



STATE OF NEW YORK  
OFFICE OF THE ATTORNEY GENERAL

ERIC T. SCHNEIDERMAN  
ATTORNEY GENERAL

DIVISION OF REGIONAL OFFICES  
WESTCHESTER REGIONAL OFFICE

July 8, 2014

Travis Kalanick, Co-Founder & Chief Executive Officer  
Uber Technologies, Inc.  
405 Howard Street  
San Francisco, CA 94105

Dear Mr. Kalanick:

This letter will confirm the understanding reached between the Office of the Attorney General (“OAG”) and Uber Technologies, Inc. and Uber NYC (hereinafter collectively referred to as “Uber”) with respect to the pricing structure to be used by Uber in New York State during any “abnormal disruption of the market” as set forth in New York General Business Law (“GBL”) §396-r, which prohibits price gouging.

Background

Uber makes mobile application software that connects passengers with drivers of vehicles for hire. Uber does not set a single, fixed price for rides. Instead, Uber’s rates are dynamic: they rise and fall as demand increases and decreases. When the supply of cars gets tight, Uber puts “surge pricing” into effect and raises the price in increments over time. The base Uber fare is increased to a multiple of the base fare, such as 1.5X or 2X. Conversely, as supply opens up, Uber lowers the price. Uber uses so-called “surge pricing” on a constant, year-around basis.

Surge pricing typically goes into effect in New York City when the demand for rides spikes on weekdays during the morning and evening rush hour, on “special occasions” such as Valentine’s Day and New Year’s Eve, on Saturday nights, and during inclement weather. Depending on the supply of rides and demand, it also goes into effect at various other times.

Surge pricing also operates independently for each of the following transportation options offered by Uber: Uber X, Uber Black and Uber SUV. For example, at any given time and in a

particular geographic zone, Uber might put surge pricing into effect for Uber X, but not for Uber Black. The Uber Taxi service does not utilize surge pricing.

GBL§396-r defines an "abnormal disruption of the market" as "any change in the market, whether actual or imminently threatened, resulting from stress of weather, convulsion of nature, failure or shortage of electric power or other source of energy, strike, civil disorder, war, military action, national or local emergency, or other cause of an abnormal disruption of the market which results in the declaration of a state of emergency by the governor." During an abnormal disruption of the market, all parties within the chain of distribution of any essential consumer goods or services are prohibited from charging "unconscionably excessive prices."

### Agreement

The OAG and Uber agree as follows:

1. This agreement shall apply statewide.
2. This agreement shall take effect upon execution hereof and shall expire and be deemed null and void three years after it takes effect.
3. Uber will continue its practice of providing full transparency on pricing – requiring consumers to read and explicitly consent to higher prices during times of peak demand when surge pricing is in effect.
4. Uber will not exceed its normal range of prices during any "abnormal disruption of the market" as defined by GBL§396-r.
5. For purposes of this agreement, the "normal range of prices" not to be exceeded by Uber during an abnormal disruption of the market shall mean as follows:
  - 5a. Uber will not raise its base fares during an abnormal disruption of the market.
  - 5b. If Uber puts surge pricing into effect during an abnormal disruption of the market, Uber will not set the price for any transportation option above a multiple of the base fare (the "price cap") to be determined, as set forth below, based upon the prices set by Uber for the same transportation option, in the same city and surrounding area, during the sixty days preceding the commencement of the abnormal disruption of the market.
  - 5c. To determine the price cap for a transportation option in a city and surrounding area, Uber shall first identify the three highest prices it set, on different days, during the sixty days preceding the commencement of the abnormal disruption of the market.
  - 5d. The price cap shall be the next highest price that was set for the same transportation option, in the same city and surrounding area, during the sixty days preceding the commencement of the abnormal disruption of the market (not including the days on which the three highest prices were set).

5e. For example: The three highest prices set for UberX in New York City on different days during the sixty days preceding the commencement of an abnormal disruption of the market were 4.5X, 4.5X and 3.25X. The next highest price set on a day other than the days on which the three highest prices were set was 2.5X.

The price cap would be 2.5X. The three highest prices set on different days, 4.5X, 4.5X and 3.25X, are excluded. The next highest price set on a day other than the days on which the three highest prices were set, 2.5X, would be the price cap. This would be the case even if the third highest price, 3.25X, was set on more than one day.

6. This agreement shall apply to all services provided by Uber that utilize surge pricing, including without limitation UberX, Uber Black and Uber SUV.

7. Uber agrees that it will implement surge pricing, and set prices at multiples of the base fare, based solely on customer demand and the supply of available vehicles. Uber further agrees that it will not implement surge pricing, and set prices at multiples of the base fare, to artificially raise the price cap that would take effect pursuant to this agreement if there were an abnormal disruption of the market.

8. Upon request by the OAG, Uber will provide all information and documentation necessary for the OAG to verify compliance with this agreement.

9. This agreement may not be amended except by an instrument in writing signed on behalf of all the parties to this agreement.

10. The acceptance of this agreement by the OAG shall not be deemed or construed as an approval by the OAG of any of the practices or procedures referenced herein except as to the requirements of this agreement, and Uber shall make no representation to the contrary.

11. Uber shall not take any action or make any statement denying, directly or indirectly, the propriety of this agreement or expressing the view that this agreement is without factual basis.

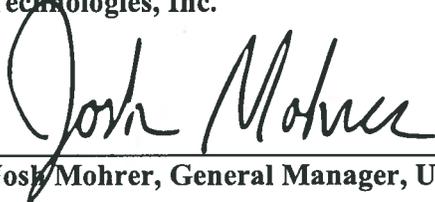
Very truly yours,



**GARY S. BROWN**  
Assistant Attorney General-in-Charge  
Westchester Regional Office

**ACCEPTED AND AGREED TO:**

**Uber Technologies, Inc.**



By: Josh Mohrer, General Manager, Uber NYC

7/8/14  
Date

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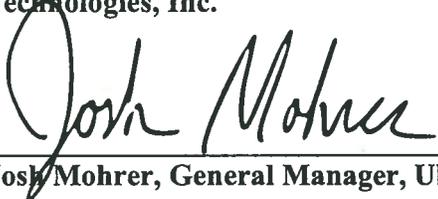
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Assistant Attorney General-in-Charge  
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