CtW Investment Group

Dr. Ronald Sugar
Uber Technologies, Inc.
1455 Market Street, 4th Floor
San Francisco, California 94103

April 30, 2019

Dear Chairperson Sugar,

As Chairperson of Uber Technologies, Inc.'s board of directors, we urge you to take necessary action to adopt sound governance practices as Uber enters the public market and seeks a valuation of over $80 billion. While the company has a single voting structure, annual director elections, and a separate Chair and CEO; because of the size of the company's business and the complexity of its operations, Uber's board composition still falls short of best practices that would enable it to effectively undertake oversight of management.

As long-term potential investors, we believe it is important that Uber take the necessary steps to adopt these practices that speak to the company's commitment to "strive to maintain the highest governance standards in our business."[1] To that end, Uber should commit to the following changes:

- Replacement of John Thain as a member of the board, prior to Uber's stock being listed on the New York Stock Exchange (NYSE);
- Reduction of your outside board commitments prior to Uber's stock being listed on the NYSE; and
- A refreshment plan to establish a truly independent board that represents the interests of all investors by September 1, 2019.

The CtW Investment Group works with union-sponsored pension funds to enhance long-term stockholder value through active ownership. These funds have over $250 billion in assets under management and intend to become substantial Uber shareholders.

John Thain shares a close relationship with Uber CFO Nelson Chai.

As Chair of the Audit Committee John Thain is responsible for oversight of financial reporting, legal compliance, and corporate governance, as well as financial risk exposure and internal audits. We strongly believe that Thain's close relationship with Uber CFO Nelson Chai could impede Thain's ability as Audit Committee Chair to exercise independent judgement over the accuracy, credibility, and integrity of the company's financial statements.

[1] Uber S-1, p. 210, *available at* https://www.sec.gov/Archives/edgar/data/1543151/000119312519103850/d647752ds1.htm.

Chai and Thain have a long professional history, with Chai even being referred as Thain's "sidekick" by *Fortune*.[2] Chai was CFO at NYSE Euronext and Merrill Lynch (Merrill) during Thain's time as CEO at these companies. When Thain was ousted from his position at Bank of America (BofA) following its acquisition of Merrill in early 2009, Chai departed just weeks later. Thain then joined CIT Group (CIT) in 2010 to become CEO. Chai followed becoming CIT's Chief Administrative Officer and eventually President. Under Thain's watch at CIT, Chai was one of the executives that was granted a generous severance of $4 million. We believe that Thain's close relationship with Chai may inhibit him from effectively evaluating Chai's performance as CFO and possibly from holding Chai accountable in the event of the company's poor financial performance.

Thain's history of poor business judgement on financial matters puts Uber shareholders at risk.

Thain's reputation of poor business judgement on financial matters is well known. In 2008, as Merrill CEO, Thain helped to negotiate BofA's acquisition of Merrill. Thain then entered into an agreement to distribute up to $4 billion in bonuses to Merrill's top executives before the merger closed, while Merrill failed to disclose the full extent of its 2008 fourth quarter loss, which totaled over $15 billion.[3] Further, the negative consequences of Thain's decision making on CIT's long term value cannot be understated. During Thain's tenure as CEO at CIT, he decided to acquire the heavily leveraged OneWest Bank (OneWest) a deal that was described by the *Wall Street Journal* as "one of the worst bank deals of the postcrisis era."[4] Following the acquisition, Thain's decision to give $60 million worth of severance packages to CIT management, including Chai, contributed to CIT being unable to meet its 2015 fourth quarter targeted earnings. In 2016, in the same quarter Thain left CIT entirely, CIT took a $230 million charge related to a OneWest reverse mortgage business, and in 2017, CIT issued a $327 million write down of the OneWest deal.

Uber itself has noted that its operations have grown substantially and that the inability to monitor these risks could adversely affect the company's financial performance. As Audit Committee Chair, Thain is to provide independent oversight of the company's internal controls, risk management, and financial exposure globally while Uber continues to expand. Based on his past record of poor decision making, Thain is an unsuitable steward of shareholder funds. We are concerned about his ability to effectively exercise prudent business judgement and oversight that is in the best interest of Uber investors.

Your presence on high profile boards could impact your ability to discharge your duties as Uber's Chair.

According to the National Association of Corporate Directors, the average board time commitment was 245 hours per year in 2016, which represents a large increase from the 191 hours per year reported in 2009.[5] The role of the directors has now expanded beyond just oversight to include engagement on issues such as company strategy, digitization, and risk. Taking into account the increasing time commitments directors face, large institutional investors such as BlackRock, Vanguard, and Northern

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[2] http://fortune.com/2010/06/01/thain-hires-sidekick-at-cit/

[3] https://www.wsj.com/articles/SB123612736445024231, https://www.nytimes.com/2009/02/08/business/08split.html, and https://www.nytimes.com/2009/02/08/business/08split.html

[4] https://www.wsj.com/articles/cit-shakes-its-onewest-hangover-1485882112

[5] 2016-2017 NACD Director Study, p2., *available at* https://www.nacdonline.org/files/2016%E2%80%932017%20NACD%20Public%20Company%20Governance%20Survey%20Executive%20Summary.pdf

Trust have all adopted policies that would limit a non-CEO board member's commitment to no more than four publicly traded company boards total.

You currently sit on four public company boards that include Air Lease Corporation, Amgen Inc., Apple Inc., and Chevron Corporation, with a total of five public boards once Uber is listed. Three of the companies where you sit, Amgen, Apple, and Chevron are S&P 500 companies and you are the Independent Lead Director at Chevron, all of which are high profile companies requiring significant time commitments. You also serve as a member on various board committees to these outside boards that include Chair of the Compensation Committee and member of the Nominating and Corporate Governance Committee at Air Lease Corporation, member of the Governance and Nominating Committee at Amgen, Chair of the Audit and Finance Committee at Apple, and Chair of the Nominating and Governance Committee at Chevron. Each of these outside board commitments are likely to weigh heavily on the time you have to fulfill your duties as Uber's Chair.

With Chevron's proposed acquisition of Anadarko Petroleum Corporation, it is likely that you will spend a significant time on ensuring the transaction is completed. This is particularly concerning since as Uber's Chair you will be required to oversee Uber as it navigates its own challenges. Besides going public, Uber must manage its complicated history with regulators globally, its complex past divestiture from China and sale of Uber's business to Didi, its past merger with Grab in Southeast Asia, and its recent acquisition of Careem in Middle East and North Africa. Uber's performance could suffer if its Chairperson is spread so thinly that it impairs your ability to effectively maintain company oversight.

Uber's board needs to be more representative of its potential investor base.

According to Uber, nine of the twelve board members – Ursula Burns, Garrett Camp, Matt Cohler, Arianna Huffington, Wan Ling Martello, H.E. Yasir Al-Rumayyan, Ronald Sugar, John Thain, and David I. Trujillo – are independent per NYSE standards. However, Al-Rumayyan, Camp, Cohler, and Trujillo are shareholder representatives of some of the largest private investors in the company. These directors have been and presumably will continue to represent their firms and limited partners, whose interests will not necessarily be aligned with those of the public shareholders.[6] For instance, Uber's private investors have limited partners eager for the return of their capital, and will likely seek to realize investment gains as quickly as they are allowed. This concern is clearly quite different from the kind of long-term shareholding typical of large institutional investors such as pension funds.

As a private company, Uber had voting agreements with certain shareholders in which it agreed to appoint their representatives to the board. However, after the company enters the public market, it will terminate these agreements, giving Uber the opportunity to appoint truly independent directors. As a public company, Uber will need a board that is both technically and substantively independent, and that is capable of meeting the board's fiduciary duty to all shareholders. The board should develop a pool of independent director candidates who can provide objective oversight of management's strategies and represent all shareholders interests by September 1, 2019.

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[6] H.E. Yasir Al-Rumayyan is a board representative for The Public Investment Fund that, before the IPO, owns 5.3% stake in the company, Garrett Camp is a board representative of Expa-1, LLC, which before the IPO has a 6% stake in the company, Matt Cohler is a board representative for Benchmark Capital Partners, which prior to the public offering has a 11% stake in the company, and David I. Trujillo is a board representative for TPG that is currently a shareholder in the company.

Conclusion

As the company enters the public market, Uber should consider transitioning from its current governance model to one that would reflect Uber's more diverse investor base. We urge the company to restructure its board to reflect directors that are independent, objective, and will represent the interests of all the company's shareholders. We invite the board to discuss our requests and would appreciate a response by May 30, 2019. To coordinate a discussion, please contact Sharmeen Contractor at sharmeen.contractor@ctwinvestmentgroup.com.

Sincerely

Dieter Waizenegger
Executive Director