

Breaking news - Uber will pay \$100 million to settle independent contractor misclassification claims in California and Massachusetts; will make significant policy changes; drivers will be permitted to place signs in their cars notifying customers that "tips are not included" and would be appreciated; Uber to recognize Driver Association to bring drivers' issues of concern to Uber management

We are very pleased to announce that Uber has agreed to a historic settlement of the claims we have brought in California and Massachusetts for misclassifying its drivers as independent contractors.

Under this agreement, Uber has agreed to pay up to \$100 million to resolve these claims and will implement a number of significant policy changes. (Of the payment, \$84 million is guaranteed and \$16 million is contingent on an increase in Uber's future value.) These changes include:

- Uber will no longer be able to deactivate drivers at will. Instead, drivers may only be terminated for sufficient cause. And drivers will receive warnings in most instances and thus opportunity to correct any issues prior to deactivation.
- Drivers will not be subject to deactivation for low acceptance rates.
- Uber will institute appeal panels (made up of highly rated drivers) so that drivers who believe they have been unjustly terminated may bring their concerns to a panel of their peers.
- Drivers who are not satisfied with the result of these appeals can bring their claim to a neutral arbitrator, at Uber's expense, who will determine if there was sufficient cause for the deactivation.
- Uber will institute an internal escalation process for disputes regarding their pay.
- Uber will facilitate and recognize the formation of a Driver Association, which will have leaders elected by fellow Uber drivers, who will be able to bring drivers' concerns to Uber management, who will engage in good faith discussions (on a quarterly basis) regarding how to address these concerns.
- Finally, under the agreement, Uber will make clear to riders that tips are not included in Uber's fares. Drivers will be permitted to put small signs in their cars stating that "tips are not included, they are not required, but they would be appreciated."

We believe these to be very significant changes that will improve work conditions for Uber drivers. While this case has been pending, we have heard many complaints from drivers about being deactivated without good cause and frustrations about pay issues that they have not been able to get addressed by Uber management.

We have also heard many concerns that Uber does not consider how its policies impact its drivers and don't take the drivers' views into account when setting policies. The formation of the driver association - while not an officially recognized union - can play a role similar to a union, to bring drivers' grievances and concerns to Uber management, who will meet with the association's leaders on a quarterly basis to engage in good faith discussions about issues of concerns to drivers.

And finally, we believe it is a significant achievement that Uber will now be clear to riders that tips are actually NOT included in Uber's fares. Drivers will be able to place signs in their cars informing riders

that tips are not included, and while they are not required, they would be appreciated. By Uber making clear to riders that tips are not included, we believe that many riders will now tip their Uber drivers because riders have been under the impression from Uber's prior communications that tips are included in the fares. When riders have the correct information, we expect they will be generous and appreciative of good service and many will tip their drivers. As a result, we expect that Uber drivers will receive substantially more pay as a result of riders' generosity, when riders are no longer under the misimpression that tips are already included.

We realize that some will be disappointed not to see this case go to trial in June. We were looking forward to this trial. But we believe the settlement we have been able to negotiate for Uber drivers throughout California and Massachusetts provides significant benefits - both monetary and non-monetary - that will improve the work lives of the drivers and justifies this compromise result (which will not result in the drivers being reclassified).

Importantly, the case is being settled - not decided. No court has decided here whether Uber drivers are employees or independent contractors and that debate will not end here. This case, however, with this significant payment of money, and attention that has been drawn to this issue, stands as a stern warning to companies who play fast and loose with classifying their workforce as independent contractors, who do not receive the benefits of the wage laws and other employee protections. As a result of this litigation, many companies have chosen to go the other way and not fight this battle, and instead to classify their workers as employees with all the protections that accompany that classification.

And if we chose not to settle this case, we faced risks. We faced the risk that a jury in San Francisco (where Uber is everywhere and quite popular) may not side with the drivers over Uber. We faced a risk that the Ninth Circuit may disagree with the district court on his rulings certifying the case as a class action and holding Uber's arbitration clause to be unenforceable. If the Ninth Circuit Court of Appeals had disagreed with the district court on either of these two points, then the vast majority of Uber drivers would never receive anything at all for these claims and the non-monetary changes that are being made as a result of this settlement would not occur. Just recently, the Ninth Circuit issued an unusual order agreeing to review the district court's class certification order right away, possibly before the upcoming trial (and may have issued an order to delay the trial). And even if the Ninth Circuit agreed with us and affirmed the district court's rulings regarding class certification and arbitration, Uber made clear it would try to appeal this case to the U.S. Supreme Court, which has been quite friendly in recent years to companies using arbitration agreements to prevent individuals from banding together to hold companies accountable to complying with the laws on a classwide basis.

Thus, if we had not settled, there were some serious risks that all we have fought for - and have achieved - could be taken away. We balanced this risk in deciding what would be a fair resolution of this case.

It is our hope and belief that this agreement - a historic agreement - and one of the largest ever achieved on behalf of workers claiming independent contractor misclassification - will provide significant benefits to drivers, both monetary and non-monetary, that will improve their work lives, will increase their income through providing clarity to passengers regarding Uber's tipping policies, and will foster a constructive dialogue between drivers and Uber regarding issues of concern to drivers, so as to improve the work lives of the drivers and improve how the company operates with greater input from the drivers themselves who are the backbone of the company.

Moreover, the payments drivers will receive under this settlement are significant. We have calculated the estimated distribution for drivers who have driven different amounts of miles with Uber passengers in the car. Drivers falling into the category of those who have driven the greatest number of miles (more than 25,000) may receive \$8,000 or more on average (if they opted out of Uber's arbitration clause, and if the claim rate for the settlement is what is expected, approximately half). Drivers who drove fewer miles will receive lower shares. The formula accounts also for whether the drivers worked in California or Massachusetts (more of the settlement is allocated for California), whether they were included in the certified class (those who were will receive double credit for their miles), and whether they opted out of Uber's arbitration clause (those who did will also receive double credit).

We are very proud of this achievement and look forward to these changes being implemented for the benefit of Uber drivers.

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