# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended September 30, 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)**

**Not Applicable**

**(Former name, former address and former fiscal year, if changed since last report)**

| | |
|---|---|
| **Delaware** | **45-2647441** |
| **(State or other jurisdiction of incorporation or organization)** | **(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:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $0.00001 per share | UBER | New York Stock Exchange |

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 | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

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 number of shares of the registrant's common stock outstanding as of October 25, 2019 was 1,705,815,070.

**UBER TECHNOLOGIES, INC.**
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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q, 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, 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 the acquisition of Careem and to integrate Careem and any future 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 Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q 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 - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

### UBER TECHNOLOGIES, INC.
### CONDENSED CONSOLIDATED BALANCE SHEETS
**(In millions, except share amounts which are reflected in thousands, and per share amounts)**
**(Unaudited)**

| | As of December 31, 2018 | As of September 30, 2019 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 6,406 | $ 12,650 |
| Restricted cash and cash equivalents | 67 | 33 |
| Accounts receivable, net of allowance of $34 and $40, respectively | 919 | 1,154 |
| Prepaid expenses and other current assets | 860 | 1,316 |
| Assets held for sale | 406 | — |
| Total current assets | 8,658 | 15,153 |
| Restricted cash and cash equivalents | 1,736 | 1,958 |
| Investments | 10,355 | 10,412 |
| Equity method investments | 1,312 | 1,393 |
| Property and equipment, net | 1,641 | 1,537 |
| Operating lease right-of-use assets | — | 1,538 |
| Intangible assets, net | 82 | 74 |
| Goodwill | 153 | 167 |
| Other assets | 51 | 60 |
| Total assets | $ 23,988 | $ 32,292 |
| **Liabilities, mezzanine equity and equity (deficit)** | | |
| Accounts payable | $ 150 | $ 126 |
| Short-term insurance reserves | 941 | 1,023 |
| Operating lease liabilities, current | — | 197 |
| Accrued and other current liabilities | 3,157 | 4,026 |
| Liabilities held for sale | 11 | — |
| Total current liabilities | 4,259 | 5,372 |
| Long-term insurance reserves | 1,996 | 2,271 |
| Long-term debt, net of current portion | 6,869 | 5,711 |
| Operating lease liabilities, non-current | — | 1,459 |
| Other long-term liabilities | 4,072 | 1,428 |
| Total liabilities | 17,196 | 16,241 |
| Commitments and contingencies (Note 15) | | |
| Mezzanine equity | | |
| Redeemable non-controlling interests | — | 309 |
| 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 1,703,630 shares issued and outstanding, respectively | — | — |
| Additional paid-in capital | 668 | 30,513 |
| Accumulated other comprehensive loss | (188) | (185) |
| Accumulated deficit | (7,865) | (15,266) |
| Total Uber Technologies, Inc. stockholders' equity (deficit) | (7,385) | 15,062 |
| Non-redeemable non-controlling interests | — | 680 |
| Total equity (deficit) | (7,385) | 15,742 |
| Total liabilities, mezzanine equity and equity (deficit) | $ 23,988 | $ 32,292 |

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

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| **Revenue** | $ 2,944 | $ 3,813 | $ 8,296 | $ 10,078 |
| **Costs and expenses** | | | | |
| Cost of revenue, exclusive of depreciation and amortization shown separately below | 1,510 | 1,860 | 4,008 | 5,281 |
| Operations and support | 387 | 498 | 1,108 | 1,796 |
| Sales and marketing | 785 | 1,113 | 2,177 | 3,375 |
| Research and development | 434 | 755 | 1,139 | 4,228 |
| General and administrative | 460 | 591 | 1,527 | 2,652 |
| Depreciation and amortization | 131 | 102 | 317 | 371 |
| **Total costs and expenses** | 3,707 | 4,919 | 10,276 | 17,703 |
| **Loss from operations** | (763) | (1,106) | (1,980) | (7,625) |
| Interest expense | (161) | (90) | (453) | (458) |
| Other income (expense), net | (54) | 49 | 4,946 | 707 |
| **Income (loss) before income taxes and loss from equity method investment** | (978) | (1,147) | 2,513 | (7,376) |
| Provision for income taxes | 1 | 3 | 605 | 20 |
| Loss from equity method investment, net of tax | (15) | (9) | (32) | (25) |
| **Net income (loss) including non-controlling interests** | (994) | (1,159) | 1,876 | (7,421) |
| Less: net income (loss) attributable to non-controlling interests, net of tax | (8) | 3 | (8) | (11) |
| **Net income (loss) attributable to Uber Technologies, Inc.** | $ (986) | $ (1,162) | $ 1,884 | $ (7,410) |
| **Net income (loss) per share attributable to Uber Technologies, Inc. common stockholders:** | | | | |
| Basic | $ (2.21) | $ (0.68) | $ 0.59 | $ (6.79) |
| Diluted | $ (2.21) | $ (0.68) | $ 0.52 | $ (6.79) |
| **Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:** | | | | |
| Basic | 445,783 | 1,700,213 | 441,301 | 1,092,241 |
| Diluted | 445,783 | 1,700,213 | 477,592 | 1,092,241 |

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

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| Net income (loss) including non-controlling interests | $ (994) | $ (1,159) | $ 1,876 | $ (7,421) |
| Other comprehensive income (loss), net of tax: | | | | |
| Change in foreign currency translation adjustment | (154) | (14) | (219) | 3 |
| Change in unrealized gain (loss) on investments in available-for-sale securities | 3 | (4) | 42 | — |
| Other comprehensive income (loss), net of tax | (151) | (18) | (177) | 3 |
| Comprehensive income (loss) including non-controlling interests | (1,145) | (1,177) | 1,699 | (7,418) |
| Less: comprehensive income (loss) attributable to non-controlling interests | (8) | 3 | (8) | (11) |
| Comprehensive income (loss) attributable to Uber Technologies, Inc. | $ (1,137) | $ (1,180) | $ 1,707 | $ (7,407) |

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

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

| | Redeemable Non-Controlling Interest | Redeemable Convertible Preferred Stock | | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total 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 | — | 30,755 | 1,500 | — | — | — | — | — | — |
| Exercise of common stock warrants | — | — | — | 31 | — | 1 | — | — | 1 |
| Repurchase of outstanding shares | — | — | — | (1,707) | — | — | — | 5 | 5 |
| Issuance of common stock from stock option exercise and restricted stock awards | — | — | — | 7,689 | — | 15 | — | — | 15 |
| Repurchase of unvested early-exercised stock options | — | — | — | (1) | — | — | — | — | — |
| Reclassification of early-exercised stock options from liability, net | — | — | — | — | — | 1 | — | — | 1 |
| Stock-based compensation | — | — | — | — | — | 17 | — | — | 17 |
| Issuance and repayment of employee loans collateralized by outstanding common stock | — | — | — | — | — | — | — | (1) | (1) |
| Issuance of common stock as consideration for investment and acquisition | — | — | — | 1,528 | — | 52 | — | — | 52 |
| Foreign currency translation adjustment | — | — | — | — | — | — | (7) | — | (7) |
| Net income | — | — | — | — | — | — | — | 3,748 | 3,748 |
| **Balance as of March 31, 2018** | — | 894,060 | 13,710 | 450,934 | — | 406 | (10) | (5,122) | (4,726) |
| Repurchase of Series G redeemable convertible preferred stock from Didi | — | (754) | (37) | — | — | 4 | — | — | 4 |
| Repurchase of outstanding shares | — | (5) | — | (287) | — | — | — | 7 | 7 |
| Exercise of stock options | — | — | — | 129 | — | — | — | — | — |
| Repurchase of unvested early-exercised stock options | — | — | — | (129) | — | — | — | — | — |
| Reclassification of early-exercised stock options from liability, net | — | — | — | — | — | 1 | — | — | 1 |
| Stock-based compensation | — | — | — | — | — | 11 | — | — | 11 |
| Issuance and repayment of employee loans collateralized by outstanding common stock | — | — | — | — | — | (1) | — | — | (1) |
| Issuance of common stock as consideration for investment and acquisition | — | — | — | 2,605 | — | 93 | — | — | 93 |
| Unrealized gain on available-for-sale securities, net of tax | — | — | — | — | — | — | 39 | — | 39 |
| Foreign currency translation adjustment | — | — | — | — | — | — | (58) | — | (58) |
| Net loss | — | — | — | — | — | — | — | (878) | (878) |
| **Balance as of June 30, 2018** | — | 893,301 | 13,673 | 453,252 | — | 514 | (29) | (5,993) | (5,508) |
| Exercise of warrants | — | 53 | 2 | — | — | — | — | — | — |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Lapsing of repurchase option related to Series E redeemable convertible preferred stock issued to a non-employee service provider | — | — | 1 | — | — | — | — | — | — |
| Repurchase of outstanding shares | — | — | — | (489) | — | — | — | — | — |
| Exercise of stock options | — | — | — | 3,696 | — | 11 | — | — | 11 |
| Repurchase of unvested early-exercised stock options | — | — | — | (4) | — | — | — | — | — |
| Stock-based compensation | — | — | — | — | — | 74 | — | — | 74 |
| Issuance and repayment of employee loans collateralized by outstanding common stock | — | — | — | — | — | 2 | — | — | 2 |
| Issuance of non-controlling interest | 10 | — | — | — | — | (10) | — | — | (10) |
| Deferred tax benefit arising from acquisition of non-controlling interest in partnership | — | — | — | — | — | 26 | — | — | 26 |
| Unrealized gain on available-for-sale securities, net of tax | — | — | — | — | — | — | 3 | — | 3 |
| Foreign currency translation adjustment | — | — | — | — | — | — | (154) | — | (154) |
| Net loss | (10) | — | — | — | — | — | — | (986) | (986) |
| **Balance as of September 30, 2018** | $ — | 893,354 | $ 13,676 | 456,455 | $ — | $ 617 | $ (180) | $ (6,979) | $ (6,542) |

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

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

| | Redeemable Non-Controlling Interest | Redeemable Convertible Preferred Stock | | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive 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 |
| 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 | — | — | — | — | — | — | — |
| Repurchase of outstanding shares | — | — | — | (1) | — | — | — | — | — | — |
| Exercise of stock options | — | — | — | 677 | — | 4 | — | — | — | 4 |
| Repurchase of unvested early-exercised stock options | — | — | — | (32) | — | — | — | — | — | — |
| Stock-based compensation | — | — | — | — | — | 10 | — | — | — | 10 |
| Unrealized loss on available-for-sale securities, net of tax | — | — | — | — | — | — | (4) | — | — | (4) |
| Foreign currency translation adjustment | — | — | — | — | — | — | (54) | — | — | (54) |
| Net loss | (4) | — | — | — | — | — | — | (1,012) | — | (1,012) |
| **Balance as of March 31, 2019** | (4) | 904,530 | 14,224 | 457,833 | — | 682 | (246) | (8,868) | — | (8,432) |
| Lapsing of repurchase option related to common stock issued to a non-employee service provider | — | — | — | — | — | 3 | — | — | — | 3 |
| Conversion of warrant to common stock in connection with initial public offering | — | — | — | 150 | — | 6 | — | — | — | 6 |
| Conversion of convertible notes to common stock in connection with initial public offering | — | — | — | 93,978 | — | 4,229 | — | — | — | 4,229 |
| Exercise of stock options | — | — | — | 501 | — | 1 | — | — | — | 1 |
| Stock-based compensation | — | — | — | — | — | 3,943 | — | — | — | 3,943 |
| Unrealized gain on available-for-sale securities, net of tax | — | — | — | — | — | — | 8 | — | — | 8 |
| Foreign currency translation adjustment | — | — | — | — | — | — | 71 | — | — | 71 |
| 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 related to private placement | — | — | — | 11,111 | — | 500 | — | — | — | 500 |
| Issuance of common stock for settlement of RSUs | — | — | — | 80,015 | — | — | — | — | — | — |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Shares withheld related to net share settlement | — | — | — | (30,504) | — | (1,368) | — | — | — | (1,368) |
| Net loss | (10) | — | — | — | — | — | — | (5,236) | — | (5,236) |
| **Balance as of June 30, 2019** | (14) | — | — | 1,697,614 | — | 30,193 | (167) | (14,104) | — | 15,922 |
| Lapsing of repurchase option related to common stock issued to a non-employee service provider | — | — | — | — | — | 2 | — | — | — | 2 |
| Exercise of stock options | — | — | — | 94 | — | — | — | — | — | — |
| Stock-based compensation | — | — | — | — | — | 426 | — | — | — | 426 |
| Reclassification of share-based award liability to additional paid-in capital | — | — | — | — | — | 20 | — | — | — | 20 |
| Issuance and repayment of employee loans collateralized by outstanding common stock | — | — | — | — | — | 10 | — | — | — | 10 |
| Issuance of common stock as consideration for investment and acquisition | — | — | — | 188 | — | 9 | — | — | — | 9 |
| Issuance of common stock for settlement of RSUs | — | — | — | 9,553 | — | — | — | — | — | — |
| Shares withheld related to net share settlement | — | — | — | (3,820) | — | (147) | — | — | — | (147) |
| Issuance of non-controlling interests | 333 | — | — | — | — | — | — | — | 667 | 667 |
| Unrealized loss on available-for-sale securities, net of tax | — | — | — | — | — | — | (4) | — | — | (4) |
| Foreign currency translation adjustment | — | — | — | — | — | — | (14) | — | — | (14) |
| Net income (loss) | (10) | — | — | — | — | — | — | (1,162) | 13 | (1,149) |
| **Balance as of September 30, 2019** | $ 309 | — | $ — | 1,703,629 | $ — | $ 30,513 | $ (185) | $ (15,266) | $ 680 | $ 15,742 |

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

**UBER TECHNOLOGIES, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In millions)**

**(Unaudited)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2018** | **2019** |
| **Cash flows from operating activities** | | |
| Net income (loss) including non-controlling interests | $ 1,876 | $ (7,421) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | |
| Depreciation and amortization | 317 | 371 |
| Bad debt expense | 35 | 79 |
| Stock-based compensation | 145 | 4,353 |
| Gain on extinguishment of convertible notes and settlement of derivatives | — | (444) |
| Gain on business divestitures | (3,208) | — |
| Deferred income tax | 420 | (55) |
| Revaluation of derivative liabilities | 491 | (58) |
| Accretion of discount on long-term debt | 231 | 80 |
| Payment-in-kind interest | 53 | 10 |
| Loss on disposal of property and equipment | 63 | 14 |
| Impairment on long-lived assets held for sale | 122 | — |
| Loss from equity method investment | 32 | 25 |
| Gain on debt and equity securities, net | (1,984) | (1) |
| Non-cash deferred revenue | — | (39) |
| Gain on forfeiture of unvested warrants and related share repurchases | (152) | — |
| Unrealized foreign currency transactions | 54 | (16) |
| Other | 7 | 18 |
| Change in operating assets and liabilities, net of impact of business acquisitions and disposals: | | |
| Accounts receivable | (359) | (342) |
| Prepaid expenses and other assets | (421) | (467) |
| Operating lease right-of-use assets | — | 135 |
| Accounts payable | (66) | (23) |
| Accrued insurance reserve | 763 | 356 |
| Accrued expenses and other liabilities | 721 | 997 |
| Operating lease liabilities | — | (94) |
| Net cash used in operating activities | (860) | (2,522) |
| **Cash flows from investing activities** | | |
| Proceeds from insurance reimbursement, sale and disposal of property and equipment | 329 | 41 |
| Purchase of property and equipment | (362) | (406) |
| Purchase of equity method investments | (412) | — |
| Investments in debt securities | (30) | — |
| Proceeds from business disposal, net of cash divested | — | 293 |
| Acquisition of businesses, net of cash acquired | (64) | (7) |
| Net cash used in investing activities | (539) | (79) |
| **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 | — | (1,514) |
| Proceeds from issuance of common stock related to private placement | — | 500 |

| | | |
|---|---|---|
| Proceeds from issuance of subsidiary preferred stock units | — | 1,000 |
| Proceeds from exercise of stock options, net of repurchases | 26 | 5 |
| Repurchase of outstanding shares | (10) | — |
| Issuance of term loan and senior notes, net of issuance costs | 1,478 | 1,189 |
| Principal repayment on term loan | (12) | (20) |
| Principal repayment on revolving lines of credit | (491) | — |
| Principal payments on capital and finance leases | (59) | (120) |
| Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs | 1,250 | — |
| Dissolution of joint venture and subsequent proceeds | 38 | — |
| Other | (57) | 9 |
| Net cash provided by financing activities | 2,163 | 9,022 |
| Effect of exchange rate changes on cash and cash equivalents, and restricted cash and cash equivalents | (133) | (23) |
| Net increase in cash and cash equivalents, and restricted cash and cash equivalents | 631 | 6,398 |
| **Cash and cash equivalents, and restricted cash and cash equivalents** | | |
| Beginning of period | 5,828 | 8,209 |
| Reclassification from assets held for sale during the period | 54 | 34 |
| End of period, excluding cash classified within assets held for sale | $ 6,513 | $ 14,641 |
| | | |
| **Reconciliation of cash and cash equivalents, and restricted cash and cash equivalents to the condensed consolidated balance sheets** | | |
| Cash and cash equivalents | $ 4,756 | $ 12,650 |
| Restricted cash and cash equivalents-current | 214 | 33 |
| Restricted cash and cash equivalents-non-current | 1,543 | 1,958 |
| **Total cash and cash equivalents, and restricted cash and cash equivalents** | $ 6,513 | $ 14,641 |
| | | |
| **Supplemental disclosures of cash flow information** | | |
| Cash paid for: | | |
| Interest, net of amount capitalized | $ 83 | $ 213 |
| Income taxes, net of refunds | 213 | 105 |
| 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 |
| Changes in purchases of property, equipment and software recorded in accounts payable and accrued liabilities | (9) | 13 |
| Financed construction projects | 135 | — |
| Capital and finance lease obligations | 132 | 196 |
| Settlement of litigation through issuance of redeemable convertible preferred stock | 250 | — |
| Common stock issued in connection with acquisitions | 93 | — |
| 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 condensed consolidated financial statements.*

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 - Basis of Presentation 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 global 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 (“Driver(s)”) for ridesharing services, and connects consumers (“Eater(s)”) with restaurants (“Restaurant Partner(s)”) and food delivery service providers (“Delivery Partner(s)”) for meal preparation and delivery services. Uber also connects consumers with public transportation networks, e-bikes, e-scooters and other personal mobility options. These independent providers are collectively referred to as “Partners”. 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. Consumers, Drivers, Restaurant Partners and Delivery Partners are collectively referred to as “end-users.” Refer to Note 2 - Revenue for further information.

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 condensed consolidated statement of operations upon conversion of the 2021 Convertible Notes and the 2022 Convertible Notes during the second quarter of 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. Upon the IPO, shares were issued to satisfy the vesting of restricted stock units (“RSUs”) with a performance condition. 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. Due to the valuation allowance, no income tax benefit was recognized in income during the three months ended September 30, 2019.

***Pending Acquisition of Careem***

On March 26, 2019, the Company entered into an asset purchase agreement (the “Agreement”) with Careem Inc. (“Careem”). Pursuant to the Agreement, upon the terms and subject to the conditions thereof, Augusta Acquisition B.V., an indirect wholly-owned subsidiary of the Company, will acquire substantially all of the assets and assume substantially all of the liabilities of Careem for consideration of approximately $3.1 billion, subject to certain adjustments. The total consideration will consist of up to approximately $1.7 billion in non-interest-bearing unsecured convertible notes and approximately $1.4 billion in cash. Careem is a Dubai-based company that provides ridesharing, meal delivery, and payment services across the Middle East, North Africa, and Pakistan. The acquisition is subject to applicable competition authority approvals in certain of the countries in which Careem operates. The closing is expected to occur in January 2020.

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. The condensed consolidated balance sheet as of December 31, 2018 included herein was derived from the audited consolidated financial statements as of that date but does not include all of the information and notes required by GAAP for complete financial statements. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of and for the year ended December 31, 2018, included in the Company's final prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act of 1933, as amended ("the Securities Act"), on May 13, 2019 ("the Prospectus").

In the opinion of management, these financial statements include all adjustments, which are of a normal recurring nature, necessary for a fair statement of the financial position, results of operations, cash flows and the change in equity for the periods presented.

There have been no changes to the Company's significant accounting policies described in the Prospectus that have had a material impact on the Company's condensed consolidated financial statements and related notes, except for the adoption of the new accounting standard related to lease accounting.

***Basis of Consolidation***

The condensed consolidated financial statements of the Company include the accounts of the Company and entities consolidated under the variable interest and voting models. All intercompany balances and transactions have been eliminated. Refer to Note 16 - Variable Interest Entities ("VIEs") for further information.

***Use of Estimates***

The preparation of the Company's unaudited condensed 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, accounts receivable allowances, fair values of investments and other financial instruments, useful lives of amortizable long-lived assets and intangible assets, stock-based compensation, income and non-income taxes, insurance reserves, and contingent liabilities. These estimates are inherently subject to judgment and actual results could differ from those estimates.

***Significant Accounting Policies - Leases***

The Company accounts for leases in accordance with Accounting Standards Codification ("ASC ") 842, Leases ("ASC 842"), which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The Company adopted ASC 842 along with all subsequent ASU clarifications and improvements that are applicable to the Company, 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 also 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 determines if a contract contains a lease 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 are recognized in operating expenses in the period in which the obligation for those payments are incurred.

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.

Operating leases are included in operating lease right-to-use assets, operating lease liabilities, current and operating lease liabilities, non-current on the Company's condensed 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 condensed consolidated balance sheets. As of September 30, 2019, less than 11% of the Company's ROU assets were generated from leased assets outside of the U.S.

***Cash and Cash Equivalents***

Cash and cash equivalents as of September 30, 2019 consisted of cash held in checking and savings accounts as well as investments in money market funds. 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 Partners, which are included in accrued and other current liabilities on the consolidated balance sheets.

***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 $60 million was derecognized by reclassifying it as an increase to the Mission Bay 3 & 4 equity method investment. 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 condensed 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 condensed 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 condensed 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 all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The standard also amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company is currently evaluating the impact of this accounting standard update 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 is currently evaluating the impact of this accounting standard update 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 is currently evaluating the impact of this accounting standard update 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 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 three and nine months ended September 30, 2018 and 2019, respectively (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| Rides revenue | $ 2,371 | $ 2,866 | $ 6,842 | $ 7,590 |
| Vehicle Solutions revenue [(1)] | 31 | 3 | 119 | 16 |
| Other revenue | 23 | 26 | 76 | 83 |
| **Total Rides revenue** | 2,425 | 2,895 | 7,037 | 7,689 |
| Eats revenue | 394 | 645 | 1,023 | 1,776 |
| Freight revenue | 122 | 218 | 231 | 512 |
| Other Bets revenue | 3 | 38 | 5 | 84 |
| ATG and Other Technology Programs collaboration revenue [(2)] | — | 17 | — | 17 |
| **Total revenue** | $ 2,944 | $ 3,813 | $ 8,296 | $ 10,078 |

[(1)] The Company accounts for Vehicle Solutions revenue as an operating lease as defined under ASC 840 for 2018 and ASC 842 in 2019.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| United States and Canada | $ 1,734 | $ 2,407 | $ 4,724 | $ 6,269 |
| Latin America ("LATAM") | 515 | 527 | 1,580 | 1,394 |
| Europe, Middle East and Africa ("EMEA") | 431 | 534 | 1,233 | 1,527 |
| Asia Pacific ("APAC") [(1)] | 264 | 345 | 759 | 888 |
| **Total revenue** | $ 2,944 | $ 3,813 | $ 8,296 | $ 10,078 |

[(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 Drivers for the use of the Company's platform(s) and related service to facilitate and complete ridesharing services.

*Vehicle Solutions Revenue*

Vehicle Solutions revenue consists primarily of revenue from leased vehicles to third parties who could potentially use them to provide ridesharing or Eats services.

*Other Revenue*

Other revenue consists primarily of revenue from the Company's Uber for Business ("U4B"), financial partnerships products and other immaterial revenue streams.

*Eats Revenue*

The Company derives revenue for Eats from Restaurant Partners' and Delivery Partners' 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, incubator 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 for the three months ended September 30, 2019.

*Remaining Performance Obligations*

As a result of a single contract entered into with a customer during 2018, the Company had $100 million of consideration allocated to an unfulfilled performance obligation as of September 30, 2019. Revenue recognized during three and nine months ended September 30, 2019 related to the contract was not material.

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

| | Less Than or Equal To 12 Months | Greater Than 12 Months | Total |
|---|---|---|---|
| As of September 30, 2019 | $ 52 | $ 48 | $ 100 |

**Note 3 - Investments and Fair Value Measurement**

***Investments***

The Company's investments on the condensed consolidated balance sheets consisted of the following as of December 31, 2018 and September 30, 2019 (in millions):

| | As of | |
|---|---|---|
| | December 31, 2018 | September 30, 2019 |
| Classified as cash and cash equivalents: | | |
| *Marketable equity securities:* | | |
| Money market funds | $ 268 | $ 6,039 |
| | | |
| Classified as restricted cash and cash equivalents | | |
| *Marketable equity securities:* | | |
| Money market funds | $ 1,237 | $ 1,595 |
| | | |
| Classified as investments: | | |
| *Non-marketable equity securities:* | | |
| Didi | $ 7,953 | $ 7,953 |
| Other | 32 | 93 |
| *Debt securities:* | | |
| Grab [(1)] | 2,328 | 2,332 |
| Other [(2)] | 42 | 34 |
| Investments | $ 10,355 | $ 10,412 |

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

[(2)] 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.

The following table summarizes the amortized cost and fair value of the Company's debt securities with a stated contractual maturity or redemption date as of December 31, 2018 and September 30, 2019 (in millions):

| | As of December 31, 2018 | | As of September 30, 2019 | |
|---|---|---|---|---|
| | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| Within one year | $ — | $ — | $ — | $ — |
| One year through five years | 2,275 | 2,328 | 2,279 | 2,332 |
| Total | $ 2,275 | $ 2,328 | $ 2,279 | $ 2,332 |

***Assets and Liabilities Measured at Fair Value on a Recurring Basis***

The Company defines fair value 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, 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 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 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 September 30, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | | | | |
| Cash and cash equivalents: | | | | | | | | |
| Money market funds | $ 268 | $ — | $ — | $ 268 | $ 6,039 | $ — | $ — | $ 6,039 |
| Restricted cash and cash equivalents: | | | | | | | | |
| Money market funds | 1,237 | — | — | 1,237 | 1,595 | — | — | 1,595 |
| Investments: | | | | | | | | |
| Debt securities | — | — | 2,370 | 2,370 | — | — | 2,366 | 2,366 |
| Non-marketable equity securities | — | — | — | — | — | — | 87 | 87 |
| Total financial assets | $ 1,505 | $ — | $ 2,370 | $ 3,875 | $ 7,634 | $ — | $ 2,453 | $ 10,087 |
| **Financial Liabilities** | | | | | | | | |
| Accrued and other current liabilities: | | | | | | | | |
| Other | $ — | $ — | $ 9 | $ 9 | $ — | $ — | $ 27 | $ 27 |
| Other long-term liabilities: | | | | | | | | |
| Warrants | — | — | 52 | 52 | — | — | — | — |
| Embedded derivatives | — | — | 2,018 | 2,018 | — | — | — | — |
| Total financial liabilities | $ — | $ — | $ 2,079 | $ 2,079 | $ — | $ — | $ 27 | $ 27 |

During the nine months ended September 30, 2019, the Company did not make any transfers between the levels of the fair value hierarchy.

The following table summarizes the amortized cost, unrealized gains and losses, and fair value of the Company's debt securities at fair value on a recurring basis as of December 31, 2018 and September 30, 2019 (in millions):

| | As of December 31, 2018 | | | | As of September 30, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Fair Value | Amortized Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Investments: | | | | | | | | |
| Debt securities | $ 2,305 | $ 65 | $ — | $ 2,370 | $ 2,309 | $ 57 | $ — | $ 2,366 |
| Total | $ 2,305 | $ 65 | $ — | $ 2,370 | $ 2,309 | $ 57 | $ — | $ 2,366 |

The Company's Level 3 debt securities as of December 31, 2018 and September 30, 2019 primarily consist of redeemable preferred stock investments in privately held companies without readily determinable fair values.

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 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 key 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 key 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 investment in Grab as of December 31, 2018 and September 30, 2019:

| **Fair value method** | **Relative weighting** | **Key unobservable input** | |
|---|---|---|---|
| Financing transactions | 100% | Transaction price per share | $6.16 |

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 three and nine months ended September 30, 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 September 30, 2019, using significant unobservable inputs (Level 3) (in millions):

| | **Debt Securities** | **Non-marketable Equity Security** |
|---|---|---|
| **Balance as of December 31, 2018** | $ 2,370 | $ — |
| Total net gains (losses) | | |
| Included in earnings | (8) | (12) |
| Included in other comprehensive income (loss) | — | — |
| Purchases [(1)] | 4 | 11 |
| Transfers [(2)] | — | 88 |
| **Balance as of September 30, 2019** | $ 2,366 | $ 87 |

[(1)] Purchases in 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 June 30, 2019 for which the Company elected to apply the fair value option during the three months ended September 30, 2019. This includes $22 million of gains included in earnings and $35 million of warrants vested during the six months ended June 30, 2019. Management's key inputs and assumptions used to determine an estimate of fair value for this investment is based on an OPM and price of the underlying security in recent financing transactions.

The following table presents a reconciliation of the Company's financial liabilities measured at fair value as of September 30, 2019 using significant unobservable inputs (Level 3), and the change in fair value recorded in other income (expense), net in the condensed consolidated statements of operations (in millions):

| | **Warrants** | **Convertible Debt Embedded Derivative** |
|---|---|---|
| **Balance as of December 31, 2018** | $ 52 | $ 2,018 |
| 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 September 30, 2019** | $ — | $ — |

*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. 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 - Basis of Presentation 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 consequently measured at their fair value of $45 million as of December 31, 2018. The vested shares were exercised during the first quarter of 2019, and the Company reclassified the $45 million fair value of the vested shares 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.

***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 investment in Didi. 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 condensed 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 condensed consolidated statements of operations, and included as adjustments to the carrying value of non-marketable equity securities held during the three and nine months ended September 30, 2018 and 2019 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 (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| Upward adjustments | $ — | $ — | $ 1,984 | $ 22 |
| Downward adjustments (including impairment) | — | — | — | — |
| Total unrealized gain for non-marketable equity securities | $ — | $ — | $ 1,984 | $ 22 |

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 September 30, 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 September 30, 2019 including cumulative unrealized upward and downward adjustments made to the initial cost basis of the securities (in millions):

| | As of | |
|---|---|---|
| | December 31, 2018 | September 30, 2019 |
| Initial cost basis | $ 6,001 | $ 5,975 |
| Upward adjustments | 1,984 | 1,984 |
| Downward adjustments (including impairment) | — | — |
| Total carrying value at the end of the period | $ 7,985 | $ 7,959 |

**Note 4 - Equity Method Investments**

The carrying value of the Company's equity method investments as of December 31, 2018 and September 30, 2019 were as follows (in millions):

| | As of | |
|---|---|---|
| | December 31, 2018 | September 30, 2019 |
| MLU B.V. | $ 1,234 | $ 1,255 |
| Mission Bay 3 & 4 [1] | 78 | 138 |
| Equity method investments | $ 1,312 | $ 1,393 |

[1] Refer to Note 16 - Variable Interest Entities ("VIEs") for further information on the Company's interest in Mission Bay 3 & 4.

***MLU B.V.***

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." or "Yandex.Taxi joint venture"), 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. Neither the put nor the call had been exercised as of September 30, 2019.

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. As a result of the loss of control over Uber Russia/CIS resulting from the transaction, the Company derecognized the assets/liabilities of Uber Russia/CIS and recorded a $954 million gain during the first quarter of 2018 recognized in other income (expense), net in the condensed consolidated statement of operations.

Included in the initial carrying value of $1.4 billion, which represents the fair value 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. The carrying value of the equity method investments are primarily adjusted for the Company's share in the losses of MLU B.V. and amortization of basis differences. The carrying value was also adjusted for currency translation adjustments representing fluctuations between the functional currency of the investee, the Ruble and the U.S. Dollar.

As of September 30, 2019, the basis differences between the carrying value of the Company's investment and its share in the net assets of MLU B.V. amounted to $817 million, including the impact of foreign currency translation, and are comprised primarily of equity method goodwill. Equity method goodwill is not amortized. 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 assets is approximately 5.1 years as of September 30, 2019. The investment balance is reviewed for impairment whenever factors indicate that the carrying value of the equity method investment may not be recoverable.

**Note 5 - Property and Equipment, Net**

The components of property and equipment, net as of December 31, 2018 and September 30, 2019 were as follows (in millions):

| | As of | |
|---|---|---|
| | December 31, 2018 | September 30, 2019 |
| Land | $ 67 | $ 67 |
| Building and site improvements | 93 | 40 |
| Leasehold improvements | 315 | 349 |
| Computer equipment | 858 | 903 |
| Leased computer equipment | 288 | 484 |
| Leased vehicles | 34 | 26 |
| Internal-use software | 51 | 90 |
| Furniture and fixtures | 39 | 41 |
| Dockless e-bikes | 10 | 72 |
| Construction in progress | 832 | 758 |
| Total | 2,587 | 2,830 |
| Less: Accumulated depreciation and amortization | (946) | (1,293) |
| Property and equipment, net | $ 1,641 | $ 1,537 |

Depreciation expense relating to property and equipment was $120 million and $294 million for the three and nine months ended September 30, 2018, respectively, and $92 million and $344 million for the three and nine months ended September 30, 2019, respectively.

Amounts in construction in progress represent buildings, leasehold improvements, assets under construction, 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 - Basis of Presentation and Summary of Significant Accounting Policies for further information.

**Note 6 - Leases**

The components of lease expense were as follows (in millions):

| | Three Months Ended September 30, 2019 | Nine Months Ended September 30, 2019 |
|---|---|---|
| **Lease cost** | | |
| Finance lease cost: | | |
| Amortization of assets | $ 39 | $ 110 |
| Interest of lease liabilities | 4 | 12 |
| Operating lease cost | 84 | 230 |
| Short-term lease cost | 4 | 22 |
| Variable lease cost | 26 | 80 |
| Sublease income | — | (1) |
| Total lease cost | $ 157 | $ 453 |

Supplemental cash flow information related to leases was as follows (in millions):

| | Nine Months Ended September 30, 2019 |
|---|---|
| **Other information** | |
| Cash paid for amounts included in the measurement of lease liabilities: | |
| Operating cash flows from financing leases | $ 10 |
| Operating cash flows from operating leases | 192 |
| Financing cash flows from financing leases | 120 |
| Right-of-use assets obtained in exchange for lease obligations: | |
| Operating lease liabilities | $ 804 |
| Finance lease liabilities | 196 |

Supplemental balance sheet information related to leases was as follows (in millions, except lease term and discount rate):

| | As of September 30, 2019 |
|---|---|
| **Operating Leases** | |
| Operating lease right-of-use assets | $ 1,538 |
| Operating lease liability, current | 197 |
| Operating lease liabilities, non-current | 1,459 |
| Total operating lease liabilities | $ 1,656 |

| | As of September 30, 2019 |
|---|---|
| **Finance Leases** | |
| Property and equipment, at cost | $ 484 |
| Accumulated depreciation | (207) |
| Property and equipment, net | $ 277 |
| Other current liabilities | $ 130 |
| Other long-term liabilities | 144 |
| Total finance leases liabilities | $ 274 |

| | As of September 30, 2019 |
|---|---|
| **Weighted-average remaining lease term** | |
| Operating leases | 16 years |
| Finance leases | 2 years |
| **Weighted-average discount rate** | |
| Operating leases | 7.2% |
| Finance leases | 5.1% |

Maturities of lease liabilities were as follows (in millions):

| | As of September 30, 2019 | |
|---|---|---|
| | Operating Leases | Finance Leases |
| Remainder of 2019 | $ 58 | $ 37 |
| 2020 | 226 | 136 |
| 2021 | 290 | 98 |
| 2022 | 253 | 18 |
| 2023 | 186 | — |
| Thereafter | 2,284 | — |
| Total undiscounted lease payments | 3,297 | 289 |
| Less: imputed interest | (1,641) | (15) |
| Total lease liabilities | $ 1,656 | $ 274 |

As of September 30, 2019, the Company had additional operating leases and finance leases, primarily for corporate offices and servers, that have not yet commenced of $550 million and $3 million, respectively. These operating and finance leases will commence between fiscal year 2019 and fiscal year 2022 with lease terms of 2 years to 11 years.

***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 September 30, 2019, commitments under the Land Leases total $167 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 its 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 September 30, 2019, the Company's Indirect Interest of $65 million is included in property and equipment, net and a corresponding financing obligation of $79 million is included in other long-term liabilities. Future land lease payments of $1.8 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 September 30, 2019 are summarized below (in millions):

| | Future Minimum Payments |
|---|---|
| **Fiscal Year Ending December 31,** | |
| Remainder of 2019 | $ 1 |
| 2020 | 6 |
| 2021 | 6 |
| 2022 | 6 |
| 2023 | 6 |
| Thereafter | 833 |
| Total | $ 858 |

**Note 7 – Goodwill**

***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 of December 31, 2018, 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 nine months ended September 30, 2019 (in millions):

| | Previously Reported Core Platform | Previously Reported Other Bets | Rides | Eats | Freight | Other Bets | ATG and Other Technology Programs | Total Goodwill |
|---|---|---|---|---|---|---|---|---|
| **Balance as of December 31, 2018** | **$ 53** | **$ 100** | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$ 153** |
| Reallocation due to change in segments | (53) | (100) | 25 | 13 | — | 100 | 15 | — |
| Acquisitions | — | — | — | — | — | — | 14 | **14** |
| Dispositions | — | — | — | — | — | — | — | — |
| **Balance as of September 30, 2019** | **$ —** | **$ —** | **$ 25** | **$ 13** | **$ —** | **$ 100** | **$ 29** | **$ 167** |

**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):

| | As of | | |
|---|---|---|---|
| | **December 31, 2018** | **September 30, 2019** | **Effective Interest Rate** |
| 2016 Senior Secured Term Loan | $ 1,124 | $ 1,116 | 6.1% |
| 2018 Senior Secured Term Loan | 1,493 | 1,481 | 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 | 7,491 | 5,797 | |
| Less: unamortized discount and issuance costs | (595) | (59) | |
| Less: current portion of long-term debt | (27) | (27) | |
| Total long-term debt | $ 6,869 | $ 5,711 | |

***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 September 30, 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 September 30, 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 September 30, 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 - Basis of Presentation 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 condensed consolidated statements of operations. The Company recorded $80 million and $419 million of expense for the three and nine months ended September 30, 2018, respectively, and $0 million of expense and $20 million of income for the three and nine months ended September 30, 2019, respectively, 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 condensed consolidated statements of operations. The Company recorded $9 million and $72 million of expense for the three and nine months ended September 30, 2018, respectively, and $0 million of expense and $38 million of income for the three and nine months ended September 30, 2019, respectively, 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 condensed 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 September 30, 2019.

The fair values of the Company's 2023, 2026 and 2027 Senior Notes were $503 million, $1.5 billion, and $1.2 billion, respectively, as of September 30, 2019 and were determined based on quoted prices in markets that are not active, which is considered a Level 2 valuation input.

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 three and nine months ended September 30, 2018 and 2019 (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| Contractual interest coupon | $ 59 | $ 83 | $ 148 | $ 338 |
| Amortization of debt discount and issuance costs | 82 | 2 | 231 | 80 |
| 8% IRR payout | 16 | — | 45 | 26 |
| Total interest expense from long-term debt | $ 157 | $ 85 | $ 424 | $ 444 |

***Revolving Credit Arrangements***

The Company has an unsecured revolving credit agreement with certain lenders, which provides for $2.3 billion in unsecured credit maturing on June 13, 2023 ("Unsecured 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. As of September 30, 2019, no subsidiary met those conditions and, therefore, were not guarantors of the facility. The credit facility has a term of five years from the original execution date. 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 Unsecured Revolving Credit Facility also contains restrictions on the payment of dividends. As of September 30, 2019, there was no balance outstanding on the Unsecured 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 Unsecured Revolving Credit Facility and reduces the amount of credit available. As of December 31, 2018 and September 30, 2019, the Company had letters of credit outstanding of $470 million and $561 million, respectively, of which the letters of credit that reduced the available credit under the Unsecured Revolving Credit Facility were $166 million and $204 million, respectively.

## Note 9 - Assets and Liabilities Held for Sale

***Lion City Rentals***

In December 2017, 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. The Company entered into a definitive agreement with ComfortDelGro ("Comfort") and initiated all other actions required to complete the plan to sell the business and concluded that as of December 31, 2017, the transaction met all of the held for sale criteria. In May 2018, the agreement with Comfort was terminated without penalties. The Company remained committed to its plan to sell LCR and continued to present the assets and liabilities as held for sale 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"). 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. The resulting gain on disposal was not material to the Company. The transaction closed on January 25, 2019.

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 | 406 |
| | |
| **Liabilities held for sale** | |
| Accounts payable | 2 |
| Accrued liabilities | 2 |
| Other current liabilities | 7 |
| Total liabilities held for sale | 11 |
| Net assets held for sale | $ 395 |

## Note 10 - Supplemental Financial Statement Information

***Prepaid Expenses and Other Current Assets***

Prepaid expenses and other current assets as of December 31, 2018 and September 30, 2019 were as follows (in millions):

| | As of | |
|---|---|---|
| | December 31, 2018 | September 30, 2019 |
| Prepaid expenses | $ 265 | $ 466 |
| Other receivables | 416 | 581 |
| Other | 179 | 269 |
| Prepaid expenses and other current assets | $ 860 | $ 1,316 |

***Accrued and Other Current Liabilities***

Accrued and other current liabilities as of December 31, 2018 and September 30, 2019 were as follows (in millions):

| | As of | |
|---|---|---|
| | December 31, 2018 | September 30, 2019 |
| Accrued legal, regulatory and non-income taxes | $ 1,134 | $ 1,432 |
| Accrued Partner liability | 459 | 552 |
| Accrued professional and contractor services | 298 | 338 |
| Accrued compensation and employee benefits | 261 | 352 |
| Accrued marketing expenses | 152 | 89 |
| Other accrued expenses | 160 | 340 |
| Income and other tax liabilities | 157 | 174 |
| Government and airport fees payable | 104 | 153 |
| Short-term finance lease obligation for computer equipment | 110 | 130 |
| Other | 322 | 466 |
| Accrued and other current liabilities | $ 3,157 | $ 4,026 |

***Other Long-Term Liabilities***

Other long-term liabilities as of December 31, 2018 and September 30, 2019 were as follows (in millions):

| | As of | |
|---|---|---|
| | December 31, 2018 | September 30, 2019 |
| Convertible debt embedded derivatives | $ 2,018 | $ — |
| Deferred tax liabilities | 1,072 | 1,038 |
| Financing obligation | 436 | 79 |
| Income tax payable | 80 | 71 |
| Other | 466 | 240 |
| Other long-term liabilities | $ 4,072 | $ 1,428 |

***Accumulated Other Comprehensive Income (Loss)***

The changes in composition of accumulated other comprehensive income (loss), net of tax, for the nine months ended September 30, 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, 2017 | $ (3) | $ — | $ (3) |
| Other comprehensive income (loss) before reclassifications | (219) | 42 | (177) |
| Amounts reclassified from accumulated other comprehensive income (loss) | — | — | — |
| Other comprehensive income (loss) | (219) | 42 | (177) |
| Balance as of September 30, 2018 | $ (222) | $ 42 | $ (180) |

| | 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 | | — | | 3 |
| Amounts reclassified from accumulated other comprehensive income (loss) | | — | | — | | — |
| Other comprehensive income (loss) | | 3 | | — | | 3 |
| Balance as of September 30, 2019 | $ | (225) | $ | 40 | $ | (185) |

***Other Income (Expense), Net***

The components of other income (expense), net, for the three and nine months ended September 30, 2018 and 2019 were as follows (in millions):

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2018 | | 2019 | | 2018 | | 2019 | |
| Interest income | $ | 27 | $ | 76 | $ | 69 | $ | 184 |
| Foreign currency exchange gains (losses), net | | (18) | | 8 | | (42) | | — |
| Gain on business divestitures (1) | | 7 | | — | | 3,208 | | — |
| Gain (loss) on debt and equity securities, net (2) | | — | | (13) | | 1,984 | | 1 |
| Change in fair value of embedded derivatives | | (89) | | — | | (491) | | 58 |
| Gain on extinguishment of convertible notes and settlement of derivatives | | — | | — | | — | | 444 |
| Other | | 19 | | (22) | | 218 | | 20 |
| Other income (expense), net | $ | (54) | $ | 49 | $ | 4,946 | $ | 707 |

(1) During the nine months ended September 30, 2018, gain on business divestitures primarily included a $2.2 billion gain on the sale of the Company's Southeast Asia operations to Grab Holding Inc. ("Grab") and a $954 million gain on the disposal of the Company's Uber 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 nine months ended September 30, 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)**

***Redeemable Convertible Preferred 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 the first quarter of 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. During the second quarter of 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. 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.

The Company's board of directors has 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 September 30, 2019, there was no preferred stock issued and outstanding.

***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.

***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 nine months ended September 30, 2019 (in thousands, except per share amounts):

| | Number of Shares | Weighted-average Grant-Date Fair Value per Share |
|---|---|---|
| **Unvested restricted common stock as of December 31, 2018** | 898 | $ 34.81 |
| Vested | (485) | $ 34.84 |
| Canceled and forfeited | (61) | $ 34.57 |
| **Unvested restricted common stock as of September 30, 2019** | 352 | $ 34.77 |

***Equity Incentive Plans***

The Company maintains two equity incentive plans: 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"), stock appreciation rights ("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 Equity Incentive Plan ("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.

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 nine months ended September 30, 2019 is as follows (in millions, except share amounts which are reflected in thousands, per share amounts, and years):

| | SARs Outstanding Number of SARs | Options Outstanding Number of Shares | Weighted-Average Exercise Price Per Share | Weighted-Average Remaining Contractual Life (in years) | Aggregate Intrinsic Value |
|---|---|---|---|---|---|
| **As of December 31, 2018** | 758 | 42,936 | $ 9.22 | 5.74 | $ 1,456 |
| Granted | 86 | 250 | $ 43.00 | | |
| Exercised | — | (1,272) | $ 2.55 | | |
| Canceled and forfeited | (13) | (1,382) | $ 33.19 | | |
| **As of September 30, 2019** | 831 | 40,532 | $ 8.89 | 4.89 | $ 934 |
| Vested and expected to vest as of September 30, 2019 | 648 | 35,145 | $ 4.58 | 4.63 | $ 933 |
| **Exercisable as of September 30, 2019** | 648 | 35,145 | $ 4.58 | 4.63 | $ 933 |

***RSU Activity***

The following table summarizes the activity related to the Company's RSUs for the nine months ended September 30, 2019. For purposes of this table, vested RSUs represent the shares for which the service condition had been fulfilled during nine months ended September 30, 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 | 52,859 | $ 43.67 |
| Vested | (27,255) | $ 37.38 |
| Canceled and forfeited | (10,440) | $ 40.40 |
| **Unvested and outstanding as of September 30, 2019** | 90,999 | $ 42.47 |

***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 three and nine months ended September 30, 2018 and 2019 (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| Operations and support | $ 4 | $ 26 | $ 11 | $ 431 |
| Sales and marketing | 2 | 16 | 6 | 229 |
| Research and development | 49 | 262 | 60 | 2,822 |
| General and administrative | 9 | 97 | 70 | 871 |
| Total | $ 64 | $ 401 | $ 147 | $ 4,353 |

During the nine months ended September 30, 2018, 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 $52 million during the nine months ended September 30, 2018.

As of September 30, 2019, there was $2.4 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 2.4 years.

The Company has granted RSAs, RSUs, SARs, and stock options that vest only upon the satisfaction of both time-based service and performance-based conditions. Through May 9, 2019, no stock-based compensation expense had been recognized for such 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 Company recognized $3.6 billion of stock-based compensation expense related to such awards. 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 - Basis of Presentation and Summary of Significant Accounting Policies.

The tax benefits recognized in income for stock-based compensation arrangements were not material during the three and nine months ended September 30, 2018 and 2019, respectively.

***2019 Employee Stock Purchase Plan***

In March 2019, the Company's board of directors adopted the Company's Employee Stock Purchase Plan ("ESPP"), and in April 2019, the Company's stockholders approved its ESPP. 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. The stock-based compensation expense recognized for the ESPP was not material during the three and nine months ended September 30, 2019.

**Note 12 - Income Taxes**

The Company computes its quarterly income tax expense/(benefit) by using a forecasted annual effective tax rate and adjusts for any discrete items arising during the quarter. The Company recorded an income tax expense of $1 million and $605 million for the three and nine months ended September 30, 2018, respectively, and an income tax expense of $3 million and $20 million for the three and nine months ended September 30, 2019, respectively. During the three months ended September 30, 2018, income tax expense was primarily driven by current tax on foreign earnings partially offset by the benefit of U.S. losses. During the nine months ended September 30, 2018, income tax expense was primarily driven by deferred U.S. tax expense related to the Company's investment in Didi and Grab, deferred China tax related to the Company's investment in Didi, and to a lesser extent, the benefit of U.S. losses and current tax on foreign earnings. During the three and nine months ended September 30, 2019, income tax expense was primarily driven by current tax on foreign earnings offset by a partial benefit from U.S. losses. The primary differences between the effective tax rate and the federal statutory tax rate are due to the valuation allowance on the Company's U.S. and Netherlands' deferred tax assets and foreign tax rate differences.

In March 2019, the Company initiated a series of transactions resulting in changes to its 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 structure to 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 $6.1 billion, net of a reserve for uncertain tax positions of$1.3 billion. 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 September 30, 2019 and, therefore, are offset by a full valuation allowance to the extent not offset by reserves from uncertain tax positions.

During the nine months ended September 30, 2019, the amount of gross unrecognized tax benefits increased by $1.3 billion, of which substantially all, if recognized, would not affect the annual effective tax rate as these unrecognized tax benefits would increase deferred tax assets that would be subject to a full valuation allowance. In the second quarter of 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 $141 million, which did not affect the annual effective tax rate, as these unrecognized tax benefits decreased deferred tax assets that were subject to a full valuation allowance.

The Company is subject to taxation in the U.S. and various state and foreign jurisdictions. The Company is also under routine examination by various state and foreign tax authorities. 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 federal, state or foreign tax authorities to the extent utilized in a future period. For the Company's major tax jurisdictions, the tax years 2010 through 2019 remain open; the major tax jurisdictions are the U.S., Brazil, Netherlands, Mexico, United Kingdom, Australia, Singapore, and India.

Although the timing of the resolution and/or closure of audits is highly uncertain, it is reasonably possible that the balance of gross unrecognized tax benefits could significantly change in 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.

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 September 30, 2019. Based on the analysis, the Company does not anticipate a current limitation on the tax attributes.

**Note 13 - Net Income (Loss) Per Share**

The following table sets forth the computation of basic and diluted net income (loss) per share attributable to common stockholders (in millions, except share amounts which are reflected in thousands, and per share amounts):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| **Basic net income (loss) per share:** | | | | |
| **Numerator** | | | | |
| Net income (loss) including non-controlling interests | $ (994) | $ (1,159) | $ 1,876 | $ (7,421) |
| Less: net income (loss) attributable to non-controlling interests, net of tax | 8 | (3) | 8 | 11 |
| Less: noncumulative dividends to preferred stockholders | — | — | (1,091) | — |
| Less: undistributed earnings to participating securities | — | — | (533) | — |
| Net income (loss) attributable to common stockholders | $ (986) | $ (1,162) | $ 260 | $ (7,410) |
| **Denominator** | | | | |
| Basic weighted-average common stock outstanding | 445,783 | 1,700,213 | 441,301 | 1,092,241 |
| **Basic net income (loss) per share attributable to common stockholders** [(1)] | $ (2.21) | $ (0.68) | $ 0.59 | $ (6.79) |
| **Diluted net income (loss) per share:** | | | | |
| **Numerator** | | | | |
| Net income (loss) attributable to common stockholders | $ (986) | $ (1,162) | $ 260 | $ (7,410) |
| Add: Change in fair value of MLU B.V. put/call feature | — | — | (10) | — |
| Diluted net income (loss) attributable to common stockholders | $ (986) | $ (1,162) | $ 250 | $ (7,410) |
| **Denominator** | | | | |
| Number of shares used in basic net income (loss) per share computation | 445,783 | 1,700,213 | 441,301 | 1,092,241 |
| Weighted-average effect of potentially dilutive securities: | | | | |
| Common stock subject to a put/call feature | — | — | 462 | — |
| Stock options | — | — | 34,165 | — |
| RSUs to settle fixed monetary awards | — | — | 1,215 | — |
| Other | — | — | 449 | — |
| Diluted weighted-average common stock outstanding | 445,783 | 1,700,213 | 477,592 | 1,092,241 |
| **Diluted net income (loss) per share attributable to common stockholders** [(1)] | $ (2.21) | $ (0.68) | $ 0.52 | $ (6.79) |

[(1)] Per share amounts are calculated using unrounded numbers and therefore may not recalculate.

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 - Basis of Presentation and Summary of Significant Accounting Policies for further information.

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):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| Redeemable convertible preferred stock | 893,354 | — | 893,354 | — |
| Convertible notes | 200,595 | — | 200,595 | — |
| Stock options | 43,240 | 40,532 | 8,690 | 40,532 |
| Restricted common stock with performance condition | 1,640 | — | 1,640 | — |
| Common stock subject to repurchase | 7,340 | 827 | 7,196 | 828 |
| Warrants to purchase redeemable convertible preferred stock | 1,073 | — | 1,073 | — |
| SARs | 712 | — | 712 | — |
| RSUs to settle fixed monetary awards | 1,256 | 325 | 582 | 325 |
| RSUs | 123,927 | 91,284 | 122,763 | 91,284 |
| Shares committed under ESPP | — | 5,012 | — | 5,012 |
| Shares in escrow | 459 | — | — | — |
| Warrants to purchase common stock | 242 | 187 | 127 | 187 |
| Total | 1,273,838 | 138,167 | 1,236,732 | 138,168 |

**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 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 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 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 (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| Segment adjusted EBITDA: | | | | |
| Rides | $ 416 | $ 631 | $ 1,346 | $ 1,329 |
| Eats | (189) | (316) | (323) | (911) |
| Freight | (31) | (81) | (79) | (162) |
| Other Bets | (12) | (72) | (12) | (184) |
| ATG and Other Technology Programs | (132) | (124) | (432) | (369) |
| Total segment adjusted EBITDA | 52 | 38 | 500 | (297) |
| Reconciling items: | | | | |
| Corporate G&A and Platform R&D (1), (2) | (501) | (623) | (1,403) | (1,813) |
| Depreciation and amortization | (131) | (102) | (317) | (371) |
| Stock-based compensation expense | (64) | (401) | (147) | (4,353) |
| Legal, tax, and regulatory reserve changes and settlements | (56) | 27 | (308) | (353) |
| Driver appreciation award | — | — | — | (299) |
| Payroll tax on IPO stock-based compensation | — | — | — | (86) |
| Asset impairment/loss on sale of assets | (54) | — | (167) | (8) |
| Acquisition and financing related expenses | — | — | (15) | — |
| Gain on restructuring of lease arrangement | — | — | 4 | — |
| Impact of 2018 Divested Operations (1), (3) | (9) | — | (127) | — |
| Restructuring charges | — | (45) | — | (45) |
| Loss from operations | $ (763) | $ (1,106) | $ (1,980) | $ (7,625) |

(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. The following table sets forth revenue by geographic area for the three and nine months ended September 30, 2018 and 2019 (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| United States | $ 1,621 | $ 2,250 | $ 4,420 | $ 5,866 |
| Brazil | 240 | 252 | 797 | 649 |
| All other countries | 1,083 | 1,311 | 3,079 | 3,563 |
| Total revenue | $ 2,944 | $ 3,813 | $ 8,296 | $ 10,078 |

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 2022. These amounts are determined based on the non-cancelable quantities or termination amounts to which the Company is contractually obligated. As of September 30, 2019, there were no material changes to the Company's purchase commitments disclosed in the financial statements included in the Prospectus.

***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 September 30, 2019, the Company had recorded aggregate liabilities of $1.1 billion and $1.4 billion, respectively, in accrued and other current liabilities on the condensed 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. In connection with the enactment of California State Assembly Bill 5 ("AB5"), the Company has received and expects to continue to receive an increased number of claims by or on behalf of Drivers that Drivers have been misclassified as independent contractors rather than employees. With respect to the Company's outstanding legal and regulatory matters, based on its current knowledge, the Company believes that the 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. However, the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties.

***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, subject to a threshold number of the covered Drivers entering into individual settlement agreements. 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 $146 million to $170 million, of which approximately $142 million has been paid as of September 30, 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.

***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 seeks 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 briefing on its request for interest, attorneys fees, and costs related to these claims. The panel's final award is expected by December 24, 2019. Pursuant to a contractual obligation, Uber is indemnifying both employees with respect to certain claims. Whether Uber is ultimately responsible for such indemnification, however, depends on the exceptions and conditions set forth in the indemnification agreement. The ultimate resolution of the matter could result in a possible loss of up to $65 million or more (depending on the date of the final award) 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 Uber Taiwan 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 Uber Taiwan 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 continues to appeal 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 has been preliminary 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 United 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 is now finalized as to all but two plaintiffs. 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 will appeal 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.

### *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 global regulatory requirements, such as antitrust and Foreign Corrupt Practices Act requirements, 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*

*Freight Holding*

In July 2018, the Company exercised an option to acquire all of the membership interests of a previously consolidated VIE and amended the governing agreements of the entity. Under an amended agreement, and upon satisfaction of certain closing conditions associated with exercising its option, the Company created a new majority-owned subsidiary, Uber Freight Holding Corporation ("Freight Holding"). 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 September 30, 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 USA LLC ("Apparate") in exchange for common units representing 100% ownership interest in Apparate. 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% 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.

Total assets included on the condensed consolidated balance sheets for these VIEs as of December 31, 2018 and September 30, 2019 were $115 million and $1.3 billion, respectively. Total liabilities included on the condensed consolidated balance sheet for VIEs as of December 31, 2018 were not material. Total liabilities included on the condensed consolidated balance sheet for VIEs as of September 30, 2019 were $173 million.

***Unconsolidated VIE***

*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 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. Each of the two LLC Partners owns 45% and 10%, respectively. The amount of contributed cash was recorded as an investment for $136 million as of September 30, 2019. The 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 is 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 will reevaluate if ECOP meets the definition of a VIE upon specific reconsideration events, including completion of construction.

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 September 30, 2019, the carrying amount of assets and liabilities recognized on the condensed 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** | **September 30, 2019** |
| Investment | $ 78 | $ 136 |
| Additional cash contribution | 58 | — |
| Limited guarantee | 50 | 50 |
| Maximum exposure to loss | $ 186 | $ 186 |

Uber has significant influence over ECOP and accounts for its investment in ECOP under the equity method. No equity earnings have been recognized as of September 30, 2019, since the sole activity of the ECOP consists of construction of the assets and costs incurred are capitalized. 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 loss from equity method investment, net of tax in the condensed consolidated statements of operations. As of September 30, 2019, the Company determined that no impairment of its equity method investments existed.

**Note 17 - Non-Controlling Interests**

As of September 30, 2019, the Company's redeemable non-controlling interests are comprised of SoftBank's Preferred Units investment and the minority stockholders ownership in Freight Holding. The redeemable non-controlling interests are classified in mezzanine equity as each are redeemable on an event that is not solely in the control of the Company. The redeemable non-controlling interests are reported at the greater of redemption amount or initial investment amount and remeasured to fair value each reporting period with changes in the carrying value recognized in additional paid-in capital when it is probable that each will become redeemable. The minority stockholders ownership in Freight Holding is not remeasured to fair value because it is currently not probable that the Preferred Units will become redeemable. See below for further information.

As of September 30, 2019, the non–redeemable non–controlling interests represent Toyota and DENSO's Preferred Unit investments. The non-redeemable non-controlling interests are classified in permanent equity as no optional or mandatory redemption right is present. See below for further information.

***ATG Investment: Preferred Unit Purchase Agreement***

In April 2019, Apparate, a subsidiary of the Company formed on April 8, 2019, entered into 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 July 2, 2019, at the closing as contemplated by the Preferred Unit Purchase Agreement, Apparate 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 condensed 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 September 30, 2019, the SoftBank Preferred Units are classified as redeemable non-controlling interests in the Company's condensed 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 5 years, and a discount for lack of marketability of 17%. 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. Fair value adjustments to SoftBank's redeemable non-controlling interest, if applicable, are recorded as a deemed dividend that reduces additional paid-in capital (in the absence of retained earnings) and reduce net income (or increase net loss) attributable to Uber Technologies, Inc.

*Toyota and DENSO's Preferred Units*

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 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 will be recognized as collaboration revenue in the ATG and Other Technology Programs segment ratably over the respective six-month service period to which the payment relates, as the related development activities are performed. During the three months ended September 30, 2019, the first $50 million cash installment was received, of which $17 million was recognized as revenue.

***JUMP***

As of December 31, 2018, the Company owned 100% of the issued and outstanding capital stock of its subsidiary that operates its JUMP e-bike and e-scooter products, or 81% on a fully-diluted basis if all shares reserved for issuance under its JUMP employee incentive plan were issued and outstanding. In April 2019, the JUMP employee incentive plan was terminated and the JUMP subsidiary became a wholly-owned subsidiary of the Company. All unvested and unexercised equity awards under the terminated JUMP employee incentive plan were canceled. Certain JUMP employees who held such unvested and unexercised equity awards under the terminated JUMP employee incentive plan received grants of the Company’s RSUs pursuant to the 2013 Plan. The fair value of the RSU grants and the impact on the Company’s financial statements were not material.

***Freight Holding***

As of December 31, 2018 and September 30, 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.

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.

**Note 18 - Subsequent Events**

***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. The Company has made an initial investment of $50 million in Cornershop; the Company expects to pay the remaining portion of the purchase price and acquire the controlling interest in the first half of 2020, subject to the receipt of regulatory approvals and other closing conditions.

***Notice of Cancellation of Insurance Policy***

In October 2019, James River Group delivered a notice of early cancellation of all insurance policies issued to the Company's wholly-owned subsidiaries, effective December 31, 2019, two-months earlier than the contractual expiration on February 29, 2020. Subsequently, James River Group withdrew all funds held in trust as collateral for current and future claim settlement obligations under the indemnification agreements in the amount of $1.2 billion. These funds are recorded as restricted cash and cash equivalents on the condensed consolidated balance sheet as of September 30, 2019 and are collateral for obligations recorded in the Company’s insurance reserves. The Company is currently in the process of working with other carriers to replace the policies issued by James River Group.

## ITEM 2. 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 our condensed consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and our final prospectus filed with the Securities and Exchange Commission (the "SEC") pursuant to Rule 424(b) under the Securities Act of 1933, as amended, on May 13, 2019 ("the Prospectus"). In addition to 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 II, 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 Quarterly Report on Form 10-Q and in our Prospectus.*

### Overview

Our mission is to ignite opportunity by setting the world in motion.

We revolutionized personal mobility with Ridesharing, and we are leveraging our platform to redefine the massive meal delivery and logistics industries.

We are a technology platform that uses a global 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

| *(in millions, except percentages)* | Three Months Ended September 30, 2018 | 2019 | % Change | % Change (Constant Currency [1]) |
|---|---|---|---|---|
| Monthly Active Platform Consumers ("MAPCs") [2] | 82 | 103 | 26 % | |
| Trips [2] | 1,348 | 1,770 | 31 % | |
| Gross Bookings [2] | $ 12,725 | $ 16,465 | 29 % | 32% |
| Revenue | $ 2,944 | $ 3,813 | 30 % | 31% |
| Adjusted Net Revenue [1], [2] | $ 2,656 | $ 3,533 | 33 % | 35% |
| Net loss attributable to Uber Technologies, Inc. | $ (986) | $ (1,162) | (18)% | |
| Adjusted EBITDA [1], [2] | $ (458) | $ (585) | (28)% | |

[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.

***Highlights for the Third Quarter 2019:***

In the third quarter of 2019, we continued growth at scale with 103 million monthly active platform consumers, Gross Bookings growth of 32% and Adjusted Net Revenue ("ANR") growth of 35%, on a constant currency basis, with Adjusted Net Revenue accelerating throughout the year.

Our consumer loyalty programs now have 20 million global subscribers six months after U.S. nationwide launch in May and recent rollout in Brazil and Mexico, we launched a suite of subscription programs and introduced several new product offerings.

Rides Adjusted EBITDA profitability now covers all of our Corporate G&A and Platform R&D, and has led to a continued trend of quarter-over-quarter Adjusted EBITDA improvement from the second quarter of 2019, while we continue to invest in our other businesses.

We ended the third quarter of 2019 with an unrestricted cash and cash equivalents balance of $12.7 billion. During the third quarter of 2019, we closed the $1.0 billion ATG Investment and received net proceeds of $1.2 billion from our senior unsecured notes.

### ***Recent Developments***

*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 I, Item 1 of this Quarterly Report on Form 10-Q.

*ATG Investment: Preferred Unit Purchase Agreement*

In July 2019, the investment by the ATG Investors in ATG was consummated. For additional information, see Note 17 - Non-Controlling Interests to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

*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 condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

*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 18 - Subsequent Events to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

*Notice of Cancellation of Insurance Policy*

In October 2019, James River Group delivered a notice of early cancellation of all insurance policies issued to our wholly-owned subsidiaries, effective December 31, 2019, two-months earlier than the contractual expiration on February 29, 2020. Subsequently, James River Group withdrew all funds held in trust as collateral for current and future claim settlement obligations under the indemnification agreements. For additional information, see Note 18 - Subsequent Events to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

### ***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 goes 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, and are considering legal responses, 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.

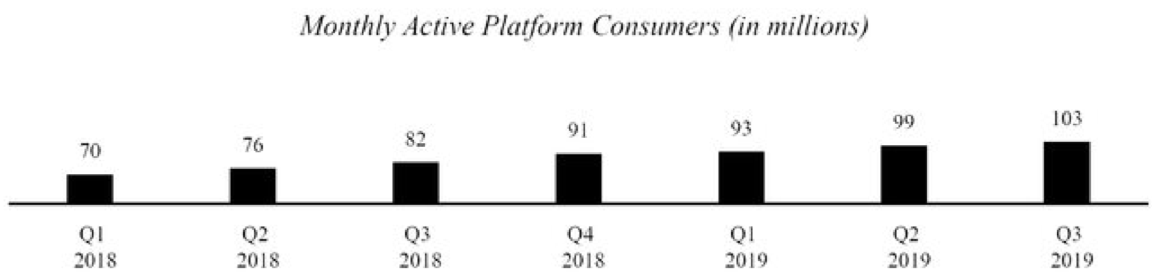
For a discussion of risk factors related to AB5, including how AB5 may impact our business, result of operations, financial position and operating condition, see the risk factor titled "-Our business would be adversely affected if Drivers were classified as employees" in the section titled "Risk Factors" included in Part II, Item 1A of this Quarterly Report on Form 10-Q.

**Certain Key Metrics and Non-GAAP Financial Measures**

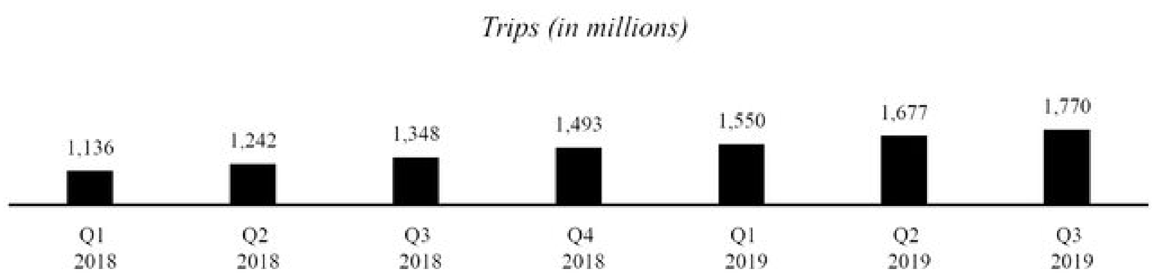
*Unless otherwise noted, all of our key metrics exclude historical results from China, Russia/CIS, and Southeast Asia, geographies where we previously had operations and where we now participate solely through our minority-owned affiliates.*

*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."*

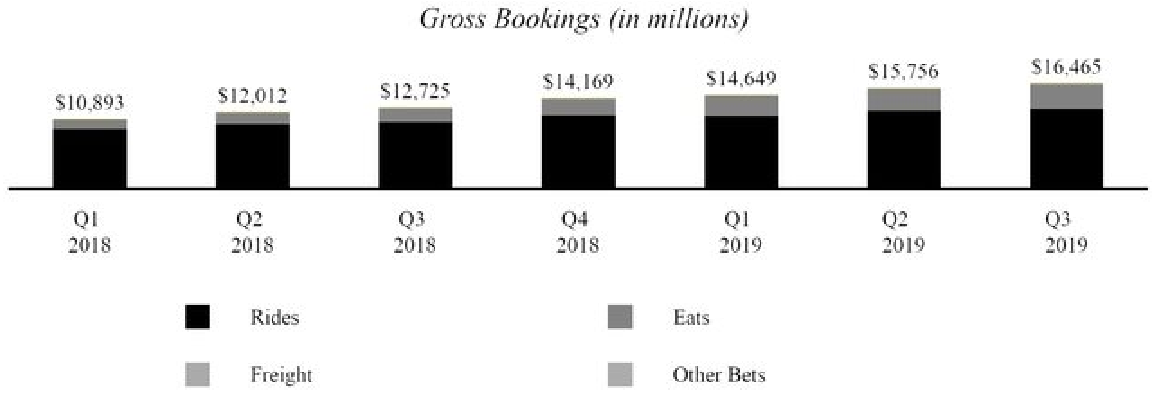
***Monthly Active Platform Consumers.*** MAPCs is the number of unique consumers who completed a Rides or New Mobility ride or received an Eats meal on our platform at least once in a given month, averaged over each month in the quarter. While a unique consumer can use multiple product offerings on our 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.




***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.




***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.




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

***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 and excludes stock-based compensation.

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | 2018 | 2019 | % Change | 2018 | 2019 | % Change |
| Adjusted Net Revenue | $ 2,656 | $ 3,533 | 33% | $ 7,653 | $ 9,167 | 20% |

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

Adjusted Net Revenue increased $877 million, or 33%, primarily driven by growth in Trips and Gross Bookings within Rides and Eats. Rides Take Rate was 22.8%, up 0.5% from the same period in 2018, primarily driven by lower incentive spend in the U.S. and Canada markets. Eats Take Rate was 10.7%, an increase from 9.0% in the same period in 2018, primarily due to changes to our service fees combined with 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.

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | 2018 | 2019 | % Change | 2018 | 2019 | % Change |
| Adjusted EBITDA | $ (458) | $ (585) | (28)% | $ (1,030) | $ (2,110) | (105)% |

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

Adjusted EBITDA loss increased $127 million, or 28%, primarily attributable to continued investments within our non-Rides offerings and an increase in corporate overhead as we scale the business. While adjusted EBITDA loss increased on an absolute dollar basis, our adjusted EBITDA margin as a percentage of Gross Bookings held flat compared to the same period in 2018 at (4)% driven by our focus to drive growth with operational efficiency.

**Components of Results of Operations**

The following discussion on trends in our components of results of operations excludes initial public offering ("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 - Basis of Presentation and Summary of Significant Accounting Policies to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

***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 audited consolidated financial statements included in our Prospectus.

***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 amount 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, 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 derivative.
- 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 includes the results of our share of income or loss from our Yandex.Taxi joint venture.

**Results of Operations**

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| **Revenue** | $ 2,944 | $ 3,813 | $ 8,296 | $ 10,078 |
| **Costs and expenses:** | | | | |
| Cost of revenue, exclusive of depreciation and amortization shown separately below | 1,510 | 1,860 | 4,008 | 5,281 |
| Operations and support | 387 | 498 | 1,108 | 1,796 |
| Sales and marketing | 785 | 1,113 | 2,177 | 3,375 |
| Research and development | 434 | 755 | 1,139 | 4,228 |
| General and administrative | 460 | 591 | 1,527 | 2,652 |
| Depreciation and amortization | 131 | 102 | 317 | 371 |
| **Total costs and expenses** | 3,707 | 4,919 | 10,276 | 17,703 |
| **Loss from operations** | (763) | (1,106) | (1,980) | (7,625) |
| Interest expense | (161) | (90) | (453) | (458) |
| Other income (expense), net | (54) | 49 | 4,946 | 707 |
| **Income (loss) before income taxes and loss from equity method investment** | (978) | (1,147) | 2,513 | (7,376) |
| Provision for income taxes | 1 | 3 | 605 | 20 |
| Loss from equity method investment, net of tax | (15) | (9) | (32) | (25) |
| **Net income (loss) including non-controlling interests** | (994) | (1,159) | 1,876 | (7,421) |
| Less: net income (loss) attributable to non-controlling interests, net of tax | (8) | 3 | (8) | (11) |
| **Net income (loss) attributable to Uber Technologies, Inc.** | $ (986) | $ (1,162) | $ 1,884 | $ (7,410) |

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 |
| **Revenue** | 100 % | 100 % | 100 % | 100 % |
| **Costs and expenses:** | | | | |
| Cost of revenue, exclusive of depreciation and amortization shown separately below | 51 % | 49 % | 48 % | 52 % |
| Operations and support | 13 % | 13 % | 13 % | 18 % |
| Sales and marketing | 27 % | 29 % | 26 % | 33 % |
| Research and development | 15 % | 20 % | 14 % | 42 % |
| General and administrative | 16 % | 15 % | 18 % | 26 % |
| Depreciation and amortization | 4 % | 3 % | 4 % | 4 % |
| **Total costs and expenses** [(1)] | 126 % | 129 % | 124 % | 176 % |
| **Loss from operations** | (26)% | (29)% | (24)% | (76)% |
| Interest expense | (5)% | (2)% | (5)% | (5)% |
| Other income (expense), net | (2)% | 1 % | 60 % | 7 % |
| **Income (loss) before income taxes and loss from equity method investment** [(1)] | (33)% | (30)% | 30 % | (73)% |
| Provision for income taxes | — % | — % | 7 % | — % |
| Loss from equity method investment, net of tax | (1)% | — % | — % | — % |
| **Net income (loss) including non-controlling interests** [(1)] | (34)% | (30)% | 23 % | (74)% |
| Less: net income (loss) attributable to non-controlling interests, net of tax | — % | — % | — % | — % |
| **Net income (loss) attributable to Uber Technologies, Inc.** [(1)] | (33)% | (30)% | 23 % | (74)% |

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

***Comparison of the Three and Nine Months Ended September 30, 2018 and 2019***

***Revenue***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | 2018 | 2019 | % Change | 2018 | 2019 | % Change |
| Rides [(1)] | $ 2,425 | $ 2,895 | 19% | $ 7,037 | $ 7,689 | 9% |
| Eats | 394 | 645 | 64% | 1,023 | 1,776 | 74% |
| Freight | 122 | 218 | 78% | 231 | 512 | 122% |
| Other Bets | 3 | 38 | ** | 5 | 84 | ** |
| ATG and Other Technology Programs [(2)] | — | 17 | ** | — | 17 | ** |
| Total revenue | $ 2,944 | $ 3,813 | 30% | $ 8,296 | $ 10,078 | 21% |

(1) Including previously reported Other Core Platform revenue of $54 million and $29 million for the third quarter of 2018 and 2019, respectively, and $195 million and $99 million for the nine months ended September 30, 2018 and 2019, respectively.

(2) Including $17 million collaboration revenue from Toyota recognized in the third quarter of 2019.

** Percentage not meaningful.

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

Revenue increased $869 million, or 30%, primarily attributable to an increase in Gross Bookings of 29% which was made up of a 20% increase in Rides, a 73% increase in Eats, and a 101% increase in other offerings including Freight and Other Bets. The overall increase in Gross Bookings was driven by a 26% 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. In the third quarter of 2019, we also recognized $17 million in revenue related to our three-year joint collaboration agreement with Toyota and DENSO.

*Nine Months Ended September 30, 2019 Compared with the Same Period in 2018*

Revenue increased $1.8 billion, or 21%, primarily attributable to an increase in Gross Bookings of 32% which was made up of a 20% increase in Rides, an 89% increase in Eats, and a 137% increase in other offerings including Freight and Other Bets. The overall increase in Gross Bookings was driven by a 26% 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.

***Cost of Revenue, Exclusive of Depreciation and Amortization***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | **2018** | **2019** | **% Change** | **2018** | **2019** | **% Change** |
| Cost of revenue, exclusive of depreciation and amortization | $ 1,510 | $ 1,860 | 23% | $ 4,008 | $ 5,281 | 32% |
| Percentage of revenue | 51% | 49% | | 48% | 52% | |

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

Cost of revenue, exclusive of depreciation and amortization, increased $350 million, or 23%, primarily attributable to an increase in carrier payments related to our Freight business and insurance and credit card processing expenses due to overall growth in trips in our Rides and Eats businesses.

***Nine Months Ended September 30, 2019 Compared with the Same Period in 2018***

Cost of revenue, exclusive of depreciation and amortization, increased $1.3 billion, or 32%, primarily attributable to an increase in carrier payments related to our Freight business, excess Driver incentives, and insurance and credit card processing expenses due to overall growth in trips in our Rides and Eats businesses. Excess Driver incentives increased $280 million for the nine months ended September 30, 2019 compared to the same period in 2018.

***Operations and Support***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | **2018** | **2019** | **% Change** | **2018** | **2019** | **% Change** |
| Operations and support | $ 387 | $ 498 | 29% | $ 1,108 | $ 1,796 | 62% |
| Percentage of revenue | 13% | 13% | | 13% | 18% | |

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

Operations and support expenses increased $111 million, or 29%, primarily attributable to an increase in employee headcount costs, stock-based compensation, and support function expenses.

***Nine Months Ended September 30, 2019 Compared with the Same Period in 2018***

Operations and support expenses increased $688 million, or 62%, primarily attributable to an increase in employee headcount costs and stock-based compensation related to RSUs with a performance condition satisfied upon our IPO registration statement.

***Sales and Marketing***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | **2018** | **2019** | **% Change** | **2018** | **2019** | **% Change** |
| Sales and marketing | $ 785 | $ 1,113 | 42% | $ 2,177 | $ 3,375 | 55% |
| Percentage of revenue | 27% | 29% | | 26% | 33% | |

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

Sales and marketing expenses increased $328 million, or 42%, primarily attributable to an increase in consumer discounts, rider facing loyalty expense, credits and refunds, and employee headcount costs and stock-based compensation. Consumer discounts, rider facing loyalty expense, promotions, credits and refunds increased $318 million to $656 million compared to $338 million in the same period in 2018.

***Nine Months Ended September 30, 2019 Compared with the Same Period in 2018***

Sales and marketing expenses increased $1.2 billion, or 55%, primarily attributable to an increase in consumer discounts, rider facing loyalty expense, promotions, credits and refunds, and employee headcount costs and stock-based compensation related to RSUs with a performance condition satisfied upon our IPO registration statement. Consumer discounts, rider facing loyalty expense, promotions, credits and refunds increased $813 million to $1.8 billion compared to $958 million in the same period in 2018.

***Research and Development***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | 2018 | 2019 | % Change | 2018 | 2019 | % Change |
| Research and development | $ 434 | $ 755 | 74% | $ 1,139 | $ 4,228 | 271% |
| Percentage of revenue | 15% | 20% | | 14% | 42% | |

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

Research and development expenses increased $321 million, or 74%, primarily attributable to an increase in employee headcount costs and stock-based compensation.

***Nine Months Ended September 30, 2019 Compared with the Same Period in 2018***

Research and development expenses increased $3.1 billion, or 271%, primarily attributable to an increase in employee headcount costs and stock-based compensation related to RSUs with a performance condition satisfied upon our IPO registration statement.

***General and Administrative***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | 2018 | 2019 | % Change | 2018 | 2019 | % Change |
| General and Administrative | $ 460 | $ 591 | 28% | $ 1,527 | $ 2,652 | 74% |
| Percentage of revenue | 16% | 15% | | 18% | 26% | |

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

General and administrative expenses increased $131 million, or 28%, primarily attributable to an increase in employee headcount costs and stock-based compensation.

***Nine Months Ended September 30, 2019 Compared with the Same Period in 2018***

General and administrative expenses increased $1.1 billion, or 74%, primarily attributable to an increase in employee headcount costs, stock-based compensation related to RSUs with a performance condition satisfied upon our IPO registration statement, and legal, tax, and regulatory reserve changes and settlements expenses.

***Depreciation and Amortization***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | 2018 | 2019 | % Change | 2018 | 2019 | % Change |
| Depreciation and amortization | $ 131 | $ 102 | (22)% | $ 317 | $ 371 | 17% |
| Percentage of revenue | 4% | 3% | | 4% | 4% | |

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

Depreciation and amortization expenses decreased $29 million, or 22%, primarily attributable to computer equipment and leasehold improvements.

***Nine Months Ended September 30, 2019 Compared with the Same Period in 2018***

Depreciation and amortization expenses increased $54 million, or 17%, primarily attributable to data center servers depreciation.

***Interest Expense***

| *(in millions, except percentages)* | Three Months Ended September 30, 2018 | 2019 | % Change | Nine Months Ended September 30, 2018 | 2019 | % Change |
|---|---|---|---|---|---|---|
| Interest expense | $ (161) | $ (90) | (44)% | $ (453) | $ (458) | 1% |
| Percentage of revenue | (5)% | (2)% | | (5)% | (5)% | |

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

Interest expense decreased by $71 million or 44%, primarily due to the conversion of our 2021 Convertible Notes and the 2022 Convertible Notes upon our IPO, partially offset by additional interest expense resulting from the issuance of our 2023 Senior Notes and our 2026 Senior Notes in October 2018.

***Nine Months Ended September 30, 2019 Compared with the Same Period in 2018***

Interest expense increased by $5 million, or 1%, primarily due to interest expense resulting from our entry into the $1.5 billion 2018 Senior Secured Term Loan in April 2018, the issuance of $0.5 billion of our 2023 Senior Notes and $1.5 billion of our 2026 Senior Notes in October 2018, partially offset by the conversion of our 2021 Convertible Notes and the 2022 Convertible Notes upon our IPO.

***Other Income (Expense), Net***

| *(in millions, except percentages)* | Three Months Ended September 30, 2018 | 2019 | % Change | Nine Months Ended September 30, 2018 | 2019 | % Change |
|---|---|---|---|---|---|---|
| Interest income | $ 27 | $ 76 | 181 % | $ 69 | $ 184 | 167 % |
| Foreign currency exchange gains (losses), net | (18) | 8 | (144)% | (42) | — | (100)% |
| Gain on business divestitures | 7 | — | (100)% | 3,208 | — | (100)% |
| Gain (loss) on debt and equity securities, net | — | (13) | ** | 1,984 | 1 | (100)% |
| Change in fair value of embedded derivatives | (89) | — | (100)% | (491) | 58 | 112 % |
| Gain on extinguishment of convertible notes and settlement of derivatives | — | — | ** | — | 444 | 100 % |
| Other | 19 | (22) | (216)% | 218 | 20 | (91)% |
| Other income (expense), net | $ (54) | $ 49 | (191)% | $ 4,946 | $ 707 | (86)% |
| Percentage of revenue | (2)% | 1% | | 60% | 7% | |

** Percentage not meaningful.

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

Interest income increased by $49 million or 181% primarily due to interest income earned on higher average cash balances from the proceeds of our IPO.

Foreign currency exchange gains (losses), net increased by $26 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 $7 million due to the non-recurrence in 2019 of gains on the divestitures of our Russia/CIS operations and Southeast Asia operations in 2018.

Gain (loss) on debt and equity securities, net decreased to $13 million primarily due to loss from fair value adjustment of our non-marketable securities.

Change in fair value of embedded derivatives increased by $89 million as a result of settlement of convertible debts in second quarter of 2019 and therefore no changes in fair value of embedded derivatives during the third quarter of 2019.

Other decreased by $41 million primarily due to loss from fair value adjustments of put/call options during the third quarter of 2019.

***Nine Months Ended September 30, 2019 Compared with the Same Period in 2018***

Interest income increased by $115 million or 167% 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 increased by $42 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 Russia/CIS and Southeast Asia 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 $549 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 $198 million primarily due to income from forfeitures of warrants during the nine months ended September 30, 2018.

***Provision for (Benefit from) Income Taxes***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | **2018** | **2019** | **% Change** | **2018** | **2019** | **% Change** |
| Provision for income taxes | $ 1 | $ 3 | 200% | $ 605 | $ 20 | (97)% |
| Effective tax rate | — % | — % | | 24% | — % | |

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

Income tax expense increased by $2 million due to a decrease in tax benefit from U.S. losses partially offset by a decrease in tax expense on foreign earnings.

***Nine Months Ended September 30, 2019 Compared with the Same Period in 2018***

Income tax expense decreased by $585 million, which is 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 that 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 $6.1 billion, net of a reserve for uncertain tax positions of $1.3 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 September 30, 2019 and, therefore, they were offset by a full valuation allowance to the extent not offset by reserves from uncertain tax positions.

***Loss from Equity Method Investment, Net of Tax***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | **2018** | **2019** | **% Change** | **2018** | **2019** | **% Change** |
| Loss from equity method investment, net of tax | $ (15) | $ (9) | 40% | $ (32) | $ (25) | 22% |
| Percentage of revenue | (1)% | —% | | —% | —% | |

***Three Months Ended September 30, 2019 Compared with the Same Period in 2018***

Loss from equity method investment, net of tax decreased by $6 million due to a decrease in our portion of the net loss from our Yandex.Taxi joint venture.

***Nine Months Ended September 30, 2019 Compared with the Same Period in 2018***

Loss from equity method investment, net of tax decreased by $7 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.

## 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 condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

***Adjusted Net Revenue***

| (in millions, except percentages) | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2019 | % Change | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | % Change |
|---|---|---|---|---|---|---|
| Rides [1] | $ 2,340 | $ 2,868 | 23% | $ 6,823 | $ 7,586 | 11% |
| Eats | 191 | 392 | 105% | 594 | 968 | 63% |
| Freight | 122 | 218 | 78% | 231 | 512 | 122% |
| Other Bets | 3 | 38 | ** | 5 | 84 | ** |
| ATG and Other Technology Programs collaboration revenue [2] | — | 17 | ** | — | 17 | ** |
| Adjusted Net Revenue | $ 2,656 | $ 3,533 | 33% | $ 7,653 | $ 9,167 | 20% |

[1] Including previously reported Other Core Platform revenue of $54 million and $29 million for the third quarter of 2018 and 2019, respectively, and $195 million and $99 million for the nine months ended September 30, 2018 and 2019, respectively.

[2] Including $17 million collaboration revenue from Toyota recognized in the third quarter of 2019. Refer to Note 17 - Non-Controlling Interests of Part I, Item 1 of this Quarterly Report on Form 10-Q 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 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.

| (in millions, except percentages) | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2019 | % Change | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | % Change |
|---|---|---|---|---|---|---|
| Rides | $ 416 | $ 631 | 52 % | $ 1,346 | $ 1,329 | (1)% |
| Eats | (189) | (316) | (67)% | (323) | (911) | (182)% |
| Freight | (31) | (81) | (161)% | (79) | (162) | (105)% |
| Other Bets | (12) | (72) | ** | (12) | (184) | ** |
| ATG and Other Technology Programs | (132) | (124) | 6 % | (432) | (369) | 15 % |
| Corporate G&A and Platform R&D [1], [2] | (501) | (623) | (24)% | (1,403) | (1,813) | (29)% |
| Impact of 2018 Divested Operations [1] | (9) | — | 100 % | (127) | — | 100 % |
| Adjusted EBITDA[3] | $ (458) | $ (585) | (28)% | $ (1,030) | $ (2,110) | (105)% |

[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 three months ended September 30, 2019 compared to the same period in 2018, Rides adjusted net revenue increased $528 million (23%) and Rides adjusted EBITDA profit increased $215 million (52%).**

Rides adjusted net revenue increased primarily attributable to U.S. pricing changes and deeper penetration into international markets. Rides Take Rate improved to 22.8% from 22.3% in the same period in 2018 driven by optimization of incentive spend.

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

**For the nine months ended September 30, 2019 compared to the same period in 2018, Rides adjusted net revenue increased $763 million (11%) and Rides Adjusted EBITDA profit decreased $17 million (1%).**

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 was 21.0% from 22.4% in the same period in 2018 driven by an increase in incentive spend.

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

**Eats Segment**

**For the three months ended September 30, 2019 compared to the same period in 2018, Eats adjusted net revenue increased $201 million (105%) and Eats adjusted EBITDA loss increased $127 million (67%).**

Eats adjusted net revenues increased primarily attributable to an increase in Gross Bookings of 73%, mainly due to changes to our service fees in U.S. and Canada markets, continued expansion into international markets, as well as lower courier incentive spend.

Eats adjusted EBITDA loss increased primarily attributable to an increase in consumer promotions, brand marketing, and employee headcount costs. These increases were partially offset by an increase in adjusted net revenue, with a Take Rate improvement of 1.7% to 10.7%.

**For the nine months ended September 30, 2019 compared to the same period in 2018, Eats adjusted net revenue increased $374 million (63%) and Eats adjusted EBITDA loss increased $588 million (182%).**

Eats adjusted net revenue increased primarily attributable to an increase in Gross Bookings of 89%, 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 courier 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. These increases were partially offset by an increase in Eats adjusted net revenue.

**Freight Segment**

**For the three months ended September 30, 2019 compared to the same period in 2018, Freight adjusted net revenue increased $96 million (78%) and Freight adjusted EBITDA loss increased $50 million (161%).**

Freight adjusted net revenue increased primarily attributable to an increase in load volume over 100% domestically as the business expands 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 nine months ended September 30, 2019 compared to the same period in 2018, Freight adjusted net revenue increased $281 million (122%) and Freight adjusted EBITDA loss increased $83 million (105%).**

Freight adjusted net revenue increased primarily attributable to an increase in load volume over 100% domestically as the business expands 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.

**Other Bets Segment**

**For the three months ended September 30, 2019 compared to the same period in 2018, Other Bets adjusted net revenue increased $35 million and Other Bets adjusted EBITDA loss increased $60 million.**

Other Bets adjusted net revenue increased as we continue to expand the reach of our New Mobilities 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 nine months ended September 30, 2019 compared to the same period in 2018, Other Bets adjusted net revenue increased $79 million and Other Bets adjusted EBITDA loss increased $172 million.**

Other Bets adjusted net revenue increased as we continue to expand the reach of our New Mobilities 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.

**ATG and Other Technology Programs Segment**

**For the three months ended September 30, 2019 compared to the same period in 2018, ATG and Other Technology Programs adjusted net revenue increased $17 million and ATG and Other Technology Programs adjusted EBITDA loss decreased $8 million (6%)**

ATG and Other Technology Programs adjusted net 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 attributable to an increase in adjusted net revenue, partially offset by an increase in employee headcount and facilities costs.

**For the nine months ended September 30, 2019 compared to the same period in 2018, ATG and Other Technology Programs adjusted net revenue increased $17 million and ATG and Other Technology Programs adjusted EBITDA loss decreased $63 million (15%).**

ATG and Other Technology Programs adjusted net 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 attributable to an increase in adjusted net revenue combined with lower research and development costs. These were partially offset by an increase in employee headcount and facilities costs.

**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 and Adjusted EBITDA, 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 a Driver that exceed the cumulative revenue that we recognize from a Driver with no future guarantee of additional revenue. Cumulative payments to a Driver could exceed cumulative revenue from a Driver as a result of Driver incentives or when the amount paid to a Driver 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.

These amounts largely depend on our business decisions based on market conditions. We include the impact of these amounts in Adjusted Net Revenue as it is useful 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.

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 do not include excess Driver incentives or Driver referrals and are equal to GAAP net revenue in all periods presented.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(in millions)* | 2018 | 2019 | 2018 | 2019 |
| **Adjusted Net Revenue reconciliation:** | | | | |
| Revenue | $ 2,944 | $ 3,813 | $ 8,296 | $ 10,078 |
| Deduct: | | | | |
| Excess Driver incentives | (253) | (259) | (545) | (825) |
| Driver referrals | (35) | (21) | (98) | (86) |
| Adjusted Net Revenue | $ 2,656 | $ 3,533 | $ 7,653 | $ 9,167 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(in millions)* | 2018 | 2019 | 2018 | 2019 |
| **Rides Adjusted Net Revenue reconciliation:** | | | | |
| Rides revenue | $ 2,425 | $ 2,895 | $ 7,037 | $ 7,689 |
| Deduct: | | | | |
| Excess Driver incentives | (53) | (12) | (124) | (34) |
| Driver referrals | (32) | (15) | (90) | (69) |
| Rides Adjusted Net Revenue | $ 2,340 | $ 2,868 | $ 6,823 | $ 7,586 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(in millions)* | 2018 | 2019 | 2018 | 2019 |
| **Eats Adjusted Net Revenue reconciliation:** | | | | |
| Eats revenue | $ 394 | $ 645 | $ 1,023 | $ 1,776 |
| Deduct: | | | | |
| Excess Driver incentives | (200) | (247) | (421) | (791) |
| Driver referrals | (3) | (6) | (8) | (17) |
| Eats Adjusted Net Revenue | $ 191 | $ 392 | $ 594 | $ 968 |

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 $4 million during the nine months ended September 30, 2018 due to excess Driver incentives and Driver referrals for the 2018 Divested Operations being greater than revenue for the 2018 Divested Operations in the period.

***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 Quarterly Report on Form 10-Q 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:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(in millions)* | **2018** | **2019** | **2018** | **2019** |
| **Adjusted EBITDA reconciliation:** | | | | |
| Net income (loss) attributable to Uber Technologies, Inc. | $ (986) | $ (1,162) | $ 1,884 | $ (7,410) |
| Add (deduct): | | | | |
| Net income (loss) attributable to non-controlling interests, net of tax | (8) | 3 | (8) | (11) |
| Provision for (benefit from) income taxes | 1 | 3 | 605 | 20 |
| (Income) loss from equity method investment, net of tax | 15 | 9 | 32 | 25 |
| Interest expense | 161 | 90 | 453 | 458 |
| Other (income) expense, net | 54 | (49) | (4,946) | (707) |
| Depreciation and amortization | 131 | 102 | 317 | 371 |
| Stock-based compensation expense | 64 | 401 | 147 | 4,353 |
| Legal, tax, and regulatory reserve changes and settlements | 56 | (27) | 308 | 353 |
| Driver appreciation award | — | — | — | 299 |
| Payroll tax on IPO stock-based compensation | — | — | — | 86 |
| Asset impairment/loss on sale of assets | 54 | — | 167 | 8 |
| Acquisition and financing related expenses | — | — | 15 | — |
| Gain on restructuring of lease arrangement | — | — | (4) | — |
| Restructuring charges | — | 45 | — | 45 |
| Adjusted EBITDA | $ (458) | $ (585) | $ (1,030) | $ (2,110) |

The comparability of the results for the periods presented above was impacted by our 2018 Divested Operations. During the three and nine months ended September 30, 2018, the 2018 Divested Operations decreased net income (loss) attributable to Uber Technologies, Inc. by $9 million and $127 million, respectively.

***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.

**Liquidity and Capital Resources**

| | Nine Months Ended September 30, | |
|---|---|---|
| *(In millions)* | 2018 | 2019 |
| Net cash used in operating activities | $ (860) | $ (2,522) |
| Net cash used in investing activities | (539) | (79) |
| Net cash provided by financing activities | 2,163 | 9,022 |

***Operating Activities***

Net cash used in operating activities was $2.5 billion for the nine months ended September 30, 2019, primarily consisting of $7.4 billion of net loss, adjusted for certain non-cash items, which primarily included $4.4 billion of stock-based compensation expense, $444 million of gain on extinguishment of convertible notes, depreciation and amortization expense of $371 million, $80 million in accretion of discount on our long-term debt, as well as a $562 million decrease in cash consumed by working capital primarily driven by an increase in our accrued expenses and insurance reserves, partially offset by higher accounts receivable and prepaid expenses.

Net cash used in operating activities was $860 million for the nine months ended September 30, 2018, primarily consisting of $1.9 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, gain on debt and equity securities, net of $2.0 billion related to our investment in Didi, $420 million change in deferred income taxes, $491 million of revaluation expense of our derivative liabilities, depreciation and amortization expense of $317 million, $231 million in accretion of discount on our long-term debt, and $145 million of stock-based compensation expense, as well as an $638 million decrease in cash consumed by working capital primarily driven by an increase in our insurance reserves and accrued expenses, partially offset by and higher accounts receivable and prepaid expenses.

***Investing Activities***

Net cash used in investing activities was $79 million for the nine months ended September 30, 2019, primarily consisting of $406 million in purchases of property and equipment, partially offset by $293 million in proceeds from business disposal, net of cash divested.

Net cash used in investing activities was $539 million for the nine months ended September 30, 2018, primarily consisting of $412 million contributed to equity method investees and $362 million in purchases of property and equipment, partially offset by $329 million of proceeds from sales and disposals of property and equipment.

***Financing Activities***

Net cash provided by financing activities was $9.0 billion for the nine months ended September 30, 2019, primarily consisting of $8.0 billion of net proceeds received from issuance of common stock upon our IPO, net of offering costs, $500 million of proceeds received from issuance of common stock related to a private placement, partially offset by $1.5 billion of taxes paid related to net share settlement of equity awards, $1.2 billion of proceeds from issuance of term loan and senior notes, net of issuance costs and $120 million of principal payments on financing leases.

Net cash provided by financing activities was $2.2 billion for the nine months ended September 30, 2018, primarily consisting of $1.5 billion from issuance of term loan, net of issuance costs, $1.3 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.

***Other Information***

As of September 30, 2019, $1.0 billion of our $12.7 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 additional 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. 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 September 30, 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 September 30, 2019:

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| *(In millions)* | Total | Remaining 2019 | 2020 - 2021 | 2022 - 2023 | Thereafter |
| Long-term debt [1] | $ 5,797 | $ 7 | $ 54 | $ 1,620 | $ 4,116 |
| Financing obligation [2] | 858 | 1 | 12 | 12 | 833 |
| Operating lease commitments [2] | 3,847 | 59 | 549 | 515 | 2,724 |
| Finance lease commitments [2] | 292 | 37 | 236 | 19 | — |
| Non-cancelable purchase obligations [3] | 160 | 9 | 137 | 14 | — |
| **Total contractual obligations** | $ 10,954 | $ 113 | $ 988 | $ 2,180 | $ 7,673 |

(1) Refer to Note 8 - Long-Term Debt and Revolving Credit Arrangements of Part I, Item 1 of this Quarterly Report on Form 10-Q for further details regarding our long-term debt obligations.

(2) Refer to Note 6 - Leases of Part I, Item 1 of this Quarterly Report on Form 10-Q 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 2022.

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

As of September 30, 2019, we had recorded liabilities of $62 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 $1.4 billion in cash and up to approximately $1.7 billion of the Careem Convertible Notes for the Careem acquisition.

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 condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

**Critical Accounting Policies and Estimates**

Our condensed consolidated financial statements and accompanying notes have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the amounts reported amounts of assets, liabilities, revenue and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

For additional information about our critical accounting policies and estimates, see the disclosure included in our Prospectus as well as Note 1 - Basis of Presentation and Summary of Significant Accounting Policies in the notes to the condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q.

**Recent Accounting Pronouncements**

See Note 1 - Basis of Presentation and Summary of Significant Accounting Policies, to the condensed consolidated financial statements included elsewhere in Part I, Item 1 of this Quarterly Report on Form 10-Q.

**ITEM 3. 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 $164 million as of September 30, 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 $14.6 billion as of December 31, 2018 and September 30, 2019, respectively. Our cash and cash equivalents primarily consist of cash deposits, money market funds and U.S. government 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 $142 million and $328 million for the three and nine months ended September 30, 2019, respectively.

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 September 30, 2019, our recorded value in investments is $11.8 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, including the Australian dollar, Euro, Brazilian real, British pound, Argentine peso and Mexican peso. 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 4. CONTROLS AND PROCEDURES

***Evaluation of Disclosure Controls and Procedures***

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that ensure 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 Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, 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 September 30, 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.

# PART II - OTHER INFORMATION

## ITEM 1. 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.

This item should be read in conjunction with the Legal Proceedings disclosures in our final prospectus related to our IPO filed with the SEC pursuant to Rule 424(b) under the Securities Act.

**Legal Proceedings Described in Note 15 to Our Unaudited Condensed Consolidated Financial Statements**

Note 15 - Commitments and Contingencies to our condensed consolidated financial statements for the quarter ended September 30, 2019 contained in this Quarterly Report on Form 10-Q 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:

- O'Connor, et al., v. Uber Technologies, Inc., et al and Yucesoy v. Uber Technologies, Inc., et al.
- Google v. Levandowski; Google v. Levandowski & Ron
- Criminal Prosecution in Copenhagen

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

In addition to the matters that are identified in Note 15 to our condensed consolidated financial statements for the quarter ended September 30, 2019 contained in this Quarterly Report on Form 10-Q, and incorporated into this item by reference, the following matters also constitute material pending legal proceedings, other than ordinary course litigation incidental to our business, to which we are or any of our subsidiaries is a party.

***Aslam, Farrar, Hoy and Mithu v. Uber BV, 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 us 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 our appeal in a majority decision on December 19, 2018. We have been granted permission to appeal to the Supreme Court. A hearing at the Supreme Court is expected to take place in the second quarter of 2020 with a decision in the third quarter 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. Losing the case may lead the UK tax regulator (HMRC) to classify us as a transportation provider, requiring us to pay VAT (20%) on Gross Bookings both retroactively and prospectively. Further, 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.

***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. In its announcement of the filing, this law firm stated that more than 6,000 participants had registered to join the action. The cause of action alleged in the statement of claim is the tort of conspiracy by unlawful means. The plaintiff alleges that the Uber entities conspired to injure the group members in four Australian jurisdictions during the period 2014 to 2017 by either directly breaching transport legislation or commissioning offenses against transport legislation by UberX Drivers. 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 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 Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q. 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:

- *Personal Mobility*: Our Personal Mobility 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, livery services, and public transportation, which typically provides the lowest-cost transportation option in many cities. In Ridesharing, we compete with companies, including certain of our minority-owned affiliates, for Drivers and riders, including Lyft, OLA, Careem, Didi, Bolt (formerly Taxify), and our Yandex.Taxi joint venture. Our New Mobility products compete for riders in the bike and scooter space, including Motivate (an affiliate of Lyft), Lime, Bird, and Skip. We also compete with original equipment manufacturers ("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, May Mobility, Pronto.ai, Aurora, and Nuro, whose offerings may prove more effective than our autonomous vehicle technologies. Waymo has already introduced a commercialized ridehailing fleet of autonomous vehicles, and it is possible that our other competitors could introduce autonomous vehicle offerings earlier than we will.
- *Uber Eats*: Our Uber Eats offering competes with numerous companies in the meal delivery space in various regions for Drivers, consumers, and restaurants, including GrubHub, DoorDash, Deliveroo, Swiggy, Postmates, Zomato, Delivery Hero, Just Eat, Takeaway.com, and Amazon. Our Uber Eats offering also competes with restaurants, meal kit delivery services, grocery delivery services, and traditional grocers.
- *Uber Freight*: Our Uber 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.

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. In India, for example, our Uber Eats offering competes with Swiggy and Zomato, each of which has substantial market-specific knowledge and established relationships with local restaurants, affording them significant product advantages. 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, and Southeast Asia through the longer of March 2023 or one year after we dispose of all interests in Grab, 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. 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 entered into an asset purchase agreement to acquire Careem, we may not ultimately consummate the transaction. Further, because we may not receive local competition authority approval to consummate the transaction in some or all of the markets where such approval is required, we may be required in some or all of such markets to divest all or part of our or Careem's operations. Any such divestiture would 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, 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 may 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 a pricing model to calculate consumer fares and Driver earnings, and we will likely in the future modify our pricing model and strategies. We cannot assure you that our pricing model or strategies will be successful in attracting consumers and Drivers.

In 2017, our ridesharing category position in the United States and Canada was significantly impacted by adverse publicity events. Although the rate of decline in our ridesharing category position has since moderated, our ridesharing category position generally declined in 2018 in the substantial majority of the regions in which we operate, impacted in part by heavy subsidies and discounts by our competitors in various markets that we felt compelled to match or exceed in order to remain competitive.

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 $4.0 billion and $3.0 billion in the years ended December 31, 2017 and 2018, and as of September 30, 2019, we had an accumulated deficit of $15.3 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 Uber Eats offering to grow the number of Uber 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 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, we do not expect improvements to our operating results, 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 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 80,000 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 reached agreements that would resolve the classification claims of a large majority of these Drivers. Under the agreements, certain Drivers are eligible for settlement payments, subject to a threshold number of the covered Drivers entering into 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 $146 million to $170 million, of which approximately $142 million has been paid as of September 30, 2019. Furthermore, we are involved in 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 will be effective as of January 1, 2020. Government authorities may, and private plaintiffs have and other private plaintiffs may, bring litigation asserting that Assembly Bill 5 requires Drivers in California to be classified as employees. For example, a new lawsuit filed in California (Colopy v. Uber Technologies, Inc.) references Assembly Bill 5, and the plaintiff has filed a motion for preliminary injunction requesting the court to reclassify him and others similarly situated as employees. If we do not prevail in such actions, 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 plaintiffs 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 I, Item 2 of this Quarterly Report on Form 10-Q and Note 1 in the section titled "Notes to the Condensed Consolidated Financial Statements" included in Part I, Item 1 of this Quarterly Report on Form 10-Q and the disclosure in our Prospectus. We cannot predict whether Assembly Bill 5, or future legislation in other jurisdictions, may lead to other jurisdictions passing similar legislation. 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 BV, 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 Uber Eats offering will become less appealing to consumers and restaurants. A significant amount of our Uber Eats Gross Bookings come from a limited number of restaurant chains, 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 Uber 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, treatment of Drivers, perception of a toxic work culture, perception that our culture has not fundamentally changed, 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 the Uber 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 model (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, most recently in 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 Uber 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, following the closing of 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. 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 plan to release a safety report, which will provide the public with data related to reports of sexual assaults and other safety incidents claimed to have occurred on our platform in the United States. The 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, may result in 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, following the closing of 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 and to our Yandex.Taxi joint venture in Russia/CIS, 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 27,695 global employees as of September 30, 2019, of whom 14,614 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. For example, we operated without key leadership positions filled, including a chief operating officer and chief financial officer, for sustained periods of time. 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 Uber Eats and Uber 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 the 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 Uber Eats Drivers are generally less extensive than those conducted for Ridesharing 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. For example, in December 2014, a Driver in New Delhi, India kidnapped and raped a female consumer, and was convicted in October 2015. 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 Uber 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, Uber 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 2018, we incurred $457 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, following the closing of our acquisition of Careem, 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 September 30, 2019, we operated in 67 countries, and markets outside the United States accounted for approximately 77% 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, we have been making significant investments in incentives and promotions to help drive growth in India, a country in which local competitors, particularly Ola, Swiggy, and Zomato, are well capitalized and have local operating expertise. In addition, in March 2019, we announced our agreement to acquire Careem and the expansion of our Uber 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; 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, and our Yandex.Taxi joint venture, each of which operate ridesharing, meal delivery, and related logistics businesses in their respective primary markets in China, Southeast Asia, and Russia/CIS.

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, and therefore we do not participate in the day-to-day management of Didi or the actions taken by its board of directors. 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, and regulatory risks; 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 Ridesharing in the first quarter. For Uber 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 Uber 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 Quarterly Report on Form 10-Q. 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 (including, for example, our pending acquisition of Careem);
- penetrate suburban and rural areas and increase the number of rides taken on our platform outside metropolitan areas;
- reduce the costs of our Personal Mobility offering 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 2018, we derived 24% of our Ridesharing Gross Bookings from five metropolitan areas—Los Angeles, New York City, and the San Francisco Bay Area in the United States; London in the United Kingdom; and São Paulo in Brazil. 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 effect our business, financial condition, and operating results. For example, Transport for London ("TfL") has granted us a new two month license that expires on November 25, 2019. If TfL does not grant us a new license upon expiration, any inability to operate in London could adversely effect 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 for-hire vehicle licenses for ridesharing services. In addition, in December 2018, New York City approved per-mile and per-minute rates for drivers, 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. 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. Additionally, a measure to impose a surcharge on ridesharing trips in San Francisco is appearing on the ballot for voters in San Francisco on November 5, 2019. 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.

Over the same period, we generated 15% of our Ridesharing 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 Ridesharing 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, 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 Quarterly Report on Form 10-Q, 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, May Mobility, Pronto.ai, 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 have conducted real-world testing of our autonomous vehicles, involving a trained driver in the driver's seat monitoring operations while the vehicle is in autonomous mode. In March 2018, one of these test vehicles struck and killed a pedestrian in Tempe, Arizona. Following that incident, we voluntarily suspended real-world 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. Failures of our autonomous vehicle technologies or additional crashes involving autonomous vehicles using our technology would generate substantial liability for us, create additional 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. 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.

We expect that governments will develop regulations that are specifically designed to apply to autonomous vehicles. 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 April 2019, we entered into the Preferred Unit Purchase 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 have or will become exercisable for common stock that will be tradeable following our IPO, 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 forego 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 Uber 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 U.S. Department of Justice (the "DOJ") 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 (following the completion of our acquisition of Careem) 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 introduce new or upgraded products, offerings, or features that Drivers, consumers, restaurants, shippers, and carriers recognize as valuable, 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 Uber Eats with restaurant point-of-sale systems.

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. 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 within our Personal Mobility offering such as dockless e-bikes and e-scooters and advanced technologies such as autonomous vehicles, our operations may be disrupted.***

We have expanded our Personal Mobility products to include dockless e-bikes and e-scooters and 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;
- 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 2018, cash-paid trips accounted for approximately 13% 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 Ridesharing products and Uber 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 2018, 87% 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 September 30, 2019, we had total outstanding indebtedness of $5.8 billion aggregate principal amount. In addition, we have agreed to issue up to approximately $1.7 billion of the Careem Convertible Notes to Careem stockholders, a majority of which will be issued 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 $55.00 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, 2018, we had net operating loss carryforwards for U.S. federal income tax purposes and state income tax purposes of $5.1 billion and $4.4 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 2030, and the state net operating loss carryforward amounts will begin to expire in 2019. 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 potential 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. We expect the acquisition to close in January 2020. We will acquire substantially all of the assets and assume substantially all of the liabilities of Careem, including liabilities associated with any data security breaches it has experienced in the past. Our acquisition of Careem is subject to a number of risks and uncertainties, including, in particular, that we must obtain the approval of competition authorities in certain markets in which Careem operates, and we cannot guarantee that we will be able to obtain approval in any or all of these markets. The acquisition could be blocked, delayed, or subject to significant limitations or restrictions on our ability to operate in one or more markets, and we could be required to divest our or Careem's business in one or more markets. For example, subsequent to the announcement of our acquisition of Careem, the Egyptian Competition Authority ("ECA") issued a press release expressing concerns regarding the proposed acquisition. Additionally, while the competition authority in the United Arab Emirates ("UAE") approved the proposed acquisition in the UAE in June 2019 and the Jordanian competition authority cleared the proposed acquisition in October 2019, the Qatar competition authority issued a decision in August 2019 blocking the proposed acquisition in Qatar, of which we intend to seek further review. Based on gross bookings in 2018, Careem's business in the UAE and Qatar represent approximately 12.9% and 1.8% of its overall business, respectively.

Although Careem has agreed to a reduction of the purchase price in the event we do not receive regulatory approval in some or all of the markets in which Careem operates, any such reduction would be limited to only a portion of the value ascribed to Careem's operations in such markets, and any such reductions in the aggregate would be capped at 15% of the total purchase price. Additionally, 10% of the total purchase price will be subject to a holdback for a limited period of time after the closing of the acquisition to satisfy any potential indemnification claims. Accordingly, we will be required to pay at least 75% of the total purchase price (including the full cash portion of the purchase price) upon the closing of the acquisition, regardless of which, if any, competition approvals we are able to obtain prior to the closing date. As a result, our acquisition of Careem will result in a significant cash expenditure and increased indebtedness, which may not be commensurate with the value of Careem's operations that we are able to acquire upon the closing of the acquisition.

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 will also increase our risks under the U.S. Foreign Corrupt Practices Act ("FCPA") and other similar laws outside the United States. After the acquisition, we plan to provide significant training to Careem's employees, consultants, and business partners. 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 and Southeast Asia, our Yandex.Taxi joint venture in Russia/CIS, our agreement to acquire 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 is subject to a number of risks and uncertainties, including, in particular, 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 may acquire (including Careem) 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 acquired company;
- impairment charges associated with goodwill, long-lived assets, investments, and other acquired intangible assets; and
- other unforeseen operating difficulties and expenditures.

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 acquisitions, divestitures, or investments will be accretive to the value of our common stock. If we do not obtain approval from local competition authorities in connection with our acquisition of Careem, and as a result are required to divest portions or aspects of our or Careem's business or discontinue or limit our or Careem's operations in certain countries, we may limit our growth and negatively affect our operating results. 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 a further decision regarding our license will be made on or before November 25, 2019 when the current license expires. Any inability to operate in London, as well as the publicity concerning any such termination or non-renewal, 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 Ridesharing 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 Ridesharing 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. Additionally, a measure to impose a surcharge on ridesharing trips in San Francisco is appearing on the ballot for voters in San Francisco on November 5, 2019. 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. 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 over 700 cities across 67 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 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 (after the acquisition) Careem's app in Egypt on either a temporary or indefinite basis.

Additionally, the United Kingdom held a referendum on June 23, 2016, to determine whether the United Kingdom should leave the European Union ("EU") or remain as a member state, the outcome of which was in favor of leaving the EU, which is commonly referred to as Brexit. Lack of clarity about future U.K. laws and regulations as the United Kingdom determines which EU rules and regulations to replace or replicate in the event of a withdrawal, 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 may 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 Personal Mobility offering to include dockless e-bikes and e-scooters, we expect to become subject to additional risks distinct from those relating to our Ridesharing products and our meal delivery and logistics 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 December 2018, a purported assignee of Sidecar, an early competitor in the ridesharing business, filed a lawsuit against us asserting claims under both federal and California law based on allegations that we engaged in anti-competitive conduct. 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, our acquisition of Careem is subject to approval by the relevant competition authorities in certain markets in which Careem operates, and failure to obtain approval in one or more of these 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. Additionally, in connection with our transaction with Grab, the Competition and Consumer Commission of Singapore concluded that such transaction was a violation of local competition laws and imposed fines and restrictions on both us and Grab; similarly, the Philippine Competition Commission approved our transaction with Grab subject to remedial measures and imposed fines relating to our and Grab's compliance with the commission's interim order. Furthermore, the review of our sale of our China operations to Didi in August 2016 by the Chinese authorities (the Anti-Monopoly Bureau of the Ministry of Commerce, now a part of the State Administration for Market Regulations) is still ongoing, and it is not clear how or when that proceeding will be resolved. 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 European Economic Area (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 where we rely on local payment providers to disburse payments. 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.

Beginning in September 2019, payments made by platform users with payment accounts in the EEA for services provided through our platform will be 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 2018, U.K. and Dutch regulators imposed fines totaling approximately $1.2 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, the use of a tool to limit the vehicle views available to regulatory enforcement authorities (known as

Greyball), alleged deceptive business practices and fraud, the use of alleged inappropriate means to obtain a rape victim's medical records, 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. More recently, the Careem transaction has been under review by antitrust agencies in the Middle East including Egypt, Pakistan and Saudi Arabia. The transaction has been approved in the United Arab Emirates and cleared in Jordan, but we face significant challenges in other countries and we cannot assure you that the transaction will be approved in any or all of such other 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 biannual 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 future failure to report security incidents. In November 2018, U.K. and Dutch regulators imposed fines totaling approximately $1.2 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 (following the completion of our acquisition of Careem) 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 General Data Protection Regulation ("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 such as Careem) 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, California recently adopted the California Consumer Privacy Act of 2018 ("CCPA"), which provides new data privacy rights for consumers and new operational requirements for businesses. 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. The CCPA goes into effect in January 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 following the closing of the acquisition, 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, or currently subject to, these anti-corruption laws. After the acquisition, 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. The investigation is ongoing, and we are cooperating with the DOJ. If we are determined to have violated the FCPA or similar laws, we may be subject to criminal sanctions and other liabilities, which would adversely affect our business, financial condition, and operating results.

***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 Ridesharing 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. In addition to insurance related to our Ridesharing 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 not favorable 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 Uber 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 Uber 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 model we use to calculate consumer fares and Driver earnings. Our pricing model, including dynamic pricing, has 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 model 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 model 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. The independent software expert recently made adverse findings as to certain functions in our autonomous vehicle software. These findings, which are final, will likely result in a license fee or in design changes that could require substantial time and resources to implement, and could limit or delay our production of autonomous vehicle technologies. In addition, in August 2019, a federal grand jury indicted Anthony Levandowski, a cofounder of Ottomotto LLC and our former employee, 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 Quarterly Report on Form 10-Q 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 may 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. We cannot assure you that the market price of our shares on the New York Stock Exchange will equal or exceed prices in privately negotiated transactions of our shares that have occurred from time to time before our IPO. 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 securities analysts, investors, and 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, 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 convening 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" and the section titled "Description of Capital Stock-Anti-Takeover Provisions."

***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. Many of our existing equityholders have substantial unrecognized gains on the value of the equity they hold, and may take, or attempt to take, steps to sell, directly or indirectly, their shares or otherwise secure, or limit the risk to, the value of their unrecognized gains on those shares. Each of our directors, executive officers, the selling stockholders, and substantially all of the other record holders of our outstanding shares of common stock and securities convertible into or exercisable or exchangeable for shares of our common stock have entered into lockup agreements with the underwriters and are also subject to market standoff agreements with us, or are subject to market standoff agreements with us but have not entered into lockup agreements with the underwriters. These lockup and market standoff agreements are intended to restrict the ability of record holders of our equity interests to sell or transfer their equity interests during the period ending on and including the 180th day after the date of the prospectus delivered in connection with our IPO, subject to the limitations or exceptions.

We have a large number of equityholders and such equityholders have acquired their interests over an extended period of time and pursuant to a number of different agreements containing a variety of terms governing restrictions on the sale, short sale, transfer, hedging, pledging, or other disposition of their interests in our equity. Certain record holders of our outstanding shares of common stock and securities convertible into or exercisable or exchangeable for shares of our common stock are subject to restrictions on their ability to sell or transfer their equity from the pricing of our IPO through the date that is 180 days after the date of the prospectus delivered in connection with our IPO (the "Post- Pricing Period"). During the Post-Pricing Period (and before giving effect to the shares sold in the IPO), (i) approximately 76% of our outstanding registered equity interests are subject to restrictions imposed by lockup agreements with the underwriters, (ii) an additional approximately 17% are subject to the market standoff provisions in our amended and restated investors' rights agreement, which imposes restrictions on the sale, short sale, loan, granting of any option to purchase, or other disposition of any of our securities, or entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our securities, and (iii) the remaining approximately 7% are subject to restrictions contained in a variety of market standoff agreements with us which include restrictions on the sale, short sale, loan, granting of any option to purchase, or other disposition of our securities, and in some cases other restrictions. The forms and specific restrictive provisions within these market standoff provisions vary significantly between equityholders. For example, some of these market standoff agreements do not specifically restrict hedging transactions and others may be subject to different interpretations between us and equityholders as to whether they restrict hedging. Sales, short sales, or hedging transactions involving our equity securities, whether or not we believe them to be prohibited, could adversely affect the price of our common stock. In addition, Morgan Stanley & Co. LLC may waive the lockup agreements entered into by record holders of our securities with the underwriters before they expire.

Record holders of our securities are typically the parties to the lockup agreements with the underwriters and to the market standoff agreements with us referred to above, while holders of beneficial interests in our shares who are not also record holders in respect of such shares are not typically subject to any such agreements or other similar restrictions. Accordingly, we believe that holders of beneficial interests who are not record holders and are not bound by market standoff or lockup agreements could enter into transactions with respect to those beneficial interests that negatively impact our stock price. In addition, an equityholder who is neither subject to a market standoff agreement with us nor a lockup agreement with the underwriters may be able to sell, short sell, transfer, hedge, pledge, or otherwise dispose of or attempt to sell, short sell, transfer, hedge, pledge, or otherwise dispose of, their equity interests at any time.

***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.***

Upon the closing of our IPO, our executive officers, directors, and current beneficial owners of 5% or more of our common stock, in the aggregate, beneficially owned approximately 44.5% 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. Additionally, 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 or make new investments in other competitors in the future. Therefore, the interests of this group of stockholders may not align with the interests of 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 net proceeds that we have received from our IPO. Our management will have broad discretion in applying the net proceeds we received from our IPO. We 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 expect to use 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 Quarterly Report on Form 10-Q 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 for the year ending 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 for the year ending December 31, 2020. We 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 emerging offerings like Uber Eats and Uber Freight, we face challenges in timely and appropriately designing controls in response to evolving risks of material misstatement. 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 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, 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 2. 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 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 (or Regulation D or Regulation S promulgated thereunder) by virtue of Section 4(a)(2) of the Securities Act, 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 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 a registration statement on Form S-1 (File No. 333-230812), which was declared effective by the SEC on May 9, 2019. We raised approximately $8.0 billion in net proceeds after deducting underwriting discounts and commissions of $106 million and offering expenses. We intend to use the net proceeds we received 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.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

Not applicable.

## ITEM 6. EXHIBITS

The documents listed in the Exhibit Index of this Quarterly Report on Form 10-Q are herein incorporated by reference or are filed with this Quarterly Report on Form 10-Q, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

## EXHIBIT INDEX

| Exhibit No. | Exhibit Description | 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 | 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 |
| 4.2 | 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 |
| 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. | | | | |
| 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. | | | | |
| 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. | | | | |
| 99.1 | Select Historical Segment Information | | | | |
| 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. | | | | |

* The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

| | |
|---|---|
| | **UBER TECHNOLOGIES, INC.** |
| Date: November 5, 2019 | By: /s/ Dara Khosrowshahi |
| | Dara Khosrowshahi |
| | Chief Executive Officer and Director |
| | *(Principal Executive Officer)* |
| Date: November 5, 2019 | By: /s/ Nelson Chai |
| | Nelson Chai |
| | Chief Financial Officer |
| | *(Principal Financial Officer)* |

**Exhibit 31.1**

**CERTIFICATION OF PRINICIPAL EXECUTIVE OFFICER**
**PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)**
**AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dara Khosrowshahi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Uber Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2019

By: /s/ Dara Khosrowshahi

Dara Khosrowshahi
Chief Executive Officer and Director
*(Principal Executive Officer)*

**Exhibit 31.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**
**PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)**
**AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Nelson Chai, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Uber Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2019

By: /s/ Nelson Chai

Nelson Chai
Chief Financial Officer
*(Principal Financial Officer)*

**Exhibit 32.1**

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**
**PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dara Khosrowshahi, the Chief Executive Officer of Uber Technologies Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Uber Technologies, Inc. for the quarterly period ended September 30, 2019, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Uber Technologies, Inc.

| | | | |
|---|---|---|---|
| Date: | November 5, 2019 | By: | /s/ Dara Khosrowshahi |
| | | | Dara Khosrowshahi |
| | | | Chief Executive Officer and Director |
| | | | *(Principal Executive Officer)* |

I, Nelson Chai, the Chief Financial Officer of Uber Technologies Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Uber Technologies, Inc. for the quarterly period ended September 30, 2019, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Uber Technologies, Inc.

| | | | |
|---|---|---|---|
| Date: | November 5, 2019 | By: | /s/ Nelson Chai |
| | | | Nelson Chai |
| | | | Chief Financial Officer |
| | | | *(Principal Financial Officer)* |

**Exhibit 99.1**

# UBER TECHNOLOGIES, INC.
# SELECT HISTORICAL SEGMENT INFORMATION
## For Each of the Six Consecutive Quarters Ended June 30, 2019 and Year Ended December 31, 2018
## (In millions)
## (Unaudited)

### Segment Change

During the third quarter of 2019, following a number of leadership and organizational changes, our Chief Executive Officer, who is 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 our 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. Our five segments are as follows:

| Segment | Description |
|---|---|
| **Rides** | The Rides products connect consumers with 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 our 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 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. It also includes Transit, UberWorks and our 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. |

As a result of these changes, we have provided revised Gross Bookings, revenue, Adjusted Net Revenue and segment Adjusted EBITDA for each of the six consecutive quarters ended June 30, 2019 and the year ended December 31, 2018. The revision of previously issued select operating and financial information does not represent a restatement of previously issued financial statements and does not impact the previously reported consolidated net revenue, loss from operations, net income (loss) per share, total assets or mezzanine equity and equity (deficit) as reported under generally accepted accounting principles in the United States ("GAAP").

### Select Historical Segment Information (Unaudited)

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

***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.

| | Three Months Ended | | | | Year Ended | Three Months Ended | |
|---|---|---|---|---|---|---|---|
| *(in millions)* | March 31, 2018 | June 30, 2018 | September 30, 2018 | December 31, 2018 | December 31, 2018 | March 31, 2019 | June 30, 2019 |
| Rides | $ 9,380 | $ 10,166 | $ 10,488 | $ 11,479 | **$ 41,513** | $ 11,446 | $ 12,188 |
| Eats | 1,473 | 1,774 | 2,111 | 2,561 | **7,919** | 3,071 | 3,386 |
| Freight | 40 | 70 | 123 | 126 | **359** | 128 | 167 |
| Other Bets | — | 2 | 3 | 3 | **8** | 4 | 15 |
| ATG and Other Technology Programs | — | — | — | — | **—** | — | — |
| Total Gross Bookings | $ 10,893 | $ 12,012 | $ 12,725 | $ 14,169 | **$ 49,799** | $ 14,649 | $ 15,756 |

***Revenue***

| | Three Months Ended | | | | Year Ended | Three Months Ended | |
|---|---|---|---|---|---|---|---|
| *(in millions)* | March 31, 2018 | June 30, 2018 | September 30, 2018 | December 31, 2018 | December 31, 2018 | March 31, 2019 | June 30, 2019 |
| Rides | $ 2,261 | $ 2,351 | $ 2,425 | $ 2,400 | **$ 9,437** | $ 2,418 | $ 2,376 |
| Eats | 283 | 346 | 394 | 437 | **1,460** | 536 | 595 |
| Freight | 40 | 69 | 122 | 125 | **356** | 127 | 167 |
| Other Bets | — | 2 | 3 | 12 | **17** | 18 | 28 |
| ATG and Other Technology Programs | — | — | — | — | **—** | — | — |
| Total revenue | $ 2,584 | $ 2,768 | $ 2,944 | $ 2,974 | **$ 11,270** | $ 3,099 | $ 3,166 |

***Adjusted Net Revenue*** (1)

| | Three Months Ended | | | | Year Ended | Three Months Ended | |
|---|---|---|---|---|---|---|---|
| *(in millions)* | March 31, 2018 | June 30, 2018 | September 30, 2018 | December 31, 2018 | December 31, 2018 | March 31, 2019 | June 30, 2019 |
| Rides | $ 2,200 | $ 2,283 | $ 2,340 | $ 2,342 | **$ 9,165** | $ 2,377 | $ 2,341 |
| Eats | 183 | 220 | 191 | 165 | **759** | 239 | 337 |
| Freight | 40 | 69 | 122 | 125 | **356** | 127 | 167 |
| Other Bets | — | 2 | 3 | 12 | **17** | 18 | 28 |
| ATG and Other Technology Programs | — | — | — | — | **—** | — | — |
| Total Adjusted Net Revenue | $ 2,423 | $ 2,574 | $ 2,656 | $ 2,644 | **$ 10,297** | $ 2,761 | $ 2,873 |

(1) "Adjusted Net Revenue" is a non-GAAP measure as defined by the Securities and Exchange Commission. See the "Non-GAAP Reconciliations" section below for our definition and reconciliations to the most directly comparable GAAP financial measure.

***Segment Adjusted EBITDA***

Our segment operating performance measure is segment adjusted EBITDA. The CODM does not evaluate operating segments using asset information and, accordingly, we do not report asset information by segment. Our 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 our segments. Segment adjusted EBITDA also excludes any non-cash items or items that management does not believe are reflective of our ongoing core operations (as shown in the table below).

| (in millions) | Three Months Ended March 31, 2018 | Three Months Ended June 30, 2018 | Three Months Ended September 30, 2018 | Three Months Ended December 31, 2018 | Year Ended December 31, 2018 | Three Months Ended March 31, 2019 | Three Months Ended June 30, 2019 |
|---|---|---|---|---|---|---|---|
| Rides | $ 477 | $ 453 | $ 416 | $ 195 | **$ 1,541** | $ 192 | $ 506 |
| Eats | (50) | (84) | (189) | (278) | **(601)** | (309) | (286) |
| Freight | (20) | (28) | (31) | (23) | **(102)** | (29) | (52) |
| Other Bets | — | — | (12) | (38) | **(50)** | (42) | (70) |
| ATG and Other Technology Programs | (149) | (151) | (132) | (105) | **(537)** | (113) | (132) |
| Total segment adjusted EBITDA | 258 | 190 | 52 | (249) | **251** | (301) | (34) |
| Reconciling items: | | | | | | | |
| Corporate G&A and Platform R&D (1), (2) | (436) | (466) | (501) | (568) | **(1,971)** | (568) | (622) |
| Depreciation and amortization | (88) | (98) | (131) | (109) | **(426)** | (146) | (123) |
| Stock-based compensation expense | (63) | (20) | (64) | (25) | **(172)** | (11) | (3,941) |
| Legal, tax, and regulatory reserve changes and settlements | — | (252) | (56) | (32) | **(340)** | — | (380) |
| Driver appreciation award | — | — | — | — | **—** | — | (299) |
| Payroll tax on IPO stock-based compensation | — | — | — | — | **—** | — | (86) |
| Asset impairment/loss on sale of assets | (32) | (81) | (54) | (70) | **(237)** | (8) | — |
| Acquisition and financing related expenses | (15) | — | — | — | **(15)** | — | — |
| Gain on restructuring of lease arrangement | — | 4 | — | — | **4** | — | — |
| Impact of 2018 Divested Operations (1), (3) | (102) | (16) | (9) | — | **(127)** | — | — |
| Loss from operations | $ (478) | $ (739) | $ (763) | $ (1,053) | **$ (3,033)** | $ (1,034) | $ (5,485) |

(1) Excluding stock-based compensation expense.

(2) Includes costs that are not directly attributable to our 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. Our allocation methodology is periodically evaluated and may change.

(3) Defined as our 2018 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.

**Non-GAAP Reconciliations**

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, which is described below, to evaluate our business. We have included this non-GAAP financial measure because it is a key measure used by our management to evaluate our operating performance. Accordingly, we believe that this non-GAAP financial measure 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. Our calculation of this non-GAAP financial measure may differ from similarly-titled non-GAAP measures, if any, reported by our peer companies. This non-GAAP financial measure should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP.

We define Adjusted Net Revenue as revenue less (i) excess Driver incentives and (ii) Driver referrals. We believe that Adjusted Net Revenue 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.

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 do not include excess Driver incentives or Driver referrals and are equal to GAAP net revenue in all periods presented.

| *(in millions)* | Three Months Ended | | | | Year Ended | Three Months Ended | |
|---|---|---|---|---|---|---|---|
| **Adjusted Net Revenue reconciliation:** | **March 31, 2018** | **June 30, 2018** | **September 30, 2018** | **December 31, 2018** | **December 31, 2018** | **March 31, 2019** | **June 30, 2019** |
| Revenue | $ 2,584 | $ 2,768 | $ 2,944 | $ 2,974 | **$ 11,270** | $ 3,099 | $ 3,166 |
| Deduct: | | | | | | | |
| Excess Driver incentives | (129) | (163) | (253) | (292) | **(837)** | (303) | (263) |
| Driver referrals | (32) | (31) | (35) | (38) | **(136)** | (35) | (30) |
| Adjusted Net Revenue | $ 2,423 | $ 2,574 | $ 2,656 | $ 2,644 | **$ 10,297** | $ 2,761 | $ 2,873 |

| *(in millions)* | Three Months Ended | | | | Year Ended | Three Months Ended | |
|---|---|---|---|---|---|---|---|
| **Rides Adjusted Net Revenue reconciliation:** | **March 31, 2018** | **June 30, 2018** | **September 30, 2018** | **December 31, 2018** | **December 31, 2018** | **March 31, 2019** | **June 30, 2019** |
| Rides revenue | $ 2,261 | $ 2,351 | $ 2,425 | $ 2,400 | **$ 9,437** | $ 2,418 | $ 2,376 |
| Deduct: | | | | | | | |
| Excess Driver incentives | (32) | (39) | (53) | (26) | **(150)** | (12) | (10) |
| Driver referrals | (29) | (29) | (32) | (32) | **(122)** | (29) | (25) |
| Rides Adjusted Net Revenue | $ 2,200 | $ 2,283 | $ 2,340 | $ 2,342 | **$ 9,165** | $ 2,377 | $ 2,341 |

| *(in millions)* | Three Months Ended | | | | Year Ended | Three Months Ended | |
|---|---|---|---|---|---|---|---|
| **Eats Adjusted Net Revenue reconciliation:** | **March 31, 2018** | **June 30, 2018** | **September 30, 2018** | **December 31, 2018** | **December 31, 2018** | **March 31, 2019** | **June 30, 2019** |
| Eats revenue | $ 283 | $ 346 | $ 394 | $ 437 | **$ 1,460** | $ 536 | $ 595 |
| Deduct: | | | | | | | |
| Excess Driver incentives | (97) | (124) | (200) | (266) | **(687)** | (291) | (253) |
| Driver referrals | (3) | (2) | (3) | (6) | **(14)** | (6) | (5) |
| Eats Adjusted Net Revenue | $ 183 | $ 220 | $ 191 | $ 165 | **$ 759** | $ 239 | $ 337 |