

# THE ECONOMIC CLUB

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O F W A S H I N G T O N, D. C.

**Dara Khosrowshahi, Chief Executive Officer, Uber Technologies Inc., discussed Uber's innovation in the future of transportation and technology.**

**Dara Khosrowshahi  
Chief Executive Officer  
Uber Technologies Inc.  
Tuesday, June 11, 2019**

DAVID M. RUBENSTEIN: We're very pleased today to have the CEO of Uber, Dara Khosrowshahi.

DARA KHOSROWSHAHI: Perfectly said. Perfectly said.

MR. RUBENSTEIN: Now, how many people pronounce that correctly the first time?

MR. KHOSROWSHAHI: You're in the top 10 decile. [Laughter.]

MR. RUBENSTEIN: Really? Have you ever thought of shortening to a name like Rubenstein? It's shorter. Something like – shorter? [Laughter.] No? You'd never shorten it? OK.

So, you've been the CEO of Uber for how long now?

MR. KHOSROWSHAHI: Two years.

MR. RUBENSTEIN: Two years?

MR. KHOSROWSHAHI: Yes.

MR. RUBENSTEIN: And do you enjoy it?

MR. KHOSROWSHAHI: I love it.

MR. RUBENSTEIN: OK. So, when you came in the company was not a public company. You've taken it public.

MR. KHOSROWSHAHI: Not yet, yes. Yes.

MR. RUBENSTEIN: And you've received a lot of publicity about the IPO. Obviously, you know that. The company now has a higher market capitalization – roughly \$72 billion, something like that – higher market capitalization than any company in American capitalism history except for Facebook this short a time after its IPO. Why are so many people criticizing you for having a \$72 billion market cap? [Laughter.]

MR. KHOSROWSHAHI: Well, I think that there are many critics out there, especially for the – for large companies. That's a fact of life. I do think that what's different about some of the technology companies of our generation that are coming public – the so-called unicorns – is that we've actually stayed private for longer and we have raised more money over a longer period of time. And as a result, when we come public, we generally have bigger scale than companies who went public – let's say the last generation of companies that went public as well.

But my view on this is we wanted to go public. We needed to make sure that we are well-capitalized for the next five years for the company, and we achieved that. And now the time is to put your head down and get the real work done.

MR. RUBENSTEIN: After the company did go public, while I kind of pointed out that you – is a very high market capitalization so soon after its IPO, it did go down by about 11 percent, which is a record decline after an IPO. So, did you think the investment bankers didn't price it correctly? Or what do you think the problem was on the IPO?

MR. KHOSROWSHAHI: You know I love how this interview is starting. I really – [laughter] – appreciate that.

I think that's actually the – the timing of our IPO was very much aligned with the – our president's tariff wars, the same day, so I think we got caught up in a bit of a market swirl. And there's nothing you can do about that. And what I tell the team is, listen, short term the market can be a voting machine but long term it's a weighing machine, and we are focused on the weighing. We have a six-month mockup, so no one at the company cares anyway what the stock price is now. It's a bunch of traders going in and out. So just it doesn't really affect us. And I think if we work on building a great enterprise, the market will take care of itself. And I'm very confident that if we as a team execute the market will appreciate it.

MR. RUBENSTEIN: OK. So, blaming it on the tariff war is a bit – do you expect to be tweeted this afternoon after that comment, or no? [Laughter.] You don't expect to be criticized for that?

MR. KHOSROWSHAHI: [Laughs.] I don't know what to expect sometimes. [Laughter.]

MR. RUBENSTEIN: OK. OK, so let's go back and talk about – by the way, how did you get here? You didn't take an Uber, did you?

MR. KHOSROWSHAHI: Unfortunately, when I come here, I need some professional security. It's –

MR. RUBENSTEIN: OK. But do you take Uber from time to time?

MR. KHOSROWSHAHI: Yeah. This weekend with the family we're taking Ubers all over the place, absolutely.

MR. RUBENSTEIN: So, when you take an Uber – let's talk about the ridesharing part.

MR. KHOSROWSHAHI: Yes.

MR. RUBENSTEIN: You take an Uber. Do they know who you are?

MR. KHOSROWSHAHI: It's about 50/50. So, half of the drivers recognize me, and we'll chat, and I'll ask them about what they like, what they don't like. So, it's a very nice conversation.

MR. RUBENSTEIN: And the ones that don't know you, do you just give them comments on how good they are or not? How do you –

MR. KHOSROVSHAHI: I make sure that I'm very polite. I make sure that I don't slam the door, ask them how they're doing. If I get on the phone call, I ask them, you know, is it OK to make a phone call, et cetera. So, I try to be as nice as I can because I'm trying to improve my Uber rating. [Laughter.]

MR. RUBENSTEIN: OK.

MR. KHOSROVSHAHI: It's actually not as good as what I would want it to –

MR. RUBENSTEIN: Now, I notice you have said before that people shouldn't slam the doors. Is that a big problem?

MR. KHOSROVSHAHI: If you're driving a car and you've got 10, 20 passengers coming in, the car is really an asset of yours, so it's something that you've got to take care of. It's part of their making a living. So yeah, I think if you've got guests in your home you expect someone to take care of your home and not slam the door, and I think the same is true of a car.

MR. RUBENSTEIN: Your company has roughly 22,000 employees?

MR. KHOSROVSHAHI: Yes.

MR. RUBENSTEIN: All right. But you have 3 million or so drivers.

MR. KHOSROVSHAHI: Almost 4 million drivers and couriers now on a global basis, yes.

MR. RUBENSTEIN: Right. OK. You're in 63 countries, or?

MR. KHOSROVSHAHI: Yes.

MR. RUBENSTEIN: And 585 cities or something like that?

MR. KHOSROVSHAHI: You have been briefed very effectively. [Laughter.] It's impressive.

MR. RUBENSTEIN: OK. All right. What city in the world uses Uber to a greater extent than any other city?

MR. KHOSROVSHAHI: Sao Paulo now is our largest city in terms of trip volume. So, the dollars per trip are smaller, but actually our business in Brazil is a very, very big business and doing incredibly well. And the team there on the ground has really executed at a very, very high level. The U.S. cities generally, the dollar spent per trip in the U.S. is much higher than the dollar spent per trip in, let's say, some of the – some of the advancing economies.

MR. RUBENSTEIN: Well, the city in the United States which uses Uber the most is what city?

MR. KHOSROVSHAHI: NYC.

MR. RUBENSTEIN: OK.

MR. KHOSROWSHAHI: New York City, yeah.

MR. RUBENSTEIN: And the average charge for an Uber ride is what level?

MR. KHOSROWSHAHI: Average charge on a global basis is probably 13, 14 bucks.

MR. RUBENSTEIN: OK. And the average person who uses it, what age are they?

MR. KHOSROWSHAHI: Tend to be in their 20s or early 30s, so younger generation. And I think what you're seeing with the younger generation especially is that the attachment that the younger generation had with car ownership, especially with the younger generation who lives in cities, just isn't there. So, I think you kind of have this generational push which really is a very, very nice tailwind for us as a company.

MR. RUBENSTEIN: So, are your users more male or more female?

MR. KHOSROWSHAHI: About 50/50. Both male and female, yeah.

MR. RUBENSTEIN: And your drivers, are they more male or female?

MR. KHOSROWSHAHI: More male than female. And that's something that we really want to work on, which is Uber is an opportunity for you to make money, have access to opportunity really on your own demands, whatever time that you want to. And I think that there are certain points in time – let's say late night Friday or Saturday night – that we've had feedback from our female drivers that they don't feel as safe driving during those times, and so we have put in a number of a safety mechanisms in the driver app so if one of our women drivers feels uncomfortable one way or the other she can give us notice, et cetera. But I do think that, you know, Uber is an opportunity machine. Anyone can make money anytime that they want. And unfortunately, not enough women are taking advantage of it.

MR. RUBENSTEIN: And who gets higher ratings from the customers, male drivers or female drivers?

MR. KHOSROWSHAHI: I don't know the answer to that question. We haven't looked into that. It's a good question. My guess is the numbers are so big that we're not going to find a significant delta between male and female drivers.

MR. RUBENSTEIN: That's not the politically correct answer. You should have said female drivers are better. [Laughter.]

MR. KHOSROWSHAHI: Yeah.

MR. RUBENSTEIN: OK.

MR. KHOSROWSHAHI: I try to be factual before politically correct.

MR. RUBENSTEIN: OK. All right. So today in the United States is it – is it increasing in terms of usage, or is it going steady, or is it going down?

MR. KHOSROWSHAHI: No, it's increasing in every single market. So, the growth rates are – we as a company – in the last quarter that we announced as a newly public company, we announced that on a foreign-exchange-neutral basis we grew our bookings 41 percent year on year. And this is off of a pretty considerable base of bookings, almost 15 billion kind of run rate on a quarterly basis. So, the business is growing at very big scale at pretty impressive rates.

MR. RUBENSTEIN: But last quarter, when you had your earnings announcement, you did lose a billion dollars during the previous quarter.

MR. KHOSROWSHAHI: Yes.

MR. RUBENSTEIN: I'm sure you know this. But –

MR. KHOSROWSHAHI: Those are details that are important, but you know – [laughter] –

MR. RUBENSTEIN: So how much longer can you lose a billion dollars a quarter and keep going?

MR. KHOSROWSHAHI: We have a very significant amount of cash in the bank.

MR. RUBENSTEIN: You've got \$8 billion from the IPO and you already had some money.

MR. KHOSROWSHAHI: Yeah, we already had some money. So, the company at this point is incredibly well-capitalized to keep investing. And the markets that we're going after – the transportation of people, food, freight – these markets represent \$16 trillion markets that we're going after, all right? And if you look at even Uber, the rideshare business itself, when you look at our audience of the countries in which we operate, typically we are addressing no more than 2 percent of the population of these countries. So, we think it's time to lean forward. The business itself can be quite profitable; we're confident of that. But the next two, three, four years are going to be about growth, and then we'll flip it over as the market demands.

MR. RUBENSTEIN: So, if I wanted to have a rideshare, let's say, ready after this interview and go somewhere, why should I pick Uber versus your competitors, let's say Lyft or Via?

MR. KHOSROWSHAHI: I think we have lots of competitors who are very good at what – at what they do. I think we typically in most markets – in pretty much every market that we operate, we have the greatest number of drivers out on the market, so we've got the best liquidity, so you're probably going to get the best ETA. So, you'll get the quickest driver to pick you up.

The choices that we have are pretty impressive. So, for example, in D.C. now we have transit schedules right on the app. So we really want to move from a ride-hailing app to essentially your transportation partner, so that if you're trying to get from A to B we're going to give you all the information that you have, which many of our competitors don't do, to be able to get from A to B with a tradeoff of time, convenience, and price as well.

And then if you look at what we've done on the safety front, which is for example having a safety center right on the app, you can have a loved one track you. I'm sure you have a paid one track you – I don't know – to make sure they know where you are. But, like, a loved one track you, your family track you where you are. So, I know exactly where my daughter is when she's taking Ubers now. She sometimes doesn't like that, but it gives me some comfort with that. So, we built a significant number of safety features into our app that we think is best of breed.

MR. RUBENSTEIN: Some people have said I should ask you about this. When you get the – look at the app, the license plate is very small that it's on your – on your screen. So why can't you make it bigger for people who can't see as well? [Laughter.]

MR. KHOSROVSHAHI: We are actually – thank you for that. The team is actually working on that. We got that comment. And you know, we had a – we had a circumstance – a really unfortunate circumstance where a young woman picked the wrong car, and that led to a very tough circumstance, and the team has taken it really seriously. And so we are now working on – actually, now what we do is we'll send you a notification saying make sure you check the license plate of the car, and there are some other tests and learns that we have to make sure that, you know, we're making the right match.

MR. RUBENSTEIN: All right. The average Uber driver is how old?

MR. KHOSROVSHAHI: Average Uber driver is in their 40s.

MR. RUBENSTEIN: And what can they make annually if they do it as a 40-hour kind of job?

MR. KHOSROVSHAHI: It depends on what market they're in and it depends on how much they drive. So, 70 to 80 percent of our drivers drive part-time. They may be a student who needs to make some money. They may be a teacher. They may be a housewife who wants to make some money on the side, et cetera. So, the vast majority of our driver partners are part-time drivers.

On a per-hour basis, what they – the take is actually significant. It's over 20 bucks an hour, typically. But it really depends on the market in which we're –

MR. RUBENSTEIN: So, if I wanted to be a driver, I would make more money as an Uber driver than a taxicab driver, would you say?

MR. KHOSROWSHAHI: I don't know what taxi drivers make in D.C. But it is a very – you know it's a – it's a decent living. And more importantly, it's a very flexible living. You'd be able to drive whatever hours you wanted to.

MR. RUBENSTEIN: But suppose you're a part-time – you're a student. How do you afford a car? Where do you – what are the standards to have a car? Do you lease the cars to them, or? And how clean are the cars supposed to be? How do you watch how – whether the cars are being kept to your standards or not?

MR. KHOSROWSHAHI: Yeah, so we have a team now that makes sure that our driver partners, they've got the right background checks, they're licensed. You have to bring your car in to a center, what we call a greenlight center, to get inspected, to make sure that the car is safe, and to make sure the car is clean as well. So, there's a pretty significant mechanism in making sure that the product that goes out into the field is a really, really good product.

If you are a driver and you don't own a car, we have a number of leasing programs because a number of our drivers don't have access to a car where we have deals with different players – Hertz, with companies called Getaround, Fair, et cetera – where we will get you a car at a very, very affordable rate.

MR. RUBENSTEIN: OK. Now, you're not supposed to give a tip. Tip is built into the price, right? Do people actually get –

MR. KHOSROWSHAHI: No, no, you – actually, we have introduced tipping now.

MR. RUBENSTEIN: Oh, OK.

MR. KHOSROWSHAHI: And you tip after the ride. You rate the driver and then you have the opportunity to give a tip.

MR. RUBENSTEIN: Tip. But not a cash tip. You put it on your –

MR. KHOSROWSHAHI: You can do whatever you want. I mean, if you want to give – most people –

MR. RUBENSTEIN: Give cash tips?

MR. KHOSROWSHAHI: That's fine. Most people do not tip through our app, although the number of tippers is increasing. And I think we now have well over a billion dollars in tips that we have raised through the system and given to our driver partners, and we want to increase that. I mean, tipping is – it's a way to – it's a way to give appreciation, and it also is a market mechanism that rewards good driving and good customer behavior. So, we're very pro-tipping.

MR. RUBENSTEIN: But if it's a cash tip, how can you be sure they're paying their income taxes on those – tax?

MR. KHOSROWSHAHI: You know, there are some things that you just can't control.  
[Laughter.]

MR. RUBENSTEIN: OK. So right now, you have many different businesses. Ridesharing is the one that you're most famous for, but actually it's – more profitable I think for you is Uber Eats. Is that right, Uber Eats is more profitable?

MR. KHOSROWSHAHI: No, ridesharing is more profitable in most markets. It's the more mature part of the business. The Uber Eats business is now about 20 percent of our business. It's growing over a hundred percent on a year-on-year basis. The run rate is enormous. We're now the largest food-delivery player ex-China, and we entered this business three years ago. So, we're incredibly excited about Eats. I think that there are many people within the company who think that our Eats business can be as big as our rides business eventually.

MR. RUBENSTEIN: As a – as a revenue percentage right now, it's what percentage of your –

MR. KHOSROWSHAHI: It's about 20 percent of our bookings.

MR. RUBENSTEIN: Twenty percent. So, the way this works is you go on your app and you say I want to have a certain kind of food from a certain restaurant.

MR. KHOSROWSHAHI: Yeah.

MR. RUBENSTEIN: How long does it take before that food shows up?

MR. KHOSROWSHAHI: Average of 30 minutes. Average of 30 minutes is kind of the –

MR. RUBENSTEIN: How can it be that – I mean, I don't use it that much, I guess I can say, so –

MR. KHOSROWSHAHI: You should.

MR. RUBENSTEIN: I should. But how does it work? In other words, you put the order in for a nice meal from some restaurant, they cook it that quickly, and it gets to you in 30 minutes?

MR. KHOSROWSHAHI: Yes. That is the magic of Eats. I mean, that is – I do think that when you look at Eats – when Uber originally was conceived of, people thought that, wow, this is an incredible service; it's going to perhaps replace taxis, you know, and they thought that the market for Uber was as big as the taxi market. As it turns out, it's just a product that's fundamentally bigger than taxis. So, it's multiples bigger than taxi. And when you look at Eats, for you to get any food that you want in your city, high-quality food, for you to get it in under 30 minutes, not have to drive there, not have to park, be able to eat at the – at home, et cetera, that's just a better thing. So that's why we actually think Eats is going to very significantly expand the eating-out pot.

MR. RUBENSTEIN: Is that – and how many cities is that in?

MR. KHOSROWSHAHI: Eats is now in over 500 cities globally.

MR. RUBENSTEIN: OK. And the average charge for food is how much? How much are people –

MR. KHOSROWSHAHI: It's about – it'll run in the U.S. about 20 to 25 bucks.

MR. RUBENSTEIN: And do people give a tip to the driver when he or she shows up?

MR. KHOSROWSHAHI: They do give a tip to the courier as well. Usually we'll have you put in an upfront tip that you're comfortable with and then we'll let you adjust that tip afterwards.

MR. RUBENSTEIN: And are these the same drivers? In other words, you have Uber Eats people who don't do ridesharing, or are they the same drivers?

MR. KHOSROWSHAHI: It depends. So, there are some drivers who like to do both. So, for example, one driver that I was talking to the other day, she likes to drive during the day and then she has to pick up her daughter at school, and her daughter rides with her in the front seat.

That's not allowed for driving with passengers, but it is allowed for driving with Eats. So once her daughter gets in there, she and her daughter basically deliver together, and her daughter kind of delivers to the door. So, there are some drivers who do both. In big cities, often with Eats they're couriers who are on scooters or bikes. So, these bikes that you see, these JUMP bikes out there for example, many of our couriers use these JUMP e-bikes to deliver Eats in D.C. because it's a great way of getting around.

MR. RUBENSTEIN: What's the most – what's the most popular food on your Uber Eats?

MR. KHOSROWSHAHI: Fried chicken is magic. [Laughter.]

MR. RUBENSTEIN: Fried chicken. And how do you keep the grease from kind of going through? [Laughter.] I mean, they just –

MR. KHOSROWSHAHI: David, I'm covering that in my next monthly business review. I haven't gone to fried chicken grease yet, but we're working on it.

MR. RUBENSTEIN: All right, fried chicken. OK. That's the most popular.

MR. KHOSROWSHAHI: Yes.

MR. RUBENSTEIN: And I read some of the things, that people asked for extra kind of ketchup or extra onions. Is that your most frequent asked-for extra? Is it onions or ketchup or?

MR. KHOSROWSHAHI: I think – well, in my household it's always extra pickles. I'm not sure what it is industrywide.

MR. RUBENSTEIN: OK. And why are you better at this than your competition, GrubHub or other people?

MR. KHOSROWSHAHI: So, we are the – if you – if you look at our company at our heart, where we shine is when we put technology and operations together. We're different from other technology companies – you know, we're labeled as within the Facebooks and the Googles of the world, but we operate at the intersection of the digital and the physical. And to some extent we're trying to digitize the physical world: you push a button and a car shows up; you push a button, 30 minutes, food shows up. And the physical world is – it's a mess. It's unpredictable. And to be able to create perfect, predictable, delightful experiences within the physical world actually takes a lot of tech in the background and a huge amount of work.

So, I think what you'll find with our services is that our services, we go that 11<sup>th</sup> mile in order to make sure that your food gets to you in 30 minutes or less every single time. And over a long period of time our average consumer, for example, who uses rides and Eats with us, they are interacting – they're using our services 10 times a month, right? And what we want to make sure is we don't want to make sure that your experience is good on average; we want to make sure your experience is good every single time. And that, ultimately, is where – is what's going to set us apart from the other players.

MR. RUBENSTEIN: And do you assess the food quality of the restaurants? In other words, people, let's suppose their food isn't that good and you don't want to deliver it? Or you don't really – you're agnostic on the food quality?

MR. KHOSROWSHAHI: So, we – no, we very much care about the food quality and we depend on our eaters to assess food quality. So, we will ask for – just as we ask for a driver rating, we ask for a food rating as well. And to the extent that a restaurant's rating suffers, then they will be moved down in the sort order and we will contact that restaurant to talk to them. We have a big sales force. This is actually – it's a human-to-human business. And we'll make sure that we talk to them and assess the food quality.

MR. RUBENSTEIN: Let's talk about some of your other businesses. Over here you have I guess your scooter business and your electric bike business. So, the scooter business is all over the United States and around the world, or?

MR. KHOSROWSHAHI: It's in about 25 cities now and expanding. Mostly in the U.S., but we're expanding into Europe pretty quickly as well. And –

MR. RUBENSTEIN: You have a scooter that's manufactured just for you, is it – or is it different than these scooters that other companies use?

MR. KHOSROWSHAHI: We are building a scooter that's manufactured just for us. The bike is manufactured just by us and it's designed by us, totally proprietary. The scooter is going to get there, the next generation of scooter. And this is just about when you look at the cities of the world, the world continues to urbanize and traffic is a concern, the environment is a concern for

everyone out there. And what we want to come up with are what are alternative modes of transportation that are more environmentally friendly, are more congestion friendly? And we think that these vehicles, these personal electric vehicles, are in just V.1. And you know, if you are looking to travel five miles or less in a city alone, you shouldn't be summoning a 4,000-, 5,000-pound piece of metal to take you there; you should take one of these guys.

MR. RUBENSTEIN: All right. Now, some people say scooters are dangerous. They're falling – people fall off of them. They get injured. A lot of people in the emergency rooms are coming in from scooters. What do you say about that?

MR. KHOSROWSHAHI: I think that that is – it's something that we're watching pretty carefully, and we are working on technologies to modulate those issues. So, for example, when scooters get to very busy parts of town, we will slow them down. Some of these scooters early on, they went as high as 20 miles an hour. Now we're working with cities to say, hey, how fast do you think is a responsible speed? We encourage our riders to wear helmets. But, you know, when you deal with, again, people in the real world, sometimes accidents happen, and you've got to teach your users to be as responsible as possible. This is a new mode of transport, and I think over a long period of time people will learn and it will get more safe.

MR. RUBENSTEIN: Do you use scooters? Do you ever use them?

MR. KHOSROWSHAHI: I use bikes more. I'm kind of an old-fashioned bike person. I've used scooters and, like, my kids love the scooters. They're naturals on scooters. I'm not a natural scooter-er, but I'm definitely a natural biker. So, I use the bikes all the time.

MR. RUBENSTEIN: OK. All right. On the bike, it's an electric bike.

MR. KHOSROWSHAHI: Yes.

MR. RUBENSTEIN: How long does the electric go for?

MR. KHOSROWSHAHI: It depends on whether you're going uphill or downhill, but I would say the charge will last anywhere from six to seven hours. It's pedal assisted. So, it's just when you get on that bike you feel like Superman. Like, it's just – it's amazing. And uphill, downhill, it doesn't matter. And if you're just biking on the flats, it is absolutely effortless.

MR. RUBENSTEIN: Like, you're based in San Francisco. You could ride that up the hills of San Francisco and it's not going to be too hard?

MR. KHOSROWSHAHI: Anyplace.

MR. RUBENSTEIN: Really?

MR. KHOSROWSHAHI: Yeah. It's awesome.

MR. RUBENSTEIN: OK. And your average user of your scooter is how old?

MR. KHOSROWSHAHI: The average user of the scooters and the bikes tend to be in their 20s. It's a younger demographic, as you would expect. And you know, I think they very much care about congestion, about the environment, and we've got a product now for them.

MR. RUBENSTEIN: And the bike is the same, roughly people in their 20s?

MR. KHOSROWSHAHI: Same thing.

MR. RUBENSTEIN: All right.

MR. KHOSROWSHAHI: Same thing.

MR. RUBENSTEIN: Now you have a new product, which is helicopters.

MR. KHOSROWSHAHI: Yes. Yes.

MR. RUBENSTEIN: That's called –

MR. KHOSROWSHAHI: Uber Copter.

MR. RUBENSTEIN: OK. Now, you've launched that in a couple cities so far?

MR. KHOSROWSHAHI: In New York City so far we have, yes. And it's a service from downtown New York to JFK, which is pretty –

MR. RUBENSTEIN: And is there great demand for that?

MR. KHOSROWSHAHI: Well, we'll see. As you may know, going to JFK during rush hour in New York City is a mess. And really, what we are trying to understand –

MR. RUBENSTEIN: What does that cost to do, if you want to go from downtown Manhattan to JFK? What does that cost?

MR. KHOSROWSHAHI: In an Uber Copter?

MR. RUBENSTEIN: Yes.

MR. KHOSROWSHAHI: About 200 bucks, which is actually fairly – if you take – if you're going from downtown New York to JFK with an Uber Black it's going to cost close to \$200 anyway. So, the magic about being able to do it in a helicopter is that we're bringing in demand from thousands of users who are going to JFK and we're matching three or four users and we're putting them in the same vehicle. So, one of the keys in terms of traffic is most people drive alone, and that's a – that's a huge waste of our roads, it's a huge waste of gas, et cetera. And we have a product called Pool where we'll match two or three or four different riders into one car, and essentially our Uber Copter is Pool for the air. And what you'll see is that these helicopters

are going to be replaced by a generation of electrically powered vertical takeoff and landing vehicles.

MR. RUBENSTEIN: And they're being manufactured just for you?

MR. KHOSROWSHAHI: No, they'll be – there are many players who are working on this technology. We have a big summit coming up called Uber Elevate, and really what we want to do is get the industry moving and designing these vehicles so that they can be available for urban transportation, and that we think they should be electric so that they're environmentally friendly, and we want the pricing of this service to be a service that's ultimately available for the masses versus just the elite.

MR. RUBENSTEIN: Now, will they ever be driverless?

MR. KHOSROWSHAHI: They will eventually be driverless, but we are absolutely going to start with pilots. I think it's a safer way to go. But I think you can expect that in the aviation industry in general they are absolutely taking a look at either computers assisting pilots more and more – there are some controversies with that – or over a long, long period of time going driverless or pilotless.

MR. RUBENSTEIN: Now, people in the industry prefer the word “autonomous” to “driverless” I've noticed. So, is that right, or not? You don't care?

MR. KHOSROWSHAHI: You can – yeah.

MR. RUBENSTEIN: All right. Let's talk about your driverless or autonomous business. You took a lot of people from Carnegie Mellon –

MR. KHOSROWSHAHI: Yes, we did.

MR. RUBENSTEIN: – out of the Robotics Department, and you have said recently that you think it's not going to happen so quickly as people have previously said. How long will it be before your ride program or your driver program is one where there's no drivers?

MR. KHOSROWSHAHI: No drivers? I think it'll be – it'll be 15-plus years.

MR. RUBENSTEIN: Fifteen.

MR. KHOSROWSHAHI: I think it'll take a long time. So, I think there's this drama around robots replacing humans, and I think the reality of life is that the better thing than humans alone and robots alone are robots and humans working together, OK? And so, robots are very well-designed for replacing repetitive, predictable behaviors. Most of driving is not either repetitive or predictable, but there's a subset of routes that are.

So, what you'll see with our driverless program is that, one, we're going to be incredibly careful and we're going to make sure that safety absolutely comes first. But we are building our

driverless program – and by the way, we’re working with third parties as well – within a context of a network where, for example, in D.C. we – our data scientists know what are the 1 percent easiest trips in D.C. And a(n) easy trip in D.C. may be avoid a roundabout; avoid an unprotected left turn; stay away, let’s say, from the airports; stay on areas that are very, very well-mapped. There are a set of routes that are incredibly easy to drive. And what you’ll see with us, as far as our driverless program, is we will get the machines to do the simple stuff, and then we will have the humans do the difficult stuff. And the two are going to coexist for 10, 15 years, for a long period of time versus kind of the – let’s say the drama that the press reports.

MR. RUBENSTEIN: Your 15-year answer was intended to mean no drivers at all, but you expect to have some driverless or autonomous vehicles in a year or two or three or four? When –

MR. KHOSROWSHAHI: I think within the next five years –

MR. RUBENSTEIN: Five years.

MR. KHOSROWSHAHI: – you’re going to see some driverless vehicles out in the markets. And again, I think it’s going to be in a very, very limited way.

MR. RUBENSTEIN: Now, you spun off your autonomous or driverless part of your company to a separate company. Why did you do that?

MR. KHOSROWSHAHI: We created a separate company that – where we were able to bring in some investors and some partners: Toyota, who is, as you know, a huge OEM, and we have a terrific partnership with Toyota; DENSO, which is a Toyota company as well, that is very strong in manufacturing kits and sensors and other parts of the car. And really, bringing in Toyota and DENSO was about building these autonomous vehicles at scale for, you know – at scale in very, very large numbers. And then we also brought in Masa and SoftBank as a financial partner as well.

MR. RUBENSTEIN: SoftBank is your biggest single investor still?

MR. KHOSROWSHAHI: Yes.

MR. RUBENSTEIN: And they went in at a valuation that is above or right where you currently are?

MR. KHOSROWSHAHI: Below. SoftBank got a decent deal, and I think it’ll get more decent with time.

MR. RUBENSTEIN: So, when was the company actually first started? And who actually started the company?

MR. KHOSROWSHAHI: The company was started about nine years ago and it was started by Garrett Camp, who is an entrepreneur. He’s still on our board. He’s a(n) unbelievably smart guy. And the – and the whole concept was – I think he was in Paris, and as you know in Paris –

it's very difficult to get taxis in Paris. And he wanted to be able to push a button and have a black car show up. So, he brought on Travis Kalanick, who is our former CEO and one of the founders as well. And so, Garrett and Travis and then another one of our founders, Ryan, really teamed up to build this thing. And they were just, you know, incredibly entrepreneurial, dynamic founders who built an amazing company.

MR. RUBENSTEIN: When the company was first started, in the first year or two people invested, I guess venture capitalists and so forth. How much did they make on the IPO, a hundred times their money?

MR. KHOSROWSHAHI: I think it's more than a hundred times their money, but I'm not counting. You'll have to ask them.

MR. RUBENSTEIN: OK. Now, many of the people who were there at the beginning own a lot of stock. In fact, a lot of people in the company own more stock than you do. You're the CEO.

MR. KHOSROWSHAHI: Yes. Yes.

MR. RUBENSTEIN: Do you think you're underpaid because, you know, your – you've taken it public and you don't own as much stock as some people working for you? Is that a problem for you?

MR. KHOSROWSHAHI: It is – I would never claim that I'm underpaid. [Laughter.]

MR. RUBENSTEIN: OK. All right. Let's talk about how you came to the position. Now, you grew up not in the United States. Where were you born?

MR. KHOSROWSHAHI: I was born in Iran, actually.

MR. RUBENSTEIN: OK. And why did you leave Iran?

MR. KHOSROWSHAHI: I left Iran in 1978. I was nine years old and this was with – when the Iranian Revolution happened. My family was an industrial family, well off, and when the shah was overthrown folks like my family were no longer welcome in Iran. So, we left Iran and we went to France, actually to wait until things calmed down, and things never calmed down. And then we went from France to Irvington, New York, where we stayed in my uncle's house because we had no other place to stay.

MR. RUBENSTEIN: So, you went to high school in –

MR. KHOSROWSHAHI: In Tarrytown, New York, Hackley School.

MR. RUBENSTEIN: And then you went to Brown?

MR. KHOSROWSHAHI: Yes. I studied bioelectrical engineering at Brown, and then threw it all away to be an investment banker in New York City. So, go figure.

MR. RUBENSTEIN: So, you were at Allen & Company for many years.

MR. KHOSROWSHAHI: Yes. Yes.

MR. RUBENSTEIN: And you didn't want to go into private equity, the higher calling? Investment banking was good enough? [Laughter.]

MR. KHOSROWSHAHI: You know, it was a question of just how evil I wanted to be. [Laughter.]

MR. RUBENSTEIN: I see.

MR. KHOSROWSHAHI: And I wanted to be just a little less evil. [Laughter, applause.]

MR. RUBENSTEIN: OK. All right. OK. You could have gone to hedge funds if you wanted, but OK.

MR. KHOSROWSHAHI: [Laughs.] That's the ultimate. [Laughter.]

MR. RUBENSTEIN: OK. So –

MR. KHOSROWSHAHI: With that I would have had horns, you know. [Laughter.]

MR. RUBENSTEIN: OK. So, you're minding your own business at Allen & Company, and then all of a sudden you go to work for Barry Diller.

MR. KHOSROWSHAHI: For Barry Diller, yes.

MR. RUBENSTEIN: How did he know of you?

MR. KHOSROWSHAHI: I was a grunt analyst on a deal for Barry Diller. Barry Diller was – this was – he was bidding against Sumner Redstone. It was a big battle in Wall Street. He was bidding against Sumner Redstone for Paramount. It was a back and forth. It was a – it was a(n) unfriendly bid. He was a – he was not wanted. But we put up a big fight. And during that period, I was the grunt analyst who was running the models – the leverage models that, you know, now private equity folks run all the time – to determine how much the target was worth and how much we could pay. I got to know Barry over that period of time. And I thought to myself, you know, if I ever have the chance to work for that person, I want to work for that person. And I got the chance eventually.

MR. RUBENSTEIN: All right. So, you went to work for him.

MR. KHOSROWSHAHI: Yes.

MR. RUBENSTEIN: And then, ultimately, one of the companies he owned was Expedia.

MR. KHOSROWSHAHI: Yes.

MR. RUBENSTEIN: And did he own it before you joined, or you –

MR. KHOSROWSHAHI: I was – so I went to work for him as the deal person. And so, we did a bunch of deals and brought in companies in the travel space. I was quite interested in how – the digital transformation of travel, going from offline to online. The Expedia team was just a spectacular team in terms of their talent and their vision, so we bought both Hotels.com and Expedia, and they're a part of the family. And they were a part of the family to some extent because of the deals that we did when I came in.

MR. RUBENSTEIN: All right. So, you became the CEO of Expedia.

MR. KHOSROWSHAHI: I did, yes.

MR. RUBENSTEIN: And did you have any experience at being a CEO? Why did he think you'd be good at being a CEO?

MR. KHOSROWSHAHI: He was desperate. [Laughter.]

MR. RUBENSTEIN: OK.

MR. KHOSROWSHAHI: So, we were in a situation where one of the founders of Expedia who was running Expedia at the time decided – and this kind of stuff happens very naturally, which is founding a company, building a company, is different from managing it and moving it into a mature state. And this person decided that, hey, I'm not up for the CEO gig anymore; Barry, can you find a replacement? And I got –

MR. RUBENSTEIN: You were not the first choice, or?

MR. KHOSROWSHAHI: You know, I have no idea. I have never asked him. But I raised my hand and he said yes, so it worked out.

MR. RUBENSTEIN: So how did it do under your leadership?

MR. KHOSROWSHAHI: How did?

MR. RUBENSTEIN: How did Expedia do? Did it grow, or?

MR. KHOSROWSHAHI: It grew very significantly. So, the business grew – bookings, market cap, profitability – six to seven times over 12 years, so we did pretty well. It was a good – it was a good run.

MR. RUBENSTEIN: All right. And at one point the Expedia board gave you, I guess, some stock options that were worth \$180 million.

MR. KHOSROWSHAHI: I guess they did, based on theoretical values, yes.

MR. RUBENSTEIN: OK. And then all of a sudden, while you're doing a very good job running it and maybe going to get \$180 million on theoretical value at some point, somebody asked you to interview for the job of being the CEO of Uber. Is that right?

MR. KHOSROWSHAHI: Yes. Yes, correct.

MR. RUBENSTEIN: And was that a search firm, or?

MR. KHOSROWSHAHI: It was a search firm, actually, yeah.

MR. RUBENSTEIN: And did you say I already have a job, or?

MR. KHOSROWSHAHI: Yeah. At first when I got called, I said no way. But then I talked to a couple of friends and you know, you don't get too many chances as a professional or otherwise to work at and especially lead a company that I think is a part of how we live life, is – can change the world and the landscape of transportation in cities going forward. So, you know, sometimes there are things that are important that you pick up and you step up, and I decided in this case this is a once-in-a-lifetime opportunity and I took it.

MR. RUBENSTEIN: Did you tell Barry Diller you were interviewing for this?

MR. KHOSROWSHAHI: I did. I did very early. As you know, the press was all over the place as it relates –

MR. RUBENSTEIN: You don't think you could have kept it a secret, I guess.

MR. KHOSROWSHAHI: Yeah, I couldn't – Barry – I have Barry to thank for pretty much everything in my professional career, and I could not bear the possibility of his hearing about this from some news report. So, he was the first person that I called. He was pretty unhappy at the beginning, but then he called me back. We had a series of conversations. He called me back and he said, listen, I understand why you're doing this. Let me know how I can be helpful. And he was genuinely helpful as we went along this journey, and you know, we are where we are now.

MR. RUBENSTEIN: And he didn't remind you of the \$180 million in stock options?

MR. KHOSROWSHAHI: [Laughs.]

MR. RUBENSTEIN: He didn't remind you of that, or?

MR. KHOSROWSHAHI: He understood that the reason why I would do this was not necessarily monetary; that you know, it's about the job, it's about the role, and whether I could –

MR. RUBENSTEIN: So, you went in for the interview, but was it just one interview?

MR. KHOSROWSHAHI: No, it was a series of interviews. A series of interviews.

MR. RUBENSTEIN: OK. And when they said you have the job did you say I'm leaving \$180 million on the table and you need to help me? [Laughter.]

MR. KHOSROWSHAHI: You know, I wish I would have you as my lawyer in the negotiations. [Laughter.]

MR. RUBENSTEIN: Right.

MR. KHOSROWSHAHI: You would have done very well.

You know, I have zero complaints about where I am financially. And the opportunity was just too big to say no to.

MR. RUBENSTEIN: Now, it's reported in the press that if you can get the market capitalization of your company to \$120 billion you get a \$100 million bonus. Is that accurate?

MR. KHOSROWSHAHI: This is a common theme in this interview, huh? [Laughter.] I believe in performance-based pay at high levels. And so, my view is if I do very well for shareholders – and I think that was an end state that the shareholders thought would be very good – that's a circumstance where I want to be rewarded. And so, for me aligning CEO pay with shareholder performance is something that makes sense long term.

MR. RUBENSTEIN: All right. So, when you went public, you about a month later announced that two of your senior officers – your chief operating officer, your chief marketing officer – were going to leave. And you're assuming their positions or you're taking their jobs by yourself, or is that – how is that working now?

MR. KHOSROWSHAHI: I'm not replacing my COO or CMO. So, in discussions with Barney, et cetera, I really wanted to get closer to the company and organize the business in a bit more of a business-unit basis, so it didn't make sense at that point going forward for us to have a COO. And I have to say Barney did an incredible job for us since I took over and he took over and IPO. And I think circumstances change and we've got to – you really have to consistently take a look at building your team based on what you expect for the next five years, not based on what got you here the last couple of years.

And the same thing as it related to the CMO. I think that companies especially like ours, where your profile is so public, your profile – how you talk to press, how you talk to regulators, how you talk to opinion elites, and how you talk to consumers, all of that has to be incredibly, incredibly aligned. We decided to put the marketing roles and communications, government relations, et cetera, into one communications area under Jill Hazelbaker, who is an absolute superstar within our company.

So, these were changes that we made. They were tough changes, but I think they were absolutely the right changes for our company for the next three to five years.

MR. RUBENSTEIN: So, when you came in you were replacing Travis Kalanick, who was one of the founders and a big shareholder, one of the biggest shareholders.

MR. KHOSROWSHAHI: Yes. Huge, yeah.

MR. RUBENSTEIN: But he still was on your board.

MR. KHOSROWSHAHI: Yes.

MR. RUBENSTEIN: So, was it awkward to be the CEO replacing somebody who's still on the board and a big shareholder? Was that easy to do or not?

MR. KHOSROWSHAHI: Yeah, listen, I'm the – I feel the same way. I'm on the board of Expedia and I'm the former CEO. And there's a new CEO who actually I picked, Mark Okerstrom, who's the board CEO. And I'll tell you, being a former CEO, it's a little weird sitting there and having someone else do something differently with your baby. Because I think Uber feels like Travis' baby and Expedia felt like mine, and it's a little weird. But you know what? You're respectful. You get out of the way. You give the CEO support. And I think Travis has done the same for me. So, it's – is it weird? Yes. But are we in a situation where we're respectful and comfortable, and is he there for me when I need his advice? Yes.

MR. RUBENSTEIN: OK. So, let's suppose the company continues to do well in terms of growth and so forth, and it gets the market cap that will be very appealing for you and your incentive/compensation and so forth. How much longer would you want to do this – 10 years, 20 years? What would you like to do with the rest of your professional career? You're obviously going to be a wealthy person. You're already reasonably wealthy. So, would you want to go into government? Would you want to go into another company, start your own company? What would you like to do?

MR. KHOSROWSHAHI: I have a hard time thinking about what I'm doing next month based on everything on our plate, so honestly, I haven't thought about it. I came into this job thinking that I wanted to do this for the next five to 10 years of my life, and afterwards who knows? You know, I'll look up. But right now, I am a hundred percent focused on the job at hand. It is on most days more than I can handle, but I've got a great team and I'm having a great time.

MR. RUBENSTEIN: And what's the biggest challenge you currently see the company facing?

MR. KHOSROWSHAHI: I think the biggest challenge that we have is a – is a common challenge that you see with some of the large technology companies out there, which is there is an increasing regulatory burden that is coming on some of the tech company, some of it deserved. You know, like, I do think that we are – we are becoming such an important part of everyday life – we as a company, we deal with regulators on a very, very local basis. But making sure that you are able to build a business, but then build a business within the context of

the cities in which you operate, the regulators with which you work with, for us our driver partners 4 million strong, et cetera, balancing all of those needs and being a public company is a challenge. And there are times in which you're going to have to make moves that, you know, make one of your constituencies unhappy, and kind of weaving your way through those different interests is a challenge right now.

MR. RUBENSTEIN: Let's suppose I had some extra money and I wanted to buy into a company like yours. Why should I buy your –

MR. KHOSROWSHAHI: I think you have some extra money, don't you?

MR. RUBENSTEIN: Never have enough. [Laughter.] But why should I buy your stock? Is it likely to go up from where it is? And why is it likely to outperform some of your competitors?

MR. KHOSROWSHAHI: I have no idea where it's going next week or next month. But over a long period of time we are at the cusp of a transportation revolution. We are – we are the player that's global. We're the player that is multiproduct in terms of moving people, food – things, with our freight business, as well. We have a much larger scope than any of the other players out there.

And I'd tell you that ourselves and many of our competitors are going to do great because this is about replacing car ownership. This is about redefining how cities are shaped. This is about shaping how people move in urban centers. More and more of the population are going to live in cities. More and more of them are going to want to get around. Car ownership is no longer a thing – 16-year-olds in the U.S., only 26 percent of them now get licenses. You know, the American dream of owning a car has been replaced by, I think, the dream of not having any assets and being free and being – doing whatever you want.

So, I think ourselves and our competition are going to do really, really well. And as kind of as an investor, it's the land of plenty to choose from.

MR. RUBENSTEIN: So, to summarize, what would you like the average person who's listening to know about Uber and its future?

MR. KHOSROWSHAHI: I think what I'd want you to know is that we essentially want to be your partner in terms of your everyday life in a city. When you want to go to work, we want to be there. When you're coming back from work, we want to be there. We want to be there to feed you and we want to be your everyday utility in your use. And we will do so in a responsible way. This is a company that wants to be great but wants to do good for the world as well, and we know we got a lot of work ahead of us.

MR. RUBENSTEIN: I noticed your very colorful socks, certainly compared to mine. But is that part of your tradition or is that one of your trademarks, to wear colorful socks?

MR. KHOSROWSHAHI: When – I don't put on a suit too often, so it's my way of having fun when I have to put on a suit. [Laughter.]

MR. RUBENSTEIN: All right. I want to thank you very much for an interesting conversation, and I appreciate your coming.

MR. KHOSROWSHAHI: Thank you. [Applause.]



As CEO of one of the most innovative technology and transportation companies in the world, Dara Khosrowshahi manages Uber's fast-growing business in 63 countries around the world and leads a global team of more than 22,000 employees. He has also overseen the company's expansion in various transportation and logistics projects, including autonomous vehicles, electronic bikes and scooters, and food delivery services. On May 10, Uber became a public company in one of the most highly anticipated tech IPOs of the year.

Prior to joining Uber, Khosrowshahi served as CEO of Expedia, which he grew into one of the world's largest online travel companies. He currently serves on the Board of Directors of Expedia and was previously on the board of the New York Times Company.

Khosrowshahi grew up in Tarrytown, New York, and received his bachelor's degree in engineering from Brown University. He is a passionate advocate for refugees in crisis around the world, having himself left Iran during the Iranian Revolution at the age of nine.