AMY YIP
CINTY LI

UBER CHINA: RIDING WITH CHINESE CHARACTERISTICS

Imagine it was late at night and raining heavily and you had lots of luggage. A long line staggered behind the taxi stand. It seemed ridiculous to stand in line, and equally silly to hail a cab across the block. Instead, at leisure, you tapped your phone and a private car arrived in a few minutes to take you wherever you want to go. You did not even have to fumble for cash before you got off because the fare would be charged to your credit card.

This was the kind of service the technology company Uber provided. Building on global positioning system (GPS) technology, the California-based start-up company linked drivers and passengers on smartphone apps. Since its formation in 2009, Uber expanded exponentially around the world, amid resistance from taxi drivers and problems complying with government regulations. The company claimed it was doubling its size every six months.\(^1\) In 2015, Uber became the start-up company with the highest valuation, US$50 billion, overtaking Facebook in value and speed of growth.\(^2\)

However, its biggest challenge seemed to be cracking China, the world’s most populous country and its second-largest economy. To add fuel to the fire, in September 2015, Uber’s biggest competitor in China invested in Lyft, Uber’s rival in the US.\(^3\)

Half a year later, Apple invested US$1 billion into Uber’s Chinese competitor, Didi,\(^4\) and the exact amount Uber was losing in China a year.\(^5\) The enemy of your enemy was your friend. When your enemy teamed up with your other enemy thousands of miles away, it was almost...
like having someone charging into your front door while another gang blew smoke into your back door. How would Uber deal with all of this as it expanded into China?

UBER: Background and history

One of Silicon Valley's fastest growing startups, Uber was a technology company that used smartphone apps to match drivers and passengers to offer on-demand private car service. In 2009, Travis Kalanick, a computer graduate from UCLA, grew tired of looking for taxis in Paris. He started an app utilizing GPS to link up passengers who needed a ride with drivers who wanted to make extra money by giving rides. Passengers and drivers registered on the Uber apps. When someone needed a ride, they made a request on their smartphone. Uber then located the client even if they themselves didn’t know where they were, and dispatched the nearest driver to provide a ride.

Uber’s operation revolutionized traditional employer-employee relations. Uber did not pay a salary to its drivers. Its partner-drivers received 80% of their fares, while Uber kept the remaining 20%. The fare was registered on the client’s credit card and, at the end of each ride, the passenger received a receipt. Continuous customer and driver reviews served as quality control intended to assure better service and etiquette.

Uber grew rapidly in the US and soon expanded overseas. Kalanick proved to be an adept fundraiser: Uber’s investors included corporate giants such as Microsoft, Google and Amazon. In July 2015, Uber was valued at US$50 billion, making it and Facebook the only two venture-capital-backed startups that reached the US$50 billion mark. As of May 2016, seven years after it was founded, Uber provided services in over 450 cities spanning more than 60 countries, including the United States, Canada, France, India, Mexico, Brazil, Canada, Australia, South Africa, Turkey, China, and Japan. According to leaked company information, Uber’s revenue in the first half of 2015 was US$663 million [see Exhibit 1], but its losses grew to nearly a billion dollars in the same period, almost 50% more than its full-year losses in 2014.

Competitive Advantages

Uber’s rapid growth could be attributed to its capitalizing on its innovative and unique product features and operation style:

Innovative and Efficient Operation:

- **Clear pricing** - Customers could estimate rates before requesting a ride by entering pick-up and drop-off locations.

- **One tap to ride** – By building on existing mobile phone and GPS technology, Uber detected passengers’ locations, even if they themselves were unclear about them, and connected passengers with the nearest available driver.

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**Reliable pick-ups** - After identifying the nearest available driver, Uber generated an automatic text to the customer with the driver’s name, car details and when the ride would arrive. Customers could also call or text the driver directly.

**Cashless convenience** - Fares were charged to credit cards on file and customers received a receipt. When sharing a ride with friends, each participant’s credit card would be charged equally.

**Constant feedback** – Customers could rate their ride experience, enabling drivers to improve and the company to monitor service quality.

**Unique Product Features** - Uber offered a wide range of car types to fit riders’ budgets:

- **UberX** – smaller cars that were faster and cheaper than taxis
- **Taxi** – regular taxis, except that customers did not need to wait on the street
- **Black** - private on-demand sedans
- **SUV**- vans that accommodated up to six people and had more space for luggage
- **Lux**- particularly stylish cars

**New Entrepreneurial Concept of Employer/Employee Relationship** – Uber considered drivers partners, not employees. Driver-partners used their own vehicles to provide rides full-time or to supplement their income from other jobs. About 87% of Uber driver-partners said a major reason they drive was to be their own boss and set their own schedules.10

**Challenges**

With this ease of use and low cost of entry into urban markets, Uber grew rapidly in the US, then ventured overseas beginning in December 2011. But it had not been a smooth ride. Around the globe, Uber’s success has garnered imitators such as Lyft, opposition from the taxi industry and safety concerns from regulators.

In the Indian capital city of New Delhi, Uber was banned by the city government beginning at the end of 2014, after an Uber driver allegedly sexually assaulted a female passenger who worked as a finance executive. More victims spoke up after the incident: the driver had reportedly assaulted five other women, including his “aunt.” The female executive was planning to sue Uber through a leading American trial lawyer famous for winning lucrative arbitrations.14

On 18 March 2015, a German court banned Uber from providing rides utilizing unlicensed taxi drivers. A fine up to €250,000 (US$264,825) would be imposed for each violation of this

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German court order on Uber and its UberPOP online service. However, Uber could continue to operate in Germany with licensed limousine and taxi drivers.15

In South Korea, Uber was clamped down upon by Korean police and banned altogether, before the Korean government started their own version of an apps-activated rider service in 2014.16 In March 2015, Uber suspended its UberX service in Seoul, following a backlash from authorities, taxi unions and local competitors. Korean lawmakers took things a step further and passed a bill in May 2015 to ban Uber's low-cost UberX service nationwide. But Uber still offered two services in South Korea: UberTAXI, which matched passengers with licensed taxi drivers, and the upscale UberBLACK service that served specific types of passengers, including those with disabilities, foreigners, and people aged 65 and older.17

Taxi drivers in France overturned Uber cars and burnt and slashed tires. French prosecutors eventually indicted two Uber executives in July 2015.18 Uber Technologies then said it would suspend its UberPop service when drivers did not have professional taxi licenses. On the same day, though, Uber also launched a new website entitled uberetmoi.com (meaning “Uber and me”) to solicit passenger testimonials and appeal for public support. 19

On 24 July 2015, a group of angry Hong Kong taxi drivers smashed a taxi in a protest, calling for the government to curb private car services using ride-hailing apps such as Uber. They claimed that their business had dropped by 20% since Uber came to Hong Kong a year before.20 Less than two weeks later, Hong Kong police arrested five Uber drivers and three staff members, saying Uber was illegal because the San Francisco start-up did not have hire-permits or proper insurance in China’s Special Administrative Region, a former British colony.21-22

The Aggressive Fight Back

In the US in 2013, a judge issued a court order to ban Uber in Nevada. But a subsequent poll of Las Vegas residents showed 75% of those surveyed supported Uber. The trial revealed how popular taxi alternatives like Uber had become. The San Francisco-based company then hired a high-profile lobbyist to fight on its behalf. Two years later, in 2015, bills were introduced to permit Uber to operate. On 29 May 2015, the Nevada Governor signed legislation allowing online ride-providing companies such as Uber and Lyft to offer services in Nevada.23

This “act first, ask permission later” strategy had caused Uber’s business around the world to mushroom. With deep pockets and a vast network of lawyers and lobbyists, Uber was working to ease the passage of laws that would bring its service into compliance with municipal codes. After being banned in many states in the US, by May 2015, Uber was available in all but four sparsely-populated states without big cities. It was natural for the innovative company to move towards the world’s most populous country, China, where playing the game seemed to be a bit more complicated.

### Into the Middle Kingdom

#### Uber’s History in China

Uber’s Chinese history began in Shanghai, its largest city, in 2013. In Uber’s initial six months in Shanghai, it grew even faster than it had after its launches in New York, Paris and Singapore. Baidu, China’s most popular search engine and mapping application, invested US$600 million in Uber in December 2014. The internet search giant could also help Uber steer clear of possible resistance from the Chinese government, which had historically imposed strict regulations on US businesses. Baidu had offered to download millions of users of the search giant’s online services into the Uber app. Uber worked with rental companies to offer its premium-priced Black car service in China. People's Uber, a separate service, was launched in 2014. It let nonprofessional drivers offer "nonprofit" rides to passengers who paid only enough to cover costs like gas and maintenance.

By July 2015, Uber operated in 11 Chinese cities and planned to enter another 50 cities with populations of at least five million people [see Exhibit 2]. In less than a year, the number of Chinese cities with Uber presence soared to 55. In an email to investors in June 2015, Uber CEO Kalanick wrote that four out of the company’s top 10 cities worldwide were in China. Uber’s Head of Asia said they were seeing growth that outstripped anywhere else in the world.

#### Uber’s Strategy and Growth in China

**UberChina: In China, do what the Chinese do**

To begin with, Uber set up a separate entity called UberChina and adopted a Chinese brand name: Youbu (Excellent or Elegant Step) as it launched its service in Shanghai. In a letter to investors issued in June 2015, Uber CEO Kalanick said China was a priority for the US company. He wrote that Uber was planning to inject over US$1 billion in China in 2015, increasing its stake in a market many US IT companies had found tough to crack. Kalanick

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29 For details, see Uber’s website: [https://www.uber.com/](https://www.uber.com/)
31 优步
wrote that they believed Uber had captured almost half of the country's private-ride on-demand market.

Our riders are completing almost one million trips per day ... One competitor has cloned our core product line and is attempting to transition from its legacy taxi business to a similar P2P model.

P2P – "peer-to-peer" – was a business model where private drivers, rather than licensed taxi drivers, sold rides to customers. Kalanick said, “Even among the initial customers, our growth in China has gone much faster than what we've seen elsewhere.”

Nevertheless, Uber was taking a different tack than it had elsewhere in the world: it was actively seeking out Chinese investors, and running the operation as a distinct unit. For Kalanick, this was about making UberChina into a "real Chinese company". The CEO said:

This is the only time we've done it because China is so different from the rest of the world. And we believe that to understand how different it is, it should be an independent entity with separate management and separate headquarters. We want to make sure that Uber (China) is authentically and thoroughly Chinese, a real Chinese company.

People's Uber

Uber tried to cater to local tastes in its international locations. In communist China, Uber introduced “People’s Uber” – whose icons were all red, apparently symbols of communism. An Uber spokesperson said People’s Uber was non-profit ride-sharing that connected private car owners with riders, adding that this was a way to localize the brand in China. There was no base fare and riders paid the equivalent of an inexpensive local taxi to cover the driver’s costs. As of September 2015, People’s Uber was available in eight Chinese cities, including Beijing, Changsha and Tianjin [see Exhibit 2].

Ghost Rides

According to Analysys International, a research and consultancy firm based in Beijing that specialized in research on internet and information technology in China, Didi Kuaidi snatched a 78% share of ride reservations in China’s ride-on-demand market, while Uber took 11%. To catch up with the market leader and build brand awareness in China, UberChina had been giving out incentives and bonuses to build its driver pool. The US company claimed it had one million rides per day in 2015. But how many of these were real?

In a country where counterfeit products and services, ranging from Apple stores and police stations to salt and Goldman Sachs offices, flooded the mass market, Uber accounts and

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ride statistics could be fake as well. Bloomberg reviewed websites, interviewed Uber drivers and equipment vendors and postulated that some of the US$1 billion that UberChina had pledged to spend in expanding its operation in China had been siphoned off by fake bookings. On Taobao, Alibaba’s online shopping platform, UberChina user accounts were for sale and drivers could use them to register bookings and collect bonuses even though no rides were made. These were then counted as the number of trips Uber claimed in China.37

Bloomberg estimated that fraud accounted for less than 10% of ride reservations in China, while several media reports estimated that fake trips account for 30 to 40% of UberChina’s one million daily bookings. 38 Huang Xue, UberChina’s spokesperson in Beijing, said that according to Uber’s detection system, fraud cases accounted for roughly three percent of bookings. She added that the number was much lower than their Chinese competitors and similar to other Uber markets in the initial phase of service. Huang said that UberChina took fraud very seriously and deactivated drivers and users permanently as soon as they were caught.

However, this level of fraud still meant substantial financial losses for the company: 3% of a million daily bookings meant 30,000 fake orders on any given day. To cope with the situation, UberChina had lowered per-trip bonuses from RMB 50 (US$7.80) to RMB 30 (US$4.70).39 Didi Kuaidi, UberChina’s competitor, said it had “almost no false bookings” because it had a strong anti-fraud task force and a “very powerful anti-scamming system,” coupled with much lower driver incentives.40

**Uber’s Fastest-Growing Chinese Cities**

CEO Kalanick said that, in terms of rides per day around the globe, Uber’s top three performers - Guangzhou, Hangzhou, and Chengdu - were all scored in China. Statistics aside, each of these fast-growing Chinese cities posed different challenges for UberChina. One common thread was protests from taxi drivers, as had happened elsewhere in the world:

**Guangzhou**

In April, 2015, China police launched a midnight raid in Uber’s office in the southern city of Guangzhou. It seized phones and computers and accused the US company of running an “illegal business.”41 However, a few days after the raid, the Guangzhou city government announced that it would launch a new online platform, similar to Uber’s, for taxi booking. “Ru Yue” (appointment on time), the new system, would be operated by the Guangzhou transport authorities, exactly the same official entity that had raided Uber’s office in the city. The only difference was that vehicles joining the ”Ru Yue” system would be required to go through an official approval process and receive special licenses to provide "legal transport services".42

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39 Ibid
In June 2015, after undercover police stopped a Didi Kuaidi premium car, private car-hire drivers staged a massive protest in Guangzhou and caused a severe traffic jam that stretched for 2 km and lasted several hours. Afraid of a heavy fine for providing rides with no license, the driver called for help from his fellow drivers on his mobile phone. Hundreds of drivers like him dashed to the scene in support. They surrounded the car and demanded the police free the driver. Riot police arrived shortly afterwards and an altercation occurred. Despite several scuffles, no one was injured, but the stand-off led to a severe traffic jam. The driver and his car were finally released without charges or fines.  

After the protest, Uber sent a message to all its drivers saying they should not retaliate or hold protests on their own. Uber had told its drivers in other countries to agitate for changes in local laws, but in China, Uber opted against rocking the boat, a concession to the country’s strict laws on “disturbing the peace” that effectively prohibit protests.

Hangzhou

Uber adopted similar measures in Hangzhou. Less than a week after the raid in Guangzhou, Hangzhou police raided Uber’s office. Two months later, two taxi drivers placed a call to book a ride from Uber and tried to detain the Uber driver and his car in a protest against unfair competition from illegal taxis. The incident triggered an evening confrontation between Uber drivers and local taxi drivers.

In two short messages sent to Uber drivers in Hangzhou, Uber urged its drivers not to go to the scene and instructed those already there to leave immediately. “Please don’t wreck the good urban environment you have all worked so hard to help build,” Uber warned its drivers, saying it would use GPS to identify drivers who refused to leave the location and cancel its contracts with them. The messages said Uber’s actions were designed to “maintain social order.”

Chengdu

In Chengdu, the capital of Sichuan, China’s most populous province, taxi drivers were ambivalent about the arrival of Uber, which had swelled the number of licensed taxis but also led licensed drivers to protest in the streets. Chengdu officials also descended on local Uber offices to scrutinize the company’s operations, whose legal status remained unclear.

Yet licensed drivers in Chengdu cast an envious eye on their Uber counterparts, who worked less and made more: a licensed taxi driver might earn RMB 4,000 (US$645) per month; but an Uber driver could make double that amount because Uber subsidized its drivers so that customers could get cheaper rides.

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47 Ibid.
Chinese Competition

Despite Uber’s vigorous growth in China, it had entered the middle kingdom as an underdog – while Uber was busy building markets in Europe and other parts of Asia, its business model had been replicated in China and large market share was soon grabbed by local players. Major competitor Didi Dache (Honk Honk Taxi), backed by Tencent, China’s largest internet company, was formed in Beijing in 2012 and soon became available in 300 Chinese cities with one million users. Another local player, Kuaidi (Quick Taxi), backed by Alibaba, China’s largest e-commerce company, was formed in the coastal scenic city of Hangzhou in the same year and provided two similar services: Kuaidi One and Kuai Taxi. Both competitors launched smartphone apps linking passengers and drivers, providing personal rides within minutes of request.

By the time Uber set foot in Shanghai in 2013, after entering Singapore, Seoul and Taipei, Didi Dache and Kuaidi Dache already dominated the market. As of December 2014, Uber was providing about 800,000 rides a week around the world. But at approximately the same time, Kuaidi claimed up to six million rides per day. Kuaidi’s co-founder, Joe Lee, said China’s characteristics – widespread and congested cities with weak public transportation networks and huge convoys of inexpensive taxis - were ideal for this kind of on-demand ride service.

The challenge for Uber intensified as Didi Dache and Kuaidi merged in February 2015 to form an even stronger competitor, Didi Kuaidi (Honk Honk Quick Taxi), which dwarfed Uber. The combined entity was valued at roughly US$6 billion. While Uber received investment from Baidu, China’s main search engine, Didi Kuaidi was sponsored by Alibaba and Tencent, China’s top two internet companies. The merger created a monopoly with a 99% share of the Chinese taxi-app market.

In May 2015, Didi Kuaidi announced plans to offer riders subsidies of RMB one billion (US$161 million) and to integrate a wider range of services into its platform. In July 2015, Didi Kuaidi raised US$2 billion at a US$15 billion valuation. Its CEO, Harvard-educated Jean Liu, said:

*When you have scale, you have operational efficiency, much more frequent orders, so no one is capable of doing what we do now. No one knows the Chinese people better, and our local knowledge is impossible to replicate.*

Liu said they had a unique business model, providing a comprehensive range of products to serve every Chinese in every situation: taxi service, private car, hitch (ride share), bus and chauffeur service. She said the company vision was to provide a single app to make sure passengers would get a ride anywhere in three minutes. Liu added that the company believed

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50 滴滴打車  
51 快的  
53 Ibid.  
54 滴滴快的  
56 Ibid.  
in collaborative reform from within, so taxi drivers would be able to use the app to link with passengers.\(^{59}\)

The company was rebranded in September 2015 as Didi Chuxing\(^{60}\) (Honk Honk Going Out).\(^{61}\) Over the first weekend after China’s National Day in 2015, the Transport Ministry released draft regulations that required ride-apps companies such as Uber and Didi Chuxing to operate as conventional taxi companies. The draft released for consultation stipulated that drivers at these companies must have at least three years taxi-driving experience to qualify to be “online taxi” drivers.

It also required “online taxi” companies to install their servers locally in China and link their operations data with local transportation authorities, without allowing this data to cross the border. Uber said it already stored its data in China and claimed to have obtained a permit to operate as an internet company in Shanghai. The Shanghai city authorities had officially acknowledged Didi Chuxing to be an internet company offering private rides. Uber said it was waiting for similar approval.\(^{62}\)

**Technology Companies’ Presence in China**

Battling the competition was only one of the challenges Uber faced in China. In a larger context, technology companies generally had a bumpy ride there. Many leading Silicon Valley technology companies had counterparts in China, as the American companies were blocked to Chinese users. To cite a few examples” Google was blocked and Chinese used Baidu; Facebook was prohibited and Chinese used Weixin; Twitter was restrained and Chinese used Weibo. Chinese preferred Alibaba to Amazon and Xiaomi was always compared to Apple. Even YouTube was replaced in China by Youku. In every case, the Chinese rival was much more acceptable to Chinese consumers than its American opponent. China’s emerging middle class was aggressively adopting consumer technology, and they seemed to be much more comfortable with domestic players who had proven successful at meeting that demand.\(^{63}\)

The only exception was Hong Kong, a Chinese Special Administration Region since 1997. In the small enclave in southern China that had been a former British colony for over 150 years, all the western technology company products and their Chinese counterparts’ services were readily available. Uber was no exception, despite taxi drivers’ opposition.

**Chinese Customers and Investors**

Any cheaper rides were attractive to mainland Chinese customers. A 41-year-old Beijing resident who did not drive had been taking advantage of free rides provided by Uber and its competitor. She told Bloomberg, “I just go for whatever is cheaper. There is no loyalty here. Almost all the cars are better than Beijing’s dirty and smelly taxis.”\(^{64}\)

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\(^{60}\) 滴滴出行

\(^{61}\) For details, see Didi Chuxing’s website: [http://www.didichuxing.com/about.html](http://www.didichuxing.com/about.html) (accessed 22 May 2016).


In China, this battle to win customers had pushed companies to prioritize market share over profitability, a phenomenon often seen during the dot-com bubble that crested in 2000. An analyst from Analysys International said that a new round of price wars, a war of attrition, was about to start. “Unlike previous price wars, where they were mainly attracting new users, they now need to fight to grab each other’s users. They’ll need to have enough capital so that they can last.”63 And the players were prepared to invest handsome amounts of money: Didi Kuaidi raised US$2 billion with a US$15 billion valuation in July 2015 to battle the Uber invasion, while Uber planned to invest US$1 billion in the Chinese market in 2015.64

Uber also conducted seminars with investors regarding raising funds for UberChina, an independent arm funded by local investors.65 In late August 2015, the Wall Street Journal reported that UberChina was about to secure about US$1 billion of new capital from regional investors who had agreed to funding that would place UberChina’s value at about US$7.5 billion.66

That brought the question of going public to raise more funds. Uber did not rule out the likelihood that UberChina, a separate entity, would be traded on the Chinese stock market at some point in the future. However, Uber CEO Kalanick had always stressed the advantages of keeping Uber a private company, giving it freedom in making long-term plans.67

But maybe UberChina could build a positive image by listing in China, apart from seeking cash. Given China’s increasing inhospitality to overseas technology companies, and the grey legal context in which UberChina operated, the US start-up was tempted to do anything to show its Chinese-ness: It would staff locally, raise Chinese venture capital and, perhaps, list in China.68 After all, it already had servers in China storing data on its Chinese customers.69

The Ride ahead

Just as UberChina was pocketing huge new funding to finance its aggressive expansion in China, Didi Kuaidi opened a new front in the battle. In a May 2015 funding round, Didi Kuaidi financed Lyft, Uber’s strongest competitor in the US, which was already sponsored by China’s internet giants Alibaba and Tencent. This move enabled Didi Kuaidi and these Chinese internet leaders to enhance their competitive threat to Uber on its home front as the US company expanded in China.70 Your enemy’s enemy was your friend. Didi Kuaidi seemed to have a thorough understanding of this tactic and was containing Uber on a global scale.

Naming China its most important global market, Uber had set the ambitious goal of expanding to 100 more Chinese cities in 2016, doubling the goal set only three months

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63 Ibid.
previously.

CEO Kalanick announced this plan in Beijing in September [see Exhibit 3], a day after he announced that UberChina had already garnered US$1.2 billion from continuing fundraising efforts, while Didi Kuaidi had collected US$3 billion. Kalanick was confident:

When we started this year, we were about 1% market share. Today, nine months later, we’re looking at about 30 to 35% market share.

This battle, however, was progressing rapidly. One day after Kalanick made the above statement, Didi Kuadi rebranded itself to be Didi Chuxing. Eight months later in May 2016, technology giant Apple announced it would inject US$1 billion into Didi Chuxing. Apple CEO Tim Cook said in a statement:

Didi exemplifies the innovation taking place in the iOS developer community in China. We are extremely impressed by the business they’ve built and their excellent leadership team, and we look forward to supporting them as they grow.

A billion US dollars. This was exactly the same amount Uber CEO Kalanick admitted his company was losing in China per year. Speaking to a group of entrepreneurs in Vancouver, the CEO said,

We’re profitable in the USA, but we’re losing over US$1 billion a year in China. We have a fierce competitor that’s unprofitable in every city they exist in, but they’re buying up market share. I wish the world wasn’t that way.

In China, where Didi Chuxing already dominated the taxi-hailing and private-car-hailing markets, what strategies should Uber adopt to benefit customers and drivers, while competing against Didi Chuxing and staying within the Chinese legal framework, which successfully and tightly controlled information?

Should Uber capitalize on its branding and its aggressive growth style to recruit more driver-partners by investing handsomely? What was Uber’s niche in a country with a dense population and spread-out cities where mass transit was always crowded, taxi rides were cheap and private car ownership was growing? In China, who were Uber’s target customers and how could they be reached? In this most populous country in the world, where everything seemed to have particularly Chinese characteristics, what role would Uber take?

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73 Ibid
75 Ibid.
### Exhibit 1: Leaked Uber Financials 2014-2015

#### Consolidated Statement of Operations
**FY 2014, Q1 2015 and Q2 2015**

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31, 2014</th>
<th>Three months ended March 31, 2015 (Unaudited)</th>
<th>Three months ended June 30, 2015 (Unaudited)</th>
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<tbody>
<tr>
<td><strong>NON-GAAP</strong></td>
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<tr>
<td>(in Millions)</td>
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<tr>
<td><strong>Gross Bookings</strong></td>
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<td><strong>Contra Revenue</strong></td>
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<tr>
<td>Promotions - price cut</td>
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<td><strong>Net Revenue</strong></td>
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#### Consolidated Statement of Operations
**FY 2014, Q1 2015 and Q2 2015**

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<th></th>
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<th>Three months ended March 31, 2015 (Unaudited)</th>
<th>Three months ended June 30, 2015 (Unaudited)</th>
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<td>10.1</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>660.7</td>
<td>275.0</td>
<td>468.8</td>
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<tr>
<td><strong>EBIT</strong></td>
<td>(564.9)</td>
<td>(159.0)</td>
<td>(559.1)</td>
</tr>
<tr>
<td><strong>Non GAAP Loss</strong></td>
<td>(574.2)</td>
<td>(231.9)</td>
<td>(588.9)</td>
</tr>
<tr>
<td><strong>Stock Based Compensation</strong></td>
<td>97.2</td>
<td>153.7</td>
<td>13.2</td>
</tr>
<tr>
<td><strong>GAAP Loss</strong></td>
<td>($671.4)</td>
<td>($385.1)</td>
<td>($602.1)</td>
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</table>

### EXHIBIT 2: CHINESE CITIES WITH UBER SERVICES

<table>
<thead>
<tr>
<th>City</th>
<th>Population *</th>
<th>UberPeople’s</th>
<th>UberX</th>
<th>Uber XL (van)</th>
<th>UberBlack</th>
<th>Uber English</th>
<th>Uber Taxi</th>
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<tr>
<td>Beijing</td>
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<td>X + gift</td>
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<td><strong>Total</strong></td>
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| All China   | 1,339,724,852 |