.e., key-coded) data, and additional obligations for contracting with service providers that may process personal data. The GDPR further provides that EU member states may institute additional laws and regulations impacting the processing of personal data, including (i) special categories of personal data (e.g., racial or ethnic origin, political opinions, and religious or philosophical beliefs) and (ii) profiling of individuals and automated individual decision-making. Such additional laws and regulations could limit our ability to use and share personal or other data, thereby increasing our costs and harming our business and financial condition. Non-compliance with the GDPR (including any non-compliance by any acquired business) is subject to significant penalties, including fines of up to the greater of €20 million or 4% of total worldwide revenue, and injunctions against the processing of personal data. Other jurisdictions outside the EU are similarly introducing or enhancing privacy and data security laws, rules, and regulations, which will increase our compliance costs and the risks associated with non-compliance. For example, the CCPA, which provides new data privacy rights for consumers and new operational requirements for businesses, went into effect in January 2020. The CCPA includes a statutory damages framework and private rights of action against businesses that fail to comply with certain CCPA terms or implement reasonable security procedures and practices to prevent data breaches. Brazil provides another example, having passed the General Data Protection Law (Lei Geral de Proteção de Dados Pessaoais, or LGPD) in 2018, which is expected to go into effect in August 2020.

Additionally, we are subject to laws, rules, and regulations regarding cross-border transfers of personal data, including laws relating to transfer of personal data outside the EEA. We rely on transfer mechanisms permitted under these laws, including the EU Standard Contract Clauses. Such mechanisms have recently received heightened regulatory and judicial scrutiny. If we cannot rely on existing mechanisms for transferring personal data from the EEA, the United Kingdom, or other jurisdictions, we may be unable to transfer personal data of Drivers, consumers, or employees in those regions. In addition, we may be required to disclose personal data pursuant to demands from government agencies, including from state and city regulators as a requirement for obtaining or maintaining a license or otherwise, from law enforcement agencies, and from intelligence agencies. This disclosure may result in a failure or perceived failure by us to comply with privacy and data protection policies, notices, laws, rules, and regulations, could result in proceedings or actions against us in the same or other jurisdictions, and could have an adverse impact on our reputation and brand. In addition, Careem has historically shared certain user data with certain government authorities, which conflicts with our global policies regarding data use, sharing, and ownership. We expect to maintain our data use, sharing, and ownership practices for both our business and Careem's business, and doing so may cause our relationship with government authorities in certain jurisdictions to suffer, and may result in such government authorities assessing significant fines or penalties against us or shutting down our or Careem's app on either a temporary or indefinite basis. Further, if any jurisdiction in which we operate changes its laws, rules, or regulations relating to data residency or local computation such that we are unable to comply in a timely manner or at all, we may risk losing our rights to operate in such jurisdictions. This could adversely affect the manner in which we provide our products and offerings and thus materially affect our operations and financial results.

Such data protection laws, rules, and regulations are complex and their interpretation is rapidly evolving, making implementation and enforcement, and thus compliance requirements, ambiguous, uncertain, and potentially inconsistent. Compliance with such laws may require changes to our data collection, use, transfer, disclosure, and other processing and certain other related business practices and may thereby increase compliance costs. Additionally, any failure or perceived failure by us to comply with privacy and data protection policies, notices, laws, rules, and regulations could result in proceedings or actions against us by individuals, consumer rights groups, governmental entities or agencies, or others. We could incur significant costs investigating and defending such claims and, if found liable, significant damages. Further, these proceedings and any subsequent adverse outcomes may subject us to significant penalties and negative publicity. If any of these events were to occur, our business and financial results could be significantly disrupted and adversely affected.

Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved could expose us to monetary damages or limit our ability to operate our business.

We have in the past been, are currently, and may in the future become, involved in private actions, collective actions, investigations, and various other legal proceedings by Drivers, consumers, restaurants, shippers, carriers, employees, commercial partners, competitors or, government agencies, among others. We are subject to litigation relating to various matters including Driver classification, Drivers' tips and taxes, the Americans with Disabilities Act, antitrust, intellectual property infringement, data privacy, unfair competition, workplace culture, safety practices, and employment and human resources practices. The results of any such litigation, investigations, and legal proceedings are inherently unpredictable and expensive. Any claims against us, whether meritorious or not, could be time consuming, costly, and harmful to our reputation, and could require significant amounts of management time and corporate resources. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be exposed to monetary damages or be forced to change the way in which we operate our business, which could have an adverse effect on our business, financial condition, and operating results.

In addition, we regularly include arbitration provisions in our terms of service with end-users. These provisions are intended to streamline the litigation process for all parties involved, as arbitration can in some cases be faster and less costly than litigating disputes in state or federal court. However, arbitration may become more costly for us, or the volume of arbitrations may increase and become burdensome. Further, the use of arbitration provisions may subject us to certain risks to our reputation and brand, as these provisions have been the subject of increasing public scrutiny. To minimize these risks, we may voluntarily limit our use of arbitration provisions, or we may be required to do so, in any legal or regulatory proceeding, either of which could increase our litigation costs and exposure in respect of such proceedings. For example, effective May 15, 2018, we ended mandatory arbitration of sexual misconduct claims by platform users and employees.

Further, with the potential for conflicting rules regarding the scope and enforceability of arbitration on a state-by-state basis, as well as conflicting rules between state and federal law, some or all of our arbitration provisions could be subject to challenge or may need to be revised to exempt certain categories of protection. If our arbitration agreements were

found to be unenforceable, in whole or in part, or specific claims were required to be exempted from arbitration, we could experience an increase in our litigation costs and the time involved in resolving such disputes, and we could face increased exposure to potentially costly lawsuits, each of which could adversely affect our business, financial condition, operating results, and prospects.

We have operations in countries known to experience high levels of corruption and are currently subject to inquiries, investigations, and requests for information with respect to our compliance with a number of anti-corruption laws to which we are subject.

We have operations in, and have business relationships with, entities in countries known to experience high levels of corruption. We are subject to the FCPA and other similar laws outside the United States that prohibit improper payments or offers of payments to foreign governments, their officials, and political parties for the purpose of obtaining or retaining business. U.S. and non-U.S. regulators alike continue to focus on the enforcement of these laws, and we may be subject to additional compliance requirements to identify criminal activity and payments to sanctioned parties. Our activities in certain countries with high levels of corruption enhance the risk of unauthorized payments or offers of payments by Drivers, consumers, restaurants, shippers or carriers, employees, consultants, or business partners in violation of various anti-corruption laws, including the FCPA, even though the actions of these parties are often outside our control. Our acquisition of Careem may further enhance this risk because users of Careem's platform and Careem's employees, consultants, and business partners may not be familiar with, and may not have been previously subject to, these anti-corruption laws. We plan to provide significant training to Careem's employees, consultants, and business partners. However, our existing and future safeguards, including training and compliance programs to discourage these practices by such parties, may not prove effective, and such parties may engage in conduct for which we could be held responsible. Additional compliance requirements may compel us to revise or expand our compliance program, including the procedures we use to verify the identity of platform users and monitor international and domestic transactions. We received requests from the DOJ in May 2017 and August 2017 with respect to an investigation into allegations of small payments to police in Indonesia and other potential improper payments in other countries in which we operate or have operated, including Malaysia, China, and India. In December 2019, the Fraud Section of the DOJ's Criminal Division (the "Fraud Section") informed us that the Fraud Section closed its inquiry and will not be pursuing enforcement action against us in relation to such matters.

Drivers may become subject to increased licensing requirements, and we may be required to obtain additional licenses or cap the number of Drivers using our platform.

Many Drivers currently are not required to obtain a commercial taxi or livery license in their respective jurisdictions. However, numerous jurisdictions in which we operate have conducted investigations or taken action to enforce existing licensing rules, including markets within Latin America and the Asia-Pacific region, and many others, including countries in Europe, the Middle East, and Africa, have adopted or proposed new laws or regulations that require Drivers to be licensed with local authorities or require us or our subsidiaries to be licensed as a transportation company. Local regulations requiring the licensing of us or Drivers may adversely affect our ability to scale our business and operations. In addition, it is possible that various jurisdictions could impose caps on the number of licensed Drivers or vehicles with whom we may partner or impose limitations on the maximum number of hours a Driver may work, similar to recent regulations that were adopted in Spain and New York City, which have temporarily frozen new vehicle licenses for Drivers using platforms like ours. If we or Drivers become subject to such caps, limitations, or licensing requirements, our business and growth prospects would be adversely impacted.

We may be subject to liability for the means we use to attract and onboard Drivers.

We operate in an industry in which the competition for Drivers is intense. In this highly competitive environment, the means we use to onboard and attract Drivers may be challenged by competitors, government regulators, or individual plaintiffs. For example, putative class actions have been filed by individual plaintiffs against us for alleged violation of the Telephone Consumer Protection Act of 1991, alleging, among other things, that plaintiffs received text messages from us regarding our Driver program without their consent or after indicating to us they no longer wished to receive such text messages. In addition, in early 2017, we settled an investigation by the FTC into statements we made regarding potential Driver earnings and third-party vehicle leasing and financing programs. In connection with this matter, we agreed, among other things, to pay \$20 million to the FTC for Driver redress. These lawsuits are expensive and time consuming to defend, and, if resolved adversely to us, could result in material financial damages and penalties, costly adjustments to our business practices, and negative publicity. In addition, we could incur substantial expense and possible loss of revenue if competitors file additional lawsuits or other claims challenging these practices.

Our business depends heavily on insurance coverage for Drivers and on other types of insurance for additional risks related to our business. If insurance carriers change the terms of such insurance in a manner not favorable to Drivers or to us, if we are required to purchase additional insurance for other aspects of our business, or if we fail to comply with regulations governing insurance coverage, our business could be harmed.

We use a combination of third-party insurance and self-insurance mechanisms, including a wholly owned captive insurance subsidiary. Insurance related to our Rides products may include third-party automobile, automobile comprehensive and collision, physical damage, and uninsured and underinsured motorist coverage. We require Drivers to carry automobile insurance in most countries, and in many cases we also maintain insurance on behalf of Drivers. We rely on a limited number of ridesharing insurance providers, particularly internationally, and should such providers discontinue or increase the cost of coverage, we cannot guarantee that we would be able to secure replacement coverage on reasonable terms or at all. For example, one of our insurance providers recently announced early termination of coverage and was replaced with other insurance providers. In addition to insurance related to our Rides products, we maintain other automobile insurance coverage for owned vehicles and employee activity, as well as insurance coverage for non-automotive corporate risks including general liability, workers' compensation, property, cyber liability, and director and officers' liability. If our insurance carriers change the terms of our policies in a manner unfavorable to us or Drivers, our insurance costs could increase. The cost of insurance that we maintain on behalf of Drivers is higher in the United States and Canada than in other geographies. Further, if the insurance coverage we maintain is not adequate to cover losses that occur, we could be liable for significant additional costs.

In addition, we and our captive insurance subsidiary are party to certain reinsurance and indemnification arrangements that transfer a significant portion of the risk from the insurance provider to us or our captive insurance subsidiary, which could require us to pay out material amounts that may be in excess of our insurance reserves, resulting in harm to our financial condition. Our insurance reserves account for unpaid losses and loss adjustment expenses for risks retained by us through our captive insurance subsidiary and other risk retention mechanisms. Such amounts are based on actuarial estimates, historical claim information, and industry data. While management believes that these reserve amounts are adequate, the ultimate liability could be in excess of our reserves.

We may be subject to claims of significant liability based on traffic accidents, injuries, or other incidents that are claimed to have been caused by Drivers who use our platform, even when those Drivers are not actively using our platform or when an individual impersonates a Driver. As we expand to include more offerings on our platform, our insurance needs will likely extend to those additional offerings, including Freight, autonomous vehicles, and dockless e-bikes and e-scooters. As a result, our automobile liability and general liability insurance policies may not cover all potential claims related to traffic accidents, injuries, or other incidents that are claimed to have been caused by Drivers who use our platform, and may not be adequate to indemnify us for all liability that we could face. Even if these claims do not result in liability, we could incur significant costs in investigating and defending against them. If we are subject to claims of liability relating to the acts of Drivers or others using our platform, we may be subject to negative publicity and incur additional expenses, which could harm our business, financial condition, and operating results.

In addition, we are subject to local laws, rules, and regulations relating to insurance coverage which could result in proceedings or actions against us by governmental entities or others. Legislation has been passed in many U.S. jurisdictions that codifies these insurance requirements with respect to ridesharing. Additional legislation has been proposed in other jurisdictions that seeks to codify or change insurance requirements with respect to ridesharing. Further, various municipalities have imposed or are considering legislation mandating certain levels of insurance for dockless e-bikes and e-scooters, and service providers and business customers of Freight and Uber for Business may require higher levels of coverage as a condition to entering into certain key contracts with us. Any failure, or perceived failure, by us to comply with local laws, rules, and regulations or contractual obligations relating to insurance coverage could result in proceedings or actions against us by governmental entities or others. These lawsuits, proceedings, or actions may subject us to significant penalties and negative publicity, require us to increase our insurance coverage, require us to amend our insurance policy disclosure, increase our costs, and disrupt our business.

We may be subject to pricing regulations, as well as related litigation or regulatory inquiries.

Our revenue is dependent on the pricing models we use to calculate consumer fares and Driver earnings. Our pricing models, including dynamic pricing, have been, and will likely continue to be, challenged, banned, limited in emergencies, and capped in certain jurisdictions. For example, in 2016, following the filing of a petition in the Delhi High Court relating to surge pricing, we agreed to not calculate consumer fares in excess of the maximum government-mandated fares in New Delhi, India. This practice has now been adopted in all major Indian cities where legal proceedings have limited the use of surge pricing. Further, in 2018, Honolulu, Hawaii became the first U.S. city to pass legislation to cap

surge pricing if increased rates exceed the maximum fare set by the city. Additional regulation of our pricing models could increase our operating costs and adversely affect our business. Furthermore, our pricing model has been the subject of litigation and regulatory inquiries related to, among other things, the calculation of and statements regarding consumer fares and Driver earnings (including rates, fees, surcharges, and tolls), as well as the use of surge pricing during emergencies and natural disasters. As a result, we may be forced to change our pricing models in certain jurisdictions, which could harm our revenue or result in a sub-optimal tax structure.

If we are unable to protect our intellectual property, or if third parties are successful in claiming that we are misappropriating the intellectual property of others, we may incur significant expense and our business may be adversely affected.

Our intellectual property includes the content of our website, mobile applications, registered domain names, software code, firmware, hardware and hardware designs, registered and unregistered trademarks, trademark applications, copyrights, trade secrets, inventions (whether or not patentable), patents, and patent applications. We believe that our intellectual property is essential to our business and affords us a competitive advantage in the markets in which we operate. If we do not adequately protect our intellectual property, our brand and reputation may be harmed, Drivers, consumers, restaurants, shippers, and carriers could devalue our products and offerings, and our ability to compete effectively may be impaired.

To protect our intellectual property, we rely on a combination of copyright, trademark, patent, and trade secret laws, contractual provisions, end-user policies, and disclosure restrictions. Upon discovery of potential infringement of our intellectual property, we assess and when necessary, take action to protect our rights as appropriate. We also enter into confidentiality agreements and invention assignment agreements with our employees and consultants and seek to control access to, and distribution of, our proprietary information in a commercially prudent manner. The efforts we have taken to protect our intellectual property may not be sufficient or effective. For example, effective intellectual property protection may not be available in every country in which we currently or in the future will operate. In addition, it may be possible for other parties to copy or reverse-engineer our products and offerings or obtain and use the content of our website without authorization. Further, we may be unable to prevent competitors or other third parties from acquiring or using domain names or trademarks that are similar to, infringe upon, or diminish the value of our domain names, trademarks, service marks, and other proprietary rights. Moreover, our trade secrets may be compromised by third parties or our employees, which would cause us to lose the competitive advantage derived from the compromised trade secrets. Further, we may be unable to detect infringement of our intellectual property rights, and even if we detect such violations and decide to enforce our intellectual property rights, we may not be successful, and may incur significant expenses, in such efforts. In addition, any such enforcement efforts may be time-consuming and may divert management's attention. Further, such enforcement efforts may result in a ruling that our intellectual property rights are unenforceable or invalid. Any failure to protect or any loss of our intellectual property may have an adverse effect on our ability to compete and may adversely affect our business, financial condition, or operating results.

Companies in the Internet and technology industries, and other patent and trademark holders, including "non-practicing entities," seeking to profit from royalties in connection with grants of licenses or seeking to obtain injunctions, own large numbers of patents, copyrights, trademarks, and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. We have and may in the future continue to receive notices that claim we have misappropriated, misused, or infringed upon other parties' intellectual property rights.

Furthermore, from time to time we may introduce or acquire new products, including in areas in which we historically have not operated, which could increase our exposure to patent and other intellectual property claims. In addition, we have been sued, and we may in the future be sued, for allegations of intellectual property infringement or threats of trade secret misappropriation. For example, in February 2017, Waymo filed a lawsuit against us alleging, among other things, theft of trade secrets and patent infringement arising from our acquisition of Ottomotto LLC. In February 2018, we entered into a settlement agreement with Waymo. This agreement resolved Waymo's claims and provided for certain measures, including the joint retention of an independent software expert, to ensure that our autonomous vehicle hardware and software do not misappropriate Waymo intellectual property. In response to certain adverse findings by the independent software expert, we have made design changes to our autonomous vehicle software, which have been reviewed and approved by the independent software expert as embodying no misappropriation of Waymo trade secrets. This review and approval resolves the independent software review process set out in the settlement agreement with Waymo. In addition, in August 2019, a federal grand jury indicted Anthony Levandowski, a cofounder of Ottomotto LLC and a former employee of ours, on charges of theft of trade secrets from Waymo.

Any intellectual property claim against us, regardless of merit, could be time consuming and expensive to settle or litigate, could divert our management's attention and other resources, and could hurt goodwill associated with our brand. These claims may also subject us to significant liability for damages and may result in us having to stop using technology, content, branding, or business methods found to be in violation of another party's rights. Further, certain adverse outcomes of such proceedings could adversely affect our ability to compete effectively in existing or future businesses.

We may be required or may opt to seek a license for the right to use intellectual property held by others, which may not be available on commercially reasonable terms, or at all. Even if a license is available, we may be required to pay significant royalties, which may increase our operating expenses. We may also be required to develop alternative non-infringing technology, content, branding, or business methods, which could require significant effort and expense and make us less competitive. If we cannot license or develop alternative technology, content, branding, or business methods for any allegedly infringing aspect of our business, we may be unable to compete effectively or we may be prevented from operating our business in certain jurisdictions. Any of these results could harm our operating results.

Our reported financial results may be adversely affected by changes in accounting principles.

The accounting for our business is complicated, particularly in the area of revenue recognition, and is subject to change based on the evolution of our business model, interpretations of relevant accounting principles, enforcement of existing or new regulations, and changes in SEC or other agency policies, rules, regulations, and interpretations, of accounting regulations. Changes to our business model and accounting methods could result in changes to our financial statements, including changes in revenue and expenses in any period, or in certain categories of revenue and expenses moving to different periods, may result in materially different financial results, and may require that we change how we process, analyze, and report financial information and our financial reporting controls.

If we are deemed an investment company under the Investment Company Act, applicable restrictions could have an adverse effect on our business.

The Investment Company Act contains substantive legal requirements that regulate the manner in which "investment companies" are permitted to conduct their business activities. We believe that we have conducted our business in a manner that does not result in being characterized as an "investment company" under the Investment Company Act because we are primarily engaged in a non-investment company business. Although a significant portion of our assets constitute investments in non-controlled entities (including in China), referred to elsewhere in this Annual Report on Form 10-K as minority-owned affiliates, we believe that we are not an investment company as defined by the Investment Company Act. While we intend to conduct our operations such that we will not be deemed an investment company, such a determination would require us to initiate burdensome compliance requirements and comply with restrictions imposed by the Investment Company Act that would limit our activities, including limitations on our capital structure and our ability to transact with affiliates, which would have an adverse effect on our financial condition. To avoid such a determination, we may be required to conduct our business in a manner that does not subject us to the requirements of the Investment Company Act, which could have an adverse effect on our business. For example, we may be required to sell certain of our assets and pay significant taxes upon the sale or transfer of such assets.

Risks Related to Ownership of Our Common Stock

The market price of our common stock has been, and may continue to be, volatile or may decline steeply or suddenly regardless of our operating performance, and we may not be able to meet investor or analyst expectations. You may not be able to resell your shares at or above the price you paid and may lose all or part of your investment.

If you purchase shares of our common stock, you may not be able to resell those shares at or above the price you paid. The market price of our common stock may fluctuate or decline significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in MAPCs, Trips, Adjusted EBITDA, Adjusted Net Revenue, Gross Bookings, revenue, or other operating and financial results;
- announcements by us or estimates by third parties of actual or anticipated changes in the number of Drivers and consumers on our platform;
- variations between our actual operating results and the expectations of our management, securities analysts, investors, the financial community;

- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- negative media coverage or publicity;
- changes in operating performance and stock market valuations of technology companies generally, or those in our industry in particular, including our competitors;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- lawsuits threatened, filed, or decided against us;
- developments in legislation or regulatory actions, including interim or final rulings by judicial or regulatory bodies (including any competition authorities blocking, delaying, or subjecting our acquisition of Careem to significant limitations or restrictions on our ability to operate in one or more markets, or requiring us to divest our or Careem's business in one or more markets);
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any major change in our board of directors or management;
- any safety incidents or public reports of safety incidents that occur on our platform or in our industry;
- statements, commentary, or opinions by public officials that our product offerings are or may be unlawful, regardless of any interim or final rulings by judicial or regulatory bodies; and
- other events or factors, including those resulting from war, incidents of terrorism, natural disasters, public health concerns or epidemics, such as the recent coronavirus outbreak, natural disasters, or responses to these events.

In addition, price and volume fluctuations in the stock markets have affected and continue to affect many technology companies' stock prices. Often, their stock prices have fluctuated in ways unrelated or disproportionate to the companies' operating performance. In the past, stockholders have filed securities class action litigation following periods of market volatility. For example, beginning in September 2019, several putative class actions were filed in California state and federal courts against us, our directors, certain of our officers, and the underwriters named in our IPO registration statement alleging violations of securities laws in connection with our IPO. Securities litigation could subject us to substantial costs, divert resources and the attention of management from our business, and seriously harm our business. In addition, the occurrence of any of the factors listed above, among others, may cause our stock price to decline significantly, and there can be no assurance that our stock price would recover. As such, you may not be able to sell your shares at or above the price you paid, and you may lose some or all of your investment.

Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the trading price of our common stock by acting to discourage, delay, or prevent a change of control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions include the following:

- our board of directors has the right to elect directors to fill vacancies created by the expansion of our board of directors or the resignation, death, or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- advance notice requirements for stockholder proposals, which may reduce the number of stockholder proposals available for stockholder consideration;

- limitations on stockholder ability to convene special stockholder meetings, which could make it difficult for our stockholders to adopt desired governance changes;
- prohibition on cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; and
- our board of directors is able to issue, without stockholder approval, shares of undesignated preferred stock, which makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws, or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock. In addition, under our existing debt instruments, we, and certain of our subsidiaries, are subject to certain limitations on our business and operations, including limitations on certain consolidations, mergers, and sales of assets. For information regarding these and other provisions, see the risk factor titled “-We have incurred a significant amount of debt and may in the future incur additional indebtedness. Our payment obligations under such indebtedness may limit the funds available to us, and the terms of our debt agreements may restrict our flexibility in operating our business.”

Sales, directly or indirectly, of shares of our common stock by existing equityholders could cause our stock price to decline.

Sales, directly or indirectly, of a substantial number of shares of our common stock, or the public perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities.

Concentration of ownership of our common stock among our existing executive officers, directors, and principal stockholders may prevent new investors from influencing significant corporate decisions, including mergers, consolidations, or the sale of us or all or substantially all of our assets.

As of December 31, 2019 and based on a review of recent SEC filings, our executive officers, directors, and current beneficial owners of 5% or more of our common stock, in the aggregate, beneficially owned approximately 17.6% of our outstanding shares of common stock. These persons, acting together, will be able to significantly influence all matters requiring stockholder approval, including the election of directors and the approval of significant corporate transactions, such as mergers, consolidations, or the sale of us or all or substantially all of our assets. This concentration of ownership may have the effect of delaying or preventing a change of control, including a merger, consolidation, or other business combination involving our company, or discouraging a potential acquirer from otherwise attempting to obtain control, even if that change of control would benefit our other stockholders.

We have broad discretion in how we use the net proceeds from our IPO, and we may not use them effectively.

We cannot specify with any certainty the particular uses of the remaining net proceeds that we have received from our IPO. Our management has broad discretion in applying the net proceeds we received from our IPO. We have used and may use the net proceeds for general corporate purposes, including working capital, operating expenses, and capital expenditures, and we may use a portion of the net proceeds to acquire complementary businesses, products, offerings, or technologies. We have used some of the net proceeds to satisfy tax withholding obligations related to the vesting of RSUs, which vested in connection with our IPO. We may also spend or invest these proceeds in a way with which our stockholders disagree. If our management fails to use these funds effectively, our business could be seriously harmed. Pending their use, the net proceeds from our initial public offering may be invested in a way that does not produce income or that loses value.

If securities or industry analysts either do not publish research about us, or publish inaccurate or unfavorable research about us, our business, or our market, or, if such analysts change their recommendations regarding our common stock adversely, the trading price or trading volume of our common stock could decline.

The trading market for our common stock will be influenced in part by the research and reports that securities or industry analysts may publish about us, our business, our market, or our competitors. If one or more of the analysts initiate research with an unfavorable rating or downgrade our common stock, provide more favorable recommendations

about our competitors, or publish inaccurate or unfavorable research about our business, our common stock price would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price or trading volume of our common stock to decline.

We do not intend to pay cash dividends for the foreseeable future.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any cash dividends in the foreseeable future. In addition, certain of our existing debt instruments include restrictions on our ability to pay cash dividends. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases.

The requirements of being a public company may strain our resources, result in more litigation, and divert management's attention from operating our business.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the NYSE, and other applicable securities rules and regulations. Complying with these rules and regulations has increased our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results.

By disclosing information in this Annual Report on Form 10-K and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If those claims are successful, our business could be seriously harmed. Even if the claims do not result in litigation or are resolved in our favor, the time and resources needed to resolve them could divert our management's resources and seriously harm our business.

As a result of being a public company, we are obligated to develop and maintain proper and effective internal controls over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our common stock.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act ("Section 404"), to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting as of December 31, 2020. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting as of December 31, 2020. We currently are required to disclose changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting on a quarterly basis.

We have commenced the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, and we may not be able to complete our evaluation, testing, and any required remediation in a timely fashion. Our compliance with Section 404 will require that we incur substantial accounting expense and expend significant management efforts. In addition, as our business continues to grow in size and complexity, we are improving our processes and infrastructure to help ensure we can prepare financial reporting and disclosures within the timeline required for a public company. We may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge to compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404. In addition, prior to completing our internal control assessment under Section 404, we may become aware of and disclose material weaknesses that will require timely remediation. Due to our significant growth, especially with respect to high-growth offerings like Eats, Freight, and New Mobility, we face challenges in consistent performance of controls in response to evolving risks of misstatement. In addition, due to our continuous development of new products and technology solutions, we face challenges in timely and appropriately designing or executing controls. Our financial reporting infrastructure, including our information technology general computer systems and controls, is also evolving in support of our growing business activities and continued enhancement and automation of our internal control over financial reporting, which results in challenges in the design and consistent execution of such controls. During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective.

We cannot assure you that there will not be material weaknesses in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or operating results. If we are unable to conclude that our internal control over financial reporting is effective, or if we or our independent registered public accounting firm determines we have a material weakness in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain these and other effective control systems required of public companies, could also restrict our future access to the capital markets.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America are the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us or our directors, officers, or employees arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws;
- any action regarding our amended and restated certificate of incorporation or our amended and restated bylaws;
- any action as to which the Delaware General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

Our amended and restated certificate of incorporation will provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (the "Securities Act"), subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. If any other court of competent jurisdiction were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business. For example, the Court of Chancery of the State of Delaware recently determined that a provision stating that U.S. federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable. However, this decision may be reviewed and ultimately overturned by the Delaware Supreme Court.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

As of December 31, 2019, we leased office facilities around the world totaling 10.0 million square feet, including 2.4 million square feet for our corporate headquarters in San Francisco, California. We are in the process of constructing new Bay Area offices, including our 1.1 million square foot San Francisco headquarters, which we expect to open in 2020. During 2019, we purchased 593 acres of land in Pennsylvania to build a test track for the purpose of testing the performance of autonomous vehicles, as well as an office building. This land is used primarily for our ATG and Other Technology Programs segment.

We believe our facilities, which are generally used by all of our reportable segments, are adequate and suitable for our current needs and that should it be needed, suitable additional or alternative space will be available to accommodate our operations.

ITEM 3. LEGAL PROCEEDINGS

We are a party to various legal actions and government investigations, and similar or other actions could be brought against us in the future. The most significant of these matters are described below.

Legal Proceedings Described in Note 15 to Our Consolidated Financial Statements

Note 15 - Commitments and Contingencies to our consolidated financial statements for the year ended December 31, 2019 contained in this Annual Report on Form 10-K includes information on legal proceedings that constitute material contingencies for financial reporting purposes that could have a material adverse effect on our consolidated financial position or liquidity if they were resolved in a manner that is adverse to us. This item should be read in conjunction with Note 15 for information regarding the following material legal proceedings, which information is incorporated into this item by reference:

- AB5 Lawsuits and Governmental Inquiries
- O'Connor, et al., v. Uber Technologies, Inc., et al and Yucesoy v. Uber Technologies, Inc., et al.
- State Unemployment Tax Proceedings
- Google v. Levandowski; Google v. Levandowski & Ron
- Copenhagen Criminal Prosecution
- Aslam, Farrar, Hoy and Mithu v. Uber B.V., Uber Britannia Ltd. and Uber London Ltd.

Legal Proceedings That Are Not Described in Note 15 to Our Consolidated Financial Statements

In addition to the matters that are identified in Note 15 to our consolidated financial statements for the year ended December 31, 2019 contained in this Annual Report on Form 10-K, and incorporated into this item by reference, the following matter also constitutes a material pending legal proceeding, other than ordinary course litigation incidental to our business, to which we are or any of our subsidiaries is a party.

Australia Class Action

In May 2019, an Australian law firm filed a class action in the Supreme Court of Victoria, Australia, against us and certain of our subsidiaries, on behalf of certain participants in the taxi and hire-car industry. The plaintiff alleges that the Uber entities conspired to injure the group members during the period 2014 to 2017 by either directly breaching transport legislation or commissioning offenses against transport legislation by UberX Rides Drivers in Australia. We deny these allegations and intend to vigorously defend against the lawsuit.

Other Legal Proceedings

While it is not possible to determine the outcome of the legal actions, investigations, and proceedings brought against us, we believe that, except for the matters described above, the resolution of all such matters will not have a material adverse effect on our consolidated financial position or liquidity, but could be material to our consolidated results of operations in any one accounting period. We are currently involved in, and may in the future be involved in, legal proceedings, litigation, claims, and government investigations in the ordinary course of business. In addition, the nature of our business exposes us to claims related to the classification of Drivers and the compliance of our business with applicable law. This risk is enhanced in certain jurisdictions outside the United States where we may be less protected under local laws than we are in the United States. Although the results of the legal proceedings, claims, and government investigations in which we are involved cannot be predicted with certainty, we do not believe that the final outcome of these matters is reasonably likely to have a material adverse effect on our business, financial condition, or operating results. Regardless of final outcomes, however, any such legal proceedings, claims, and government investigations may nonetheless impose a significant burden on management and employees and may come with costly defense costs or unfavorable preliminary and interim rulings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information for Common Stock

Our common stock has been listed on the New York Stock Exchange ("NYSE") under the symbol "UBER" since May 10, 2019. Prior to that date, there was no public trading market for our common stock.

Holder of our Common Stock

As of February 19, 2020, there were 387 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate declaring or paying any cash dividends in the foreseeable future. The terms of certain of our outstanding debt instruments restrict our ability to pay dividends or make distributions on our common stock, and we may enter into credit agreements or other borrowing arrangements in the future that will restrict our ability to declare or pay cash dividends or make distributions on our capital stock. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant.

Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

From January 1, 2019 through May 13, 2019 (the date of the filing of our registration statement on Form S-1), we granted to our directors, officers, employees, consultants and other service providers restricted stock units for an aggregate 40 million shares of our common stock under our 2013 Equity Incentive Plan.

On May 16, 2019, we closed a private placement investment by PayPal, Inc. in which we issued and sold 11 million shares of our common stock at a purchase price of \$45.00 per share and received aggregate proceeds of \$500 million.

The foregoing transaction(s) did not involve any underwriters, any underwriting discounts or commissions, or any public offering. We believe the offers, sales, and issuances of the above securities were exempt from registration under the Securities Act by virtue of Section 4(a)(2) of the Securities Act (or Regulation D or Regulation S promulgated thereunder), because the issuance of securities to the recipient did not involve a public offering, or in reliance on Rule 701 because the transactions were pursuant to compensatory benefit plans or contracts relating to compensation as provided under such rule. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof. All recipients had adequate access, through their relationships with us or otherwise, to information about us. The issuances of these securities were made without any general solicitation or advertising.

Use of Proceeds

On May 14, 2019, we closed our initial public offering ("IPO"), in which we sold 180 million shares of our common stock at a price of \$45.00 per share. The offer and sale of the shares in the IPO were registered under the Securities Act pursuant to an effective registration statement on Form S-1 (File No. 333-230812). We raised approximately \$8.0 billion in net proceeds after deducting underwriting discounts and commissions of \$106 million and offering expenses. We have used a portion of the net proceeds, and intend to use the remainder of the net proceeds, from our IPO for general corporate purposes, including working capital, operating expenses and capital expenditures. Additionally, we may use a portion of the net proceeds we received from our IPO to acquire businesses, products, services, or technologies. The representatives of the underwriters of our IPO were Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC. No

payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates, other than payments in the ordinary course of business to officers for salaries and to non-employee directors pursuant to our director compensation policy.

Performance Graph

This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Uber Technologies, Inc. under the Securities Act, or the Exchange Act.

The following graph compares the cumulative total return to stockholders on our common stock relative to the cumulative total returns of the Standard & Poor’s 500 Index, (“S&P 500”), and the S&P 500 Information Technology Sector Index (“S&P 500 IT”). An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each index on May 10, 2019, the date our common stock began trading on the NYSE, and its relative performance is tracked through December 31, 2019. The returns shown are based on historical results and are not intended to suggest future performance.



ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes appearing in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K. The selected audited consolidated financial data in this section are not intended to replace our audited consolidated financial statements and the related notes and are qualified in their entirety by the audited consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of our results in any future period.

The selected consolidated statement of operations and comprehensive loss data for the year ended December 31, 2015 and the selected consolidated balance sheet data as of December 31, 2015 have been derived from our accounting records and have been prepared on the same basis as the audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

	Year Ended December 31,				
	<u>2015⁽¹⁾</u> (Unaudited)	<u>2016⁽¹⁾</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	(In millions, except share amounts which are reflected in thousands, and per share amounts)				
Consolidated Statements of Operations Data:					
Revenue	\$ 1,995	\$ 3,845	\$ 7,932	\$ 11,270	\$ 14,147
Total costs and expenses ⁽²⁾	3,334	6,868	12,012	14,303	22,743
Loss from operations	(1,339)	(3,023)	(4,080)	(3,033)	(8,596)
Income (loss) from continuing operations before income taxes and loss from equity method investment ⁽³⁾	(1,603)	(3,218)	(4,575)	1,312	(8,433)
Income (loss) from discontinued operations, net of income taxes ⁽⁴⁾	(1,098)	2,876	—	—	—
Net income (loss) attributable to Uber Technologies, Inc.	(2,688)	(370)	(4,033)	997	(8,506)
Net income (loss) per share attributable to Uber Technologies, Inc. common stockholders:					
Basic and diluted net income (loss) per common share: ⁽⁵⁾					
Continuing operations	\$ (3.89)	\$ (7.89)	\$ (9.46)	\$ —	\$ (6.81)
Discontinued operations	(2.68)	6.99	—	—	—
Basic and diluted net income (loss) per common share	<u>\$ (6.57)</u>	<u>\$ (0.90)</u>	<u>\$ (9.46)</u>	<u>\$ —</u>	<u>\$ (6.81)</u>
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:					
Basic	<u>408,838</u>	<u>411,501</u>	<u>426,360</u>	<u>443,368</u>	<u>1,248,353</u>
Diluted	<u>408,838</u>	<u>411,501</u>	<u>426,360</u>	<u>478,999</u>	<u>1,248,353</u>

(1) On January 1, 2017, we adopted ASC 606 on a full retrospective basis. Accordingly, our audited consolidated financial statements for 2016 were recast to conform to ASC 606. See Note 1 - Description of Business and Summary of Significant Accounting Policies and Note 2 - Revenue included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K. Comparative information for 2015 continues to be reported under the accounting standards in effect for this period and has not been recast to conform to ASC 606.

(2) Total costs and expenses include \$209 million, \$128 million, \$137 million, \$172 million and \$4.6 billion of stock-based compensation for the years ended December 31, 2015, 2016, 2017, 2018 and 2019, respectively. For the year ended December 31, 2019, total costs and expenses included \$3.6 billion of stock-based compensation expense for awards with a performance-based vesting condition satisfied upon our IPO. For additional information, see Note 11 - Redeemable Convertible Preferred Stock, Common Stock, and Equity (Deficit) to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

(3) Income (loss) from continuing operations before income taxes and loss from equity method investment in 2018 includes a \$2.3 billion gain on the sale of the our Southeast Asia operations, a \$2.0 billion unrealized gain on our non-marketable equity securities related to Didi and a \$954 million gain on the disposal of our Uber Russia and the Commonwealth of Independent States (“Russia/CIS”) operations. For additional information, see Note 10 - Supplemental Financial Statement Information to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

(4) In 2016, income (loss) from discontinued operations, net of income taxes reflects a gain on disposition of discontinued operations related to the divestiture of Uber China, partially offset by the loss from operations from Uber China.

(5) For a description of our computation of basic and diluted net income (loss) per common share see Note 1 - Description of Business and Summary of Significant Accounting Policies and Note 13 - Net Income (Loss) Per Share to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

	As of December 31,				
	2015 ⁽¹⁾ (Unaudited)	2016 ⁽¹⁾	2017	2018	2019 ^{(2),(3)}
	(In millions)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$ 4,188	\$ 6,241	\$ 4,393	\$ 6,406	\$ 10,873
Short-term investments	—	—	—	—	440
Working capital ⁽³⁾	4,644	4,589	2,990	4,399	8,286
Total assets	6,740	15,713	15,426	23,988	31,761
Long-term debt, net of current portion.....	1,423	3,087	3,048	6,869	5,707
Redeemable convertible preferred stock warrant liability.....	3	211	125	52	—
Total liabilities.....	4,078	9,198	11,773	17,196	16,578
Redeemable convertible preferred stock	6,256	11,111	12,210	14,177	—
Additional paid-in capital	120	209	320	668	30,739
Accumulated deficit.....	(4,265)	(4,806)	(8,874)	(7,865)	(16,362)
Total equity (deficit).....	(4,146)	(4,596)	(8,557)	(7,385)	14,872

- (1) On January 1, 2017, we adopted ASC 606 on a full retrospective basis. Accordingly, our audited consolidated financial statements for 2016 were recast to conform to ASC 606. See Note 1 - Description of Business and Summary of Significant Accounting Policies and Note 2 - Revenue included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K. Comparative information for 2015 continues to be reported under the accounting standards in effect for this period and has not been recast to conform to ASC 606.
- (2) On January 1, 2019, we adopted ASC 842, “Leases” (“ASC 842”) using the modified retrospective transition method and used the effective date as the date of initial application. Consequently, financial information is not updated for periods before January 1, 2019. For additional information, see Note 1 - Description of Business and Summary of Significant Accounting Policies included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.
- (3) On May 14, 2019, we closed our IPO, issued and sold 180 million shares of our common stock and received net proceeds of approximately \$8.0 billion. Upon closing of the IPO, (i) all our outstanding redeemable convertible preferred stock automatically converted to common stock; ii) holders of convertible notes elected to convert all outstanding notes into common stock; and, iii) an outstanding warrant (exercisable upon the closing of the IPO) was exercised to purchase common stock. For additional information, see Note 1 - Description of Business and Summary of Significant Accounting Policies included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.
- (4) Working capital is defined as total current assets less total current liabilities. See our audited consolidated financial statements and the related notes included in this Annual Report on Form 10-K for further details regarding our current assets and current liabilities as of December 31, 2018 and 2019.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

In addition to our historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. You should review the sections titled “Special Note Regarding Forward-Looking Statements” for a discussion of forward-looking statements and in Part I, Item 1A, “Risk Factors”, for a discussion of factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis and elsewhere in this Annual Report on Form 10-K.

Overview

We are a technology platform that uses a massive network, leading technology, operational excellence and product expertise to power movement from point A to point B. We develop and operate proprietary technology applications supporting a variety of offerings on our platform. We connect consumers with providers of ride services, restaurants and food delivery services, public transportation networks, e-bikes, e-scooters and other personal mobility options. We use this same network, technology, operational excellence and product expertise to connect shippers with carriers in the freight industry. We are also developing technologies that provide autonomous driving vehicle solutions to consumers, networks of vertical take-off and landing vehicles and new solutions to solve everyday problems.

Financial and Operational Highlights

<i>(In millions, except percentages)</i>	<u>Year Ended December 31,</u>			<u>2017 to 2018</u> <u>% Change</u>	<u>2018 to 2019</u> <u>% Change</u>	<u>2018 to 2019</u> <u>% Change</u> <u>(Constant</u> <u>Currency⁽¹⁾)</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>			
Monthly Active Platform Consumers (“MAPCs”) ^{(2),(3)}	68	91	111	34%	22%	
Trips ⁽²⁾	3,736	5,220	6,904	40%	32%	
Gross Bookings ⁽²⁾	\$ 34,409	\$ 49,799	\$ 65,001	45%	31%	35%
Revenue	\$ 7,932	\$ 11,270	\$ 14,147	42%	26%	28%
Adjusted Net Revenue ^{(1),(2)}	\$ 7,203	\$ 10,297	\$ 12,897	43%	25%	28%
Net income (loss) attributable to						
Uber Technologies, Inc. ⁽⁴⁾	\$ (4,033)	\$ 997	\$ (8,506)	125%	**	
Rides Adjusted EBITDA	\$ 388	\$ 1,541	\$ 2,071	297%	34%	
Adjusted EBITDA ^{(1),(2)}	\$ (2,642)	\$ (1,847)	\$ (2,725)	30%	(48)%	

(1) See the section titled “Reconciliations of Non-GAAP Financial Measures” for more information and reconciliations to the most directly comparable GAAP financial measure.

(2) See the section titled “Certain Key Metrics and Non-GAAP Financial Measures” below for more information.

(3) MAPCs presented for annual periods are MAPCs for the fourth quarter of the year. The 2018 MAPCs exclude the impact of our 2018 Divested Operations.

(4) Net income (loss) attributable to Uber Technologies, Inc. includes stock-based compensation expense of \$137 million, \$172 million and \$4.6 billion during the years ended December 31, 2017, 2018 and 2019, respectively.

** Percentage not meaningful.

Highlights for 2019

In 2019, we crossed the 100 million mark for MAPCs, ending the year with 111 million MAPCs or 22% growth compared to 2018, while also seeing a 68% increase in the number of consumers using both Rides and Eats.

Gross Bookings grew over \$15 billion for the third consecutive year, up to \$65.0 billion or 35%, on a constant currency basis. Revenue and Adjusted Net Revenue grew to \$14.1 billion and \$12.9 billion, respectively, with quarterly growth rates accelerating throughout 2019 and ending with a full-year Take Rate of 19.8%.

Rides Adjusted EBITDA grew \$530 million to \$2.1 billion, exiting the year with a record quarter Rides Adjusted EBITDA profit of \$742 million which more than covered our Corporate G&A and Platform R&D in the fourth quarter of 2019. Rides Adjusted EBITDA margin as a percentage of Rides revenue and Rides Adjusted Net Revenue improved every quarter in 2019.

Eats Gross Bookings grew \$6.6 billion to \$14.5 billion, growing 83%, or 87% on a constant currency basis. Eats revenue grew 72%, or 76% on a constant currency basis. Eats Adjusted Net Revenue grew 82%, or 86% on a constant currency basis, while Eats full-year Take Rate was 9.5%.

We continued to expand our other offerings, including Freight and Other Bets, resulting in a combined revenue growth of 128%.

We ended the year with \$11.3 billion in cash, cash equivalents and short-term investments.

2019 Significant Developments

Driver Appreciation Award

In April 2019, we paid a \$299 million Driver appreciation award to Drivers who met certain criteria. The payment was accounted for as a Driver incentive in the second quarter of 2019.

Initial Public Offering

On May 9, 2019, our registration statement on Form S-1 (File No. 333-230812) related to our initial public offering (“IPO”) was declared effective by the SEC, and our common stock began trading on the NYSE on May 10, 2019. Our IPO closed on May 14, 2019. For additional information, see Note 1 - Description of Business and Summary of Significant Accounting Policies included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

PayPal, Inc. (“PayPal”) Private Placement

On May 16, 2019, we closed a private placement by PayPal in which we issued and sold 11 million shares of our common stock at a purchase price of \$45.00 per share and received aggregate proceeds of \$500 million. Additionally, we and PayPal agreed to extend our global partnership, including a commitment to jointly explore certain commercial collaborations.

Segment Change

During the third quarter of 2019, following a number of leadership and organizational changes, the chief operating decision maker (“CODM”) changed how he assesses performance and allocates resources to a more disaggregated level in order to optimize utilization of the Company’s platform as well as manage research and development of new technologies. Based on this change, in the third quarter of 2019, we determined that we have five operating and reportable segments: Rides, Eats, Freight, Other Bets, and ATG and Other Technology Programs. For additional information, see Note 14 - Segment Information and Geographic Information included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

ATG Investment: Preferred Unit Purchase Agreement

In July 2019, the investment by the ATG Investors in ATG was consummated. We received, in aggregate, consideration of \$1.0 billion from Softbank, Toyota, and DENSO (collectively the “ATG Investors”). For additional information, see Note 17 - Non-Controlling Interests to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

2027 Senior Notes

In September 2019, we issued 7.5% senior unsecured notes with an aggregate principal amount of \$1.2 billion due on September 15, 2027 in a private placement offering. For additional information, see Note 8 - Long-Term Debt and Revolving Credit Arrangements to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

Pending Acquisition of Majority Ownership in Cornershop

In October 2019, we agreed to purchase a controlling interest in Cornershop, an online grocery delivery platform operating primarily in Chile and Mexico. For additional information, see Note 1 - Description of Business and Summary of Significant Accounting Policies to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

U.S. Insurance Carrier Changes

In October 2019, James River Group companies (“James River”) delivered a notice of early cancellation of all insurance policies (primarily auto insurance policies) issued to one of our wholly-owned subsidiaries, effective December 31, 2019, two-months earlier than the contractual expiration on February 29, 2020. In the fourth quarter of 2019, James River withdrew all funds previously held in a trust account. These funds continue to serve as collateral for our current and future claim settlement obligations under the indemnification agreements for these insurance policies issued by James River. Effective December 31, 2019, we executed insurance policies with new and existing carriers to provide the same coverage as provided under the James River policies. For additional information, see Note 1 - Description of Business and Summary of Significant Accounting Policies to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

Recent Developments

Acquisition of Careem

On January 2, 2020, we acquired all entities of Careem Inc. and its subsidiaries, (collectively “Careem”) in jurisdictions where we received regulatory approval or did not require regulatory approval. For additional information, see Note 20 - Subsequent Events to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

Divestiture of Uber Eats India to Zomato

On January 21, 2020, we entered into a definitive agreement and completed the divestiture of our food delivery operations in India (“Uber Eats India”) to Zomato Media Private Limited (“Zomato”). For additional information, see Note 20 - Subsequent Events to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

Legal and Regulatory Developments

California State Assembly Bill 5 (“AB5”)

AB5 is a recently enacted statute that codifies a test to determine whether a worker is an employee under California law. The test is referred to as the “ABC” test, and was originally handed down by the California Supreme Court in *Dynamex Operations v. Superior Court* in 2018. Under the ABC test, workers performing services for a hiring entity are considered employees unless the hiring entity can demonstrate three things: the worker (A) is free from the hiring entity’s control, (B) performs work that is outside the usual course of the hiring entity’s business, and (C) customarily engages in the independent trade, work or type of business performed for the hiring entity. AB5 went into effect in January 2020.

AB5 provides a mechanism for determining whether workers of a hiring entity are employees or independent contractors, but the new law does not result in any immediate change in how workers are classified. If the State of California, cities or municipalities, or workers disagree with how a hiring entity classifies workers, AB5 sets forth the test for evaluating their classification. A similar ABC test was adopted more than 10 years ago in Massachusetts.

We continue to evaluate the impact of AB5 on our business. In January 2020, we introduced a number of product changes in California intended to, among other things, provide Drivers with more information about rider destinations, trip distance, and expected fares, display prices more clearly, and allow users to select preferred drivers, all of which are intended to further strengthen the independence of Drivers in California and protect their ability to work flexibly when using the Uber platform. In addition, we are considering legal responses, additional potential business changes, a potential legislative amendment and have filed a California state ballot initiative which will be voted on in November 2020. The ballot initiative does not ask for exemption from AB5, although many other industries in California received an exemption from the ABC test through special amendments. Instead, we are working to provide voters with an opportunity to support a framework that advocates for legal certainty regarding the status of independent work, and seeks to protect worker flexibility and the quality of on-demand work, while establishing the following:

- a guaranteed minimum earnings standard for Drivers;
- occupational/accident insurance for injury protection;
- healthcare subsidies; and
- protection against discrimination and harassment.

As we explore legal options, we have received and expect to continue to receive claims by or on behalf of Drivers that claim that the Drivers have been misclassified. The Company believes that these claims are without merit and intends to defend itself vigorously.

For a discussion of risk factors related to AB5, including how AB5 may impact our business, result of operations, financial position and operating condition, see the risk factor titled “-Our business would be adversely affected if Drivers were classified as employees” included in Part I, Item 1A, “Risk Factors”, and Note 15 - Commitments and Contingencies to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

Transport for London (“TfL”)

TfL denied our application for a new license on November 25, 2019. We are continuing to operate in London, while we have appealed TfL’s decision and expect a hearing in Westminster Magistrates Court in mid-2020. We are taking steps to address issues identified by TfL (such as information technology service management processes) and also plan to roll out additional systems to strengthen identity confirmation of Rides Drivers, which may include a facial matching process, which we believe are the most robust in the industry.

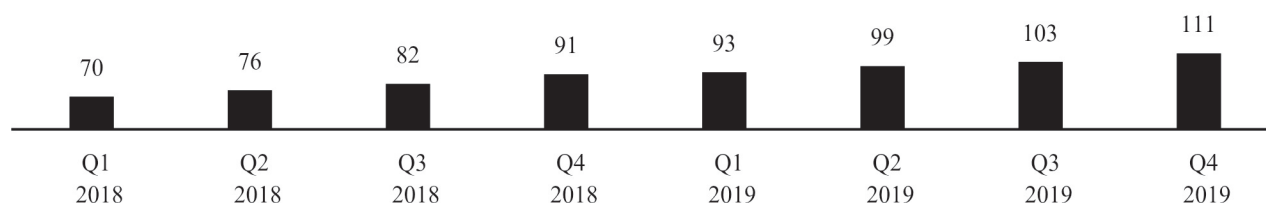
Certain Key Metrics and Non-GAAP Financial Measures

Unless otherwise noted, all of our key metrics exclude historical results from China, Russia/CIS, and Southeast Asia, geographies where we previously had operations through the first quarter of 2018 and where we now participate solely through our minority-owned affiliates.

Adjusted Net Revenue and Adjusted EBITDA, as well as revenue and ANR growth rates in constant currency, are non-GAAP financial measures. For more information about how we use these non-GAAP financial measures in our business, the limitations of these measures, and a reconciliation of these measures to the most directly comparable GAAP financial measures, see the section titled “Reconciliations of Non-GAAP Financial Measures.”

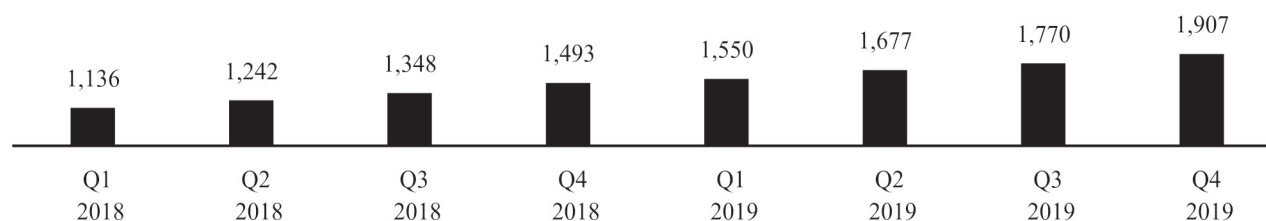
Monthly Active Platform Consumers. MAPCs is the number of unique consumers who completed a Rides or New Mobility ride or received an Eats meal on our platform at least once in a given month, averaged over each month in the quarter. While a unique consumer can use multiple product offerings on our platform in a given month, that unique consumer is counted as only one MAPC. We use MAPCs to assess the adoption of our platform and frequency of transactions, which are key factors in our penetration of the countries in which we operate.

Monthly Active Platform Consumers (in millions)



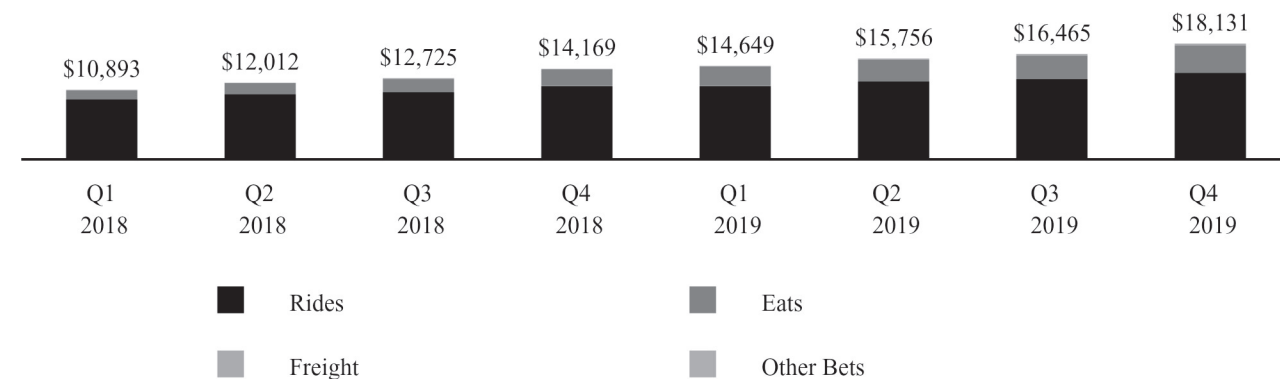
Trips. We define Trips as the number of completed consumer Rides or New Mobility rides and Eats meal deliveries in a given period. For example, an UberPOOL ride with three paying consumers represents three unique Trips, whereas an UberX ride with three passengers represents one Trip. We believe that Trips are a useful metric to measure the scale and usage of our platform.

Trips (in millions)



Gross Bookings. We define Gross Bookings as the total dollar value, including any applicable taxes, tolls, and fees, of Rides and New Mobility rides, Eats meal deliveries, and amounts paid by Freight shippers, in each case without any adjustment for consumer discounts and refunds, Driver and Restaurant earnings, and Driver incentives. Gross Bookings do not include tips earned by Drivers. Gross Bookings are an indication of the scale of our current platform, which ultimately impacts revenue.

Gross Bookings (in millions)



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Rides	\$ 9,380	\$ 10,166	\$ 10,488	\$ 11,479	\$ 11,446	\$ 12,188	\$ 12,554	\$ 13,512
Eats	1,473	1,774	2,111	2,561	3,071	3,386	3,658	4,374
Freight.....	40	70	123	126	128	167	223	219
Other Bets	—	2	3	3	4	15	30	26

Adjusted Net Revenue. See the section titled “Reconciliations of Non-GAAP Financial Measures” for our definition and a reconciliation to the most directly comparable GAAP financial measure.

Take Rate is defined as Adjusted Net Revenue as a percentage of Gross Bookings. For purposes of Take Rate, Gross Bookings include the impact of our 2018 Divested Operations, defined as operations in (i) Southeast Asia prior to the sale of those operations to Grab and (ii) Russia/CIS prior to the formation of our Yandex.Taxi joint venture.

<i>(In millions, except percentages)</i>	Year Ended December 31,			2017 to 2018 % Change	2018 to 2019 % Change
	2017	2018	2019		
Adjusted Net Revenue	\$ 7,203	\$ 10,297	\$ 12,897	43%	25%

2019 Compared to 2018

Adjusted Net Revenue increased \$2.6 billion, or 25%, primarily driven by growth in Trips and Gross Bookings within Rides and Eats. Rides Take Rate was 21.4%, down from 21.9% in 2018, primarily driven by an increase in incentive spend in Latin America. Eats Take Rate was 9.5%, slightly down from 9.6% in 2018, primarily due to an increase in Delivery People and restaurant payments coupled with higher delivery and subscription discounts, partially offset by lower incentive spend in the U.S. and Canada markets.

Adjusted EBITDA. See the section titled “Reconciliations of Non-GAAP Financial Measures” for our definition and a reconciliation of net income (loss) attributable to Uber Technologies, Inc. to Adjusted EBITDA.

<i>(In millions, except percentages)</i>	Year Ended December 31,			2017 to 2018 % Change	2018 to 2019 % Change
	2017	2018	2019		
Adjusted EBITDA	\$ (2,642)	\$ (1,847)	\$ (2,725)	30%	(48)%

2019 Compared to 2018

Adjusted EBITDA loss increased \$878 million, or 48%, primarily attributable to continued investments within our non-Rides offerings and an increase in corporate overhead as we grow the business. These investments drove an increase in our Adjusted EBITDA loss margin as a percentage of Adjusted Net Revenue of (3)% to (21)%.

Components of Results of Operations

The following discussion on trends in our components of results of operations excludes IPO related impacts as well as the Driver appreciation award of \$299 million, both of which occurred during the second quarter of 2019. The Driver appreciation award was accounted for as a Driver incentive. For additional information about our IPO, see Note 1 - Description of Business and Summary of Significant Accounting Policies to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data", of this Annual Report on Form 10-K.

Revenue

We generate substantially all of our revenue from fees paid by Drivers and Restaurants for use of our platform. We have concluded that we are an agent in these arrangements as we arrange for other parties to provide the service to the end-user. Under this model, revenue is net of Driver and Restaurant earnings and Driver incentives. We act as an agent in these transactions by connecting consumers to Drivers and Restaurants to facilitate a Trip or meal delivery service.

For additional discussion related to our revenue, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates - Revenue Recognition," Note 1 - Description of Business and Summary of Significant Accounting Policies - Revenue Recognition, and Note 2 - Revenue to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data", of this Annual Report on Form 10-K.

Cost of Revenue, Exclusive of Depreciation and Amortization

Cost of revenue, exclusive of depreciation and amortization, consists primarily of insurance costs, credit card processing fees, hosting and co-located data center expenses, mobile device and service expenses, amounts related to fare chargebacks and other credit card losses, excess Driver incentives, and costs incurred with carriers for Freight transportation. Insurance expenses include coverage for auto liability, general liability, uninsured and underinsured motorist liability, and auto physical damage related to our Rides products and Eats offering. Excess Driver incentives are primarily related to our Rides products in emerging markets and our Eats offering.

We expect that cost of revenue, exclusive of depreciation and amortization, will increase on an absolute dollar basis for the foreseeable future to the extent we continue to see growth on the platform. As Trips increase, we expect related increases for insurance costs, credit card processing fees, hosting and co-located data center expenses, and other cost of revenue, exclusive of depreciation and amortization. Cost of revenue, exclusive of depreciation and amortization, may vary as a percentage of revenue from period to period based on our investments in our business, including excess Driver incentives, and our Freight offering and New Mobility products, each of which have higher costs as a percentage of revenue than our Rides and Eats products, as we are the principal in these arrangements, as well as the cost of scooters, which are expensed once placed in service.

Operations and Support

Operations and support expenses consist primarily of compensation expenses, including stock-based compensation to employees who support operations in cities, Driver operations employees, community management employees, and platform user support representatives, as well as costs for allocated overhead and those associated with Driver background checks.

We expect that operations and support expenses will increase on an absolute dollar basis for the foreseeable future as we continue to grow our operations and hire additional employees and platform user support representatives. To the extent we are successful in becoming more efficient in supporting platform users, we would expect operations and support expenses as a percentage of revenue to decrease over the long term.

Sales and Marketing

Sales and marketing expenses consist primarily of compensation expenses, including stock-based compensation to sales and marketing employees, advertising expenses, expenses related to consumer acquisition and retention, including consumer discounts, rider facing loyalty programs, promotions, refunds, and credits, Driver referrals, and allocated overhead. We expense advertising and other promotional expenditures as incurred.

We expect that sales and marketing expenses will increase on an absolute dollar basis and vary from period to period as a percentage of revenue for the foreseeable future as we plan to continue to invest in sales and marketing to grow the number of platform users and increase our brand awareness. The trend and timing of our brand marketing expenses will depend in part on the timing of marketing campaigns.

Research and Development

Research and development expenses consist primarily of compensation expenses for engineering, product development, and design employees, including stock-based compensation, expenses associated with ongoing improvements to, and maintenance of, our platform offerings, and ATG and Other Technology Programs development expenses, as well as allocated overhead. We expense substantially all research and development expenses as incurred.

We expect that research and development expenses will increase on an absolute dollar basis and vary from period to period as a percentage of revenue for the foreseeable future as we continue to invest in research and development activities relating to ongoing improvements to and maintenance of our platform offerings, as well as ATG and Other Technology Programs, and other research and development programs, including the hiring of engineering, product development, and design employees to support these efforts.

General and Administrative

General and administrative expenses consist primarily of compensation expenses, including stock-based compensation, for executive management and administrative employees, including finance and accounting, human resources, and legal, as well as facilities and general corporate, and director and officer insurance expenses. General and administrative expenses also include legal settlements.

We expect that general and administrative expenses will increase on an absolute dollar basis and vary from period to period as a percentage of revenue for the foreseeable future as we focus on processes, systems, and controls to enable our internal support functions to scale with the growth of our business. We expect to incur additional expenses as a result of operating as a public company, including expenses to comply with the rules and regulations applicable to companies listed on a national securities exchange, expenses related to compliance and reporting obligations pursuant to the rules and regulations of the SEC, as well as higher expenses for general and director and officer insurance, investor relations, and professional services.

Depreciation and Amortization

Depreciation and amortization consists of all depreciation and amortization expenses associated with our property and equipment and acquired intangible assets. Depreciation includes expenses associated with buildings, site improvements, computer and network equipment, leased vehicles, furniture, fixtures, and dockless e-bikes, as well as leasehold improvements. Amortization includes expenses associated with our capitalized internal-use software and acquired intangible assets.

We expect that depreciation and amortization expenses will increase on an absolute dollar basis as we continue to build out our data center and network infrastructure and build new office locations.

Interest Expense

Interest expense consists primarily of interest expense associated with our outstanding debt, including accretion of debt discount.

Other Income (Expense), Net

Other income (expense), net primarily includes the following items:

- Interest income, which consists primarily of interest earned on our cash and cash equivalents and restricted cash and cash equivalents.

- Gain on business divestitures, which consists of gain on sale of divested operations.
- Gain (loss) on debt and equity securities, net, which consists primarily of gains from fair value adjustments relating to our investments such as our investment in Didi.
- Foreign currency exchange gains (losses), net, which consist primarily of remeasurement of transactions and monetary assets and liabilities denominated in currencies other than the functional currency at the end of the period.
- Change in fair value of embedded derivatives, which consists primarily of gains and losses on embedded derivatives related to our Convertible Notes until their extinguishment in connection with our IPO.
- Gain on extinguishment of convertible notes and settlement of derivatives.
- Other, which consists primarily of changes in the fair value of warrants and income from forfeitures of warrants.

Provision for (Benefit from) Income Taxes

We are subject to income taxes in the United States and foreign jurisdictions in which we do business. These foreign jurisdictions have different statutory tax rates than those in the United States. Additionally, certain of our foreign earnings may also be taxable in the United States. Accordingly, our effective tax rate will vary depending on the relative proportion of foreign to domestic income, use of foreign tax credits, changes in the valuation of our deferred tax assets, and liabilities and changes in tax laws.

Equity Method Investment, Net of Tax

Equity method investment, net of tax primarily includes the results of our share of income or loss from our Yandex.Taxi joint venture.

Results of Operations

The following table summarizes our consolidated statements of operations for each of the periods presented (in millions):

	Year Ended December 31,		
	2017	2018	2019
Revenue	\$ 7,932	\$ 11,270	\$ 14,147
Costs and expenses:			
Cost of revenue, exclusive of depreciation and amortization shown separately below.....	4,160	5,623	7,208
Operations and support.....	1,354	1,516	2,302
Sales and marketing.....	2,524	3,151	4,626
Research and development.....	1,201	1,505	4,836
General and administrative.....	2,263	2,082	3,299
Depreciation and amortization.....	510	426	472
Total costs and expenses	<u>12,012</u>	<u>14,303</u>	<u>22,743</u>
Loss from operations	(4,080)	(3,033)	(8,596)
Interest expense.....	(479)	(648)	(559)
Other income (expense), net.....	(16)	4,993	722
Income (loss) before income taxes and loss from equity method investment	(4,575)	1,312	(8,433)
Provision for (benefit from) income taxes.....	(542)	283	45
Loss from equity method investment, net of tax.....	—	(42)	(34)
Net income (loss) including non-controlling interests	<u>(4,033)</u>	<u>987</u>	<u>(8,512)</u>
Less: net income (loss) attributable to non-controlling interests, net of tax.....	—	(10)	(6)
Net income (loss) attributable to Uber Technologies, Inc.	<u>\$ (4,033)</u>	<u>\$ 997</u>	<u>\$ (8,506)</u>

The following table sets forth the components of our consolidated statements of operations for each of the periods presented as a percentage of revenue⁽¹⁾:

	Year Ended December 31,		
	2017	2018	2019
Revenue	100%	100%	100%
Costs and expenses:			
Cost of revenue, exclusive of depreciation and amortization shown separately below.....	52%	50%	51%
Operations and support.....	17%	13%	16%
Sales and marketing.....	32%	28%	33%
Research and development.....	15%	13%	34%
General and administrative.....	29%	18%	23%
Depreciation and amortization.....	6%	4%	3%
Total costs and expenses	151%	127%	161%
Loss from operations	(51)%	(27)%	(61)%
Interest expense.....	(6)%	(6)%	(4)%
Other income (expense), net.....	—%	44%	5%
Income (loss) before income taxes and loss from equity method investment	(58)%	12%	(60)%
Provision for (benefit from) income taxes.....	(7)%	3%	—%
Loss from equity method investment, net of tax.....	—%	—%	—%
Net income (loss) including non-controlling interests	(51)%	9%	(60)%
Less: net income (loss) attributable to non-controlling interests, net of tax.....	—%	—%	—%
Net income (loss) attributable to Uber Technologies, Inc.	(51)%	9%	(60)%

⁽¹⁾ Totals of percentage of revenues may not foot due to rounding.

Comparison of the Years Ended December 31, 2017, 2018 and 2019

Revenue

<i>(In millions, except percentages)</i>	Year Ended December 31,			2017 to 2018 % Change	2018 to 2019 % Change
	2017	2018	2019		
Rides ⁽¹⁾	\$ 7,278	\$ 9,437	\$ 10,745	30%	14%
Eats.....	587	1,460	2,510	149%	72%
Freight.....	67	356	731	**	105%
Other Bets.....	—	17	119	**	**
ATG and Other Technology Programs ⁽²⁾	—	—	42	**	**
Total revenue.....	\$ 7,932	\$ 11,270	\$ 14,147	42%	26%

⁽¹⁾ Including previously reported Other Core Platform revenue of \$390 million, \$255 million and \$133 million for the years ended December 31, 2017, 2018 and 2019, respectively.

⁽²⁾ Consists of \$42 million collaboration revenue from Toyota recognized for the year ended December 31, 2019. For additional information, see Note 17 - Non-Controlling Interests to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

** Percentage not meaningful.

2019 Compared to 2018

Revenue increased \$2.9 billion, or 26%, primarily attributable to an increase in Gross Bookings of 31% which was made up of a 20% increase in Rides, an 83% increase in Eats, and a 121% increase in other offerings including Freight and Other Bets. The overall increase in Gross Bookings was driven by a 22% increase in MAPCs due to global expansion of our Eats product offerings combined with wider market adoption of our Rides product, and overall growth in our other offerings.

2018 Compared to 2017

Revenue increased \$3.3 billion, or 42%, primarily attributable to an increase in Gross Bookings of 45% which was made up of a 32% increase in Rides, an 168% increase in Eats, as well as an increase in other offerings including Freight and Other Bets. The overall increase in Gross Bookings was driven by a 34% increase in MAPCs primarily due to an increase in booking fees in Rides and expansion in Eats.

Cost of Revenue, Exclusive of Depreciation and Amortization

<i>(In millions, except percentages)</i>	<u>Year Ended December 31,</u>			<u>2017 to 2018</u> <u>% Change</u>	<u>2018 to 2019</u> <u>% Change</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>		
Cost of revenue, exclusive of depreciation and amortization	\$ 4,160	\$ 5,623	\$ 7,208	35%	28%
Percentage of revenue	52%	50%	51%		

2019 Compared to 2018

Cost of revenue, exclusive of depreciation and amortization, increased \$1.6 billion, or 28%, primarily attributable to an increase in insurance and credit card processing expenses due to overall growth in Trips in our Rides and Eats businesses as well as courier payments related to our Freight business and excess Driver incentives. Excess Driver incentives increased \$310 million in 2019 compared to 2018.

2018 Compared to 2017

Cost of revenue, exclusive of depreciation and amortization, increased \$1.5 billion, or 35%, primarily attributable to an increase in insurance and credit card processing expenses largely due to an increase in miles driven in Rides, and excess Driver incentives largely due to expansion in our Eats business. Excess Driver incentives increased \$306 million in 2018 compared to 2017.

Operations and Support

<i>(In millions, except percentages)</i>	<u>Year Ended December 31,</u>			<u>2017 to 2018</u> <u>% Change</u>	<u>2018 to 2019</u> <u>% Change</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>		
Operations and support	\$ 1,354	\$ 1,516	\$ 2,302	12%	52%
Percentage of revenue	17%	13%	16%		

2019 Compared to 2018

Operations and support expenses increased \$786 million, or 52%, primarily attributable to an increase in stock-based compensation related to RSUs with a performance condition satisfied upon our IPO, employee headcount costs and external contractor expenses.

2018 Compared to 2017

Operations and support expenses increased \$162 million, or 12%, primarily attributable to a 32% increase in platform user support operations headcount that resulted in \$95 million in increased compensation expenses and allocated facilities expenses related to our expansion into new cities and increased penetration in existing cities, as well as an increase in Driver background-check costs.

Sales and Marketing

<i>(In millions, except percentages)</i>	<u>Year Ended December 31,</u>			<u>2017 to 2018</u> <u>% Change</u>	<u>2018 to 2019</u> <u>% Change</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>		
Sales and marketing	\$ 2,524	\$ 3,151	\$ 4,626	25%	47%
Percentage of revenue	32%	28%	33%		

2019 Compared to 2018

Sales and marketing expenses increased \$1.5 billion, or 47%, primarily attributable to an increase in consumer discounts, rider facing loyalty expense, promotions, credits and refunds, stock-based compensation related to RSUs with a performance condition satisfied upon our IPO and employee headcount costs. Consumer discounts, rider facing loyalty expense, promotions, credits and refunds increased \$1.1 billion to \$2.5 billion compared to \$1.4 billion in 2018.

2018 Compared to 2017

Sales and marketing expenses increased by \$627 million, or 25%, primarily attributable to an increase in consumer discounts, promotions, credits and refunds, and consumer advertising and other marketing programs. Additionally, we had a 27% increase in sales and marketing headcount that resulted in \$111 million in increased compensation and allocated facilities expenses as we continued to make investments in attracting, retaining, and engaging platform users. Consumer discounts, rider facing loyalty expense, promotions, credits and refunds increased to \$1.4 billion compared to \$949 million in 2017.

Research and Development

<i>(In millions, except percentages)</i>	<u>Year Ended December 31,</u>			<u>2017 to 2018</u> <u>% Change</u>	<u>2018 to 2019</u> <u>% Change</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>		
Research and development	\$ 1,201	\$ 1,505	\$ 4,836	25%	221%
Percentage of revenue	15%	13%	34%		

2019 Compared to 2018

Research and development expenses increased \$3.3 billion, or 221%, primarily attributable to an increase in stock-based compensation related to RSUs with a performance condition satisfied upon our IPO and employee headcount costs.

2018 Compared to 2017

Research and development expenses increased by \$304 million, or 25%. This increase was primarily due to a 17% increase in research and development headcount as we work to drive continued product innovation, resulting in a \$354 million increase in compensation and allocated facilities expenses, partially offset by a \$44 million decrease in external engineering and research and development equipment spend.

General and Administrative

<i>(In millions, except percentages)</i>	<u>Year Ended December 31,</u>			<u>2017 to 2018</u> <u>% Change</u>	<u>2018 to 2019</u> <u>% Change</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>		
General and Administrative	\$ 2,263	\$ 2,082	\$ 3,299	(8)%	58%
Percentage of revenue	29%	18%	23%		

2019 Compared to 2018

General and administrative expenses increased \$1.2 billion, or 58%, primarily attributable to an increase in stock-based compensation related to RSUs with a performance condition satisfied upon our IPO and employee headcount costs.

2018 Compared to 2017

General and administrative expenses decreased \$181 million, or 8%, primarily attributable to a \$325 million decrease in legal, tax, and regulatory reserves and settlements, partially offset by an increase in general and administrative headcount of 28% resulting in an \$89 million increase in compensation and allocated facilities expenses and a \$43 million increase in contractors and outside service provider expenses to support the overall growth of our business.

Depreciation and Amortization

<i>(In millions, except percentages)</i>	Year Ended December 31,			2017 to 2018	2018 to 2019
	2017	2018	2019	% Change	% Change
Depreciation and amortization.....	\$ 510	\$ 426	\$ 472	(16)%	11%
Percentage of revenue	6%	4%	3%		

2019 Compared to 2018

Depreciation and amortization expenses increased \$46 million, or 11%, primarily attributable to data center servers depreciation.

2018 Compared to 2017

Depreciation and amortization decreased by \$84 million, or 16%. This decrease was primarily due to a \$198 million decrease in Vehicle Solutions depreciation as the vehicles were held for sale as of December 31, 2017 and no longer subject to depreciation. The decrease was partially offset by increased depreciation of leased computer equipment of \$75 million, a \$21 million increase in data center equipment depreciation, and a \$12 million increase in leasehold improvements depreciation. There was also a \$6 million increase in developed technology amortization as a result of the acquisition of JUMP in 2018.

Interest Expense

<i>(In millions, except percentages)</i>	Year Ended December 31,			2017 to 2018	2018 to 2019
	2017	2018	2019	% Change	% Change
Interest expense	\$ (479)	\$ (648)	\$ (559)	35%	(14)%
Percentage of revenue	(6)%	(6)%	(4)%		

2019 Compared to 2018

Interest expense decreased by \$89 million, or 14%, primarily due to the conversion of all our outstanding Convertible Notes into common stock upon our IPO in May 2019, partially offset by additional interest expense resulting from the issuance of our 2023 Senior Notes and our 2026 Senior Notes in October 2018.

2018 Compared to 2017

Interest expense increased by \$169 million, or 35%. This increase was primarily due to our entry into our \$1.5 billion 2018 Senior Secured Term Loan in April 2018, the issuance of \$500 million of our 2023 Senior Notes in October 2018, and the issuance of \$1.5 billion of our 2026 Senior Notes in October 2018. Interest on Convertible Notes was paid in kind, and therefore interest expense increased due to the higher debt balance outstanding.

Other Income (Expense), Net

<i>(In millions, except percentages)</i>	Year Ended December 31,			2017 to 2018	2018 to 2019
	2017	2018	2019	% Change	% Change
Interest income.....	\$ 71	\$ 104	\$ 234	46%	125%
Foreign currency exchange gains (losses), net.....	42	(45)	(40)	(207)%	11%
Gain on business divestitures.....	—	3,214	—	**	(100)%
Gain (loss) on debt and equity securities, net.....	—	1,996	2	**	(100)%
Change in fair value of embedded derivatives	(173)	(501)	58	(190)%	112%
Gain on extinguishment of convertible notes and settlement of derivatives.....	—	—	444	**	**
Other	44	225	24	**	(89)%
Other income (expense), net	\$ (16)	\$ 4,993	\$ 722	**	(86)%
Percentage of revenue	—%	44%	5%		

** Percentage not meaningful.

2019 Compared to 2018

Interest income increased by \$130 million or 125% primarily due to interest income earned on higher average cash balances from the proceeds of our IPO and additional investment from our ATG Investors.

Foreign currency exchange gains (losses), net decreased by \$5 million due to unrealized impacts on foreign exchange resulting from remeasurement of our foreign currency monetary assets and liabilities denominated in currencies other than the functional currency of an entity.

Gain on business divestitures decreased by \$3.2 billion due to the non-recurrence in 2019 of gains on the divestitures of our Southeast Asia and Russia/CIS operations in 2018.

Gain (loss) on debt and equity securities, net decreased by \$2.0 billion primarily due to the non-recurrence in 2019 of a gain from a fair value adjustment of our Didi investment in 2018.

Change in fair value of embedded derivatives increased by \$559 million as a result of their revaluation, primarily due to changes in discount yield and time to liquidity.

Gain on extinguishment of convertible notes and settlement of derivatives increased by \$444 million due to the conversion of our 2021 Convertible Notes and the 2022 Convertible Notes and settlement of the related derivative in connection with our IPO during the second quarter of 2019.

Other decreased by \$201 million primarily due to non-recurrence in 2019 of income from forfeitures of warrants during the year ended December 31, 2018.

2018 Compared to 2017

Interest income increased by \$33 million, or 46%, from 2017 to 2018. This increase was primarily due to higher average cash balances in 2018 from the proceeds from our entry into our 2018 Senior Secured Term Loan, the issuance of our 2023 and 2026 Senior Notes, and the issuance of shares of our Series G-1 redeemable convertible preferred stock.

Foreign currency exchange gains (losses), net decreased by \$87 million from 2017 to 2018. This decrease was primarily due to unrealized impacts on foreign exchange resulting from remeasurement of our foreign currency monetary assets and liabilities denominated in non-functional currencies. The movements were primarily due to fluctuations of the Singapore dollar and Australian dollar against the U.S. dollar. The increase was also due to realized impacts on foreign exchange resulting from the settlement of our foreign currency assets and liabilities.

Gain on divestitures increased by \$3.2 billion from 2017 to 2018. This increase was due to gains on the divestitures of our Russia/ CIS and Southeast Asia operations.

Unrealized gain on investments increased by \$2.0 billion from 2017 to 2018. This increase was primarily due to a gain from a fair value adjustment of our Didi investment.

Change in fair value of embedded derivatives decreased by \$328 million from 2017 to 2018 as a result of their revaluation.

Other increased by \$181 million from 2017 to 2018. This increase was primarily due to income of \$152 million from the forfeiture of the Didi warrant because of Didi's breach of a non-compete clause.

Provision for (Benefit from) Income Taxes

<i>(In millions, except percentages)</i>	<u>Year Ended December 31,</u>			<u>2017 to 2018</u>	<u>2018 to 2019</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>% Change</u>	<u>% Change</u>
Provision for (benefit from)					
income taxes.....	\$ (542)	\$ 283	\$ 45	**	(84)%
Effective tax rate	11.8%	21.6%	(0.5)%		

** Percentage not meaningful.

2019 Compared to 2018

Provision for income taxes decreased by \$238 million, primarily driven by the deferred U.S. tax expense related to our investment in Didi and Grab and deferred China tax related to our investment in Didi incurred during the first quarter of 2018.

In March 2019, we initiated a series of transactions resulting in changes to our international legal structure, including a redomiciliation of a subsidiary to the Netherlands and a transfer of certain intellectual property rights among our wholly-owned subsidiaries, primarily to align our structure to our evolving operations. The redomiciliation resulted in a step-up in the tax basis of intellectual property rights and a correlated increase in foreign deferred tax assets in an amount of \$6.4 billion, net of a reserve for uncertain tax positions of \$1.4 billion. Based on available objective evidence, we believe it was not more-likely-than-not that these additional foreign deferred tax assets would be realizable as of December 31, 2019 and, therefore, they were offset by a full valuation allowance to the extent not offset by reserves from uncertain tax positions.

2018 Compared to 2017

Provision for income taxes increased by \$825 million. This increase was primarily due to a tax benefit of \$722 million recorded in 2017 related to the Tax Cuts and Jobs Act of 2017 (the “Tax Act”), tax expense of \$576 million in 2018 related to the revaluation of our Didi investment, and tax expense of \$116 million in 2018 related to the divestiture of our Southeast Asia operations. This was partially offset by a tax benefit of \$589 million in 2018 primarily related to losses from operations recorded in the United States.

Loss from Equity Method Investment, Net of Tax

<i>(In millions, except percentages)</i>	<u>Year Ended December 31,</u>			<u>2017 to 2018</u>	<u>2018 to 2019</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>% Change</u>	<u>% Change</u>
Loss from equity method investment, net of tax.....	\$ —	\$ (42)	\$ (34)	**	19%
Percentage of revenue	—%	—%	—%		

** Percentage not meaningful.

2019 Compared to 2018

Loss from equity method investment, net of tax decreased by \$8 million primarily due to a decrease in our portion of the net loss from our Yandex.Taxi joint venture and amortization expense on intangible assets resulting from the basis difference in this investment.

2018 Compared to 2017

Loss from equity method investment, net of income taxes increased \$42 million due to our investment in our Yandex.Taxi joint venture. This amount represents our portion of the net loss of our Yandex.Taxi joint venture and amortization expense on intangible assets resulting from the basis difference in this investment.

Segment Results of Operations

We operate our business as five operating and reportable segments: Rides, Eats, Freight, Other Bets, and ATG and Other Technology Programs. For additional information about our segments, see Note 14 - Segment Information and Geographic Information in the notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

Adjusted Net Revenue

<i>(In millions, except percentages)</i>	Year Ended December 31,			2017 vs. 2018	2018 vs. 2019
	2017	2018	2019	% Change	% Change
Rides ⁽¹⁾	\$ 6,773	\$ 9,165	\$ 10,622	35%	16%
Eats	363	759	1,383	109%	82%
Freight.....	67	356	731	**	105%
Other Bets.....	—	17	119	**	**
ATG and Other Technology Programs collaboration revenue ⁽²⁾	—	—	42	**	**
Adjusted Net Revenue	<u>\$ 7,203</u>	<u>\$ 10,297</u>	<u>\$ 12,897</u>	43%	25%

(1) Including previously reported Other Core Platform revenue of \$390 million, \$255 million and \$133 million for the years ended December 31, 2017, 2018 and 2019, respectively.

(2) Consists of \$42 million collaboration revenue from Toyota recognized for the year ended December 31, 2019. Refer to Note 17 - Non-Controlling Interests of Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K for further information on collaboration revenue.

** Percentage not meaningful.

Segment Adjusted EBITDA

Segment Adjusted EBITDA is defined as revenue less the following expenses: cost of revenue, operations and support, sales and marketing, and general and administrative and research and development expenses associated with our segments. Segment adjusted EBITDA also excludes any non-cash items, certain transactions that are not indicative of ongoing segment operating performance and / or items that management does not believe are reflective of our ongoing core operations. Our segment adjusted EBITDA measures replace what was previously reported as contribution profit (loss) and maintains the same definition. Previously reported Core Platform contribution profit (loss) is the sum of Rides adjusted EBITDA and Eats adjusted EBITDA, and previously reported Other Bets contribution profit (loss) is the sum of Freight adjusted EBITDA and Other Bets adjusted EBITDA.

<i>(In millions, except percentages)</i>	Year Ended December 31,			2017 vs. 2018	2018 vs. 2019
	2017	2018	2019	% Change	% Change
Rides.....	\$ 388	\$ 1,541	\$ 2,071	297%	34%
Eats.....	(355)	(601)	(1,372)	(69)%	(128)%
Freight.....	(39)	(102)	(217)	(162)%	(113)%
Other Bets.....	(1)	(50)	(251)	**	**
ATG and Other Technology Programs	(543)	(537)	(499)	1%	7%
Corporate G&A and Platform R&D ^{(1),(2)}	(1,611)	(1,971)	(2,457)	(22)%	(25)%
Impact of 2018 Divested Operations ⁽¹⁾	(481)	(127)	—	74%	**
Adjusted EBITDA ⁽³⁾	<u>\$ (2,642)</u>	<u>\$ (1,847)</u>	<u>\$ (2,725)</u>	30%	(48)%

(1) Excluding stock-based compensation expense.

(2) Includes costs that are not directly attributable to the Company’s reportable segments. Corporate G&A also includes certain shared costs such as finance, accounting, tax, human resources, information technology and legal costs. Platform R&D also includes mapping and payment technologies and support and development of the internal technology infrastructure. The Company’s allocation methodology is periodically evaluated and may change.

(3) See the section titled “Reconciliations of Non-GAAP Financial Measures” for more information and reconciliations to the most directly comparable GAAP financial measure.

** Percentage not meaningful.

Rides Segment

For the year ended December 31, 2019 compared to the same period in 2018, Rides adjusted net revenue increased \$1.5 billion (16%) and Rides adjusted EBITDA profit increased \$530 million (34%).

Rides adjusted net revenue increased primarily attributable to U.S. pricing changes effective in the second and third quarter of 2019 and deeper penetration into international markets, partially offset by a one-time Driver appreciation award. Rides Take Rate decreased to 21.4% from 21.9% compared to the same period in 2018 driven by an increase in incentive spend in Latin America.

Rides adjusted EBITDA profit increased primarily attributable to an increase in Rides adjusted net revenue partially offset by an increase in consumer promotions and variable costs attributable to the overall growth of the business.

For the year ended December 31, 2018 compared to the same period in 2017, Rides adjusted net revenue increased \$2.4 billion (35%) and Rides Adjusted EBITDA profit increased \$1.2 billion (297%).

Rides adjusted net revenue increased primarily attributable to an increase in gross bookings as a result of higher bookings fees. Rides Take Rate increased to 21.9% from 20.4% in the same period in 2017 driven by a decrease in incentive spend.

Rides adjusted EBITDA profit increased primarily attributable to an increase in Rides adjusted net revenue, partially offset by an increase in variable costs related to the overall growth of the business.

Eats Segment

For the year ended December 31, 2019 compared to the same period in 2018, Eats adjusted net revenue increased \$624 million (82%) and Eats adjusted EBITDA loss increased \$771 million (128%).

Eats adjusted net revenue increased primarily attributable to an increase in gross bookings of 83%, mainly due to changes to our service fees in U.S. and Canada and continued expansion into international markets. These increases were partially offset by a one-time Driver appreciation award as well as higher Delivery People incentive spend, primarily in our international markets.

Eats adjusted EBITDA loss increased primarily attributable to an increase in consumer promotions, brand marketing, and employee headcount costs.

For the year ended December 31, 2018 compared to the same period in 2017, Eats adjusted net revenue increased \$396 million (109%) and Eats adjusted EBITDA loss increased \$246 million (69%).

Eats adjusted net revenue increased primarily attributable to an increase in gross bookings of 164% as we worked to expand the business. Our Eats Take Rate declined to 9.6% in 2018 compared to 12.1% in 2017 as a result of increased Driver incentives, expansion into new regions, and lower average basket sizes.

Eats adjusted EBITDA loss increased on a dollar basis although Eats adjusted EBITDA margin as a percentage of Eats Adjusted Net Revenue improved as we worked to scale the business.

Freight Segment

For the year ended December 31, 2019 compared to the same period in 2018, Freight revenue increased \$375 million (105%) and Freight adjusted EBITDA loss increased \$115 million (113%).

Freight revenue increased primarily attributable to an increase in load volume over 100% domestically as the business expanded the number of shippers and carriers on the network despite industry-wide conditions that have led to a decline in revenue per load.

Freight adjusted EBITDA loss increased attributable to an increase in investment spend in our Freight offerings as we continue to grow the business.

For the year ended December 31, 2018 compared to the same period in 2017, Freight revenue increased \$289 million and Freight adjusted EBITDA loss increased \$63 million (162%).

Freight revenue and adjusted EBITDA loss increased primarily attributable to launching our Freight offerings in 2017.

Other Bets Segment

For the year ended December 31, 2019 compared to the same period in 2018, Other Bets revenue increased \$102 million and Other Bets adjusted EBITDA loss increased \$201 million.

Other Bets revenue increased as we continue to expand the reach of our New Mobility offerings.

Other Bets adjusted EBITDA loss increased attributable to an increase in investment spend in our New Mobility offerings as we continue to launch in new cities.

For the year ended December 31, 2018 compared to the same period in 2017, Other Bets revenue increased \$17 million and Other Bets adjusted EBITDA loss increased \$49 million.

Other Bets revenue and adjusted EBITDA loss increased as a result of our New Mobility offering that was launched in 2018.

ATG and Other Technology Programs Segment

For the year ended December 31, 2019 compared to the same period in 2018, ATG and Other Technology Programs revenue increased \$42 million and ATG and Other Technology Programs adjusted EBITDA loss decreased \$38 million (7%).

ATG and Other Technology Programs revenue increased attributable to collaboration revenue related to our three-year joint collaboration agreement with Toyota and DENSO.

ATG and Other Technology Programs adjusted EBITDA loss decreased due to an increase in revenue, as noted above, partially offset by an increase in operational expenses.

For the year ended December 31, 2018 compared to the same period in 2017, ATG and Other Technology Programs adjusted EBITDA loss decreased \$6 million (1%).

ATG and Other Technology Programs adjusted EBITDA loss decreased primarily attributable to lower general and administrative spend driven by legal. This is partially offset by increased spend in research and development driven by headcount.

Reconciliations of Non-GAAP Financial Measures

We collect and analyze operating and financial data to evaluate the health of our business and assess our performance. In addition to revenue, net income (loss), loss from operations, and other results under GAAP, we use Adjusted Net Revenue, Adjusted EBITDA, and Adjusted EBITDA margin as a percentage of Adjusted Net Revenue as well as revenue and ANR growth rates in constant currency, which are described below, to evaluate our business. We have included these non-GAAP financial measures because they are key measures used by our management to evaluate our operating performance. Accordingly, we believe that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management team and board of directors. Our calculation of these non-GAAP financial measures may differ from similarly-titled non-GAAP measures, if any, reported by our peer companies. These non-GAAP financial measures should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP.

Adjusted Net Revenue

We define Adjusted Net Revenue as revenue less (i) excess Driver incentives and (ii) Driver referrals. We define Rides Adjusted Net Revenue as Rides revenue less (i) excess Driver incentives and (ii) Driver referrals. We define Eats Adjusted Net Revenue as Eats revenue less (i) excess Driver incentives and (ii) Driver referrals. We believe that this measure is informative of our top line performance because it measures the total net financial activity reflected in the amount earned by us after taking into account all Driver and restaurant earnings, Driver incentives, and Driver referrals. Adjusted Net Revenue is lower than revenue in all reported periods.

Excess Driver incentives refer to cumulative payments, including incentives but excluding Driver referrals, to Drivers that exceed the cumulative revenue that we recognize from Drivers with no future guarantee of additional revenue. Cumulative payments to Drivers could exceed cumulative revenue from Drivers as a result of Driver incentives or when the amount paid to Drivers for a Trip exceeds the fare charged to the consumer. Further, cumulative payments to Drivers for Eats deliveries historically have exceeded the cumulative delivery fees paid by consumers. Excess Driver incentives are recorded in cost of revenue, exclusive of depreciation and amortization. Driver referrals are recorded in sales and marketing expenses. Driver incentives and Driver referrals largely depend on our business decisions based on market conditions. We include the impact of these amounts in Adjusted Net Revenue to evaluate how increasing or decreasing incentives would impact our top line performance, and the overall net financial activity between us and our customers, which ultimately impacts our Take Rate, which is calculated as Adjusted Net Revenue as a percentage of Gross Bookings. For purposes of Take Rate, Gross Bookings include the impact of our 2018 Divested Operations. Management views Driver incentives and Driver referrals as Driver payments in the aggregate, whether they are classified as Driver incentives, excess Driver incentives, or Driver referrals.

Adjusted Net Revenue has limitations as a financial measure, should be considered as supplemental in nature, and is not meant as a substitute for revenue prepared in accordance with GAAP. The following tables present reconciliations of Adjusted Net Revenue, Rides Adjusted Net Revenue and Eats Adjusted Net Revenue to the most directly comparable GAAP financial measures for each of the periods indicated. Freight Adjusted Net Revenue, Other Bets Adjusted Net Revenue and ATG and Other Technology Programs Adjusted Net Revenue are equal to GAAP net revenue in all periods presented.

<i>(In millions)</i>	Year Ended December 31,		
	2017	2018	2019
Adjusted Net Revenue reconciliation:			
Revenue	\$ 7,932	\$ 11,270	\$ 14,147
Deduct:			
Excess Driver incentives.....	(530)	(837)	(1,147)
Driver referrals.....	(199)	(136)	(103)
Adjusted Net Revenue	<u>\$ 7,203</u>	<u>\$ 10,297</u>	<u>\$ 12,897</u>

<i>(In millions)</i>	Year Ended December 31,		
	2017	2018	2019
Rides Adjusted Net Revenue reconciliation:			
Rides revenue	\$ 7,278	\$ 9,437	\$ 10,745
Deduct:			
Excess Driver incentives.....	(320)	(150)	(41)
Driver referrals.....	(185)	(122)	(82)
Rides Adjusted Net Revenue	<u>\$ 6,773</u>	<u>\$ 9,165</u>	<u>\$ 10,622</u>

<i>(In millions)</i>	Year Ended December 31,		
	2017	2018	2019
Eats Adjusted Net Revenue reconciliation:			
Eats revenue.....	\$ 587	\$ 1,460	\$ 2,510
Deduct:			
Excess Driver incentives.....	(210)	(687)	(1,106)
Driver referrals.....	(14)	(14)	(21)
Eats Adjusted Net Revenue	<u>\$ 363</u>	<u>\$ 759</u>	<u>\$ 1,383</u>

The comparability of the results for the periods presented above was impacted by our 2018 Divested Operations. The 2018 Divested Operations decreased Adjusted Net Revenue by \$55 million and \$4 million during the years ended December 31, 2017 and 2018, respectively, due to excess Driver incentives and Driver referrals for the 2018 Divested Operations being greater than revenue for the 2018 Divested Operations in these periods.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss), excluding (i) income (loss) from discontinued operations, net of income taxes, (ii) net income (loss) attributable to non-controlling interests, net of tax, (iii) provision for (benefit from) income taxes, (iv) income (loss) from equity method investment, net of tax, (v) interest expense, (vi) other income

(expense), net, (vii) depreciation and amortization, (viii) stock-based compensation expense, (ix) certain legal, tax, and regulatory reserve changes and settlements, (x) asset impairment/ loss on sale of assets, (xi) acquisition and financing related expenses, (xii) restructuring charges and (xiii) other items not indicative of our ongoing operating performance.

We have included Adjusted EBITDA in this Annual Report on Form 10-K because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans, and make strategic decisions, including those relating to operating expenses. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management team and board of directors. In addition, it provides a useful measure for period-to-period comparisons of our business, as it removes the effect of certain non-cash expenses and certain variable charges.

Adjusted EBITDA has limitations as a financial measure, should be considered as supplemental in nature, and is not meant as a substitute for the related financial information prepared in accordance with GAAP. These limitations include the following:

- Adjusted EBITDA excludes certain recurring, non-cash charges, such as depreciation of property and equipment and amortization of intangible assets, and although these are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect all cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA excludes stock-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy;
- Adjusted EBITDA excludes other items not indicative of our ongoing operating performance;
- Adjusted EBITDA does not reflect period to period changes in taxes, income tax expense or the cash necessary to pay income taxes;
- Adjusted EBITDA does not reflect the components of other income (expense), net, which includes interest income, foreign currency exchange gains (losses), net, gain on business divestitures, gain (loss) on debt and equity securities, net, and change in fair value of embedded derivatives; and
- Adjusted EBITDA excludes certain legal, tax, and regulatory reserve changes and settlements that may reduce cash available to us.

The following table presents a reconciliation of net income (loss) attributable to Uber Technologies, Inc., the most directly comparable GAAP financial measure, to Adjusted EBITDA for each of the periods indicated:

<i>(In millions)</i>	Year Ended December 31,		
	2017	2018	2019
Adjusted EBITDA reconciliation:			
Net income (loss) attributable to Uber Technologies, Inc.	\$ (4,033)	\$ 997	\$ (8,506)
Add (deduct):			
Net income (loss) attributable to non-controlling interests, net of tax	—	(10)	(6)
Provision for (benefit from) income taxes.....	(542)	283	45
(Income) loss from equity method investment, net of tax	—	42	34
Interest expense	479	648	559
Other (income) expense, net.....	16	(4,993)	(722)
Depreciation and amortization	510	426	472
Stock-based compensation expense	137	172	4,596
Legal, tax, and regulatory reserve changes and settlements	440	340	353
Driver appreciation award	—	—	299
Payroll tax on IPO stock-based compensation	—	—	86
Asset impairment/loss on sale of assets.....	340	237	8
Acquisition and financing related expenses	4	15	—
(Gain) loss on restructuring of lease arrangement.....	7	(4)	—
Restructuring charges	—	—	57
Adjusted EBITDA	<u>\$ (2,642)</u>	<u>\$ (1,847)</u>	<u>\$ (2,725)</u>

The comparability of the results for the periods presented above was impacted by our 2018 Divested Operations. During the years ended December 31, 2017 and 2018, the 2018 Divested Operations unfavorably impacted net income (loss) attributable to Uber Technologies, Inc. by \$481 million and \$127 million, respectively.

Adjusted EBITDA Margin as a Percentage of ANR

We define Adjusted EBITDA margin as a percentage of ANR as Adjusted EBITDA divided by Adjusted Net Revenue.

Constant Currency

We compare the percent change in our current period results from the corresponding prior period using constant currency disclosure. We present constant currency growth rate information to provide a framework for assessing how our underlying revenue and ANR performed excluding the effect of foreign currency rate fluctuations. We calculate constant currency by translating our current period financial results using the corresponding prior period's monthly exchange rates for our transacted currencies other than the U.S. dollar.

Selected Quarterly Financial Data

The following tables set forth our unaudited selected quarterly financial data for each of the quarters indicated. This unaudited selected quarterly financial data has been prepared on the same basis as our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. In the opinion of management, the financial data set forth in the tables below reflect all normal recurring adjustments necessary for the fair statement of results of operations for these periods. Our historical results are not necessarily indicative of the results that may be expected in the future and the results of a particular quarter or other interim period are not necessarily indicative of the results for a full year. This financial data should be read in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

Quarterly Consolidated Statements of Operations

	Three Months Ended							
	March 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	March 31, 2019	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019
	(In millions, except per share amounts)							
Revenue.....	\$ 2,584	\$ 2,768	\$ 2,944	\$ 2,974	\$ 3,099	\$ 3,166	\$ 3,813	\$ 4,069
Costs and expenses								
Cost of revenue, exclusive of depreciation and amortization shown separately below.....	1,156	1,342	1,510	1,615	1,681	1,740	1,860	1,927
Operations and support ⁽¹⁾	372	349	387	408	434	864	498	506
Sales and marketing ⁽¹⁾	677	715	785	974	1,040	1,222	1,113	1,251
Research and development ⁽¹⁾	340	365	434	366	409	3,064	755	608
General and administrative ⁽¹⁾	429	638	460	555	423	1,638	591	647
Depreciation and amortization.....	88	98	131	109	146	123	102	101
Total costs and expenses.....	<u>3,062</u>	<u>3,507</u>	<u>3,707</u>	<u>4,027</u>	<u>4,133</u>	<u>8,651</u>	<u>4,919</u>	<u>5,040</u>
Loss from operations.....	<u>(478)</u>	<u>(739)</u>	<u>(763)</u>	<u>(1,053)</u>	<u>(1,034)</u>	<u>(5,485)</u>	<u>(1,106)</u>	<u>(971)</u>
Interest expense.....	(132)	(160)	(161)	(195)	(217)	(151)	(90)	(101)
Other income (expense), net ⁽²⁾	<u>4,937</u>	<u>63</u>	<u>(54)</u>	<u>47</u>	<u>260</u>	<u>398</u>	<u>49</u>	<u>15</u>
Income (loss) before income taxes and loss from equity method investment.....	4,327	(836)	(978)	(1,201)	(991)	(5,238)	(1,147)	(1,057)
Provision for (benefit from) income taxes.....	576	28	1	(322)	19	(2)	3	25
Loss from equity method investment, net of tax.....	<u>(3)</u>	<u>(14)</u>	<u>(15)</u>	<u>(10)</u>	<u>(6)</u>	<u>(10)</u>	<u>(9)</u>	<u>(9)</u>
Net income (loss) including non-controlling interests.....	3,748	(878)	(994)	(889)	(1,016)	(5,246)	(1,159)	(1,091)
Less: net income (loss) attributable to non-controlling interests, net of tax.....	<u>—</u>	<u>—</u>	<u>(8)</u>	<u>(2)</u>	<u>(4)</u>	<u>(10)</u>	<u>3</u>	<u>5</u>
Net income (loss) attributable to Uber Technologies, Inc.....	<u>\$ 3,748</u>	<u>\$ (878)</u>	<u>\$ (986)</u>	<u>\$ (887)</u>	<u>\$ (1,012)</u>	<u>\$ (5,236)</u>	<u>\$ (1,162)</u>	<u>\$ (1,096)</u>
Net income (loss) per share attributable to Uber Technologies, Inc. common stockholders:								
Basic.....	<u>\$ 2.00</u>	<u>\$ (1.99)</u>	<u>\$ (2.21)</u>	<u>\$ (1.97)</u>	<u>\$ (2.23)</u>	<u>\$ (4.72)</u>	<u>\$ (0.68)</u>	<u>\$ (0.64)</u>
Diluted.....	<u>\$ 1.84</u>	<u>\$ (2.01)</u>	<u>\$ (2.21)</u>	<u>\$ (1.98)</u>	<u>\$ (2.26)</u>	<u>\$ (4.72)</u>	<u>\$ (0.68)</u>	<u>\$ (0.64)</u>

⁽¹⁾ The three months ended June 30, 2019 includes \$3.6 billion of stock-based compensation expense for awards with a performance-based vesting condition satisfied upon our IPO. For additional information on our IPO, see Note 11 - Redeemable Convertible Preferred Stock, Common Stock, and Equity (Deficit) in the notes to the consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data", of this Annual Report on Form 10-K. The following table sets forth the stock-based compensation expense for each of the quarters indicated:

	Three Months Ended							
	March 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	March 31, 2019	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019
	(In millions)							
Operations and support.....	\$ 5	\$ 2	\$ 4	\$ 4	\$ 1	\$ 404	\$ 26	\$ 23
Sales and marketing	3	1	2	3	1	212	16	13
Research and development.....	6	5	49	5	3	2,557	262	136
General and administrative.....	49	12	9	13	6	768	97	71
Total	<u>\$ 63</u>	<u>\$ 20</u>	<u>\$ 64</u>	<u>\$ 25</u>	<u>\$ 11</u>	<u>\$ 3,941</u>	<u>\$ 401</u>	<u>\$ 243</u>

(2) The three months ended March 31, 2018 includes a \$2.2 billion gain on the sale of the our Southeast Asia operations, a \$2.0 billion unrealized gain on our non-marketable equity securities related to Didi and a \$954 million gain on the disposal of our Russia/ CIS operations. For additional information, see Note 10 - Supplemental Financial Statement Information to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data", of this Annual Report on Form 10-K.

Quarterly Consolidated Statements of Operations, as a Percentage of Revenue⁽¹⁾

	Three Months Ended							
	March 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	March 31, 2019	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019
Revenue	100%	100%	100%	100%	100%	100%	100%	100%
Costs and expenses								
Cost of revenue, exclusive of depreciation and amortization shown separately below	45%	48%	51%	54%	54%	55%	49%	47%
Operations and support	14%	13%	13%	14%	14%	27%	13%	12%
Sales and marketing	26%	26%	27%	33%	34%	39%	29%	31%
Research and development	13%	13%	15%	12%	13%	97%	20%	15%
General and administrative	17%	23%	16%	19%	14%	52%	15%	16%
Depreciation and amortization	3%	4%	4%	4%	5%	4%	3%	2%
Total costs and expenses	<u>118%</u>	<u>127%</u>	<u>126%</u>	<u>135%</u>	<u>133%</u>	<u>273%</u>	<u>129%</u>	<u>124%</u>
Loss from operations	<u>(18)%</u>	<u>(27)%</u>	<u>(26)%</u>	<u>(35)%</u>	<u>(33)%</u>	<u>(173)%</u>	<u>(29)%</u>	<u>(24)%</u>
Interest expense	(5)%	(6)%	(5)%	(7)%	(7)%	(5)%	(2)%	(2)%
Other income (expense), net	191%	2%	(2)%	2%	8%	13%	1%	—%
Income (loss) before income taxes and loss from equity method investment	167%	(30)%	(33)%	(40)%	(32)%	(165)%	(30)%	(26)%
Provision for (benefit from) income taxes	22%	1%	—%	(11)%	1%	—%	—%	1%
Loss from equity method investment, net of tax	—%	(1)%	(1)%	—%	—%	—%	—%	—%
Net income (loss) including non-controlling interests	145%	(32)%	(34)%	(30)%	(33)%	(166)%	(30)%	(27)%
Less: net income (loss) attributable to non- controlling interests, net of tax	—%	—%	—%	—%	—%	—%	—%	—%
Net income (loss) attributable to Uber Technologies, Inc.....	<u>145%</u>	<u>(32)%</u>	<u>(33)%</u>	<u>(30)%</u>	<u>(33)%</u>	<u>(165)%</u>	<u>(30)%</u>	<u>(27)%</u>

(1) Totals of percentage of revenues may not foot due to rounding.

Liquidity and Capital Resources

(In millions)	Year Ended December 31,		
	2017	2018	2019
Net cash used in operating activities.....	\$ (1,418)	\$ (1,541)	\$ (4,321)
Net cash used in investing activities	(487)	(695)	(790)
Net cash provided by financing activities	1,015	4,640	8,939

Operating Activities

Net cash used in operating activities was \$4.3 billion for the year ended December 31, 2019, primarily consisting of \$8.5 billion of net loss, adjusted for certain non-cash items, which primarily included \$4.6 billion of stock-based compensation expense, \$444 million of gain on extinguishment of convertible notes, \$58 million of revaluation gain of our derivative liabilities, depreciation and amortization expense of \$472 million, \$82 million in accretion of discount on our long-term debt, as well as \$1.2 billion withdrawal of collateral from restricted cash from James River and a \$699 million decrease in cash consumed by working capital. The decrease in cash consumed by working capital was primarily driven by an increase in our insurance reserve, accrued expenses and other liabilities, partially offset by higher accounts receivable and prepaid expenses.

Net cash used in operating activities was \$1.5 billion for the year ended December 31, 2018, primarily consisting of \$1.0 billion of net income, adjusted for certain non-cash items, which primarily included a \$3.2 billion gain on business divestitures related to our 2018 Divested Operations, unrealized gain on investment of \$2.0 billion related to our investment in Didi, \$501 million of revaluation expense of our derivative liabilities, depreciation and amortization expense of \$426 million, \$318 million in accretion of discount on our long-term debt, impairment of long-lived assets held for sale of \$197 million, and \$170 million of stock-based compensation expense, as well as an \$890 million decrease in cash consumed by working capital primarily driven by an increase in our insurance reserves and accrued expenses, partially offset by higher accounts receivable and prepaid expenses.

Net cash used in operating activities was \$1.4 billion for the year ended December 31, 2017, primarily consisting of \$4.0 billion of net loss, adjusted for certain non-cash items, which primarily included a \$762 million change in deferred income taxes, depreciation and amortization expenses of \$510 million, impairment of long-lived assets held for sale of \$223 million, \$244 million in accretion of discount on our long-term debt, \$173 million of revaluation expense of our derivative liabilities, and \$124 million of stock-based compensation expense, as well as a \$1.9 billion decrease in cash consumed by working capital primarily driven by an increase in our insurance and legal reserves offset by higher prepaid expenses and other assets and accounts receivable.

Investing Activities

Net cash used in investing activities was \$790 million for the year ended December 31, 2019, primarily consisting of \$588 million in purchases of property and equipment and \$441 million in purchases of marketable securities, partially offset by \$293 million in proceeds from business disposal, net of cash divested.

Net cash used in investing activities was \$695 million for the year ended December 31, 2018, primarily consisting of \$412 million contributed to equity method investees and \$558 million in purchases of property and equipment, partially offset by \$369 million of proceeds from sales and disposals of property and equipment.

Net cash used in investing activities was \$487 million in 2017, primarily consisting of \$821 million in purchases of leased vehicles and other property and equipment, partially offset by \$342 million of proceeds from the sale of leased vehicles and property and equipment.

Financing Activities

Net cash provided by financing activities was \$8.9 billion for the year ended December 31, 2019, primarily consisting of \$8.0 billion of proceeds from issuance of common stock upon our IPO, net of offering costs, \$1.2 billion of proceeds from issuance of term loan and senior notes, net of issuance costs, and \$500 million of proceeds from issuance of common stock in private placement, partially offset by \$1.6 billion taxes paid related to net share settlement of equity awards to satisfy tax withholding requirements and \$138 million of principal payments on capital and finance leases.

Net cash provided by financing activities was \$4.6 billion for the twelve months ended December 31, 2018, primarily consisting of \$3.5 billion from issuance of term loan and senior notes, net of issuance costs, \$1.8 billion in proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs, partially offset by \$491 million of principal repayment on revolving lines of credit.

Net cash provided by financing activities was \$1.0 billion in 2017, primarily consisting of \$1.0 billion in proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs.

Other Information

As of December 31, 2019, \$1.4 billion of our \$10.9 billion in cash and cash equivalents was held by our foreign subsidiaries. Cash held outside the United States may be repatriated, subject to certain limitations, and would be available to be used to fund our domestic operations. However, repatriation of funds may result in immaterial tax liabilities. We believe that our existing cash balance in the United States is sufficient to fund our working capital needs in the United States. In November 2019, we began requiring substantially all employees sell a portion of the shares they receive upon the vesting of RSUs in order to cover any required withholding taxes (“sell-to-cover”), rather than our previous approach of net share settlement. We expect this sell-to-cover approach will reduce our cash outflows. We also believe that our sources of funding will be sufficient to satisfy our currently anticipated cash requirements including capital expenditures, working capital requirements, potential acquisitions, and other liquidity requirements through at least the next 12 months.

Off-Balance Sheet Arrangements

As of December 31, 2019, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in our financial condition, revenue, or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to investors.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2019:

<i>(In millions)</i>	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 years
Long-term debt ⁽¹⁾	\$ 5,791	\$ 27	\$ 54	\$ 1,608	\$ 4,102
Financing obligation ⁽²⁾	857	6	12	12	827
Operating lease commitments ⁽²⁾	3,792	221	558	504	2,509
Finance lease commitments ⁽²⁾	346	184	162	—	—
Non-cancelable purchase obligations ⁽³⁾	235	107	122	6	—
Total contractual obligations	\$ 11,021	\$ 545	\$ 908	\$ 2,130	\$ 7,438

(1) Refer to Note 8 - Long-Term Debt and Revolving Credit Arrangements of Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K for further details regarding our long-term debt obligations.

(2) Refer to Note 6 - Leases of Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K for further details regarding our leases.

(3) Consists primarily of non-cancelable commitments for network and cloud services, background checks, and other items in the ordinary course of business with varying expiration terms through 2024.

The contractual commitment obligations in the table above are associated with agreements that are enforceable and legally binding.

As of December 31, 2019, we had recorded liabilities of \$70 million related to uncertain tax positions. Due to uncertainties in the timing of potential tax audits, the timing of the resolution of these positions is uncertain and we are unable to make a reasonable estimate of the timing of payments in individual years particularly beyond 12 months. As a result, this amount is not included in the table above.

The table above also excludes the purchase price of approximately \$1.7 billion of non-interest bearing unsecured convertible notes and approximately \$1.4 billion in cash, subject to certain adjustments and holdbacks. For additional discussion on the acquisition of Careem, see Note 20 - Subsequent Events to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

For additional discussion on our operating and finance leases as well as purchase commitments, see Note 6 - Leases and Note 15 - Commitments and Contingencies to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

We believe that the following accounting policies involve a high degree of judgment and complexity and are critical to understanding and evaluating our consolidated financial condition and results of our operations. An accounting policy is considered to be critical if it requires judgment on a significant accounting estimate to be made based on assumptions about matters that are uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the reported amounts of assets, liabilities, revenue and expenses, and related disclosures in our audited consolidated financial statements. We have based our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates.

We believe that the following critical accounting policies reflect the more significant judgments, estimates and assumptions used in the preparation of our consolidated financial statements. For additional information, see the disclosure included in Note 1 - Description of Business and Summary of Significant Accounting Policies in the notes to the consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data", of this Annual Report on Form 10-K.

Revenue Recognition

We derive our revenue principally from service fees paid by Drivers and Restaurants for the use of our platform in connection with our Rides products and Eats offering provided by Drivers and Restaurants to end-users. Our sole performance obligation in the transaction is to connect Drivers and Restaurants with end-users to facilitate the completion of a successful ridesharing trip or Eats meal delivery. Because end-users access our platform for free and we have no performance obligation to end-users, end-users are not our customers.

Further, judgment is required in evaluating the presentation of revenue on a gross versus net basis based on whether we control the service provided to the end-user and are the principal in the transaction (gross), or we arrange for other parties to provide the service to the end-user and are the agent in the transaction (net). We have concluded that we are an agent as we arrange for Drivers and Restaurants to provide the service to the end user in Rides and Eats transactions. The assessment of whether we are considered the principal or the agent in a transaction could impact the accounting for certain incentives provided to Drivers and end-users and change the timing and amount of revenue recognized.

In certain markets, consumers have the option to pay Drivers cash for trips, and we generally collect our service fee from Drivers for these trips by offsetting against any other amounts due to Drivers, including Driver incentives. Because we have limited means to collect our service fee for cash trips, and because we cannot control whether Drivers will generate future earnings that we can offset to collect our service fee, we have concluded collectability of such amounts is not probable until collected. As such, uncollected service fees for cash trips are not recognized in our consolidated financial statements until collected.

Driver Incentives

As Drivers are our customers, Driver incentives are recorded as a reduction of revenue if we do not receive a distinct service or cannot reasonably estimate the fair value of the service received. Driver incentives that are not for a distinct service are evaluated as variable consideration, in the most likely amount to be earned by the Drivers at the time or as they are earned by the Drivers, depending on the type of Driver incentive.

We evaluate whether the cumulative amount of Driver incentives that are not in exchange for a distinct service provided to Drivers exceeds the cumulative revenue earned since inception of the Drivers relationship. When the cumulative amount of these Driver incentives exceeds the cumulative revenue earned since inception of the Drivers relationship, the excess Driver incentives are recorded in cost of revenue, exclusive of depreciation and amortization. As a result, Driver incentives provided to Drivers at the beginning of a relationship are typically classified as cost of revenue, exclusive of depreciation and amortization, while Driver incentives provided to Drivers with a more mature relationship are typically classified as a reduction of revenue.

Referral incentives offered by us and earned by Drivers for performing marketing services of referring other Drivers to drive on our platform are recorded as sales and marketing expense, as we receive a distinct service. The amount recorded is the lesser of the amount of the Driver incentive paid or the established fair market value of the distinct service received. Fair market value of the distinct service is estimated using amounts paid to vendors for similar services.

End-User Discounts and Promotions

We offer discounts and promotions to end-users to encourage use of our platform. These are offered in various forms and include:

- *Targeted end-user discounts and promotions:* These discounts and promotions are offered to specific end-users in a market to acquire, re-engage, or generally increase end-users' use of our platform. An example is an offer providing a discount on a limited number of rides or meal deliveries during a limited time period, and are akin to coupons. We record the cost of these discounts and promotions as sales and marketing expense at the time they are redeemed by the end-user.
- *End-user referrals:* These referrals are earned when an existing end-user (the referring end-user) refers a new end-user (the referred end-user) to the platform and the new end-user takes his or her first ride on the platform. These referrals are typically paid in the form of a credit given to the referring end-user when earned. These referrals are offered to attract new end-users to our platform. We record the liability for these referrals and corresponding expense as sales and marketing expense at the time the referral is earned by the referring end-user.
- *Market-wide promotions:* These promotions are pricing actions in the form of discounts that reduce the end-user fare charged by Drivers to end-users for all or substantially all rides or meal deliveries in a specific market. Accordingly, we record the cost of these promotions as a reduction of revenue at the time the trip is completed.

Embedded Derivatives

We have issued Convertible Notes that contain embedded features subject to derivative accounting. These embedded features are composed of conversion options that have the economic characteristics of a contingent early redemption feature settled in shares of our stock rather than cash, because the total number of shares of our common stock delivered to settle these embedded features will have a fixed value. These conversion options are bifurcated from the underlying instrument and accounted for and valued separately from the host instrument. Embedded derivatives are recognized as derivative liabilities on our consolidated balance sheet. We measure these instruments at their estimated fair value and recognize changes in their estimated fair value in other income (expense), net in our consolidated statement of operations and comprehensive loss during the period of change.

We value these embedded derivatives as the difference between the estimated value of the Convertible Notes with and without the Qualified Initial Public Offering ("QIPO") conversion option ("QIPO Conversion Option"). The fair value of the Convertible Notes with and without the QIPO Conversion Option is estimated utilizing a discounted cash flow model to discount the expected payoffs at various potential QIPO dates to the valuation date. The key inputs to the valuation model include the probability of a QIPO occurring at various points in time and the discount yield, which was derived by imputing the fair value as equal to the face value on the issuance date of the Convertible Notes. The discount rate is updated during each period to reflect the yield of a comparable instrument issued as of the valuation date.

Upon closing of the IPO in May 2019, holders of these Convertible Notes elected to convert all outstanding notes into shares of common stock. For additional information, see to Note 1 - Description of Business and Summary of Significant Accounting Policies and Note 3 - Investments and Fair Value Measurement included in Part II, Item 8, "Financial Statements and Supplementary Data", of this Annual Report on Form 10-K.

Investments—Non-Marketable Equity and Debt Securities

We hold investments in privately held companies in the form of equity securities and debt securities without readily determinable fair values and in which we do not have a controlling interest or significant influence. Investments in equity securities without readily determinable fair values are initially recorded at cost and are subsequently adjusted to fair value for impairments and price changes from observable transactions in the same or a similar security from the same issuer. Investments in material available-for-sale debt securities are recorded initially at fair value and subsequently remeasured to fair value at each reporting date with the changes in fair value recognized in other comprehensive income (loss), net of tax. We may elect the fair value option for financial instruments and account for investments in debt and equity securities at fair value with changes reported in net income (loss) from continuing operations.

Privately held equity and debt securities are valued using significant unobservable inputs or data in inactive markets. This valuation requires judgment due to the absence of market prices and inherent lack of liquidity and are classified as Level 3 in the fair value hierarchy. In determining the estimated fair value of our investments in privately held companies, we utilize the most recent data available including observed transactions such as equity financing transactions of the investees and sales of the existing shares of the investees' securities. In addition, the determination of whether an observed transaction is similar to the equity and debt securities held by us requires significant management judgment based on the rights and preferences of the securities.

We assess our investment portfolio of privately held equity and debt securities quarterly for impairment. The impairment analysis for investments in equity securities includes a qualitative analysis of factors including the investee's financial performance, industry and market conditions, and other relevant factors. If an equity investment is considered to be impaired we will establish a new carrying value for the investment and recognize an impairment loss through our consolidated statement of operations. If an investment in debt securities is determined to have an impairment that is other-than-temporary, if we do not intend to sell, and if it is not more likely-than-not that we will be required to sell the debt security, then only credit losses, if any, are recognized in the consolidated statement of operations. The determination of the impairment loss may include the use of various valuation methodologies and estimates.

Equity Method Investments

We account for investments in the common stock or in-substance common stock of entities in which we have the ability to exercise significant influence, but do not own a controlling financial interest, using the equity method. Investments accounted for under the equity method are initially recorded at cost. Subsequently, we recognize through our consolidated statement of operations, and as an adjustment to the investment balance, our proportionate share of the entities' net income or loss and reflect the amortization of basis differences. In accounting for these investments, we record our share of the entities' net income or loss one quarter in arrears.

We review our equity method investments for impairment whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. Qualitative and quantitative factors considered as indicators of a potential impairment include financial results and operating trends of the investees, implied values in transactions of the investee's securities, severity and length of decline in value, and our intention for holding the investment, among other factors. If an impairment is identified, the fair value of the impaired investment would have to be determined and an impairment charge recorded for the difference between the fair value and the carrying value of the investment. The fair value determination, particularly for investments in privately held companies, requires significant judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investments and the determination of the impairment charges.

Loss Contingencies

We are involved in legal proceedings, claims, and regulatory, non-income tax, or government inquiries and investigations that arise in the ordinary course of business. Certain of these matters include claims for substantial or indeterminate amounts of damages. We record a liability when we believe that it is both probable that a loss has been incurred and the amount can be reasonably estimated. If we determine that a loss is reasonably possible and the loss or range of loss can be reasonably estimated, we disclose the possible loss in the accompanying notes to the consolidated financial statements.

We review the developments in our contingencies that could affect the amount of the provisions that have been previously recorded, and the matters and related reasonably possible losses disclosed. We make adjustments to our provisions and changes to our disclosures accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. Significant judgment is required to determine both the probability and the estimated amount of loss. These estimates have been based on our assessment of the facts and circumstances at each balance sheet date and are subject to change based on new information and future events.

The outcomes of litigation and other disputes are inherently uncertain. Therefore, if one or more of these matters were resolved against us for amounts in excess of management's expectations, our results of operations and financial condition, including in a particular reporting period in which any such outcome becomes probable and estimable, could be materially adversely affected.

Income Taxes

We are subject to income taxes in the United States and foreign jurisdictions. We account for income taxes using the asset and liability method. The establishment of deferred tax assets from intra-entity transfers of intangible assets requires management to make significant estimates and assumptions to determine the fair value of such intangible assets. Significant estimates in valuing intangible assets may include, but are not necessarily limited to, internal revenue and expense forecasts, the estimated life of the intangible assets, comparable transaction values, and / or discount rates. The discount rates used to discount expected future cash flows to present value are derived from a weighted-average cost of capital analysis and are adjusted to reflect the inherent risks related to the cash flow. Although we believe the assumptions and estimates we have made are reasonable and appropriate, they are based, in part, on historical experience, internal and external comparable data and are inherently uncertain. Unanticipated events and circumstances may occur that could affect either the accuracy or validity of such assumptions, estimates or actual results.

We account for uncertainty in tax positions by recognizing a tax benefit from uncertain tax positions when it is more-likely-than-not that the position will be sustained upon examination. Evaluating our uncertain tax positions, determining our provision for income taxes, and evaluating the ongoing impact of the Tax Act, are inherently uncertain and require making judgments, assumptions, and estimates. While we believe we have adequately reserved for our uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the provision for income taxes and the effective tax rate in the period in which such determination is made.

The provision for income taxes includes the impact of reserve provisions and changes to reserves as well as the related net interest and penalties. In addition, we are subject to the continuous examination of our income tax returns by the IRS and other tax authorities which may assert assessments against us. We regularly assess the likelihood of adverse outcomes resulting from these examinations and assessments to determine the adequacy of our provision for income taxes.

Insurance Reserves

We use a combination of third-party insurance and self-insurance mechanisms, including a wholly-owned captive insurance subsidiary, to provide for the potential liabilities for certain risks, including auto liability, uninsured and underinsured motorist, auto physical damage, general liability, and workers' compensation. The insurance reserves is an estimate of our potential liability for unpaid losses and loss adjustment expenses, which represents the estimate of the ultimate unpaid obligation for risks retained by us and includes an amount for case reserves related to reported claims and an amount for losses related to events incurred but not reported as of the balance sheet date. The estimate of the ultimate obligation utilizes generally accepted actuarial methods applied to historical claim and loss experience. In addition, we use assumptions based on actuarial judgment with consideration toward relevant industry claim and loss development patterns, frequency trends, and severity trends. These reserves are continually reviewed and adjusted as experience develops and new information becomes known. Adjustments, if any, relating to accidents that occurred in prior years are reflected in the current year results of operations.

All estimates of ultimate losses and allocated loss adjustment expenses, and of resulting reserves, are subject to inherent variability caused by the nature of the insurance claim settlement process. Such variability is increased for us due to limited historical experience and the nature of the coverage provided. Actual results depend upon the outcome of future contingent events and can be affected by many factors, such as claim settlement processes and changes in the economic, legal, and social environments. As a result, the net amounts that will ultimately be paid to settle the liability, and when these amounts will be paid, may vary in the near term from the estimated amounts.

While management believes that the insurance reserve amount is adequate, the ultimate liability may be in excess of, or less than, the amount provided.

Stock-Based Compensation

We have granted stock-based awards consisting primarily of stock options, restricted common stock, RSUs, warrants, and SARs to employees, members of our board of directors, and non-employee advisors. The substantial majority of our stock-based awards have been made to employees. The majority of our outstanding RSUs, as well as certain options, SARs, and shares of restricted common stock, contain both a service-based vesting condition and a liquidity-event based vesting condition. The service-based vesting condition for the majority of these awards is satisfied over four years. The liquidity

event-based vesting condition is satisfied upon the occurrence of a qualifying event, which is generally defined as a change in control transaction or the effective date of an initial public offering. Prior to our IPO in May 2019, no qualifying event had occurred, and we did not recognize any stock-based compensation expense for the RSUs and other awards with both a service-based vesting condition and a liquidity event-based vesting condition.

We account for stock-based employee compensation under the fair value recognition and measurement provisions, in accordance with applicable accounting standards, which requires compensation expense for the grant-date fair value of stock-based awards to be recognized over the requisite service period. We account for forfeitures when they occur.

We have elected to use the Black-Scholes option-pricing model to determine the fair value of stock options, warrants, and SARs on the grant date. The Black-Scholes option-pricing model requires certain subjective inputs and assumptions, including the fair value of our common stock, the expected term, risk-free interest rates, expected stock price volatility, and expected dividend yield of our common stock.

These assumptions used in the Black-Scholes option-pricing model, other than the fair value of our common stock (see the section titled “-Common Stock Valuations” below), are estimated as follows:

- *Expected term.* We estimate the expected term based on the simplified method for employees and on the contractual term for non-employees.
- *Risk-free interest rate.* The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant.
- *Expected volatility.* We estimate the volatility of our common stock on the date of grant based on the weighted-average historical stock price volatility of comparable publicly-traded companies in our industry group.
- *Expected dividend yield.* Expected dividend yield is zero percent, as we have not paid and do not anticipate paying dividends on our common stock.

We continue to use judgment in evaluating the expected volatility and expected term utilized in our stock-based compensation expense calculation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may refine our estimates of expected volatility and expected term, which could materially impact our future stock-based compensation expense.

Common Stock Valuations

Subsequent to our IPO in May 2019, the fair value of common stock was determined on the grant date using the closing price of the Company’s common stock.

Prior to our IPO, given the absence of a public trading market for our common stock, and in accordance with the American Institute of Certified Public Accountants Accounting and Valuation Guide, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, our board of directors exercised its reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of fair value of our common stock, including:

- independent third-party valuations of our common stock;
- the prices of the recent redeemable convertible preferred stock sales by us to investors in arm’s-length transactions;
- the price of sales of our common stock and preferred stock in recent secondary sales by existing stockholders to investors;
- our capital resources and financial condition;
- the preferences held by our preferred stock classes relative to those of our common stock;
- the likelihood and timing of achieving a liquidity event, such as an initial public offering or sale of the company, given prevailing market conditions;

- our historical operating and financial performance as well as our estimates of future financial performance;
- valuations of comparable companies;
- the hiring of key personnel;
- the status of our development, product introduction, and sales efforts;
- the price paid by us to repurchase outstanding shares;
- the relative lack of marketability of our common stock;
- industry information such as market growth and volume and macro-economic events; and
- additional objective and subjective factors relating to our business.

In valuing our common stock prior to our IPO, our board of directors determined the fair value of our common stock using both the income and market approach valuation methods, in addition to giving consideration to recent secondary sales of our common stock. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using a discount rate based on our weighted-average cost of capital, and is adjusted to reflect the risks inherent in our cash flows. The market approach estimates value based on a comparison of our company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined and then applied to our company's financial forecasts to estimate the value of the subject company.

Recent Accounting Pronouncements

See Note 1 - Description of Business and Summary of Significant Accounting Policies, to the consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data", of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate risk, investment risk, and foreign currency risk as follows:

Interest Rate Risk

Our exposures to market risk for changes in interest rates relate primarily to our 2016 Term Loan Facility and our 2018 Term Loan Facility. The 2016 Term Loan Facility and 2018 Term Loan Facility are floating rate notes and are carried at amortized cost. Therefore, fluctuations in interest rates will impact our consolidated financial statements. A rising interest rate environment will increase the amount of interest paid on these loans. A hypothetical 100 basis point increase or decrease in interest rates would not have a material effect on our financial results.

The fair value of our fixed rate notes will generally fluctuate with movements of interest rates, increasing in periods of declining rates of interest and declining in periods of increasing rates of interest. A hypothetical 100 basis point increase in interest rates would have decreased the fair value of our notes by \$166 million as of December 31, 2019.

Investment Risk

Our investment policy objective aims to preserve capital and meet liquidity requirements without significantly increasing risk. We had cash and cash equivalents including restricted cash and cash equivalents totaling \$8.2 billion and \$12.1 billion as of December 31, 2018 and 2019, respectively. Marketable debt securities classified as short-term investments totaled \$440 million as of December 31, 2019. Our cash, cash equivalents, and marketable debt securities primarily consist of money market funds, cash deposits, U.S. government securities, U.S. government agency securities, and investment-grade corporate debt securities. We do not enter into investments for trading or speculative purposes. Our investments in fixed rate securities carry a degree of interest rate risk. Changes in rates would primarily impact interest income due to the relatively short-term nature of our investments. A hypothetical 100 basis point change in interest rates would have increased or decreased our interest income by \$33 million and \$115 million for the three and twelve months ended December 31, 2019, respectively. A hypothetical 100 basis point change in interest rates would not have a material impact on the fair value of our marketable debt securities portfolio.

We have significant risk related to the carrying amounts of investments in other companies, including our minority-owned affiliates, compared to their fair value, as all of our investments are currently in illiquid private company stock which are inherently difficult to value given the lack of publicly available information. As of December 31, 2019, the carrying value of our investments was \$11.9 billion, including equity method investments.

Foreign Currency Risk

We transact business globally in multiple currencies. Our international revenue, as well as costs and expenses denominated in foreign currencies, expose us to the risk of fluctuations in foreign currency exchange rates against the U.S. dollar. We are exposed to foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar. Accordingly, changes in exchange rates may negatively affect our future revenue and other operating results as expressed in U.S. dollars. Our foreign currency risk is partially mitigated as our revenue recognized in currencies other than the U.S. dollar is diversified across geographic regions and we incur expenses in the same currencies in such regions.

We have experienced and will continue to experience fluctuations in our net income/(loss) as a result of transaction gains or (losses) related to remeasurement of our asset and liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. Foreign currency rates may also impact the value of our equity method investment in our Yandex. Taxi joint venture. At this time, we do not, but we may in the future, enter into derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk. It is difficult to predict the impact hedging activities would have on our results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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The supplementary financial information required by this Item 8 is included in Item 7 under the caption "Selected Quarterly Financial Data."



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Uber Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Uber Technologies, Inc. and its subsidiaries (the “Company”) as of December 31, 2019 and 2018, and the related consolidated statements of operations, of comprehensive income (loss), of mezzanine equity and equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note 1 and Note 3 to the consolidated financial statements, respectively, the Company changed the manner in which it accounts for leases in 2019 and the manner in which it accounts for non-marketable equity securities in 2018.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
San Francisco, California
March 2, 2020

We have served as the Company’s auditor since 2014.

UBER TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts which are reflected in thousands, and per share amounts)

	<u>As of December 31, 2018</u>	<u>As of December 31, 2019</u>
Assets		
Cash and cash equivalents.....	\$ 6,406	\$ 10,873
Short-term investments.....	—	440
Restricted cash and cash equivalents.....	67	99
Accounts receivable, net of allowance of \$34 for both years.....	919	1,214
Prepaid expenses and other current assets.....	860	1,299
Assets held for sale.....	406	—
Total current assets.....	<u>8,658</u>	<u>13,925</u>
Restricted cash and cash equivalents.....	1,736	1,095
Collateral held by insurer.....	—	1,199
Investments.....	10,355	10,527
Equity method investments.....	1,312	1,364
Property and equipment, net.....	1,641	1,731
Operating lease right-of-use assets.....	—	1,594
Intangible assets, net.....	82	71
Goodwill.....	153	167
Other assets.....	51	88
Total assets.....	<u>\$ 23,988</u>	<u>\$ 31,761</u>
Liabilities, mezzanine equity and equity (deficit)		
Accounts payable.....	\$ 150	\$ 272
Short-term insurance reserves.....	941	1,121
Operating lease liabilities, current.....	—	196
Accrued and other current liabilities.....	3,157	4,050
Liabilities held for sale.....	11	—
Total current liabilities.....	<u>4,259</u>	<u>5,639</u>
Long-term insurance reserves.....	1,996	2,297
Long-term debt, net of current portion.....	6,869	5,707
Operating lease liabilities, non-current.....	—	1,523
Other long-term liabilities.....	4,072	1,412
Total liabilities.....	<u>17,196</u>	<u>16,578</u>
Commitments and contingencies (Note 15)		
Mezzanine equity		
Redeemable non-controlling interests.....	—	311
Redeemable convertible preferred stock, \$0.00001 par value, 946,246 and zero shares authorized, 903,607 and zero shares issued and outstanding, respectively; aggregate liquidation preference of \$14 and \$0, respectively.....	14,177	—
Equity (deficit)		
Common stock, \$0.00001 par value, 2,696,114 and 5,000,000 shares authorized, 457,189 and 1,716,681 shares issued and outstanding, respectively.....	—	—
Additional paid-in capital.....	668	30,739
Accumulated other comprehensive loss.....	(188)	(187)
Accumulated deficit.....	(7,865)	(16,362)
Total Uber Technologies, Inc. stockholders' equity (deficit).....	<u>(7,385)</u>	<u>14,190</u>
Non-redeemable non-controlling interests.....	—	682
Total equity (deficit).....	<u>(7,385)</u>	<u>14,872</u>
Total liabilities, mezzanine equity and equity (deficit).....	<u>\$ 23,988</u>	<u>\$ 31,761</u>

The accompanying notes are an integral part of these consolidated financial statements.

UBER TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except share amounts which are reflected in thousands, and per share amounts)

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenue	\$ 7,932	\$ 11,270	\$ 14,147
Costs and expenses			
Cost of revenue, exclusive of depreciation and amortization shown separately below.....	4,160	5,623	7,208
Operations and support.....	1,354	1,516	2,302
Sales and marketing.....	2,524	3,151	4,626
Research and development.....	1,201	1,505	4,836
General and administrative.....	2,263	2,082	3,299
Depreciation and amortization.....	510	426	472
Total costs and expenses	<u>12,012</u>	<u>14,303</u>	<u>22,743</u>
Loss from operations	(4,080)	(3,033)	(8,596)
Interest expense.....	(479)	(648)	(559)
Other income (expense), net.....	(16)	4,993	722
Income (loss) before income taxes and loss from equity method investment	(4,575)	1,312	(8,433)
Provision for (benefit from) income taxes.....	(542)	283	45
Loss from equity method investment, net of tax.....	—	(42)	(34)
Net income (loss) including non-controlling interests	(4,033)	987	(8,512)
Less: net loss attributable to non-controlling interests, net of tax.....	—	(10)	(6)
Net income (loss) attributable to Uber Technologies, Inc.	<u>\$ (4,033)</u>	<u>\$ 997</u>	<u>\$ (8,506)</u>
Net income (loss) per share attributable to Uber Technologies, Inc. common stockholders:			
Basic.....	<u>\$ (9.46)</u>	<u>\$ —</u>	<u>\$ (6.81)</u>
Diluted.....	<u>\$ (9.46)</u>	<u>\$ —</u>	<u>\$ (6.81)</u>
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:			
Basic.....	<u>426,360</u>	<u>443,368</u>	<u>1,248,353</u>
Diluted.....	<u>426,360</u>	<u>478,999</u>	<u>1,248,353</u>

The accompanying notes are an integral part of these consolidated financial statements.

UBER TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net income (loss) including non-controlling interests	\$ (4,033)	\$ 987	\$ (8,512)
Other comprehensive income (loss), net of tax:			
Change in foreign currency translation adjustment	(4)	(225)	(3)
Change in unrealized gain on investments in available-for-sale securities	—	40	4
Other comprehensive income (loss), net of tax	<u>(4)</u>	<u>(185)</u>	<u>1</u>
Comprehensive income (loss) including non-controlling interests	(4,037)	802	(8,511)
Less: comprehensive loss attributable to non-controlling interests	—	(10)	(6)
Comprehensive income (loss) attributable to Uber Technologies, Inc.	<u>\$ (4,037)</u>	<u>\$ 812</u>	<u>\$ (8,505)</u>

The accompanying notes are an integral part of these consolidated financial statements.

UBER TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND EQUITY (DEFICIT)
(In millions, except share amounts which are reflected in thousands)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity (Deficit)
	Shares	Amount	Shares	Amount				
		\$		\$				
Balance as of December 31, 2016	840,859	\$ 11,111	455,051	\$ —	\$ 209	\$ 1	\$ (4,806)	\$ (4,596)
Issuance of Series G redeemable convertible preferred stock, net of issuance costs.....	20,667	1,008	—	—	—	—	—	—
Exercise of warrants.....	1,779	87	—	—	—	—	—	—
Vesting of common stock warrants.....	—	—	—	—	1	—	—	1
Lapsing of repurchase option related to Series E redeemable convertible preferred stock issued to a non-employee service provider.....	—	4	—	—	—	—	—	—
Repurchase of outstanding shares.....	—	—	(11,016)	—	—	—	(32)	(32)
Exercise of stock options.....	—	—	2,897	—	4	—	—	4
Repurchase of unvested early-exercised stock options.....	—	—	(3,538)	—	(1)	—	—	(1)
Reclassification of early-exercised stock options from liability, net.....	—	—	—	—	6	—	—	6
Stock-based compensation.....	—	—	—	—	97	—	—	97
Issuance and repayment of employee loans collateralized by outstanding common stock.....	—	—	—	—	4	—	(3)	1
Foreign currency translation adjustment.....	—	—	—	—	—	(4)	—	(4)
Net loss.....	—	—	—	—	—	—	(4,033)	(4,033)
Balance as of December 31, 2017	<u>863,305</u>	<u>\$ 12,210</u>	<u>443,394</u>	<u>\$ —</u>	<u>\$ 320</u>	<u>\$ (3)</u>	<u>\$ (8,874)</u>	<u>\$ (8,557)</u>

The accompanying notes are an integral part of these consolidated financial statements.

UBER TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND EQUITY (DEFICIT)
(In millions, except share amounts which are reflected in thousands)

	Redeemable Non- Controlling Interest	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Equity (Deficit)
		Shares	Amount	Shares	Amount				
Balance as of December 31, 2017	\$ —	863,305	\$ 12,210	443,394	\$ —	\$ 320	\$ (3)	\$ (8,874)	\$ (8,557)
Issuance of Series G redeemable convertible preferred stock, net of issuance costs	—	41,007	2,000	—	—	—	—	—	—
Repurchase of Series G redeemable convertible preferred stock from Didi	—	(754)	(37)	—	—	4	—	—	4
Exercise of warrants	—	54	3	34	—	1	—	—	1
Lapsing of repurchase option related to Series E redeemable convertible preferred stock issued to a non-employee service provider ...	—	—	1	—	—	—	—	—	—
Repurchase of outstanding shares	—	(5)	—	(2,553)	—	—	—	13	13
Exercise of stock options	—	—	—	11,809	—	27	—	—	27
Issuance of restricted common stock	—	—	—	514	—	21	—	—	21
Repurchase of unvested early-exercised stock options	—	—	—	(142)	—	—	—	—	—
Reclassification of early-exercised stock options from liability, net	—	—	—	—	—	1	—	—	1
Stock-based compensation	—	—	—	—	—	125	—	—	125
Issuance and repayment of employee loans collateralized by outstanding common stock	—	—	—	—	—	4	—	(1)	3
Issuance of common stock as consideration for investment and acquisition	—	—	—	4,133	—	144	—	—	144
Issuance of non-controlling interest	10	—	—	—	—	(10)	—	—	(10)
Deferred tax benefit arising from acquisition of previously consolidated entity	—	—	—	—	—	31	—	—	31
Unrealized gain on available-for-sale securities, net of tax	—	—	—	—	—	—	40	—	40
Foreign currency translation adjustment	—	—	—	—	—	—	(225)	—	(225)
Net income (loss)	(10)	—	—	—	—	—	—	997	997
Balance as of December 31, 2018	<u>\$ —</u>	<u>903,607</u>	<u>\$ 14,177</u>	<u>457,189</u>	<u>\$ —</u>	<u>\$ 668</u>	<u>\$ (188)</u>	<u>\$ (7,865)</u>	<u>\$ (7,385)</u>

The accompanying notes are an integral part of these consolidated financial statements.

UBER TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND EQUITY (DEFICIT)
(In millions, except share amounts which are reflected in thousands)

	Redeemable Non- Controlling Interest	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Non- Redeemable Non-Controlling Interests	Total Equity (Deficit)
		Shares	Amount	Shares	Amount					
Balance as of December 31, 2018	\$ —	903,607	\$ 14,177	457,189	\$ —	\$ 668	\$ (188)	\$ (7,865)	\$ —	\$ (7,385)
Cumulative effect of adoption of new accounting standard.....	—	—	—	—	—	—	—	9	—	9
Vesting and exercise of warrants	—	923	45	—	—	—	—	—	—	—
Lapsing of repurchase option related to Series E redeemable convertible preferred stock issued to a non- employee service provider	—	—	2	—	—	10	—	—	—	10
Conversion of warrant to common stock in connection with initial public offering.....	—	—	—	150	—	7	—	—	—	7
Conversion of convertible notes to common stock in connection with initial public offering.....	—	—	—	93,978	—	4,229	—	—	—	4,229
Repurchase of outstanding shares	—	—	—	(1)	—	—	—	—	—	—
Exercise of stock options	—	—	—	6,924	—	21	—	—	—	21
Exercise of put option on common stock held by Yandex	—	—	—	(1,528)	—	(47)	—	—	—	(47)
Repurchase of unvested early-exercised stock options.....	—	—	—	(32)	—	—	—	—	—	—
Stock-based compensation.....	—	—	—	—	—	4,634	—	—	—	4,634
Issuance of common stock under the Employee Stock Purchase Plan	—	—	—	2,076	—	49	—	—	—	49
Issuance of common stock in connection with initial public offering, net of offering costs.....	—	—	—	180,000	—	7,973	—	—	—	7,973
Conversion of redeemable convertible preferred stock to common stock in connection with initial public offering	—	(904,530)	(14,224)	904,530	—	14,224	—	—	—	14,224
Issuance of common stock in private placement	—	—	—	11,111	—	500	—	—	—	500
Issuance of common stock for settlement of RSUs	—	—	—	98,328	—	—	—	—	—	—
Shares withheld related to net share settlement	—	—	—	(36,249)	—	(1,573)	—	—	—	(1,573)
Reclassification of share-based award liability to additional paid-in capital	—	—	—	—	—	21	—	—	—	21
Repayment of employee loans collateralized by outstanding common stock	—	—	—	—	—	14	—	—	—	14
Issuance of common stock as consideration for investment and acquisition	—	—	—	205	—	9	—	—	—	9
Issuance of non-controlling interests	333	—	—	—	—	—	—	—	667	667
Unrealized gain on available-for-sale securities, net of tax.....	—	—	—	—	—	—	4	—	—	4
Foreign currency translation adjustment.....	—	—	—	—	—	—	(3)	—	—	(3)
Net loss.....	(22)	—	—	—	—	—	—	(8,506)	15	(8,491)
Balance as of December 31, 2019	<u>\$ 311</u>	<u>—</u>	<u>\$ —</u>	<u>1,716,681</u>	<u>\$ —</u>	<u>\$ 30,739</u>	<u>\$ (187)</u>	<u>\$ (16,362)</u>	<u>\$ 682</u>	<u>\$ 14,872</u>

The accompanying notes are an integral part of these consolidated financial statements.

UBER TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2017	2018	2019
Cash flows from operating activities			
Net income (loss) including non-controlling interests	\$ (4,033)	\$ 987	\$ (8,512)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation and amortization	510	426	472
Bad debt expense.....	82	71	92
Stock-based compensation	124	170	4,596
Gain on extinguishment of convertible notes and settlement of derivatives	—	—	(444)
Gain on business divestitures	—	(3,214)	—
Deferred income tax	(762)	35	(88)
Revaluation of derivative liabilities.....	173	501	(58)
Accretion of discount on long-term debt.....	244	318	82
Payment-in-kind interest	69	71	10
Loss on disposal of property and equipment.....	117	59	10
Impairment of long-lived assets held for sale.....	223	197	—
Loss from equity method investment	—	42	34
Gain on debt and equity securities, net.....	—	(1,996)	(2)
Non-cash deferred revenue.....	—	—	(52)
Gain on forfeiture of unvested warrants and related share repurchases	—	(152)	—
Unrealized foreign currency transactions	(59)	53	16
Other.....	(16)	1	23
Change in assets and liabilities, net of impact of business acquisitions and disposals:			
Accounts receivable	(442)	(279)	(407)
Prepaid expenses and other assets	(120)	(473)	(478)
Collateral held by insurer	—	—	(1,199)
Operating lease right-of-use assets.....	—	—	201
Accounts payable	(79)	(39)	95
Accrued insurance reserves	1,284	943	481
Accrued expenses and other liabilities	1,267	738	960
Operating lease liabilities	—	—	(153)
Net cash used in operating activities.....	<u>(1,418)</u>	<u>(1,541)</u>	<u>(4,321)</u>
Cash flows from investing activities			
Proceeds from insurance reimbursement, sale and disposal of property and equipment.....	342	369	51
Purchase of property and equipment.....	(821)	(558)	(588)
Purchase of intangible assets	(8)	—	—
Purchase of equity method investments.....	—	(412)	—
Purchase of non-marketable debt securities.....	—	(30)	—
Purchase of non-marketable investments.....	—	—	(100)
Purchases of marketable securities	—	—	(441)
Proceeds from maturities and sales of marketable securities	—	—	2
Proceeds from business disposal, net of cash divested	—	—	293
Acquisition of businesses, net of cash acquired.....	—	(64)	(7)
Net cash used in investing activities	<u>(487)</u>	<u>(695)</u>	<u>(790)</u>
Cash flows from financing activities			
Proceeds from issuance of common stock upon initial public offering, net of offering costs	—	—	7,973
Taxes paid related to net share settlement of equity awards.....	—	—	(1,573)

(continued)

	Year Ended December 31,		
	2017	2018	2019
Proceeds from issuance of common stock in private placement.....	—	—	500
Proceeds from issuance of subsidiary preferred stock units	—	—	1,000
Proceeds from exercise of stock options, net of repurchases.....	3	27	19
Proceeds from the issuance of common stock under the Employee Stock Purchase Plan	—	—	49
Repurchase of outstanding shares.....	(131)	(10)	—
Issuance of term loan and senior notes, net of issuance costs.....	—	3,466	1,189
Principal repayment on term loan.....	(12)	(19)	(27)
Proceeds from revolving lines of credit.....	202	—	—
Principal repayment on revolving lines of credit.....	(76)	(491)	—
Principal payments on capital and finance leases	—	(89)	(138)
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs.....	1,008	1,750	—
Dissolution of joint venture and subsequent proceeds.....	19	38	—
Repurchase of stock subject to put options related to Yandex.....	—	—	(74)
Other	2	(32)	21
Net cash provided by financing activities	<u>1,015</u>	<u>4,640</u>	<u>8,939</u>
Effect of exchange rate changes on cash and cash equivalents, and restricted cash and cash equivalents	<u>22</u>	<u>(119)</u>	<u>(4)</u>
Net increase (decrease) in cash and cash equivalents, and restricted cash and cash equivalents	(868)	2,285	3,824
Cash and cash equivalents, and restricted cash and cash equivalents			
Beginning of period	6,826	5,828	8,209
Reclassification from (to) assets held for sale during the period	(130)	96	34
End of period, excluding cash classified within assets held for sale.....	<u>\$ 5,828</u>	<u>\$ 8,209</u>	<u>\$ 12,067</u>
Supplemental disclosures of cash flow information			
Cash paid for:			
Interest, net of amount capitalized	\$ 61	\$ 124	\$ 332
Income taxes, net of refunds	153	289	133
Non-cash investing and financing activities:			
Conversion of redeemable convertible preferred stock to common stock upon initial public offering.....	—	—	14,224
Conversion of convertible notes to common stock upon initial public offering.....	—	—	4,229
Stock-based compensation capitalized as software development costs	1	—	61
Changes in purchases of property, equipment and software recorded in accounts payable and accrued liabilities.....	(4)	14	52
Changes in share repurchase commitment made in each period.....	(44)	(13)	—
Financed construction projects.....	214	177	—
Capital and finance lease obligations.....	124	165	251
Deferred unpaid offering costs.....	—	4	—
Settlement of litigation through issuance of redeemable convertible preferred stock	—	250	—
Common stock issued in connection with acquisitions.....	—	93	9
Ownership interest in MLU B.V. received in connection with the disposition of Uber Russia/CIS operations.....	—	1,410	—
Grab debt security received in exchange for the sale of Southeast Asia operations.....	—	2,275	—

The accompanying notes are an integral part of these consolidated financial statements.

UBER TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Description of Business and Summary of Significant Accounting Policies

Description of Business

Uber Technologies, Inc. (“Uber” or “the Company”) was incorporated in Delaware in July 2010, and is headquartered in San Francisco, California. Uber is a technology platform that uses a massive network, leading technology, operational excellence and product expertise to power movement from point A to point B. Uber develops and operates proprietary technology applications supporting a variety of offerings on its platform (“platform(s)” or “Platform(s)”). Uber connects consumers (“Rider(s)”) with independent providers of ride services (“Rides Driver(s)”) for ridesharing services, and connects consumers (“Eater(s)”) with restaurants (“Restaurant(s)”) and food delivery service providers (“Delivery People”) for meal preparation and delivery services. Riders and Eaters are collectively referred to as “end-user(s)” or “consumer(s).” Rides Drivers and Delivery People are collectively referred to as “Driver(s)”. Uber also connects consumers with public transportation networks, e-bikes, e-scooters and other personal mobility options. Uber uses this same network, technology, operational excellence and product expertise to connect shippers with carriers in the freight industry. Uber is also developing technologies that will provide autonomous driving vehicle solutions to consumers, networks of vertical take-off and landing vehicles and new solutions to solve everyday problems.

The Company’s technology is used around the world, principally in the United States (“U.S.”) and Canada, Latin America, Europe, the Middle East, Africa, and Asia (excluding China and Southeast Asia).

Segment Change

During the third quarter of 2019, following a number of leadership and organizational changes, the chief operating decision maker (“CODM”) changed how he assesses performance and allocates resources to a more disaggregated level in order to optimize utilization of the Company’s platform as well as manage research and development of new technologies. Based on this change, in the third quarter of 2019, the Company determined it has five operating and reportable segments: Rides, Eats, Freight, Other Bets, and Advanced Technologies Group (“ATG”) and Other Technology Programs. The Company revised prior comparative periods to conform to the current period segment presentation. Refer to Note 14 - Segment Information and Geographic Information for further information.

Initial Public Offering

On May 14, 2019, the Company closed its initial public offering (“IPO”), in which it issued and sold 180 million shares of its common stock. The price was \$45.00 per share. The Company received net proceeds of approximately \$8.0 billion from the IPO after deducting underwriting discounts and commissions of \$106 million and offering expenses. Upon closing of the IPO: i) all shares of the Company’s outstanding redeemable convertible preferred stock automatically converted into 905 million shares of common stock; ii) holders of the 2021 Convertible Notes and the 2022 Convertible Notes elected to convert all outstanding notes into 94 million shares of common stock; and, iii) an outstanding warrant which became exercisable upon the closing of the IPO was exercised to purchase 0.2 million shares of common stock. In addition, the Company recognized a net gain of \$327 million in other income (expense), net in the consolidated statement of operations upon conversion of the 2021 Convertible Notes and the 2022 Convertible Notes during 2019, which consisted of \$444 million gain on extinguishment of debt and settlement of derivatives, partially offset by \$117 million loss from the change in fair value of embedded derivatives prior to settlement. The extinguishment of debt resulted in the derecognition of the carrying value of the debt balance and settlement of embedded derivatives.

Upon the Company’s IPO, the Company recognized \$3.6 billion of stock-based compensation expense for awards with a performance-based vesting condition satisfied at IPO. Shares were then issued related to the vesting of the restricted stock units (“RSUs”) with such performance-based vesting conditions. To meet the related tax withholding requirements, the Company withheld 29 million of the 76 million shares of common stock issued. Based on the IPO public offering price of \$45.00 per share, the tax withholding obligation was \$1.3 billion.

As a result of stock-based compensation expense for vested and unvested RSUs upon the IPO, the Company recorded an additional deferred tax asset of approximately \$1.1 billion that is offset by a full valuation allowance.

Pending Acquisition of Majority Ownership in Cornershop

In October 2019, the Company agreed to purchase a controlling interest in Cornershop, an online grocery delivery platform operating primarily in Chile and Mexico. The Company agreed to pay up to approximately \$459 million for its controlling interest in Cornershop, which amount is payable in cash and shares of the Company's common stock as defined in the agreement. In October 2019, the Company made an initial investment of \$50 million for a 7.1% ownership interest, on a fully-diluted basis, in Cornershop. The Company expects to pay the remaining portion of the purchase price and acquire the controlling interest during 2020, subject to the receipt of regulatory approvals and other closing conditions. Refer to Note 3 - Investments and Fair Value Measurement for further information on the accounting for the initial investment.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). The Company consolidates its wholly-owned subsidiaries and majority-owned subsidiaries over which it exercises control, as well as variable interest entities ("VIE") where it is deemed to be the primary beneficiary. Refer to Note 16 - Variable Interest Entities ("VIEs") for further information. All intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions, which affect the reported amounts in the financial statements and accompanying notes. Estimates are based on historical experience, where applicable, and other assumptions which management believes are reasonable under the circumstances. On an ongoing basis, the Company evaluates its estimates, including those related to the incremental borrowing rate ("IBR") applied in lease accounting, fair values of investments and other financial instruments, useful lives of amortizable long-lived assets and intangible assets, stock-based compensation, income taxes and non-income tax reserves, certain deferred tax assets and tax liabilities, insurance reserves, and other contingent liabilities. These estimates are inherently subject to judgment and actual results could differ from those estimates.

Concentration of Credit Risk

Cash and cash equivalents, short-term investments, restricted cash and cash equivalents, other receivables, and accounts receivable are potentially subject to credit risk concentration. Cash is deposited with financial institutions around the world that the Company believes are of high credit quality. These deposits are typically in excess of insured limits. The Company has not experienced any losses related to these concentrations during the periods presented. The Company's other receivables primarily consist of funds withheld by well-established insurance companies with high credit quality that may be used to cover future settlement of reserved insurance claims. The Company relies on a limited number of third parties to provide payment processing services ("payment service providers") to collect amounts due from end-users. Payment service providers are financial institutions or credit card companies that the Company believes are of high credit quality. None of the Company's Drivers and Restaurants or Freight Customers accounted for 10% or more of revenue for the years ended December 31, 2017, 2018 and 2019.

Certain Significant Risks and Uncertainties

The Company has incurred significant net losses since inception and had an accumulated deficit of 16.4 billion as of December 31, 2019. The operations of the Company have historically been funded through equity and debt financings. While management currently anticipates that the Company's available cash and cash equivalents, short-term investments, and revolving credit facility will be sufficient to meet the Company's operational cash needs for at least the next twelve months from the date of issuance of these financial statements, additional capital may need to be raised or additional indebtedness incurred to continue to fund the operations and other strategic initiatives. The Company may not be able to obtain additional financing on favorable terms, if at all, or its ability to incur additional indebtedness may be restricted by the terms of its existing debt instruments.

Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2018 and 2019 consisted of cash held in checking and savings accounts as well as investments in money market funds, commercial paper, U.S. government and agency securities, and corporate bonds. The Company considers all highly-liquid investments purchased with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents. Cash includes amounts collected on behalf of, but not yet remitted to Drivers and Restaurants, which are included in accrued and other current liabilities on the consolidated balance sheets.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents is pledged as security for letters of credit or other collateral amounts established by the Company for certain insurance policies and other various contractual arrangements. Restricted cash and cash equivalents is classified as current and non-current assets based on the contractual or estimated term of the remaining restriction. The reconciliation of cash and cash equivalents and restricted cash and cash equivalents to amounts presented in the consolidated statements of cash flows are as follows (in millions):

	As of December 31,		
	2017	2018	2019
Cash and cash equivalents	\$ 4,393	\$ 6,406	\$ 10,873
Restricted cash and cash equivalents - current.....	142	67	99
Restricted cash and cash equivalents - non-current	1,293	1,736	1,095
Total cash and cash equivalents, and restricted cash and cash equivalents.....	<u>\$ 5,828</u>	<u>\$ 8,209</u>	<u>\$ 12,067</u>

Collateral Held by Insurer

Collateral held by insurer represents funds held by James River Group companies (“James River”). These funds, previously held in a trust account, were withdrawn by James River during the fourth quarter of 2019 upon notice of cancellation of their insurance policies (primarily auto insurance policies) issued to a subsidiary of the Company. The funds continue to serve as collateral for the Company and its subsidiary’s current and future claim settlement obligations under the indemnification agreements for these insurance policies as included in insurance reserves on the consolidated balance sheets. Accordingly, the amount withdrawn is presented as collateral held by insurer on the consolidated balance sheet as of December 31, 2019. These funds were presented as restricted cash and cash equivalents on the consolidated balance sheet as of December 31, 2018.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represents uncollected fare payments from end-users for completed transactions where (i) the payment method is credit card and includes (a) end-user fare amounts not yet settled with payment service providers, and (b) end-user fare amounts settled by payment service providers but not yet remitted to the Company, or (ii) completed shipments where the Company invoices Freight Customers (“Shippers”) and payment has not been received. The timing of settlement of amounts due from these parties varies by region and by product. The portion of the fare receivable to be remitted to Drivers and Restaurants is included in accrued and other current liabilities. Refer to Note 10 - Supplemental Financial Statement Information for amounts payable to Drivers and Restaurants.

Although the Company pre-authorizes forms of payment to mitigate its exposure, the Company bears the cost of any accounts receivable losses. The Company records an allowance for doubtful accounts for fare and invoiced amounts that may never settle or be collected, as well as for credit card chargebacks including fraudulent credit card transactions. The Company considers the allowance for doubtful accounts for fare amounts to be direct and incremental costs to revenue earned and, therefore, the costs are included as cost of revenue in the consolidated statements of operations. The Company estimates the allowance based on historical experience and geographical trends, which are reviewed periodically and as needed, and amounts are written off when determined to be uncollectable. Chargebacks and credit card losses were \$174 million, \$208 million and \$195 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Property and Equipment, Net

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization is computed using the straight line method over the estimated useful lives of the assets, which are as follows:

Property and Equipment	Estimated Useful Life
Land.....	Indefinite
Buildings.....	30 years
Site improvements.....	5-15 years
Leased vehicles.....	3-10 years
Computer equipment.....	3-5 years
Furniture and fixtures.....	3-5 years
Dockless e-bikes.....	3 years
Internal-use software.....	2 years
Leased computer equipment.....	Shorter of estimated useful life or lease term
Leasehold improvements.....	Shorter of estimated useful life or lease term

When assets are retired or otherwise disposed of, the cost, accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the consolidated statements of operations in the period realized. Maintenance and repairs that do not enhance or extend the asset's useful life are charged to operating expenses as incurred.

The Company capitalizes certain costs, such as compensation costs, including stock-based compensation, and interest incurred in developing internal-use software once planning has been completed, management has authorized and committed project funding, and it is probable that the project will be completed and the software will function as intended. Amortization of such costs occurs on a straight-line basis over the estimated useful life of the related asset and begins once the asset is ready for its intended use. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred.

Leased vehicle assets are stated at cost, net of accumulated depreciation. The vast majority of the Company's leased vehicle assets were reclassified to assets held for sale as of December 31, 2018. In January 2019, an agreement was executed with Waydrive Holdings Pte. Ltd. ("Waydrive") to purchase the Lion City Rentals Pte. Ltd. ("LCR"), a wholly-owned vehicle solutions subsidiary of the Company based in Singapore. Refer to Note 9 - Assets and Liabilities Held for Sale for further information. When leased vehicles are retired or otherwise disposed of, the cost and accumulated depreciation are removed and any resulting gain or loss is reflected in the consolidated statements of operations in the period realized. Maintenance and repair expenditures are charged to operating expenses as incurred.

Leases

Prior to adoption of Accounting Standards Codification ("ASC") 842, "Leases" ("ASC 842"), as of December 31, 2018 and periods before the Company was involved in the construction of certain office buildings and research facilities and was under lease agreements for certain of the constructed or under construction facilities. In such arrangements, the Company capitalized construction costs, whether expended by the Company or the builder/lessor, in property and equipment, net. The Company recorded a corresponding financing obligation for amounts expended by the builder/lessor in other long-term liabilities. During the construction period, interest was accrued on the financing obligation and costs of construction were capitalized as a component of the building asset. These assets often did not qualify for derecognition under sales-leaseback accounting guidance as a result of continuing involvement in the property. These assets and obligations were amortized in depreciation and amortization and interest expense, respectively, in the consolidated statement of operations based on the terms of the related lease agreements. As of December 31, 2018, the gross carrying value of assets related to build-to-suit lease arrangements was \$392 million with a corresponding financing obligation of \$350 million. Upon adoption of the ASC 842, the Company derecognized building asset and financing obligation liability balances associated with the construction projects as these were not build-to-suit leases under ASC 842.

The Company adopted ASC 842 on January 1, 2019, using the modified retrospective transition method and used the effective date as the date of initial application. Consequently, financial information is not updated and the disclosures required under ASC 842 are not provided for dates and periods before January 1, 2019. ASC 842 provides a number of optional practical expedients in transition. The Company elected the "package of practical expedients," which permits the Company not to reassess under ASC 842 its prior conclusions about lease identification, lease classification and initial

direct costs. The Company made a policy election not to separate non-lease components from lease components, therefore, it accounts for lease and non-lease components as a single lease component. The Company also elected the short-term lease recognition exemption for all leases that qualify.

The Company determines if a contract contains a lease at inception of the arrangement based on whether it has the right to obtain substantially all of the economic benefits from the use of an identified asset and whether it has the right to direct the use of an identified asset in exchange for consideration, which relates to an asset which the Company does not own. Right of use (“ROU”) assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. ROU assets are recognized as the lease liability, adjusted for lease incentives received. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is the Company’s IBR, because the interest rate implicit in most of the Company’s leases is not readily determinable. The IBR is a hypothetical rate based on the Company’s understanding of what its credit rating would be to borrow and resulting interest the Company would pay to borrow an amount equal to the lease payments in a similar economic environment over the lease term on a collateralized basis. Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the Company’s lease liability calculation. Variable lease payments may include costs such as common area maintenance, utilities, real estate taxes or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments are incurred.

The Company’s leases primarily include corporate offices, data centers, and servers. The lease term of operating and finance leases vary from less than a year to 76 years. The Company has leases that include one or more options to extend the lease term for up to 14 years as well as options to terminate the lease within one year. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. The Company’s lease agreements generally do not contain any residual value guarantees or restrictive covenants.

Operating leases are included in operating lease ROU assets, operating lease liabilities, current and operating lease liabilities, non-current on the Company’s consolidated balance sheets. Finance leases are included in property and equipment, net, accrued and other current liabilities, and other long-term liabilities on the Company’s consolidated balance sheets. For operating leases, lease expense is recognized on a straight-line basis in operations over the lease term. For finance leases, lease expense is recognized as depreciation and interest; depreciation on a straight-line basis over the lease term and interest using the effective interest method. As of December 31, 2019, less than 13% of the Company’s operating lease ROU assets related to leased assets outside of the U.S.

Acquisitions

The Company accounts for acquisitions of entities or asset groups that qualify as businesses in accordance with ASC 805, “Business Combinations” (“ASC 805”). The purchase price of the acquisition is allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition dates. The excess of the purchase price over those fair values is recorded as goodwill. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the consolidated statements of operations. Refer to Note 18 – Business Combination for further information.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination and is allocated to reporting units expected to benefit from the business combination. The Company tests goodwill for impairment at least annually, in the fourth quarter, or whenever events or changes in circumstances indicate that goodwill might be impaired. The Company evaluates its reporting units when changes in its operating structure occur, and if necessary, reassigns goodwill using a relative fair value allocation approach. In testing for goodwill impairment, the Company first assesses qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if the Company concludes otherwise, the Company proceeds to the quantitative assessment.

The quantitative assessment compares the estimated fair value of a reporting unit to its book value, including goodwill. If the fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. However, if the book value of a reporting unit exceeds its fair value, an impairment loss will be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. Refer to Note 7 – Goodwill and Intangible Assets for further information.

Intangible Assets, Net

Intangible assets are carried at cost and amortized on a straight-line basis over their estimated useful lives, which range from one to 18 years. The Company reviews definite-lived intangible assets for impairment under the long-lived asset model described in the Evaluation of Long-Lived Assets for Impairment section. Refer to Note 7 – Goodwill and Intangible Assets for further information.

Investments

Equity Securities

Accounting for the Company's equity securities varies depending on the marketability of the security and the type of investment. On January 1, 2018, the Company adopted Accounting Standards Update ("ASU") 2016-01, "Recognition and Measurement of Financial Assets and Liabilities," prospectively and accordingly, the Company has elected to measure its investments in non-marketable equity securities at cost, with remeasurements to fair value only upon the occurrence of observable price changes in orderly transactions for the identical or similar securities of the same issuer, or in the event of any impairment. This election is reassessed each reporting period to determine whether non-marketable equity securities have a readily determinable fair value, in which case they would no longer be eligible for this election. Equity securities that the Company elected to apply the fair value option and equity securities with a readily determinable fair value are measured at fair value on a recurring basis with changes in fair value recognized in the consolidated statements of operations. The Company had no investments in equity securities whose fair value was readily determinable as of December 31, 2018 and 2019. The Company evaluates its non-marketable equity securities for impairment at each reporting period based on a qualitative assessment that considers various potential impairment indicators. Impairment indicators might include, but would not necessarily be limited to, a significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investee, a significant adverse change in the regulatory, economic, or technological environment of the investee, a bona fide offer to purchase, an offer by the investee to sell, or a completed auction process for the same or similar securities for an amount less than the carrying amount of the investments in those securities. If an impairment exists, a loss is recognized in the consolidated statements of operations for the amount by which the carrying value exceeds the fair value of the investment. The Company includes investments in equity securities within investments on the consolidated balance sheets.

Debt Securities

Accounting for the Company's debt securities varies depending on the legal form of the security, the Company's intended holding period for the security, and the nature of the transaction. Investments in debt securities are classified as available-for-sale and are initially recorded at fair value. Investments in marketable debt securities include commercial paper, U.S. government and agency securities and corporate bonds. Certain investments in non-marketable equity securities with redemption, interest, or other debt-like features are classified as available-for-sale debt securities. Subsequent changes in fair value of available-for-sale debt securities are recorded in other comprehensive income (loss), net of tax. The Company records certain of its debt securities at fair value with the changes in fair value recorded in earnings under the fair value option of accounting for financial instruments. The Company evaluates its available-for-sale debt securities for impairment at each reporting period. This evaluation consists of several qualitative and quantitative factors regarding the severity and duration of the unrealized loss as well as the Company's ability and intent to hold the investment until a forecasted recovery occurs. Factors considered include: recent financial results and operating trends; implied values in recent transactions of investee securities; other publicly available information that may affect the value of the Company's investments; severity and length of the decline in value; and the Company's strategy and intentions for holding the investment.

Impairment of the Company's debt securities is recognized in earnings when a decline in value has occurred that is deemed to be other than temporary, and the current fair value becomes the new cost basis for the security. If the Company does not intend to sell a security and it is not more likely than not that it will be required to sell the security before recovery, the unrealized loss is separated into an amount representing the credit loss, which is recognized in earnings, and

the amount related to all other factors, which is recorded in accumulated other comprehensive income (loss). The Company considers its marketable debt securities as available for use in current operations, including those with maturity dates beyond one year, and therefore classifies these securities as short-term investments on the consolidated balance sheets. Certain investments in non-marketable debt securities classified as available-for-sale debt securities are included in investments on the consolidated balance sheets.

Equity Method Investments

Investments in common stock or in-substance common stock of entities that provide the Company with the ability to exercise significant influence, but not a controlling financial interest, over the investee are accounted for under the equity method of accounting. Investments accounted for under the equity method are initially recorded at cost. Subsequently, the Company recognizes through the consolidated statements of operations and as an adjustment to the investment balance, its proportionate share of the entities' net income or loss and to reflect the amortization of basis differences. The Company records its share of the results of these companies one quarter in arrears within earnings in equity interests as loss from equity method investment, net of tax in the consolidated statements of operations. The Company evaluates each of its equity method investments at the end of each reporting period to determine whether events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. The Company recognizes in the consolidated statements of operations and as an adjustment to the investment balance, any required impairment loss. Evidence of a loss in value might include, but would not necessarily be limited to, absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment. This evaluation consists of several qualitative and quantitative factors including recent financial results and operating trends of the investee; implied values in recent transactions of investee securities; other publicly available information that may affect the value of the Company's investments.

Evaluation of Long-Lived Assets for Impairment

The Company evaluates its held-and-used long-lived assets for indicators of possible impairment when events or changes in circumstances indicate the carrying amount of an asset or asset group (collectively, the "asset group") may not be recoverable. The Company measures the recoverability of the asset group by comparing the carrying amount of such asset groups to the future undiscounted cash flows it expects the asset group to generate. If the Company considers the asset group to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset group exceeds its fair value.

Fair Value Measurements and Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with ASC 820, Fair Value Measurement ("ASC 820"), the Company uses the fair value hierarchy, which prioritizes the inputs used to measure fair value. The hierarchy, as defined below, gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are set forth below:

- Level 1 Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active or inputs other than the quoted prices that are observable either directly or indirectly for the full term of the assets or liabilities.
- Level 3 Unobservable inputs in which there is little or no market data and that are significant to the fair value of the assets or liabilities.

The Company's primary financial instruments include cash equivalents, marketable debt securities, restricted cash and cash equivalents, accounts receivable, investments, accounts payable, accrued liabilities, long-term debt, and embedded derivatives and warrants. The estimated fair value of cash equivalents, accounts receivable, accounts payable and accrued liabilities approximates their carrying value due to the short-term maturities of these instruments. Refer to Note 3 - Investments and Fair Value Measurement and Note 8 - Long-Term Debt and Revolving Credit Arrangements for further information.

Variable Interest Entities

The Company evaluates its ownership, contractual and other interests in entities to determine if it has a variable interest in an entity. These evaluations are complex, involve judgment, and the use of estimates and assumptions based on available historical and prospective information, among other factors. If the Company determines that an entity for which it holds a contractual or ownership interest in is a VIE and that the Company is the primary beneficiary, the Company consolidates such entity in its consolidated financial statements. The primary beneficiary of a VIE is the party that meets both of the following criteria: (1) has the power to make decisions that most significantly affect the economic performance of the VIE; and (2) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Periodically, the Company determines whether any changes in the interest or relationship with the entity impacts the determination of whether the Company is still the primary beneficiary. If the Company is not deemed to be the primary beneficiary in a VIE, the Company accounts for the investment or other variable interests in a VIE in accordance with applicable GAAP. Refer to Note 16 - Variable Interest Entities (“VIEs”) for further information.

Revenue Recognition

The Company recognizes revenue when or as it satisfies its obligation. The Company derives its revenues principally from Drivers and Restaurants’ use of the Company’s platform and related service which includes on-demand lead generation, and related activities, including facilitating payments from end-users, that enable Drivers and Restaurants to seek, receive and fulfill on-demand requests from end-users seeking Rides services and Eats services (the “Uber Service”) and from customers’ use of Freight, Other Bets, and ATG and Other Technology Programs. The Company periodically reassesses its revenue recognition policies as new offering become materials, and business models and other factors evolve.

Rides and Eats Master Services Agreements

The Company enters into Master Services Agreements (“MSA”) with Drivers and Restaurants to use the platform. The MSA defines the service fee the Company charges Drivers and Restaurants for each transaction. Upon acceptance of a transaction, the Drivers and Restaurants agree to perform the Rides or Eats services as requested by an end-user. The acceptance of a transaction request combined with the MSA establishes enforceable rights and obligations for each transaction. A contract exists between the Company and the Drivers and Restaurants after the Drivers and Restaurants accept a transaction request and the Drivers’ and Restaurants’ ability to cancel the transaction lapses. End-users access the Platform for free and the Company has no performance obligation to end-users. As a result, end-users are not the Company’s customers.

The Uber Service activities are performed to satisfy the Company’s sole performance obligation in the transaction, which is to connect Drivers and Restaurants with end-users to facilitate the completion of a successful transaction.

Judgment is required in determining whether the Company is the principal or agent in transactions with Drivers and Restaurants and end-users. The Company evaluates the presentation of revenue on a gross or net basis based on whether it controls the service provided to the end-user and is the principal (i.e. “gross”), or the Company arranges for other parties to provide the service to the end-user and is an agent (i.e. “net”). This determination also impacts the presentation of incentives provided to Drivers and discounts and promotions offered to end-users. For Rides and Eats transactions, the Company’s role is to provide the service to Drivers and Restaurants to facilitate a successful trip or Eats service to end-users. The Company concluded it does not control the good or service provided by Drivers and Restaurants to end-users as (i) the Company does not pre-purchase or otherwise obtain control of the Drivers’ and Restaurants’ goods or services prior to its transfer to the end-user; (ii) the Company does not direct Drivers and Restaurants to perform the service on the Company’s behalf, and Drivers and Restaurants have the sole ability to decline a transaction request and (iii) the Company does not integrate services provided by Drivers and Restaurants with its other services and then provide them to end-users. As part of the Company’s evaluation of control, the Company reviews other specific indicators to assist in the principal versus agent conclusions. The Company is not primarily responsible for Rides and Eats services provided to end-users, nor does it have inventory risk related to these services. While the Company facilitates setting the price for Rides and Eats services, the Drivers and Restaurants and end-users have the ultimate discretion in accepting the transaction price and this indicator alone does not result in the Company controlling the services provided to end-users.

Drivers and Restaurants are the Company’s customers and pay the Company a service fee for each successfully completed transaction with end-users. The Company’s obligation in the transaction is satisfied upon completion by Drivers and Restaurants of a transaction. In the vast majority of transactions with end-users, the Company acts as an agent

by connecting end-users seeking Rides and Eats services with Drivers and Restaurants looking to provide these services. Accordingly, the Company recognizes revenue on a net basis, representing the fee the Company expects to receive in exchange for the Company providing the service to Drivers and Restaurants. The Company records refunds to end-users that it recovers from Drivers and Restaurants as a reduction to revenue. Refunds to end-users due to end-user dissatisfaction with the Platform are recorded as marketing expenses and reduce the accounts receivable amount associated with the corresponding transaction.

Rides

The Company derives its Rides revenue primarily from service fees paid by Rides Drivers for use of the platform and related service to connect with Riders and successfully complete a trip via the Platform. The Company recognizes revenue when a trip is complete.

Depending on the market where the trip is completed, the service fee is either a fixed percentage of the end-user fare or the difference between the amount paid by an end-user and the amount earned by Rides Drivers. In markets where the Company earns the difference between the amount paid by an end-user and the amount earned by Rides Drivers, end-users are quoted a fixed upfront price for ridesharing services while the Company pays Rides Drivers based on actual time and distance for the ridesharing services provided. Therefore, the Company can earn a variable amount and may realize a loss on the transaction. The Company typically receives the service fee within a short period of time following the completion of a trip.

In addition, end-users in certain markets have the option to pay cash for trips. On such trips, cash is paid by end-users to Rides Drivers. The Company generally collects its service fee from Rides Drivers for these trips by offsetting against any other amounts due to Rides Drivers, including Rides Drivers incentives. As the Company currently has limited means to collect its service fee for cash trips and cannot control whether Rides Drivers will generate future amounts owed to them for offset, it concluded collectability of such amounts is not probable until collected. As such, uncollected service fees for cash trips are not recognized in the consolidated financial statements until collected from Rides Drivers.

Eats

The Company derives its Eats revenue primarily from service fees paid by Delivery People and Restaurants for use of the platform and related service to successfully complete a meal delivery service via the Platform. The Company recognizes revenue when an Eats transaction is complete.

The service fee paid by Restaurants is a fixed percentage of the meal price. The service fee paid by Delivery People is the difference between the delivery fee amount paid by the end-user and the amount earned by the Delivery People. End-users are quoted a fixed price for the meal delivery while the Company pays Delivery People based on time and distance for the delivery. Therefore, the Company earns a variable amount on a transaction and may realize a loss on the transaction. The Company typically receives the service fee within a short period of time following the completion of a delivery.

Freight

The Company derives its Freight revenue from freight transportation services provided to Shippers. Revenue for Freight represents the gross amount of fees charged to Shippers for these services. Costs incurred with carriers for Freight transportation are recorded in cost of revenue.

Shippers contract with the Company to utilize the Company's network of independent freight carriers to transport freight. The Company enters into contracts with Shippers that define the price for each shipment and payment terms. The Company's acceptance of the shipment request establishes enforceable rights and obligations for each contract. By accepting the Shipper's order, the Company has responsibility for transportation of the shipment from origin to destination. The Company enters into separate contracts with independent freight carriers and is responsible for prompt payment of freight charges to the carrier regardless of payment by the Shipper. The Company's sole performance obligation is the transport of Shipper freight using its network of independent freight carriers. The Company invoices the Shipper upon satisfaction of the performance obligation.

Judgment is required in determining whether the Company is the principal or agent in transactions with Shippers. For each contract entered into with a Shipper, the Company is responsible for identifying and directing independent freight carriers to transport the Shipper's goods. The Company therefore controls the service before it is transferred to the

Shipper. The Company is primarily responsible for fulfilling the contract with the Shipper, including having discretion in selecting a qualified independent freight carrier that meets the Shipper's specifications. The Company also has pricing discretion and negotiates separately the price(s) charged to Shippers and amounts paid to carriers. Accordingly, the Company is the principal in these transactions.

In consideration for the Company's Freight services, Shippers pay the Company a fixed amount for each completed shipment. When the Shipper's freight reaches its intended destination, the Company's performance obligation is complete. The Company recognizes revenue associated with the Company's performance obligation over the contract term, which represents its performance over the period of time a shipment is in transit. While the transit period of the Company's contracts can vary based on origin and destination, contracts still in transit at period end are not material. Payment for the Company's services is generally due within 30 to 45 days upon delivery of the shipment.

Other Bets

E-Bikes and Scooters

The Company derives its New Mobility revenue from operating leases as defined within ASC 842, "Leases" ("ASC 842"). New Mobility refers to offerings and products that provide users with access to rides through a variety of modes, including dockless e-bikes and e-scooters ("New Mobility"). New Mobility also includes Transit, UberWorks and the Company's Platform Incubator group, which is responsible for innovating new services and use cases on the Company's platform to drive long-term growth and cross-platform customer engagement. Users contract with the Company via a rental agreement at the inception of each trip. The Company is responsible for providing access to the e-bikes and scooters over the user's desired period of use. The Company records lease payments received upon completion of each trip.

Vehicle Solutions Revenues

The Company leases vehicles to third parties who could potentially use them to provide ridesharing services. The Company disposed of its primary leased vehicle activities in 2018 and in the first quarter of 2019. Refer to Note 19 - Divestitures for additional details surrounding this transaction. The Company recognizes revenue from these arrangements as lease payments are collected.

ATG and Other Technology Programs

In 2019, the Company entered into a three-year joint collaboration agreement with certain third parties to develop next-generation self-driving technology. Under this collaboration agreement, the Company will receive cash consideration over the three-year term. The Company has applied ASC 808, Collaborative Arrangements for recognition and presentation of the consideration received as collaboration revenue. Refer to Note 17 - Non-Controlling Interests for additional details surrounding this transaction.

Other Revenue

The Company derives its Other Revenue primarily from financial partnerships and service fees charged to its Uber for Business ("U4B") and revenue attributable to this category was not material in all periods presented.

Incentives to Drivers

Incentives provided to Drivers, who are the Company's customers, are recorded as a reduction of revenue if the Company does not receive a distinct good or service or cannot reasonably estimate fair value of the good or service received. Incentives to Drivers that are not for a distinct good or service are evaluated as variable consideration, in the most likely amount to be earned by the Drivers, at the time or as they are earned by the Drivers, depending on the type of incentive. Since incentives are earned over a short period of time, there is limited uncertainty when estimating variable consideration.

Incentives earned by Drivers for referring new Drivers are paid in exchange for a distinct service and are accounted for as customer acquisition costs. The Company expenses such referral payments as incurred in sales and marketing expenses in the consolidated statements of operations. The Company applied the practical expedient under ASC 340-40-25-4 and expenses costs to acquire new customer contracts as incurred because the amortization period would be one year or less. The amount recorded as an expense is the lesser of the amount of the incentive paid or the established fair

value of the service received. Fair value of the service is established using amounts paid to vendors for similar services. The amounts paid to Drivers presented as sales and marketing expenses for the years ended December 31, 2017, 2018 and 2019 were \$199 million, \$136 million, and \$103 million, respectively.

The Company evaluates whether the cumulative amount of payments, including incentives, to Drivers that are not in exchange for a distinct good or service received from Drivers exceeds the cumulative revenue earned since inception of the Drivers relationships. Any cumulative payments in excess of cumulative revenue are presented as cost of revenue in the consolidated statements of operations. The amounts presented as cost of revenue for the years ended December 31, 2017, 2018 and 2019 were \$530 million, \$837 million and \$1.1 billion, respectively.

End-User Discounts and Promotions

The Company offers discounts and promotions to end-users to encourage use of the Company's Platform. These are offered in various forms of discounts and promotions and include:

Targeted end-user discounts and promotions: These discounts and promotions are offered to a limited number of end-users in a market to acquire, re-engage, or generally increase end-users use of the platform, and are akin to a coupon. An example is an offer providing a discount on a limited number of rides or meal deliveries during a limited time period. The Company records the cost of these discounts and promotions as sales and marketing expenses at the time they are redeemed by the end-user.

End-user referrals: These referrals are earned when an existing end-user (the referring end-user) refers a new end-user (the referred end-user) to the platform and the new end-user takes their first ride on the platform. These referrals are typically paid in the form of a credit given to the referring end-user. These referrals are offered to attract new end-users to the Platform. The Company records the liability for these referrals and corresponding expense as sales and marketing expenses at the time the referral is earned by the referring end-user.

Market-wide promotions: These promotions are pricing actions in the form of discounts that reduce the end-user fare charged by Drivers and Restaurants to end-users for all or substantially all rides or meal deliveries in a specific market. This also includes any discounts offered under the Rides Pass and certain discounts within the Uber Rewards programs, which enable End-users to receive a fixed fare or a discount on all eligible rides. Accordingly, the Company records the cost of these promotions as a reduction of revenue at the time the trip is completed.

Other

The Company has elected to exclude from revenue, taxes assessed by a governmental authority that are both imposed on and are concurrent with specific revenue producing transactions, and collected from Drivers and Restaurants and remitted to governmental authorities. Accordingly, such amounts are not included as a component of revenue or cost of revenue.

Practical Expedients

The Company has utilized the practical expedient available under ASC 606-10-50-14 and does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. The Company has no significant financing components in its contracts with customers.

Stock-Based Compensation

The Company accounts for stock-based compensation expense in accordance with the fair value recognition and measurement provisions of GAAP, which requires compensation cost for the grant-date fair value of stock-based awards to be recognized over the requisite service period. The Company accounts for forfeitures when they occur. The fair value of stock-based awards, granted or modified, is determined on the grant date (or modification or acquisition dates, if applicable) at fair value, using appropriate valuation techniques.

Service-Based Awards

The Company records stock-based compensation expense for service-based stock options and RSUs on a straight-line basis over the requisite service period, which is generally four years.

For stock options with service-based vesting conditions only and stock purchase rights provided under the Company's employee stock purchase plan, the valuation model, typically the Black-Scholes option-pricing model, incorporates various assumptions including expected stock price volatility, expected term and risk-free interest rates. The Company estimates the volatility of common stock on the date of grant based on the weighted-average historical stock price volatility of comparable publicly traded companies in its industry group. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant with a term equal to the expected term. The Company estimates the expected term based on the simplified method for employee stock options considered to be "plain vanilla" options, as the Company's historical share option exercise experience does not provide a reasonable basis upon which to estimate the expected term. The Company estimates the expected term for non-employees based on the contractual term. The expected risk-free interest rate is based on the United States ("U.S.") Treasury yield curve in effect at the time of grant. The expected dividend yield is 0.0% as the Company has not paid and does not anticipate paying dividends on its common stock.

Performance-Based Awards

The Company has granted restricted common stock awards ("RSA(s)"), RSUs, stock appreciation rights ("SAR(s)"), stock options, and warrants that vest upon the satisfaction of both service-based and performance-based conditions. The service-based condition for these awards generally is satisfied over four years. The performance-based conditions generally are satisfied upon achieving specified performance targets, such as financial or operating metrics of the Company, and/or the occurrence of a qualifying event, defined as the earlier of (i) the closing of certain specific liquidation or change in control transactions, or (ii) an IPO. The Company records stock-based compensation expense for performance-based equity awards such as RSAs, RSUs, SARs, and stock options on an accelerated attribution method over the requisite service period, which is generally four years, and only if performance-based conditions are considered probable to be satisfied.

Prior to the Company's IPO in May 2019, the Company had not recognized stock-based compensation expense for awards with performance-based conditions which include a qualifying event because the qualifying event described above had not yet occurred and was not considered probable. Upon the IPO, the Company recorded a cumulative one-time stock-based compensation expense of \$3.6 billion, determined using the grant-date fair values. Stock-based compensation related to remaining service-based after the IPO is recorded over the remaining requisite service period. Refer to section "Initial Public Offering" above for further information.

For performance-based RSAs and RSUs, the Company determines the grant-date fair value to be the fair value of the Company's common stock on the grant date.

For performance-based SARs, stock options, and warrants, the Company determines the grant-date fair value utilizing the valuation model as described above for service-based awards.

Market-Based Awards

The Company has granted RSUs and stock options that vest only upon the satisfaction of all the following conditions: service-based service conditions, performance-based conditions, and market-based conditions. The service-based condition for these awards generally is satisfied over five years. The performance-based conditions generally are satisfied upon achieving specified performance targets, such as the occurrence of a qualifying event, as described above for performance-based awards. The market-based conditions are satisfied upon the Company's achievement of specified fully-diluted equity values, as determined based on the Company's stock price.

For market-based awards, the Company determines the grant-date fair value utilizing a Monte Carlo valuation model, which incorporates various assumptions including expected stock price volatility, expected term, risk-free interest rates, expected date of a qualifying event, and expected capital raise percentage. The Company estimates the volatility of common stock on the date of grant based on the weighted-average historical stock price volatility of comparable publicly-traded companies in its industry group. The Company estimates the expected term based on various exercise scenarios. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. Prior to the Company's IPO in May 2019, the Company estimated the expected date of a qualifying event based on third-party valuations of the Company's common stock and estimated the expected capital raise percentage based on management's expectations at the time of measurement of the award's value.

The Company records stock-based compensation expense for market-based equity awards such as RSUs and stock options on an accelerated attribution method over the requisite service period, and only if performance-based conditions are considered probable to be satisfied. The Company determines the requisite service period by comparing the derived service period to achieve the market-based condition and the explicit service-based period, using the longer of the two service periods as the requisite service period.

Employee Stock Purchase Plan (“ESPP”)

The Company recognizes stock-based expenses related to shares issued pursuant to its 2019 ESPP on a straight-line basis over the offering period. The ESPP provides for twelve-month offering periods, and each offering period includes two purchase periods of approximately six months. The ESPP allows eligible employees to purchase shares of the Company’s common stock at a 15 percent discount on the lower price of either (i) the offering period begin date or (ii) the purchase date. The Company estimates the fair value of shares to be issued under the ESPP based on a combination of options valued using the Black-Scholes option-pricing model. The Company determines volatility over an expected term of six months based on the historical volatility of the Company and twelve months based on the average of the historical volatility of the Company and peer group. The Company estimates the expected term based on the contractual term.

Common Stock Fair Value

Subsequent to the Company’s IPO in May 2019, the fair value of common stock was determined on the grant date using the closing price of the Company’s common stock.

Prior to the Company’s IPO, the absence of an active market for the Company’s common stock required the Board of Directors, the members of which the Company believes have extensive business, finance and venture capital experience, to determine the fair value of its common stock for purposes of granting stock-based awards and for calculating stock-based compensation expense. The Company obtained contemporaneous third-party valuations to assist the Board of Directors in determining fair value. These contemporaneous third-party valuations used the methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*.

Factors taken into consideration in assessing the fair value of the Company’s common stock included: the sale of the Company’s shares to investors in private offerings; the prices of the recent redeemable convertible preferred stock sales to investors in arm’s-length transactions; the Company’s capital resources and financial condition; the preferences held by the Company’s redeemable convertible preferred stock classes in favor of its common stock; the likelihood and timing of achieving a qualifying event, such as an IPO or sale of the Company given prevailing market conditions; the Company’s historical operating and financial performance as well as the Company’s estimates of future financial performance; valuations of comparable companies; the hiring of key personnel; the status of the Company’s development, product introduction and sales efforts; the price paid by the Company to repurchase outstanding shares; industry information such as market growth and volume and macro-economic events; and, additional objective and subjective factors relating to its business.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company’s consolidated financial statements. In estimating future tax consequences, generally all expected future events other than enactments or changes in the tax law or rates are considered.

The Company accounts for uncertainty in tax positions recognized in the consolidated financial statements by recognizing a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized.

Valuation allowances are established when necessary to reduce deferred tax assets to the amounts that are more-likely-than-not expected to be realized based on the weighting of positive and negative evidence. Future realization of deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character (for example, ordinary income or capital gain) within the carryback or carryforward periods available under the applicable tax law. The Company regularly reviews the deferred tax assets for recoverability based on historical taxable income,

projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. The Company's judgment regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute the business plans and/or tax planning strategies. Should there be a change in the ability to recover deferred tax assets, the Company's income tax provision would increase or decrease in the period in which the assessment is changed. The Company elected the tax law ordering approach in assessing the realizability of net operating losses expected to offset future Global Intangible Low-taxed Income ("GILTI").

The establishment of deferred tax assets from intra-entity transfers of intangible assets requires management to make significant estimates and assumptions to determine the fair value of such intangible assets. Significant estimates in valuing intangible assets may include, but are not necessarily limited to, internal revenue and expense forecasts, the estimated life of the intangible assets, comparable transaction values, and / or discount rates. The discount rates used to discount expected future cash flows to present value are derived from a weighted-average cost of capital analysis and are adjusted to reflect the inherent risks related to the cash flow. Although the Company believes the assumptions and estimates utilized are reasonable and appropriate, they are based, in part, on historical experience, internal and external comparable data and are inherently uncertain. Unanticipated events and circumstances may occur that could affect either the accuracy or validity of such assumptions, estimates or actual results.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for (benefit from) income taxes in the consolidated statements of operations.

Expenses

Set forth below is a brief description of the components of the Company's expenses:

- *Cost of revenue, exclusive of depreciation and amortization*, primarily consists of credit card processing fees, bank fees, data center and networking expenses, mobile device and service costs, certain ride insurance costs, payments including incentives to Drivers and Restaurants in excess of revenues earned from Drivers and Restaurants, costs incurred with carriers for Uber Freight transportation services, and amounts related to fare chargebacks and other credit card losses.
- *Operations and support expenses* primarily consist of compensation costs, including stock-based compensation, for employees that support operations in cities, including the general managers, Driver operations, platform user support representatives and community managers. Also included is the cost of customer support, Driver background checks and the allocation of certain corporate costs.
- *Research and development expenses* primarily consist of compensation costs, including stock-based compensation, for employees in engineering, design and product development. Expenses includes ATG and Other Technology Programs development expenses, as well as expenses associated with ongoing improvements to, and maintenance of, existing products and services, and allocation of certain corporate costs.
- *Sales and marketing expenses* primarily consist of compensation costs, including stock-based compensation to sales and marketing employees, advertising costs, product marketing costs, the cost of referral services provided by Drivers and Restaurants and incentives, refunds, and credits to end-users, and the allocation of certain corporate costs. The Company expenses advertising and other promotional expenditures as incurred. Advertising expenses totaled \$1.1 billion, \$1.3 billion and \$1.3 billion for the years ended December 31, 2017, 2018 and 2019, respectively. Incentives, refunds, and credits to end-users totaled \$949 million, \$1.4 billion, and \$2.5 billion for the years ended December 31, 2017, 2018 and 2019, respectively.
- *General and administrative expenses* primarily consist of compensation costs, including stock-based compensation, for executive management and administrative employees, including finance and accounting, human resources, policy and communications, and legal, as well as allocation of certain corporate costs, occupancy, and non-ride insurance costs. General and administrative expenses also include certain legal settlements.
- *Depreciation and amortization expenses* primarily consist of depreciation on buildings, site improvements, computer and network equipment, software, leasehold improvements, leased vehicles, furnitures, fixtures, dockless e-bikes, and amortization of intangible assets.

Foreign Currency

The functional currency of the Company's foreign subsidiaries is the local currency or U.S. dollar depending on the nature of the subsidiaries' activities. Monetary assets and liabilities, and transactions denominated in currencies other than the functional currency are remeasured to the functional currency at the exchange rate in effect at the end of the period and are recorded in the current period consolidated statement of operations. Gains and losses resulting from remeasurement are recorded in foreign exchange gains (losses), net within other income (expense), net in the consolidated statement of operations. Subsidiary assets and liabilities with non-U.S. dollar functional currencies are translated at the month-end rate, retained earnings and other equity items are translated at historical rates, and revenues and expenses are translated at average exchange rates during the year. Cumulative translation adjustments are recorded within accumulated other comprehensive income (loss), a separate component of total equity (deficit).

Net Income (Loss) Per Share Attributable to Common Stockholders

The Company computes net income (loss) per share using the two-class method required for participating securities. The two-class method requires income available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

The Company's redeemable convertible preferred stock, restricted common stock, and common stock issued upon early exercise of stock options are participating securities. The Company considers restricted common stock and any shares issued upon early exercise of stock options, subject to repurchase, to be participating securities because holders of such shares have non-forfeitable dividend rights in the event a cash dividend is declared on common stock.

The holders of the redeemable convertible preferred stock would be entitled to dividends in preference to common shareholders, at specified rates, if declared. Then any remaining earnings would be distributed to the holders of common stock, restricted common stock, common stock issued upon early exercise of stock options, and the holders of the redeemable convertible preferred stock on a pro-rata basis assuming conversion of all redeemable convertible preferred stock into common stock. These participating securities do not contractually require the holders of such shares to participate in the Company's losses. As such, net losses for the periods presented were not allocated to the Company's participating securities.

Insurance Reserves

The Company uses a combination of third-party insurance and self-insurance mechanisms, including a wholly-owned captive insurance subsidiary, to provide for the potential liabilities for certain risks, including auto liability, uninsured and underinsured motorist, auto physical damage, general liability, and workers' compensation. The insurance reserves is the liability for unpaid losses and loss adjustment expenses, which represents the estimate of the ultimate unpaid obligation for risks retained by the Company and includes an amount for case reserves related to reported claims and an amount for losses related to events incurred but not reported as of the balance sheet date. The estimate of the ultimate obligation utilizes generally accepted actuarial methods applied to historical claim and loss experience. In addition, the Company uses assumptions based on actuarial judgment with consideration toward relevant industry claim and loss development patterns, frequency trends, and severity trends. These reserves are continually reviewed and adjusted as experience develops and new information becomes known. Adjustments, if any, relating to accidents that occurred in prior years are reflected in the current year results of operations. Reserve amounts estimated to be settled within one year are recorded in short-term insurance reserves, with longer term settlements recorded in long-term insurance reserves on the consolidated balance sheets.

While management believes that the insurance reserve amount is adequate, the ultimate liability may be in excess of, or less than, the amount provided. All estimates of ultimate losses and allocated loss adjustment expenses, and of resulting reserves, are subject to inherent variability caused by the nature of the insurance claim settlement process. Such variability is increased for the Company due to limited historical experience and the nature of the coverage provided. Actual results depend upon the outcome of future contingent events and can be affected by many factors, such as claims settlement processes and changes in the economic, legal, and social environments. As a result, the net amounts that will ultimately be paid to settle the liability and when these amounts will be paid may vary from the estimate provided on the consolidated balance sheets.

Loss Contingencies

The Company is involved in legal proceedings, claims, and regulatory, indirect tax examinations or government inquiries and investigations that may arise in the ordinary course of business. Certain of these matters include speculative claims for substantial or indeterminate amounts of damages. The Company records a liability when the Company believes that it is both probable that a loss has been incurred and the amount can be reasonably estimated. If the Company determines that a loss is reasonably possible and the loss or range of loss can be estimated, the Company discloses the possible loss in the consolidated financial statements.

The Company reviews the developments in contingencies that could affect the amount of the provisions that have been previously recorded, and the matters and related reasonably possible losses disclosed. The Company makes adjustments to provisions and changes to disclosures accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. Significant judgment is required to determine both the probability and the estimated amount of loss.

The outcome of litigation, indirect tax examinations and investigations are inherently uncertain. Therefore, if one or more of these matters were resolved against the Company for amounts in excess of management's expectations, the Company's results of operations and financial condition, including in a particular reporting period in which any such outcome becomes probable and estimable, could be materially adversely affected.

The Company recognizes estimated losses from contingencies that relate to proceedings in which Drivers are the plaintiffs, or proceedings and regulatory penalties against Drivers for which the Company elects to either pay on behalf of or reimburse Drivers, as a reduction of revenue in the consolidated statements of operations. All other estimated losses from contingencies are recognized in general and administrative expenses.

Legal fees and other costs associated with such actions are expensed as incurred.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements.

Upon adoption of the new leasing standard on January 1, 2019, the Company recognized ROU assets of \$888 million and lease liabilities of \$963 million. The Company reassessed the build-to-suit leases that no longer meet the control-based build-to-suit model and derecognized \$392 million in build-to-suit assets, \$350 million corresponding financing obligation, and recorded \$9 million of deferred tax liability. The initial cash contribution to the Mission Bay 3 & 4 joint venture that was previously reported as a defeasance of a build-to-suit financing obligation of \$58 million was derecognized by reclassifying it as an increase to the Mission Bay 3 & 4 equity method investment. Refer to Note 4 - Equity Method Investments for further information. The \$9 million difference between the total derecognized assets and total derecognized liabilities was recorded in the opening balance of accumulated deficit, net of tax, as of January 1, 2019.

In July 2017, the FASB issued ASU 2017-11, "Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception" to simplify the accounting for certain instruments with down round features. The amendments require companies to disregard the down round feature when assessing whether the instrument is indexed to its own stock, for purposes of determining liability or equity classification. Further, companies that provide earnings per share ("EPS") data will adjust the basic EPS calculation for the effect of the feature when triggered and will also recognize the effect of the trigger within equity. The Company adopted this new standard as of January 1, 2019 and applied the changes retrospectively. The adoption of the new standard did not have a material impact on the Company's consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, "Improvements to Non-Employee Share-Based Payment Accounting," which expands the scope of Topic 718, to include share-based payments issued to non-employees for goods or services. The new standard supersedes Subtopic 505-50. The Company adopted the new standard effective January 1, 2019 on a modified retrospective basis. The new standard did not have a material impact on the Company's consolidated financial statements.

In November 2018, the FASB issued ASU 2018-18, “Collaborative arrangements: Clarifying the interaction between Topic 808 and Topic 606” to clarify the interaction between the accounting guidance for collaborative arrangements and revenue from contracts with customers. The Company early adopted this guidance effective July 1, 2019 on a retrospective basis and only applied it to contracts that were incomplete as of the adoption date. The new standard did not have a material impact on the Company’s consolidated financial statements for the current or previous reported periods herein.

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” to require the measurement of expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance also amends the impairment model for available for sale debt securities and requires entities to determine whether all or a portion of the unrealized loss on such debt security is a credit loss. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Company will adopt the new standard on January 1, 2020. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements, however, it does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement,” which modifies the disclosure requirements in ASC 820, “Fair Value Measurement” (“ASC 820”). The new standard is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. An entity is permitted to early adopt any removed or modified disclosures upon issuance of this ASU and delay adoption of the additional disclosures until their effective date. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, “Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract,” which aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use-software. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Company will adopt the new standard on January 1, 2020 and apply the changes prospectively. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements, however, it does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In October 2018, the FASB issued ASU 2018-17, “Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities,” which amends the guidance for determining whether a decision-making fee is a variable interest and requires organizations to consider indirect interests held through related parties under common control on a proportional basis rather than as the equivalent of a direct interest in its entirety. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, “Simplifying the Accounting for Income Taxes” to remove specific exceptions to the general principles in Topic 740 and to simplify accounting for income taxes. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, “Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815,” which clarifies the interaction of the accounting for equity investments under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements.

Note 2 - Revenue

The following tables present the Company's revenues disaggregated by offering and geographical region. Revenue by geographical region is based on where the trip or shipment was completed or meal delivered. This level of disaggregation takes into consideration how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. Revenue is presented in the following tables for the years ended December 31, 2017, 2018 and 2019, respectively (in millions):

	Year Ended December 31,		
	2017	2018	2019
Rides revenue	\$ 6,888	\$ 9,182	\$ 10,612
Vehicle Solutions revenue ⁽¹⁾	345	143	21
Other revenue	45	112	112
Total Rides revenue	7,278	9,437	10,745
Eats revenue.....	587	1,460	2,510
Freight revenue	67	356	731
Other Bets revenue ⁽¹⁾	—	17	119
ATG and Other Technology Programs collaboration revenue ⁽²⁾	—	—	42
Total revenue	\$ 7,932	\$ 11,270	\$ 14,147

⁽¹⁾ The Company accounts for Vehicle Solutions and New Mobility revenue as an operating lease as defined under ASC 840 for 2018 and ASC 842 in 2019. Total revenue recognized under ASC 840 and ASC 842 for the years ended December 31, 2017, 2018 and 2019 was \$345 million, \$151 million, and \$88 million, respectively.

⁽²⁾ Refer to Note 17 - Non-Controlling Interests for further information on collaboration revenue.

	Year Ended December 31,		
	2017	2018	2019
United States and Canada	\$ 4,367	\$ 6,521	\$ 8,805
Latin America ("LATAM")	1,645	2,002	1,947
Europe, Middle East and Africa ("EMEA")	1,157	1,721	2,148
Asia Pacific ("APAC") ⁽¹⁾	763	1,026	1,247
Total revenue	\$ 7,932	\$ 11,270	\$ 14,147

⁽¹⁾ Excluding China and, as of May 2018, also excludes Southeast Asia.

Revenue from Contracts with Customers

Rides Revenue

The Company derives revenue primarily from fees paid by Rides Drivers for the use of the Company's platform(s) and related service to facilitate and complete ridesharing services.

Other Revenue

Other revenue consists primarily of revenue from the Company's U4B, financial partnerships products and other immaterial revenue streams.

Eats Revenue

The Company derives revenue for Eats from Restaurants' and Delivery People's use of the Eats platform and related service to facilitate and complete Eats transactions.

Freight Revenue

Freight revenue consists primarily of revenue from freight transportation services provided to shippers.

Other Bets Revenue

Other Bets revenue consists primarily of revenue from New Mobility products, including dockless e-bikes, Platform Incubator group offerings and other immaterial revenue streams.

Contract Balances

The Company's contract assets for performance obligations satisfied prior to payment or contract liabilities for consideration collected prior to satisfying the performance obligations are not material in 2019.

Remaining Performance Obligations

As a result of a single contract entered into with a customer during 2018, the Company had \$87 million of consideration allocated to an unfulfilled performance obligation as of December 31, 2019. The Company recognized \$52 million in 2019 related to the contract.

The Company's remaining performance obligation is expected to be recognized as follows (in millions):

	<u>Less Than or Equal To 12 Months</u>	<u>Greater Than 12 Months</u>	<u>Total</u>
As of December 31, 2019	\$ 52	\$ 35	\$ 87

Note 3 - Investments and Fair Value Measurement

Investments

The Company's short-term investments and investments on the consolidated balance sheets consisted of the following as of December 31, 2018 and 2019 (in millions):

	<u>As of December 31,</u>	
	<u>2018</u>	<u>2019</u>
Classified as short-term investments:		
<i>Marketable debt securities</i> ⁽¹⁾ :		
Commercial paper.....	\$ —	\$ 148
U.S. government and agency securities	—	93
Corporate bonds	—	199
Short-term investments.....	<u>\$ —</u>	<u>\$ 440</u>
Classified as investments:		
<i>Non-marketable equity securities</i> :		
Didi ⁽²⁾	\$ 7,953	\$ 7,953
Other	32	204
<i>Non-marketable debt securities</i> :		
Grab ^{(3),(4)}	2,328	2,336
Other ⁽⁵⁾	42	34
Investments.....	<u>\$ 10,355</u>	<u>\$ 10,527</u>

(1) Excluding marketable debt securities classified as cash equivalents and restricted cash equivalents.

(2) On August 1, 2016, the Company completed the sale of the Company's interest in Uber China to Didi and received approximately 52 million shares of Didi's Series B-1 preferred stock as consideration valued at approximately \$6.0 billion at time of transaction.

(3) Refer to Note 19 - Divestitures for further information on the Company's investment in Grab Holdings, Inc. ("Grab").

(4) Recorded at fair value with changes in fair value recorded in other comprehensive income (loss), net of tax.

(5) Recorded at fair value with changes in fair value recorded in earnings due to the election of the fair value option of accounting for financial instruments.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis based on the three-tier fair value hierarchy (in millions):

	As of December 31, 2018				As of December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Money market funds.....	\$ 1,505	\$ —	\$ —	\$ 1,505	\$ 5,104	\$ —	\$ —	\$ 5,104
Commercial paper	—	—	—	—	—	233	—	233
U.S. government and agency securities	—	—	—	—	—	153	—	153
Corporate bonds	—	—	—	—	—	199	—	199
Non-marketable debt securities	—	—	2,370	2,370	—	—	2,370	2,370
Non-marketable equity securities	—	—	—	—	—	—	98	98
Total financial assets.....	<u>\$ 1,505</u>	<u>\$ —</u>	<u>\$ 2,370</u>	<u>\$ 3,875</u>	<u>\$ 5,104</u>	<u>\$ 585</u>	<u>\$ 2,468</u>	<u>\$ 8,157</u>
Financial Liabilities								
Other.....	\$ —	\$ —	\$ 9	\$ 9	\$ —	\$ —	\$ —	\$ —
Warrants	—	—	52	52	—	—	—	—
Embedded derivatives	—	—	2,018	2,018	—	—	—	—
Total financial liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,079</u>	<u>\$ 2,079</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The Company did not make any transfers between the levels of the fair value hierarchy during the years ended December 31, 2018 and 2019.

The following table summarizes the amortized cost and fair value of the Company's marketable and non-marketable debt securities with a stated contractual maturity or redemption date (in millions):

	As of December 31, 2019	
	Amortized Cost	Fair Value
Within one year.....	\$ 408	\$ 408
One year through five years.....	2,456	2,513
Total	<u>\$ 2,864</u>	<u>\$ 2,921</u>

The following table summarizes the amortized cost, unrealized gains and losses, and fair value of the Company's marketable and non-marketable debt securities at fair value on a recurring basis as of December 31, 2019 (in millions):

	As of December 31, 2018				As of December 31, 2019			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Commercial paper	—	—	—	—	233	—	—	233
U.S. government and agency securities.....	—	—	—	—	153	—	—	153
Corporate bonds	—	—	—	—	199	—	—	199
Non-marketable debt securities.....	2,305	65	—	2,370	2,309	61	—	2,370
Total	<u>\$ 2,305</u>	<u>\$ 65</u>	<u>\$ —</u>	<u>\$ 2,370</u>	<u>\$ 2,894</u>	<u>\$ 61</u>	<u>\$ —</u>	<u>\$ 2,955</u>

The Company measures its cash equivalents, certain investments, warrants, and derivative financial instruments at fair value. Level 1 instrument valuations are based on quoted market prices of the identical underlying security. Level 2 instrument valuations are obtained from readily available pricing sources for comparable instruments, identical instruments in less active markets, or models using market observable inputs. Level 3 instrument valuations are valued based on unobservable inputs and other estimation techniques due to the absence of quoted market prices, inherent lack of liquidity and the long-term nature of such financial instruments.

The Company's Level 3 non-marketable debt securities as of December 31, 2018 and 2019 primarily consist of redeemable preferred stock investments in privately held companies without readily determinable fair values.

The Company uses a third-party valuation specialist to assist management in its determination of the fair value of its Level 3 debt securities. The fair value of these debt securities is based on valuation techniques appropriate for the nature of such investments and the information available about the investees' valuation.

Depending on the investee's financing activity in a reporting period, management's estimate of fair value may be primarily derived from the investee's financing transactions, such as the issuance of preferred stock to new investors. The price in these transactions generally provides the best indication of the enterprise value of the investee. Additionally, based on the timing, volume, and other characteristics of the transaction, the Company may supplement this information by using other valuation techniques, including the guideline public company approach.

The guideline public company approach relies on publicly available market data of comparable companies and uses comparative valuation multiples of the investee's revenue (actual and forecasted), and therefore, unobservable data used in this valuation technique primarily consists of short-term revenue projections.

Once the fair value of the investee is estimated, an option-pricing model ("OPM") is employed to allocate value to various classes of securities of the investee, including the class owned by the Company. The model involves making assumptions around the investees' expected time to liquidity and volatility.

An increase or decrease in any of the unobservable inputs in isolation, such as the security price in a significant financing transaction of the investee, could result in a material increase or decrease in the Company's estimate of fair value. Other unobservable inputs, including short-term revenue projections, time to liquidity, and volatility are less sensitive to the valuation in the respective reporting periods, as a result of the primary weighting on the investee's financing transactions during 2018 and 2019. In the future, depending on the weight of evidence and valuation approaches used, these or other inputs may have a more significant impact on the Company's estimate of fair value.

The following table summarizes information about the significant unobservable inputs used in the fair value measurement for the Company's Grab investment as of December 31, 2018 and 2019:

<u>Fair value method</u>	<u>Relative weighting</u>	<u>Key unobservable input</u>	
Financing transactions	100%	Transaction price per share	\$ 6.16
		Volatility	48% - 54%
		Estimated time to liquidity	1.0 - 2.5 years

The Company determines realized gains or losses on the sale of equity and debt securities on a specific identification method. The Company did not recognize any other-than-temporary impairment losses during years ended December 31, 2018 and 2019.

The following table presents a reconciliation of the Company's financial assets measured and recorded at fair value on a recurring basis as of December 31, 2019, using significant unobservable inputs (Level 3) (in millions):

	<u>Non-marketable Debt Securities</u>	<u>Non-marketable Equity Securities</u>
Balance as of December 31, 2018	\$ 2,370	\$ —
Total net gains (losses)		
Included in earnings	(8)	11
Included in other comprehensive income (loss)	4	—
Purchases ⁽¹⁾	4	56
Transfers ⁽²⁾	—	31
Balance as of December 31, 2019	<u>\$ 2,370</u>	<u>\$ 98</u>

(1) Purchases of non-marketable equity security include warrants to purchase shares of a private company that vest as certain performance criteria are met during the period.

(2) Transfers include a non-marketable equity security that was previously measured at fair value on a non-recurring basis as of December 31, 2018 for which the Company elected to apply the fair value option during the year ended December 31, 2019. Management's key inputs and assumptions used to determine an estimate of fair value for this investment is based on an option-pricing model and price of the underlying security in recent financing transactions.

The following table presents a rollforward of the Company’s financial liabilities measured at fair value as of December 31, 2018 and 2019 using significant unobservable inputs (Level 3), and the change in fair value recorded in other income (expense), net in the consolidated statements of operations (in millions):

	<u>Warrants</u>	<u>Convertible Debt Embedded Derivative</u>
Balance as of December 31, 2017	\$ 125	\$ 1,517
Vesting of share warrants	41	—
Exercise of vested share warrants	(2)	—
forfeiture of unvested share warrants.....	(120)	—
Change in fair value.....	8	501
Balance as of December 31, 2018	<u>\$ 52</u>	<u>\$ 2,018</u>
Vesting of share warrants	1	—
Exercise of vested share warrants	(53)	—
Change in fair value.....	—	(58)
Settlement of derivative liability.....	—	(1,960)
Balance as of December 31, 2019	<u>\$ —</u>	<u>\$ —</u>

Convertible Debt Embedded Derivative

Convertible debt embedded derivatives originated from the issuance of the 2021 convertible notes and 2022 convertible notes (collectively the “Convertible Notes”) during 2015. Refer to Note 8 - Long-Term Debt and Revolving Credit Arrangements for further information. The fair value of the embedded derivatives was computed as the difference between the estimated value of the Convertible Notes with and without the Qualified Initial Public Offering (“QIPO”) Conversion Option (“QIPO Conversion Option”). The fair value of the Convertible Notes with and without the QIPO Conversion Option was estimated utilizing a discounted cash flow model to discount the expected payoffs at various potential QIPO dates to the valuation date. The key inputs to the valuation model included the probability of a QIPO occurring at various times, which was estimated to be 100% cumulatively by 2019 and a discount yield that was derived by the credit spread based on the average of the option-adjusted spreads of comparable instruments plus risk-free rates (average of 8.3% and 6.5% for the Convertible Notes as of December 31, 2018 and 2019, respectively). Fair value measurements are highly sensitive to changes in these inputs; significant changes in these inputs would result in a significantly higher or lower fair value. No value was attributed to other embedded features as they are triggered by events with a remote probability of occurrence. Upon closing of the IPO, holders of the 2021 Convertible Notes and the 2022 Convertible Notes elected to convert all outstanding notes into 94 million shares of common stock. Refer to Note 1 - Description of Business and Summary of Significant Accounting Policies for further information.

Warrant Liabilities

In February 2016, the Company issued two warrants to an investor advisor to purchase up to 205,034 shares and 820,138 shares of the Company’s Series G redeemable convertible preferred stock at an exercise price of \$0.01 per share in exchange for advisory services. The warrants were liability-classified due to the contingent redemption features in the underlying preferred stock and were subject to fair value remeasurement each reporting period. The vested warrants were exercised during the first quarter of 2019, and the Company reclassified \$45 million, which represents the fair value of the exercised warrants on the exercise date, to Series G redeemable convertible preferred stock. Upon closing of the IPO, the Series G redeemable convertible preferred stock were automatically converted to shares of common stock.

In connection with the sale of Uber China to Didi in August 2016, the Company committed to issue to Didi a warrant for 4 million shares of Series G redeemable convertible preferred stock at an exercise price of \$0.00001 per share (the “contingent warrant”), subject to the closing of Didi’s investment. The contingent warrant was subsequently issued to Didi in February 2017 upon the closing of Didi’s investment. The vesting of the contingent warrant was subject to certain restrictions on Didi, including a restriction on certain investments outside of Asia in an aggregate amount in excess of certain U.S dollar threshold (the “Significant Investment Amount”) for a period of six years (a four-year initial term plus two automatic one year extensions). The warrant was to vest on a monthly basis over a four-year period from the issuance date, provided Didi has not exceeded the Significant Investment Amount. Didi exercised all its vested warrants in 2017 and the fair value of the exercised and vested shares of \$37 million was included in preferred stock as of December 31, 2017. On February 5, 2018, the Company was notified by Didi that Didi closed on an investment outside of Asia in an

aggregate amount in excess of the Significant Investment Amount on January 26, 2018. Accordingly, the unvested shares related to the contingent warrant were forfeited in January 2018, and the vested and exercised shares were repurchased in May 2018 for an immaterial amount. As a result of the forfeitures and repurchases, the Company recognized a gain totaling \$152 million in other income (expense), net in the consolidated statements of operations during the year ended December 31, 2018.

Assets Measured at Fair Value on a Non-Recurring Basis

The Company's non-financial assets, such as goodwill, intangible assets and property and equipment are adjusted to fair value when an impairment charge is recognized. Such fair value measurements are based predominately on Level 3 inputs.

Non-Marketable Equity Securities

The Company's non-marketable equity securities are investments in privately held companies without readily determinable fair values and primarily relate to its investments in Didi and an initial \$50 million investment made in October 2019 in Cornershop. Refer to Note 1 - Description of Business and Summary of Significant Accounting Policies for further information on the Company's investment in Cornershop. On January 1, 2018, the Company adopted ASU 2016-01, in which the carrying value of its non-marketable equity securities are adjusted based on price changes from observable transactions of identical or similar securities of the same issuer or for impairment (referred to as the measurement alternative). Any changes in carrying value is recorded within other income (expense), net in the consolidated statements of operations. Non-marketable equity securities are classified within Level 3 in the fair value hierarchy because the Company estimates the fair value of these securities based on valuation methods, including the common stock equivalent method, using the transaction price of similar securities issued by the investee adjusted for contractual rights and obligations of the securities it holds.

The following is a summary of unrealized gains and losses from remeasurement (referred to as upward or downward adjustments) recorded in other income (expense), net in the consolidated statements of operations, and included as adjustments to the carrying value of non-marketable equity securities held as of December 31, 2018 and 2019 based on the observable price in an orderly transaction for the same or similar security of the same issuers (in millions):

	<u>Year Ended December 31,</u>	
	<u>2018</u>	<u>2019</u>
Upward adjustments	\$ 1,984	\$ —
Downward adjustments (including impairment).....	—	—
Total unrealized gain for non-marketable equity securities	<u>\$ 1,984</u>	<u>\$ —</u>

There was a remeasurement event for Didi security during 2019; however, based on the selling price of newly issued shares of similar preferred stock to new investors using the common stock equivalent valuation method and adjusted for any applicable differences in conversion rights, management concluded that no adjustment was warranted.

The Company did not record any realized gains or losses for the Company's non-marketable equity securities measured at fair value on a non-recurring basis as of December 31, 2018 and 2019.

The following table summarizes the total carrying value of the Company's non-marketable equity securities measured at fair value on a non-recurring basis held as of December 31, 2018 and 2019 including cumulative unrealized upward and downward adjustments made to the initial cost basis of the securities (in millions):

	<u>As of December 31,</u>	
	<u>2018</u>	<u>2019</u>
Initial cost basis	\$ 6,001	\$ 6,075
Upward adjustments	1,984	1,984
Downward adjustments (including impairment).....	—	—
Total carrying value at the end of the period	<u>\$ 7,985</u>	<u>\$ 8,059</u>

Note 4 - Equity Method Investments

The carrying value of the Company’s equity method investments as of December 31, 2018 and 2019 were as follows (in millions):

	<u>As of December 31,</u>	
	<u>2018</u>	<u>2019</u>
MLU B.V. ⁽¹⁾	\$ 1,234	\$ 1,224
Mission Bay 3 & 4 ⁽²⁾	78	140
Equity method investments.....	<u>\$ 1,312</u>	<u>\$ 1,364</u>

⁽¹⁾ Refer to Note 19 - Divestitures for further information.

⁽²⁾ Refer to Note 16 - Variable Interest Entities (“VIEs”) for further information.

MLU B.V. and Uber Russia/CIS Operations

During the first quarter of 2018, the Company closed a transaction that contributed the net assets of its Uber Russia/CIS operations into a newly formed private limited liability company (“MLU B.V.” or “Yandex.Taxi joint venture”), with Yandex and the Company holding ownership interests in MLU B.V. In exchange for consideration contributed, the Company received a seat on MLU B.V.’s board and a 38% equity ownership interest consisting of common stock in MLU B.V. Certain contingent equity issuances of MLU B.V. may dilute the Company’s equity ownership interest to approximately 35%. The investment was determined to be an equity method investment due to the Company’s ability to exercise significant influence over MLU B.V. The initial fair value of the Company’s equity method investment in MLU B.V. was estimated using discounted cash flows of MLU B.V. The equity ownership interest in MLU B.V. was 38% as of December 31, 2018 and 2019.

Included in the carrying value of MLU B.V. is the basis difference, net of amortization, between the original cost of the investment and the Company’s proportionate share of the net assets of MLU B.V. The carrying value of the equity method investment is primarily adjusted for the Company’s share in the income or losses of MLU B.V. and amortization of basis differences. Equity method goodwill and intangible assets, net of accumulated amortization are also adjusted for currency translation adjustments representing fluctuations between the functional currency of the investee, the Ruble and the U.S. Dollar.

The table below provides the composition of the basis difference as of December 31, 2019 (in millions):

	<u>As of December 31, 2019</u>
Equity method goodwill.....	\$ 801
Intangible assets, net of accumulated amortization.....	118
Deferred tax liabilities	(30)
Cumulative currency translation adjustments	(93)
Basis difference.....	<u>\$ 796</u>

The Company amortizes the basis difference related to the intangible assets over the estimated useful lives of the assets that gave rise to the difference using the straight-line method. The weighted-average life of the intangible asset is approximately 5.7 years and 4.8 years as of December 31, 2018 and 2019, respectively. Equity method goodwill is not amortized. The investment balance is reviewed for impairment whenever factors indicate that the carrying value of the equity method investment may not be recoverable. As of December 31, 2018 and 2019, the Company determined that there was no impairment of its investment in MLU B.V.

Mission Bay 3 & 4

The Mission Bay 3 & 4 JV refers to Event Center Office Partners, LLC (“ECOP”), a joint venture entity established in March 2018, by Uber and two companies (“LLC Partners”) to manage the construction and operation of two office buildings owned by two ECOP wholly-owned subsidiaries. The Company contributed \$136 million cash in exchange for a 45% interest in ECOP. The two LLC Partners own 45% and 10%, respectively. As of December 31, 2018, the amount of contributed cash was recorded as an equity method investment of \$78 million and \$58 million was recorded as a

defeasance of the financing liability. The financing liability was recorded in accordance with build-to-suit accounting guidance under ASC 840 to reflect the construction costs that the LLC Partners paid on Uber's behalf. Upon the adoption of ASC 842 on January 1, 2019, the Company derecognized building asset and financing obligation liability balances associated with the construction projects as these were not build-to-suit leases under ASC 842 and reclassified the initial cash contribution of \$58 million to equity method investment. As of December 31, 2019, the equity method investment for Mission Bay 3& 4 was \$138 million. The equity ownership interest in ECOP was 45% as of December 31, 2018 and 2019.

Uber has significant influence over ECOP and accounts for its investment in ECOP under the equity method. Once construction is complete, at each reporting period and a quarter in arrears, the Company will adjust the carrying value of its investment to reflect its proportionate share of ECOP's income or loss, and any impairments, with a corresponding credit or debit, respectively, to income or loss from equity method investment, net of tax in the consolidated statements of operations. In 2018, no equity earnings were recognized since the sole activity of the ECOP consisted of construction of the assets and costs incurred are capitalized. During 2019, the construction was completed and leasing activities commenced, and an immaterial amount of equity earnings was recognized during the year ended December 31, 2019. As of December 31, 2018 and 2019, the Company determined that there was no impairment of its investment in ECOP.

Note 5 - Property and Equipment, Net

The components of property and equipment, net as of December 31, 2018 and 2019 were as follows (in millions):

	As of December 31,	
	2018	2019
Land.....	\$ 67	\$ 76
Building and site improvements	93	40
Leasehold improvements	315	382
Computer equipment	858	927
Leased computer equipment	288	539
Leased vehicles	34	24
Internal-use software	51	127
Furniture and fixtures	39	49
Dockless e-bikes	10	78
Construction in progress	832	863
Total	<u>2,587</u>	<u>3,105</u>
Less: Accumulated depreciation and amortization	(946)	(1,374)
Property and equipment, net.....	<u>\$ 1,641</u>	<u>\$ 1,731</u>

The Company capitalized \$14 million and \$76 million in internal-use software costs during the years ended December 31, 2018 and 2019, respectively, which is included in property and equipment, net on the consolidated balance sheets. Amortization of capitalized software development costs was \$14 million, \$12 million, and \$22 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Amounts in construction in progress represent buildings, leasehold improvements, assets under construction, and other assets not placed in service, and build-to-suit leases prior to the adoption of ASC 842 on January 1, 2019. Upon adoption of ASC 842, the Company derecognized build-to-suit assets from construction in progress. Refer to Note 1 - Description of Business and Summary of Significant Accounting Policies for further information.

Depreciation expense relating to property and equipment was \$490 million, \$399 million, and \$433 million for the years ended December 31, 2017, 2018 and 2019, respectively. Included in these amounts were depreciation expense for leased computer equipment in the amount of \$26 million, \$75 million, and \$146 million for the years ended December 31, 2017, 2018 and 2019, respectively. Accumulated depreciation and amortization included \$101 million and \$247 million of leased computer equipment depreciation as of December 31, 2018 and 2019, respectively.

In October 2017, the Company sold real estate in the United States resulting in net sales proceeds of \$175 million, inclusive of a loss on sale of \$79 million.

Note 6 - Leases

The components of lease expense were as follows (in millions):

	Year Ended December 31, 2019
Lease cost	
Finance lease cost:	
Amortization of assets	\$ 150
Interest of lease liabilities	15
Operating lease cost	321
Short-term lease cost	28
Variable lease cost	100
Sublease income	(2)
Total lease cost	<u>\$ 612</u>

Supplemental cash flow information related to leases was as follows (in millions):

	Year Ended December 31, 2019
Other information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from financing leases	\$ 12
Operating cash flows from operating leases	275
Financing cash flows from financing leases	138
Right-of-use assets obtained in exchange for lease obligations:	
Operating lease liabilities	\$ 918
Finance lease liabilities	251

Supplemental balance sheet information related to leases was as follows (in millions, except lease term and discount rate):

	As of December 31, 2019
Operating Leases	
Operating lease right-of-use assets	<u>\$ 1,594</u>
Operating lease liability, current	196
Operating lease liabilities, non-current	1,523
Total operating lease liabilities	<u>\$ 1,719</u>
	As of December 31, 2019
Finance Leases	
Property and equipment, at cost	\$ 539
Accumulated depreciation	(247)
Property and equipment, net	<u>\$ 292</u>
Other current liabilities	\$ 165
Other long-term liabilities	143
Total finance leases liabilities	<u>\$ 308</u>

	As of December 31, 2019
Weighted-average remaining lease term	
Operating leases	16 years
Finance leases.....	2 years
Weighted-average discount rate	
Operating leases	7.1%
Finance leases.....	5.0%

Maturities of lease liabilities were as follows (in millions):

	As of December 31, 2019	
	Operating Leases	Finance Leases
2020	216	176
2021	248	115
2022	283	32
2023	244	—
2024	201	—
Thereafter.....	2,195	—
Total undiscounted lease payments	3,387	323
Less: imputed interest	(1,668)	(15)
Total lease liabilities	<u>\$ 1,719</u>	<u>\$ 308</u>

As of December 31, 2019, the Company had additional operating leases and finance leases, primarily for corporate offices and servers, that have not yet commenced of \$405 million and \$23 million, respectively. These operating and finance leases will commence between fiscal year 2020 and fiscal year 2022 with lease terms of 1 year to 11 years.

Supplemental Information for Comparative Periods

Prior to the adoption of ASC 842, future minimum payments for noncancellable operating leases as of December 31, 2018 were as follows (in millions):

	Operating Leases
2019	\$ 263
2020	257
2021	224
2022	193
2023	163
Thereafter.....	1,928
Total.....	<u>\$ 3,028</u>

Office and data center rent expense was \$194 million and \$221 million for the years ended December 31, 2017 and 2018, respectively.

Mission Bay 1 & 2

In 2015, the Company entered into a joint venture (“JV”) agreement with a real estate developer (“JV Partner”) to develop land (“the Land”) in San Francisco to construct the Company’s new headquarters (the “Headquarters”). The Headquarters will consist of two adjacent office buildings totaling approximately 423,000 rentable square feet. In connection with the JV arrangement, the Company had acquired a 49% interest in the JV, the principal asset of which was the Land.

In 2016, the Company and the JV Partner agreed to dissolve the JV and terminate the Company's commitment to the lease of the Headquarters (together "the real estate transaction") and the Company retained a 49% indirect interest in the Land ("Indirect Interest"). Under the terms of the real estate transaction, the Company obtained the rights and title to the partially constructed building, will complete the development of the two office buildings and retain a 100% ownership in the buildings. In connection with the real estate transaction, the Company also executed two 75-year land lease agreements ("Land Leases"). As of December 31, 2019, commitments under the Land Leases total \$164 million until February 2032. After 2032, the annual rent amount will adjust annually based on the prevailing consumer price index.

The real estate transaction is accounted for as a financing transaction of the Company's 49% Indirect Interest due to the Company's continuing involvement through a purchase option on the Indirect Interest. As a financing transaction, the cash and deferred sales proceeds received from the real estate transaction are recorded as a financing obligation. As of December 31, 2019, the Company's Indirect Interest of \$65 million is included in property and equipment, net and a corresponding financing obligation of \$78 million is included in other long-term liabilities. Future land lease payments of \$1.7 billion will be allocated 49% to the financing obligation of the Indirect Interest and 51% to the operating lease of land.

Future minimum payments related to the financing obligations as of December 31, 2019 are summarized below (in millions):

Fiscal Year Ending December 31,	Future Minimum Payments
2020	\$ 6
2021	6
2022	6
2023	6
2024	6
Thereafter.....	827
Total	<u>\$ 857</u>

Note 7 – Goodwill and Intangible Assets

Goodwill

In the third quarter of 2019, the Company determined it has five operating and reportable segments: Rides, Eats, Freight, Other Bets and ATG and Other Technology Programs. The change in operating and reportable segments resulted in a reallocation of goodwill to ATG and Other Technology Programs, as the goodwill was generated from previous acquisitions specifically supporting ATG operations. Refer to Note 14 - Segment Information and Geographic Information for further information.

The following table presents the changes in the carrying value of goodwill by segment for the years ended December 31, 2018 and 2019 (in millions):

	As Previously Reported		Rides	Eats	Freight	Other Bets	ATG and Other Technology Programs	Total Goodwill
	Core Platform	Other Bets						
Balance as of January 1, 2018	\$ 39	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 39
Acquisitions.....	14	100	—	—	—	—	—	114
Balance as of December 31, 2018	53	100	—	—	—	—	—	153
Reallocation due to change in segments.....	(53)	(100)	25	13	—	100	15	—
Acquisitions.....	—	—	—	—	—	—	14	14
Balance as of December 31, 2019	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 25</u>	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ 100</u>	<u>\$ 29</u>	<u>\$ 167</u>

The Company performed an annual test for goodwill impairment in the fourth quarter of the fiscal years ended December 31, 2018 and 2019 and determined that goodwill was not impaired.

Intangible Assets

The components of intangible assets, net as of December 31, 2018 and 2019 were as follows (in millions except years):

	<u>Gross Carrying Value</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>	<u>Weighted Average Remaining Useful Life - Years</u>
December 31, 2018				
Developed technology ⁽¹⁾	\$ 90	\$ (20)	\$ 70	4
Patents.....	15	(3)	12	9
Other	3	(3)	—	—
Intangible assets	<u>\$ 108</u>	<u>\$ (26)</u>	<u>\$ 82</u>	

	<u>Gross Carrying Value</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>	<u>Weighted Average Remaining Useful Life - Years</u>
December 31, 2019				
Developed technology ⁽¹⁾	\$ 94	\$ (35)	\$ 59	3
Patents.....	16	(4)	12	8
Other	3	(3)	—	—
Intangible assets	<u>\$ 113</u>	<u>\$ (42)</u>	<u>\$ 71</u>	

⁽¹⁾ Developed technology intangible assets include in-process research and development (“IPR&D”), which is not subject to amortization, of \$27 million and \$31 million as of December 31, 2018 and 2019, respectively.

There have been no impairment charges related to intangible assets recorded in any of the periods presented in the accompanying consolidated financial statements.

Amortization expense for intangible assets subject to amortization was \$7 million, \$15 million, and \$16 million for the years ended December 31, 2017, 2018 and 2019, respectively.

The estimated aggregate future amortization expense for intangible assets subject to amortization as of December 31, 2019 is summarized below (in millions):

Year Ending December 31,	<u>Estimated Future Amortization Expense</u>
2020	\$ 12
2021	10
2022	9
2023	4
2024	1
Thereafter.....	4
Total	<u>\$ 40</u>

Note 8 - Long-Term Debt and Revolving Credit Arrangements

Components of debt, including the associated effective interest rates were as follows (in millions, except for percentages):

	<u>As of December 31,</u>		<u>Effective Interest Rate</u>
	<u>2018</u>	<u>2019</u>	
2016 Senior Secured Term Loan	\$ 1,124	\$ 1,113	6.1%
2018 Senior Secured Term Loan	1,493	1,478	6.2%
2021 Convertible Notes	1,844	—	23.5%
2022 Convertible Notes	1,030	—	13.7%
2023 Senior Note	500	500	7.7%
2026 Senior Note	1,500	1,500	8.1%
2027 Senior Note	—	1,200	7.7%
Total debt	<u>7,491</u>	<u>5,791</u>	
Less: unamortized discount and issuance costs	(595)	(57)	
Less: current portion of long-term debt	(27)	(27)	
Total long-term debt.....	<u>\$ 6,869</u>	<u>\$ 5,707</u>	

2016 Senior Secured Term Loan

In July 2016, the Company entered into a secured term loan agreement with a syndicate of lenders to issue senior secured floating-rate term loans for a total of \$1.2 billion in proceeds, net of debt discount of \$23 million and debt issuance costs of \$13 million, with a maturity date of July 2023 (the “2016 Senior Secured Term Loan”).

On June 13, 2018, the Company entered into an amendment to the 2016 Senior Secured Term Loan agreement which increased the effective interest rate to 6.1% on the outstanding balance of the 2016 Senior Secured Term Loan as of the amendment date. The maturity date for the 2016 Senior Secured Term Loan remains July 13, 2023. The amendment qualified as a debt modification that did not result in an extinguishment except for an immaterial syndicated amount of the loan.

The 2016 Senior Secured Term Loan is guaranteed by certain material domestic restricted subsidiaries of the Company. The 2016 Senior Secured Term Loan agreement contains customary covenants restricting the Company and certain of its subsidiaries’ ability to incur debt, incur liens and undergo certain fundamental changes, as well as certain financial covenants specified in the contractual agreement. The Company was in compliance with all covenants as of December 31, 2019. The credit agreement also contains customary events of default. The loan is secured by certain intellectual property of the Company and equity of certain material foreign subsidiaries. The 2016 Senior Secured Term Loan also contains restrictions on the payment of dividends.

2018 Senior Secured Term Loan

In April 2018, the Company entered into a secured term loan agreement with a syndicate of lenders to issue secured floating-rate term loans totaling \$1.5 billion in proceeds, net of debt discount of \$8 million and debt issuance costs of \$15 million, with a maturity date of April 2025 (the “2018 Senior Secured Term Loan”). The 2018 Senior Secured Term Loan was issued on a pari passu basis with the existing 2016 Senior Secured Term Loan. The debt discount and debt issuance costs are amortized to interest expense at an effective interest rate of 6.2%. The 2018 Senior Secured Term Loan is guaranteed by certain material domestic restricted subsidiaries of the Company. The 2018 Senior Secured Term Loan agreement contains customary covenants restricting the Company and certain of its subsidiaries’ ability to incur debt, incur liens and undergo certain fundamental changes, as well as certain financial covenants specified in the contractual agreement. The Company was in compliance with all covenants as of December 31, 2019. The credit agreement also contains customary events of default. The loan is secured by certain intellectual property of the Company and equity of certain material foreign subsidiaries.

The fair values of the Company’s 2016 Senior Secured Term Loan and 2018 Senior Secured Term Loan were \$1.1 billion and \$1.5 billion, respectively, as of December 31, 2019 and were determined based on quoted prices in markets that are not active, which is considered a Level 2 valuation input.

2021 and 2022 Convertible Notes

During 2015, the Company issued convertible notes at par for a total of \$1.7 billion in proceeds, net of \$1 million in debt issuance costs, with an initial maturity date of January 2021 (the “2021 Convertible Notes”) and convertible notes at par for a total of \$949 million in proceeds, net of \$0.1 million in debt issuance costs with an initial maturity date of June 2022 (the “2022 Convertible Notes” collectively, the “2021 and 2022 Convertible Notes”). The 2021 Convertible Notes contained various extension options triggered by the events defined in the note agreement and allowed the maturity date to be extended up to 2030. For the 2022 Convertible Notes, the Company had the option to elect to extend the maturity date by one year if a material financial market disruption (as defined in the note agreement) existed at initial maturity.

The interest rate for the 2021 Convertible Notes was 2.5% per annum, payable semi-annually in arrears. During the first four years from the issuance date, at the election of the holders, interest was to be paid in cash or by increasing the principal amount of the 2021 Convertible Notes by payment in kind (“PIK interest”). The holders had elected to receive PIK interest during the first four years. The interest rate increased to 12.5% during the last 2 years of the initial term of the 2021 Convertible Notes and was to be paid in cash at the election of the Company. The interest rate during the maturity extension period varied from 3.5% to 12.5% depending on the type of extension option elected.

The interest rate for the 2022 Convertible Notes was 2.5% per annum, compounded semi-annually and payable in PIK interest. If no conversion or settlement event was triggered prior to the 2022 Convertible Notes’ maturity, the 2022 Convertible Notes were to be redeemed at an 8.0% internal rate of return (“IRR”) either immediately or over a 3-year period, at the Company’s election. The 8.0% IRR payout at maturity was incorporated into the effective interest rate calculation.

On May 14, 2019, the Company closed its IPO and the holders of 2021 and 2022 Convertible Notes elected to convert the outstanding notes into common stock. Refer to Note 1 - Description of Business and Summary of Significant Accounting Policies for further information. The 2021 and 2022 Convertible Notes also contained other embedded features, such as conversion options that were exercisable upon the occurrence of various contingencies. The conversion options for the 2021 Convertible Notes involved a discount to the conversion price, which ranged from 18.0% to 30.5% increasing with the passage of time. The conversion options for the 2022 Convertible Notes involved a discount to the conversion price, which ranged from 8.1% to 44.5% increasing with the passage of time. All of the embedded features were analyzed to determine whether they should be bifurcated and separately accounted for as a derivative. Pursuant to such analysis, the Company valued and bifurcated the QIPO Conversion Option, which enabled the holders to convert their 2021 and 2022 Convertible Notes to the shares offered in a QIPO at a predefined discount from the public offering price, and recorded its initial fair value of \$1.1 billion and \$312 million, respectively, as a discount on the 2021 and 2022 Convertible Notes face amount. The debt discount for the 2021 and 2022 Convertible Notes was amortized to interest expense at an effective interest rate of 23.5% and 13.7%, respectively. The Company was amortizing the discount over the period until the initial maturity date of the respective notes.

The fair value of the QIPO Conversion Option was determined in accordance with the methodology described in Note 3 - Investments and Fair Value Measurement, and the changes in fair value were recognized as a component of other income (expense), net in the consolidated statements of operations. The Company recorded \$89 million and \$434 million of expense for the years ended December 31, 2017 and 2018, respectively, and \$20 million of the income for the year ended December 31, 2019, related to the change in the fair value of the 2021 Convertible Notes embedded derivative liability, which was included in total other income (expense), net in the consolidated statements of operations. The Company recorded \$84 million and \$67 million of expense for the years ended December 31, 2017 and 2018, respectively, and \$38 million of income for the year ended December 31, 2019, related to the change in the fair value of the 2022 Convertible Notes embedded derivative liability, which was included in total other income (expense), net in the consolidated statements of operations. No value was attributed to other embedded features as they are triggered by events with a remote probability of occurrence. The agreements contained customary covenants that restricted the Company’s ability to, among other things, declare dividends or make certain distributions.

2023, 2026 and 2027 Senior Notes

In October 2018, the Company issued five-year notes with aggregate principal amount of \$500 million due on November 1, 2023 and eight-year notes with aggregate principal amount of \$1.5 billion due on November 1, 2026 (the “2023 and 2026 Senior Notes”) in a private placement offering totaling \$2.0 billion. The Company issued the 2023 and 2026 Senior Notes at par and paid approximately \$9 million for debt issuance costs. The interest is payable semi-annually on May 1 and November 1 of each year at 7.5% per annum and 8.0% per annum, respectively, beginning on May 1, 2019, and the entire principal amount is due at the time of maturity.

In September 2019, the Company issued eight-year notes with aggregate principal amount of \$1.2 billion due on September 15, 2027 (the “2027 Senior Notes”) in a private placement to qualified institutional buyers pursuant to Rule144A under the Securities Act. The Company issued the 2027 Senior Notes at par and paid approximately \$11 million for debt issuance costs. The interest is payable semi-annually in arrears on March 15 and September 15 of each year at 7.5% per annum, beginning on March 15, 2020, and the entire principal amount is due at the time of maturity.

The 2023, 2026 and 2027 Senior Notes are guaranteed by certain material domestic restricted subsidiaries of the Company. The indentures governing the 2023, 2026 and 2027 Senior Notes contain customary covenants restricting the Company and certain of its subsidiaries’ ability to incur debt and incur liens, as well as certain financial covenants specified in the contractual agreements. The Company was in compliance with all covenants as of December 31, 2019.

The fair values of the Company’s 2023, 2026 and 2027 Senior Notes were \$523 million, \$1.6 billion, and \$1.2 billion, respectively, as of December 31, 2019 and were determined based on quoted prices in markets that are not active, which is considered a Level 2 valuation input.

The future principal payments for the Company’s long-term debt as of December 31, 2019 is summarized as follows (in millions):

	<u>Future Minimum Payments</u>
Year Ending December 31,	
2020	\$ 27
2021	27
2022	27
2023	1,593
2024	15
Thereafter.....	4,102
Total	<u>\$ 5,791</u>

The following table presents the amount of interest expense recognized relating to the contractual interest coupon, amortization of the debt discount and issuance costs, and the IRR payout with respect to the Senior Secured Term Loan, the Convertible Notes, and the Senior Notes for the years ended December 31, 2017, 2018 and 2019 (in millions):

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractual interest coupon	\$ 127	\$ 231	\$ 439
Amortization of debt discount and issuance costs	244	318	82
8% IRR payout	52	61	26
Total interest expense from long-term debt	<u>\$ 423</u>	<u>\$ 610</u>	<u>\$ 547</u>

Revolving Credit Arrangements

The Company has a revolving credit agreement initially entered in 2015 with certain lenders, which provides for \$2.3 billion in credit maturing on June 13, 2023 (“Revolving Credit Facility”). In conjunction with the Company’s entry into the 2016 Senior Secured Term Loan, the revolving credit facility agreements were amended to include as collateral the same intellectual property of the Company and the same equity of certain material foreign subsidiaries that were pledged as collateral under the 2016 Senior Secured Term Loan. The credit facility may be guaranteed by certain material domestic restricted subsidiaries of the Company based on certain conditions. The credit agreement contains customary covenants restricting the Company and certain of its subsidiaries’ ability to incur debt, incur liens, and undergo certain fundamental changes, as well as certain financial covenants specified in the contractual agreement. The credit agreement also contains customary events of default. The Revolving Credit Facility also contains restrictions on the payment of dividends. As of December 31, 2019, there was no balance outstanding on the Revolving Credit Facility.

Letters of Credit

The Company’s insurance subsidiary maintains agreements for letters of credit to guarantee the performance of insurance related obligations that are collateralized by cash or investments of the subsidiary. For purposes of securing obligations related to leases and other contractual obligations, the Company also maintains an agreement for letters of credit, which is collateralized by the Company’s Revolving Credit Facility and reduces the amount of credit available. As

of December 31, 2018 and 2019, the Company had letters of credit outstanding of \$470 million and \$570 million, respectively, of which the letters of credit that reduced the available credit under the Revolving Credit Facility were \$166 million and \$213 million, respectively.

Note 9 - Assets and Liabilities Held for Sale

Lion City Rentals

During 2018, the Company started exploring strategic options for the sale of Lion City Rentals Pte. Ltd. (“LCR”), a wholly-owned vehicle solutions subsidiary of the Company based in Singapore and concluded that LCR met all of the held for sale criteria as of December 31, 2018.

In January 2019, an agreement was executed with Waydrive Holdings Pte. Ltd. (“Waydrive”) to purchase the LCR business, specifically 100% of the equity interests of LCR and its subsidiary LCRF Pte. Ltd. (“LCRF”). The fair value of consideration received included \$310 million of cash for the assets and liabilities of LCR and LCRF and up to \$33 million of contingent consideration receivable for certain VAT receivables and receivables from certain commercial counterparties. These contingent consideration receivables are included in prepaid expenses and other current assets on the consolidated balance sheets as of December 31, 2019. The resulting gain on disposal was not material to the Company. The transaction closed on January 25, 2019.

During the years ended December 31, 2017 and 2018, the Company recognized an impairment loss in general and administrative expenses of \$57 million and \$197 million, respectively, in the consolidated statement of operations to adjust the fair value of the assets and liabilities, primarily as a result of the passage of time and the reduction in fair value of vehicles held for sale.

The LCR business was included within the Company’s Rides segment. The following table summarizes the carrying values of the assets and liabilities classified as held for sale as of December 31, 2018 (in millions):

	As of December 31, 2018
Assets held for sale	
Cash and cash equivalents	\$ 34
Accounts receivable, net	20
Prepaid expenses and other current assets	30
Property and equipment, net	322
Total assets held for sale	<u>406</u>
Liabilities held for sale	
Accounts payable.....	2
Accrued liabilities.....	2
Other current liabilities	7
Total liabilities held for sale.....	<u>11</u>
Net assets held for sale	<u>\$ 395</u>

Note 10 - Supplemental Financial Statement Information

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets as of December 31, 2018 and 2019 were as follows (in millions):

	As of December 31,	
	2018	2019
Prepaid expenses.....	\$ 265	\$ 571
Other receivables	416	428
Other	179	300
Prepaid expenses and other current assets.....	<u>\$ 860</u>	<u>\$ 1,299</u>

Accrued and Other Current Liabilities

Accrued and other current liabilities as of December 31, 2018 and 2019 were as follows (in millions):

	As of December 31,	
	2018	2019
Accrued legal, regulatory and non-income taxes.....	\$ 1,134	\$ 1,539
Accrued Drivers and Restaurants liability	459	369
Accrued professional and contractor services.....	298	352
Accrued compensation and employee benefits	261	403
Accrued marketing expenses	152	114
Other accrued expenses	160	361
Income and other tax liabilities.....	157	194
Government and airport fees payable	104	162
Short-term capital and finance lease obligation for computer equipment.....	110	165
Short-term deferred revenue	65	76
Accrued interest on long-term debt.....	61	93
Other	196	222
Accrued and other current liabilities	<u>\$ 3,157</u>	<u>\$ 4,050</u>

Other Long-Term Liabilities

Other long-term liabilities as of December 31, 2018 and 2019 were as follows (in millions):

	As of December 31,	
	2018	2019
Convertible debt embedded derivatives.....	\$ 2,018	\$ —
Deferred tax liabilities	1,072	1,027
Financing obligation	436	78
Income tax payable	80	70
Other	466	237
Other long-term liabilities	<u>\$ 4,072</u>	<u>\$ 1,412</u>

Accumulated Other Comprehensive Income (Loss)

The changes in composition of accumulated other comprehensive income (loss), net of tax, for the years ended December 31, 2017, 2018 and 2019 were as follows (in millions):

	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Available- for-Sale Securities, Net of Tax	Total
	Balance as of December 31, 2016.....	\$ 1	\$ —
Other comprehensive income (loss) before reclassifications.....	(4)	—	(4)
Other comprehensive income (loss).....	(4)	—	(4)
Balance as of December 31, 2017.....	<u>\$ (3)</u>	<u>\$ —</u>	<u>\$ (3)</u>
Balance as of December 31, 2017.....	\$ (3)	\$ —	\$ (3)
Other comprehensive income (loss) before reclassifications.....	(225)	40	(185)
Other comprehensive income (loss).....	(225)	40	(185)
Balance as of December 31, 2018.....	<u>\$ (228)</u>	<u>\$ 40</u>	<u>\$ (188)</u>

	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Available- for-Sale Securities, Net of Tax	Total
Balance as of December 31, 2018.....	\$ (228)	\$ 40	\$ (188)
Other comprehensive income (loss) before reclassifications.....	(3)	4	1
Other comprehensive income (loss).....	(3)	4	1
Balance as of December 31, 2019.....	<u>\$ (231)</u>	<u>\$ 44</u>	<u>\$ (187)</u>

Other Income (Expense), Net

The components of other income (expense), net, for the years ended December 31, 2017, 2018 and 2019 were as follows (in millions):

	Year Ended December 31,		
	2017	2018	2019
Interest income.....	\$ 71	\$ 104	\$ 234
Foreign currency exchange gains (losses), net.....	42	(45)	(40)
Gain on business divestitures ⁽¹⁾	—	3,214	—
Gain (loss) on debt and equity securities, net ⁽²⁾	—	1,996	2
Change in fair value of embedded derivatives.....	(173)	(501)	58
Gain on extinguishment of convertible notes and settlement of derivatives.....	—	—	444
Other.....	44	225	24
Other income (expense), net.....	<u>\$ (16)</u>	<u>\$ 4,993</u>	<u>\$ 722</u>

⁽¹⁾ During the year ended December 31, 2018, gain on business divestitures primarily included a \$2.2 billion gain on the sale of the Company's Southeast Asia operations to Grab and a \$954 million gain on the disposal of the Company's Uber Russia and the Commonwealth of Independent States ("Russia/CIS") operations recognized in the first quarter of 2018. On March 25, 2018, two wholly-owned subsidiaries of the Company signed and completed an agreement with Grab pursuant to which Grab hired employees and acquired certain assets of the Company in the region, including Rider, Drivers, and Eater contracts in Southeast Asia. The net assets contributed by the Company were not material. In exchange, the Company received shares of Grab Series G preferred stock which were recorded at fair value as additional sale consideration. Refer to Note 4 - Equity Method Investments for more information on the disposal of the Company's Uber Russia/CIS operations.

⁽²⁾ During the year ended December 31, 2018, gain (loss) on debt and equity securities, net represented a \$2.0 billion unrealized gain on the Company's non-marketable equity securities related to Didi recognized in the first quarter of 2018. Refer to Note 3 - Investments and Fair Value Measurement for further information.

Note 11 - Redeemable Convertible Preferred Stock, Common Stock, and Equity (Deficit)

PayPal, Inc. ("PayPal") Private Placement

On May 16, 2019, the Company closed a private placement by PayPal, Inc. in which it issued and sold 11 million shares of its common stock at a purchase price of \$45.00 per share and received aggregate proceeds of \$500 million. Additionally, PayPal and the Company agreed to extend their global partnership, including a commitment to jointly explore certain commercial collaborations.

SoftBank

In November 2017, SoftBank Group Corp. ("SoftBank") led a consortium to seek a stake in the Company by directly investing between \$1.0 billion to \$1.3 billion via purchase of the Company's Series G-1 preferred stock at \$48.77 per share and a tender offer to purchase shares of any type or class at \$32.97 per share from existing stockholders and employees. The direct investment was contingent on a minimum number of shares to be sold in the tender offer. In January 2018, the transaction closed and the consortium purchased 25.6 million Series G-1 shares from the Company for total proceeds of \$1.3 billion and 242.8 million common stock and preferred stock shares from existing stockholders

resulting in an ownership interest of approximately 20% of the outstanding equity of the Company (the “SoftBank Investment”). The price of the transaction with existing shareholders was not in excess of fair value, and therefore no compensation expense nor increase in accumulated deficit was recognized.

Contemporaneous with the closing of the transaction, certain governance changes of the Company were enacted. All shares of Class B common stock were converted into Class A common stock, and Series Seed, Series A and Series B preferred stock shares became convertible into Class A common stock.

Redeemable Convertible Preferred Stock

Upon closing of the IPO, all shares of the Company’s outstanding redeemable convertible preferred stock automatically converted into 905 million shares of common stock.

As of December 31, 2018, there were warrants to purchase 150,071 shares of Series E redeemable convertible preferred stock and 922,655 shares of Series G redeemable convertible preferred stock outstanding. During 2019, the warrant to purchase Series G redeemable convertible preferred stock was exercised in full and the fair value of the warrant was reclassified to redeemable convertible preferred stock. Also during 2019, the warrant to purchase Series E redeemable convertible preferred stock was exercised and automatically converted to shares of common stock as a result of the IPO.

The following table summarizes the redeemable convertible preferred stock outstanding immediately prior to the conversion into common stock, and the rights and preferences of the Company’s respective series preceding the Company’s IPO in May 2019 (in millions, except share amounts which are reflected in thousands and per share amounts):

Series	Shares Authorized	Shares Issued and Outstanding	Per Share Liquidation Preference	Aggregate Liquidation Preference	Per Share Dividend Per Annum	Per Share Initial Conversion Price	Carrying Value, Net of Issuance Costs
Seed	174,030	152,591	\$ 0.00906	\$ 1	\$ 0.00073	\$ 0.00906	\$ 1
A	152,053	150,427	0.09248	14	0.00584	0.07303	11
B	123,646	122,721	0.35448	44	0.02836	0.35448	43
C-1	76,551	76,551	4.45438	341	0.28508	3.56350	273
C-2	31,004	31,004	3.56350	110	0.22806	2.85080	62
C-3	842	842	4.45438	4	0.28508	3.56350	3
D	87,193	82,443	15.51305	1,279	1.24105	15.51305	1,291
E	84,504	84,140	33.31758	2,803	2.66540	33.31758	2,793
F	25,228	21,262	39.63858	843	3.17109	39.63858	842
G	150,188	140,619	48.77223	6,858	3.90178	48.77223	6,858
G-1	35,881	35,881	48.77223	1,750	3.90178	48.77223	1,750
G-2	5,126	5,126	48.77223	250	3.90178	48.77223	250
	<u>946,246</u>	<u>903,607</u>		<u>\$ 14,297</u>			<u>\$ 14,177</u>

Preferred Stock

After conversion of the above mentioned redeemable convertible preferred stock into common stock upon closing of the Company’s IPO, the Company’s board of directors was granted the authority to issue up to 10 million shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without any further vote or action by the stockholders. As of December 31, 2019, there was no preferred stock issued and outstanding.

Common Stock

As of December 31, 2019, the Company has authority to issue 5.0 billion shares of common stock with a par value of \$0.00001 per share. Holders of common stock are entitled to dividends when and if declared by the Board of Directors, subject to the rights of the holders of all classes of stock outstanding having priority rights to dividends. As of December 31, 2019, no dividends have been declared. As of December 31, 2019, there were 1.7 billion shares of common stock issued and outstanding.

Restricted Common Stock

The Company has granted restricted common stock to certain continuing employees, primarily in connection with acquisitions. Vesting of this stock may be dependent on a combination of service and performance conditions that become satisfied upon the occurrence of a qualifying event. The Company has the right to repurchase shares for which the vesting conditions are not satisfied.

The following table summarizes the activity related to the Company's restricted common stock for the year ended December 31, 2019. For purposes of this table, vested restricted common stock represents the shares for which the service condition had been fulfilled as of December 31, 2019 (in thousands, except per share amounts):

	<u>Number of Shares</u>	<u>Weighted-average Grant-Date Fair Value per Share</u>
Unvested restricted common stock as of December 31, 2018	898	\$ 34.81
Granted	—	\$ —
Vested	(621)	\$ 34.84
Canceled and forfeited	(66)	\$ 34.59
Unvested restricted common stock as of December 31, 2019	<u>211</u>	\$ 34.73

Equity Incentive Plans

The Company maintains three equity incentive plans: the 2019 Equity Incentive Plan ("2019 Plan"), the 2013 Equity Incentive Plan ("2013 Plan") and the 2010 Stock Plan ("2010 Plan" and collectively, "Plans"). The 2013 Plan serves as the successor to the 2010 Plan and provides for the issuance of incentive stock options ("ISOs"), nonqualified stock options ("NSOs"), SARs, restricted stock and RSUs to employees, consultants and advisors of the Company.

In January 2019, the Company's board of directors approved an amendment to the 2013 Plan to increase the number of shares of common stock reserved for issuance by 85 million shares, for a total of 293 million shares reserved.

In March 2019, the Company's board of directors adopted the 2019 Plan. The 2019 Plan was approved in April 2019 with 130 million shares of common stock reserved for future issuance. The 2019 Plan became effective on May 9, 2019 the date of the underwriting agreement between the Company and the underwriters for the IPO. The 2019 Plan is the successor to the 2013 Plan. The number of shares of the Company's common stock available for issuance under the 2019 Plan automatically increases on January 1 of each year, for a period of not more than ten years, commencing on January 1, 2020 and ending on (and including) January 1, 2029 by the lesser of (a) 5% of the total number of the shares of common stock outstanding on December 31 of the immediately preceding calendar year, and (b) such number of shares determined by the Company's board of directors. Pursuant to the automatic increase feature of the 2019 Plan, the Company's board of directors approved an increase of 86 million shares reserved for issuance effective January 1, 2020.

The Company's 2019 Plan provides for the grant of ISOs, NSOs, SARs, restricted stock awards, RSUs, performance-based awards, and other awards (that are based in whole or in part by reference to the Company's common stock) (collectively, "awards"). ISOs may be granted only to the Company's employees, including the Company's officers, and the employees of any parent or subsidiary. All other awards may be granted to the Company's employees, including the Company's officers, the Company's non-employee directors and consultants, and the employees and consultants of the Company's affiliates.

Stock Option and SAR Activity

A summary of stock option and SAR activity for the year ended December 31, 2019 is as follows (in millions, except share amounts which are reflected in thousands, per share amounts, and years):

	<u>SARs Outstanding Number of SARs</u>	<u>Options Outstanding Number of Shares</u>	<u>Weighted- Average Exercise Price Per Share</u>	<u>Weighted- Average Remaining Contractual Life (in years)</u>	<u>Aggregate Intrinsic Value</u>
As of December 31, 2018	758	42,936	\$ 9.22	5.74	\$ 1,456
Granted	86	250	\$ 43.00		
Exercised	(417)	(6,884)	\$ 2.85		
Canceled and forfeited	(36)	(1,462)	\$ 33.29		
Expired	(54)	(39)	\$ 26.49		
As of December 31, 2019	<u>337</u>	<u>34,801</u>	\$ 9.79	4.75	\$ 746
Vested and expected to vest as of December 31, 2019	<u>203</u>	<u>29,585</u>	\$ 4.97	4.49	\$ 745
Exercisable as of December 31, 2019	<u>203</u>	<u>29,585</u>	\$ 4.97	4.49	\$ 745

The total intrinsic value of stock options and SARs exercised for the years ended December 31, 2017, 2018 and 2019, was \$112 million, \$392 million and \$202 million, respectively.

RSU Activity

The following table summarizes the activity related to the Company's RSUs for the year ended December 31, 2019. For purposes of this table, vested RSUs represent the shares for which the service condition had been fulfilled as of December 31, 2019 (in thousands, except per share amounts):

	Number of Shares	Weighted-Average Grant-Date Fair Value per Share
Unvested and outstanding as of December 31, 2018	75,835	\$ 37.20
Granted	62,830	\$ 41.55
Vested	(36,034)	\$ 37.87
Canceled and forfeited	(17,888)	\$ 40.53
Unvested and outstanding as of December 31, 2019	<u>84,743</u>	<u>\$ 39.82</u>

The total fair value of RSUs vested for the years ended December 31, 2017, 2018 and 2019 was \$486 million, \$967 million, and \$1.4 billion, respectively.

Stock-Based Compensation Expense

Stock-based compensation expense is allocated based on the cost center to which the award holder belongs. The following table summarizes total stock-based compensation expense by function for the years ended December 31, 2017, 2018 and 2019 (in millions):

	Year Ended December 31,		
	2017	2018	2019
Operations and support	\$ 30	\$ 15	\$ 454
Sales and marketing	9	9	242
Research and development	25	65	2,958
General and administrative	73	83	942
Total	<u>\$ 137</u>	<u>\$ 172</u>	<u>\$ 4,596</u>

Through May 9, 2019, no stock-based compensation expense had been recognized for certain awards with a performance condition based on the occurrence of a qualifying event (such as an IPO), as such qualifying event was not probable. Upon the Company's IPO, the performance condition was met and \$3.6 billion of stock-based compensation expense was recognized related to these awards. Shares were then issued related to the vesting of the RSUs with such performance-based vesting conditions. To meet the related tax withholding requirements, the Company withheld 29 million of the 76 million shares of common stock issued. The 29 million shares of common stock withheld for taxes were returned to the shares reserved for future issuance under the Company's 2019 Plan. Based on the IPO public offering price of \$45.00 per share, the tax withholding obligation was \$1.3 billion. For additional information related to the Company's IPO, refer to Note 1 - Description of Business and Summary of Significant Accounting Policies.

During the years ended December 31, 2017, 2018 and 2019, the Company modified the terms of stock-based awards for certain employees upon their termination or change in employment status. The Company recorded incremental stock-based compensation cost in relation to the modification of stock-based awards of \$69 million and \$56 million for the years ended December 31, 2017 and 2018, respectively. Incremental stock-based compensation cost in relation to the modification of stock-based awards was not material for the year ended December 31, 2019.

As of December 31, 2019, there was \$2.1 billion of unamortized compensation costs related to all unvested awards. The unamortized compensation costs are expected to be recognized over a weighted-average period of approximately 2.45 years. Stock-based compensation expense capitalized as internally developed software costs was not material for the years ended December 31, 2017 or 2018 and \$61 million for the year ended December 31, 2019.

The tax benefits recognized in the consolidated statements of operations for stock-based compensation arrangements were not material during the years ended December 31, 2017, 2018 and 2019, respectively.

The weighted-average fair values of common stock and redeemable convertible preferred stock warrants granted to non-employee service providers and others in the years ended December 31, 2017 and 2018 were \$43.14 and \$47.20, respectively, for shares vested or expected to vest. No redeemable convertible preferred stock warrants were granted in 2019. The total grant-date fair value of warrants vested to non-employee service providers and others in the years ended December 31, 2017 and 2018 was \$91 million and \$4 million, respectively. The fair value of warrants granted during 2017 and 2018 was determined using the Black-Scholes option-pricing model using the weighted-average assumptions in the table below. During 2019, warrants vested were not material and no warrants were granted.

	Year Ended December 31,	
	2017	2018
Contractual term (in years)	2.1	1.6
Risk-free interest rate.....	1.8%	2.5%
Expected volatility	28.3%	34.7%
Expected dividend yield.....	—%	—%

The weighted-average grant-date fair values of stock options and SARs granted to employees in the years ended December 31, 2017, 2018 and 2019 were \$18.65, \$12.94 and \$19.91 per share, respectively. The fair value of stock options and SARs granted was determined using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year Ended December 31,		
	2017	2018	2019
Expected term (in years).....	8.5	6.0	6.0
Risk-free interest rate.....	2.0%	2.8%	2.2%
Expected volatility	35.9%	32.9%	33.9%
Expected dividend yield.....	—%	—%	—%

The weighted-average grant-date fair values of Performance Awards with market-based targets in the years ended December 31, 2017, 2018 and 2019 were \$18.96, \$14.77 and \$18.20 per share, respectively. The weighted-average derived service periods for Performance Awards with market-based targets in the years ended December 31, 2017, 2018 and 2019 were 3.35, 3.31, and 2.12 years, respectively. The fair value of Performance Awards with market-based targets granted was determined using a Monte Carlo model with the following weighted-average assumptions:

	Year Ended December 31,		
	2017	2018	2019
Risk-free interest rate.....	2.1%	2.8%	2.7%
Expected volatility	40.0%	36.9%	39.0%
Expected dividend yield.....	—%	—%	—%

Share Repurchases

The following table represents a summary of common stock repurchased in connection with discrete arrangements with selected current and former employees during the years ended December 31, 2017 and 2018. The common stock shares repurchased for the year ended December 31, 2019 were not material.

(In millions, except share amounts which are reflected in thousands, and per share amounts)

	Year Ended December 31,	
	2017	2018
Common stock shares repurchased.....	3,765	286
Common stock repurchase cost	\$ 142	\$ 11
Fair value of repurchase recorded as an increase in accumulated deficit	\$ 32	\$ 13
Excess of fair value recorded as stock-based compensation.....	\$ 13	\$ 1
Price range per common stock share.....	\$ 5.00 - \$ 41.65	\$ 36.58 - \$ 41.65

2019 Employee Stock Purchase Plan

In March 2019, the Company's board of directors adopted the Company's ESPP, and in April 2019, the Company's stockholders approved the ESPP. The stock-based compensation expense recognized for the ESPP was not material during the year ended December 31, 2019. The ESPP became effective on May 9, 2019, the date of the underwriting agreement between the Company and the underwriters for the IPO. There are 25 million shares of common stock reserved for issuance under the ESPP. The number of shares of the Company's common stock available for issuance under the ESPP automatically increases on January 1 of each year, beginning in 2020 and continuing through 2029, by the lesser of (a) 1.0% of the total number of shares of common stock outstanding on December 31 of the immediately preceding calendar year, and (b) 25,000,000 shares. However, the Company's board of directors or compensation committee may reduce the amount of the increase in any particular year.

As of December 31, 2019, 2 million shares of common stock were purchased under the ESPP at a weighted-average price of \$23.83 per share, resulting in cash proceeds of \$49 million. The Company selected the Black-Scholes option-pricing model as the method for determining the estimated fair value for the Company's ESPP. As of December 31, 2019, total unrecognized compensation cost related to the ESPP was \$43 million, which will be amortized over a period of 0.8 year. As of December 31, 2019, 23 million shares of the Company's common stock were reserved for future grants under the Company's ESPP.

Note 12 - Income Taxes

The U.S. and foreign components of income (loss) before provision for (benefit from) income taxes for the years ended December 31, 2017, 2018 and 2019 are as follows (in millions):

	Year Ended December 31,		
	2017	2018	2019
U.S.	\$ (3,201)	\$ (2,726)	\$ (4,926)
Foreign.....	(1,374)	4,038	(3,507)
Income (loss) before income taxes and loss from equity method investment.....	<u>\$ (4,575)</u>	<u>\$ 1,312</u>	<u>\$ (8,433)</u>

The components of the provision for (benefit from) income taxes for the years ended December 31, 2017, 2018 and 2019 are as follows (in millions):

	Year Ended December 31,		
	2017	2018	2019
Current			
Federal	\$ —	\$ 13	\$ 1
State	—	15	—
Foreign.....	220	220	132
Total current tax expense	<u>\$ 220</u>	<u>\$ 248</u>	<u>\$ 133</u>
Deferred			
Federal	(728)	(159)	(77)
State	(5)	7	8
Foreign.....	(29)	187	(19)
Total deferred tax expense (benefit).....	<u>(762)</u>	<u>35</u>	<u>(88)</u>
Total provision for (benefit from) income taxes	<u>\$ (542)</u>	<u>\$ 283</u>	<u>\$ 45</u>

The following is a reconciliation of the statutory federal income tax rate to the Company’s effective tax rate for the years ended December 31, 2017, 2018 and 2019:

	Year Ended December 31,		
	2017	2018	2019
Federal statutory income tax rate	35.0%	21.0%	21.0%
State income tax expense	0.2	1.7	(0.1)
Foreign rate differential	(14.4)	29.6	(3.8)
Foreign rate differential - gain on divestiture ⁽¹⁾	—	(83.1)	—
Non-deductible expenses	(1.2)	0.8	(1.3)
Stock-based compensation	(0.2)	(2.6)	1.2
Interest on convertible notes	(2.8)	15.1	(0.3)
Gain on convertible notes	—	—	1.1
Federal research and development credits	2.0	(7.2)	3.1
Deferred tax on foreign investments ⁽²⁾	—	51.4	—
Entity restructuring ⁽³⁾	—	(20.0)	92.3
Change in unrecognized tax benefits	(0.9)	9.9	(17.0)
Valuation allowance	(21.8)	4.9	(97.3)
Impact of the Tax Act	15.8	—	—
Global Intangible Low-taxed Income	—	—	(1.6)
Other interest	—	—	1.8
Other, net	0.1	0.1	0.4
Effective income tax rate	<u>11.8%</u>	<u>21.6%</u>	<u>(0.5)%</u>

- (1) The 2018 rate impact for “Foreign rate differential – gain on divestiture” was primarily driven by the gains on divestitures reported by subsidiaries in jurisdictions with statutory tax rates lower than the U.S. federal tax rate.
- (2) The 2018 rate impact for “Deferred tax on foreign investments” was related to the following: a) deferred U.S. tax impact of income inclusion related to the gain on the eventual disposition of the shares underlying the Company’s investment in Didi and Grab, and b) deferred China tax impact on the eventual disposition of the shares underlying the Company’s investment in Didi.
- (3) The 2018 rate impact for “Entity restructuring” was related to a transaction that resulted in the repatriation of assets from a foreign subsidiary to a domestic subsidiary. As a result of the repatriation, the deferred tax assets were recalculated at the U.S. statutory tax rate, resulting in a total deferred tax benefit of \$275 million. The rate differential between the foreign subsidiary and the United States resulted in this deferred tax benefit.

The 2019 rate impact for “Entity restructuring” is related to a series of transactions resulting in changes to the Company’s international legal structure, including a redomiciliation of a subsidiary to the Netherlands and a transfer of certain intellectual property rights among wholly owned subsidiaries, primarily to align its evolving operations. The redomiciliation resulted in a step-up in the tax basis of intellectual property rights and a correlated increase in foreign deferred tax assets in an amount of \$6.4 billion, net of a reserve for uncertain tax positions of \$1.4 billion (refer to the 2019 rate impact for “Change in unrecognized tax benefits”). Based on available objective evidence, management believes it is not more-likely-than-not that these additional foreign deferred tax assets will be realizable as of December 31, 2019 and, therefore, are offset by a full valuation allowance (refer to the 2019 rate impact for “Valuation allowance”) to the extent not offset by reserves for uncertain tax positions. The corresponding deferred tax asset and valuation allowance balance are included in the “Fixed assets and intangible assets” and “Valuation allowance” lines, respectively, in the table below.

The components of deferred tax assets and liabilities as of December 31, 2018 and 2019 are as follows (in millions):

	As of December 31,	
	2018	2019
Deferred tax assets		
Net operating loss carryforwards	\$ 1,147	\$ 2,789
Research and development credits	285	587
Stock-based compensation	24	241
Accruals and reserves	226	197
Accrued legal	102	65
Fixed assets and intangible assets	435	6,361
Investment in partnership	—	331
Lease liability	—	438
Other	22	221
Total deferred tax assets	<u>2,241</u>	<u>11,230</u>
Less: Valuation allowance	(1,294)	(9,855)
Total deferred tax assets, net of valuation allowance	<u>947</u>	<u>1,375</u>
Deferred tax liabilities		
Indefinite lived deferred tax liability ⁽¹⁾	1,986	1,984
ROU assets	—	366
Other	3	2
Total deferred tax liabilities	<u>1,989</u>	<u>2,352</u>
Net deferred tax liabilities	<u>\$ 1,042</u>	<u>\$ 977</u>

⁽¹⁾ The \$2.0 billion indefinite-lived deferred tax liability represents the deferred U.S. and foreign income tax expense, which will be incurred upon the eventual disposition of the shares underlying the Company's investments in Didi and Grab. The current year tax expense and any subsequent changes in the recognition or measurement of this deferred tax liability will be recorded in continuing operations.

Based on available evidence, management believes it is not more-likely-than-not that the net U.S., India, and Netherlands deferred tax assets will be fully realizable. In these jurisdictions, the Company has recorded a valuation allowance against net deferred tax assets. The Company regularly reviews the deferred tax assets for recoverability based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing taxable temporary differences and tax planning strategies by jurisdiction. The Company's judgment regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute the business plans and/or tax planning strategies. Should there be a change in the ability to recover deferred tax assets, the Company's income tax provision would increase or decrease in the period in which the assessment is changed. The Company had a valuation allowance against net deferred tax assets of \$1.3 billion and \$9.9 billion as of December 31, 2018 and 2019, respectively. For the year ended December 31, 2019, the increase in valuation allowance was primarily attributable to a step-up in the tax basis of intellectual property rights, an increase in U.S. federal, state and Netherlands deferred tax assets resulting from the loss from operations, and tax credits generated during the year.

The indefinite carryforward period for net operating losses ("NOLs") means that indefinite-lived deferred tax liabilities can be considered as support for realization of deferred tax assets including post December 31, 2017 net operating loss carryovers, which can affect the need to record or maintain a valuation allowance for deferred tax assets. At December 31, 2018 and 2019, the Company realized approximately \$920 million and \$979 million, respectively, of its U.S. federal and state deferred tax assets as a result of its indefinite-lived deferred tax liabilities being used as a source of income.

As of December 31, 2019, the Company had U.S. federal NOL carryforwards of \$2.9 billion that begin to expire in 2031 and \$5.9 billion that have an unlimited carryover period. As of December 31, 2019, the Company had U.S. state NOL carryforwards of \$7.3 billion that begin to expire in 2020 and \$1.0 billion that have an unlimited carryover period. As of December 31, 2019, the Company had foreign NOL carryforwards of \$2.6 billion that begin to expire in 2024 and \$77 million that have an unlimited carryover period.

The Company also had U.S. federal research tax credit carryforwards of \$490 million that begin to expire in 2031. The Company had state research tax credit carryforwards of \$10 million that begin to expire in 2033 and \$262 million that have an unlimited carryover period.

In the event the Company experiences an ownership change within the meaning of Section 382 of the Internal Revenue Code (“IRC”), the Company’s ability to utilize net operating losses, tax credits and other tax attributes may be limited. The most recent analysis of the Company’s historical ownership changes was completed through December 31, 2019. Based on the analysis, the Company does not anticipate a current limitation on the tax attributes.

The following table reflects changes in gross unrecognized tax benefits (in millions):

	Year Ended December 31,		
	2017	2018	2019
Unrecognized tax benefits at beginning of year.....	\$ 179	\$ 221	\$ 394
Gross increases - current year tax positions.....	52	57	1,566
Gross increases - prior year tax positions	44	128	16
Gross decreases - prior year tax positions.....	(54)	(12)	(36)
Gross decreases - settlements with tax authorities.....	—	—	(143)
Unrecognized tax benefits at end of year.....	<u>\$ 221</u>	<u>\$ 394</u>	<u>\$ 1,797</u>

As of December 31, 2019, approximately \$68 million of unrecognized tax benefits, if recognized, would impact the effective tax rate. The remaining \$1.7 billion of the unrecognized tax benefits would not impact the effective tax rate due to the valuation allowance against certain deferred tax assets.

During 2019, the Company settled the IRS audit for the tax years 2013 and 2014. The settlement resulted in a reduction of unrecognized tax benefits of \$123 million, which did not affect the effective tax rate, as these unrecognized tax benefits decreased deferred tax assets that were subject to a full valuation allowance.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits within the provision for income taxes in the consolidated statements of operations. The amount of interest and penalties accrued as of December 31, 2018 and 2019 was \$17 million and \$10 million, respectively.

Although the timing of the resolution and/or closure of audits is highly uncertain, the Company does not expect any material changes to its unrecognized tax benefits within the next 12 months. Given the number of years remaining subject to examination and the number of matters being examined, the Company is unable to estimate the full range of possible adjustments to the balance of gross unrecognized tax benefits.

The Company is subject to taxation in the U.S. and various state and foreign jurisdictions. The Company is currently under various state and other foreign income tax examinations. The Company believes that adequate amounts have been reserved in these jurisdictions. To the extent the Company has tax attribute carryforwards, the tax years in which the attribute was generated may still be adjusted upon examination by the federal, state or foreign tax authorities to the extent utilized in a future period.

As of December 31, 2019, the open tax years for the Company’s major tax jurisdictions are as follows:

Jurisdiction	Tax Years
U.S. Federal	2011 - 2019
U.S. States.....	2010 - 2019
Brazil	2014 - 2019
Netherlands	2013 - 2019
United Kingdom	2014 - 2019
Australia.....	2015 - 2019
India.....	2012 - 2019

In 2019, the Company reevaluated its indefinite reinvestment assertion with regards to accumulated foreign earnings of certain foreign subsidiaries and concluded that it intends to indefinitely reinvest approximately \$250 million. The amount of potential unrecognized deferred tax liability with respect to such unremitted earnings is not material. Due to the one-time transition tax and the imposition of the GILTI provisions, all previously unremitted earnings will no longer be subject to U.S. federal income tax; however, there could be U.S. state and/or foreign withholding taxes upon distribution of such unremitted earnings.

Note 13 - Net Income (Loss) Per Share

During the year ended December 31, 2017, the rights, including the liquidation and dividend rights, of the holders of Class A and Class B common stock were identical, except with respect to voting. As the liquidation and dividend rights were identical, the undistributed earnings were allocated on a proportionate basis and the resulting net loss per share attributable to common stockholders were, therefore, the same for both Class A and Class B common stock on an individual or combined basis.

On January 18, 2018, the Company converted 390 million shares of its Class B common stock into Class A common stock under the conditions of the SoftBank Investment, thereby increasing the total number of Class A common stock outstanding to 450 million shares and resulting in only one class of common stock.

On May 14, 2019, the Company completed its IPO, in which it issued and sold 180 million shares of its common stock at a price of \$45.00 per share. On that date, all of the Company's outstanding redeemable convertible preferred stock automatically converted into 905 million shares of common stock, and the holders of the 2021 Convertible Notes and the 2022 Convertible Notes elected to convert the outstanding notes into common stock, resulting in the issuance of 94 million shares of common stock. These shares were included in the Company's issued and outstanding common stock starting on that date. Refer to Note 1 - Description of Business and Summary of Significant Accounting Policies for further information.

The Company takes into account the effect on consolidated net income (loss) per share of dilutive securities of entities in which the Company holds equity interests that are accounted for using the equity method.

The following table sets forth the computation of basic and diluted net income (loss) per share attributable to common stockholders for the years ended December 31, 2017, 2018 and 2019 (in millions, except share amounts which are reflected in thousands, and per share amounts):

	Year Ended December 31,		
	2017	2018	2019
<u>Basic net income (loss) per share:</u>			
Numerator			
Net income (loss) including non-controlling interests.....	\$ (4,033)	\$ 987	\$ (8,512)
Less: net income (loss) attributable to non-controlling interests, net of tax.....	—	10	6
Less: noncumulative dividends to preferred stockholders.....	—	(997)	—
Net income (loss) attributable to common stockholders.....	<u>\$ (4,033)</u>	<u>\$ —</u>	<u>\$ (8,506)</u>
Denominator			
Basic weighted-average common stock outstanding.....	<u>426,360</u>	<u>443,368</u>	<u>1,248,353</u>
Basic net income (loss) per share attributable to common stockholders⁽¹⁾	<u>\$ (9.46)</u>	<u>\$ —</u>	<u>\$ (6.81)</u>
<u>Diluted net income (loss) per share:</u>			
Numerator			
Net income (loss) attributable to common stockholders.....	\$ (4,033)	\$ —	\$ (8,506)
Add: Change in fair value of MLU B.V. put/call feature.....	—	(12)	—
Add: noncumulative dividends to preferred stockholders.....	—	12	—
Diluted net income (loss) attributable to common stockholders.....	<u>\$ (4,033)</u>	<u>\$ —</u>	<u>\$ (8,506)</u>
Denominator			
Number of shares used in basic net income (loss) per share computation.....	426,360	443,368	1,248,353
Weighted-average effect of potentially dilutive securities:			
Common stock subject to a put/call feature.....	—	407	—
Stock options.....	—	33,528	—
RSUs to settle fixed monetary awards.....	—	1,073	—
Other.....	—	623	—
Diluted weighted-average common stock outstanding.....	<u>426,360</u>	<u>478,999</u>	<u>1,248,353</u>
Diluted net income (loss) per share attributable to common stockholders⁽¹⁾	<u>\$ (9.46)</u>	<u>\$ —</u>	<u>\$ (6.81)</u>

⁽¹⁾ Per share amounts are calculated using unrounded numbers and therefore may not recalculate.

Since the Company was in a loss position for the years ended December 31, 2017 and 2019, basic net loss per share was the same as diluted net income per share for the periods presented. For the year ended December 31, 2018, all net income was allocated to noncumulative dividends on preferred stock, therefore basic net income per share was the same as diluted net income per share.

The following potentially dilutive outstanding securities were excluded from the computation of diluted net income (loss) per share because their effect would have been anti-dilutive for the periods presented, or issuance of such shares is contingent upon the satisfaction of certain conditions which were not satisfied by the end of the period (in thousands):

	Year Ended December 31,		
	2017	2018	2019
Redeemable convertible preferred stock.....	863,305	903,607	—
Convertible notes.....	196,398	200,595	—
RSUs.....	87,101	137,426	85,058
Stock options.....	50,304	8,776	34,800
Restricted common stock with performance condition.....	888	1,758	—
Common stock subject to repurchase.....	12,266	1,695	210
Warrants to purchase redeemable convertible preferred stock.....	4,449	1,073	—
SARs.....	705	758	—
RSUs to settle fixed monetary awards.....	2,712	559	283
Shares committed under ESPP.....	—	—	5,490
Warrants to purchase common stock.....	280	100	123
Total.....	1,218,408	1,256,347	125,964

Note 14 - Segment Information and Geographic Information

The Company determined its operating segments based on how the CODM manages the business, allocates resources, makes operating decisions and evaluates operating performance.

During the third quarter of 2019, following a number of leadership and organizational changes, the CODM changed how he assesses performance and allocates resources to a more disaggregated level in order to optimize utilization of the Company's platform as well as manage research and development of new technologies. Based on this change, in the third quarter of 2019, the Company determined it has five operating and reportable segments and revised prior comparative periods to conform to the current period segment presentation. The Company's five segments are as follows:

Segment	Description
Rides	The Rides products connect consumers with Rides Drivers who provide rides in a variety of vehicles, such as cars, auto rickshaws, motorbikes, minibuses, or taxis. Rides also includes activity related to our Uber for Business ("U4B"), Financial Partnerships, and Vehicle Solutions offerings.
Eats	The Eats offering allows consumers to search for and discover local restaurants, order a meal, and either pick-up at the restaurant or have the meal delivered.
Freight	Freight connects carriers with shippers on the Company's platform, and gives carriers upfront, transparent pricing and the ability to book a shipment.
Other Bets	The Other Bets segment consists of multiple investment stage offerings. The largest investment within the segment is the Company's New Mobility offering that refers to products that provide consumers with access to rides through a variety of modes, including dockless e-bikes and e-scooters. It also includes Transit, UberWorks and the Company's Platform Incubator group.
ATG and Other Technology Programs	The ATG and Other Technology Programs segment is responsible for the development and commercialization of autonomous vehicle and ridesharing technologies, as well as Uber Elevate.

For information about how the Company's reportable segments derive revenue, refer to Note 2 - Revenue.

The Company's segment operating performance measure is segment adjusted EBITDA. The CODM does not evaluate operating segments using asset information and, accordingly, the Company does not report asset information by segment. The Company's segment adjusted EBITDA measures replace what was previously reported as contribution

profit (loss) and maintain the same definition. Previously reported Core Platform contribution profit (loss) is the sum of Rides adjusted EBITDA and Eats adjusted EBITDA, and previously reported Other Bets contribution profit (loss) is the sum of Freight adjusted EBITDA and Other Bets adjusted EBITDA. Segment adjusted EBITDA is defined as revenue less the following expenses: cost of revenue, operations and support, sales and marketing, and general and administrative and research and development expenses associated with the Company's segments. Segment adjusted EBITDA also excludes any non-cash items, certain transactions that are not indicative of ongoing segment operating performance and / or items that management does not believe are reflective of the Company's ongoing core operations (as shown in the table below).

The following table provides information about the Company's segments and a reconciliation of the total segment adjusted EBITDA to loss from operations for the years ended December 31, 2017, 2018 and 2019 (in millions):

	Year Ended December 31,		
	2017	2018	2019
Segment adjusted EBITDA:			
Rides	\$ 388	\$ 1,541	\$ 2,071
Eats	(355)	(601)	(1,372)
Freight.....	(39)	(102)	(217)
Other Bets	(1)	(50)	(251)
ATG and Other Technology Programs	(543)	(537)	(499)
Total segment adjusted EBITDA.....	(550)	251	(268)
Reconciling items:			
Corporate G&A and Platform R&D ^{(1),(2)}	(1,611)	(1,971)	(2,457)
Depreciation and amortization.....	(510)	(426)	(472)
Stock-based compensation expense.....	(137)	(172)	(4,596)
Legal, tax, and regulatory reserve changes and settlements.....	(440)	(340)	(353)
Driver appreciation award.....	—	—	(299)
Payroll tax on IPO stock-based compensation.....	—	—	(86)
Asset impairment/loss on sale of assets.....	(340)	(237)	(8)
Acquisition and financing related expenses.....	(4)	(15)	—
Gain (loss) on restructuring of lease arrangement	(7)	4	—
Impact of 2018 Divested Operations ^{(1),(3)}	(481)	(127)	—
Restructuring charges.....	—	—	(57)
Loss from operations	<u>\$ (4,080)</u>	<u>\$ (3,033)</u>	<u>\$ (8,596)</u>

(1) Excluding stock-based compensation expense.

(2) Includes costs that are not directly attributable to the Company's reportable segments. Corporate G&A also includes certain shared costs such as finance, accounting, tax, human resources, information technology and legal costs. Platform R&D also includes mapping and payment technologies and support and development of the internal technology infrastructure. The Company's allocation methodology is periodically evaluated and may change.

(3) Defined as the Company's 2018 operations in (i) Southeast Asia prior to the sale of those operations to Grab and (ii) Russia/CIS prior to the formation of the Company's Yandex.Taxi joint venture.

Geographic Information

Revenue by geography is based on where the trip or shipment was completed or meal delivered. Long-lived assets, net includes property and equipment, net and operating lease right-of-use assets as well as the same asset class included within assets held for sale on the consolidated balance sheets. The following tables set forth revenue and long-lived assets, net by geographic area as of and for the years ended December 31, 2017, 2018 and 2019 (in millions):

	Year Ended December 31,		
	2017	2018	2019
United States.....	\$ 4,068	\$ 6,077	\$ 8,225
Brazil	831	959	918
All other countries	3,033	4,234	5,004
Total Revenue.....	<u>\$ 7,932</u>	<u>\$ 11,270</u>	<u>\$ 14,147</u>

	<u>As of December 31,</u>	
	<u>2018</u>	<u>2019</u>
United States.....	\$ 1,572	\$ 2,958
Singapore.....	321	6
All other countries.....	70	361
Total long-lived assets, net.....	<u>\$ 1,963</u>	<u>\$ 3,325</u>

Revenue grouped by offerings is included in Note 2 - Revenue.

Note 15 - Commitments and Contingencies

Purchase Commitments

The Company has commitments for network and cloud services, background checks, and other items in the ordinary course of business with varying expiration terms through 2024. These amounts are determined based on the non-cancelable quantities or termination amounts to which the Company is contractually obligated. Future minimum payments for purchase commitments as of December 31, 2019 are summarized below (in millions):

Years Ending December 31,	<u>Purchase</u>
	<u>Commitments</u>
2020.....	\$ 107
2021.....	103
2022.....	19
2023.....	5
2024.....	1
Thereafter.....	—
Total.....	<u>\$ 235</u>

Contingencies

From time to time, the Company may be a party to various claims, non-income tax audits and litigation in the normal course of business. As of December 31, 2018 and 2019, the Company had recorded aggregate liabilities of \$1.1 billion and \$1.5 billion, respectively, in accrued and other current liabilities on the consolidated balance sheets for all of its legal, regulatory and non-income tax matters that were probable and reasonably estimable.

The Company is currently party to various legal and regulatory matters that have arisen in the normal course of business and include, among others, alleged independent contractor misclassification claims, Fair Credit Reporting Act (“FCRA”) claims, background check violations, consumer and driver class actions relating to pricing and advertising, unfair competition matters, intellectual property disputes, employment discrimination and other employment-related claims, Telephone Consumer Protection Act (“TCPA”) cases, Americans with Disabilities Act (“ADA”) cases, data and privacy matters, securities litigation, and other matters. The Company has existing litigation, including class actions, PAGA lawsuits, arbitration claims, and governmental administrative and audit proceedings, asserting claims by or on behalf of Drivers that Drivers are misclassified as independent contractors. In connection with the enactment of California State Assembly Bill 5 (“AB5”), the Company has received and expects to continue to receive - in California and in other jurisdictions - an increased number of misclassification claims. With respect to the Company’s outstanding legal and regulatory matters, based on its current knowledge, the Company believes that the ultimate amount or range of reasonably possible loss will not, either individually or in the aggregate, have a material adverse effect on the Company’s business, financial position, results of operations, or cash flows. The outcome of such legal matters is inherently unpredictable and subject to significant uncertainties. If one or more of these matters were resolved against the Company for amounts in excess of management’s expectations, the Company’s results of operations, financial condition or cash flows could be materially adversely affected.

AB5

In January 2020, AB5 went into effect. AB5 codifies a test to determine whether a worker is an employee under California law. The test is referred to as the “ABC” test, and was originally handed down by the California Supreme Court in *Dynamex Operations v. Superior Court* in 2018. Under the ABC test, workers performing services for a hiring

entity are considered employees unless the hiring entity can demonstrate three things: the worker (A) is free from the hiring entity's control, (B) performs work that is outside the usual course of the hiring entity's business, and (C) customarily engages in the independent trade, work or type of business performed for the hiring entity.

The Company has received lawsuits and governmental inquiries relating to AB5, and anticipates - in California and in other jurisdictions - future claims, lawsuits, arbitration proceedings, administrative actions, and government investigations and audits challenging the Company's classification of Drivers as independent contractors and not employees. The Company believes that its current and historical approach to classification is supported by the law and intends to continue to defend itself vigorously in these matters. However, the results of litigation and arbitration are inherently unpredictable and legal proceedings related to these claims, individually or in the aggregate, could have a material impact on the Company's business, financial condition and results of operations. Regardless of the outcome, litigation and arbitration of these matters can have an adverse impact on the Company because of defense and settlement costs individually and in the aggregate, diversion of management resources and other factors. The Company cannot reasonably estimate a range of loss at this time.

O'Connor, et al., v. Uber Technologies, Inc. and Yucesoy v. Uber Technologies, Inc., et al.

O'Connor and Yucesoy are two putative class actions that assert various independent contractor misclassification claims brought on behalf of certain Drivers in California and Massachusetts, respectively. The two cases were consolidated and both are pending in the United States District Court for the Northern District of California. Filed on August 16, 2013 in the United States District Court for the Northern District of California, the O'Connor action is a class action against the Company on behalf of all Drivers who contracted with the Company in California between 2009 and February 28, 2019 and seeks damages for tips and business expense reimbursement based on alleged independent contractor misclassification and unfair competition. The O'Connor action was stayed in the trial court pending the outcome of appeals before the Ninth Circuit Court of Appeals regarding the trial court's orders denying the Company's motions to compel arbitration, order certifying the class action, and order enjoining the Company's enforcement of its arbitration agreement. The Ninth Circuit issued its rulings on those appeals on September 25, 2018, finding that the Company's arbitration agreements were enforceable and accordingly, decertified the O'Connor class and remanded the case to the district court for further proceedings. Filed on June 2, 2014 in the Massachusetts Suffolk County Superior Court, the Yucesoy action is a class action against the Company on behalf of all Drivers in Massachusetts and seeks damages based on independent contractor misclassification, tips law violations and tortious interference with contractual and/or advantageous relations. Plaintiffs filed an amended complaint in the Yucesoy action on March 30, 2018 adding new class representatives, to which the Company filed a motion to compel arbitration and/or dismiss the action on April 26, 2018. On March 11, 2019, the parties entered into a Settlement Agreement which provides that the Company will pay \$20 million to settle the O'Connor and Yucesoy actions. The proposed settlement does not require the Company to start classifying Drivers as employees in California or Massachusetts and does not include those Drivers who are subject to arbitration. Plaintiffs filed a motion with the United States District Court for the Northern District of California seeking court approval of the settlement agreement. The motion for preliminary approval of the parties' settlement agreement was heard on March 21, 2019, and preliminary approval was granted subject to certain conditions. Final approval of the settlement occurred on August 29, 2019.

In May 2019, the Company reached agreements to resolve independent contractor misclassification claims of Drivers in California and Massachusetts that have filed (or expressed an intention to file) arbitration demands. Under the agreements, certain Drivers are eligible for settlement payments. The Company anticipates the aggregate amount of payments to Drivers under these individual settlement agreements, together with attorneys' fees, will fall within an approximate range of \$149 million to \$170 million, of which approximately \$149 million has been paid as of December 31, 2019.

State Unemployment Taxes

In December 2016, following an audit opened in 2014 investigating whether Drivers were independent contractors or employees, the Company received a Notification of Assessment from the Employment Development Department, State of California, for payroll tax liabilities. The notice retroactively imposed various payroll tax liabilities on the Company, including unemployment insurance, employment training tax, state disability insurance, and personal income tax. The Company has filed a petition with an administrative law judge of the California Unemployment Insurance Appeals Board appealing the assessment.

In 2018, the New Jersey Department of Labor (NJDOLE) opened an audit reviewing whether Drivers were independent contractors or employees for purposes of determining whether unemployment insurance regulations apply. A series of assessments have been issued by the NJDOLE, starting with a 2014-only preliminary assessment in October 2018, and continuing through November 12, 2019, when an assessment was issued both as to Uber and Rasier for the years 2014-2018. We are engaged in ongoing discussions with the NJDOLE about the assessments and have formally requested a hearing. The Company's chances of success on the merits are still uncertain and any possible loss or range of loss cannot be estimated.

Google v. Levandowski & Ron; Google v. Levandowski

On October 28, 2016, Google filed arbitration demands against each of Anthony Levandowski and Lior Ron, former employees of Google, alleging breach of their respective employment agreements with Google, fraud and other state law violations (due to soliciting Google employees and starting a new venture to compete with Google's business in contravention of their respective employment agreements). Google sought damages, injunctive relief, and restitution. The arbitration hearing was held from April 30 to May 11, 2018. On March 26, 2019, the arbitration panel issued an interim award, finding against each of Google's former employees and awarding \$127 million against Anthony Levandowski and \$1 million for which both Anthony Levandowski and Lior Ron are jointly and severally liable. In July 2019, Google submitted its request for interest, attorneys fees, and costs related to these claims. The Panel's Final Award was issued on December 6, 2019. Google and Lior Ron have entered into a settlement agreement which resolves the entirety of Ron's liability. While Uber and Levandowski are parties to an indemnification agreement, whether Uber is ultimately responsible for such indemnification is subject to a dispute between the Company and Levandowski. The ultimate resolution of the matter could result in a possible loss of up to \$64 million or more (depending on interest incurred) in excess of the amount accrued. Uber is not a party to either of these arbitrations.

Taiwan Regulatory Fines

Prior to the Company adjusting and re-launching its operating model in April 2017 to a model where government-approved rental companies provide transport services to Riders, Drivers in Taiwan and the local Uber entity have been fined by Taiwan's Ministry of Transportation and Communications in significant numbers across Taiwan. On January 6, 2017, a new Highways Act came into effect in Taiwan which increased maximum fines from New Taiwan Dollar ("NTD") 150,000 to NTD 25 million per offense. The Company suspended its service in Taiwan from February 10, 2017 to April 12, 2017, but a number of these fines were issued to the local Uber entity in connection with rides that took place in January and February 2017 prior to the suspension. These fines have remained outstanding while Uber appeals the tickets through the courts. Beginning in July 2018, the Taiwan Supreme Court issued a number of positive rulings in which it rejected the government's approach of issuing one ticket per ride. The Taiwan government has appealed these rulings to the Supreme Court.

Copenhagen Criminal Prosecution

In May 2017, the Danish police announced that they would use tax data about Drivers obtained from the Dutch tax authorities to prosecute Drivers for unlicensed taxi traffic. The tax data covers calendar years 2015 and prior. The prosecutor indicted four Drivers as test cases which have been heard by the Copenhagen City Court, the Appeal Court and finally the Supreme Court. In addition, on October 6, 2017, the Company was preliminarily charged with aiding and abetting illegal taxi traffic in 2015. In September 2018, the Danish Supreme Court ruled on these test cases that the Drivers were carrying out illegal taxi operations and fined them in the total amount of their earnings from performing ridesharing services. The Court also confirmed that the use of the relevant tax data obtained from the Dutch tax authorities was validly used as evidence in the prosecutions and was used to assess the fines payable.

In January 2018, the Company received another request from the Danish tax authorities through the Dutch tax authorities to disclose tax data about Drivers for years 2016 and 2017. Such tax data for years 2016 to 2017 has subsequently been provided by the Company to the Danish tax authorities.

On May 29, 2018, the Company received another set of indictment papers from the Danish prosecutor. On February 19, 2019, the Company was informed by the Danish prosecutor that it has issued a request for legal aid to the Danish prosecutor to serve additional indictment papers, relating to the Company's activity in Denmark in 2016 and 2017. On May 13, 2019, the Company was notified by the Dutch tax authorities that data related to the Company's activity in Denmark in 2016 and 2017 could not be used by Danish authorities for the purpose of attempting to establish fraud in connection with taxi licenses. The Company has not operated these services in Denmark since 2017 and currently does not have operations in Denmark.

Malden Transportation v. Uber Technologies, Inc.

Seven consolidated actions were filed in the U.S. District Court for the District of Massachusetts by taxi medallion owners Malden Transportation, Inc., Anoush Cab, Inc., Dot Ave Cab, Inc., Gill & Gill, Inc., Max Luc Taxi, Inc., Sycoone Taxi, Inc., Taxi Maintenance, Inc. in late 2016 and early 2017 against the Company alleging unfair competition violations (on the grounds that the Company failed to comply with local taxi laws), as well as state and federal antitrust violations (on the grounds that the Company prices trips below cost in order to achieve a monopoly). Antitrust claims were dismissed, but the unfair competition claims remained. On May 15, 2019, Uber reached a tentative settlement with the plaintiffs in six of the seven actions, which are finalized as to all but one plaintiff. A bench trial of the seventh action (Anoush Cab, Inc.) began on July 18, 2019 and concluded on August 2, 2019. On September 6, 2019, the Court issued a complete defense verdict, resolving that trial in the Company's favor and finding no liability. On October 4, 2019, the Anoush plaintiffs filed a notice of appeal.

Swiss Social Security Reclassification

Several Swiss government bodies currently classify Drivers as employees of Uber Switzerland, Rasier Operations B.V. or of Uber B.V. for social security or regulatory purposes. A number of such decisions have been made by these governmental bodies. The Company is challenging each of them. The Cantonal Court of Zurich issued a ruling with regard to certain test cases on July 20, 2018. The court canceled the decisions on the grounds that certain decisions were made against the Company's Swiss local entity without proof that there is a contractual relationship between the Company's Swiss local entity and the Drivers (who actually contract with Uber B.V.). This ruling was not appealed and the Swiss governmental bodies continue to investigate the identity of the employer. On July 5, 2019, the Swiss governmental bodies issued four decisions by which they reclassified four drivers as Uber B.V. and Rasier Operations B.V. employees and consider that Uber Switzerland should pay social security contributions. On August 19, 2019, Uber B.V. and Rasier Operations B.V. were notified of SVA Zurich's decision to reclassify Drivers in 2014 as employees of these entities. The Company has appealed those decisions. Further, another Swiss governmental body ruled on October 30, 2019 that Uber B.V. should be qualified as a transportation company based on the view that Uber B.V. is the employer of Drivers. The Company appealed this decision. The Company's chances of success on the merits are still uncertain and any possible loss or range of loss cannot be estimated.

Aslam, Farrar, Hoy and Mithu v. Uber B.V., Uber Britannia Ltd. and Uber London Ltd.

On October 28, 2015, a claim by 25 Drivers, including Mr. Y. Aslam and Mr. J. Farrar, was brought in the UK Employment Tribunal against the Company asserting that they should be classified as "workers" (a separate category between independent contractors and employees) in the UK rather than independent contractors. The tribunal ruled on October 28, 2016 that Drivers are workers whenever our app is switched on and they are ready and able to take trips.

The Court of Appeal heard the case on October 31, 2018 and November 1, 2018 and rejected the Company's appeal in a majority decision on December 19, 2018. The Company has been granted permission to appeal to the Supreme Court. A hearing at the Supreme Court is expected to take place in July 2020 with a decision in the fall of 2020. The plaintiffs have not quantified their claim and if they are successful in establishing "worker" status, any damages will be considered at a future hearing. The amount of compensation sought by the plaintiffs in the case is not currently known. If Drivers are determined to be workers, they may be entitled to additional benefits and payments, and we may be subject to penalties, back taxes, and fines. Any possible loss or range of loss cannot be estimated.

Non-Income Tax Matters

The Company recorded an estimated liability for contingencies related to non-income tax matters and is under audit by various domestic and foreign tax authorities with regard to such matters. The subject matter of these contingent liabilities and non-income tax audits primarily arises from the Company's transactions with its Drivers, as well as the tax treatment of certain employee benefits and related employment taxes. In jurisdictions with disputes connected to transactions with Drivers, disputes involve the applicability of transactional taxes (such as sales, value added and similar taxes) to services provided, as well as the applicability of withholding tax on payments made to such Drivers. For example, the Company is involved in a proceeding in the UK involving HMRC, the tax regulator in the UK, which is seeking to classify the Company as a transportation provider. Being classified as a transportation provider would result in a VAT (20%) on Gross Bookings or on the service fee that the Company charges Drivers, both retroactively and prospectively. Further, if Drivers are determined to be workers, they may be entitled to additional benefits and payments, and the Company may be subject to penalties, back taxes, and fines. The Company believes that the position of HMRC

and the regulators in similar disputes and audits is without merit and is defending itself vigorously. The Company's estimated liability is inherently subjective due to the complexity and uncertainty of these matters and the judicial processes in certain jurisdictions, therefore, the final outcome could be different from the estimated liability recorded.

Other Legal and Regulatory Matters

The Company has been subject to various government inquiries and investigations surrounding the legality of certain of the Company's business practices, compliance with antitrust and other global regulatory requirements, labor laws, data protection and privacy laws, the adequacy of disclosures to investors and other shareholders, and the infringement of certain intellectual property rights. The Company has investigated many of these matters and is implementing a number of recommendations to its managerial, operational and compliance practices, as well as seeking to strengthen its overall governance structure. In many cases, the Company is unable to predict the outcomes and implications of these inquiries and investigations on the Company's business which could be time consuming, costly to investigate and require significant management attention. Furthermore, the outcome of these inquiries and investigations could negatively impact the Company's business, reputation, financial condition and operating results, including possible fines and penalties and requiring changes to operational activities and procedures.

Indemnifications

In the ordinary course of business, the Company often includes standard indemnification provisions in its arrangements with third parties. Pursuant to these provisions, the Company may be obligated to indemnify such parties for losses or claims suffered or incurred in connection with its activities or non-compliance with certain representations and warranties made by the Company. In addition, the Company has entered into indemnification agreements with its officers, directors, and certain current and former employees, and its certificate of incorporation and bylaws contain certain indemnification obligations. It is not possible to determine the maximum potential loss under these indemnification provisions / obligations because of the unique facts and circumstances involved in each particular situation.

Note 16 - Variable Interest Entities ("VIEs")

Consolidated VIEs

Total assets included on the consolidated balance sheets for these VIEs as of December 31, 2018 and 2019 were \$115 million and \$1.2 billion, respectively. Total liabilities included on the consolidated balance sheet for VIEs as of December 31, 2018 were not material. Total liabilities included on the consolidated balance sheet for VIEs as of December 31, 2019 were \$159 million.

Freight Holding

In July 2018, the Company created a new majority-owned subsidiary, Uber Freight Holding Corporation ("Freight Holding"). The purpose of Freight Holding is to perform the business activities of the Freight operating segment. The Freight Holding stock held by the Company was determined to be a variable interest. Freight Holding is also considered to be a VIE because it lacks sufficient equity to finance activities without future subordinated support. Given that the Company has the power to direct activities that most significantly impact the economic performance of Freight Holding, the Company is the primary beneficiary of Freight Holding. As a result, the Company consolidates Freight Holding's assets and liabilities. As of December 31, 2019, Uber continues to own the majority of the issued and outstanding capital stock of Freight Holding and reports non-controlling interests as further described in Note 17 - Non-Controlling Interests.

Apparate USA LLC

In April 2019, the Company contributed certain of its subsidiaries and all assets and liabilities related to its autonomous vehicle technologies (excluding liabilities arising from certain indemnification obligations related to the Levandowski arbitration and any remediation costs associated with certain obligations that may arise as a result of the Waymo settlement) to Apparate USALLC ("Apparate") in exchange for common units representing 100% ownership interest in Apparate. The purpose of Apparate is to develop and commercialize autonomous vehicle and ridesharing technologies. Subsequent to the formation of Apparate in April 2019, Apparate entered into a Class A Preferred Unit Purchase Agreement ("Preferred Unit Purchase Agreement") with SVF Yellow (USA) Corporation ("SoftBank"), Toyota Motor North America, Inc. ("Toyota"), and DENSO International America, Inc. ("DENSO"). Preferred units were issued in July 2019 to SoftBank, Toyota, and DENSO and provided the investors with an aggregate 13.8% initial ownership interest in Apparate on an as-converted basis. The common units held by the Company in Apparate were determined to be a variable interest. The Company has determined that Apparate is a VIE as it lacks sufficient equity to finance its activities without future subordinated support. The Company has the power to direct the activities that most significantly

impact the economic performance of Apparate, and, as a result, the Company is the primary beneficiary of Apparate, consolidates Apparate’s assets and liabilities and reports non-controlling interests as further described in Note 17 - Non-Controlling Interests.

Unconsolidated VIE

Mission Bay 3 & 4

The Mission Bay 3 & 4 JV refers to ECOP, a joint venture entity established in March 2018, by the Company and the LLC Partners. The Company contributed \$136 million cash in exchange for a 45% interest in ECOP. Any remaining construction costs will be funded through a construction loan obtained by ECOP where the Company together with the two LLC Partners guarantee payments and performance of the loan when it becomes due and any payment of costs incurred by the lender under limited situations. The maximum collective guarantee liability is up to \$50 million.

The Company evaluated the nature of its investment in ECOP and determined that ECOP was a VIE during the construction period; however, the Company is not the primary beneficiary as decisions are made jointly between parties and therefore does not have the power to direct activities that most significantly impact the VIE. The Company reevaluates if ECOP meets the definition of a VIE upon specific reconsideration events. The investment was determined to be an equity method investment due to the Company’s ability to exercise significant influence over MLU B.V. Refer to Note 4 - Equity Method Investments for further information.

The maximum exposure to loss represents the potential loss recognized by the Company relating to these unconsolidated entities. The Company believes that its maximum exposure to loss is limited because it is a member of the limited liability company. The Company’s maximum exposure to loss differs from the carrying value of the variable interests. The maximum exposure to loss is dependent on the nature of the variable interests in the VIE and is limited to the investment balances and notional amounts of guarantees. As of December 31, 2018 and 2019, the carrying amount of assets and liabilities recognized on the consolidated balance sheets related to the Company’s interests in unconsolidated VIEs and the Company’s maximum exposure to loss relating to unconsolidated VIEs was as follows (in millions):

	As of December 31,	
	2018	2019
Investment	\$ 78	\$ 136
Additional cash contribution.....	58	—
Limited guarantee	50	50
Maximum exposure to loss.....	<u>\$ 186</u>	<u>\$ 186</u>

Note 17 - Non-Controlling Interests

ATG Investment: Preferred Unit Purchase Agreement

On July 2, 2019 (“the Close Date”), the Company closed a Preferred Unit Purchase Agreement with SoftBank, Toyota, and DENSO (collectively “the Investors”) for purchase by the Investors of Class A Preferred Units (“Preferred Units”) in Apparate. On the Close Date, Apparate, a subsidiary of the Company, issued 1.0 million Preferred Units at \$1,000 per unit to the Investors for an aggregate consideration of \$1.0 billion (\$400 million from Toyota, \$333 million from SoftBank, and \$267 million from DENSO). The Preferred Units represented an aggregate 13.8% initial ownership interest in Apparate on an as-converted basis. The Company retains the remaining 86.2% ownership interest following the closing of the Preferred Units Purchase Agreement. SoftBank and Toyota are existing investors in the Company.

At the option of the Investors, the Preferred Units are convertible into common units of Apparate, initially on a one-for-one basis but subject to potential adjustment, as defined by the Preferred Unit Purchase Agreement at any time. The Preferred Units are entitled to certain distributions, including primarily dividends which are payable in cash or in-kind (at Apparate’s discretion), and accrue quarterly, compounded on the last day of each quarter at a 4.5% annual rate. The Preferred Units are entitled to distributions upon the occurrence of a sale or liquidation of Apparate representing an amount that is equal to the greater of (i) the original investment plus any accrued but unpaid amounts, and (ii) their share of distributions assuming conversion to common units of Apparate immediately prior to the sale or liquidation event. The quarterly dividend, along with any attributed prorated share of Apparate’s net income (if applicable), are included in net income (loss) attributable to non-controlling interests, net of tax in the Company’s consolidated statements of operations. The Preferred Units do not participate in net losses due to a liquidation preference.

SoftBank's Preferred Units

Beginning on July 2, 2026, SoftBank has the option to put to the Company all, but not less than all, of its initial investment in Preferred Units at a price equal to the number of SoftBank's Preferred Units multiplied by the greater of (i) the original investment plus any accrued but unpaid amounts per unit and (ii) the fair value of the Preferred Units at the time of conversion (the "Put/Call Price"). Beginning on July 2, 2026, the Company can call all, but not less than all, of the Preferred Units held by SoftBank at the Put/Call Price. The Company has the option to settle all, or a portion of, the Put/Call Price with its common stock and any remainder will be satisfied in cash. The put and call were determined to be embedded features within the SoftBank Preferred Units since they are not separately exercisable or legally detached from the SoftBank Preferred Units.

As of December 31, 2019, the SoftBank Preferred Units are classified as redeemable non-controlling interests in the Company's consolidated financial statements and reported at the Put/Call Price. The Put/Call Price is determined as of each balance sheet date. The fair value of SoftBank's Preferred Units is determined based on a hybrid method with the option-pricing model as the primary methodology. This method uses Level 3 fair value measurement inputs as well as an assumed equal probability of the occurrence of a liquidation or exit event. The significant unobservable inputs used in the fair value measurement include: volatility of 42%, time to liquidity of 4.5 years, and a discount for lack of marketability of 16%. A market approach was also used to corroborate the valuation derived from the hybrid method at issuance to evidence that the issuance price of the Preferred Units approximated their fair value. There were no fair value adjustments to SoftBank's redeemable non-controlling interests during the year ended December 31, 2019.

Toyota and DENSO's Preferred Units

As of December 31, 2019, the Toyota and DENSO Preferred Units are classified in permanent equity as non-controlling interests as these units are not subject to any mandatory redemption rights or redemption rights that are outside the control of the Company.

ATG Collaboration Agreement with Apparate, Toyota and DENSO

In conjunction with the Preferred Unit Purchase Agreement discussed above, the Company entered into a three-year joint collaboration agreement among Toyota, DENSO, and Apparate to develop next-generation self-driving technology (the "ATG Collaboration Agreement"), which became effective as of the closing of the Preferred Unit Purchase Agreement in July 2019. Pursuant to the ATG Collaboration Agreement, Toyota will make cash payments to Apparate up to an aggregate of \$300 million, payable in six semi-annual installments during the three-year term of the ATG Collaboration Agreement. The cash payments for each six-month period are contingent upon the mutual agreement between the parties on the development activities and milestones to be achieved in the next six months and the continuation of the ATG Collaboration Agreement. The ATG Collaboration Agreement is within the scope of ASC 808, Collaborative Arrangements. The development activities are considered ongoing and central to the activities of ATG. As a result, the amounts received from Toyota are recognized as collaboration revenue in the ATG and Other Technology Programs segment ratably over the respective six-month service period to which each payment relates, as the related development activities are performed. During the year ended December 31, 2019, the first \$50 million cash installment was received, of which \$42 million was recognized as revenue.

Freight Holding

As of December 31, 2018 and 2019, the Company owned 89% of the issued and outstanding capital stock of its subsidiary Freight Holding, or 80% on a fully-diluted basis if all shares reserved for issuance under the Company's Freight Holding employee incentive plan were issued and outstanding. Under the Freight Holding incentive plan, a total number of 99.8 million shares of Freight Holding are reserved and available for grant and issuance.

The minority stockholders of the Company's subsidiary Freight Holding, including any holders of equity awards issued under the employee equity incentive plans and employees who hold fully vested shares, have put rights to sell certain of their equity interests at fair value to the Company at specified periods of time that terminates upon the earliest of the closing of a liquidation transaction or an IPO of the subsidiary. Should the put rights be exercised, they can be satisfied in either cash, Uber stock, or a combination of cash and Uber stock based upon the Company's election.

The Company attributes the pro rata share of the Freight Holding's net income or loss to the redeemable non-controlling interests based on the outstanding ownership of the minority shareholders during the period.

As of December 31, 2018 and 2019, the minority stockholders ownership in Freight Holding is classified in mezzanine equity as redeemable non-controlling interest, because it is redeemable on an event that is not solely in the control of the Company. The Freight Holding non-controlling interest is not remeasured to fair value because it is currently not probable that the non-controlling interest will become redeemable. If the Freight Holding non-controlling interest becomes probable of being redeemable, then the Company will be required to remeasure the non-controlling interest at fair value with changes in the carrying value recognized in additional paid-in-capital.

Note 18 – Business Combination

In May 2018, the Company acquired 100% of the equity interest of JUMP, a dockless e-bike sharing private company based in Brooklyn, New York. The acquisition of JUMP was accounted for as a business combination. The purchase price of \$139 million (paid in 2,605,148 shares of the Company's common stock, 499,241 stock options, and \$46 million in cash) was allocated as follows: \$37 million to developed technology, \$4 million to deferred tax liabilities, \$10 million to assets acquired and \$4 million to liabilities assumed based on their estimated fair value on the acquisition date, and the excess of \$100 million of the purchase price over the fair value of net assets acquired was recorded as goodwill. Goodwill was primarily attributable to the expected synergies arising from the acquisition including the ability to gain efficiencies with the use of JUMP's technology and existing processes. This goodwill was not deductible for U.S. income tax purposes. Developed technology is amortized on a straight-line basis over its estimated useful life of up to 5 years.

Note 19 - Divestitures

During the year ended December 31, 2018, the Company completed two divestitures. These divestitures consisted of the disposition with a retained interest in the Uber Russia/CIS operations and the sale of the Company's Southeast Asia operations. The gains associated with these divestitures were included in other income (expense), net in the consolidated statement of operations.

MLU B.V. and Uber Russia/CIS Operations

During the first quarter of 2018, the Company contributed the net assets of its Uber Russia/CIS operations into a newly formed private limited liability company, MLU B.V., with Yandex and the Company holding ownership interests in MLU B.V. The Company contributed \$345 million of cash, contracts in the region including Rider, Driver, and Eater contracts, and certain employees in the region to MLU B.V. The Company concurrently issued approximately 2 million shares of Uber Technologies, Inc. Class A common stock, with a fair value of \$52 million to MLU B.V.'s parent, Yandex. These shares are subject to a put/call feature resulting in Uber Technologies, Inc.'s contingent obligation to buy back these shares at \$48 per share. The put/call feature may be exercised at any time by either party from when it became effective in February 2019 through February 2022, at which point, if unexercised, the put/call right expires. In December 2019, Yandex exercised the put feature which caused the Company to repurchase all Yandex owned shares of Uber Technologies, Inc. Class A common stock. The Company then retired the shares.

The Company performed an evaluation to determine if the sale constituted discontinued operations and concluded that the sale did not represent a major strategic shift, primarily because the Uber Russia/CIS operations did not materially affect consolidated assets, revenue or loss from operations of the Company. In addition, the Company determined the sale constituted the sale of a business in accordance with ASC 805.

In exchange for consideration contributed, the Company received a seat on MLU B.V.'s board and a 38% equity ownership interest consisting of common stock in MLU B.V. The investment was determined to be an equity method investment due to the Company's ability to exercise significant influence over MLU B.V. Refer to Note 4 - Equity Method Investments for further information.

As a result of the loss of control over Uber Russia/CIS resulting from the transaction, the Company derecognized the assets and liabilities of Uber Russia/CIS and recorded a \$954 million gain during the year ended December 31, 2018 recognized in other income (expense), net in the consolidated statements of operations.

The following table presents the gain on disposition related to the divestiture of Uber Russia/CIS during the year ended December 31, 2018 (in millions):

	Year Ended December 31, 2018
Fair value of consideration received	\$ 1,410
Cash consideration contributed, net of working capital adjustments	(334)
Share consideration in Class A common stock contributed	(52)
Other	(57)
Net consideration received for sale of Uber Russia/CIS	967
Carrying value of net assets transferred	(13)
Gain on disposition	<u>\$ 954</u>

Included in the initial carrying value of the investment in MLU B.V. of \$1.4 billion, which represents the fair value of the investment (as consideration received) on the transaction date, was a basis difference of \$908 million related to the difference between the cost of the investment and the Company's proportionate share of the net assets of MLU B.V.

Southeast Asia

On March 25, 2018, two wholly-owned subsidiaries of the Company signed and completed an agreement with Grab pursuant to which Grab hired employees and acquired certain assets of the Company in the region, including Rider, Driver, and Eater contracts in Southeast Asia. The net assets contributed by the Company were not material. The Company determined the sale constituted the sale of business in accordance with ASC 805. The investment was determined to be an investment in a debt security which the Company has classified as available-for-sale, initially recorded at fair value of \$2.2 billion. Upon closing, the Company's Chief Executive Officer joined Grab's board of directors and compensation committee. In exchange, the Company received 401 million shares of Grab Series G preferred stock on the closing date of the transaction and 8 million additional Grab Series G preferred stock during 2018 related to the resolution of certain post-close contingencies, for a total of 409 million shares representing 23.2% of the outstanding share capital of Grab as of December 31, 2018. In addition, based on the agreement, 3 million shares remained subject to the post-close contingency as of December 31, 2018, and the remaining number of shares were immaterial as of December 31, 2019. The shares received have been recorded at fair value as additional sale consideration. As a result of the transaction, the Company recorded a \$2.3 billion gain during the year ended December 31, 2018 in other income (expense), net in the consolidated statements of operations.

The Grab Series G preferred stock ("the Grab investment") includes a redemption right, under which the Company, subject to certain conditions, including the absence of a Grab IPO, may put all or a portion of its investment back to Grab any time after the redemption date (defined as June 29, 2023) for cash. The redemption price is equal to the sum of the issue price of \$5.54 with any declared but unpaid dividends, and compounded interest of 6% per annum on the issue price. The compounded interest represents contractual interest payable on the Grab investment generally due at the redemption date. The Grab investment meets the definition of a debt security due to the redemption feature of the invested shares that are not in-substance common stock. As a result, the Grab investment is classified as an available-for-sale debt security initially recorded at fair value, with changes in the fair value of the investment recorded in other comprehensive income (loss), net of tax. Refer to Note 3 - Investments and Fair Value Measurement for further information regarding the amortized cost, unrealized holding gains, and fair value of the Company's available-for-sale debt securities.

There is significant uncertainty over the collectability of the contractual interest payable on the Grab investment on or after the redemption date due to, among other factors, the reasonable possibility of a Grab IPO. For these reasons, the Company has not recognized any interest income as of December 31, 2018 and 2019. If the Company had recorded accrued interest on the Series G preference shares, approximately \$102 million and \$142 million of additional interest income would have been recognized for the years ended December 31, 2018 and 2019, respectively.

Related Party Transactions with Grab and MLU B.V.

In August 2018, the Company entered into a purchase agreement ("Grab Vehicle Purchase Agreement") to sell up to 1,900 vehicles to Grab from the pool of assets held for sale by LCR. The sales occurred over a six-month period beginning August 2018. During the year ended December 31, 2018, the Company transferred certain vehicles to Grab in exchange for SGD 31 million of cash consideration and recognized a loss on disposal of SGD 9 million. In January 2019,

the Company transferred the remaining vehicles under the Grab Vehicle Purchase Agreement to Grab in exchange for SGD 39 million of cash consideration. The Company and Grab executed a Transition Service Agreement (“TSA”) which requires the Company to provide transaction and integration services to Grab for a period of up to six months subsequent to the closing of the divestiture. In addition, the Company entered into a TSA with MLU B.V. to provide certain transition services subsequent to the closing of the transaction. Transactions related to the TSAs did not have material impacts on the Company’s financial position, results of operations, or liquidity.

Xchange Leasing

In August 2017, the Company began a reassessment of its U.S. based wholly-owned car leasing operations Xchange Leasing resulting in a plan to exit operations. The Company assessed the fair value of the leased vehicle assets held for sale at December 31, 2017, considering the potential sale transactions, expected future cash flows, and the cost to sell the assets. Based on this assessment, the Company recorded an impairment loss of \$166 million for the year ended December 31, 2017 as part of the fair value measurement to reduce the carrying amount of the leased vehicle assets to their estimated fair value less costs to sell. The impairment loss was included in general and administrative expenses in the consolidated statements of operations.

In January 2018, the Company closed on a transaction with a third party to sell the beneficial interest of a trust owned by the Company that holds title of the leased vehicles and leased contracts. The transaction resulted in an immaterial loss on disposal. Purchase consideration included approximately \$104 million of cash and receivables, a \$5 million note convertible into equity of the purchaser, and \$20 million in contingent consideration to be earned based on performance of the leases post-sale. The Company used part of the proceeds to pay down the outstanding \$75 million principal balance of the Xchange Leasing 2016 Secured Revolving Credit Facility, which was subsequently terminated in January 2018. The Company sold the remaining Xchange Leasing vehicle assets which were not part of this transaction during 2018. The Xchange Leasing business was included within the Company’s Rides segment.

Note 20 - Subsequent Events

Acquisition of Careem

On January 2, 2020 (“Initial Closing”), the Company completed the previously announced acquisition of substantially all of the assets of Careem Inc. and its subsidiaries (collectively “Careem”) in jurisdictions where the Company received regulatory approval or did not require regulatory approval (“Transferred Assets”). Dubai-based Careem was founded in 2012, provides ridesharing, meal delivery, and payments services to millions of users in cities across the Middle East, North Africa, and Pakistan. This acquisition advances the Company’s strategy of having a leading ridesharing category position in every major region of the world in which the Company operates. The only countries in which Careem operates and regulatory approval has not yet been obtained are Qatar and Morocco (“Deferred Assets”). The Company will continue to seek regulatory approval for the Deferred Assets. While regulatory approval in Pakistan was obtained in February 2020, Pakistan, together with the Deferred Assets, have not yet been transferred to the Company. Pakistan and the Deferred Assets countries will be subject to a delayed closing pending timing of regulatory approval at each of the three, six, and nine month anniversaries of the Initial Closing or at such other time as mutually agreed between the Company and Careem. If regulatory approval is not obtained with respect to any Deferred Assets by the nine month anniversary of the Initial Closing, the Company and Careem may mutually agree to divest any such remaining Deferred Assets.

As previously disclosed, the maximum aggregate purchase price is approximately \$3.1 billion, consisting of up to approximately \$1.7 billion of non-interest bearing unsecured convertible notes and approximately \$1.4 billion in cash, subject to certain adjustments and holdbacks equal to 25% of the aggregate purchase price. The notes will be issued in tranches. Each tranche of the unsecured convertible notes is due and payable 90 days once issued. The holders of the unsecured convertible notes may elect to convert the full outstanding principal balance to Class A Common Stock at a conversion price of \$55 per share of the Company at any time prior to maturity.

The Company is currently evaluating purchase price allocation. It is not practicable to disclose the preliminary purchase price allocation for this acquisition given the short period of time between the acquisition date and the issuance of these consolidated financial statements.

Divestiture of Uber Eats India to Zomato

On January 21, 2020, the Company entered into a definitive agreement and completed the divestiture of Uber's food delivery operations in India ("Uber Eats India") to Zomato Media Private Limited ("Zomato") in exchange for (i) compulsorily convertible cumulative preference shares of Zomato convertible into ordinary shares representing, when converted, 9.99% of the total voting capital of Zomato and (ii) approximately \$35 million in cash for reimbursement by Zomato of goods and services tax. The estimated fair value of the consideration received is \$206 million, which includes the investment valued at \$171 million and the \$35 million of reimbursement of goods and services tax receivable from Zomato.

The divestiture of Uber Eats India does not represent a strategic shift that will have a major effect on the Company's operations and financial results, and does therefore not qualify for reporting as a discontinued operation. As of December 31, 2019, the carrying values of the assets and liabilities of the Company's Uber Eats India operations were not material to be separately reported as held for sale on the consolidated balance sheets.

Schedule II - Valuation and Qualifying Accounts

The table below details the activity of the allowance for doubtful accounts, deferred tax asset valuation allowance, and insurance reserves (in millions):

	Balance at Beginning of Period	Additions^{(1),(2)}	Deductions	Balance at End of Period
Year Ended December 31, 2017				
Allowance for doubtful accounts	\$ 17	\$ 174	\$ (163)	\$ 28
Deferred tax asset valuation allowance.....	\$ 882	\$ 192	\$ —	\$ 1,074
Insurance reserves.....	\$ 712	\$ 1,687	\$ (403)	\$ 1,996
Year Ended December 31, 2018				
Allowance for doubtful accounts	\$ 28	\$ 208	\$ (202)	\$ 34
Deferred tax asset valuation allowance.....	\$ 1,074	\$ 227	\$ (7)	\$ 1,294
Insurance reserves.....	\$ 1,996	\$ 1,578	\$ (637)	\$ 2,937
Year Ended December 31, 2019				
Allowance for doubtful accounts	\$ 34	\$ 195	\$ (195)	\$ 34
Deferred tax assets valuation allowance	\$ 1,294	\$ 8,616	\$ (55)	\$ 9,855
Insurance reserves.....	\$ 2,937	\$ 1,451	\$ (970)	\$ 3,418

(1) Additions to insurance reserves include \$318 million, \$(74) million and \$9 million for the years ended December 31, 2017, 2018 and 2019 respectively, for changes in estimates resulting from new developments in prior period claims.

(2) For the year ended December 31, 2019, the increase in valuation allowance was primarily attributable to a step-up in the tax basis of intellectual property rights, an increase in U.S. federal, state and Netherlands deferred tax assets resulting from loss from operations, and tax credits generated during the year.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our Securities Exchange Act of 1934, as amended (the "Exchange Act") reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of

possible controls and procedures. As required by Rule 13a-15(b) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures are effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting that occurred during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives as specified above. However, our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company have been detected.

Management's Report on Internal Control over Financial Reporting

The Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by the rules of the SEC for newly public companies.

ITEM 9B. OTHER INFORMATION

On February 28, 2020, we amended our employment agreement with Nelson Chai, our Chief Financial Officer, to remove the provisions related to specific equity refresh RSU awards in 2021 and 2022 and to give our Compensation Committee discretion with respect to annual equity refresh RSU awards, consistent with other senior executives of our company.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is set forth under the headers “Proposal 1- Election of Directors,” “Executive Officers” and “Board Operations” in our Proxy Statement for the 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2019 (“2020 Proxy Statement”) and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is included under the headers “Director Compensation,” “Executive Compensation” and “Compensation Committee Interlocks and Insider Participation” in the 2020 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is included under the headers “Executive Officers-Security Ownership of Certain Beneficial Owners and Management” and “Board Operations-Equity Compensation Plan Information” in the 2020 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is included under the headers “Board Operations-Certain Relationships and Related Person Transactions” and “Board Operations-Director Independence Determination” in the 2020 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is included under the header “Proposal 4: Ratification of Appointment of Independent Registered Public Accounting Firm” in the 2020 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) We have filed the following documents as part of this Annual Report on Form 10-K:

1. Consolidated Financial Statements

Our consolidated financial statements are listed in the “Index to Consolidated Financial Statements and Schedule” under Part II, Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, not material or the required information is shown in Part II, Item 8 of this Annual Report on Form 10-K.

3. Exhibits

The documents listed in the Exhibit Index of this Annual Report on Form 10-K are incorporated by reference or are filed with this Annual Report on Form 10-K, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

ITEM 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Provided Herewith	Incorporated by Reference			
			Form	File Number	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of the Registrant.		8-K	001-38902	3.1	May 14, 2019
3.2	Amended and Restated Bylaws of the Registrant.		8-K	001-38902	3.2	May 14, 2019
4.1	Description of Common Stock.	X				
4.2	Form of common stock certificate of the Registrant.		S-1/A	333-230812	4.1	April 26, 2019
4.3	Indenture, relating to the Registrant's 7.50% Senior Notes due 2023, by and between the Registrant and U.S. Bank National Association, dated November 7, 2018.		S-1	333-230812	4.3	April 11, 2019
4.4	Form of 7.50% Senior Notes due 2023.		S-1	333-230812	4.4	April 11, 2019
4.5	Indenture, relating to the Registrant's 8.00% Senior Notes due 2026, by and between the Registrant and U.S. Bank National Association, dated November 7, 2018.		S-1	333-230812	4.5	April 11, 2019
4.6	Form of 8.00% Senior Note due 2026.		S-1	333-230812	4.6	April 11, 2019
4.7	Indenture, dated as of September 17, 2019, by and between the Registrant, Rasier, LLC and U.S. Bank National Association as Trustee.		8-K	001-38902	4.1	September 17, 2019
4.8	Form of Global Note, representing the Registrant's 7.500% Senior Notes due 2027 (included as Exhibit A to the Indenture filed as Exhibit 4.1)		8-K	001-38902	4.2	September 17, 2019
10.1	Amended and Restated 2010 Stock Plan and related forms of award agreements.		S-1	333-230812	10.1	April 11, 2019
10.2	Amended and Restated 2013 Equity Incentive Plan and related forms of award agreements.		S-1/A	333-230812	10.2	April 26, 2019
10.3	2019 Equity Incentive Plan and related forms of award agreements.		S-1	333-230812	10.3	April 11, 2019
10.4	2019 Employee Stock Purchase Plan.		S-1	333-230812	10.4	April 11, 2019
10.5	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.		S-1	333-230812	10.5	April 11, 2019
10.6	2019 Executive Severance Plan.		S-1	333-230812	10.6	April 11, 2019
10.7	Executive Bonus Plan.		S-1	333-230812	10.7	April 11, 2019
10.8	Director Compensation Policy and Stock Ownership Guidelines.		S-1	333-230812	10.8	April 11, 2019

Exhibit No.	Exhibit Description	Provided Herewith	Incorporated by Reference			
			Form	File Number	Exhibit	Filing Date
10.9	Revolving Credit Agreement, by and among the Registrant, the Lenders party thereto, the Issuing Banks party thereto, and Morgan Stanley Senior Funding, Inc., dated June 26, 2015.		S-1	333-230812	10.14	April 11, 2019
10.10	Amendment No. 1 to Revolving Credit Agreement, by and among the Registrant, the Lenders party thereto, and Morgan Stanley Senior Funding, Inc., dated November 17, 2015.		S-1	333-230812	10.15	April 11, 2019
10.11	Amendment No. 2 to Revolving Credit Agreement, by and between the Registrant, the Lenders party thereto, and Morgan Stanley Senior Funding, Inc., dated December 21, 2015.		S-1	333-230812	10.16	April 11, 2019
10.12	Joinder Agreement to Revolving Credit Agreement, by and among the Registrant, the Lenders party thereto, and Morgan Stanley Senior Funding, Inc., dated March 21, 2016.		S-1	333-230812	10.17	April 11, 2019
10.13	Amendment No. 4 to Revolving Credit Agreement, by and among the Registrant, the Lenders party thereto, and Morgan Stanley Senior Funding, Inc., dated July 13, 2016.		S-1	333-230812	10.18	April 11, 2019
10.14	Amendment No. 5 to Revolving Credit Agreement, by and among the Registrant, the Lenders party thereto, and Morgan Stanley Senior Funding, Inc., dated June 13, 2018.		S-1	333-230812	10.19	April 11, 2019
10.15	Amendment No. 6 to Revolving Credit Agreement, by and among the Registrant, the Lenders party thereto, each Issuing Bank party thereto, and Morgan Stanley Senior Funding, Inc., dated October 25, 2018.		S-1	333-230812	10.20	April 11, 2019
10.16	Term Loan Agreement, by and among the Registrant, the Lenders party thereto, and Morgan Stanley Senior Funding, Inc., dated July 13, 2016.		S-1	333-230812	10.21	April 11, 2019
10.17	Amendment No. 1 to Term Loan Agreement, by and among the Registrant, the Lenders party thereto, and Morgan Stanley Senior Funding, Inc., dated June 13, 2018.		S-1	333-230812	10.22	April 11, 2019
10.18	Term Loan Agreement, by and among the Registrant, the Lenders party thereto, and Cortland Capital Market Services LLC, dated April 4, 2018.		S-1	333-230812	10.23	April 11, 2019

Exhibit No.	Exhibit Description	Provided Herewith	Incorporated by Reference			
			Form	File Number	Exhibit	Filing Date
10.19†	Google Maps for Work Master Agreement, by and between the Registrant and Google Inc., dated October 29, 2015.		S-1	333-230812	10.24	April 11, 2019
10.20†	Amendment No. 1 to Google Maps for Work Master Agreement, by and between the Registrant and Google Inc., dated August 15, 2017.		S-1	333-230812	10.25	April 11, 2019
10.21†	Google Cloud Order Form, by and between the Registrant and Google LLC, dated December 10, 2018.		S-1	333-230812	10.26	April 11, 2019
10.22 +	Google Cloud Order Form, by and between the Registrant and Google, LLC, dated March 28, 2019.		S-1	333-230812	10.27	April 11, 2019
10.23	Amendment No. 2 to Google Maps for Work Master Agreement, by and between the Registrant and Google LLC, dated August 8, 2019.	X				
10.24 +	Google Cloud Order Form, by and between the Registrant and Google LLC, dated November 18, 2019.	X				
10.25 +	Amendment No. 3 to Google Maps for Work Master Agreement, by and between the Registrant and Google LLC, dated November 18, 2019.	X				
10.26	Employment Agreement, by and between the Registrant and Dara Khosrowshahi, dated April 9, 2019.		S-1	333-230812	10.28	April 11, 2019
10.27	Employment Agreement, by and between the Registrant and Barney Harford, dated April 10, 2019.		S-1	333-230812	10.29	April 11, 2019
10.28	Employment Agreement, by and between the Registrant and Nelson Chai, dated April 9, 2019.		S-1	333-230812	10.30	April 11, 2019
10.29	Addendum to Employment Agreement, by and between the Registrant and Nelson Chai, dated September 1, 2019.	X				
10.30	Addendum to Employment Agreement, by and between the Registrant and Nelson Chai, dated February 28, 2020.	X				
10.31	Employment Agreement, by and between the Registrant and Thuan Pham, dated April 9, 2019.		S-1	333-230812	10.31	April 11, 2019
21.1	List of Subsidiaries of the Registrant.	X				
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.	X				

Exhibit No.	Exhibit Description	Provided Herewith	Incorporated by Reference			
			Form	File Number	Exhibit	Filing Date
24.1	Power of Attorney (contained on signature page hereto).	X				
31.1	Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
31.2	Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
32.1*	Certifications of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					
101.SCH	XBRL Taxonomy Extension Schema Document.					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.					
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).					

† Portions of this exhibit have been omitted in accordance with a grant of confidential treatment by the Securities and Exchange Commission.

+ Portions of this exhibit have been omitted in accordance with Item 601(b)(10)(iv) of Regulation S-K.

* The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Uber Technologies, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

Board of Directors

Ronald Sugar

Chairperson of the Board;
Former Chairman and CEO,
Northrop Grumman

Ursula Burns

Chairman and Former CEO,
VEON

Garrett Camp

Co-Founder, Uber;
Founder, Expa

Robert Eckert

Partner, FFL Partners;
Former CEO, Mattel

Amanda Ginsberg

Former CEO,
Match Group

Dara Khosrowshahi

Chief Executive Officer, Uber

Wan Ling Martello

Co-founder and Partner, BayPine;
Former Executive Vice President,
Nestlé

Yasir Al-Rumayyan

Managing Director,
The Public Investment Fund

John Thain

Former Chairman and CEO,
CIT Group

David Trujillo

Partner, TPG

Officers

Dara Khosrowshahi

Chief Executive Officer

Nelson Chai

Chief Financial Officer

Jill Hazelbaker

Senior Vice President, Marketing
and Public Affairs

Nikki Krishnamurthy

Senior Vice President and
Chief People Officer

Thuan Pham

Chief Technology Officer

Derek Anthony West

Chief Legal Officer and
Corporate Secretary

Stock Exchange

Uber Technologies, Inc.'s common stock is traded on the New York Stock Exchange under the symbol "UBER"

Transfer Agent and Registrar

Computershare Trust Company, N.A.
Stockholder Correspondence should be mailed to:

Computershare Investor Services
Computershare P.O. Box 505000
Louisville, KY 40233

Overnight correspondence should be mailed to:

Computershare
462 South 4th Street Suite 1600
Louisville, KY 40202

Computershare Shareholder Services
Number (Toll Free): 800-884-4225

Investor Center™ portal:
www.computershare.com/investor

Documents

A copy of the Company's annual report on Form 10-K filed with the Securities and Exchange Commission will be furnished without charge to any stockholder upon request by writing to the Corporate Secretary at Uber Technologies, Inc., 1455 Market Street, 4th Floor, San Francisco, California 94103.

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Investor Relations Website:
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Corporate Headquarters

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San Francisco, California 94103

Independent Public Registered Accounting Firm

PricewaterhouseCoopers LLP

Uber

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San Francisco, California 94103
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