

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-38846

Lyft, Inc.

(Exact name of Registrant as specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

20-8809830

(I.R.S. Employer
Identification No.)

185 Berry Street, Suite 5000
San Francisco, California

(Address of principal executive offices)

94107

(Zip Code)

Registrant's telephone number, including area code: (844) 250-2773

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value of \$0.00001 per share	LYFT	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the Registrant's common stock held by non-affiliates of the Registrant on June 28, 2019, the last business day of its most recently completed second fiscal quarter, was \$14.1 billion based on the closing sales price of the Registrant's Class A common stock on that date.

On February 21, 2020, the Registrant had 297,836,880 shares of Class A common stock and 8,802,629 shares of Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2020 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2019.

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NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Annual Report on Form 10-K include statements about:

- our future financial performance, including our expectations regarding our revenue, cost of revenue, operating expenses, capital expenditures, our ability to determine insurance, legal and other reserves and our ability to achieve and maintain future profitability;
- the sufficiency of our cash, cash equivalents and short-term investments to meet our liquidity needs;
- the demand for our platform or for Transportation-as-a-Service networks in general;
- our ability to attract and retain drivers and riders;
- our ability to develop new offerings and bring them to market in a timely manner and update and make enhancements to our platform;
- our ability to compete with existing and new competitors in existing and new markets and offerings;
- our expectations regarding outstanding and potential litigation, including with respect to the classification of drivers on our platform;
- our expectations regarding the effects of existing and developing laws and regulations, including with respect to the classification of drivers on our platform, taxation, privacy and data protection;
- our ability to manage and insure risks associated with our Transportation-as-a-Service network, including auto-related and operations-related risks, and our expectations regarding estimated insurance reserves;
- our expectations regarding new and evolving markets and our efforts to address these markets, including autonomous vehicles and bikes and scooters as well as Express Drive, Driver Centers and Lyft Rentals;
- our ability to develop and protect our brand;
- our ability to maintain the security and availability of our platform;
- our expectations and management of future growth;
- our expectations concerning relationships with third parties;
- our ability to maintain, protect and enhance our intellectual property;
- our ability to successfully acquire and integrate companies and assets; and
- the increased expenses associated with being a public company.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors, including those described in the section titled “Risk Factors” and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report on Form 10-K, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

PART I

Item 1. Business.

Our Mission

Improve people's lives with the world's best transportation.

Overview

Lyft started a movement to revolutionize transportation. In 2012, we launched our peer-to-peer marketplace for on-demand ridesharing and have continued to pioneer innovations aligned with our mission. Today, Lyft is one of the largest and fastest-growing transportation networks in the United States and Canada.

We believe that cities should be built for people, not cars. Mass car ownership in the twentieth century brought unprecedented freedom to individuals and spurred significant economic growth. However, in the process, city infrastructure became overwhelmingly devoted to cars. Roads and parking lots have replaced too much green space. Mass car ownership strains our cities and reduces the very freedom that cars once provided. Car ownership has also economically burdened consumers and can equate to a substantial portion of a household's transportation spend despite the average car being parked and unused a majority of the time.

Consumers are seeking better ways to get around. They have grown accustomed to the convenience and immediacy of the on-demand economy and expect their experiences to be more simple and enjoyable. Existing transportation options have failed to meet this shift in consumer demand, creating the opportunity for a better solution.

We believe that the world is at the beginning of a shift away from car ownership to Transportation-as-a-Service ("TaaS"). Lyft is at the forefront of this massive societal change. Our ridesharing marketplace connects drivers with riders in cities across the United States and in select cities in Canada. We believe that our ridesharing marketplace allows our riders to use their car less and offers a viable alternative to car ownership while providing drivers on our platform the freedom and independence to choose when, where, how long and on what platforms they work. As this evolution continues, we believe there is a massive opportunity for us to improve the lives of our riders by connecting them to more affordable and convenient transportation options.

We are laser-focused on revolutionizing transportation and continue to lead the market in innovation. We have established a scaled network of users that is brought together by our robust technology platform that powers millions of rides and connections every day. We leverage our technology platform, the scale and density of our user network and insights from our increasing number of rides to continuously improve our ridesharing marketplace efficiency and develop new offerings. For example, we pioneered Shared Rides, providing lower-cost rides to riders traveling similar routes while improving the efficiency of our network. In 2018, we were the first to launch a publicly-available commercial autonomous offering in the United States.

Today, our offerings include an expanded set of transportation modes in select cities, such as access to a network of shared bikes and scooters for shorter rides and first-mile and last-mile legs of multimodal trips, information about nearby public transit routes, and Lyft Rentals to offer riders an extensive view of transportation options when planning any trip. We believe our transportation network offers a viable alternative to car ownership. We anticipate the demand for our offerings will continue to grow as more and more people discover the convenience, experience and affordability of using Lyft.

To advance our mission, we aim to build the defining brand of our generation and to promote a company culture based on our unique values and commitment to social responsibility. We believe that our brand represents freedom at your fingertips: freedom from the stresses of car ownership and freedom to do and see more. In addition, we have three core values: 1) Be yourself, 2) Uplift others and 3) Make it happen. These values have given rise to a unique company culture that fosters an amazing community of drivers, riders and employees, and have helped establish Lyft as a widely-trusted and recognized brand. We believe many users are loyal to Lyft because of our values, brand and commitment to social responsibility.

Our values, brand, innovation and focused execution have driven significant growth in revenue and the number of users on our platform. As ridesharing becomes more mainstream, we believe that users are increasingly choosing a ridesharing platform based on brand affinity and value alignment. For the quarter ended December 31, 2019, we had 22.9 million Active Riders.

Lyft's Market Opportunity

Transportation is a massive market. Transportation costs are a substantial expenditure for every household, often more than healthcare and entertainment expenditures. We believe we are still in the very early phases of capturing this massive opportunity as rideshare represents a small percentage of vehicle miles travelled. We also believe that we have a significant incremental opportunity to address transportation spend by businesses and organizations. Our market opportunity today includes transportation spend in the United States and Canada. In the transportation ecosystem, we are one of only two companies that have established a TaaS network at scale across the United States.

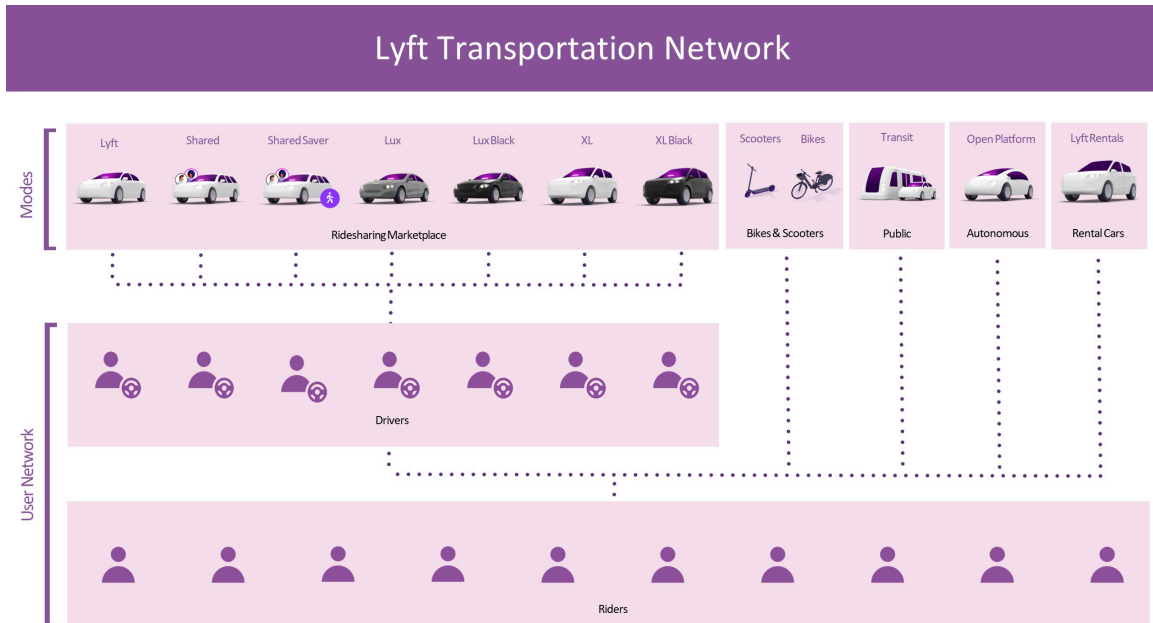
Changes in society and the transportation industry are catalyzing a complete transformation of the massive transportation market:

- Consumers increasingly value accessibility and experiences over ownership
- Rise of on-demand services, specifically within the younger demographic
- Greater affinity towards mission-driven brands
- Increased demand for flexible work opportunities
- Emergence of new modes of transportation, such as our network of shared bikes and scooters
- Development of autonomous vehicles

The Lyft Solution

Our Transportation Network

Our transportation network offers riders seamless, personalized and on-demand access to a variety of mobility options.



Our transportation network is comprised of:

- *Ridesharing Marketplace.* Our core offering since 2012 connects drivers with riders who need to get somewhere. The scale of our network enables us to predict demand and proactively incentivize drivers to be available for rides in the right place at the right time. This allows us to optimize earning opportunities for drivers and offer convenient rides for riders, creating sustainable value to both sides of our marketplace. Our ridesharing marketplace connects drivers with riders in cities across the United States and in select cities in Canada.

- *Bikes and Scooters.* We have a network of shared bikes and scooters in a number of cities to address the needs of riders who are looking for options that are more active, usually lower-priced, and often more efficient for short trips during heavy traffic. These modes can also help supplement the first-mile and last-mile of a multimodal trip with public transit.

We utilize data-driven insights to improve our network of shared bikes and scooters. For our offering, we use data science and real-time analytics to understand and predict rider behavior and bike and scooter movement. This informs the on-the-ground teams that support our operations. Our platform technology helps us optimize bike and scooter distribution and rebalancing, which helps reduce operational costs, maximize availability and improve the rider experience.

Lyft bikes are standard and electric pedal-assist bicycles. Riders use the Lyft App, a dedicated program-specific partner app, key fobs, station kiosks, or local transit cards, where applicable, to access the network. Through our acquisition of Motivate in 2018, we believe we operate the largest bike sharing platform in the United States and are well-positioned to lead sustainable mobility in the markets we serve. This platform brings expertise in managing bike share systems in partnership with cities and local governments across the country, currently operating in nine major cities across the United States. Lyft has exclusive city partnerships in a majority of locations where we operate a bike share program including New York City, the San Francisco Bay Area, Chicago and Boston.

Riders can access Lyft scooters via our Lyft App in nine major cities in the United States. When in a service area, riders can see available scooters nearby. They can reserve a scooter ahead of time or use the Lyft App to scan the QR code on a nearby scooter to begin a ride.

- *Public Transit.* Available in select cities, our Transit offering integrates third-party public transit data into the Lyft App to offer riders a robust view of transportation options around them and allows them to see transit routes to their destinations. Providing real-time public transit information is another step toward providing effective, equitable and sustainable transportation to our communities, and creating a more seamless and connected transportation network. We do not monetize our Transit offering, but it is designed to increase engagement with our platform. We are providing Transit products in eight major cities.
- *Autonomous Vehicles.* We have a number of strategic partnerships that offer access to autonomous vehicles including Waymo and Aptiv. Our Open Platform partnership with Aptiv has enabled the commercial deployment of a fleet of autonomous vehicles on our platform in Las Vegas. We have facilitated over 100,000 rides in Aptiv autonomous vehicles with a safety driver since January 2018.
- *Lyft Rentals.* In 2019, we began to test car rentals for riders. This offering is in addition to Express Drive which is our flexible car rentals program for drivers who want to drive using our platform but do not have access to a vehicle that meets our requirements. Lyft Rentals is being offered to riders in two metropolitan areas and offers an attractive option for users who have long-distance trips, like a weekend away.

We have established one of the largest transportation networks in the United States and Canada with 22.9 million Active Riders for the quarter ended December 31, 2019. While network scale is important, we recognize that transportation happens locally. We currently operate in over 300 markets across the United States and Canada, each with its own unique user network. Our dynamic platform adjusts to the specific attributes of each market on a real-time basis.

Drivers

The drivers on our platform are active members of their communities. They are parents, students, business owners, retirees and everything in between. We work hard to serve the community of drivers on our platform, empowering them to be their own bosses and providing them the opportunity to focus their time on what matters most. Key benefits to drivers on our platform include:

- We offer drivers the flexibility to generate income on their own schedule, so they can best prioritize what is important in their lives.
- Our predictive technology around ride volume and demand enables us to share key information with drivers about when and where to drive in order to maximize their earnings on a real-time basis.
- We procure insurance that helps protect transportation network company (“TNC”) drivers against financial losses related to automobile accidents while on the platform. We also provide drivers support in emergency situations and accidents.
- To help us uphold high community standards, we give both drivers and riders the opportunity to rate each other after a ride. If a rider is rated three stars or below, Lyft reviews the situation and contacts the driver if necessary to follow up on the ride experience.
- All transactions are processed through our platform, so drivers do not need to worry about carrying cash.

- Our Driver Hubs and certain field locations in major cities serve as gathering places and offer in-person support and a personal connection to Lyft employees. In addition, drivers have access to 24/7 support and earnings tools as well education resources and other support to meet their personal goals.

Riders

We care deeply about the riders on our platform and work to build long-term relationships with them by:

- developing simple, elegant and intuitive solutions;
- focusing intensely on the user experience, including soliciting feedback and following up if necessary on the ride experience;
- engendering a sense of mutual respect and fair treatment; and
- promoting trust and safety within our network.

We believe this approach fuels our word-of-mouth referrals and reinforces our community's desire to use Lyft over alternatives. Our network continues to grow with Active Riders increasing 23% in the fourth quarter of 2019 compared to the same period in 2018.

Our riders are as diverse and dynamic as the communities we serve. They represent all adult age groups and backgrounds and use Lyft to commute to and from work, explore their cities, spend more time at local businesses and stay out longer knowing they can get a reliable ride home. For our ridesharing marketplace, riders are passengers who request rides from drivers. For bikes, scooters and consumer car rentals, riders are the renters of a shared bike, scooter or automobile.

We work hard to provide our riders with a quality experience every time they open the Lyft App, in order to earn the right to have Lyft be their transportation network of choice. Key benefits to our riders include:

- *Selection and Convenience.* We designed the Lyft App with a focus on simplicity, efficiency and convenience. Riders enter their destination and are then presented with a range of transportation options to select from based on their needs and preferences. Our proprietary technology efficiently matches riders with drivers through advanced dispatching algorithms providing faster arrival times, localized pricing and maximum availability. We continuously aim to reduce friction in the booking process with features like "one tap ride" so riders can enter their destinations quickly. Additional modes, such as bikes and scooters, offer riders more options for shorter trips. The more rides that are taken on our platform, the better we are able to offer our riders personalized experiences most suitable to the trip being planned.
- *Availability.* We strive to ensure that riders can get a ride when they want one. We leverage our proprietary dispatch platform and data to help drivers and riders connect efficiently and reduce wait times. Our machine learning algorithms continuously train our optimization models and dynamically incentivize drivers to be on our platform when and where riders are seeking transportation. We are also expanding our recently introduced network of shared bikes and scooters. The high availability of our platform and the breadth of our offerings have made us the preferred transportation network for millions of riders.
- *Affordability.* Our platform empowers riders to choose from a broad set of transportation options to easily optimize for cost, comfort and time. For our ridesharing marketplace, riders are presented with upfront estimated prices prior to taking the trip so they can anticipate the total cost. We also introduced lower-cost options for riders to get around in select cities, including Shared and Shared Saver Rides, a network of shared bikes and scooters and Transit with affordability in mind.
- *Trust and Safety.* Since day one, we have worked continuously to improve the safety of our platform and the ridesharing industry by developing innovative products, policies and processes. Before giving a ride on the Lyft platform, all driver-applicants are screened for disqualifying criminal offenses and driving incidents. All approved Lyft drivers are also required to complete mandatory Community Safety Education. We conduct continuous criminal monitoring which provides Lyft with daily monitoring and immediate notification of any disqualifying criminal convictions and driving infractions. Any driver who does not meet applicable regulations and our internal safety criteria on both the annual and continuous screenings is barred from our platform. During the ride, we have designed numerous safety features into the Lyft experience.
 - Share Route, which allows riders to share their location with family and friends;
 - Emergency access to 911 within the app;
 - Smart Trip Check-In (which we expect to roll out in the near future): in some cases, if we notice your ride has stopped too soon or for an unusual amount of time Lyft will ask drivers and riders if they need support and, if necessary, give the option to request emergency assistance;
 - Partnership with ADT, where pilot users are able to signal to ADT that they are in need of assistance;
 - In-app photos of the driver and vehicle, with license plate numbers and vehicle information;

- Real-time ride tracking;
- Digital receipts; and
- Two-way rating system with mandatory secondary feedback. If a driver is rated four stars or below, Lyft obtains detailed feedback, reviews the situation, and follows up if necessary on the ride experience.
- We have also announced a new, enhanced identity verification process, which combines driver's license verification and photographic identity verification to prevent identity fraud on our platform.

Our Technology Infrastructure and Operations

We organize our product teams with a full-stack development model, integrating product management, engineering, analytics, data science and design. We focus on affordability, reliability, efficiency, optimization and cohesion when developing our software. Our offerings are mobile-first and platform agnostic. We seek to continuously improve our platform and the Lyft App. Our offerings are built on a scalable technology platform that enables us to manage peaks in demand.

We have a commercial agreement with AWS for cloud services provided by AWS to help deliver and host our platform. As a result of our partnership, we believe we are more resilient to surges in demand on our platform or product changes we may introduce. Our commercial agreement with AWS will remain in effect until terminated by AWS or us. AWS may only terminate the agreement for convenience after March 31, 2022, and only after complying with certain advance notice requirements. AWS may also terminate the agreement for cause upon a breach of the agreement or for failure to pay amounts due, in each case, subject to AWS providing prior written notice and a 30-day cure period. We committed to spend an aggregate of at least \$300 million between January 2019 and December 2021 on AWS services. If we fail to meet the minimum purchase commitment during any year, we may be required to pay the difference. We pay AWS monthly, and we may pay more than the minimum purchase commitment to AWS based on usage.

We designed our platform with multiple layers of redundancy to guard against data loss and deliver high availability. Incremental backups are performed hourly or more frequently and full backups are performed daily. In addition, as a default, redundant copies of content are stored independently in at least two separate geographic regions and replicated reliably within each region. We are also investing in iterating and continuously improving our data privacy and security foundation and continually review and implement the most relevant policies.

Our Intellectual Property

We believe that our intellectual property rights are valuable and important to our business. We rely on trademarks, patents, copyrights, trade secrets, license agreements, intellectual property assignment agreements, confidentiality procedures, non-disclosure agreements and employee non-disclosure and invention assignment agreements to establish and protect our proprietary rights. Though we rely in part upon these legal and contractual protections, we believe that factors such as the skills and ingenuity of our employees and the functionality and frequent enhancements to our solutions are larger contributors to our success in the marketplace.

We have invested in a patent program to identify and protect a substantial portion of our strategic intellectual property in ridesharing, autonomous vehicle technology, telecommunications, networking and other technologies relevant to our business. As of December 31, 2019, we held 248 issued U.S. patents and had 348 U.S. patent applications pending. We also held 36 issued patents in foreign jurisdictions and had 161 applications pending in foreign jurisdictions. We continually review our development efforts to assess the existence and patentability of new intellectual property.

We have an ongoing trademark and service mark registration program pursuant to which we register our brand names and product names, taglines and logos in the United States and other countries to the extent we determine appropriate and cost-effective. We also have common law rights in some trademarks. In addition, we have registered domain names for websites that we use in our business, such as www.lyft.com and other variations.

We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost-effective. Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented or challenged. For additional information, see the sections titled “Risk Factors—Risks Related to Our Business and Industry—Claims by others that we infringed their proprietary technology or other intellectual property rights could harm our business” and “Risk Factors—Risks Related to Our Business and Industry—Failure to protect or enforce our intellectual property rights could harm our business, financial condition and results of operations.”

Our Growth Strategy

Transportation is a massive market. We are in the very early phase of capturing this large opportunity. Our key growth strategies include our plans to:

- *Increase Our Use Cases.* We continuously work to extend our offerings to make Lyft the transportation network of choice across an expanding range of use cases. We offer products to simplify travel decision-making and expand the potential uses for our platform, such as subscription plans including Lyft Pink, commuter services, first-mile and last-mile services and university safe rides programs. We also provide centralized tools and enterprise transportation solutions tailored to businesses, such as our Concierge offering, which enables organizations to manage the transportation needs of their customers, employees and constituents.
- *Grow Our Rider Base.* We see opportunities to continue to grow our rider base. We intend to drive organic adoption in our rider base by continuing to make investments in our brand and growth marketing to increase consumer awareness. We also may offer discounts for first time riders to try Lyft and incentives for existing drivers and riders to refer new riders, and we plan to continue to add density to our ridesharing marketplace by attracting and retaining drivers to our platform to further improve the rider experience. Additionally, we are expanding our platform coverage beyond the geographies and markets we currently serve. We also believe we will benefit from demographic trends, such as the growing percentage of the population who are born as digital natives accustomed to on-demand and shared offerings.
- *Expand Our Transportation Offerings.* We continue to make Lyft an everyday experience for riders through our transportation network designed to address a wide range of mobility needs. For example, in 2018 we launched a network of shared bikes and scooters and will continue to supplement and scale modes in order to offer riders more transportation options. We also launched Shared Saver in 2019, which offers our riders the option to walk a short distance for our most affordable ride offering to date. More recently we added Lyft Rentals in two cities to add an attractive daily option for users planning to travel longer distances. By expanding our transportation offerings, we can offer riders options that best fit their criteria directly from the Lyft App, which increases rider engagement.
- *Grow Our Share of Rider Transportation Spend.* As we continue to increase rider loyalty to our brand and expand our use cases and the breadth of our multimodal offerings, we believe we will also increase our share of rider transportation spend. For example, a rider may start using our ridesharing offering for a night out and then choose Lyft again for travel to the airport. Once they have experienced the reliability and convenience of Lyft, they may incorporate Shared Rides into their daily commute, rent one of our shared bikes or scooters for shorter rides or when connecting to public transit, and rent one of our Lyft Rentals vehicles for long-distance trips, like a weekend away. We are also investing to increase our share of more valuable rides to grow our share of rider transportation spend. In addition, usage of our platform typically increases over time.
- *Increase Value to the Driver Community.* We strive to provide the best and most fulfilling economic opportunities for the community of drivers on our platform. We continuously seek to launch and improve programs and initiatives that enhance the driver experience on our platform. Our Express Drive program, which connects drivers with rental cars, continued to grow in 2019. We continue to invest in this program and expect that our acquisition of Flexdrive, one of our longstanding Express Drive partners, will improve our offering for drivers. We are also investing in Driver Centers and related partnerships that can offer affordable and convenient vehicle maintenance to the driver community. In addition to helping drivers access and maintain vehicles, we are committed to delivering innovative solutions that offer drivers fast and affordable access to their earnings. For example, we were the first ridesharing company to offer instant payouts to drivers through the Lyft App when we launched Express pay in 2015. In 2019, we further improved access to driver earnings by launching Lyft Direct, our no-fee bank account and debit card for drivers that allows drivers to receive payment instantly after every ride. We believe that our efforts to improve the driver experience allows us to increase driver satisfaction and loyalty to Lyft.
- *Invest in Technology to Strengthen Our Network and Increase Efficiency.* Our investments in proprietary technologies and predictive analytics leverage insights derived from the rich set of data generated by our platform. These investments allow us to deliver an affordable, convenient and high-quality experience for our riders and increase the earnings of drivers. Our investments in mapping, routing, payments, in-app navigation and matching technologies are key to integrating technology and leveraging data science into our platform in order to increase the efficiency of our platform and improve safety. In addition, we are investing in autonomous technology, which we believe will be a critical part of the future of transportation.
- *Pursue M&A and Strategic Partnerships.* In November 2018, we acquired Motivate, the largest bike sharing platform in the United States at the time and, from time to time, we have made other acquisitions of businesses and technologies. We will continue to selectively pursue acquisitions that contribute to the growth of our current business, help us expand into adjacent markets or add new capabilities to our platform. We believe drivers and riders on our platform will also benefit from a broader partner ecosystem that expands our marketing and loyalty programs and employee ride solutions. We have built strong relationships with transportation suppliers, state and local governments and technology solutions providers. We intend to continue to pursue acquisitions and partnerships that contribute to our growth.

Our Brand and Marketing

We aim to build the defining brand of our generation. We believe that our brand represents freedom at your fingertips: freedom from the stresses of driving and car ownership and freedom to do and see more. Our unique values and culture are reflected in our brand. We drive awareness of our brand through our marketing efforts, which highlight our offerings, the simplicity of our user experience and our commitment to community, and we also benefit from the evangelism by our users.

Values and Culture

Building community and having a positive local impact is fundamental to who we are. We approach working with our partners, cities and municipalities in a collaborative manner and seek to establish mutually beneficial relationships based on trust, respect and a common objective of improving people's lives by improving transportation.

Millions of people lack access to basic needs because they can't get a ride. Through our LyftUp initiative, we're working to make sure everyone has access to affordable, reliable transportation to get where they need to go — no matter their age, income, or zip code.

This vision has been core to our business from the start. We believe more than 40% of Lyft rides start or end in low-income areas. In a number of cities, our riders can now find public transit, shared rides, bikes, and scooters all in the same app. Every day, Lyft helps unlock access for millions of people — providing a crucial entry point for upward mobility.

We built LyftUp to account for those still left behind. LyftUp aims to bridge some of the most serious outstanding transportation gaps. Through LyftUp, we partner with leading nonprofit organizations to provide free and discounted car, bike, and scooter rides to individuals and families in need.

Our five primary programs are:

- Grocery Access - rides to/from the grocery store for families living in areas without sufficient grocery store access;
- Jobs Access - rides to/from job interviews, job trainings, and the first few weeks of a new job;
- Voting Access - free and discounted rides to the polls;
- Disaster Response - rides to access vital services leading up to and in the wake of disasters and other local emergencies; and
- Bikeshare Access - discounted bikeshare memberships for eligible applicants who qualify for federal/state/local assistance programs, and free passes to thousands of young people ages 16 to 20 years old.

All of this work directly ties back to Lyft's mission of improving people's lives with the world's best transportation, and we're proud to work with amazing community partners to bring these programs to life.

Lastly, Lyft was founded on the belief that technology will enable us to dramatically reduce carbon emissions from the transportation system. In 2019, we launched electric vehicles through our Express Drive rental program, and we now offer several lower-carbon modes in the Lyft App: shared rides, bikes, scooters, and transit.

Brand Marketing

Our marketing efforts are designed to educate people about Lyft in creative and memorable ways, generating brand awareness among potential drivers and riders.

- *Lyft-Produced Content.* Lyft will produce content and post on various platforms, such as Undercover Lyft where celebrities are disguised as drivers.
- *Popular Culture.* Ad placement in pop culture such as television series and movies.
- *Marketing Partnerships.* We have marketing partnerships with leading brands, such as J.P. Morgan (Chase), Delta Air Lines, Hilton, and Walt Disney Parks & Resorts.
- *Local Events.* Our goal in sponsoring local events is to boost brand awareness at locally relevant times and use cases.
- *Outdoor Advertising.* To build unaided awareness, we have outdoor billboard campaigns in key markets.
- *Specialty Modes.* In select markets, riders may experience specialty or promotional ride modes for local events and organizations.

- *Lyft Amp.* Lyft Amps are bright, oval-shaped devices that sit on certain drivers' dashboards which enhance the user experience, boost our brand awareness, and help promote safety. Amps assist rider identification of their driver's vehicles and also display a personalized greeting and ETA during non-Shared Rides to inform riders of the estimated time to their destination.

Performance Marketing

We use a variety of channels to drive adoption of our platform and maintain driver and rider loyalty. We use specific channels and initiatives that enable us to measure the impact of our marketing spend. We currently attract new drivers and riders through a variety of marketing channels, including referrals, affiliate programs, partnerships, display advertising, radio, video, social media, email, search engine optimization and keyword search campaigns. After signup, we continue to engage riders through a variety of initiatives, such as promotions, emails and in-app notifications.

Our Proprietary Data-Driven Technology Platform

Our robust technology platform powers the millions of rides and connections that we facilitate every day and provides insights that drive our platform in real-time. We leverage historical data to continuously improve experiences for drivers and riders on our platform. Our platform analyzes large datasets covering the ride lifecycle, from when drivers go online and riders request rides, to when they match, which route to take and any feedback given after the rides. Utilizing machine learning capabilities to predict future behavior based on many years of historical data and use cases, we employ various levers to balance supply and demand in the marketplace, creating increased driver earnings while maintaining strong service levels for riders. We also leverage our data science and algorithms to inform our product development, such as the introduction of Lyft Pink.

Ridesharing Marketplace Efficiency

During the matching process, we leverage our proprietary dispatch platform and data to help drivers and riders connect efficiently. Factors such as distance, destination, route, traffic and travel time contribute to determining both driver to rider matching as well as rider-to-rider matching for Shared and Shared Saver Rides. Prior to a match, we give drivers a simple, reliable signal about where to drive and often an incentive to increase earnings. We also focus on providing predictable, competitive and sustainable prices that optimize value for our riders as well as help increase conversion. Our machine learning algorithms continuously train our optimization models and dynamically balance current and future supply and demand within the marketplace.

Optimizing Marketplace Supply

Once drivers sign up and begin driving, our predictive analytics and dynamic pricing algorithms help us to align driver incentives to encourage drivers to be available, at the right times, in areas of high demand. This helps provide drivers with potentially higher earning opportunities by allowing them to maximize their earnings per hour, which can elevate driver satisfaction, increase supply in peak hours and improve the overall efficiency of the marketplace.

Managing and Anticipating Rider Demand

Our pricing algorithms use real-time ride cost estimates, demand elasticity and data about traffic, weather and other travel conditions to optimize ride prices and balance supply and demand in our ridesharing marketplace. This allows us to offer consistently competitive ride prices, reduce rider wait times and maximize rider utilization of our platform, which we believe leads to long-term driver and rider loyalty.

Improving Shared Ride Efficiency

We believe Shared and Shared Saver Rides will provide a significant foundation for sustainable mobility. We aim to provide the most reliable and sustainable shared ride offering to improve efficiency and density of the marketplace and reduce congestion on city roads. We also aim to maximize the number of potential rides while minimizing costs by increasing the utilization rate of driver hours. To that end, we continually improve our core marketplace technology through enhancements in dispatching, mapping, routing and in-app navigation to improve matching among other areas. By increasing the percentage of rides that match and the quality of the matches, we can increase the efficiency of Shared and Shared Saver Rides.

The Lyft Driver Experience

We help drivers on our platform generate earnings while maintaining a flexible schedule. For these drivers, it all begins with the Lyft Driver app. After extensive background and safety checks, drivers can gain access to our platform and begin driving.

- **The Lyft Driver App.** Drivers only have to tap ‘Go Online’ in the Lyft Driver app to begin receiving ride requests. Once matched, drivers will get a notification to accept the ride and receive the rider’s pickup spot. On-screen instructions and directions make it easy to pick up riders, navigate to destinations and drop off riders. Drivers and riders may then rate each other at the end of the ride.
- **Driver Dashboard.** In the Lyft Driver app, we offer drivers a dashboard that shows the total earnings they can expect to see transferred to their bank accounts. In this dashboard, we offer detailed views of earnings activity, ride count and time spent, to help drivers understand and maximize their earnings. We provide an in-app Driver Console with additional tools and analytics to help drivers measure ride demand, pinpoint the best times to drive each day, set earnings goals and help them monitor their earnings progress. Drivers also gain real-time visibility into currently available incentives.
- **Lyft Direct.** We offer drivers a no-fee, secure, online bank account and debit card. Drivers with a Lyft Direct Debit get earnings paid immediately after a ride is completed without any transfer or rush fees. In addition, drivers who use the card receive cash back on everyday purchases like gas.
- **In-app Tipping.** Lyft was the first ridesharing platform to offer In-app Tipping, making it easy for riders to tip right from the app. 100% of tips from riders go to drivers. We built tipping into the Lyft App to encourage great hospitality, and to make it easy for riders to show their appreciation. Since 2016, drivers have earned over \$1.1 billion in tips through the Lyft App.
- **Driver Destination Mode.** Destination Mode matches drivers with rides getting them closer to their intended destination by a specific time. We allow drivers to set a targeted arrival time so they can maximize earnings until the time they chose to go offline, or we allow them to specify a destination so they only receive priority matched rides going in the same direction.
- **Express Drive.** Express Drive is our flexible car rentals program for drivers. It is designed for those who want to drive using our platform but do not have access to a vehicle that meets our requirements. Express Drive offers a preferred weekly rate on cars rented from Hertz and Flexdrive Services, LLC (“Flexdrive”, formerly known as the Select Express Drive Partner), a company we recently acquired. Refer to Note 16 “Subsequent Events” to our consolidated financial statements for information regarding this acquisition. Express Drive has grown steadily since it began in 2016, with tens of thousands of cars now available in over 30 cities nationwide.
- **Driver Hubs.** Our Driver Hubs and service desks are currently in 35 cities across North America. These facilities are used for driver onboarding, answering driver questions and providing free inspections in select markets. They feature refreshments, access to clean bathrooms and help desks for easy access to the Lyft support team. The Driver Hubs are also used for driver events and educational sessions.
- **Driver Centers.** Lyft Driver Centers offer standard maintenance as well as services and repairs including free diagnostic inspection. We operated five driver centers as of December 31, 2019.

The Lyft Rider Experience

We provide a variety of offerings to solve the transportation needs of our riders. This starts with the Lyft App, which is a core part of the Lyft rider experience. To provide riders with the best experience, we are also continually adding new features, rider modes and payment models to address the needs of specific groups of riders, such as businesses and government entities.

Lyft App

The Lyft App provides a variety of ride modes to fit riders’ transportation needs. The Lyft App is designed to be fast, simple and purposeful. When a user opens the Lyft App all ride options available in that location are shown in a unified experience including scooters, bikes, public transit, car rentals, Shared and Shared Saver Rides, regular rides, big rides, and even more.

Subscription Plans and Ride Passes

Offering subscription plans and passes allows us to provide more earning opportunities for drivers and is an important step toward providing transportation options to address the range of riders’ budgets and make car ownership optional. Lyft Pink is our latest membership subscription program that offers an elevated Lyft experience with preferred pricing to enable riders to unlock all that their city has to offer. Lyft Pink members receive 15% savings on unlimited car rides, relaxed cancellations, priority airport pick-ups and more. The amount of revenue recognized from subscription plans and Ride Passes, and related breakage amounts, were not material for the years ended December 31, 2019, 2018 and 2017.

Lyft Business

Lyft is evolving how businesses large and small take care of their people's transportation needs across sectors including corporate, healthcare, auto, education and government. Our comprehensive set of solutions allows customers to design, manage and pay for ground transportation programs that contribute to productivity and satisfaction while reducing cost, improving transparency and streamlining operations.

Corporate Business Travel

We partner with leading travel and expense management companies like SAP Concur, Certify and Expensify to deliver seamless experiences that are changing how our customers do business by making travel easier for everyone involved. Tools and features such as automated expensing and centralized payment improve policy adherence for travelers and offer greater visibility for travel managers. Benefits such as real-time reporting on rides and costs as well as detailed ride data and classification make it easier to attribute, reconcile and reimburse expense spend.

Concierge

Originally developed for large healthcare partners to help improve access to quality care, our Concierge offering is now used by organizations of all types to access our network and request or schedule rides for other people. The majority of our ride modes are available through Concierge with features including real-time ride tracking, 24-hour customer support and the option to request a ride for someone as soon as they are ready or schedule a ride up to a week in advance. Organizations can also choose to build a seamless transportation experience in their own applications using the Lyft Concierge API.

Concierge leads the industry in:

- *Simplify Transportation for Businesses.* Concierge allows organizations to arrange rides for their customers, guests and patients from one central dashboard, even if they don't have the Lyft App or a smartphone. Customers can reduce cost, save time and streamline transportation with our courtesy ride tool.
- *Improve Healthcare.* Many Americans miss or delay medical care annually because they cannot get a ride to the doctor. Healthcare transportation brokers like Logisticare Circulation use our Concierge offering to provide patients with a reliable way to get to important healthcare appointments on time.

Enterprise Programs

We offer various enterprise programs, including monthly ride credits for daily commutes, supplementing public transit by providing rides for the first and last leg of commute trips, late-night rides home and shuttle replacement rides. Companies like Slack provide monthly Lyft credits as a benefit to employees to ensure convenient and cost-effective late-night transportation from the office.

Events

We offer transportation solutions that can be customized for events such as recruiting events, conferences, celebrations, meetings and company retreats. Organizations or individuals can create in-app experiences and custom codes for attendees to ride to and from events.

Our Commitment to Trust & Safety

A strong guiding principle since day one has been to build a community that drivers and riders trust. Trust is the foundation of our relationship with drivers and riders on our platform, and we take significant measures every day that are focused on their safety. This dedication led our customer support to be recently named number one in Newsweek's 2019 America's Best Customer Service rankings for the Taxi and Peer-to-Peer Ridesharing category.

To ensure we are delivering exceptional service levels and upholding high quality standards, we have established our Customer Experience and Trust, or CET, team as a key part of our organization. With over 550 employees as of December 31, 2019, CET is in charge of fielding customer support inquiries and is available through multiple channels, including via self-service and assisted support directly within our apps. Our CET team focuses on driving results based on experience-based metrics including First Contact Resolution, which is the number of support tickets resolved during first contact with a driver or rider, and Net Promoter Score. CET aims to eliminate bad customer experiences, quickly resolve problems when they occur and maintain trust with drivers and riders. We also use third parties to help Lyft deliver best-in-class support.

The ways we promote safety include:

- **Critical Response Line.** Our Trust & Safety team of specialists within CET that handle sensitive issues regarding behavior or safety incidents on our platform. Available 24/7, they work with many teams on highly visible cases to provide a high quality of care.
- **Driving Record and Background Checks.** Every driver is screened before they are permitted to drive on our platform, starting with professional third-party background and driving record checks. To promote a consistently high-quality experience, we ensure vehicles meet our criteria for vehicle age before drivers are accepted to drive these vehicles on our platform. We conduct continuous monitoring which provides Lyft with daily monitoring and expeditious notification of any disqualifying criminal convictions and driving infractions. Any driver who does not meet applicable regulations and our internal safety criteria on both the annual and continuous screenings is barred from our platform.
- **Two-Way Ratings.** Our two-way ratings system helps promote the safety and comfort of the Lyft community by offering a channel for drivers and riders to provide anonymous feedback on their Lyft experiences. At the end of each ride, drivers and riders are prompted to rate each other on a scale of 1-5 stars. Our ratings system allows drivers and riders to provide anonymous feedback. We take rider ratings and driver feedback very seriously. If a driver is rated four stars or below, Lyft requests feedback, reviews the situation, and follows up if necessary. If a rider is rated three stars or below, Lyft reviews the situation and contacts the driver if necessary to follow up on the ride experience.
- **Zero-Tolerance Policy.** Lyft maintains a zero-tolerance drug and alcohol policy for drivers on our platform. We also do not allow riders to have open alcohol containers in-ride and can deactivate riders from the platform for violating this policy.
- **Community Safety Education.** All approved Lyft drivers are required to complete mandatory Community Safety Education.
- **Newly Designed Safety Features.** In 2019, we launched more than 15 new safety features, including increased anti-fraud measures and requiring feedback for any rides less than four stars. During the ride, we have designed numerous safety features into the Lyft experience and will continue to innovate to ensure the safety of our riders and drivers. Some recently designed safety features include:
 - Share Route, which allows riders to share their location with family and friends;
 - Emergency access to 911 within the app;
 - Smart Trip Check-In (which we expect to roll out in the near future): in some cases, if we notice your ride has stopped too soon or for an unusual amount of time, Lyft will ask drivers and riders if they need support and, if necessary, give the option to request emergency assistance;
 - Partnership with ADT, where pilot users are able to signal to ADT that they are in need of assistance;
 - In-app photos of the driver and vehicle, with license plate numbers and vehicle information;
 - Real-time ride tracking, digital receipts; and
 - Two-way rating system with mandatory secondary feedback.
- **Lyft Insurance Protection.** We were the first ridesharing platform to introduce insurance protection that provides drivers with additional liability coverages. We provide primary liability coverage for TNC drivers from the moment they are matched with a rider until that rider is dropped off. Our auto liability insurance will apply as primary to a driver's standard personal automobile insurance policy when matched with a rider.
- **Bikes and Scooters.** Safety is a key tenet that guides our work with bikes and scooters. We are providing the necessary education and support for all riders and are working with partners to provide the capital and technology solutions to expand protected bike lanes and reduce speeding. We are working with organizations, like Together For Safer Roads, that collaborate with local bike and pedestrian advocates to help protect our community members. We are also giving away free helmets in select markets for our riders.

Government Regulation

We are subject to a wide variety of laws and regulations in the United States and other jurisdictions. These laws, regulations and standards governing issues such as TNCs, ridesharing, worker classification, labor and employment, anti-discrimination, payments, gift cards, whistleblowing and worker confidentiality obligations, product liability, defects, maintenance and repairs, personal injury, text messaging, subscription services, intellectual property, consumer protection, taxation, privacy, data security, competition, unionizing and collective action, arbitration agreements and class action waiver provisions, terms of service, mobile application accessibility, autonomous vehicles, bike and scooter sharing, insurance, vehicle rentals, money transmittal, non-emergency medical transportation, environmental health and safety and background checks, are often complex and subject to varying interpretations, in many cases due to their lack of specificity. As a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal, state and local administrative agencies.

The ridesharing industry and our business model are relatively nascent and rapidly evolving. When we introduced a peer-to-peer ridesharing marketplace in 2012, the laws and regulations in place at the time did not directly address our offerings. Laws and regulations that were in existence at that time, and some that have since been adopted, were often applied to our industry and our business in a manner that limited our relationships with drivers or otherwise inhibited the growth of our ridesharing marketplace. We have been proactively working with federal, state and local governments and regulatory bodies to ensure that our ridesharing marketplace and other offerings are available broadly in the United States and Canada. In part due to our efforts, a large majority of U.S. states have adopted laws related to TNCs to address the unique issues of the ridesharing industry. New laws and regulations and changes to existing laws and regulations continue to be adopted, implemented and interpreted in response to our industry and related technologies. As we expand our business into new markets or introduce new offerings into existing markets, regulatory bodies or courts may claim that we or users on our platform are subject to additional requirements, or that we are prohibited from conducting our business in certain jurisdictions, or that users on our platform are prohibited from using our platform, either generally or with respect to certain offerings. Certain jurisdictions and governmental entities, including airports, require us to obtain permits, pay fees or comply with certain reporting and other compliance requirements to provide our ridesharing, bike and scooter sharing, Lyft Rentals and autonomous vehicle offerings. These jurisdictions and governmental entities may reject our applications for permits, revoke existing or deny renewals of permits to operate, delay our ability to operate, increase their fees, charge new types of fees, or impose fines and penalties, including as a result of errors in, or failures to comply with, reporting or other requirements related to our product offerings.

Recent financial, political and other events may increase the level of regulatory scrutiny on larger companies, technology companies in general and companies engaged in dealings with independent contractors. Regulatory bodies may enact new laws or promulgate new regulations that are adverse to our business, or, due to changes in our operations and structure or partner relationships as a result of changes in the market or otherwise, they may view matters or interpret laws and regulations differently than they have in the past or in a manner adverse to our business. For example, a new law in California, known as Assembly Bill 5, codifies and extends an employment classification test in *Dynamex Operations West, Inc. v. Superior Court*, which established a new standard for determining employee or independent contractor status. The passage of this bill has led to and could continue to lead to additional challenges to the independent contractor classification of drivers using the Lyft Platform. Such regulatory scrutiny or action may create different or conflicting obligations from one jurisdiction to another. Additionally, from time to time we invest resources in an attempt to influence or challenge legislation and other regulatory matters pertinent to our operations, particularly those related to the ridesharing industry.

We have been subject to intense regulatory pressure from state and municipal regulatory authorities across the United States and Canada, and a number of them have imposed limitations on or attempted to ban ridesharing and bike and scooter sharing. For example, in December 2018, the New York City Taxi & Limousine Commission adopted rules governing minimum driver earnings calculations and utilization rates applicable to our ridesharing platform, as well as certain other ridesharing platforms. In January 2019, we filed an Article 78 Petition through two of our subsidiaries challenging these rules before the Supreme Court of the State of New York, which was denied in May 2019. In December 2019, we appealed this decision and litigation is ongoing. Other jurisdictions in which we currently operate or may want to operate could follow suit. We could also face similar regulatory restrictions from foreign regulators as we expand operations internationally, particularly in areas where we face competition from local incumbents.

Additionally, because we receive, use, transmit, disclose and store personally identifiable information and other data relating to drivers and riders on our platform, we are subject to numerous local, municipal, state, federal and international laws and regulations that address privacy, data protection and the collection, storing, sharing, use, transfer, disclosure and protection of certain types of data. Such regulations include the Controlling the Assault of Non-Solicited Pornography and Marketing Act, Canada's Anti-Spam Law, the Telephone Consumer Protection Act of 1991, or TCPA, the U.S. Federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, Section 5(a) of the Federal Trade Commission Act, and, effective as of January 1, 2020, the CCPA.

See the sections titled “Risk Factors,” including the subsections titled “Risk Factors—Risks Related to Our Business and Industry—Challenges to contractor classification of drivers that use our platform may have adverse business, financial, tax, legal and other consequences to our business,” “Risk Factors—Risks Related to Our Business and Industry—Our business is subject to a wide range of laws and regulations, many of which are evolving, and failure to comply with such laws and regulations could harm our business,” “Risk Factors—Risks Related to Our Business and Industry—We rely on third-party payment processors to process payments made by riders and payments made to drivers on our platform, and if we cannot manage our relationships with such third parties and other payment-related risks, our business, financial condition and results of operations could be adversely affected,” “Risk Factors—Risks Related to Our Business and Industry—Changes in laws or regulations relating to privacy, data protection or the protection or transfer of personal data, or any actual or perceived failure by us to comply with such laws and regulations or any other obligations relating to privacy, data protection or the protection or transfer of personal data, could adversely affect our business” and “Risk Factors—Risks Related to Our Business and Industry—We face the risk of litigation resulting from unauthorized text messages sent in violation of the Telephone Consumer Protection Act” for additional information about the laws and regulations we are subject to and the risks to our business associated with such laws and regulations.

Our Employees

Our employees are passionate about our mission to improve people’s lives with the world’s best transportation. As of December 31, 2019, we had 5,683 employees in over 100 offices and additional locations, including Driver Hubs, Driver Centers, and Service Desks. Approximately 43% of our employees work in our product management, engineering and design organizations, including several hundred employees in our Level 5 Engineering Center in Palo Alto, California.

We also engage contractors and consultants. None of our employees are represented by a labor union. We have not experienced any work stoppages, and we believe that our employee relations are strong.

We operate based on core values that underpin our culture and guiding principles on how we get things done. These values shine through in our work environment and are prevalent in our hiring process, office space and internal and external communications. Our three core values are: Be Yourself, Uplift Others and Make It Happen.

Seasonality

The revenue we generate from our business may fluctuate from quarter to quarter due to seasonal factors including the weather and certain holidays. We expect the demand for our transportation network may decline over the winter season and the demand for our network of shared bikes and scooters may increase during more temperate and dry seasons.

Competition

The market in which we compete is intensely competitive and characterized by rapid changes in technology, shifting rider needs and frequent introductions of new service and offerings. We expect competition to continue, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages, as well as new entrants into the market, some of which may become significant competitors in the future.

Our main ridesharing competitors in the United States and Canada include Uber and Via. Our main competitors in the bike and scooter sharing market include Uber (Jump), Lime and Bird. Our main competitors in the consumer vehicle rental market include Enterprise, Hertz, and Avis Budget Group as well as emerging car-share marketplaces. We also compete with certain non-ridesharing transportation network companies and taxi cab and livery companies as well as traditional automotive manufacturers, such as BMW, which has an ongoing presence in the transportation network market in Europe.

Additionally, there are other non-U.S. based transportation network companies that may expand into the United States and Canada. There are also several companies developing autonomous vehicle technology that may compete with us in the future, including Alphabet (Waymo), Apple, Baidu, Uber, Argo AI, Zoox and General Motors (Cruise), as well as many other technology companies and automobile manufacturers and suppliers. We anticipate continued challenges from current competitors as well as from new entrants.

We believe that the principal competitive factors in our market include the following:

- coverage and availability of access and service levels;
- scale of network;
- choice of modality;
- product design;

- ease of adoption and use;
- features and platform experience;
- partnerships and integrations with other ecosystem participants;
- brand;
- trust, safety, reliability and privacy;
- customer support;
- continued innovation in new modalities;
- driver payout;
- regulatory relations; and
- prices.

We believe we compete favorably across these factors. However, many of our competitors and potential competitors are larger and have greater brand name recognition, longer operating histories, larger marketing budgets and established marketing relationships, access to larger customer bases and significantly greater resources for the development of their offerings. For additional information about the risks to our business related to competition, see the section titled “Risk Factors—Risks Related to Our Business and Industry—We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition and results of operations.”

Corporate Information

We were incorporated in 2007 as Bounder Web, Inc., a Delaware corporation. In 2008, we changed our name to Zimride, Inc. We founded Lyft in 2012 and changed our name to Lyft, Inc. in 2013 when we sold the assets related to our Zimride operations.

Available Information

Our website is located at www.lyft.com, and our investor relations website is located at investor.lyft.com. Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as amended, are available free of charge on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the Securities and Exchange Commission (the “SEC”). The SEC also maintains a website that contains our SEC filings at www.sec.gov.

We announce material information to the public about us, our products and services and other matters through a variety of means, including filings with the SEC, press releases, public conference calls, webcasts, the investor relations section of our website (investor.lyft.com), our blog (blog.lyft.com) and our Twitter account (@lyft) in order to achieve broad, non-exclusionary distribution of information to the public and for complying with our disclosure obligations under Regulation FD.

Item 1A. Risk Factors.

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making a decision to invest in our Class A common stock. Our business, financial condition, results of operations or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.

Risks Related to Our Business and Industry

Our limited operating history and our evolving business make it difficult to evaluate our future prospects and the risks and challenges we may encounter.

We have been focused on ridesharing since our ridesharing marketplace launched in 2012, and our business continues to evolve. We regularly expand our platform features, offerings and services and change our pricing methodologies. This relatively limited operating history and our evolving business make it difficult to evaluate our future prospects and the risks and challenges we may encounter. Risks and challenges we expect to face include our ability to:

- forecast our revenue and budget for and manage our expenses;
- attract new qualified drivers and new riders and retain existing qualified drivers and existing riders in a cost-effective manner;
- comply with existing and new or modified laws and regulations applicable to our business;
- plan for and manage capital expenditures for our current and future offerings, including our network of shared bikes and scooters or certain vehicles in the Express Drive program and our fleet of vehicles for Lyft Rentals, our consumer vehicle rentals program, and manage our supply chain and supplier relationships related to our current and future offerings;
- develop, manufacture, source, deploy, maintain and ensure utilization of our assets, including our network of shared bikes and scooters, Driver Hubs, Driver Centers, certain vehicles in the Express Drive program, vehicles for Lyft Rentals, and autonomous vehicle technology;
- anticipate and respond to macroeconomic changes and changes in the markets in which we operate;
- maintain and enhance the value of our reputation and brand;
- effectively manage our growth;
- successfully expand our geographic reach;
- hire, integrate and retain talented people at all levels of our organization; and
- successfully develop new platform features, offerings and services to enhance the experience of users.

If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this “Risk Factors” section, our business, financial condition and results of operations could be adversely affected. Further, because we have limited historical financial data and operate in a rapidly evolving market, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be adversely affected.

We have a history of net losses and we may not be able to achieve or maintain profitability in the future.

We have incurred net losses each year since our inception and we may not be able to achieve or maintain profitability in the future. We incurred net losses of \$2.6 billion, \$911.3 million and \$688.3 million in the years ended December 31, 2019, 2018 and 2017, respectively. Our expenses will likely increase in the future as we develop and launch new offerings and platform features, expand in existing and new markets, increase our sales and marketing efforts and continue to invest in our platform. These efforts may be more costly than we expect and may not result in increased revenue or growth in our business. For example, we have previously expanded to include more asset-intensive offerings such as our network of shared bikes and scooters, autonomous vehicles and Lyft Rentals. We are also expanding the support available to drivers at our Driver Hubs, our driver-centric service centers and community spaces, Driver Centers, our vehicle service centers, and through our Express Drive vehicle rental program. These offerings require significant capital investments and recurring costs, including debt payments, maintenance, depreciation, asset life and asset replacement costs, and if we are not able to maintain sufficient levels of utilization of such assets or such offerings are otherwise not successful, our investments may not generate sufficient returns and our financial condition may be adversely affected. In addition to the above, a determination in, or settlement of, any legal proceeding that classifies a driver on a ridesharing platform as an employee may require us to significantly alter our existing business model and operations, increase our costs and impact our ability to add qualified drivers to our platform and grow our business, which could have an adverse effect on our business, financial condition and results of operations, and our ability to achieve or maintain profitability in the future. Additionally, stock-based compensation expense related to RSUs and other equity awards may continue to be a significant expense in future periods, and we have \$1.1 billion of unrecognized stock-based compensation expense related to RSUs, net of estimated forfeitures, that will be recognized over a weighted-average period of approximately 2.6 years. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow on a consistent basis. If we are unable to successfully address these risks and challenges as we encounter them, our business, financial condition and results of operations could be adversely affected.

If we are unable to generate adequate revenue growth and manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or maintain profitability.

We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition and results of operations.

The market for TaaS networks is intensely competitive and characterized by rapid changes in technology, shifting rider needs and frequent introductions of new services and offerings. We expect competition to continue, both from current competitors and new entrants in the market that may be well-established and enjoy greater resources or other strategic advantages. If we are unable to anticipate or successfully react to these competitive challenges in a timely manner, our competitive position could weaken, or fail to improve, and we could experience a decline in revenue or growth stagnation that could adversely affect our business, financial condition and results of operations.

Our main ridesharing competitors in the United States and Canada include Uber and Via. Our main competitors in the bike and scooter sharing market include Uber (Jump), Lime and Bird. Our main competitors in the consumer vehicle rental market include Enterprise, Hertz, and Avis Budget Group as well as emerging car-share marketplaces. We also compete with certain non-ridesharing transportation network companies and taxi cab and livery companies as well as traditional automotive manufacturers, such as BMW, which has an ongoing presence in the transportation network market in Europe.

Additionally, there are other non-U.S.-based TaaS network companies that may expand into the United States and Canada. There are also a number of companies developing autonomous vehicle technology that may compete with us in the future, including Alphabet (Waymo), Apple, Baidu, Uber, Argo AI, Zoox and General Motors (Cruise) as well as many other technology companies and automobile manufacturers and suppliers. We anticipate continued challenges from current competitors as well as from new entrants into the TaaS market.

Certain of our competitors have greater financial, technical, marketing, research and development, manufacturing and other resources, greater name recognition, longer operating histories or a larger user base than we do. They may be able to devote greater resources to the development, promotion and sale of offerings and offer lower prices than we do, which could adversely affect our results of operations. Further, they may have greater resources to deploy towards the research, development and commercialization of new technologies, including autonomous vehicle technology or bikes and scooters, or they may have other financial, technical or resource advantages. These factors may allow our competitors to derive greater revenue and profits from their existing user bases, attract and retain new qualified drivers and new riders at lower costs or respond more quickly to new and emerging technologies and trends. Our current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings.

We believe that our ability to compete effectively depends upon many factors both within and beyond our control, including:

- the popularity, utility, ease of use, performance and reliability of our offerings compared to those of our competitors;
- our reputation and brand strength relative to our competitors;
- our pricing models and the prices of our offerings and the fees we charge drivers on our platform;
- our ability to attract and retain qualified drivers and riders;
- our ability, and our ability compared to our competitors, to develop new offerings;
- our ability to establish and maintain relationships with partners;
- our ability to develop, manufacture, source, deploy, maintain and ensure utilization of our assets, including our network of shared bikes and scooters, Driver Hubs, Driver Centers, certain vehicles in the Express Drive program, vehicles for Lyft Rentals and autonomous vehicle technology;
- changes mandated by, or that we elect to make, to address, legislation, regulatory authorities or litigation, including settlements, judgments, including those related to the classification of drivers on our platform, injunctions and consent decrees;
- our ability to attract, retain and motivate talented employees;
- our ability to raise additional capital as needed; and
- acquisitions or consolidation within our industry.

If we are unable to compete successfully, our business, financial condition and results of operations could be adversely affected.

Our results of operations vary and are unpredictable from period-to-period, which could cause the trading price of our Class A common stock to decline.

Our results of operations have historically varied from period-to-period and we expect that our results of operations will continue to do so for a variety of reasons, many of which are outside of our control and difficult to predict. Because our results of operations may vary significantly from quarter-to-quarter and year-to-year, the results of any one period should not be relied upon as an indication of future performance. We have presented many of the factors that may cause our results of operations to fluctuate in this “Risk Factors” section. Fluctuations in our results of operations may cause such results to fall below our financial guidance or other projections, or the expectations of analysts or investors, which could cause the trading price of our Class A common stock to decline.

The ridesharing market and the market for our other offerings, such as our network of shared bikes and scooters, are still in relatively early stages of growth and if such markets do not continue to grow, grow more slowly than we expect or fail to grow as large as we expect, our business, financial condition and results of operations could be adversely affected.

The ridesharing market has grown rapidly since we launched our ridesharing marketplace in 2012, but it is still relatively new, and it is uncertain to what extent market acceptance will continue to grow, if at all. In addition, the market for our other offerings, such as our network of shared bikes and scooters, is new and unproven, and it is uncertain whether demand for bike and scooter sharing will continue to grow and achieve wide market acceptance. Our success will depend to a substantial extent on the willingness of people to widely-adopt ridesharing and our other offerings. If the public does not perceive ridesharing or our other offerings as beneficial, or chooses not to adopt them as a result of concerns regarding safety, affordability or for other reasons, whether as a result of incidents on our platform or on our competitors’ platforms or otherwise, then the market for our offerings may not further develop, may develop more slowly than we expect or may not achieve the growth potential we expect, any of which could adversely affect our business, financial condition and results of operations.

If we fail to cost-effectively attract and retain qualified drivers, or to increase utilization of our platform by existing drivers, our business, financial condition and results of operations could be harmed.

Our continued growth depends in part on our ability to cost-effectively attract and retain qualified drivers who satisfy our screening criteria and procedures and to increase utilization of our platform by existing drivers. To attract and retain qualified drivers, we have, among other things, offered sign-up and referral bonuses and provided access to third-party vehicle rental programs for drivers who do not have or do not wish to use their own vehicle. If we do not continue to provide drivers with flexibility on our platform, compelling opportunities to earn income and other incentive programs, such as volume-based discounts and performance-based bonuses, that are comparable or superior to those of our competitors, or if drivers become dissatisfied with our programs, we may fail to attract new drivers, retain current drivers or increase their utilization of our platform, or we may experience complaints, negative publicity, strikes or other work stoppages that could adversely affect our users and our business. If drivers are unsatisfied with our partners, including our third-party vehicle rental partners, our ability to attract and retain qualified drivers who satisfy our screening criteria and procedures and to increase utilization of our platform by existing drivers could be adversely affected. We frequently test driver incentives on subsets of existing drivers and potential drivers, and these incentives could fail to attract and retain qualified drivers or fail to increase utilization by existing drivers, or could have other unintended adverse consequences. In addition, changes in certain laws and regulations, including immigration, labor and employment laws or background check requirements, may result in a shift or decrease in the pool of qualified drivers, which may result in increased competition for qualified drivers or higher costs of recruitment and retention. Other factors outside of our control, such as increases in the price of gasoline, vehicles or insurance, may also reduce the number of drivers on our platform or utilization of our platform by drivers. If we fail to attract qualified drivers on favorable terms, fail to increase utilization of our platform by existing drivers or lose qualified drivers to our competitors, we may not be able to meet the demand of our riders, including maintaining a competitive price of rides to our riders, and our business, financial condition and results of operations could be adversely affected.

If we fail to cost-effectively attract new riders, or to increase utilization of our platform by our existing riders, our business, financial condition and results of operations could be harmed.

Our success depends in part on our ability to cost-effectively attract new riders, retain existing riders and increase utilization of our platform by current riders. Our riders have a wide variety of options for transportation, including personal vehicles, rental cars, taxis, public transit and other ridesharing and bike and scooter sharing offerings. Rider preferences may also change from time to time. To expand our rider base, we must appeal to new riders who have historically used other forms of transportation or other ridesharing or bike and scooter sharing platforms. We believe that our paid marketing initiatives have been critical in promoting awareness of our offerings, which in turn drives new rider growth and rider utilization. However, our reputation, brand and ability to build trust with existing and new riders may be adversely affected by complaints and negative publicity about us, our offerings or drivers on our platform, or our competitors, even if factually incorrect or based on isolated incidents. Further, if existing and new riders do not perceive the transportation services provided by drivers on our platform to be reliable, safe and affordable, or if we fail to offer new and relevant offerings and features on our platform, we may not be able to attract or retain riders or to increase their utilization of our platform. As we continue to expand into new geographic areas, we will be relying in part on referrals from our existing riders to attract new riders, and therefore we must ensure that our existing riders remain satisfied with our offerings. If we fail to continue to grow our rider base, retain existing riders or increase the overall utilization of our platform by existing riders, we may not be able to provide drivers with an adequate level of ride requests, and our business, financial condition and results of operations could be adversely affected. In addition, if we do not achieve sufficient utilization of our asset-intensive offerings such as our network of shared bikes and scooters, autonomous vehicles, Lyft Rentals vehicles, or certain vehicles in Express Drive, our business, financial condition and results of operations could be adversely affected.

We rely substantially on our wholly-owned subsidiary and deductibles to insure our auto-related risks and on third-party insurance policies to insure our operations-related risks. If our insurance coverage is insufficient for the needs of our business or our insurance providers are unable to meet their obligations, we may not be able to mitigate the risks facing our business, which could adversely affect our business, financial condition and results of operations.

From the time a driver becomes available to accept rides in the Lyft Driver App until the rider is dropped off at their destination, we, through our wholly-owned insurance subsidiary and deductibles, often bear substantial financial risk with respect to auto-related incidents, including bodily injury, property damage and uninsured and underinsured motorist liability. To comply with certain United States and Canadian province insurance regulatory requirements for auto-related risks, we procure a number of third-party insurance policies which provide the required coverage in such jurisdictions. In most U.S. states, our insurance subsidiary reinsures a portion, which may change from time to time, of the auto-related risk from some third-party insurance providers. In connection with our reinsurance and deductible arrangements, we deposit funds into trust accounts with a third-party financial institution from which some third-party insurance providers are reimbursed for claims payments. Our restricted reinsurance trust investments as of December 31, 2019 and 2018 were \$1.4 billion and \$863.7 million, respectively. If we fail to comply with state insurance regulatory requirements or other regulations governing insurance coverage, our business, financial condition and results of operations could be adversely affected.

We also procure third-party insurance policies to cover various operations-related risks including employment practices liability, workers' compensation, business interruptions, cybersecurity and data breaches, crime, directors' and officers' liability and general business liabilities. For certain types of operations-related risks or future risks related to our new and evolving offerings, such as a scaled network of autonomous vehicles, we may not be able to, or may choose not to, acquire insurance. In addition, we may not obtain enough insurance to adequately mitigate such operations-related risks or risks related to our new and evolving offerings, and we may have to pay high premiums, self-insured retentions or deductibles for the coverage we do obtain. Additionally, if any of our insurance providers becomes insolvent, it could be unable to pay any operations-related claims that we make.

The amount of one or more auto-related claims or operations-related claims has and could continue to exceed our applicable aggregate coverage limits, for which we have and could continue to bear the excess, in addition to amounts already incurred in connection with deductibles, self-insured retentions or otherwise paid by our insurance subsidiary. Insurance providers have raised premiums and deductibles for many types of claims, coverages and for a variety of commercial risk and are likely to do so in the future. As a result, our insurance and claims expense could increase, or we may decide to raise our deductibles or self-insured retentions when our policies are renewed or replaced to manage pricing pressure. Our business, financial condition and results of operations could be adversely affected if (i) cost per claim, premiums or the number of claims significantly exceeds our historical experience and coverage limits, (ii) we experience a claim in excess of our coverage limits, (iii) our insurance providers fail to pay on our insurance claims, (iv) we experience a claim for which coverage is not provided, (v) the number of claims under our deductibles or self-insured retentions differs from historic averages or (vi) an insurance policy is canceled or non-renewed.

Our actual losses may exceed our insurance reserves, which could adversely affect our financial condition and results of operations.

We establish insurance reserves for claims incurred but not yet paid and claims incurred but not yet reported and any related estimable expenses, and we periodically evaluate and, as necessary, adjust our actuarial assumptions and insurance reserves as our experience develops or new information is learned. We employ various predictive modeling and actuarial techniques and make numerous assumptions based on limited historical experience and industry statistics to estimate our insurance reserves. Estimating the number and severity of claims, as well as related judgment or settlement amounts, is inherently difficult, subjective and speculative. While an independent actuary firm periodically reviews our reserves for appropriateness and provides claims reserve valuations, a number of external factors can affect the actual losses incurred for any given claim, including the length of time the claim remains open, fluctuations in healthcare costs, legislative and regulatory developments and judicial developments. Such factors can impact the reserves for claims incurred but not yet paid as well as the actuarial assumptions used to estimate the reserves for claims incurred but not yet reported and any related estimable expenses for current and historical periods. Additionally, we have encountered in the past, and may encounter in the future, instances of insurance fraud, which could increase our actual insurance-related costs. For any of the foregoing reasons, our actual losses for claims and related expenses may deviate, individually or in the aggregate, from the insurance reserves reflected in our consolidated financial statements. If we determine that our estimated insurance reserves are inadequate, we may be required to increase such reserves at the time of the determination, which could result in an increase to our net loss in the period in which the shortfall is determined and negatively impact our financial condition and results of operations. For example, in 2019 we experienced adverse development to insurance reserves that was largely attributable to historical auto losses that predate our relationship with our new third-party administrators for insurance claims.

We rely on a limited number of third-party insurance service providers for our auto-related insurance claims, and if such providers fail to service insurance claims to our expectations or we do not maintain business relationships with them, our business, financial condition and results of operations could be adversely affected.

We rely on a limited number of third-party insurance service providers to service our auto-related claims. If any of our third-party insurance service providers fails to service claims to our expectations, discontinues or increases the cost of coverage or changes the terms of such coverage in a manner not favorable to drivers or to us, we cannot guarantee that we would be able to secure replacement coverage on reasonable terms in an acceptable time frame or at all. If we cannot find alternate third-party insurance service providers on terms acceptable to us, we may incur additional expenses related to servicing such auto-related claims using internal resources. In the future, we may explore the possibility of selling portions of retained insurance risk to third-parties. This may cause us to incur additional expenses in the total cost of this risk.

Any negative publicity related to any of our third-party insurance service providers could adversely affect our reputation and brand and could potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

Our business is subject to a wide range of laws and regulations, many of which are evolving, and failure to comply with such laws and regulations could harm our business, financial condition and results of operations.

We are subject to a wide variety of laws in the United States and other jurisdictions. Laws, regulations and standards governing issues such as TNCs, ridesharing, worker classification, labor and employment, anti-discrimination, payments, gift cards, whistleblowing and worker confidentiality obligations, product liability, defects, maintenance and repairs, personal injury, text messaging, subscription services, intellectual property, consumer protection, taxation, privacy, data security, competition, unionizing and collective action, arbitration agreements and class action waiver provisions, terms of service, mobile application accessibility, autonomous vehicles, bike and scooter sharing, insurance, vehicle rentals, money transmittal, non-emergency medical transportation, environmental health and safety, and background checks are often complex and subject to varying interpretations, in many cases due to their lack of specificity. As a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal, state and local administrative agencies.

The ridesharing industry and our business model are relatively nascent and rapidly evolving. When we introduced a peer-to-peer ridesharing marketplace in 2012, the laws and regulations in place at the time did not directly address our offerings. Laws and regulations that were in existence at that time, and some that have since been adopted, were often applied to our industry and our business in a manner that limited our relationships with drivers or otherwise inhibited the growth of our ridesharing marketplace. We have been proactively working with federal, state and local governments and regulatory bodies to ensure that our ridesharing marketplace and other offerings are available broadly in the United States and Canada. In part due to our efforts, a large majority of U.S. states have adopted laws related to TNCs to address the unique issues of the ridesharing industry. New laws and regulations and changes to existing laws and regulations continue to be adopted, implemented and interpreted in response to our industry and related technologies. As we expand our business into new markets or introduce new offerings into existing markets, regulatory bodies or courts may claim that we or users on our platform are subject to additional requirements, or that we are prohibited from conducting our business in certain jurisdictions, or that users on our platform are prohibited from using our platform, either generally or with respect to certain offerings. Certain jurisdictions and governmental entities, including airports, require us to obtain permits, pay fees or comply with certain reporting and other compliance requirements to provide our ridesharing, bike and scooter sharing, Lyft Rentals and autonomous vehicle offerings. These jurisdictions and governmental entities may reject our applications for permits, revoke existing or deny renewals of permits to operate, delay our ability to operate, increase their fees, charge new types of fees, or impose fines and penalties, including as a result of errors in, or failures to comply with, reporting or other requirements related to our product offerings. Any of the foregoing actions by these jurisdictions and governmental entities could adversely affect our business, financial condition and results of operations.

Recent financial, political and other events may increase the level of regulatory scrutiny on larger companies, technology companies in general and companies engaged in dealings with independent contractors. Regulatory bodies may enact new laws or promulgate new regulations that are adverse to our business, or, due to changes in our operations and structure or partner relationships as a result of changes in the market or otherwise, they may view matters or interpret laws and regulations differently than they have in the past or in a manner adverse to our business. For example, a new law in California, known as Assembly Bill 5, codifies and extends an employment classification test in *Dynamex Operations West, Inc. v. Superior Court*, which established a new standard for determining employee or independent contractor status. The passage of this bill has led to and could continue to lead to additional challenges to the independent contractor classification of drivers using the Lyft Platform. Such regulatory scrutiny or action may create different or conflicting obligations from one jurisdiction to another. Additionally, from time to time we invest resources in an attempt to influence or challenge legislation and other regulatory matters pertinent to our operations, particularly those related to the ridesharing industry, which may lead to additional costs and expenses even if we are successful. These activities may not be successful, and any negative outcomes could adversely affect our business, financial condition and results of operations.

Our industry is relatively nascent and is rapidly evolving and increasingly regulated. We have been subject to intense regulatory pressure from state and municipal regulatory authorities across the United States and Canada, and a number of them have imposed limitations on or attempted to ban ridesharing and bike and scooter sharing. For example, in December 2018, the New York City Taxi & Limousine Commission adopted rules governing minimum driver earnings calculations and utilization rates applicable to our ridesharing platform, as well as certain other ridesharing platforms. In January 2019, we filed an Article 78 Petition through two of our subsidiaries challenging these rules before the Supreme Court of the State of New York, which was denied in May 2019. In December 2019, we appealed this decision and litigation is ongoing. Other jurisdictions in which we currently operate or may want to operate could follow suit. We could also face similar regulatory restrictions from foreign regulators as we expand operations internationally, particularly in areas where we face competition from local incumbents. Adverse changes in laws or regulations at all levels of government or bans on or material limitations to our offerings could adversely affect our business, financial condition and results of operations.

Our success, or perceived success, and increased visibility may also drive some businesses that perceive our business model negatively to raise their concerns to local policymakers and regulators. These businesses and their trade association groups or other organizations may take actions and employ significant resources to shape the legal and regulatory regimes in jurisdictions where we may have, or seek to have, a market presence in an effort to change such legal and regulatory regimes in ways intended to adversely affect or impede our business and the ability of drivers and riders to utilize our platform.

Any of the foregoing risks could harm our business, financial condition and results of operations.

If we are unable to efficiently develop our own autonomous vehicle technologies or develop partnerships with other companies to offer autonomous vehicle technologies on our platform in a timely manner, our business, financial condition and results of operations could be adversely affected.

New and existing competitors may develop or utilize autonomous vehicle technologies for ridesharing, which are expected to have long-term advantages compared to traditional non-autonomous ridesharing offerings. We partner with several companies to develop autonomous vehicle technology and offerings, including, at times, the development of jointly-owned intellectual property, and we continue to devote resources towards developing our own autonomous vehicle technology. Autonomous driving is a new and evolving market, which makes it difficult to predict its acceptance, growth, the magnitude and timing of necessary investments and other trends. Our initiatives may not perform as expected, which would reduce the return on our investments in this area, and our partners may decide to terminate their partnerships with us. If we are unable to efficiently develop our own autonomous vehicle technology or to develop and maintain partnerships with other companies to offer autonomous vehicle technology on our platform, or if we do so at a slower pace or at a higher cost or if our technology is less capable relative to our competitors, our business, financial condition and results of operations could be adversely affected.

Our reputation, brand and the network effects among the drivers and riders on our platform are important to our success, and if we are not able to maintain and continue developing our reputation, brand and network effects, our business, financial condition and results of operations could be adversely affected.

We believe that building a strong reputation and brand as a safe, reliable and affordable platform and continuing to increase the strength of the network effects among the drivers and riders on our platform are critical to our ability to attract and retain qualified drivers and riders. The successful development of our reputation, brand and network effects will depend on a number of factors, many of which are outside our control. Negative perception of our platform or company may harm our reputation, brand and networks effects, including as a result of:

- complaints or negative publicity about us, drivers on our platform, riders, our product offerings or our policies and guidelines, including our practices and policies with respect to drivers, or the ridesharing industry, even if factually incorrect or based on isolated incidents;
- illegal, negligent, reckless or otherwise inappropriate behavior by drivers or riders or third parties;
- a failure to provide drivers with a sufficient level of ride requests, charge drivers competitive fees and commissions or provide drivers with competitive fares and incentives;
- a failure to offer riders competitive ride pricing and pick-up times;
- a failure to provide a range of ride types sought by riders;
- actual or perceived disruptions or defects in our platform, such as privacy or data security breaches, site outages, payment disruptions or other incidents that impact the reliability of our offerings;
- litigation over, or investigations by regulators into, our platform or our business;
- users' lack of awareness of, or compliance with, our policies;
- changes to our policies that users or others perceive as overly restrictive, unclear or inconsistent with our values or mission or that are not clearly articulated;
- a failure to detect a defect in our autonomous vehicles or our bikes or scooters;
- a failure to enforce our policies in a manner that users perceive as effective, fair and transparent;
- a failure to operate our business in a way that is consistent with our stated values and mission;
- inadequate or unsatisfactory user support service experiences;
- illegal or otherwise inappropriate behavior by our management team or other employees or contractors;
- negative responses by drivers or riders to new offerings on our platform;
- accidents, defects or other negative incidents involving autonomous vehicles or bikes and scooters on our platform;
- perception of our treatment of employees and our response to employee sentiment related to political or social causes or actions of management;
- modification or discontinuation of our community programs;
- political or social policies or activities; or
- any of the foregoing with respect to our competitors, to the extent such resulting negative perception affects the public's perception of us or our industry as a whole.

If we do not successfully maintain and develop our brand, reputation and network effects and successfully differentiate our offerings from competitive offerings, our business may not grow, we may not be able to compete effectively and we could lose existing qualified drivers or existing riders or fail to attract new qualified drivers or new riders, any of which could adversely affect our business, financial condition and results of operations. In addition, changes we may make to enhance and improve our offerings and balance the needs and interests of the drivers and riders on our platform may be viewed positively from one group's perspective (such as riders) but negatively from another's perspective (such as drivers), or may not be viewed positively by either drivers or riders. If we fail to balance the interests of drivers and riders or make changes that they view negatively, drivers and riders may stop using our platform, take fewer rides or use alternative platforms, any of which could adversely affect our reputation, brand, business, financial condition and results of operations.

Illegal, improper or otherwise inappropriate activity of users, whether or not occurring while utilizing our platform, could expose us to liability and harm our business, brand, financial condition and results of operations.

Illegal, improper or otherwise inappropriate activities by users, including the activities of individuals who may have previously engaged with, but are not then receiving or providing services offered through, our platform or individuals who are intentionally impersonating users of our platform could adversely affect our brand, business, financial condition and results of operations. These activities may include assault, theft, unauthorized use of credit and debit cards or bank accounts, sharing of rider or driver accounts and other misconduct. While we have implemented various measures intended to anticipate, identify and address the risk of these types of activities, these measures may not adequately address or prevent all illegal, improper or otherwise inappropriate activity by these parties from occurring in connection with our offerings. Such conduct could expose us to liability or adversely affect our brand or reputation. At the same time, if the measures we have taken to guard against these illegal, improper or otherwise inappropriate activities, such as our requirement that all drivers undergo annual background checks or our two-way rating system and related policies, are too restrictive and inadvertently prevent qualified drivers and riders otherwise in good standing from using our offerings, or if we are unable to implement and communicate these measures fairly and transparently or are perceived to have failed to do so, the growth and retention of the number of qualified drivers and riders on our platform and their utilization of our platform could be negatively impacted. Further, any negative publicity related to the foregoing, whether such incident occurred on our platform, on our competitors' platforms, or on any ridesharing platform, could adversely affect our reputation and brand or public perception of the ridesharing industry as a whole, which could negatively affect demand for platforms like ours, and potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could harm our business, financial condition and results of operations.

Challenges to contractor classification of drivers that use our platform may have adverse business, financial, tax, legal and other consequences to our business.

We are regularly subject to claims, lawsuits, arbitration proceedings, administrative actions, government investigations and other legal and regulatory proceedings at the federal, state and municipal levels challenging the classification of drivers on our platform as independent contractors. The tests governing whether a driver is an independent contractor or an employee vary by governing law and are typically highly fact sensitive. Laws and regulations that govern the status and misclassification of independent contractors are subject to changes and divergent interpretations by various authorities which can create uncertainty and unpredictability for us. For example, a new law in California, known as Assembly Bill 5, codifies and extends an employment classification test in *Dynamex Operations West, Inc. v. Superior Court*, which established a new standard for determining employee or independent contractor status. The passage of this bill has led to and could continue to lead to additional challenges to the independent contractor classification of drivers using the Lyft Platform. We continue to maintain that drivers on our platform are independent contractors in such legal and administrative proceedings, but our arguments may ultimately be unsuccessful. A determination in, or settlement of, any legal proceeding, whether we are party to such legal proceeding or not, that classifies a driver of a ridesharing platform as an employee, could harm our business, financial condition and results of operations, including as a result of:

- monetary exposure arising from or relating to failure to withhold and remit taxes, unpaid wages and wage and hour laws and requirements (such as those pertaining to failure to pay minimum wage and overtime, or to provide required breaks and wage statements), expense reimbursement, statutory and punitive damages, penalties, including related to the California Private Attorneys General Act, and government fines;
- injunctions prohibiting continuance of existing business practices;
- claims for employee benefits, social security, workers' compensation and unemployment;
- claims of discrimination, harassment and retaliation under civil rights laws;
- claims under new or existing laws pertaining to unionizing, collective bargaining and other concerted activity;
- other claims, charges or other proceedings under laws and regulations applicable to employers and employees, including risks relating to allegations of joint employer liability or agency liability; and
- harm to our reputation and brand.

In addition to the harms listed above, a determination in, or settlement of, any legal proceeding that classifies a driver on a ridesharing platform as an employee may require us to significantly alter our existing business model and operations, increase our costs and impact our ability to add qualified drivers to our platform and grow our business, which could have an adverse effect on our business, financial condition and results of operations and our ability to achieve or maintain profitability in the future.

We have been involved in numerous legal proceedings related to driver classification. We are currently involved in several putative class actions, several representative actions brought, for example, pursuant to California's Private Attorney General Act, several multi-plaintiff actions and several thousand individual claims, including those brought in arbitration or compelled pursuant to our Terms of Service to arbitration, challenging the classification of drivers on our platform as independent contractors. We are also involved in administrative audits related to driver classification in California, Connecticut, Oregon, Wisconsin, Illinois and New Jersey. See the section titled "Legal Proceedings" for additional information about these types of legal proceedings.

We rely on third-party background check providers to screen potential drivers, and if such providers fail to provide accurate information or we do not maintain business relationships with them, our business, financial condition and results of operations could be adversely affected.

We rely on third-party background check providers to screen the records of potential drivers to help identify those that are not qualified to utilize our platform pursuant to applicable law or our internal standards, and our business may be adversely affected to the extent such providers do not meet their contractual obligations, our expectations or the requirements of applicable law or regulations. If any of our third-party background check providers terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we may need to find an alternate provider, and may not be able to secure similar terms or replace such partners in an acceptable time frame. If we cannot find alternate third-party background check providers on terms acceptable to us, we may not be able to timely onboard potential drivers, and as a result, our platform may be less attractive to qualified drivers. Further, if the background checks conducted by our third-party background check providers do not meet our expectations or the requirements under applicable laws and regulations, unqualified drivers may be permitted to provide rides on our platform, and as a result, our reputation and brand could be adversely affected and we could be subject to increased regulatory or litigation exposure.

We are also subject to a number of laws and regulations applicable to background checks for potential and existing drivers on our platform. If we or drivers on our platform fail to comply with applicable laws, rules and legislation, our reputation, business, financial condition and results of operations could be adversely affected.

Any negative publicity related to any of our third-party background check providers, including publicity related to safety incidents or data security breaches, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

We are regularly subject to claims, lawsuits, government investigations and other proceedings that may adversely affect our business, financial condition and results of operations.

We are regularly subject to claims, lawsuits, arbitration proceedings, government investigations and other legal and regulatory proceedings in the ordinary course of business, including those involving personal injury, property damage, worker classification, labor and employment, anti-discrimination, commercial disputes, competition, consumer complaints, intellectual property disputes, compliance with regulatory requirements, securities laws and other matters, and we may become subject to additional types of claims, lawsuits, government investigations and legal or regulatory proceedings as our business grows and as we deploy new offerings such as autonomous vehicles, Driver Centers and our network of shared bikes and scooters, including proceedings related to product liability or our acquisitions, securities issuances or business practices. We are also regularly subject to claims, lawsuits, arbitration proceedings, government investigations and other legal and regulatory proceedings seeking to hold us liable for the actions of independent contractor drivers on our platform. See the section titled "Legal Proceedings" for additional information about these types of legal proceedings.

The results of any such claims, lawsuits, arbitration proceedings, government investigations or other legal or regulatory proceedings cannot be predicted with certainty. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to our reputation, require significant management attention and divert significant resources. Determining reserves for our pending litigation is a complex and fact-intensive process that requires significant subjective judgment and speculation. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines and penalties that could adversely affect our business, financial condition and results of operations. These proceedings could also result in harm to our reputation and brand, sanctions, consent decrees, injunctions or other orders requiring a change in our business practices. Any of these consequences could adversely affect our business, financial condition and results of operations. Furthermore, under certain circumstances, we have contractual and other legal obligations to indemnify and to incur legal expenses on behalf of our business and commercial partners and current and former directors and officers.

A determination in, or settlement of, any legal proceeding, whether we are party to such legal proceeding or not, that involves our industry, could harm our business, financial condition and results of operations. For example, a determination that classifies a driver of a ridesharing platform as an employee, whether we are party to such determination or not, could cause us to incur significant expenses or require substantial changes to our business model.

In addition, we regularly include arbitration provisions in our Terms of Service with the drivers and riders on our platform. These provisions are intended to streamline the litigation process for all parties involved, as arbitration can in some cases be faster and less costly than litigating disputes in state or federal court. However, arbitration may become more costly for us or the volume of arbitration may increase and become burdensome, and the use of arbitration provisions may subject us to certain risks to our reputation and brand, as these provisions have been the subject of increasing public scrutiny. In order to minimize these risks to our reputation and brand, we may limit our use of arbitration provisions or be required to do so in a legal or regulatory proceeding, either of which could increase our litigation costs and exposure. For example, effective May 2018, we ended mandatory arbitration of sexual misconduct claims by users and employees.

Further, with the potential for conflicting rules regarding the scope and enforceability of arbitration on a state-by-state basis, as well as between state and federal law, there is a risk that some or all of our arbitration provisions could be subject to challenge or may need to be revised to exempt certain categories of protection. If our arbitration agreements were found to be unenforceable, in whole or in part, or specific claims are required to be exempted from arbitration, we could experience an increase in our costs to litigate disputes and the time involved in resolving such disputes, and we could face increased exposure to potentially costly lawsuits, each of which could adversely affect our business, financial condition and results of operations.

Changes to our pricing could adversely affect our ability to attract or retain qualified drivers and riders.

Demand for our offerings is highly sensitive to the price of rides, the rates for time and distance driven and incentives paid to drivers and the fees we charge drivers. Many factors, including operating costs, legal and regulatory requirements or constraints and our current and future competitors' pricing and marketing strategies, could significantly affect our pricing strategies. Certain of our competitors offer, or may in the future offer, lower-priced or a broader range of offerings. Similarly, certain competitors may use marketing strategies that enable them to attract or retain new qualified drivers and new riders at a lower cost than us. This includes the use of pricing algorithms to set dynamic prices depending on the route, time of day and pick-up and drop-off locations of riders. In the past, we have made pricing changes and spent significant amounts on marketing and both rider and driver incentives, and there can be no assurance that we will not be forced, through competition, regulation or otherwise, to reduce the price of rides for riders, increase the incentives we pay to drivers on our platform or reduce the fees we charge the drivers on our platform, or to increase our marketing and other expenses to attract and retain qualified drivers and riders in response to competitive pressures. Furthermore, our riders' price sensitivity may vary by geographic location, and as we expand, our pricing methodologies may not enable us to compete effectively in these locations. Local regulations may affect our pricing in certain geographic locations, which could amplify these effects. We have launched, and may in the future launch, new pricing strategies and initiatives, such as subscription packages and driver or rider loyalty programs. We have also modified, and may in the future modify, existing pricing methodologies, such as our up-front pricing policy. Any of the foregoing actions may not ultimately be successful in attracting and retaining qualified drivers and riders.

While we continue to maintain that drivers on our platform are independent contractors in legal and administrative proceedings, our arguments may ultimately be unsuccessful. A determination in, or settlement of, any legal proceeding, whether we are party to such legal proceeding or not, that classifies a driver utilizing a ridesharing platform as an employee, may require us to revise our pricing methodologies to account for such a change to driver classification. We have also launched, and may in the future launch, certain changes to the rates and fee structure for drivers on our platform, which may not ultimately be successful in attracting and retaining qualified drivers. While we do and will attempt to optimize ride prices and balance supply and demand in our ridesharing marketplace, our assessments may not be accurate or there may be errors in the technology used in our pricing and we could be underpricing or overpricing our offerings. In addition, if the offerings on our platform change, then we may need to revise our pricing methodologies. As we continue to launch new and develop existing asset-intensive offerings such as our network of shared bikes and scooters, autonomous vehicles, Driver Hubs, Driver Centers, Express Drive program and Lyft Rentals, factors such as maintenance, debt service, depreciation, asset life, supply chain efficiency and asset replacement may affect our pricing methodologies. Any such changes to our pricing methodologies or our ability to efficiently price our offerings could adversely affect our business, financial condition and results of operations.

If we are unable to efficiently grow and further develop our network of shared bikes and scooters, which may not grow as we expect or become profitable over time, and manage the related risks, our business, financial condition and results of operations could be adversely affected.

While some major cities have widely adopted bike and scooter sharing, there can be no assurance that new markets we enter will accept, or existing markets will continue to accept, bike and scooter sharing, and even if they do, that we will be able to execute on our business strategy or that our related offerings will be successful in such markets. For example, in May 2019 the San Francisco Municipal Transit Authority (“SFMTA”) opened a public permit application process for bike share operators in violation of our exclusive right to operate a bike share program in San Francisco’s public rights-of-way. In June 2019, we filed an action for injunctive and declaratory relief through one of our subsidiaries to protect its negotiated right to exclusivity for a bike share program and, in July 2019, the court granted a preliminary injunction preventing the SFMTA from issuing any permits in violation of those exclusive rights. A negative determination in this ongoing litigation or in other legal disputes regarding bike and scooter sharing, including an adverse determination regarding our existing rights to operate, could adversely affect our competitive position and results of operations; other jurisdictions in which we currently hold, or may in the future hold, exclusive rights to operate could follow suit in issuing permits in violation of such exclusive rights or in making a determination that we do not hold exclusive rights to operate. Additionally, we may from time to time be denied permits to operate our bike share program or scooter share program in certain jurisdictions. While we do not expect any individual region to have a material impact, these denials in the aggregate could adversely affect our business and results of operations. Even if we are able to successfully develop and implement our network of shared bikes and scooters, there may be heightened public skepticism of this nascent service offering. In particular, there could be negative public perception surrounding bike and scooter sharing, including the overall safety and the potential for injuries occurring as a result of accidents involving an increased number of bikes and scooters on the road, and the general safety of the bikes and scooters themselves. Such negative public perception may result from incidents on our platform or incidents involving our competitors’ offerings.

We design and contract to manufacture bikes and scooters using a limited number of external suppliers, and a continuous, stable and cost-effective supply of bikes and scooters that meet our standards is critical to our operations. We expect to continue to rely on external suppliers in the future. There can be no assurance we will be able to maintain our existing relationships with these suppliers and continue to be able to source our bikes and scooters on a stable basis, at a reasonable price or at all. We also design and contract to manufacture certain assets related to our network of shared bikes and scooters and we rely on a small number of suppliers for components and manufacturing services.

The supply chain for our bikes and scooters exposes us to multiple potential sources of delivery failure or shortages. In the event that our supply of bikes and scooters or key components is interrupted or there are significant increases in prices, our business, financial condition and results of operations could be adversely affected. Changes in business conditions, force majeure, any public health crises, such as epidemics, governmental or regulatory changes and other factors beyond our control have and could continue to affect our suppliers’ ability to deliver products on a timely basis.

We incur significant costs related to the design, purchase, sourcing and operations of our network of shared bikes and scooters and we expect to continue incurring such costs as we expand our network of shared bikes and scooters. The prices and availability of bikes and scooters and related products may fluctuate depending on factors beyond our control including market and economic conditions, tariffs, changes to import or export regulations and demand. Substantial increases in prices of these assets or the cost of our operations would increase our costs and reduce our margins, which could adversely affect our business, financial condition and results of operations. Further, customs authorities may challenge or disagree with our classifications or valuation of imports. Such challenges could result in tariff liabilities, including tariffs on past imports, as well as penalties and interest. Although we have reserved for potential payments of possible tariff liabilities in our financial statements, if these liabilities exceed such reserves, our financial condition could be harmed.

Our bikes and scooters or components thereof, including bikes and scooters and components that we design and contract to manufacture using third-party suppliers, may experience quality problems, defects or acts of vandalism from time to time, which could result in decreased usage of our network of shared bikes and scooters. There can be no assurance we will be able to detect and fix all defects or vandalism in our bikes and scooters. Failure to do so could result in lost revenue, litigation or regulatory challenges, including personal injury or products liability claims, and harm to our reputation.

The revenue we generate from our network of shared bikes and scooters may fluctuate from quarter to quarter due to, among other things, seasonal factors including weather. Our limited operating history makes it difficult for us to assess the exact nature or extent of the effects of seasonality on our network of shared bikes and scooters, however, we expect the demand for our bike and scooter rentals to decline over the winter season and increase during more temperate and dry seasons. Any of the foregoing risks and challenges could adversely affect our business, financial condition and results of operations.

The autonomous vehicle industry may not continue to develop, or autonomous vehicles may not be adopted by the market, which could adversely affect our prospects, business, financial condition and results of operations.

We have invested, and plan to continue to invest, in the development of autonomous vehicle technology for use on our platform. Autonomous driving involves a complex set of technologies, including the continued development of sensing, computing and control technology. We rely both on our own research and development and on strategic partnerships with third-party developers of such technologies, as such technologies are costly and in varying stages of maturity. There is no assurance that this research and development or these partnerships will result in the development of market-viable technologies or commercial success in a timely manner or at all. In order to gain acceptance, the reliability of autonomous vehicle technology must continue to advance.

Additional challenges to the development of autonomous vehicle technology, all of which are outside of our control, include:

- market acceptance of autonomous vehicles;
- state, federal or municipal licensing requirements and other regulatory measures;
- necessary changes to infrastructure to enable adoption;
- concerns regarding electronic security and privacy; and
- public perception regarding the safety of autonomous vehicles for drivers, riders, pedestrians and other vehicles on the road.

There are a number of existing laws, regulations and standards that may apply to autonomous vehicle technology, including vehicle standards that were not originally intended to apply to vehicles that may not have a human driver. Such regulations continue to rapidly evolve, which may increase the likelihood of complex, conflicting or otherwise inconsistent regulations, which may delay our ability to bring autonomous vehicle technology to market or significantly increase the compliance costs associated with this business strategy. In addition, there can be no assurance that the market will accept autonomous vehicles, and even if it does, that we will be able to execute on our business strategy or that our offerings will be successful in the market. Even if we are able to successfully develop and implement autonomous vehicle technology, there may be heightened public skepticism of this nascent technology and its adopters. In particular, there could be negative public perception surrounding autonomous vehicles, including the overall safety and the potential for injuries or death occurring as a result of accidents involving autonomous vehicles and the potential loss of income to human drivers resulting from widespread market adoption of autonomous vehicles. Such negative public perception may result from incidents on our platform or incidents on our partners' or competitors' platforms. Any of the foregoing risks and challenges could adversely affect our prospects, business, financial condition and results of operations.

We could be subject to claims from riders, drivers or third parties that are harmed whether or not our platform is in use, which could adversely affect our business, brand, financial condition and results of operations.

We are regularly subject to claims, lawsuits, investigations and other legal proceedings relating to injuries to, or deaths of, riders, drivers or third parties that are attributed to us through our offerings. We may also be subject to claims alleging that we are directly or vicariously liable for the acts of the drivers on our platform. We may be subject to personal injury claims whether or not such injury actually occurred as a result of activity on our platform. For example, third parties have in the past asserted legal claims against us in connection with personal injuries related to the actions of a driver or rider who may have previously utilized our platform, but was not at the time of such injury. We have incurred expenses to settle personal injury claims, which we sometimes choose to settle for reasons including expediency, protection of our reputation and to prevent the uncertainty of litigating, and we expect that such expenses will continue to increase as our business grows and we face increasing public scrutiny. Regardless of the outcome of any legal proceeding, any injuries to, or deaths of, any riders, drivers or third parties could result in negative publicity and harm to our brand, reputation, business, financial condition and results of operations. Our insurance policies and programs may not provide sufficient coverage to adequately mitigate the potential liability we face, especially where any one incident, or a group of incidents, could cause disproportionate harm, and we may have to pay high premiums or deductibles for our coverage and, for certain situations, we may not be able to secure coverage at all.

As we expand our network of shared bikes and scooters, we may be subject to an increasing number of claims, lawsuits, investigations or other legal proceedings related to injuries to, or deaths of, riders of our bikes and scooters, including potential indemnification claims. In some cases, we could be required to indemnify governmental entities for claims arising out of issues, including issues that may be outside of our control, such as the condition of the public right of way. Any such claims arising from the use of our bikes and scooters, regardless of merit or outcome, could lead to negative publicity, harm to our reputation and brand, significant legal, regulatory or financial exposure or decreased use of our bikes and scooters. Further, the bikes and scooters we design and contract to manufacture using third-party suppliers and manufacturers, including certain assets and components we design and have manufactured for us, could contain design or manufacturing defects, which could also lead to injuries or death to riders. There can be no assurance we will be able to detect, prevent, or fix all defects, and failure to do so could harm our reputation and brand or result in personal injury or products liability claims or regulatory proceedings. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

Our bikes and scooters may experience quality problems from time to time, which could result in product recalls and removal from service, injuries, litigation, enforcement actions and regulatory proceedings, and could adversely affect our business, brand, financial condition and results of operations.

We design, contract to design and manufacture, and directly and indirectly modify, maintain and repair, bikes and scooters for our network of shared bikes and scooters. Such bikes and scooters may contain defects in their design, materials and construction, may be improperly maintained or repaired or may be subject to vandalism. These defects, improper maintenance or repair or vandalism have in the past unexpectedly interfered, and could in the future unexpectedly interfere, with the intended operations of the bikes or scooters, and have resulted, and could in the future result, in other safety concerns, including alleged injuries to riders or third parties. Although we, our contract manufacturers and our third-party service providers test our bikes and scooters before they are deployed onto our network, there can be no assurance we will be able to detect or prevent all defects.

Failure to detect, prevent or fix defects and vandalism, or to properly maintain or repair our bikes and scooters could result in a variety of consequences including product recalls and removal from service, injuries, litigation, enforcement actions and regulatory proceedings. The occurrence of real or perceived quality problems or material defects in our current or future bikes and scooters could result in negative publicity, regulatory proceedings, enforcement actions or lawsuits filed against us, particularly if riders or third parties are injured. Even if injuries to riders or third parties are not the result of any defects in, vandalism of, or the failure to properly maintain or repair our bikes or scooters, we may incur expenses to defend or settle any claims and our brand and reputation may be harmed. Any of the foregoing risks could also result in decreased usage of our network of shared bikes and scooters and adversely affect our business, brand, financial conditions and results of operations.

Our revenue growth rate and financial performance in recent periods may not be indicative of future performance and such revenue growth rate or growth in demand for our offerings may slow over time.

We have grown rapidly over the last several years, and therefore, our recent revenue growth rate and financial performance should not be considered indicative of our future performance. In 2019, 2018 and 2017, our revenue was \$3.6 billion, \$2.2 billion and \$1.1 billion, respectively, representing a 68% growth rate from 2018 to 2019 and a 103% growth rate from 2017 to 2018. You should not rely on our revenue for any previous quarterly or annual period as any indication of our revenue or revenue growth in future periods. As we grow our business, our revenue growth rates will slow in future periods due to a number of reasons, which may include slowing demand for our offerings, increasing competition, a decrease in the growth of our overall market or market saturation, increasing regulatory costs and challenges and our failure to capitalize on growth opportunities.

If we fail to effectively manage our growth, our business, financial condition and results of operations could be adversely affected.

Since 2012, we have experienced rapid growth in our business, the number of users on our platform and our geographic reach, and we expect to continue to experience growth in the future. For example, the number of our full-time employees has increased from 2,708 as of December 31, 2017, to 5,683 as of December 31, 2019, and the number of Active Riders has increased from 14.2 million for the quarter ended March 31, 2018, to 22.9 million for the quarter ended December 31, 2019. Employee growth has occurred both at our San Francisco headquarters and in a number of our offices across the United States and internationally. This growth has placed, and may continue to place, significant demands on our management and our operational and financial infrastructure. Our ability to manage our growth effectively and to integrate new employees, technologies and acquisitions into our existing business will require us to continue to expand our operational and financial infrastructure and to continue to retain, attract, train, motivate and manage employees. Continued growth could strain our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train and retain highly skilled personnel and maintain user satisfaction. Additionally, if we do not effectively manage the growth of our business and operations, the quality of our offerings could suffer, which could negatively affect our reputation and brand, business, financial condition and results of operations.

Any actual or perceived security or privacy breach could interrupt our operations, harm our brand and adversely affect our reputation, brand, business, financial condition and results of operations.

Our business involves the collection, storage, processing and transmission of our users' personal data and other sensitive data. An increasing number of organizations, including large online and off-line merchants and businesses, other large Internet companies, financial institutions and government institutions, have disclosed breaches of their information security systems and other information security incidents, some of which have involved sophisticated and highly targeted attacks. Because techniques used to obtain unauthorized access to or to sabotage information systems change frequently and may not be known until launched against us, we may be unable to anticipate or prevent these attacks. Unauthorized parties have in the past gained access, and may in the future gain access, to our systems or facilities through various means, including gaining unauthorized access into our systems or facilities or those of our service providers, partners or users on our platform, or attempting to fraudulently induce our employees, service providers, partners, users or others into disclosing rider names, passwords, payment card information or other sensitive information, which may in turn be used to access our information technology systems, or attempting to fraudulently induce our employees, partners or others into manipulating payment information, resulting in the fraudulent transfer of funds to criminal actors. In addition, users on our platform could have vulnerabilities on their own mobile devices that are entirely unrelated to our systems and platform, but could mistakenly attribute their own vulnerabilities to us. Further, breaches experienced by other companies may also be leveraged against us. For example, credential stuffing attacks are becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent. Certain efforts may be state-sponsored or supported by significant financial and technological resources, making them even more difficult to detect.

Although we have developed systems and processes that are designed to protect our users' data, prevent data loss and prevent other security breaches, these security measures cannot guarantee security. Our information technology and infrastructure may be vulnerable to cyberattacks or security breaches, and third parties may be able to access our users' personal information and payment card data that are accessible through those systems. Additionally, as we expand our operations, including having employees or third party relationships in jurisdictions outside the United States, our exposure to cyberattacks or security breaches may increase. Further, employee error, malfeasance or other errors in the storage, use or transmission of personal information could result in an actual or perceived privacy or security breach or other security incident. Although we have policies restricting the access to the personal information we store, our employees have been accused in the past of violating these policies and we may be subject to these types of accusations in the future.

Any actual or perceived breach of privacy or security could interrupt our operations, result in our platform being unavailable, result in loss or improper disclosure of data, result in fraudulent transfer of funds, harm our reputation and brand, damage our relationships with third-party partners, result in significant legal, regulatory and financial exposure and lead to loss of driver or rider confidence in, or decreased use of, our platform, any of which could adversely affect our business, financial condition and results of operations. Any breach of privacy or security impacting any entities with which we share or disclose data (including, for example, our third-party technology providers) could have similar effects. In addition, any actual or perceived breach of security in any autonomous vehicles, whether ours or our competitors', could result in legal, regulatory and financial exposure and lead to loss of rider confidence in our platform, which could significantly undermine our business strategy. Further, any cyberattacks or security and privacy breaches directed at our competitors could reduce confidence in the ridesharing industry as a whole and, as a result, reduce confidence in us.

Additionally, defending against claims or litigation based on any security breach or incident, regardless of their merit, could be costly and divert management's attention. We cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities actually incurred, that insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our reputation, brand, business, financial condition and results of operations.

Changes in laws or regulations relating to privacy, data protection or the protection or transfer of personal data, or any actual or perceived failure by us to comply with such laws and regulations or any other obligations relating to privacy, data protection or the protection or transfer of personal data, could adversely affect our business.

We receive, transmit and store a large volume of personally identifiable information and other data relating to the users on our platform. Numerous local, municipal, state, federal and international laws and regulations address privacy, data protection and the collection, storing, sharing, use, disclosure and protection of certain types of data, including the California Online Privacy Protection Act, the Personal Information Protection and Electronic Documents Act, the Controlling the Assault of Non-Solicited Pornography and Marketing Act, Canada's Anti-Spam Law, the Telephone Consumer Protection Act of 1991, or TCPA, the U.S. Federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, Section 5(c) of the Federal Trade Commission Act, and, effective as of January 1, 2020, the California Consumer Privacy Act, or CCPA. These laws, rules and regulations evolve frequently and their scope may continually change, through new legislation, amendments to existing legislation and changes in enforcement, and may be inconsistent from one jurisdiction to another. For example, the CCPA, which became operative on January 1, 2020, requires new disclosures to California consumers and affords such consumers new abilities to opt-out of certain sales of personal information. The CCPA provides for fines of up to \$7,500 per violation, which can be applied on a per-consumer basis. Aspects of the CCPA and its interpretation and enforcement remain unclear. The effects of this legislation potentially are far-reaching, however, and may require us to further modify our data processing practices and policies and incur additional compliance-related costs and expenses. The CCPA and other changes in laws or regulations relating to privacy, data protection and information security, particularly any new or modified laws or regulations that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer or disclosure, could greatly increase the cost of providing our offerings, require significant changes to our operations or even prevent us from providing certain offerings in jurisdictions in which we currently operate and in which we may operate in the future.

Further, as we continue to expand our platform offerings and user base, we may become subject to additional privacy-related laws and regulations. For example, the collection and storage of data in connection with the use of our Concierge Platform by healthcare transportation partners subjects us to compliance requirements under HIPAA. HIPAA and its implementing regulations contain requirements regarding the use, collection, security, storage and disclosure of individuals' protected health information, or PHI. In 2009, HIPAA was amended by the HITECH Act to impose certain of HIPAA's privacy and security requirements directly upon business associates of covered entities. Contracted healthcare entities including healthcare providers, health plans, and transportation brokers using our Concierge offering are either covered entities or business associates under HIPAA. We must also comply with HIPAA as we use and disclose the PHI of riders in our capacity as a business associate of other contracted healthcare entities. Compliance obligations under HIPAA include privacy, security and breach notification obligations, and could subject us to increased liability for any unauthorized uses or disclosures of PHI determined to be a "breach." If we knowingly breach the HITECH Act's requirements, we could be exposed to criminal liability. A breach of our safeguards and processes could expose us to civil penalties that range from \$100 - \$50,000 per violation, with an annual maximum per violation calendar year cap of \$1.5 million for identical incidences and the possibility of civil litigation.

Additionally, we have incurred, and may continue to incur, significant expenses in an effort to comply with privacy, data protection and information security standards and protocols imposed by law, regulation, industry standards or contractual obligations. In particular, with laws and regulations such as the CCPA imposing new and relatively burdensome obligations, and with substantial uncertainty over the interpretation and application of these and other laws and regulations, we may face challenges in addressing their requirements and making necessary changes to our policies and practices, and may incur significant costs and expenses in an effort to do so. In particular, with regard to HIPAA, we may incur increased costs as we perform our obligations to our healthcare customers under our agreements with them.

Despite our efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection and information security, it is possible that our practices, offerings or platform could be inconsistent with, or fail or be alleged to fail to meet all requirements of, such laws, regulations or obligations. Our failure, or the failure by our third-party providers or partners, to comply with applicable laws or regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in unauthorized access to, or use or release of personally identifiable information or other driver or rider data, or the perception that any of the foregoing types of failure or compromise has occurred, could damage our reputation, discourage new and existing drivers and riders from using our platform or result in fines or proceedings by governmental agencies and private claims and litigation, any of which could adversely affect our business, financial condition and results of operations. Even if not subject to legal challenge, the perception of privacy concerns, whether or not valid, may harm our reputation and brand and adversely affect our business, financial condition and results of operations.

As we expand our platform offerings, we may become subject to additional laws and regulations, and any actual or perceived failure by us to comply with such laws and regulations or manage the increased costs associated with such laws and regulations could adversely affect our business, financial condition and results of operations.

As we continue to expand our platform offerings and user base, we may become subject to additional laws and regulations, which may differ or conflict from one jurisdiction to another. Many of these laws and regulations were adopted prior to the advent of our industry and related technologies and, as a result, do not contemplate or address the unique issues faced by our industry.

For example, the use of our Concierge offering by healthcare contracted entities and transportation brokers with which we partner may subject us to certain healthcare-related laws and regulations. These laws and regulations may impose additional requirements on us, our employees and the drivers on our platform providing rides to such healthcare transportation partners. With respect to drivers, such additional requirements include fingerprinting and specialized training and drug testing and with respect to us, additional requirements related to processing of payments, the collection and storage of data and systems infrastructure design, all of which could increase the costs associated with our offerings to healthcare transportation partners. With respect to our healthcare rides provided to Medicaid or Medicare Advantage beneficiaries, we are subject to healthcare fraud, waste and abuse laws that impose penalties for violations where significant violations could lead to our loss of provider enrollment status and that could potentially result in exclusion from the federal programs as a provider. Further, we may in certain circumstances be or become considered a government contractor with respect to certain of our services, which would expose us to certain risks such as the government's ability to unilaterally terminate contracts, the public sector's budgetary cycles and funding authorization, and the government's administrative and investigatory processes.

Despite our efforts to comply with applicable laws, regulations and other obligations relating to our platform offerings, it is possible that our practices, offerings or platform could be inconsistent with, or fail or be alleged to fail to meet all requirements of, such laws, regulations or obligations. Our failure, or the failure by our third-party providers or partners, to comply with applicable laws or regulations or any other obligations relating to our platform offerings, could harm our reputation and brand, discourage new and existing drivers and riders from using our platform, lead to refunds of rider fares or result in fines or proceedings by governmental agencies or private claims and litigation, any of which could adversely affect our business, financial condition and results of operations.

We primarily rely on Amazon Web Services to deliver our offerings to users on our platform, and any disruption of or interference with our use of Amazon Web Services could adversely affect our business, financial condition and results of operations.

We currently host our platform and support our operations using Amazon Web Services, or AWS, a third-party provider of cloud infrastructure services. We do not have control over the operations of the facilities of AWS that we use. AWS' facilities are vulnerable to damage or interruption from natural disasters, cybersecurity attacks, terrorist attacks, power outages and similar events or acts of misconduct. Our platform's continuing and uninterrupted performance is critical to our success. We have experienced, and expect that in the future we will experience, interruptions, delays and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. In addition, any changes in AWS' service levels may adversely affect our ability to meet the requirements of users. Since our platform's continuing and uninterrupted performance is critical to our success, sustained or repeated system failures would reduce the attractiveness of our offerings. It may become increasingly difficult to maintain and improve our performance, especially during peak usage times, as we expand and the usage of our offerings increases. Any negative publicity arising from these disruptions could harm our reputation and brand and may adversely affect the usage of our offerings.

Our commercial agreement with AWS will remain in effect until terminated by AWS or us. AWS may only terminate the agreement for convenience after March 31, 2022, and only after complying with certain advance notice requirements. AWS may also terminate the agreement for cause upon a breach of the agreement or for failure to pay amounts due, in each case, subject to AWS providing prior written notice and a 30-day cure period. In the event that our agreement with AWS is terminated or we add additional cloud infrastructure service providers, we may experience significant costs or downtime in connection with the transfer to, or the addition of, new cloud infrastructure service providers. Any of the above circumstances or events may harm our reputation and brand, reduce the availability or usage of our platform, lead to a significant short term loss of revenue, increase our costs and impair our ability to attract new users, any of which could adversely affect our business, financial condition and results of operations.

In January 2019, we entered into an addendum to our commercial agreement with AWS, pursuant to which we committed to spend an aggregate of at least \$300 million between January 2019 and December 2021 on AWS services. If we fail to meet the minimum purchase commitment during any year, we may be required to pay the difference, which could adversely affect our financial condition and results of operations.

We rely on third-party and affiliate vehicle rental partners for our Express Drive program, and if we cannot manage our relationships with such parties and other risks related to our Express Drive and Lyft Rentals program, our business, financial condition and results of operations could be adversely affected.

We rely on third-party and affiliate vehicle rental partners as well as third-party vehicle supply, fleet management and finance partners to supply vehicles to drivers for our Express Drive program. If any of our third-party vehicle rental partners or third-party vehicle supply, fleet management and finance partners terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, the availability of vehicles for drivers in certain markets could be adversely impacted, and we may need to find an alternate provider, and may not be able to secure similar terms or replace such partners in an acceptable time frame. Similarly, in the event that vehicle manufacturers issue recalls or the supply of vehicles or automotive parts is interrupted, including as a result of any unforeseen public health crises, such as epidemics, affecting vehicles in these partners' fleets, the supply of vehicles available from these partners could become constrained. For example, in September 2019, GM issued a recall affecting the 2018 Chevy Malibu, which affected a moderate portion of the fleet provided by Lyft's rental partners. If we cannot find alternate third-party vehicle rental providers on terms acceptable to us, or these partners' or Lyft's fleets are impacted by events such as vehicle recalls, we may not be able to meet the driver and consumer demand for rental vehicles, and as a result, our platform may be less attractive to qualified drivers and consumers. In addition, due to a number of factors, including our agreements with our vehicle rental partners and our auto-related insurance program, we incur an incrementally higher insurance cost from our Express Drive program compared to the corresponding cost from the rest of our ridesharing marketplace offerings. On February 7, 2020, Lyft acquired one of the rental partners in the Express Drive program, Flexdrive, as a wholly-owned subsidiary of Lyft. Under an agreement with Flexdrive, we are required to pay the potential shortfalls between Flexdrive's fleet operating costs and rental fees collected from drivers. If we are unable to manage these higher costs and minimize these shortfalls, we may update the pricing methodologies related to our Express Drive program which could increase prices, and in turn adversely affect our ability to attract and retain qualified drivers and riders.

Any negative publicity related to any of our third-party and affiliate vehicle rental partners, including publicity related to quality standards or safety concerns, could adversely affect our reputation and brand and could potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

Our fleet of cars exposes us to certain risks, including with respect to decreases in the residual value of vehicles in our fleet.

For the Lyft Rentals consumer car rental business and, through our subsidiary Flexdrive, for our Express Drive program, we source a portion of our fleet from a range of auto manufacturers. To the extent that any of these auto manufacturers significantly curtail production, increase the cost of purchasing cars or decline to sell cars to us on terms or at prices consistent with past agreements, despite sourcing vehicles from the used car market and other efforts to mitigate, we may be unable to obtain a sufficient number of vehicles to operate our Express Drive or Lyft Rentals businesses without significantly increasing our fleet costs or reducing our volumes.

The costs of our fleet vehicles may also be adversely impacted by the relative strength of the used car market. We currently sell vehicles through auctions, third-party resellers and other channels in the used vehicle marketplace. Such channels may not produce stable used vehicle prices. It is difficult to estimate the residual value of vehicles used in ridesharing, such as those rented to drivers through our Express Drive program. A reduction in residual values for vehicles in our fleet could cause us to sustain a substantial loss on the ultimate sale of such vehicles or require us to depreciate those vehicles at a more accelerated rate while we own them. If we are unable to obtain and maintain our fleet of vehicles cost-efficiently or if we are unable to accurately forecast the residual values of vehicles in our fleet, our business, financial condition and results of operations could be adversely affected.

We rely on third-party payment processors to process payments made by riders and payments made to drivers on our platform, and if we cannot manage our relationships with such third parties and other payment-related risks, our business, financial condition and results of operations could be adversely affected.

We rely on a limited number of third-party payment processors to process payments made by our riders and payments made to drivers on our platform. If any of our third-party payment processors terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we would need to find an alternate payment processor, and may not be able to secure similar terms or replace such payment processor in an acceptable time frame. Further, the software and services provided by our third-party payment processors may not meet our expectations, contain errors or vulnerabilities, be compromised or experience outages. Any of these risks could cause us to lose our ability to accept online payments or other payment transactions or make timely payments to drivers on our platform, any of which could make our platform less convenient and attractive to users and adversely affect our ability to attract and retain qualified drivers and riders.

Nearly all of our riders' payments are made by credit card, debit card or through third-party payment services, which subjects us to certain payment network or service provider operating rules, to certain regulations and to the risk of fraud. We may in the future offer new payment options to riders that may be subject to additional operating rules, regulations and risks. We may be also subject to a number of other laws and regulations relating to the payments we accept from our riders, including with respect to money laundering, money transfers, privacy and information security. If we fail to comply with applicable rules and regulations, we may be subject to civil or criminal penalties, fines or higher transaction fees and may lose our ability to accept online payments or other payment card transactions, which could make our offerings less convenient and attractive to our riders. If any of these events were to occur, our business, financial condition and results of operations could be adversely affected.

For example, if we are deemed to be a money transmitter as defined by applicable regulation, we could be subject to certain laws, rules and regulations enforced by multiple authorities and governing bodies in the United States and numerous state and local agencies who may define money transmitter differently. For example, certain states may have a more expansive view of who qualifies as a money transmitter. Additionally, outside of the United States, we could be subject to additional laws, rules and regulations related to the provision of payments and financial services, and if we expand into new jurisdictions, the foreign regulations and regulators governing our business that we are subject to will expand as well. If we are found to be a money transmitter under any applicable regulation and we are not in compliance with such regulations, we may be subject to fines or other penalties in one or more jurisdictions levied by federal or state or local regulators, including state Attorneys General, as well as those levied by foreign regulators. In addition to fines, penalties for failing to comply with applicable rules and regulations could include criminal and civil proceedings, forfeiture of significant assets or other enforcement actions. We could also be required to make changes to our business practices or compliance programs as a result of regulatory scrutiny.

Additionally, our payment processors require us to comply with payment card network operating rules, which are set and interpreted by the payment card networks. The payment card networks could adopt new operating rules or interpret or re-interpret existing rules in ways that might prohibit us from providing certain offerings to some users, be costly to implement or difficult to follow. We have agreed to reimburse our payment processors for fines they are assessed by payment card networks if we or the users on our platform violate these rules. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

We rely on other third-party service providers and if such third parties do not perform adequately or terminate their relationships with us, our costs may increase and our business, financial condition and results of operations could be adversely affected.

Our success depends in part on our relationships with other third-party service providers. For example, we rely on third-party encryption and authentication technologies licensed from third parties that are designed to securely transmit personal information provided by drivers and riders on our platform. Further, from time to time, we enter into strategic commercial partnerships in connection with the development of new technology, the growth of our qualified driver base, the provision of new or enhanced offerings for users on our platform and our expansion into new markets. If any of our partners terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we would need to find an alternate provider, and may not be able to secure similar terms or replace such providers in an acceptable time frame. We also rely on other software and services supplied by third parties, such as communications and internal software, and our business may be adversely affected to the extent such software and services do not meet our expectations, contain errors or vulnerabilities, are compromised or experience outages. Any of these risks could increase our costs and adversely affect our business, financial condition and results of operations. Further, any negative publicity related to any of our third-party partners, including any publicity related to quality standards or safety concerns, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure.

We incorporate technology from third parties into our platform. We cannot be certain that our licensors are not infringing the intellectual property rights of others or that the suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may operate. Some of our license agreements may be terminated by our licensors for convenience. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our ability to develop our platform containing that technology could be severely limited and our business could be harmed. Additionally, if we are unable to obtain necessary technology from third parties, we may be forced to acquire or develop alternate technology, which may require significant time and effort and may be of lower quality or performance standards. This would limit and delay our ability to provide new or competitive offerings and increase our costs. If alternate technology cannot be obtained or developed, we may not be able to offer certain functionality as part of our offerings, which could adversely affect our business, financial condition and results of operations.

If we are not able to successfully develop new offerings on our platform and enhance our existing offerings, our business, financial condition and results of operations could be adversely affected.

Our ability to attract new qualified drivers and new riders, retain existing qualified drivers and existing riders and increase utilization of our offerings will depend in part on our ability to successfully create and introduce new offerings and to improve upon and enhance our existing offerings. As a result, we may introduce significant changes to our existing offerings or develop and introduce new and unproven offerings. For example, in 2018, we launched our scooter sharing offering on our platform in certain markets. If these new or enhanced offerings are unsuccessful, including as a result of any inability to obtain and maintain required permits or authorizations or other regulatory constraints or because they fail to generate sufficient return on our investments, our business, financial condition and results of operations could be adversely affected. Furthermore, new driver or rider demands regarding service or platform features, the availability of superior competitive offerings or a deterioration in the quality of our offerings or our ability to bring new or enhanced offerings to market quickly and efficiently could negatively affect the attractiveness of our platform and the economics of our business and require us to make substantial changes to and additional investments in our offerings or our business model. In addition, we frequently experiment with and test different offerings and marketing strategies. If these experiments and tests are unsuccessful, or if the offerings and strategies we introduce based on the results of such experiments and tests do not perform as expected, our ability to attract new qualified drivers and new riders, retain existing qualified drivers and existing riders and maintain or increase utilization of our offerings may be adversely affected.

Developing and launching new offerings or enhancements to the existing offerings on our platform involves significant risks and uncertainties, including risks related to the reception of such offerings by existing and potential future drivers and riders, increases in operational complexity, unanticipated delays or challenges in implementing such offerings or enhancements, increased strain on our operational and internal resources (including an impairment of our ability to accurately forecast rider demand and the number of drivers using our platform) and negative publicity in the event such new or enhanced offerings are perceived to be unsuccessful. We have scaled our business rapidly, and significant new initiatives have in the past resulted in, and in the future may result in, operational challenges affecting our business. In addition, developing and launching new offerings and enhancements to our existing offerings may involve significant up-front capital investments and such investments may not generate return on investment. Any of the foregoing risks and challenges could negatively impact our ability to attract and retain qualified drivers and riders, our ability to increase utilization of our offerings and our visibility into expected results of operations, and could adversely affect our business, financial condition and results of operations. Additionally, since we are focused on building our community and ecosystems for the long-term, our near-term results of operations may be impacted by our investments in the future.

If we are unable to successfully manage the complexities associated with our expanding multimodal platform, our business, financial condition and results of operations could be adversely affected.

Our expansion into bike and scooter sharing, other modes of transportation and vehicle rental programs has increased the complexity of our business. These new offerings have required us to develop new expertise and marketing and operational strategies, and have subjected us to new laws, regulations and risks. For example, we face the risk that our network of shared bikes and scooters, our Nearby Transit offering, which integrates third-party public transit data into the Lyft App, and other future transportation offerings could reduce the use of our ridesharing offering. If we are unable to successfully manage the complexities associated with our expanding multimodal platform, including the effects our new and evolving offerings have on our existing business, our business, financial condition and results of operations could be adversely affected.

Our metrics and estimates, including the key metrics included in this report, are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may harm our reputation and negatively affect our business.

We regularly review and may adjust our processes for calculating our metrics used to evaluate our growth, measure our performance and make strategic decisions. These metrics are calculated using internal company data and have not been evaluated by a third party. Our metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or the assumptions on which we rely, and we may make material adjustments to our processes for calculating our metrics in order to enhance accuracy, because better information becomes available or other reasons, which may result in changes to our metrics. The estimates and forecasts we disclose relating to the size and expected growth of our addressable market may prove to be inaccurate. Even if the markets in which we compete meet the size estimates and growth we have forecasted, our business could fail to grow at similar rates, if at all. If investors or analysts do not consider our metrics to be accurate representations of our business, or if we discover material inaccuracies in our metrics, then the trading price of our Class A common stock and our business, financial condition and results of operations could be adversely affected.

Our marketing efforts to help grow our business may not be effective.

Promoting awareness of our offerings is important to our ability to grow our business and to attract new qualified drivers and new riders and can be costly. We believe that much of the growth in our rider base and the number of drivers on our platform is attributable to our paid marketing initiatives. Our marketing efforts currently include referrals, affiliate programs, free or discount trials, partnerships, display advertising, television, billboards, radio, video, content, direct mail, social media, email, hiring and classified advertisement websites, mobile “push” communications, search engine optimization and keyword search campaigns. Our marketing initiatives may become increasingly expensive and generating a meaningful return on those initiatives may be difficult. Even if we successfully increase revenue as a result of our paid marketing efforts, it may not offset the additional marketing expenses we incur.

If our marketing efforts are not successful in promoting awareness of our offerings or attracting new qualified drivers and new riders, or if we are not able to cost-effectively manage our marketing expenses, our results of operations could be adversely affected. If our marketing efforts are successful in increasing awareness of our offerings, this could also lead to increased public scrutiny of our business and increase the likelihood of third parties bringing legal proceedings against us. Any of the foregoing risks could harm our business, financial condition and results of operations.

Any failure to offer high-quality user support may harm our relationships with users and could adversely affect our reputation, brand, business, financial condition and results of operations.

Our ability to attract and retain qualified drivers and riders is dependent in part on the ease and reliability of our offerings, including our ability to provide high-quality support. Users on our platform depend on our support organization to resolve any issues relating to our offerings, such as being overcharged for a ride, leaving something in a driver’s vehicle or reporting a safety incident. Our ability to provide effective and timely support is largely dependent on our ability to attract and retain service providers who are qualified to support users and sufficiently knowledgeable regarding our offerings. Our number of Active Riders has increased from 14.2 million for the quarter ended March 31, 2018 to 22.9 million for the quarter ended December 31, 2019. As we continue to grow our business and improve our offerings, we will face challenges related to providing quality support services at scale. If we grow our international rider base and the number of international drivers on our platform, our support organization will face additional challenges, including those associated with delivering support in languages other than English. Any failure to provide efficient user support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, brand, business, financial condition and results of operations.

Failure to deal effectively with fraud could harm our business.

We have in the past incurred, and may in the future incur, losses from various types of fraud, including use of stolen or fraudulent credit card data, claims of unauthorized payments by a rider, attempted payments by riders with insufficient funds and fraud committed by riders in concert with drivers. Bad actors use increasingly sophisticated methods to engage in illegal activities involving personal information, such as unauthorized use of another person’s identity, account information or payment information and unauthorized acquisition or use of credit or debit card details, bank account information and mobile phone numbers and accounts. Under current card payment practices, we may be liable for rides facilitated on our platform with fraudulent credit card data, even if the associated financial institution approved the credit card transaction. Despite measures that we have taken to detect and reduce the occurrence of fraudulent or other malicious activity on our platform, we cannot guarantee that any of our measures will be effective or will scale efficiently with our business. Our inability to adequately detect or prevent fraudulent transactions could harm our reputation or brand, result in litigation or regulatory action and lead to expenses that could adversely affect our business, financial condition and results of operations.

We have also incurred, and may in the future incur, losses from fraud and other misuse of our platform by drivers and riders. For example, we have experienced reduced revenue from actual and alleged unauthorized rides fulfilled and miles traveled in connection with our Concierge offering. If we are unable to adequately anticipate and address such misuse either through increased controls, platform solutions or other means, our partner relationships, business, financial condition and results of operations could be adversely affected.

We face the risk of litigation resulting from unauthorized text messages sent in violation of the Telephone Consumer Protection Act.

The actual or perceived improper sending of text messages may subject us to potential risks, including liabilities or claims relating to consumer protection laws. For example, the TCPA restricts telemarketing and the use of automated SMS text messages without proper consent. This has resulted and may in the future result in civil claims against us. The scope and interpretation of the laws that are or may be applicable to the delivery of text messages are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations, we could face direct liability and our business, financial condition and results of operations could be adversely affected.

If we fail to effectively match riders on our Shared and Shared Saver Rides offering and manage the related pricing methodologies, our business, financial condition and results of operations could be adversely affected.

Shared and Shared Saver Rides enables unrelated parties traveling along similar routes to benefit from a discounted fare at the cost of possibly longer travel times. With a Shared or Shared Saver Ride, when the first rider requests a ride, our algorithms use the first rider's destination and attempt to match them with other riders traveling along a similar route. If a match between riders is made, our algorithms re-route the driver to include the pick-up location of the matched rider on the active route. For Shared and Shared Saver Rides, drivers earn a fixed amount based on a number of factors, including the time and distance of the ride, the base fare charged to riders and the level of rider demand. We determine the rider fare based on the predicted time and distance of the ride, the level of rider demand and the likelihood of being able to match additional riders along the given route, and such fare is quoted to the riders prior to their commitment to the ride. The fare charged to the riders is decoupled from the payment made to the driver as we do not adjust the driver payment based on the success or failure of a match. Accordingly, if the discounted fare quoted and charged to our Shared or Shared Saver Rides riders is less than the fixed amount that drivers earn or if our algorithms are unable to consistently match Shared or Shared Saver Rides riders, then our business, financial condition and results of operations could be adversely affected.

If we fail to effectively manage our up-front pricing methodology, our business, financial condition and results of operations could be adversely affected.

With the adoption of our up-front pricing methodology, we quote a price to riders of our ridesharing offering before they request a ride. We earn fees from drivers either as the difference between an amount paid by a rider based on an up-front quoted fare and the amount earned by a driver based on the actual time and distance for the trip or as a fixed percentage of the fare charged to the rider, in each case, less any applicable driver incentives and any pass-through amounts paid to drivers and regulatory agencies. As we do not control the driver's actions at any point in the transaction to limit the time and distance for the trip, we take on risks related to the driver's actions which may not be fully mitigated. We may incur a loss from a transaction where an up-front quoted fare paid by a rider is less than the amount we committed to pay a driver. In addition, our riders' price sensitivity varies by geographic location, among other factors, and if we are unable to effectively account for such variability in our up-front prices, our ability to compete effectively in these locations could be adversely affected. If we are unable to effectively manage our up-front pricing methodology in conjunction with our existing and future pricing and incentive programs, our business, financial condition and results of operations could be adversely affected.

Systems failures and resulting interruptions in the availability of our website, applications, platform or offerings could adversely affect our business, financial condition and results of operations.

Our systems, or those of third parties upon which we rely, may experience service interruptions or degradation because of hardware and software defects or malfunctions, distributed denial-of-service and other cyberattacks, human error, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses, ransomware, malware or other events. Our systems also may be subject to break-ins, sabotage, theft and intentional acts of vandalism, including by our own employees. Some of our systems are not fully redundant and our disaster recovery planning may not be sufficient for all eventualities. Our business interruption insurance may not be sufficient to cover all of our losses that may result from interruptions in our service as a result of systems failures and similar events.

We have experienced and will likely continue to experience system failures and other events or conditions from time to time that interrupt the availability or reduce or affect the speed or functionality of our offerings. These events have resulted in, and similar future events could result in, losses of revenue. A prolonged interruption in the availability or reduction in the availability, speed or other functionality of our offerings could adversely affect our business and reputation and could result in the loss of users. Moreover, to the extent that any system failure or similar event results in harm or losses to the users using our platform, we may make voluntary payments to compensate for such harm or the affected users could seek monetary recourse or contractual remedies from us for their losses and such claims, even if unsuccessful, would likely be time-consuming and costly for us to address.

We have incurred debt and may in the future incur additional indebtedness. Our payment obligations under such indebtedness may limit the funds available to us, and the terms of our debt agreements may restrict our flexibility in operating our business or otherwise adversely affect our results of operations.

In connection with our acquisition of Flexdrive, which is now a wholly-owned subsidiary, we assumed certain indebtedness. As of February 7, 2020, our subsidiary, Flexdrive, had a line of credit of \$300 million, of which approximately \$104 million was outstanding, pursuant to a loan and security agreement, with Hyundai Capital America (“HCA”). We also guarantee Flexdrive’s obligations under a vehicle lease agreement with Automotive Rentals, Inc. (“ARI”) and a master vehicle acquisition financing and security agreement with ARI (the “ARI Loan Agreement”). As of February 7, 2020, the carrying value of all vehicles leased and loaned pursuant to the ARI Lease Agreement and the ARI Loan Agreement was approximately \$106 million.

We may be required to use a substantial portion of our cash flows from operations to pay interest and principal on our current and prospective indebtedness. Such payments will reduce the funds available to us for working capital, capital expenditures, and other corporate purposes and limit our ability to obtain additional financing for working capital, capital expenditures, expansion plans, and other investments. We cannot assure you that our business will generate sufficient cash flow from operations or that future financing will be available to us in amounts sufficient to enable us to make required and timely payments on our indebtedness, or to fund our operations. To date, we have used a substantial amount of cash for operating activities, and we cannot assure you when we will begin to generate cash from operating activities in amounts sufficient to cover our debt service obligations.

In addition, under certain of our and our subsidiary’s existing debt instruments, we and Flexdrive are subject to limitations regarding our business and operations, including limitations on Flexdrive’s ability to enter into certain acquisitions or consolidations or engage in certain asset dispositions. Any debt financing secured by us in the future could involve additional restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital to pursue business opportunities, including potential acquisitions or divestitures. Any default under our debt arrangements could require that we repay our loans immediately, and may limit our ability to obtain additional financing, which in turn may have an adverse effect on our cash flows and liquidity.

We may require additional capital, which may not be available on terms acceptable to us or at all.

Historically, we have funded our capital-intensive operations and capital expenditures primarily through equity issuances and cash generated from our operations. To support our growing business, we must have sufficient capital to continue to make significant investments in our offerings. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to those of our Class A common stock, and our existing stockholders may experience dilution. As described above, we have in the past secured debt financing which has resulted in fixed obligations and certain restrictive covenants, and any debt financing secured by us in the future would result in increased fixed obligations and could involve additional restrictive covenants relating to our capital-raising activities and other financial and operational matters, as well as liens on some or all of our assets, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. Further, the London Interbank Offered Rate (LIBOR) is expected to be phased out as a benchmark by the end of 2021. If new methods of calculating LIBOR are established or if other benchmark rates used to price indebtedness or investments are established, the terms of any existing or future indebtedness or investments may be negatively impacted, resulting in increased interest expense or lower than expected interest income.

We evaluate financing opportunities from time to time, and our ability to obtain financing will depend, among other things, on our development efforts, business plans and operating performance and the condition of the capital markets at the time we seek financing. We cannot be certain that additional financing will be available to us on favorable terms, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited, and our business, financial condition and results of operations could be adversely affected.

Our company culture has contributed to our success and if we cannot maintain this culture as we grow, our business could be harmed.

We believe that our company culture, which promotes authenticity, empathy and support for others, has been critical to our success. We face a number of challenges that may affect our ability to sustain our corporate culture, including:

- failure to identify, attract, reward and retain people in leadership positions in our organization who share and further our culture, values and mission;
- the increasing size and geographic diversity of our workforce;
- competitive pressures to move in directions that may divert us from our mission, vision and values;

- the continued challenges of a rapidly-evolving industry;
- the increasing need to develop expertise in new areas of business that affect us;
- negative perception of our treatment of employees or our response to employee sentiment related to political or social causes or actions of management; and
- the integration of new personnel and businesses from acquisitions.

If we are not able to maintain our culture, our business, financial condition and results of operations could be adversely affected.

We depend on our key personnel and other highly skilled personnel, and if we fail to attract, retain, motivate or integrate our personnel, our business, financial condition and results of operations could be adversely affected.

Our success depends in part on the continued service of our founders, senior management team, key technical employees and other highly skilled personnel and on our ability to identify, hire, develop, motivate, retain and integrate highly qualified personnel for all areas of our organization. We may not be successful in attracting and retaining qualified personnel to fulfill our current or future needs. Also, all of our U.S.-based employees, including our management team, work for us on an at-will basis, and there is no assurance that any such employee will remain with us. Our competitors may be successful in recruiting and hiring members of our management team or other key employees, and it may be difficult for us to find suitable replacements on a timely basis, on competitive terms or at all. If we are unable to attract and retain the necessary personnel, particularly in critical areas of our business, we may not achieve our strategic goals.

We face intense competition for highly skilled personnel, especially in the San Francisco Bay Area where we have a substantial presence and need for highly skilled personnel. To attract and retain top talent, we have had to offer, and we believe we will need to continue to offer, competitive compensation and benefits packages. Job candidates and existing personnel often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may adversely affect our ability to attract and retain highly qualified personnel. Certain of our employees have received significant proceeds from sales of our equity in private transactions and many of our employees have received and may continue to receive significant proceeds from sales of our equity in the public markets, which may reduce their motivation to continue to work for us. We may need to invest significant amounts of cash and equity to attract and retain new employees and expend significant time and resources to identify, recruit, train and integrate such employees, and we may never realize returns on these investments. If we are unable to effectively manage our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts and employee morale, productivity and retention could suffer, which could adversely affect our business, financial condition and results of operations.

If we are unable to make acquisitions and investments, or successfully integrate them into our business, our business, results of operations and financial condition could be adversely affected.

As part of our business strategy, we will continue to consider a wide array of potential strategic transactions, including acquisitions of businesses, new technologies, services and other assets and strategic investments that complement our business, such as our acquisition of Motivate in November 2018. We have previously acquired and continue to evaluate targets that operate in relatively nascent markets, and as a result, there is no assurance that such acquired businesses will be successfully integrated into our business or generate substantial revenue.

Acquisitions involve numerous risks, any of which could harm our business and negatively affect our financial condition and results of operations, including:

- intense competition for suitable acquisition targets, which could increase acquisition costs and adversely affect our ability to consummate deals on favorable or acceptable terms;
- failure or material delay in closing a transaction;
- transaction-related lawsuits or claims;
- difficulties in integrating the technologies, operations, existing contracts and personnel of an acquired company;
- difficulties in retaining key employees or business partners of an acquired company;
- diversion of financial and management resources from existing operations or alternative acquisition opportunities;
- failure to realize the anticipated benefits or synergies of a transaction;

- failure to identify the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance practices, litigation, revenue recognition or other accounting practices, or employee or user issues;
- risks that regulatory bodies may enact new laws or promulgate new regulations that are adverse to an acquired company or business;
- theft of our trade secrets or confidential information that we share with potential acquisition candidates;
- risk that an acquired company or investment in new offerings cannibalizes a portion of our existing business; and
- adverse market reaction to an acquisition.

If we fail to address the foregoing risks or other problems encountered in connection with past or future acquisitions of businesses, new technologies, services and other assets and strategic investments, or if we fail to successfully integrate such acquisitions or investments, our business, results of operations and financial condition could be adversely affected.

Our business could be adversely impacted by changes in the Internet and mobile device accessibility of users and unfavorable changes in or our failure to comply with existing or future laws governing the Internet and mobile devices.

Our business depends on users' access to our platform via a mobile device and the Internet. We may operate in jurisdictions that provide limited Internet connectivity, particularly as we expand internationally. Internet access and access to a mobile device are frequently provided by companies with significant market power that could take actions that degrade, disrupt or increase the cost of users' ability to access our platform. In addition, the Internet infrastructure that we and users of our platform rely on in any particular geographic area may be unable to support the demands placed upon it. Any such failure in Internet or mobile device accessibility, even for a short period of time, could adversely affect our results of operations.

Moreover, we are subject to a number of laws and regulations specifically governing the Internet and mobile devices that are constantly evolving. Existing and future laws and regulations, or changes thereto, may impede the growth and availability of the Internet and online offerings, require us to change our business practices or raise compliance costs or other costs of doing business. These laws and regulations, which continue to evolve, cover taxation, privacy and data protection, pricing, copyrights, distribution, mobile and other communications, advertising practices, consumer protections, the provision of online payment services, unencumbered Internet access to our offerings and the characteristics and quality of online offerings, among other things. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation and brand a loss in business and proceedings or actions against us by governmental entities or others, which could adversely impact our results of operations.

We rely on mobile operating systems and application marketplaces to make our apps available to the drivers and riders on our platform, and if we do not effectively operate with or receive favorable placements within such application marketplaces and maintain high rider reviews, our usage or brand recognition could decline and our business, financial results and results of operations could be adversely affected.

We depend in part on mobile operating systems, such as Android and iOS, and their respective application marketplaces to make our apps available to the drivers and riders on our platform. Any changes in such systems and application marketplaces that degrade the functionality of our apps or give preferential treatment to our competitors' apps could adversely affect our platform's usage on mobile devices. If such mobile operating systems or application marketplaces limit or prohibit us from making our apps available to drivers and riders, make changes that degrade the functionality of our apps, increase the cost of using our apps, impose terms of use unsatisfactory to us or modify their search or ratings algorithms in ways that are detrimental to us, or if our competitors' placement in such mobile operating systems' application marketplace is more prominent than the placement of our apps, overall growth in our rider or driver base could slow. Our apps have experienced fluctuations in number of downloads in the past, and we anticipate similar fluctuations in the future. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

As new mobile devices and mobile platforms are released, there is no guarantee that certain mobile devices will continue to support our platform or effectively roll out updates to our apps. Additionally, in order to deliver high-quality apps, we need to ensure that our offerings are designed to work effectively with a range of mobile technologies, systems, networks and standards. We may not be successful in developing or maintaining relationships with key participants in the mobile industry that enhance drivers' and riders' experience. If drivers or riders on our platform encounter any difficulty accessing or using our apps on their mobile devices or if we are unable to adapt to changes in popular mobile operating systems, our business, financial condition and results of operations could be adversely affected.

We depend on the interoperability of our platform across third-party applications and services that we do not control.

We have integrations with Google Maps Navigation, Concur, Certify, Expensify and a variety of other productivity, collaboration, travel, data management and security vendors. As our offerings expand and evolve, including as we develop autonomous technology, we may have an increasing number of integrations with other third-party applications, products and services. Third-party applications, products and services are constantly evolving, and we may not be able to maintain or modify our platform to ensure its compatibility with third-party offerings following development changes. In addition, some of our competitors or technology partners may take actions which disrupt the interoperability of our platform with their own products or services, or exert strong business influence on our ability to, and the terms on which we, operate and distribute our platform. As our respective products evolve, we expect the types and levels of competition to increase. Should any of our competitors or technology partners modify their products, standards or terms of use in a manner that degrades the functionality or performance of our platform or is otherwise unsatisfactory to us or gives preferential treatment to competitive products or services, our products, platform, business, financial condition and results of operations could be adversely affected.

Defects, errors or vulnerabilities in our applications, backend systems or other technology systems and those of third-party technology providers could harm our reputation and brand and adversely impact our business, financial condition and results of operations.

The software underlying our platform is highly complex and may contain undetected errors or vulnerabilities, some of which may only be discovered after the code has been released. We rely heavily on a software engineering practice known as “continuous deployment,” which refers to the frequent release of our software code, sometimes multiple times per day. This practice increases the risk that errors and vulnerabilities are present in the software code underlying our platform. The third-party software that we incorporate into our platform may also be subject to errors or vulnerability. Any errors or vulnerabilities discovered in our code or from third-party software after release could result in negative publicity, a loss of users or loss of revenue and access or other performance issues. Such vulnerabilities could also be exploited by malicious actors and result in exposure of data of users on our platform, or otherwise result in a data breach as defined under various laws and regulations. We may need to expend significant financial and development resources to analyze, correct, eliminate or work around errors or defects or to address and eliminate vulnerabilities. Any failure to timely and effectively resolve any such errors, defects or vulnerabilities could adversely affect our business, financial condition and results of operations as well as negatively impact our reputation or brand.

Claims by others that we infringed their proprietary technology or other intellectual property rights could harm our business.

Companies in the Internet and technology industries are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights. In addition, certain companies and rights holders seek to enforce and monetize patents or other intellectual property rights they own, have purchased or otherwise obtained. As we gain an increasingly high public profile and the number of competitors in our market increases, the possibility of intellectual property rights claims against us grows. From time to time third parties may assert, and in the past have asserted, claims of infringement of intellectual property rights against us. See the section titled “Legal Proceedings” for additional information about these types of legal proceedings. In addition, third parties have sent us correspondence regarding various allegations of intellectual property infringement and, in some instances, have initiated licensing discussions. Although we believe that we have meritorious defenses, there can be no assurance that we will be successful in defending against these allegations or reaching a business resolution that is satisfactory to us. Our competitors and others may now and in the future have significantly larger and more mature patent portfolios than us. In addition, future litigation may involve patent holding companies or other adverse patent owners who have no relevant product or service revenue and against whom our own patents may therefore provide little or no deterrence or protection. Many potential litigants, including some of our competitors and patent-holding companies, have the ability to dedicate substantial resources to assert their intellectual property rights. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim, could distract our management from our business and could require us to cease use of such intellectual property. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, we risk compromising our confidential information during this type of litigation. We may be required to pay substantial damages, royalties or other fees in connection with a claimant securing a judgment against us, we may be subject to an injunction or other restrictions that prevent us from using or distributing our intellectual property, or we may agree to a settlement that prevents us from distributing our offerings or a portion thereof, which could adversely affect our business, financial condition and results of operations.

With respect to any intellectual property rights claim, we may have to seek out a license to continue operations found to be in violation of such rights, which may not be available on favorable or commercially reasonable terms and may significantly increase our operating expenses. Some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If a third party does not offer us a license to its intellectual property on reasonable terms, or at all, we may be required to develop alternative, non-infringing technology or other intellectual property, which could require significant time (during which we would be unable to continue to offer our affected offerings), effort and expense and may ultimately not be successful. Any of these events could adversely affect our business, financial condition and results of operations.

Failure to protect or enforce our intellectual property rights could harm our business, financial condition and results of operations.

Our success is dependent in part upon protecting our intellectual property rights and technology (such as code, information, data, processes and other forms of information, knowhow and technology), or intellectual property. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws and contractual restrictions to establish and protect our intellectual property. However, the steps we take to protect our intellectual property may not be sufficient or effective. Even if we do detect violations, we may need to engage in litigation to enforce our rights. Any enforcement efforts we undertake, including litigation, could be time-consuming and expensive and could divert management attention. While we take precautions designed to protect our intellectual property, it may still be possible for competitors and other unauthorized third parties to copy our technology and use our proprietary information to create or enhance competing solutions and services, which could adversely affect our position in our rapidly evolving and highly competitive industry. Some license provisions that protect against unauthorized use, copying, transfer and disclosure of our technology may be unenforceable under the laws of certain jurisdictions and foreign countries. The laws of some countries do not provide the same level of protection of our intellectual property as do the laws of the United States and effective intellectual property protections may not be available or may be limited in foreign countries. As we expand our international activities, our exposure to unauthorized use, copying, transfer and disclosure of proprietary information will likely increase. We may need to expend additional resources to defend our intellectual property rights domestically or internationally, which could impair our business or adversely affect our domestic or international operations. We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with our third-party providers and strategic partners. We cannot assure you that these agreements will be effective in controlling access to, and use and distribution of, our platform and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our offerings. We also enter into strategic partnerships, joint development and other similar agreements with third parties where intellectual property arising from such partnerships may be jointly-owned or may be transferred or licensed to the counterparty. Such arrangements may limit our ability to protect, maintain, enforce or commercialize such intellectual property rights, including requiring agreement with or payment to our joint development partners before protecting, maintaining, licensing or initiating enforcement of such intellectual property rights, and may allow such joint development partners to register, maintain, enforce or license such intellectual property rights in a manner that may affect the value of the jointly-owned intellectual property or our ability to compete in the market.

We may be required to spend significant resources in order to monitor and protect our intellectual property rights, and some violations may be difficult or impossible to detect. Litigation to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could impair the functionality of our platform, delay introductions of enhancements to our platform, result in our substituting inferior or more costly technologies into our platform or harm our reputation or brand. In addition, we may be required to license additional technology from third parties to develop and market new offerings or platform features, which may not be on commercially reasonable terms or at all and could adversely affect our ability to compete.

Our industry has also been subject to attempts to steal intellectual property, particularly regarding autonomous vehicle development, including by foreign actors. We, along with others in our industry, have been the target of attempted thefts of our intellectual property and may be subject to such attempts in the future. Although we take measures to protect our property, if we are unable to prevent the theft of our intellectual property or its exploitation, the value of our investments may be undermined and our business, financial condition and results of operations may be negatively impacted.

Our platform contains third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to provide our offerings.

Our platform contains software modules licensed to us by third-party authors under "open source" licenses. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code. In addition, the public availability of such software may make it easier for others to compromise our platform.

Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use, or grant other licenses to our intellectual property. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all of our software.

Although we monitor our use of open source software to avoid subjecting our platform to conditions we do not intend, the terms of many open source licenses have not been interpreted by U.S. or foreign courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our platform. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their solutions. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software. Moreover, we cannot assure you that our processes for controlling our use of open source software in our platform will be effective. If we are held to have breached or failed to fully comply with all the terms and conditions of an open source software license, we could face infringement or other liability, or be required to seek costly licenses from third parties to continue providing our offerings on terms that are not economically feasible, to re-engineer our platform, to discontinue or delay the provision of our offerings if re-engineering could not be accomplished on a timely basis or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, financial condition and results of operations.

We have expended and intend to expend substantial funds in connection with the tax withholding liabilities that arise upon the settlement of RSUs, which may have an adverse effect on our financial condition and results of operations. We have also implemented "sell-to-cover" for certain employees in which shares of our Class A common stock are sold into the market on behalf of RSU holders upon vesting and settlement of RSUs to cover tax withholding liabilities and such sales will result in dilution to our stockholders.

We have expended and intend to expend substantial funds to satisfy tax withholding and remittance obligations in connection with the settlement of RSUs. Since the initial settlement date for the RSUs that vested upon the effectiveness of our registration statement on Form S-1 related to our initial public offering, or our IPO Registration Statement, we have withheld shares and remitted tax withholding amounts on behalf of holders of RSUs at the applicable statutory rates. During the year ended December 31, 2019, we have expended a total of approximately \$719.5 million to satisfy tax withholding and remittance obligations in connection with the settlement of such RSUs.

To satisfy future tax withholding and remittance obligations, we may withhold shares and remit tax withholding amounts on behalf of the holders of RSUs at the applicable statutory rates. The tax withholding due in connection with such RSU net settlement will be based on the then-current value of the underlying shares of our Class A common stock, and we would expect to withhold and remit the tax withholding liabilities at the applicable statutory rates on behalf of the RSU holders to the relevant tax authorities in cash. We have also implemented "sell-to-cover" to satisfy tax withholding obligations, in which shares with a market value equivalent to the tax withholding obligation will be sold on behalf of the holder of the RSUs upon vesting and settlement to cover the tax withholding liability and the cash proceeds from such sales will be remitted by us to the taxing authorities. Such sales will not result in the expenditure of additional cash by us to satisfy the tax withholding obligations for RSUs, but will cause dilution to our stockholders.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, gross receipts, value added or similar taxes and may successfully impose additional obligations on us, and any such assessments or obligations could adversely affect our business, financial condition and results of operations.

The application of indirect taxes, such as sales and use tax, value-added tax, goods and services tax, business tax and gross receipts tax, to businesses like ours and to drivers is a complex and evolving issue. Many of the fundamental statutes and regulations that impose these taxes were established before the adoption and growth of the Internet and e-commerce. Significant judgment is required on an ongoing basis to evaluate applicable tax obligations and as a result amounts recorded are estimates and are subject to adjustments. In many cases, the ultimate tax determination is uncertain because it is not clear how new and existing statutes might apply to our business or to drivers' businesses.

In addition, local governments are increasingly looking for ways to increase revenue, which has resulted in discussions about tax reform and other legislative action to increase tax revenue, including through indirect taxes. For example, it is becoming more common for local governments to impose per trip fees specifically on TNC rides. For example, voters in San Francisco approved "Proposition D" in November of 2019, which imposes a percentage-based tax on TNC rides originating in the city. Such taxes may adversely affect our financial condition and results of operations.

We are subject to non-income taxes, such as payroll, sales, use, value-added and goods and services taxes in the United States and various foreign jurisdictions, and we may face indirect tax audits in various U.S. and foreign jurisdictions. In certain jurisdictions, we collect and remit indirect taxes. However, tax authorities have raised and may continue to raise questions about or challenge or disagree with our calculation, reporting or collection of taxes and may require us to collect taxes in jurisdictions in which we do not currently do so or to remit additional taxes and interest, and could impose associated penalties and fees. A successful assertion by one or more tax authorities requiring us to collect taxes in jurisdictions in which we do not currently do so or to collect additional taxes in a jurisdiction in which we currently collect taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest, could discourage drivers and riders from utilizing our offerings or could otherwise harm our business, financial condition and results of operations. Although we have reserved for potential payments of possible past tax liabilities in our financial statements, if these liabilities exceed such reserves, our financial condition could be harmed.

Additionally, one or more states, localities or other taxing jurisdictions may seek to impose additional reporting, record-keeping or indirect tax collection obligations on businesses like ours. For example, taxing authorities in the United States and other countries have identified e-commerce platforms as a means to calculate, collect and remit indirect taxes for transactions taking place over the Internet, and are considering related legislation. After the U.S. Supreme Court decision in *South Dakota v. Wayfair Inc.*, certain states have enacted laws that would require tax reporting, collection or tax remittance on items sold online. Requiring tax reporting or collection could decrease driver or rider activity, which would harm our business. This new legislation could require us or drivers to incur substantial costs in order to comply, including costs associated with tax calculation, collection and remittance and audit requirements, which could make our offerings less attractive and could adversely affect our business, financial condition and results of operations.

As a result of these and other factors, the ultimate amount of tax obligations owed may differ from the amounts recorded in our financial statements and any such difference may adversely impact our results of operations in future periods in which we change our estimates of our tax obligations or in which the ultimate tax outcome is determined.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the listing standards of the Nasdaq Global Select Market. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. We have expended, and anticipate that we will continue to expend, significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting.

Our current controls and any new controls that we develop may become inadequate because of changes in the conditions in our business, including increased complexity resulting from any international expansion. Further, weaknesses in our disclosure controls or our internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely adversely affect the market price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Global Select Market. We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. As a public company, we are required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K.

We expect our independent registered public accounting firm will be required to formally attest to the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could have an adverse effect on our business, financial condition and results of operations and could cause a decline in the market price of our Class A common stock.

Our reported results of operations may be adversely affected by changes in GAAP.

GAAP is subject to interpretation by the FASB, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported results of operations and could affect the reporting of transactions completed before the announcement of a change. For example, in May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which superseded nearly all existing revenue recognition guidance. It is difficult to predict the impact of future changes to accounting principles or our accounting policies, any of which could negatively affect our reported results of operations.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2019, we had \$4.2 billion of federal, \$3.8 billion of state and \$8.3 million of foreign NOLs available to reduce future taxable income, which will begin to expire in 2030 for federal, 2022 for state and 2037 for foreign tax purposes. It is possible that we will not generate taxable income in time to use NOLs before their expiration, or at all. Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an “ownership change,” the corporation’s ability to use its pre-change NOLs to offset its post-change income may be limited. In general, an “ownership change” will occur if there is a cumulative change in our ownership by “5-percent shareholders” that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. Our ability to use net operating loss to reduce future taxable income and liabilities may be subject to annual limitations as a result of prior ownership changes and ownership changes that may occur in the future.

The Tax Act, among other things, includes changes to U.S. federal tax rates and the rules governing NOLs. For NOLs arising in tax years beginning after December 31, 2017, the Tax Act limits a taxpayer’s ability to utilize NOLs to 80% of taxable income (as calculated before taking the NOLs into account). In addition, NOLs arising in tax years ending after December 31, 2017 can be carried forward indefinitely, but carryback is generally prohibited. NOLs generated in tax years beginning before January 1, 2018 will not be subject to the taxable income limitation, and NOLs generated in tax years ending before January 1, 2018 will continue to have a two-year carryback and twenty-year carryforward period. As we maintain a full valuation allowance against our U.S. NOLs, these changes did not impact our consolidated balance sheet as of December 31, 2017. However, in future years, if and when a net deferred tax asset is recognized related to our NOLs, the changes in the carryforward/carryback periods as well as the new limitation on use of NOLs may significantly impact our valuation allowance assessments for NOLs generated after December 31, 2017.

Our presence outside the United States and any future international expansion strategy will subject us to additional costs and risks and our plans may not be successful.

We have started expanding our presence internationally. In 2017, we launched our offerings in Canada and we may continue to expand our international operations. Operating outside of the United States may require significant management attention to oversee operations over a broad geographic area with varying cultural norms and customs, in addition to placing strain on our finance, analytics, compliance, legal, engineering and operations teams. We may incur significant operating expenses and may not be successful in our international expansion for a variety of reasons, including:

- recruiting and retaining talented and capable employees in foreign countries and maintaining our company culture across all of our offices;
- competition from local incumbents that better understand the local market, may market and operate more effectively and may enjoy greater local affinity or awareness;
- differing demand dynamics, which may make our offerings less successful;
- complying with varying laws and regulatory standards, including with respect to data privacy, tax and local regulatory restrictions;
- obtaining any required government approvals, licenses or other authorizations;
- varying levels of Internet and mobile technology adoption and infrastructure;
- currency exchange restrictions or costs and exchange rate fluctuations;
- operating in jurisdictions that do not protect intellectual property rights to the same extent as the United States; and
- limitations on the repatriation and investment of funds as well as foreign currency exchange restrictions.

Our limited experience in operating our business internationally increases the risk that any potential future expansion efforts that we may undertake may not be successful. If we invest substantial time and resources to expand our operations internationally and are unable to manage these risks effectively, our business, financial condition and results of operations could be adversely affected.

In addition, international expansion may increase our risks in complying with various laws and standards, including with respect to anti-corruption, anti-bribery, export controls and trade and economic sanctions.

Our business could be adversely affected by natural disasters, public health crises, political crises, economic downturns or other unexpected events.

A significant natural disaster, such as an earthquake, fire, hurricane, tornado, flood or significant power outage, could disrupt our operations, mobile networks, the Internet or the operations of our third-party technology providers. In particular, our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity. In addition, any unforeseen public health crises, such as epidemics, political crises, such as terrorist attacks, war and other political instability, or other catastrophic events, whether in the United States or abroad, could adversely affect our operations or the economy as a whole. For example, the recent outbreak of coronavirus has led to production delays with respect to certain components of bikes and scooters, vehicles and automotive parts and components of autonomous vehicles, and may lead to further supply chain disruption or other business interruptions, decreased travel, including due to travel restrictions, or other precautionary measures. The impact of any natural disaster, act of terrorism or other disruption to us or our third-party providers' abilities could result in decreased demand for our offerings or a delay in the provision of our offerings, which could adversely affect our business, financial condition and results of operations. All of the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate.

Our business and results of operations are also subject to global economic conditions, including any resulting effect on spending by us or our riders. If general economic conditions deteriorate in the United States or in other markets where we operate, discretionary spending may decline and demand for ridesharing may be reduced. An economic downturn resulting in a prolonged recessionary period may have a further adverse effect on our revenue.

Operating as a public company requires us to incur substantial costs and requires substantial management attention. In addition, key members of our management team have limited experience managing a public company.

As a public company, we incur substantial legal, accounting and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Exchange Act, the applicable requirements of the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the rules and regulations of the SEC and the listing standards of the Nasdaq Global Select Market. For example, the Exchange Act requires, among other things, we file annual, quarterly and current reports with respect to our business, financial condition and results of operations. We are also required to maintain effective disclosure controls and procedures and internal control over financial reporting. Compliance with these rules and regulations has increased and will continue to increase our legal and financial compliance costs, and increase demand on our systems. In addition, as a public company, we may be subject to stockholder activism, which can lead to additional substantial costs, distract management and impact the manner in which we operate our business in ways we cannot currently anticipate. As a result of disclosure of information in filings required of a public company, our business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors.

Many members of our management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, financial condition and results of operations.

Risks Related to Ownership of Our Class A Common Stock

The dual class structure of our common stock has the effect of concentrating voting power with our Co-Founders, which will limit your ability to influence the outcome of important transactions, including a change in control.

Our Class B common stock has 20 votes per share, and our Class A common stock has one vote per share. Our Co-Founders together hold all of the issued and outstanding shares of our Class B common stock. Accordingly, Logan Green, our co-founder, Chief Executive Officer and a member of our board of directors holds approximately 23.97% of the voting power of our outstanding capital stock; and John Zimmer, our co-founder and President and Vice Chairman of our board of directors, holds approximately 13.49% of the voting power of our outstanding capital stock. Therefore, our Co-Founders, individually or together, will be able to significantly influence matters submitted to our stockholders for approval, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transactions. Our Co-Founders, individually or together, may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentrated control may have the effect of delaying, preventing or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our company and might ultimately affect the market price of our Class A common stock. Each Co-Founder's voting power is as of February 21, 2020 and includes shares of Class A common stock expected to be issued upon the vesting of such Co-Founder's RSUs within 60 days of February 21, 2020.

Future transfers by the holders of Class B common stock will generally result in those shares converting into shares of Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon (i) the date specified by affirmative written election of the holders of two-thirds of the then-outstanding shares of Class B common stock, (ii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date on which the shares of Class B common stock held by our Co-Founders and their permitted entities and permitted transferees represent less than 20% of the Class B common stock held by our Co-Founders and their permitted entities as of immediately following the completion of our initial public offering, or IPO, or (iii) nine months after the death or total disability of the last to die or become disabled of our Co-Founders, or such later date not to exceed a total period of 18 months after such death or disability as may be approved by a majority of our independent directors.

We cannot predict the impact our dual class structure may have on our stock price.

We cannot predict whether our dual class structure will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indexes. In July 2017, FTSE Russell and S&P Dow Jones announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Beginning in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities "with unequal voting structures" in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under the announced policies, our dual class capital structure makes us ineligible for inclusion in certain indices, and as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track those indices will not be investing in our stock. These policies are still fairly new and it is as of yet unclear what effect, if any, they will have on the valuations of publicly traded companies excluded from the indices, but it is possible that they may depress these valuations compared to those of other similar companies that are included. Because of our dual class structure, we will likely be excluded from certain of these indexes and we cannot assure you that other stock indexes will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

The trading price of our Class A common stock may be volatile, and you could lose all or part of your investment.

The trading price of our Class A common stock may be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our Class A common stock. Factors that could cause fluctuations in the trading price of our Class A common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the trading prices and trading volumes of technology stocks generally, or those in our industry, including fluctuations unrelated or disproportionate to the operating performance of those technology companies;

- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales or purchases of shares of our Class A common stock by us, our officers, or our significant stockholders, as well as the perception that such sales or purchases could occur;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections or our failure to meet those projections;
- announcements by us or our competitors of new offerings or platform features;
- investor sentiment and the public's reaction to our press releases, other public announcements and filings with the SEC, or those of our competitors or others in our industry;
- rumors and market speculation involving us or other companies in our industry;
- short selling of our Class A common stock or related derivative securities;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, services or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. For example, as disclosed above, beginning in April 2019, several putative class actions were filed in California state and federal court against us, our directors, certain of our officers, and certain of the underwriters named in our IPO Registration Statement alleging violation of securities laws in connection with our IPO. Although we believe these lawsuits are without merit and we intend to vigorously defend against them, such matters could result in substantial costs and a diversion of our management's attention and resources.

Sales of substantial amounts of our Class A common stock, or the perception that such sales could occur, could depress the market price of our Class A common stock.

The market price of our Class A common stock could decline as a result of sales of a large number of shares of our Class A common stock in the market, and the perception that these sales could occur may also depress the market price of our Class A common stock.

Certain stockholders are entitled, under our investors' rights agreement, to require us to register shares owned by them for public sale in the United States. In addition, we filed a registration statement to register shares reserved for future issuance under our equity compensation plans. As a result, subject to the satisfaction of applicable exercise periods, the shares issued upon exercise of outstanding stock options or upon settlement of outstanding RSU awards will be available for immediate resale in the United States in the open market.

Sales of our Class A common stock may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales could also cause the trading price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the market price of our Class A common stock.

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- any amendments to our amended and restated certificate of incorporation or our amended and restated bylaws require the approval of at least two-thirds of our then-outstanding voting power;
- our dual class common stock structure, which provides our Co-Founders, individually or together, with the ability to significantly influence the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A common stock and Class B common stock;
- our board of directors is classified into three classes of directors with staggered three-year terms and directors are only able to be removed from office for cause;
- our stockholders are only able to take action at a meeting of stockholders and are not able to take action by written consent for any matter;
- our amended and restated certificate of incorporation does not provide for cumulative voting;
- vacancies on our board of directors are able to be filled only by our board of directors and not by stockholders;
- a special meeting of our stockholders may only be called by the chairperson of our board of directors, our Chief Executive Officer, our President or a majority of our board of directors;
- certain litigation against us can only be brought in Delaware;
- our amended and restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued without further action by our stockholders; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

These provisions, alone or together, could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

Our amended and restated bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws or (4) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. Nothing in our amended and restated bylaws precludes stockholders that assert claims under the Securities Act from bringing such claims in state or federal court, subject to applicable law.

Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to this provision. This exclusive-forum provision may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find the exclusive-forum provision in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us, our business or our market, or if they change their recommendations regarding our Class A common stock adversely, the market price and trading volume of our Class A common stock could decline.

The trading market for our Class A common stock depends in part on the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If any of the analysts who cover us change their recommendation regarding our Class A common stock adversely, provide more favorable relative recommendations about our competitors or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If one or more of these securities analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets and demand for our securities could decrease, which could cause the price and trading volume of our Class A common stock to decline.

We do not intend to pay dividends for the foreseeable future.

We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, stockholders must rely on sales of their Class A common stock after price appreciation as the only way to realize any future gains on their investment.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Our corporate headquarters are located in San Francisco, California, and consist of approximately 430,000 square feet under lease agreements through May 31, 2030. We maintain additional offices in multiple locations in the U.S. and internationally in London, United Kingdom, Montreal, Canada, Munich, Germany and Minsk, Belarus. We have over 50 Driver Hubs and field locations across the United States and Canada to support our local operations and drivers.

We lease all of our facilities and do not own any real property. We intend to procure additional space in the future as we continue to add employees and expand geographically. We believe our facilities are adequate and suitable for our current needs and that, should it be needed, suitable additional or alternative space will be available to accommodate our operations.

Item 3. Legal Proceedings.

We are regularly subject to claims, lawsuits, arbitration proceedings, administrative actions, government investigations and other legal and regulatory proceedings involving personal injury, property damage, worker classification, labor and employment, anti-discrimination, commercial disputes, competition, consumer protection, intellectual property disputes, including patent infringement, compliance with regulatory requirements and other matters, and we may become subject to additional types of claims, lawsuits, arbitration proceedings, administrative actions, government investigations and legal and regulatory proceedings in the future and as our business grows, including proceedings related to product liability, acquisitions, securities issuances or business practices, or public disclosures about our business. We are also regularly subject to claims, lawsuits, arbitration proceedings, administrative actions, government investigations and other legal and regulatory proceedings challenging the classification of drivers as independent contractors or seeking to hold us liable for the actions of independent contractor drivers on our platform. Information is provided below regarding the nature and status of our material pending legal matters. There are inherent uncertainties in these legal matters, some of which are beyond management's control, making the ultimate outcomes difficult to predict. Moreover, management's views and estimates related to these matters may change in the future, as new events and circumstances arise and the matters continue to develop.

Independent Contractor Classification Matters

With regard to independent contractor classification of drivers on our platform, we are regularly subject to claims, lawsuits, arbitration proceedings, administrative actions, government investigations and other legal and regulatory proceedings at the federal, state and municipal levels challenging the classification of these drivers as independent contractors, and claims that, by the alleged misclassification, we have violated various labor and other laws that would apply to driver employees. Laws and regulations that govern the status and classification of independent contractors are subject to change and divergent interpretations by various authorities, which can create uncertainty and unpredictability for us. For example, a new law in California, known as Assembly Bill 5, codifies and extends an employment classification test set forth by the California Supreme Court that established a new standard for determining employee or independent contractor status. The passage of this bill has led and could continue to lead to additional challenges to the independent contractor classification of drivers using the Lyft Platform. Such regulatory scrutiny or action may create different or conflicting obligations from one jurisdiction to another. We are currently involved in a number of putative class actions, individual claims both in court as well as arbitration, matters brought, in whole or in part, as representative actions under California's Private Attorney General Act, Labor Code Section 2698, et seq., alleging that we misclassified drivers as independent contractors and other matters challenging the classification of drivers on our platform as independent contractors. We are also in the process of responding to an inquiry from the California Public Utilities Commission regarding driver classification and Assembly Bill 5. We dispute any allegations of wrongdoing and intend to continue to defend ourselves vigorously in these matters. However, results of litigation, arbitration and regulatory actions are inherently unpredictable and legal proceedings related to these driver claims, individually or in the aggregate, could have a material impact on our business, financial condition and results of operations. Regardless of the outcome, litigation and arbitration of these matters can have an adverse impact on us because of defense and settlement costs individually and in the aggregate, diversion of management resources and other factors.

In the ordinary course of our business, various drivers have challenged, and may challenge in the future, their classification on our platform as an independent contractor under federal and state law, seeking monetary, injunctive, or other relief. We are currently involved in a number of such actions filed by individual drivers, including those brought in, or compelled pursuant to our Terms of Service to, individual arbitration. We believe we have meritorious defenses, dispute the allegations of wrongdoing and intend to defend ourselves vigorously in these matters. There is no such pending or threatened matter that individually, in our opinion, is likely to have a material impact on our business, financial condition or results of operations; however, results of litigation and arbitration are inherently unpredictable and legal proceedings related to these driver claims, individually or in the aggregate, could have a material impact on our business, financial condition and results of operations. Regardless of the outcome, litigation and arbitration of these matters can have an adverse impact on us because of defense and settlement costs individually and in the aggregate, diversion of management resources and other factors.

We are also involved in administrative audits related to driver classification in California, Connecticut, Oregon, Wisconsin, Illinois and New Jersey. These audits relate to our alleged obligation to provide unemployment insurance benefits to drivers under state law. We dispute that we are obligated to provide such benefits under state law and these proceedings are ongoing.

Patent Litigation

We are currently involved in legal proceedings related to alleged infringement of patents and other intellectual property and, in the ordinary course of business, we receive correspondence from other purported holders of patents and other intellectual property offering to license such property and/or asserting infringement of such property. We dispute any allegation of wrongdoing and intend to defend the Company vigorously in these matters.

Consumer and Other Class Actions

We are involved in a number of class actions alleging violations of consumer protection laws such as the TCPA as well as violations of other laws such as the Americans with Disabilities Act, or the ADA. We dispute any allegations of wrongdoing and intend to continue to defend ourselves vigorously in these matters.

Personal Injury and Other Safety Matters

In the ordinary course of our business, various parties have from time to time claimed, and may claim in the future, that we are liable for damages related to accidents or other incidents involving drivers or riders using or who have used services offered on our platform, as well as from third parties. We are currently named as a defendant in a number of matters related to accidents or other incidents involving drivers on our platform, other riders and third parties. We believe we have meritorious defenses, dispute the allegations of wrongdoing and intend to defend ourselves vigorously. There is no pending or threatened legal proceeding that has arisen from these accidents or incidents that individually, in our opinion, is likely to have a material impact on our business, financial condition or results of operations; however, results of litigation and claims are inherently unpredictable and legal proceedings related to such accidents or incidents, in the aggregate, could have a material impact on our business, financial condition and results of operations. For example, on January 17, 2020, the Superior Court of California, County of Los Angeles, granted the petition of multiple plaintiffs to coordinate their claims relating to alleged sexual assault or harassment by drivers on the Lyft Platform. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs individually and in the aggregate, diversion of management resources and other factors.

Securities Litigation

Beginning in April 2019, several putative class actions were filed in California state and federal court against us, our directors, certain of our officers, and certain of the underwriters named in our IPO Registration Statement alleging violation of securities laws in connection with our IPO. These cases have been consolidated into two putative class actions, one in California state court and the other in federal court. We filed our demurrer to the consolidated complaint in California state court on December 30, 2019. The hearing on our demurrer is set for March 25, 2020. A scheduling order in the federal case has yet to be issued. We believe these lawsuits are without merit and we intend to vigorously defend against them.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information for Common Stock

Our Class A common stock is traded on The Nasdaq Global Select Market under the symbol “LYFT.” Our Class B common stock is neither listed nor traded.

Holders of Record

As of December 31, 2019, there were approximately 375 stockholders of record of our Class A common stock. Because many of our shares of Class A common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial owners represented by these record holders.

As of December 31, 2019, there were six stockholders of record of our Class B common stock. All shares of Class B common stock are beneficially owned by either Logan Green or John Zimmer.

Dividend Policy

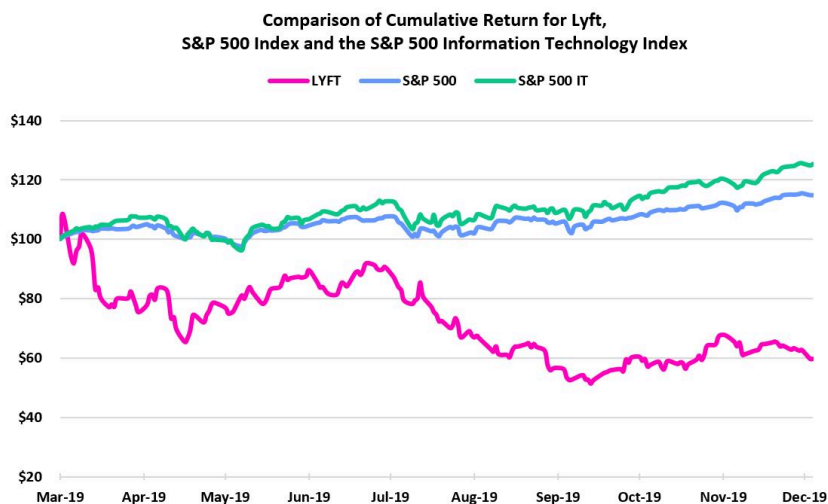
We have never paid cash dividends on our capital stock and we do not anticipate paying any cash dividends in the foreseeable future.

Stock Performance Graph

This performance graph shall not be deemed “filed” with the SEC for purposes of Section 18 of the Exchange Act or incorporated by reference into any filing of Lyft, Inc. under the Securities Act.

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on the S&P 500 Index and the S&P 500 Information Technology Index. The graph assumes \$100 was invested at the market close on March 28, 2019, which was the first day our Class A common stock began trading. Data for the S&P 500 Index and the S&P 500 Information Technology Index assume reinvestment of dividends. The offering price of our Class A common stock in our IPO, which had a closing stock price of \$78.29 on March 29, 2019, was \$72.00 per share.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.



Recent Sale of Unregistered Securities and Use of Proceeds

Recent Sale of Unregistered Securities

None.

Use of Proceeds

On April 2, 2019, we completed our IPO, in which we sold 32,500,000 shares of Class A common stock at price to the public of \$72.00 per share. On April 9, 2019, we sold an additional 2,996,845 shares of Class A common stock at a price to the public of \$72.00 per share pursuant to the exercise of the underwriters' option to purchase additional shares. All of the shares issued and sold in our IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-229996), which was declared effective by the SEC on March 28, 2019. We received aggregate net proceeds of \$2.5 billion, net of underwriting discounts and commissions of \$70.3 million and offering expenses paid by us of approximately \$7.7 million subject to certain cost reimbursements.

We utilized a portion of the net proceeds to satisfy our tax withholding and remittance obligations related to the settlement of certain of our outstanding RSUs. Additionally, we utilized a portion of the net proceeds to purchase investment grade, interest bearing instruments consistent with the investment policy approved by our board of directors. We intend to use a portion of the net proceeds we received from our IPO for general corporate purposes, including working capital, operating expenses, and capital expenditures. Further, we may use a portion of the net proceeds to acquire or invest in businesses, products, services or technologies. The representatives of the underwriters of our IPO were J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC and Jefferies LLC. No payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates, other than payments in the ordinary course of business to officers for salaries and to non-employee directors pursuant to our director compensation policy.

There has been no material change in the planned use of the IPO proceeds as described in our final prospectus filed with the SEC on March 28, 2019, pursuant to Rule 424(b) of the Securities Act.

Issuer Purchases of Equity Securities

None.

Item 6. Selected Financial Data.

The following selected consolidated statement of operations data for the years ended December 31, 2019, 2018, and 2017, and the selected consolidated balance sheet data as of December 31, 2019 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The selected consolidated statement of operations for the year ended December 31, 2016, and the selected consolidated balance sheet as of December 31, 2017, have been derived from our audited consolidated financial statements that are not included in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the following selected consolidated financial and other data below in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

Consolidated Statements of Operations Data

	Year Ended December 31,			
	2019	2018	2017	2016
	<i>(in thousands, except for per share amounts)</i>			
Revenue	\$ 3,615,960	\$ 2,156,616	\$ 1,059,881	\$ 343,298
Costs and expenses ⁽¹⁾				
Cost of revenue	2,176,469	1,243,400	659,533	279,011
Operations and support	636,116	338,402	183,513	97,880
Research and development	1,505,640	300,836	136,646	64,704
Sales and marketing	814,122	803,751	567,015	434,344
General and administrative	1,186,093	447,938	221,446	159,962
Total costs and expenses	6,318,440	3,134,327	1,768,153	1,035,901
Loss from operations	(2,702,480)	(977,711)	(708,272)	(692,603)
Interest income	102,506	66,462	20,243	6,964
Other income, net	89	652	284	3,246
Loss before income taxes	(2,599,885)	(910,597)	(687,745)	(682,393)
Provision for income taxes	2,356	738	556	401
Net loss	\$ (2,602,241)	\$ (911,335)	\$ (688,301)	\$ (682,794)
Net loss per share attributable to common stockholders, basic and diluted	\$ (11.44)	\$ (43.04)	\$ (35.53)	\$ (37.08)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	227,498	21,176	19,371	18,413

⁽¹⁾ Costs and expenses include stock-based compensation expense as follows:

	Year Ended December 31,			
	2019	2018	2017	2016
	<i>(in thousands)</i>			
Cost of revenue	\$ 81,321	\$ 501	\$ 464	\$ 518
Operations and support	75,212	177	2,549	1,066
Research and development	971,941	4,107	2,379	2,696
Sales and marketing	72,046	261	415	974
General and administrative	398,791	3,531	3,739	4,140
Total stock-based compensation expense	\$ 1,599,311	\$ 8,577	\$ 9,546	\$ 9,394

Consolidated Balance Sheets Data

	As of December 31,		
	2019 ⁽¹⁾	2018	2017
	(in thousands)		
Cash and cash equivalents	\$ 358,319	\$ 517,690	\$ 1,106,102
Operating lease right of use assets	441,258	—	—
Total assets	5,691,383	3,760,043	3,016,727
Operating lease liabilities — current	94,199	—	—
Operating lease liabilities	382,077	—	—
Total liabilities	2,837,299	1,479,277	712,116
Redeemable convertible preferred stock	—	5,152,047	4,284,049
Accumulated deficit	(5,547,571)	(2,945,330)	(2,033,995)
Total stockholders' equity (deficit)	2,854,084	(2,871,281)	\$ (1,979,438)

⁽¹⁾ Includes the impact of the adoption of the new lease accounting standard in 2019. Prior periods have not been revised. See Note 2, *Summary of Significant Accounting Policies*, of the notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the section titled "Selected Consolidated Financial and Other Data" and the consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Factors that could cause or contribute to such differences include those identified below and those discussed in the section titled "Risk Factors" and other parts of this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Financial Results for the Year Ended December 31, 2019

- Total revenue was \$3.6 billion, an increase of 68% year-over-year.
- Total costs and expenses were \$6.3 billion, including stock-based compensation expense of \$1.6 billion and insurance costs generally required under TNC and city regulations for ridesharing and bike and scooter rentals of \$1.2 billion, of which \$219.2 million was related to changes to insurance reserves attributed to historical periods. This adverse development is largely attributable to historical auto losses that predate our relationship with our new third-party administrators for insurance claims.
- Loss from operations was \$2.7 billion.
- Net loss was \$2.6 billion.
- Cash used in operating activities was \$105.7 million.
- Cash and cash equivalents and restricted cash and cash equivalents were \$564.5 million.

Active Rider Trends

We continue to experience growth in the number of Active Riders as well as revenue per Active Rider. The number of Active Riders is a key indicator of the scale of our community and awareness of our brand. Revenue per Active Rider represents our ability to drive usage and monetization of our platform.

	Three Months Ended December 31,		Growth Rate
	2019	2018	
	<i>(in millions, except for dollar amounts and percentages)</i>		
Active Riders	22.9	18.6	23%
Revenue per Active Rider	\$44.40	\$36.02	23%

	Three Months Ended September 30,		Growth Rate
	2019	2018	
	<i>(in millions, except for dollar amounts and percentages)</i>		
Active Riders	22.3	17.4	28%
Revenue per Active Rider	\$42.82	\$33.63	27%

	Three Months Ended June 30,		Growth Rate
	2019	2018	
	<i>(in millions, except for dollar amounts and percentages)</i>		
Active Riders	21.8	15.5	41%
Revenue per Active Rider	\$39.76	\$32.53	22%

	Three Months Ended March 31,		Growth Rate
	2019	2018	
	<i>(in millions, except for dollar amounts and percentages)</i>		
Active Riders	20.5	14.2	44%
Revenue per Active Rider	\$37.85	\$27.89	36%

We define Active Riders as all riders who take at least one ride during a quarter where the Lyft Platform processes the transaction. An Active Rider is identified by a unique phone number. If a rider has two mobile phone numbers or changed their phone number and such rider took rides using both phone numbers during the quarter, that person would count as two Active Riders. If a rider has a personal and business profile tied to the same mobile phone number, that person would be considered a single Active Rider. If a ride has been requested by an organization using our Concierge offering for the benefit of a rider, we exclude this rider in the calculation of Active Riders.

In the fourth quarter of 2019, we updated the definition of Active Riders to include riders who have migrated from the legacy Motivate platform to the Lyft platform, which resulted in a 0.01% increase, or an additional 1,167 Active Riders, in the fourth quarter. Prior to the fourth quarter of 2019, for Motivate, only riders that had taken a ride or rented a bike or scooter through the Lyft App during the quarter were counted as an Active Rider. This change had no impact on the Active Riders disclosed in any of the prior periods presented.

Initial Public Offering

Our IPO Registration Statement was declared effective on March 28, 2019 and our Class A common stock began trading on the Nasdaq Global Select Market on March 29, 2019. Our IPO was completed on April 2, 2019 and the partial exercise of the underwriters' option to purchase additional shares was completed on April 9, 2019. Our consolidated financial statements as of December 31, 2019 and for the year then-ended reflect the sale by us of an aggregate of 35,496,845 shares in our IPO, including pursuant to the partial exercise of the underwriters' option to purchase additional shares, at the public offering price of \$72.00 per share, for aggregate net proceeds to us of approximately \$2.5 billion, after underwriting discounts and commissions and offering expenses, and the conversion of all outstanding shares of our redeemable convertible preferred stock into an aggregate of 219,175,709 shares of Class A common stock.

Our consolidated financial statements as of December 31, 2019 and for the year then-ended reflect stock-based compensation expense of \$1.6 billion primarily associated with the vesting of RSUs for which the requisite service condition was met as of December 31, 2019. The liquidity event condition for RSUs, if any, was satisfied upon the effectiveness of our IPO Registration Statement on March 28, 2019.

Critical Accounting Policies and Estimates

Our consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K are prepared in accordance with GAAP. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from our estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

We believe that the accounting policies described below involve a significant degree of judgment and complexity. Accordingly, we believe these are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations. For further information, see Note 2 of the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Revenue Recognition

Ridesharing Marketplace

We recognize revenue from fees paid by drivers for use of our Lyft platform offerings using the five-step revenue recognition model described in Note 2 of the notes to our consolidated financial statements, in accordance with ASC 606. Drivers enter into terms of service (“ToS”) with us in order to use our Lyft Driver app.

We provide a service to drivers to complete a successful transportation service for riders. This service includes on-demand lead generation that assists drivers to find, receive and fulfill on-demand requests from riders seeking transportation services and related collection activities using our Lyft platform. As a result, our single performance obligation in the transaction is to connect drivers with riders to facilitate the completion of a successful transportation service for riders.

We evaluate the presentation of revenue on a gross versus net basis based on whether we act as a principal by controlling the transportation service provided to the rider or whether we act as an agent by arranging for third parties to provide the service to the rider. We facilitate the provision of a transportation service by a driver to a rider (the driver’s customer) in order for the driver to fulfill their contractual promise to the rider. The driver fulfills their promise to provide a transportation service to their customer through use of the Lyft platform. While we facilitate setting the price for transportation services, the drivers and riders have the discretion in accepting the transaction price through the platform. We do not control the transportation services being provided to the rider nor do we have inventory risk related to the transportation services. As a result, we act as an agent in facilitating the ability for a driver to provide a transportation service to a rider.

We report revenue on a net basis, reflecting the service fees and commissions owed to us from the drivers as revenue, and not the gross amount collected from the rider. We made this determination of not being primarily responsible for the services since we do not promise the transportation services, do not contract with drivers to provide transportation services on our behalf, do not control whether the driver accepts or declines the transportation request via the Lyft platform, and do not control the provision of transportation services by drivers to riders at any point in time either before, during, or after, the trip.

We consider the ToS and our customary business practices in identifying the contracts under ASC 606. As our customary business practice, a contract exists between the driver and us when the driver’s ability to cancel the trip lapses, which typically is upon pickup of the rider. We collect the fare and related charges from riders on behalf of drivers using the rider’s pre-authorized credit card or other payment mechanism and retain any fees owed to us before making the remaining disbursement to drivers; thus the driver’s ability and intent to pay is not subject to significant judgment.

We earn service fees and commissions from the drivers either as the difference between an amount paid by a rider based on an upfront quoted fare and the amount earned by a driver based on actual time and distance for the trip or as a fixed percentage of the fare charged to the rider. In an upfront quoted fare arrangement, as we do not control the driver’s actions at any point in the transaction to limit the time and distance for the trip, we take on risks related to the driver’s actions which may not be fully mitigated. We earn a variable amount from the drivers and may record a loss from a transaction, which is recorded as a reduction to revenue, in instances where an up-front quoted fare offered to a rider is less than the amount we are committed to pay the driver.

We recognize revenue upon completion of a ride as the single performance obligation is satisfied and we have the right to receive payment for the services rendered upon the completion of the ride.

We offer various incentive programs to drivers that are recorded as reduction to revenue if we do not receive a distinct good or service in consideration or if we cannot reasonably estimate the fair value of goods or services received.

Bikes and Scooters

In 2018, we started to generate revenue from subscription fees and single-use ride fees paid by riders of shared bikes and scooters to access our network of shared bikes and scooters. Subscription fees are recognized on a straight-line basis over the subscription period. Single-use ride fees are recognized upon completion of each ride.

Express Drive Program Revenue

During 2018, we expanded our Express Drive program with Flexdrive. Under our agreement with Flexdrive, we are required to pay fleet operating costs over periods ranging from two to three years for vehicles that we have committed will remain in a dedicated fleet to be ready to be rented by drivers using our platform. Fleet operating costs include monthly fixed payments and other vehicle operating costs. Such payments are required to be made regardless of whether the vehicles are rented by drivers using our platform. Drivers who rent vehicles through the arrangement with Flexdrive are charged rental fees which we collect from the driver. We collect rental fees by deducting such amounts from the driver's on our platform, or through charging the driver's credit card.

We are a principal in car rental transactions involving Flexdrive as we become a lessee for each vehicle prior to its rental by a driver and are committed to the payment of fixed monthly payments and other vehicle operating costs. We sublease the vehicles to drivers when they are rented by drivers and, as a result, we consider ourselves to be the accounting sublessor in our arrangements with drivers. Vehicle leases with Flexdrive are classified as operating leases and, accordingly, each sublease representing a car rental transaction with a driver is also an operating lease. Sublease income (revenue) and head lease expense for our transactions involving Flexdrive are recognized on a gross basis in our consolidated financial statements. The rental revenue recognized for the years ended December 31, 2019 and 2018 under the Flexdrive arrangement was \$111.3 million and \$54.8 million, respectively. Revenue from the Express Drive program was not material for the year ended December 31, 2017. In February 2020, we signed and closed the acquisition of Flexdrive, refer to Note 16 "Subsequent Events" to our consolidated financial statements for information regarding this acquisition.

Insurance Reserves

We utilize both a wholly-owned insurance subsidiary and third-party insurance, which may include deductibles and self-insured retentions, to insure or reinsure costs, including auto liability, uninsured and underinsured motorist, auto physical damage and general business liabilities up to certain limits. The recorded liabilities reflect the estimated ultimate cost for claims incurred but not paid and claims that have been incurred but not yet reported and any estimable administrative run-out expenses related to the processing of these outstanding claim payments. Liabilities are evaluated for appropriateness with claims reserve valuations provided by an independent third-party actuary on a quarterly basis.

Insurance claims may take several years to completely settle, and we have limited historical loss experience. Because of the limited operational history, we make certain assumptions based on currently available information and industry statistics and utilize actuarial models and techniques to estimate the reserves. A number of factors can affect the actual cost of a claim, including the length of time the claim remains open, economic and healthcare cost trends and the results of related litigation. Furthermore, claims may emerge in future years for events that occurred in a prior year at a rate that differs from previous actuarial projections. Reserves are continually reviewed and adjusted as necessary as experience develops or new information becomes known. However, while we believe that the insurance reserve amount is adequate, the ultimate liability may be in excess of, or less than, the amount provided. As a result, the net amounts will be paid to settle the liability and when amounts will be paid may vary from the estimated amounts provided for on the consolidated balance sheets.

Stock-Based Compensation

We incur stock-based compensation expense primarily from restricted stock units ("RSUs"), stock options, and stock purchase rights granted under the Company's Employee Stock Purchase Plan ("ESPP").

We estimate the fair value of stock options granted to employees, directors and consultants and ESPP purchase rights using the Black-Scholes option-pricing model. The fair value of stock options that are expected to vest is recognized as compensation expense on a straight-line basis over the requisite service period. We recognize compensation expense related to the ESPP purchase rights on a straight-line basis over the offering period, which is typically 12 months.

The fair value of RSUs is estimated based on the fair market value of our common stock on the date of grant, which subsequent to our IPO is determined based on the closing price of our Class A common stock as reported on the date of grant. Prior to our IPO, we granted RSUs which vest upon the satisfaction of both a service condition and a performance condition.

Compensation expense for RSUs with service and performance conditions is amortized on a graded basis over the requisite service period as long as the performance condition in the form of a specified liquidity event is probable to occur. The liquidity event condition was satisfied upon the effectiveness of our IPO Registration Statement on March 28, 2019. On that date we recorded a cumulative stock-based compensation expense of \$857.2 million using the accelerated attribution method for the RSUs for which the service condition was satisfied as of March 28, 2019. The remaining unrecognized stock-based compensation expense related to these RSUs is recorded over their remaining requisite service periods. The compensation expense for RSUs granted after March 28, 2019, which vest upon satisfaction of a service-based condition only, is recognized on a straight-line basis over the requisite service period. As of December 31, 2019, the total unrecognized compensation cost related to RSUs was \$1.1 billion, which we expect to recognize over the remaining weighted-average period of approximately 2.6 years.

Stock-based compensation expense is based on awards ultimately expected to vest and reflects estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates.

Business Combinations

We account for our business combinations using the acquisition method of accounting, which requires, among other things, allocation of the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed at their estimated fair values on the acquisition date. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, we make significant estimates and assumptions, especially with respect to intangible assets. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, not to exceed one year from the date of acquisition, we may record adjustments to the assets acquired and liabilities assumed, with a corresponding offset to goodwill if new information is obtained related to facts and circumstances that existed as of the acquisition date. After the measurement period, any subsequent adjustments are reflected in the consolidated statements of operations. Acquisition costs, such as legal and consulting fees, are expensed as incurred.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Intangible assets resulting from the acquisition of entities accounted for using the purchase method of accounting are estimated by us based on the fair value of assets received. Intangible assets are amortized on a straight-line basis over the estimated useful lives which range from two to twelve years.

Goodwill is not subject to amortization, but is tested for impairment on an annual basis during the fourth quarter or whenever events or changes in circumstances indicate the carrying amount of the goodwill may not be recoverable. As part of the annual goodwill impairment test, we first perform a qualitative assessment to determine whether further impairment testing is necessary. If, as a result of its qualitative assessment, it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amounts, the quantitative impairment test will be required. There was no impairment of goodwill recorded for the years ended December 31, 2019, 2018 and 2017.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02 “Leases (Topic 842),” which increases lease transparency and comparability among organizations. Under the new standard, lessees will be required to recognize all assets and liabilities arising from leases on the balance sheet, with the exception of leases with a term of 12 months or less, which permits a lessee to make an accounting policy election by class of underlying asset not to recognize lease assets and liabilities. In March 2018, the FASB approved an alternative transition method to the modified retrospective approach, which eliminates the requirement to restate prior period financial statements and requires the cumulative effect of the retrospective allocation to be recorded as an adjustment to the opening balance of retained earnings at the date of adoption. We adopted the standard on January 1, 2019 using the transition method that provides for a cumulative-effect adjustment to retained earnings upon adoption. There was no impact on our accumulated deficit as of January 1, 2019 as a result of the adoption of this standard. The consolidated financial statements for the year ended December 31, 2019 is presented under the new standard, while the comparative periods presented are not adjusted and continue to be reported in accordance with our historical accounting policy. The adoption of the new lease standard resulted in the recognition of operating lease right-of-use assets of \$285.6 million and operating lease liabilities, including operating lease liabilities — current, of \$314.1 million as of January 1, 2019. In connection with the adoption of this standard, deferred rent of \$28.5 million, which was previously recorded in accrued and other current liabilities and in other long-term liabilities on the consolidated balance sheet as of December 31, 2018, was derecognized.

See Note 2 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for recently issued accounting pronouncements not yet adopted as of the date of this report.

Components of Results of Operations

Revenue

We primarily generate revenue from drivers for use of our ridesharing marketplace, riders for use of our bikes and scooters and renters under our Express Drive program with Flexdrive.

With our rideshare marketplace, our core offering since 2012, we generate substantially all of our revenue from service fees and commissions paid by drivers for use of our ridesharing marketplace to connect with riders to successfully complete a ride. Driver earnings are primarily based on the time and distance of the ride. We receive a service fee plus a commission that varies based on the price of the ride. We recognize revenue upon the completion of each ride. We report revenue based upon the net amount earned, which is reduced by certain driver and rider incentives we provided.

In 2018, we started to generate revenue from subscription fees paid by riders to access our network of shared bikes and single-use ride fees paid by riders to access our network of shared bikes and scooters. Revenue is earned based on the gross amounts for subscription fees or single-use ride fees paid by riders for use of our bikes and scooters, reduced by certain rider incentives we provide. Revenue from the network of shared bikes and scooters was not material for the years ended December 31, 2019 and 2018.

Under the Express Drive program, we connect drivers who need access to a car with third-party rental car companies. We facilitate the car rental transactions between car rental companies and drivers. During 2018, we expanded our Express Drive program with Flexdrive. Under our agreement with Flexdrive, we are required to pay fleet operating costs over periods ranging from two to three years for vehicles that we have committed will remain in a dedicated fleet to be ready to be rented by drivers using our platform. Fleet operating costs include monthly fixed payments and other vehicle operating costs. Such payments are required to be made regardless of whether the vehicles are rented by drivers using our platform. Drivers who rent vehicles through the arrangement with Flexdrive are charged rental fees, which we collect from the driver. We collect rental fees by deducting such amounts from the driver's earnings on our platform, or through charging the driver's credit card.

We are a principal in car rental transactions involving Flexdrive as we become a lessee for each vehicle prior to its rental by a driver and are committed to the payment of fixed monthly amounts and other fleet operating costs. We sublease the vehicles to drivers when they are rented by drivers and, as a result, we consider ourselves to be the accounting sublessor in its arrangements with drivers. Vehicle leases with Flexdrive are classified as operating leases and, accordingly, each sublease representing a car rental transaction with a driver is also an operating lease. Sublease income (revenue) and head lease expense for our transactions involving Flexdrive are recognized on a gross basis in the consolidated financial statements. The rental revenue recognized under the Flexdrive program was \$111.3 million and \$54.8 million for the years ended December 31, 2019 and 2018. Revenue from the Express Drive program was not material for the year ended December 31, 2017. In February 2020, we signed and closed the acquisition of Flexdrive, refer to Note 16 "*Subsequent Events*" to our consolidated financial statements for information regarding this acquisition.

In some cases, we also earn Concierge platform fees from organizations that use our Concierge offering, which is a product that allows organizations to request rides for their customers and employees through our ridesharing marketplace. Concierge platform fees are earned as a fixed dollar amount per ride or a percentage of the ride price depending on the contract and such Concierge platform fee revenue is recognized on a gross basis.

Cost of Revenue

Cost of revenue primarily consists of insurance costs that are generally required under TNC and city regulations for ridesharing and bike and scooter rentals, respectively, payment processing charges, including merchant fees, chargebacks and failed charges, hosting and platform-related technology costs, certain direct costs related to bikes and scooters and car rental programs for Lyft Rentals and Flexdrive, personnel-related compensation costs and amortization of technology-related intangible assets.

We plan to continue to drive an increased volume of rides and expand the reach of our platform through increased usage, geographic expansion, as well as through additional offerings. We expect that cost of revenue will increase in absolute dollars in future periods and vary from period to period as a percentage of revenue.

Operations and Support

Operations and support expenses primarily consist of personnel-related compensation costs of local operations teams and teams who provide phone, email and chat support to users, bike and scooter fleet operations support costs, driver background checks and onboarding costs, fees paid to third parties providing operations support, facility costs and certain car rental fleet support costs.

We plan to continue to invest in our operations and support to ensure that we continue to provide exceptional support to users on our platform and grow our local operations. We expect that operations and support expenses will increase in absolute dollars in future periods and vary from period to period as a percentage of revenue.

Research and Development

Research and development expenses primarily consist of personnel-related compensation costs and facilities costs. Such expenses include costs related to our autonomous vehicle technology initiatives. Research and development costs are expensed as incurred.

We plan to continue to hire employees to support our research and development efforts to expand the capabilities and scope of our platform and enhance the user experience. We expect that research and development expenses will increase in absolute dollars in future periods partially as a result of the termination of a co-development partnership for developing autonomous technology at the end of 2019. We expect that research and development expenses will vary from period-to-period as a percentage of revenue.

Sales and Marketing

Sales and marketing expenses primarily consist of rider incentives, driver incentives for referring new drivers or riders, personnel-related compensation costs, advertising expenses, rider refunds and marketing partnerships with third parties. Sales and marketing costs are expensed as incurred.

We plan to continue to invest in sales and marketing to attract and retain riders and drivers on our platform and increase our brand awareness. We expect that sales and marketing expenses will increase in absolute dollars in future periods and vary from period-to-period as a percentage of revenue in the near term. We expect that, in the long-term, our sales and marketing expenses will decrease as a percentage of revenue as we continue to drive efficiencies by reducing rider acquisition expenses and the use of rider incentives.

General and Administrative

General and administrative expenses primarily consist of personnel-related compensation costs, certain insurance costs that are generally not required under TNC regulations, professional services fees, certain loss contingency expenses including legal accruals and settlements, insurance claims administrative fees, facility costs, and other corporate costs. General and administrative expenses are expensed as incurred.

We are incurring and expect to continue to incur additional general and administrative expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the SEC and the listing standards of the Nasdaq Global Select Market, additional corporate and director and officer insurance expenses, greater investor relations expenses and increased legal, audit and consulting fees. We also expect to increase the size of our general and administrative function to support our increased compliance requirements and the growth of our business. As a result, we expect that our general and administrative expenses will increase in absolute dollars in future periods and vary from period-to-period as a percentage of revenue.

Interest Income

Interest income consists primarily of interest earned on our cash and cash equivalents, and restricted and unrestricted short-term investments less interest expense incurred.

Provision for Income Taxes

Our provision for income taxes consists primarily of income taxes in foreign jurisdictions and U.S. state income taxes. As we expand the scale of our international business activities, any changes in the U.S. and foreign taxation of such activities may increase our overall provision for income taxes in the future.

We have a valuation allowance for our U.S. deferred tax assets, including federal and state net operating loss carryforwards, or NOLs. We expect to maintain this valuation allowance until it becomes more likely than not that the benefit of our federal and state deferred tax assets will be realized by way of expected future taxable income in the United States.

Results of Operations

The following table summarizes our historical consolidated statements of operations data:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Revenue	\$ 3,615,960	\$ 2,156,616	\$ 1,059,881
Costs and expenses			
Cost of revenue	2,176,469	1,243,400	659,533
Operations and support	636,116	338,402	183,513
Research and development	1,505,640	300,836	136,646
Sales and marketing	814,122	803,751	567,015
General and administrative	1,186,093	447,938	221,446
Total costs and expenses	6,318,440	3,134,327	1,768,153
Loss from operations	(2,702,480)	(977,711)	(708,272)
Interest income	102,506	66,462	20,243
Other income, net	89	652	284
Loss before income taxes	(2,599,885)	(910,597)	(687,745)
Provision for income taxes	2,356	738	556
Net loss	<u>\$ (2,602,241)</u>	<u>\$ (911,335)</u>	<u>\$ (688,301)</u>

The following table sets forth the components of our consolidated statements of operations data as a percentage of revenue:

	Year Ended December 31,		
	2019	2018	2017
Revenue	100.0 %	100.0 %	100.0 %
Costs and expenses			
Cost of revenue	60.2	57.6	62.2
Operations and support	17.6	15.7	17.3
Research and development	41.6	13.9	12.9
Sales and marketing	22.5	37.3	53.5
General and administrative	32.8	20.8	20.9
Total costs and expenses	174.7	145.3	166.8
Loss from operations	(74.7)	(45.3)	(66.8)
Interest income	2.8	3.1	1.9
Other income, net	—	—	—
Loss before income taxes	(71.9)	(42.2)	(64.9)
Provision for income taxes	0.1	0.1	—
Net loss	<u>(72.0)%</u>	<u>(42.3)%</u>	<u>(64.9)%</u>

Comparison of Years Ended December 31, 2019, 2018 and 2017

Revenue

	Year Ended December 31,			2018 to 2019 % Change	2017 to 2018 % Change
	2019	2018	2017		
	<i>(in thousands, except for percentages)</i>				
Revenue	\$ 3,615,960	\$ 2,156,616	\$ 1,059,881	68 %	103 %

2019 Compared to 2018

Revenue increased \$1.5 billion, or 68%, in the year ended December 31, 2019 compared to the prior year, driven primarily by an increase in the number of Active Riders and the revenue generated on our platform per Active Rider. The number of Active Riders increased between 23% and 44% in each of the quarters of 2019 compared to the same periods in 2018 primarily due to the wider market adoption of ridesharing in addition to our initiatives to attract and retain riders. We also believe the publicity and attention surrounding our IPO contributed to the increase in the number of Active Riders in the first and second quarters of 2019 as compared to the same periods in 2018. Revenue per Active Rider increased between 22% and 36% in each of the quarters ended in 2019 as compared to the same periods in 2018 primarily from increased service fees and commissions including efficiencies from Shared Rides, greater efficiency and effectiveness of driver incentives, revenue from our network of shared bikes and scooters and revenue from the Flexdrive program. We expect that Active Rider growth on a percentage basis will continue to moderate and the number of Active Riders may fluctuate as we continue to focus on profitable growth by attracting and retaining the more valuable Active Riders and increasing revenue per Active Rider.

2018 Compared to 2017

Revenue increased \$1.1 billion, or 103%, in the year ended December 31, 2018 compared to the prior year, driven primarily by an increase in the number of Active Riders and the revenue generated on our platform per Active Rider. The number of Active Riders increased between 47% and 74% in each of the quarters of 2018 compared to the same periods in 2017 primarily due to an increase in our market share and wider market adoption of ridesharing.

Cost of Revenue

	Year Ended December 31,			2018 to 2019 % Change	2017 to 2018 % Change
	2019	2018	2017		
	<i>(in thousands, except for percentages)</i>				
Cost of revenue	\$ 2,176,469	\$ 1,243,400	\$ 659,533	75 %	89 %

2019 Compared to 2018

Cost of revenue increased \$933.1 million, or 75% in the year ended December 31, 2019 compared to the prior year. This increase was primarily due to an increase of \$502.7 million in insurance costs related to ridesharing, largely driven by increases in insurance reserves related to current and historical periods as a result of updating actuarial assumptions to reflect currently available information, of which \$215.2 million was related to an increase in changes to insurance reserves attributed to historical periods, an increase of \$105.9 million in costs associated with the expansion of our network of shared bikes and scooters and the related insurance costs, largely driven by an increase in depreciation and disposal of bikes and scooters, an increase of \$80.8 million in stock-based compensation expense largely driven by expenses associated with RSUs which we started to recognize upon the effectiveness of our IPO Registration Statement, an increase of \$68.7 million in payment processing fees driven by an increase of ride activities on our platform, an increase of \$68.2 million in web hosting fees to support our platform and an increase of \$49.0 million in costs related to our relationship with Flexdrive as we expand the Express Drive Program.

2018 Compared to 2017

Cost of revenue increased \$583.9 million, or 89%, in the year ended December 31, 2018 compared to the prior year. This increase was primarily due to an increase of \$318.5 million in insurance costs, an increase of \$109.6 million in payment processing fees, and an increase of \$74.9 million in hosting and platform-related technology costs.

Operations and Support

	Year Ended December 31,			2018 to 2019 % Change	2017 to 2018 % Change
	2019	2018	2017		
Operations and support	\$ 636,116	\$ 338,402	\$ 183,513	88 %	84 %

(in thousands, except for percentages)

2019 Compared to 2018

Operations and support expenses increased \$297.7 million, or 88%, in the year ended December 31, 2019 compared to the prior year. The increase was primarily due to an increase of \$108.4 million in costs associated with expansion of our network of shared bikes and scooters largely driven by costs incurred in servicing and maintaining the fleet, an increase of \$75.0 million in stock-based compensation expense largely driven by expenses associated with RSUs which we started to recognize upon the effectiveness of our IPO Registration Statement, an increase of \$65.9 million in personnel costs and facility-related costs driven by increases in headcount and real estate leases to support the growth of our operations and an increase of \$29.5 million in costs related to Flexdrive as we expand the Express Drive Program.

2018 Compared to 2017

Operations and support expenses increased \$154.9 million, or 84%, in the year ended December 31, 2018 compared to the prior year. The increase was primarily due to an increase of \$47.0 million in personnel-related costs related to increased headcount to support the growth of our local operations, an increase of \$44.5 million in support costs, and an increase of \$12.3 million in costs for driver background checks and onboarding, driven by the growth in the number of new drivers.

Research and Development

	Year Ended December 31,			2018 to 2019 % Change	2017 to 2018 % Change
	2019	2018	2017		
Research and development	\$ 1,505,640	\$ 300,836	\$ 136,646	400 %	120 %

(in thousands, except for percentages)

2019 Compared to 2018

Research and development expenses increased \$1.2 billion, or 400%, in the year ended December 31, 2019 compared to the prior year. The increase was primarily due to an increase of \$967.8 million in stock-based compensation expense largely driven by expenses associated with RSUs which we started to recognize upon the effectiveness of our IPO Registration Statement, and an increase of \$165.3 million in other personnel-related costs as a result of an increase in headcount to support our expanded research and development activities. The increase in research and development expenses was partially offset by an increase of \$10.0 million in reimbursements by a partner for our autonomous technology efforts.

2018 Compared to 2017

Research and development expenses increased \$164.2 million, or 120%, in the year ended December 31, 2018 compared to the prior year. The increase was primarily due to an increase of \$151.4 million in personnel-related costs as a result of increased headcount, an increase of \$18.2 million in contractor costs and an increase of \$12.0 million in facilities costs. Our increased research and development expenses were driven by our efforts to launch new innovations, including our autonomous technology efforts, increase functionality on our platform and improve our efficiency in attracting and retaining drivers and riders. The increase in research and development expenses was partially offset by an increase of \$45.0 million in reimbursements by a partner for our autonomous technology efforts.

Sales and Marketing

	Year Ended December 31,			2018 to 2019 % Change	2017 to 2018 % Change
	2019	2018	2017		
	<i>(in thousands, except for percentages)</i>				
Sales and marketing	\$ 814,122	\$ 803,751	\$ 567,015	1 %	42 %

2019 Compared to 2018

Sales and marketing expenses increased \$10.4 million, or 1%, in the year ended December 31, 2019 compared to the prior year. The increase was primarily due to an increase of \$82.2 million in costs related to incentive programs to attract riders and drivers to use the Lyft Platform and to increase rider loyalty and ride frequency, an increase of \$71.8 million in stock-based compensation expense largely driven by expenses associated with RSUs which we started to recognize upon the effectiveness of our IPO Registration Statement, and an increase of \$30.0 million in other personnel-related costs as a result of an increase in headcount to support our expanded growth in marketing activities. The increase in sales and marketing expenses was partially offset by a decrease of \$141.8 million in costs associated with driver and passenger acquisition and a decrease of \$23.1 million in costs associated with brand and other marketing.

2018 Compared to 2017

Sales and marketing expenses increased \$236.7 million, or 42%, in the year ended December 31, 2018 compared to the prior year. The increase was primarily due to an increase in costs associated with driver referral and targeted rider incentive programs, which increased by \$141.0 million from \$155.6 million for the year ended December 31, 2017 to \$296.6 million for the year ended December 31, 2018. The increase in the incentive programs was primarily due to an increased use of targeted rider incentive programs to increase rider loyalty and ride frequency. In addition, there was increased spending of \$37.3 million on marketing programs, driven by an increase in driver advertising costs as we continue to grow our number of drivers, and an \$18.3 million increase in personnel-related compensation costs driven by an increase in our headcount.

General and Administrative

	Year Ended December 31,			2018 to 2019 % Change	2017 to 2018 % Change
	2019	2018	2017		
	<i>(in thousands, except for percentages)</i>				
General and administrative	\$ 1,186,093	\$ 447,938	\$ 221,446	165 %	102 %

2019 Compared to 2018

General and administrative expenses increased \$738.2 million, or 165%, in the year ended December 31, 2019 compared to the prior year. The increase was primarily due to an increase of \$395.3 million in stock-based compensation expense largely driven by expenses associated with RSUs which we started to recognize upon the effectiveness of our IPO Registration Statement, an increase of \$95.5 million in other personnel-related costs as a result of increased headcount to support our growth in operations and needs as a public company, an increase of \$78.6 million in corporate insurance costs, an increase of \$64.3 million in certain loss contingencies including legal accruals and settlements, and an increase of \$51.6 million in consultant and advisory costs due to overall growth in our business.

2018 Compared to 2017

General and administrative expenses increased \$226.5 million, or 102%, in the year ended December 31, 2018 compared to the prior year. The increase was primarily due to a \$66.0 million increase in certain loss contingencies including legal accruals and settlements, a \$35.7 million increase in consultant and advisory costs due to overall growth in our business, a \$34.6 million increase in personnel-related compensation costs driven by an increase in our headcount and a \$21.7 million increase in claims administrative fees.

Interest Income

	Year Ended December 31,			2018 to 2019 % Change	2017 to 2018 % Change
	2019	2018	2017		
	<i>(in thousands, except for percentages)</i>				
Interest income	\$ 102,506	\$ 66,462	\$ 20,243	54 %	228 %

2019 Compared to 2018

Interest income increased \$36.0 million, or 54%, in the year ended December 31, 2019 compared to the prior year. The increase was primarily driven by an increase in our cash equivalents and short-term investments balance as we invested the proceeds from our IPO.

2018 Compared to 2017

Interest income increased \$46.2 million, or 228%, in the year ended December 31, 2018 compared to the prior year. The increase was primarily driven by increases in our cash equivalents and restricted and unrestricted short-term investments during 2018 as compared to 2017. Additionally, in 2018, the yield curve for maturities under one year increased and we earned a higher return on our investments.

Quarterly Results of Operations

The following table sets forth our unaudited quarterly consolidated results of operations for each of the eight quarters in the period ended December 31, 2019. These unaudited quarterly results of operations have been prepared on the same basis as our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. In the opinion of management, the financial information set forth in the table below reflects all normal recurring adjustments necessary for the fair statement of results of operations for these periods. Our historical results are not necessarily indicative of the results that may be expected in the future and the results of a particular quarter or other interim period are not necessarily indicative of the results for a full year. You should read the following unaudited quarterly consolidated results of operations in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this Annual Report on 10-K.

Quarterly Consolidated Statements of Operations

	Three Months Ended							
	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018	March 31, 2018
	<i>(in thousands, except for per share data)</i>							
Revenue	\$ 1,017,070	\$ 955,598	\$ 867,265	\$ 776,027	\$ 669,565	\$ 584,951	\$ 504,912	\$ 397,188
Costs and expenses ⁽¹⁾								
Cost of revenue	502,762	580,714	630,136	462,857	366,991	322,614	293,186	260,609
Operations and support	147,112	149,794	151,975	187,235	118,650	92,481	67,366	59,905
Research and development	276,575	288,272	309,833	630,960	96,061	77,168	64,415	63,192
Sales and marketing	194,184	163,858	180,951	275,129	218,922	241,015	175,107	168,707
General and administrative	278,251	263,820	267,286	376,736	138,964	120,348	98,472	90,154
Total costs and expenses	1,398,884	1,446,458	1,540,181	1,932,917	939,588	853,626	698,546	642,567
Loss from operations	(381,814)	(490,860)	(672,916)	(1,156,890)	(270,023)	(268,675)	(193,634)	(245,379)
Interest income	24,222	28,651	29,979	19,654	20,095	19,615	15,251	11,501
Other income (loss), net	(387)	641	(311)	146	587	409	(289)	(55)
Loss before income taxes	(357,979)	(461,568)	(643,248)	(1,137,090)	(249,341)	(248,651)	(178,672)	(233,933)
Provision for (benefit from) income taxes	(1,927)	1,909	991	1,383	(409)	510	231	406
Net loss	\$ (356,052)	\$ (463,477)	\$ (644,239)	\$ (1,138,473)	\$ (248,932)	\$ (249,161)	\$ (178,903)	\$ (234,339)
Net loss per share, basic and diluted	\$ (1.19)	\$ (1.57)	\$ (2.23)	\$ (48.53)	\$ (11.29)	\$ (11.58)	\$ (8.48)	\$ (11.69)
Weighted-average number of shares outstanding used to compute net loss per share, basic and diluted	299,604	294,784	288,372	23,459	22,046	21,508	21,088	20,039

⁽¹⁾ Costs and expenses include stock-based compensation expense as follows:

	Three Months Ended							
	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018	March 31, 2018
	<i>(in thousands)</i>							
Cost of revenue	\$ 12,696	\$ 12,078	\$ 15,058	\$ 41,489	\$ 120	\$ 139	\$ 137	\$ 105
Operations and support	7,034	8,553	8,221	51,404	32	48	46	51
Research and development	128,987	153,830	182,918	506,206	1,754	1,110	515	728
Sales and marketing	6,833	7,969	12,133	45,111	24	63	47	127
General and administrative	48,861	59,746	74,908	215,276	304	1,486	756	985
Total stock-based compensation expense	\$ 204,411	\$ 242,176	\$ 293,238	\$ 859,486	\$ 2,234	\$ 2,846	\$ 1,501	\$ 1,996

The three months ended March 31, 2019 includes \$857.2 million of stock-based compensation expense related to RSUs, for which the performance-based condition, if any, was satisfied on March 28, 2019, the effective date of our IPO Registration Statement, and the requisite service conditions was met as of December 31, 2019.

Consolidated Statements of Operations, as a percentage of revenue

	Three Months Ended							
	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018	March 31, 2018
Revenue	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Costs and expenses								
Cost of revenue	49.4	60.8	72.7	59.6	54.8	55.2	58.1	65.6
Operations and support	14.5	15.7	17.5	24.1	17.7	15.8	13.3	15.1
Research and development	27.2	30.2	35.8	81.3	14.3	13.2	12.8	15.9
Sales and marketing	19.1	17.1	20.9	35.5	32.7	41.2	34.7	42.5
General and administrative	27.4	27.6	30.8	48.5	20.8	20.6	19.5	22.7
Total costs and expenses	137.6	151.4	177.7	249.0	140.3	146.0	138.4	161.8
Loss from operations	(37.5)	(51.4)	(77.7)	(149.0)	(40.3)	(46.0)	(38.4)	(61.8)
Interest income	2.4	3.0	3.5	2.5	3.0	3.4	3.0	2.9
Other income, net	—	0.1	—	—	0.1	0.1	—	—
Loss before income taxes	(35.1)	(48.3)	(74.2)	(146.5)	(37.2)	(42.5)	(35.4)	(58.9)
Provision for income taxes	(0.2)	0.2	0.1	0.2	0.0	0.1	—	0.1
Net loss	(34.9)%	(48.5)%	(74.3)%	(146.7)%	(37.2)%	(42.6)%	(35.4)%	(59.0)%

Non-GAAP Financial Measures

	Year Ended December 31,			2018 to 2019 % Change	2017 to 2018 % Change
	2019	2018	2017		
	<i>(in millions, except for percentages)</i>				
Contribution ⁽¹⁾	\$ 1,812.5	\$ 920.8	\$ 400.9	96.8 %	131.1 %
Contribution Margin	50.1 %	42.7 %	37.8 %		
Adjusted EBITDA ⁽¹⁾	\$ (678.9)	\$ (943.5)	\$ (696.1)	(28.0)%	(35.5)%
Adjusted EBITDA Margin	(18.8)%	(43.7)%	(65.7)%		

(1) Contribution, Contribution Margin, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures and metrics. For more information regarding our use of these measures and a reconciliation of these measures to the most comparable GAAP measures, see “Reconciliation of Non-GAAP Financial Measures.”

Contribution and Contribution Margin

Contribution and Contribution Margin are measures used by our management to understand and evaluate our operating performance and trends. We believe Contribution and Contribution Margin are key measures of our ability to achieve profitability and increase it over time. Contribution Margin has generally increased over the periods presented as revenue has increased at a faster rate than the costs included in the calculation of Contribution.

We define Contribution as revenue less cost of revenue, adjusted to exclude the following items from cost of revenue:

- amortization of intangible assets;
- stock-based compensation expense;
- payroll tax expense related to stock-based compensation; and
- changes to the liabilities for insurance required by regulatory agencies attributable to historical periods.

For more information about cost of revenue, see the section titled “Components of Results of Operations—Cost of Revenue.”

Contribution Margin is calculated by dividing Contribution for a period by revenue for the same period.

We record historical changes to liabilities for insurance required by regulatory agencies for financial reporting purposes in the quarter of positive or adverse development even though such development may be related to claims that occurred in prior periods. For example, if in the first quarter of a given year, the cost of claims grew by \$1 million for claims related to the prior fiscal year or earlier, the expense would be recorded for GAAP purposes within the first quarter instead of in the results of the prior period. We believe these prior period changes to insurance liabilities do not illustrate the current period performance of our ongoing operations since these prior period changes relate to claims that could potentially date back years. We have limited ability to influence the ultimate development of historical claims. Accordingly, including the prior period changes would not illustrate the performance of our ongoing operations or how the business is run or managed by us. For consistency, we do not adjust the calculation of Contribution for any prior period based on any positive or adverse development that occurs subsequent to the quarter end. Annual Contribution is calculated by adding Contribution of the last four quarters. We believe the adjustment to exclude the historical changes to liabilities for insurance required by regulatory agencies from Contribution and Adjusted EBITDA is useful to investors by enabling them to better assess our operating performance in the context of current period results.

For more information regarding the limitations of Contribution and Contribution Margin and a reconciliation of revenue to Contribution, see the section titled "Reconciliation of Non-GAAP Financial Measures."

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and Adjusted EBITDA Margin are key performance measures that our management uses to assess our operating performance and the operating leverage in our business. Because Adjusted EBITDA and Adjusted EBITDA Margin facilitate internal comparisons of our historical operating performance on a more consistent basis, we use these measures for business planning purposes. We expect Adjusted EBITDA and Adjusted EBITDA Margin will increase over the long term as we continue to scale our business and achieve greater efficiencies in our operating expenses.

We calculate Adjusted EBITDA as net loss, adjusted to exclude:

- interest income;
- other income, net;
- provision for income taxes;
- depreciation and amortization;
- stock-based compensation expense;
- payroll tax expense related to stock-based compensation;
- costs related to acquisitions, if any; and
- changes to the liabilities for insurance required by regulatory agencies attributable to historical periods.

Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA for a period by revenue for the same period.

For more information regarding the limitations of Adjusted EBITDA and Adjusted EBITDA Margin and a reconciliation of net loss to Adjusted EBITDA, see the section titled "Reconciliation of Non-GAAP Financial Measures."

Reconciliation of Non-GAAP Financial Measures

We use Contribution, Contribution Margin, Adjusted EBITDA and Adjusted EBITDA Margin in conjunction with GAAP measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies, and to communicate with our board of directors concerning our financial performance. Our definitions may differ from the definitions used by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Furthermore, these measures have certain limitations in that they do not include the impact of certain expenses that are reflected in our consolidated statements of operations that are necessary to run our business. Thus, our Contribution, Contribution Margin, Adjusted EBITDA and Adjusted EBITDA Margin should be considered in addition to, not as substitutes for, or in isolation from, measures prepared in accordance with GAAP.

We compensate for these limitations by providing a reconciliation of Contribution and Adjusted EBITDA to the related GAAP financial measures, revenue and net loss, respectively. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view Contribution, Contribution Margin, Adjusted EBITDA and Adjusted EBITDA Margin in conjunction with their respective related GAAP financial measures.

The following table provides a reconciliation of revenue to Contribution (in millions):

	Year Ended December 31,		
	2019	2018	2017
	<i>(in millions)</i>		
Revenue	\$ 3,616.0	\$ 2,156.6	\$ 1,059.9
Less: cost of revenue	(2,176.5)	(1,243.4)	(659.5)
Adjusted to exclude the following (as related to cost of revenue):			
Amortization of intangible assets	19.5	3.7	—
Stock-based compensation	81.4	0.5	0.5
Payroll tax expense related to stock-based compensation	1.8	—	—
Changes to the liabilities for insurance required by regulatory agencies attributable to historical periods ⁽¹⁾	270.3	3.4	—
Contribution	<u>\$ 1,812.5</u>	<u>\$ 920.8</u>	<u>\$ 400.9</u>

(1) \$270.3 of insurance expense recorded during the year ended December 31, 2019 reflects changes to reserves estimates of claims from the third quarter of 2019 and earlier periods. \$3.4 million of insurance expense recorded during the year ended December 31, 2018 reflects changes to reserves estimates of claims from 2017 and earlier periods.

The following table provides a reconciliation of net loss to Adjusted EBITDA (in millions):

	Year Ended December 31,		
	2019	2018	2017
	<i>(in millions)</i>		
Net loss	\$ (2,602.2)	\$ (911.3)	\$ (688.3)
Adjusted to exclude the following:			
Interest income	(102.5)	(66.5)	(20.2)
Other income, net	(0.1)	(0.7)	(0.3)
Provision for income taxes	2.3	0.7	0.6
Depreciation and amortization	108.3	18.8	2.6
Stock-based compensation	1,599.3	8.6	9.5
Payroll tax expense related to stock-based compensation	44.7	—	—
Changes to the liabilities for insurance required by regulatory agencies attributable to historical periods ⁽¹⁾	270.3	3.4	—
Costs related to acquisitions	1.0	3.5	—
Adjusted EBITDA	<u>\$ (678.9)</u>	<u>\$ (943.5)</u>	<u>\$ (696.1)</u>

(1) \$270.3 million of insurance expense recorded during the year ended December 31, 2019 reflects changes to reserves estimates of claims from the third quarter of 2019 and earlier periods. \$3.4 million of insurance expense recorded during the year ended December 31, 2018 reflects changes to reserves estimates of claims from 2017 and earlier periods.

Liquidity and Capital Resources

As of December 31, 2019, our principal sources of liquidity were cash and cash equivalents of approximately \$358.3 million and short-term investments of approximately \$2.5 billion, exclusive of restricted cash, cash equivalents and investments of \$1.6 billion. Cash and cash equivalents consisted of institutional money market funds and certificates of deposits denominated in U.S. dollars as well as commercial paper, corporate bonds and money market deposit accounts. Short-term investments consisted of commercial paper, certificates of deposit, corporate bonds and term deposits, which mature in 12 months or less. Restricted cash, cash equivalents and investments consisted primarily of amounts held in separate trust accounts and restricted bank accounts as collateral for insurance purposes and amounts pledged to secure certain letters of credit.

In April 2019, we received net proceeds of \$2.5 billion upon the completion of our IPO.

Since our inception, we have generated negative cash flows from operations, and we have financed our operations primarily through private sales of equity securities, our recent IPO and payments received through our platform. We believe our existing cash and cash equivalents will be sufficient to meet our working capital and capital expenditures needs over at least the next 12 months.

We collect the fare and related charges from riders on behalf of drivers at the time the ride is delivered using the rider's authorized payment method, and we retain any fees owed to us before making the remaining disbursement to drivers. Accordingly, we maintain no accounts receivable from drivers. Our contracts with insurance providers require reinsurance premiums to be deposited into trust accounts with a third-party financial institution from which the insurance providers are reimbursed for claims payments. Our restricted reinsurance trust investments as of December 31, 2019 and 2018 were \$1.4 billion and \$863.7 million, respectively.

Our future capital requirements will depend on many factors, including, but not limited to our growth, our ability to attract and retain drivers and riders on our platform, the continuing market acceptance of our offerings, the timing and extent of spending to support our efforts to develop our platform and autonomous technology, actual insurance payments for which we have made reserves, the timing and extent of investment we are making in policy, government relations and the California ballot initiative, and the expansion of sales and marketing activities. Further, we may in the future enter into arrangements to acquire or invest in businesses, products, services and technologies. We may decide to, or be required to, seek additional equity or debt financing for any of these reasons, or others that may arise. In the event that we decide, or are required, to seek additional financing from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition and results of operations could be adversely affected.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Year Ended December 31,		
	2019	2018	2017
	<i>(in thousands)</i>		
Net cash used in operating activities	\$ (105,702)	\$ (280,673)	\$ (393,526)
Net cash used in investing activities	(1,610,843)	(1,043,752)	(991,426)
Net cash provided by financing activities	1,574,196	852,238	2,048,951
Effect of foreign exchange on cash, cash equivalents and restricted cash and cash equivalents	328	(246)	—
Net change in cash, cash equivalents and restricted cash and cash equivalents	<u>\$ (142,021)</u>	<u>\$ (472,433)</u>	<u>\$ 663,999</u>

Operating Activities

Cash used in operating activities was \$105.7 million for the year ended December 31, 2019. This consisted primarily of a net loss of \$2.6 billion offset by non-cash stock-based compensation expense of \$1.6 billion largely driven by the recognition of costs related to RSUs which we started to recognize upon the effectiveness of our IPO Registration Statement on March 28, 2019. Additionally, there was an increase in insurance reserves and accrued and other liabilities of \$0.9 billion.

Cash used in operating activities was \$280.7 million for the year ended December 31, 2018. This consisted of a net loss of \$911.3 million, an increase in prepaid expenses and other assets of \$75.6 million and a decrease in accounts payable of \$40.8 million due to the timing of payments, partially offset by an increase in insurance reserves and accrued and other liabilities of \$741.9 million.

Cash used in operating activities was \$393.5 million for the year ended December 31, 2017. This consisted of a net loss of \$688.3 million and an increase in prepaid expenses and other assets of \$111.8 million, partially offset by increased accounts payable, insurance reserves and accrued and other liabilities of \$399.0 million.

Investing Activities

Cash used in investing activities was \$1.6 billion for the year ended December 31, 2019, which primarily consisted of purchases of short-term investments of \$6.4 billion, partially offset by proceeds from sales and maturities of marketable securities of \$5.2 billion.

Cash used in investing activities was \$1.0 billion for the year ended December 31, 2018, which primarily consisted of purchases of short-term investments of \$5.5 billion, partially offset by proceeds from sales and maturities of marketable securities of \$4.7 billion.

Cash used in investing activities was \$991.4 million for the year ended December 31, 2017, which primarily consisted of purchases of short-term investments of \$2.6 billion, partially offset by proceeds from sales and maturities of marketable securities of \$1.6 billion.

Financing Activities

Cash provided by financing activities was \$1.6 billion for the year ended December 31, 2019, which primarily consisted of proceeds from the issuance of our Class A common stock in our IPO of \$2.5 billion, partially offset by taxes paid related to net share settlement of equity awards of \$0.9 billion.

Cash provided by financing activities was \$852.2 million and \$2.0 billion for the years ended December 31, 2018 and 2017, respectively, which consisted almost exclusively of proceeds from issuances of redeemable convertible preferred stock, net of issuance costs.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2019 (in millions):

	Payments Due by Period ⁽¹⁾⁽²⁾				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating lease commitments	\$ 591.8	\$ 126.0	\$ 225.1	\$ 106.5	\$ 134.2
Noncancelable purchase commitments ⁽³⁾	\$ 292.3	\$ 87.7	\$ 151.0	\$ 25.3	\$ 28.2

(1) The table excludes insurance reserves due to uncertainties in the timing of settlement of these reserves.

(2) On November 30, 2018, we completed the acquisition of Motivate, a New York headquartered bikeshare company. Over the approximately five years following the transaction, we committed to invest an aggregate of \$100 million in the bikeshare program for the New York metro area. We also assumed certain pre-existing contractual obligations to increase the bike fleets in other locations which are not considered to be material. Due to the uncertainty with respect to the timing of future cash flows associated with these commitments, we have not included these commitments in the above table.

(3) Noncancelable purchase commitments include amounts related to our March 2018 commercial agreement, which was subsequently amended in January 2019, with Amazon Web Services, or AWS. Under this amended arrangement, we are committed to spend an aggregate of at least \$300 million between January 2019 and December 2021, with a minimum amount of \$80 million in each of the three years, on AWS services.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business, which primarily relate to fluctuations in interest rates. Such fluctuations to date have not been significant. As of December 31, 2019, we had unrestricted cash, cash equivalents and short-term investments of approximately \$2.9 billion, which consisted primarily of institutional money market funds, certificates of deposits, commercial paper, corporate bonds, U.S. government and agency securities, and term deposits, which each carry a degree of interest rate risk, and restricted cash, cash equivalents and restricted investments of \$1.6 billion. A hypothetical 10% change in interest rates would not have a material impact on our financial condition or results of operations due to the short-term nature of our investment portfolio.

We do not believe that inflation has had a material effect on our business, results of operations or financial condition. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs. Our inability or failure to do so could harm our business, results of operations or financial condition.

Item 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Lyft, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Lyft, Inc. and its subsidiaries (the “Company”) as of December 31, 2019 and 2018, and the related consolidated statements of operations, of comprehensive loss, of redeemable convertible preferred stock and stockholders’ equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

San Francisco, California
February 28, 2020

We have served as the Company’s auditor since 2015.

Lyft, Inc.
Consolidated Balance Sheets

(in thousands, except for share and per share data)

	December 31,	
	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 358,319	\$ 517,690
Short-term investments	2,491,805	1,520,180
Prepaid expenses and other current assets	397,239	282,572
Total current assets	3,247,363	2,320,442
Restricted cash and cash equivalents	204,976	187,374
Restricted investments	1,361,045	863,713
Property and equipment, net	188,603	109,257
Operating lease right of use assets	441,258	—
Intangible assets, net	82,919	117,733
Goodwill	158,725	152,085
Other assets	6,494	9,439
Total assets	<u>\$ 5,691,383</u>	<u>\$ 3,760,043</u>
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable	\$ 38,839	\$ 32,343
Insurance reserves	1,378,462	810,273
Accrued and other current liabilities	939,865	606,203
Operating lease liabilities — current	94,199	—
Total current liabilities	2,451,365	1,448,819
Operating lease liabilities	382,077	—
Other liabilities	3,857	30,458
Total liabilities	2,837,299	1,479,277
Commitments and contingencies (Note 8)		
Redeemable convertible preferred stock, \$0.00001 par value; no and 227,328,900 shares authorized as of December 31, 2019 and December 31, 2018, respectively; no and 219,175,709 shares issued and outstanding as of December 31, 2019 and December 31, 2018, respectively	—	5,152,047
Stockholders' equity (deficit)		
Preferred stock, \$0.00001 par value; 1,000,000,000 and no shares authorized as of December 31, 2019 and December 31, 2018, respectively; no shares issued and outstanding as of December 31, 2019 and December 31, 2018	—	—
Common stock, \$0.00001 par value; 18,000,000,000 Class A shares and 340,000,000 shares authorized, 293,793,151 Class A shares and 22,438,472 shares issued and outstanding, as of December 31, 2019 and December 31, 2018, respectively; 100,000,000 and no Class B shares authorized, 8,802,629 and no Class B shares issued and outstanding, as of December 31, 2019 and December 31, 2018, respectively	3	—
Additional paid-in capital	8,398,927	73,916
Accumulated other comprehensive income	2,725	133
Accumulated deficit	(5,547,571)	(2,945,330)
Total stockholders' equity (deficit)	2,854,084	(2,871,281)
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	<u>\$ 5,691,383</u>	<u>\$ 3,760,043</u>

The accompanying notes are an integral part of these consolidated financial statements.

Lyft, Inc.
Consolidated Statements of Operations
(in thousands, except for per share data)

	Year Ended December 31,		
	2019	2018	2017
Revenue	\$ 3,615,960	\$ 2,156,616	\$ 1,059,881
Costs and expenses			
Cost of revenue	2,176,469	1,243,400	659,533
Operations and support	636,116	338,402	183,513
Research and development	1,505,640	300,836	136,646
Sales and marketing	814,122	803,751	567,015
General and administrative	1,186,093	447,938	221,446
Total costs and expenses	6,318,440	3,134,327	1,768,153
Loss from operations	(2,702,480)	(977,711)	(708,272)
Interest income	102,506	66,462	20,243
Other income, net	89	652	284
Loss before income taxes	(2,599,885)	(910,597)	(687,745)
Provision for income taxes	2,356	738	556
Net loss	\$ (2,602,241)	\$ (911,335)	\$ (688,301)
Net loss per share, basic and diluted	\$ (11.44)	\$ (43.04)	\$ (35.53)
Weighted-average number of shares outstanding used to compute net loss per share, basic and diluted	227,498	21,176	19,371
Stock-based compensation included in costs and expenses:			
Cost of revenue	\$ 81,321	\$ 501	\$ 464
Operations and support	75,212	177	2,549
Research and development	971,941	4,107	2,379
Sales and marketing	72,046	261	415
General and administrative	398,791	3,531	3,739

The accompanying notes are an integral part of these consolidated financial statements.

Lyft, Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
Net loss	\$ (2,602,241)	\$ (911,335)	\$ (688,301)
Other comprehensive income (loss)			
Foreign currency translation adjustment	162	988	—
Unrealized gain (loss) on marketable securities, net of taxes	2,430	156	(918)
Other comprehensive income (loss)	2,592	1,144	(918)
Comprehensive loss	\$ (2,599,649)	\$ (910,191)	\$ (689,219)

The accompanying notes are an integral part of these consolidated financial statements.

Lyft, Inc.
Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)
(in thousands)

	Redeemable Convertible Preferred Stock		Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balances as of January 1, 2017	144,778	\$ 2,238,770	18,734	\$ —	\$ 42,057	\$ (1,345,694)	\$ (93)	\$ (1,303,730)
Issuance of Series G redeemable convertible preferred stock, net of issuance cost	18,662	599,715	—	—	—	—	—	—
Issuance of Series H redeemable convertible preferred stock, net of issuance cost	36,375	1,445,564	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	1,181	—	3,864	—	—	3,864
Issuance of restricted common stock upon early exercise of stock options	—	—	3	—	—	—	—	—
Repurchase of common stock	—	—	(2)	—	—	—	—	—
Vesting of early exercised stock options	—	—	—	—	101	—	—	101
Stock-based compensation	—	—	—	—	9,546	—	—	9,546
Other comprehensive loss	—	—	—	—	—	—	(918)	(918)
Net loss	—	—	—	—	—	(688,301)	—	(688,301)
Balance as of December 31, 2017	<u>199,815</u>	<u>\$ 4,284,049</u>	<u>19,916</u>	<u>\$ —</u>	<u>\$ 55,568</u>	<u>\$ (2,033,995)</u>	<u>\$ (1,011)</u>	<u>\$ (1,979,438)</u>
Issuance of Series H redeemable convertible preferred stock, net of issuance cost	6,397	254,162	—	—	—	—	—	—
Issuance of Series I redeemable convertible preferred stock, net of issuance cost	12,429	588,496	—	—	—	—	—	—
Issuance of Series I redeemable convertible preferred stock issued as consideration as part of a business combination	535	25,340	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	2,254	—	9,564	—	—	9,564
Issuance of restricted common stock upon early exercise of stock options	—	—	27	—	—	—	—	—
Issuance of restricted stock awards granted in conjunction with a business combination	—	—	241	—	—	—	—	—
Vesting of early exercised stock options	—	—	—	—	207	—	—	207
Stock-based compensation	—	—	—	—	8,577	—	—	8,577
Other comprehensive income	—	—	—	—	—	—	1,144	1,144
Net loss	—	—	—	—	—	(911,335)	—	(911,335)
Balance as of December 31, 2018	<u>219,176</u>	<u>\$ 5,152,047</u>	<u>22,438</u>	<u>\$ —</u>	<u>\$ 73,916</u>	<u>\$ (2,945,330)</u>	<u>\$ 133</u>	<u>\$ (2,871,281)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Lyft, Inc.
Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)

(in thousands)

	Redeemable Convertible Preferred Stock		Class A and Class B Common Stock			Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount					
Balance as of December 31, 2018	219,176	\$ 5,152,047	22,438	\$ —	\$ 73,916	\$ (2,945,330)	\$ 133	\$ (2,871,281)	
Issuance of common stock upon exercise of stock options	—	—	10,855	—	18,336	—	—	18,336	
Issuance of common stock upon settlement of RSUs	—	—	28,622	—	—	—	—	—	
Issuance of common stock under employee stock purchase plan	—	—	404	—	14,767	—	—	14,767	
Shares withheld related to net share settlement	—	—	(14,394)	—	(942,982)	—	—	(942,982)	
Issuance of common in connection with initial public offering, net of offering costs, underwriting discounts and commissions	—	—	35,497	1	2,483,622	—	—	2,483,623	
Conversion of redeemable convertible preferred stock to common stock in connection with initial public offering	(219,176)	(5,152,047)	219,176	2	5,152,045	—	—	5,152,047	
Canceled escrow shares related to business combination	—	—	(2)	—	(90)	—	—	(90)	
Vesting of early exercised stock options	—	—	—	—	2	—	—	2	
Stock-based compensation	—	—	—	—	1,599,311	—	—	1,599,311	
Other comprehensive income	—	—	—	—	—	—	2,592	2,592	
Net loss	—	—	—	—	—	(2,602,241)	—	(2,602,241)	
Balance as of December 31, 2019	—	\$ —	302,596	\$ 3	\$ 8,398,927	\$ (5,547,571)	\$ 2,725	\$ 2,854,084	

The accompanying notes are an integral part of these consolidated financial statements.

Lyft, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities			
Net loss	\$ (2,602,241)	\$ (911,335)	\$ (688,301)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	108,429	18,752	2,611
Stock-based compensation	1,599,311	8,577	9,546
Amortization of premium on marketable securities	597	473	948
Accretion of discount on marketable securities	(39,285)	(23,605)	(5,542)
Loss on disposal of assets	36,541	—	—
Other	(875)	989	—
Changes in operating assets and liabilities			
Prepaid expenses and other assets	(119,453)	(75,640)	(111,772)
Operating lease right-of-use assets	108,600	—	—
Accounts payable	5,067	(40,811)	21,384
Insurance reserves	568,190	433,735	244,587
Accrued and other liabilities	332,363	308,192	133,013
Lease liabilities	(102,946)	—	—
Net cash used in operating activities	<u>(105,702)</u>	<u>(280,673)</u>	<u>(393,526)</u>
Cash flows from investing activities			
Purchases of marketable securities	(6,448,895)	(5,454,118)	(2,559,423)
Purchases of term deposits	(142,811)	—	—
Proceeds from sales of marketable securities	1,092,978	900,361	872,298
Proceeds from maturities of marketable securities	4,071,165	3,838,464	707,722
Purchases of property and equipment and scooter fleet	(178,088)	(68,668)	(7,537)
Purchases of other intangible assets	—	(2,200)	(4,486)
Cash paid for acquisitions, net of cash acquired	(12,323)	(257,591)	—
Other investing activities	7,131	—	—
Net cash used in investing activities	<u>(1,610,843)</u>	<u>(1,043,752)</u>	<u>(991,426)</u>
Cash flows from financing activities			
Proceeds from issuance of common stock in initial public offering, net of underwriting commissions, offering costs and reimbursements	2,484,029	—	—
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	—	842,658	2,045,279
Proceeds from exercise of stock options and other common stock issuances	33,062	9,986	3,672
Payment of deferred offering costs	—	(406)	—
Taxes paid related to net share settlement of equity awards	(942,895)	—	—
Net cash provided by financing activities	<u>1,574,196</u>	<u>852,238</u>	<u>2,048,951</u>
Effect of foreign exchange on cash, cash equivalents and restricted cash and cash equivalents	328	(246)	—
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	(142,021)	(472,433)	663,999
Cash, cash equivalents and restricted cash and cash equivalents			
Beginning of period	706,486	1,178,919	514,920
End of period	<u>\$ 564,465</u>	<u>\$ 706,486</u>	<u>\$ 1,178,919</u>
Reconciliation of cash, cash equivalents and restricted cash and cash equivalents to the consolidated balance sheets			
Cash and cash equivalents	\$ 358,319	\$ 517,690	\$ 1,106,102
Restricted cash and cash equivalents	204,976	187,374	72,817
Restricted cash, included in prepaid expenses and other current assets	1,170	1,422	—
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 564,465</u>	<u>\$ 706,486</u>	<u>\$ 1,178,919</u>

The accompanying notes are an integral part of these consolidated financial statements.

Lyft, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
Non-cash investing and financing activities			
Purchases of property and equipment, and scooter fleet not yet settled	\$ 13,070	\$ 8,154	\$ 704
Deferred offering costs accrued, unpaid	—	1,689	—
Right of use assets acquired under operating leases	264,076	—	—
Redeemable convertible preferred stock issued as part of a business combination	—	25,340	—
Conversion of redeemable convertible preferred stock to common stock in connection with initial public offering	5,152,047	—	—
Reclassification of deferred offering costs to additional paid-in capital upon initial public offering	7,690	—	—
Decrease in goodwill from measurement period adjustments related to business combinations	3,240	—	—

The accompanying notes are an integral part of these consolidated financial statements.

Lyft, Inc.
Notes to Consolidated Financial Statements

1. Description of Business and Basis of Presentation

Organization and Description of Business

Lyft, Inc. (the “Company” or “Lyft”) is incorporated in Delaware with its headquarters in San Francisco, California. Lyft operates multimodal transportation networks in the United States and Canada that offer access to a variety of transportation options through the Company’s platform and mobile-based applications.

This network enables multiple modes of transportation including the facilitation of peer-to-peer ridesharing by connecting drivers who have a car with passengers who need a ride. The Company’s proprietary technology platform (the “Lyft Platform”) provides a marketplace where drivers can be matched with passengers via the Lyft mobile application (the “App”) where the Company operates as a Transportation Network Company (“TNC”). Drivers, who are considered the Company’s customers, provide transportation services to their passengers through various ride offerings (e.g., private rides, shared rides, luxury vehicle rides, etc.) on the Lyft Platform.

In 2018, the Company expanded its platform to offer access to new transportation options. This expansion included launching a network of shared bikes and scooters (“Light Vehicles”) in select cities available to renters for short rides. The Company also increased access to its Express Drive program in 2018. The Express Drive program allows drivers to enter into short-term rental agreements from third-party operators for vehicles that may be used to provide ridesharing services on the Lyft Platform.

Basis of Presentation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

The Company uses the U.S. dollar predominantly as the functional currency of its foreign subsidiaries. For foreign subsidiaries where the U.S. dollar is the functional currency, gains and losses from remeasurement of foreign currency balances into U.S. dollars are included in the consolidated statements of operations. For the foreign subsidiary where the local currency is the functional currency, translation adjustments of foreign currency financial statements into U.S. dollars are recorded to a separate component of accumulated other comprehensive loss.

Initial Public Offering

The Company’s registration statement on Form S-1 (the “IPO Registration Statement”) related to its initial public offering (“IPO”) was declared effective on March 28, 2019, and the Company’s Class A common stock began trading on the Nasdaq Global Select Market on March 29, 2019. On April 2, 2019, the Company completed its IPO, in which the Company sold 32,500,000 shares of Class A common stock at a price to the public of \$72.00 per share. On April 9, 2019, the Company sold an additional 2,996,845 shares of Class A common stock at a price to the public of \$72.00 per share pursuant to the exercise of the underwriters’ option to purchase additional shares. The Company received aggregate net proceeds of \$2.5 billion after deducting underwriting discounts and commissions of \$70.3 million and offering expenses of \$7.7 million subject to certain cost reimbursements.

Immediately prior to the completion of the IPO, 219,175,709 shares of redeemable convertible preferred stock then outstanding converted into an equivalent number of shares of common stock. Immediately prior to the completion of the IPO, the Company filed its Amended and Restated Certificate of Incorporation, which authorizes a total of 18,000,000,000 shares of Class A common stock, 100,000,000 shares of Class B common stock, and 1,000,000,000 shares of preferred stock. Upon the filing of the Amended and Restated Certificate of Incorporation, 255,007,393 shares of the Company’s common stock then outstanding were automatically reclassified into an equivalent number of shares of the Company’s Class A common stock. Immediately after the reclassification and prior to the completion of the IPO, a total of 12,779,709 shares of Class A common stock held by Logan Green, John Zimmer and their respective affiliated trusts were exchanged for an equivalent number of shares of Class B common stock pursuant to the terms of certain exchange agreements. As a result, following the completion of the IPO, the Company has two classes of authorized and outstanding common stock: Class A common stock and Class B common stock.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting periods. The Company bases its estimates on various factors and information which may include, but are not limited to, history and prior experience, expected future results, new related events and economic conditions, which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ materially from those estimates.

Significant items subject to estimates and assumptions include those related to losses resulting from insurance claims, fair value of financial instruments, goodwill and identifiable intangible assets, leases, indirect tax obligations, legal contingencies, valuation allowance for deferred income taxes, and the valuation of stock-based compensation.

Segment Information

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources to an individual segment and in assessing performance. The Company's Chief Executive Officer is the Company's CODM. The CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. As such, the Company has determined that it operates in one operating segment. During the years ended December 31, 2019, 2018 and 2017, the Company did not generate material international revenues and as of December 31, 2019, 2018 and 2017, the Company did not have material assets located outside of the United States.

Revenue Recognition

The Company generates substantially all of its revenue from its ridesharing marketplace that connects drivers and passengers. The Company also generates revenue from its network of shared bikes and scooters, its Express Drive program, Lyft Rentals and Driver Centers. Beginning in 2018, the Company generated revenue from subscription fees paid by riders to access its network of shared bikes and single-use ride fees paid by riders to access its network of shared bikes and scooters. Subscription fees are recognized on a straight-line basis over the subscription period. Single-use ride fees are recognized upon completion of each related ride. Revenue from the network of shared bikes and scooters was not material for the years ended December 31, 2019 and 2018. For its Express Drive program, the Company primarily generates revenue from lease income earned under an arrangement with one of its third-party Express Drive partners. In February 2020, the Company signed and closed the acquisition of Flexdrive. Refer to Note 16 "*Subsequent Events*" to our consolidated financial statements for information regarding this acquisition.

The Company recognizes revenue for its rideshare marketplace in accordance with Accounting Standards Codification Topic 606 ("ASC 606"), "Revenue from Contracts with Customers."

Rideshare Marketplace:

The Company generates revenue from service fees and commissions (collectively, "fees") paid by drivers for use of the Lyft Platform and related activities to connect drivers with passengers to facilitate and successfully complete rides via the App where Lyft operates as a Transportation Network Company. The Company recognizes revenue upon completion of each ride. Under the ToS, drivers agree that the Company retains the applicable fee as consideration for their use of the Lyft Platform and related activities from the fare and related charges it collects from passengers on behalf of drivers.

Principal vs. Agent Considerations: The Company evaluates the presentation of revenue on a gross vs. net basis based on whether it acts as a principal by controlling the transportation service provided to the passenger or whether it acts as an agent by arranging for third parties to provide the service to the passenger. The Company facilitates the provision of a transportation service by a driver to a passenger (the driver's customer) in order for the driver to fulfill their contractual promise to the passenger. The driver fulfills their promise to provide a transportation service to their customer through use of the Lyft Platform. While the Company facilitates setting the price for transportation services, the drivers and passengers have the discretion in accepting the transaction price through the platform. The Company is not responsible for fulfilling transportation services being provided to the passenger nor does the Company have inventory risk related to these services. The Company is acting as an agent in facilitating the ability for a driver to provide a transportation service to a passenger. The Company reports revenue on a net basis, reflecting the fee owed to the Company from a driver as revenue, and not the gross amount collected from the passenger. The Company determined that it is not primarily responsible for the services since it does not promise the transportation services, does not contract with drivers to provide transportation services on the Company's behalf, does not control whether the driver accepts or declines the transportation request via the Lyft Platform, and does not control the provision of transportation services by drivers to passengers at any point in time either before, during or after the ride.

The Company applied the following steps to achieve the core principle of ASC 606:

1. Identification of the Contract, or Contracts, with a Customer: The Company considered the ToS and its customary business practices in identifying the contracts under ASC 606. Drivers accept the ToS with Lyft to use the App. The ToS defines the fees the Company charges drivers for each transaction, each party's rights and obligations regarding the services to be transferred and payment terms. The driver agrees to perform the transportation service as requested by the passenger upon acceptance of a passenger's request for a ride via the App. As the Company's customary business practice, a contract exists between the driver and the Company when the driver's ability to cancel the ride lapses, which typically is upon pickup of the passenger. The duration of a contract with a customer is typically equal to the duration of a single ride. The Company does not earn any fees from the passengers to access the App and the Company has no obligation to the passengers to provide the ride. The Company collects the fare and related charges from passengers on behalf of drivers using the passenger's pre-authorized credit card or other payment mechanism and retains its fees before making the remaining disbursement to drivers; thus the driver's ability and intent to pay is not subject to significant judgment.

2. Identification of the Performance Obligations in the Contract: The Company provides a service to drivers to complete a successful transportation service for passengers. The service includes on-demand lead generation that assists drivers to find, receive and fulfill on-demand requests from passengers seeking transportation services and related collection activities using the Lyft Platform. These activities are not distinct from each other and are not separate performance obligations. As a result, the Company's single performance obligation in the transaction is to connect drivers with passengers to facilitate the completion of a successful transportation service for passengers.

3. Determination of the Transaction Price: The Company earns fees from the drivers either as the difference between an amount paid by a passenger based on an up-front quoted fare and the amount earned by a driver based on actual time and distance for the ride or as a fixed percentage of the fare charged to the passenger. In an up-front quoted fare arrangement, as the Company does not control the driver's actions at any point in the transaction to limit the time and distance for the ride, the Company takes on risks related to the driver's actions which may not be fully mitigated. The Company earns a variable amount from the drivers and may record a loss from a transaction, which is recorded as a reduction to revenue, in instances where an up-front quoted fare offered to a passenger is less than the amount the Company is committed to pay the driver. The Company records certain payments to drivers, such as refunds and ride incentives, as variable consideration which results in a reduction to the fee earned by the Company at the time such payments are earned by the driver. Taxes, municipal and airport fees assessed by governmental authorities that are both imposed on and are concurrent with specific revenue producing transactions, and collected from drivers and passengers, are excluded from the transaction price. Such amounts are not included as a component of revenue or cost of revenue. The Company has no significant financing components with customers and did not utilize the practical expedient under ASC 606-10-32-18.

4. Allocation of the Transaction Price to the Performance Obligations in the Contract: The Company's single performance obligation in the transaction is to connect drivers with passengers to facilitate the completion of a successful transportation service for passengers. As a result, there is no allocation of the transaction price.

5. *Recognition of Revenue when, or as, the Company Satisfies a Performance Obligation:* Revenue is recognized at the time the performance obligation is satisfied by transferring the control of the promised service to a customer in an amount that reflects the consideration that the Company expects to receive in exchange for the service. The Company recognizes revenue upon completion of a ride as its performance obligation is satisfied upon the completion of the ride. The Company does not have contract assets or contract liabilities as the payment of the transaction price is concurrent with the fulfillment of the services. At the time of ride completion, the Company has the right to receive payment for the services rendered. Accordingly, there are no partially satisfied or unsatisfied performance obligations as of December 31, 2019 and 2018.

As part of the adoption of ASC 606, the Company evaluated the use of practical expedients as required under the standard. New driver referral bonuses paid are contingent upon a new driver completing a certain number of rides and represent the incremental cost of obtaining a contract with a customer. The Company applied the practical expedient under ASC 606-10-45-1 and expenses new driver referral bonuses as sales and marketing expense when the referral bonuses are earned because the amortization period would be one year or less. The Company has no significant financing components with customers and did not utilize the practical expedient under ASC 606-10-32-18.

Express Drive Program Revenue

Under the Express Drive program, the Company connects drivers who need access to a car with third-party rental car companies. The Company facilitates car rental transactions between car rental companies and drivers. During 2018, the Company expanded its Express Drive program with Flexdrive, a third-party rental car provider. Under the Company's agreement with Flexdrive (the "head lease"), the Company is required to pay fleet operating costs over periods ranging from two to three years for vehicles that the Company has committed will remain in a dedicated fleet to be ready to be rented by drivers using the Lyft Platform. Fleet operating costs include monthly fixed payments and other vehicle operating costs. Such payments are required to be made regardless of whether the vehicles are rented by drivers using the Lyft Platform. Drivers who rent vehicles through the arrangement with Flexdrive are charged rental fees which the Company collects from the driver. The Company collects rental fees by deducting such amounts from the driver's earnings on the Lyft Platform, or through charging the driver's credit card.

The Company is a principal in car rental transactions involving Flexdrive as the Company becomes a lessee for each vehicle prior to its rental by a driver and is committed to the payment of fixed monthly amounts and other fleet operating costs. The Company subleases the vehicles to drivers when they are rented by drivers and, as a result, the Company considers itself to be the accounting sublessor in its arrangements with drivers. Vehicle leases with Flexdrive are classified as operating leases and, accordingly, each sublease representing a car rental transaction with a driver is also an operating lease. Sublease income (revenue) and head lease expense for the Company's transactions involving Flexdrive are recognized on a gross basis in the consolidated financial statements. The revenue recognized for the years ended December 31, 2019 and 2018 under the Flexdrive program was \$111.3 million and \$54.8 million, respectively. Revenue from the Express Drive program was not material for the year ended December 31, 2017. In February 2020, the Company signed and closed the acquisition of Flexdrive. Refer to Note 16 "*Subsequent Events*" to our consolidated financial statements for information regarding this acquisition.

Incentive Programs

The Company offers incentives to attract drivers, passengers and riders of shared bikes and scooters ("Light Vehicle renters") to use the Lyft Platform. Drivers generally receive cash incentives while passengers and Light Vehicle renters generally receive free or discounted rides under such incentive programs. Incentives provided to drivers and Light Vehicle renters, the customers of the Company, are accounted for as a reduction of the transaction price. As the passengers are not the Company's customers, incentives provided to passengers are generally recognized as sales and marketing expense except for certain pricing programs described below.

Driver Incentives

The Company offers various incentive programs to drivers, including minimum guaranteed payments, volume-based discounts and performance-based bonus payments. These driver incentives are similar to retrospective volume-based rebates and represent variable consideration that is typically settled within a week. The Company reduces the transaction price by the estimated amount of the incentives expected to be paid upon completion of the performance criteria by applying the most likely outcome method. Therefore, such driver incentives are recorded as a reduction to revenue. Driver incentives are recorded as a reduction to revenue if the Company does not receive a distinct good or service in exchange for the payment or cannot reasonably estimate the fair value of the good or service received. Driver incentives for referring new drivers or passengers are accounted for as sales and marketing expense. The amount recorded as an expense is the lesser of the amount of the payment or the established fair value of the benefit received. The fair value of the benefit is established using amounts paid to third parties for similar services.

Passenger Incentives

The Company has several passenger incentive programs, which are offered to encourage passenger activity on the Lyft Platform. Generally, the passenger incentive programs are as follows:

- (i) *Market-wide marketing promotions and discounts on shared rides.* Market-wide promotions reduce the fare charged by drivers to passengers for all or substantially all rides in a specific market. This type of incentive effectively reduces the overall pricing of the service provided by drivers for that specific market and the gross fare charged by the driver to the passenger, and thereby results in a lower fee earned by the Company. In addition, discounted pricing on shared rides may result in a reduced fee earned by the Company. Accordingly, the Company records these types of incentives as a reduction to revenue at the date it records the corresponding revenue transaction.
- (ii) *Targeted marketing promotions.* Targeted marketing promotions are used in newly launched markets but may also be used in mature markets from time to time. An example of a promotion is when the Company offers a number of discounted rides (capped at a given number of rides) which are valid only during a limited period of time to a targeted group of occasional passengers. The Company believes that the incentives that provide consideration to passengers to be applied to a limited number of rides are similar to marketing coupons. These incentives differ from the market-wide marketing promotions because they do not reduce the overall pricing from the service provided by drivers for a specific market. The intent of these incentives is to promote the use of the Lyft Platform to the targeted group of passengers.

During the promotion period, passengers not utilizing an incentive would be charged the full fare. These incentives represent marketing costs. When a passenger redeems the incentive, the Company recognizes revenue equal to the transaction price and the cost of the incentive is recorded as sales and marketing expense.

- (iii) *Passenger referral programs.* Under the passenger referral program, the referring passenger (the referrer) earns referral coupons when a new passenger (the referee) completes their first ride on the Lyft Platform. The Company records the incentive as a liability at the time the incentive is earned by the referrer with the corresponding charge recorded to sales and marketing expense. Referral coupons typically expire within one year. The Company estimates breakage using its historical experience. As of December 31, 2019 and 2018 the passenger referral coupon liability was not material.

Light Vehicle Renter Incentives

Incentives offered to Light Vehicle renters to access the Company's network of shared bikes and scooters were not material for the years ended December 31, 2019 and 2018.

For the years ended December 31, 2019, 2018 and 2017, in relation to the driver, passenger and Light Vehicle renter incentive programs, the Company recorded \$560.3 million, \$555.4 million and \$383.9 million as a reduction to revenue and \$381.5 million, \$299.2 million and \$155.6 million as sales and marketing expense, respectively.

Refunds

From time to time the Company issues credits or refunds to passengers unsatisfied by the level of service provided by the driver. There is no legal obligation to remunerate such passengers nor does the Company issue such credits or refunds to passengers on behalf of the drivers. The Company accounts for credits or refunds, which are not recoverable from the drivers as sales and marketing expenses when incurred. For the years ended December 31, 2019, 2018 and 2017, passenger refunds were \$33.9 million, \$41.8 million and \$26.4 million, respectively. The credits and refunds for Light Vehicle renters were not material for the years ended December 31, 2019 and 2018.

Cost of Revenue

Cost of revenue primarily consists of insurance costs that are generally required under TNC and city regulations for ridesharing and Light Vehicle rentals, respectively, payment processing charges, including merchant fees, chargebacks and failed charges, hosting and platform-related technology costs, certain direct costs related to Light Vehicles, the Flexdrive program, personnel-related compensation costs and amortization of technology related intangible assets.

Operations and Support

Operations and support expenses primarily consist of personnel-related compensation costs of local operations teams and teams who provide phone, email and chat support to passengers, drivers and Light Vehicle renters, driver background checks and onboarding costs, fees paid to third parties providing operations support and Express Drive program support costs.

Research and Development

Research and development expenses primarily consist of personnel-related compensation costs and facilities costs. Such expenses include costs related to the Company's autonomous vehicle technology initiatives. Research and development costs are expensed as incurred.

Sales and Marketing

Sales and marketing expenses primarily consist of passenger incentives and refunds, driver incentives for referring new drivers or passengers, personnel-related compensation costs, advertising expenses, passenger refunds and marketing partnerships with third parties. Sales and marketing costs are expensed as incurred. Advertising expenses were \$188.3 million, \$352.3 million and \$315.6 million, respectively, for the years ended December 31, 2019, 2018 and 2017.

General and Administrative

General and administrative expenses primarily consist of personnel-related compensation costs, certain insurance costs that are generally not required under TNC regulations, professional services fees, certain loss contingency expenses including legal accruals and settlements, claims administrative fees, facility costs, and other corporate costs. General and administrative expenses are expensed as incurred.

Stock-Based Compensation

The Company incurs stock-based compensation expense primarily from RSUs, stock options, and ESPP purchase rights.

The Company estimates the fair value of stock options granted to employees, directors, and consultants and ESPP purchase rights using the Black-Scholes option-pricing model. The Black-Scholes model considers several variables and assumptions in estimating the fair value of stock-based awards. These variables include:

- per share fair value of the underlying common stock;
- exercise price;
- expected term;
- risk-free interest rate;
- expected annual dividend yield; and
- expected stock price volatility over the expected term.

The Company estimates the expected term for stock options using the simplified method for "plain vanilla" stock option awards. The expected term of the ESPP purchase rights is estimated using the period from the beginning of the offering period to the end of each purchase period. Since the Company has limited history as a public company and does not yet have sufficient trading history for the Company's common stock, the Company estimates volatility for stock options and ESPP purchase rights using the historical volatility of the stock price of similar publicly traded peer companies. The risk-free interest rate is based on the yield available on U.S. Treasury zero-coupon issues similar in duration to the expected term of the stock options or ESPP purchase rights granted.

The fair value of stock options that are expected to vest is recognized as compensation expense on a straight-line basis over the requisite service period. The Company recognizes compensation expense related to the ESPP purchase rights on a straight-line basis over the offering period, which is typically 12 months.

The fair value of RSUs is estimated based on the fair market value of the Company's common stock on the date of grant, which subsequent to the IPO is determined based on the closing price of the Company's Class A common stock as reported on the date of grant. Prior to the IPO, the Company granted RSUs which vest upon the satisfaction of both a service condition and a performance condition.

Compensation expense for RSUs with service and performance conditions is amortized on a graded basis over the requisite service period as long as the performance condition in the form of a specified liquidity event is probable to occur. The liquidity event condition was satisfied upon the effectiveness of the IPO Registration Statement on March 28, 2019. On that date the Company recorded a cumulative stock-based compensation expense of \$857.2 million using the accelerated attribution method for the RSUs for which the service condition was satisfied as of March 28, 2019. The remaining unrecognized stock-based compensation expense related to these RSUs is recorded over their remaining requisite service periods. The compensation expense for RSUs granted after March 28, 2019, which vest upon satisfaction of a service-based condition only, is recognized on a straight-line basis over the requisite service period.

Stock-based compensation expense is based on awards ultimately expected to vest and reflects estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred income tax assets and liabilities are recorded based on the estimated future tax effects of differences between the financial statement and income tax basis of existing assets and liabilities. These differences are measured using the enacted statutory tax rates that are expected to apply to taxable income for the years in which differences are expected to reverse. The Company recognizes the effect on deferred income taxes of a change in tax rates in the period that includes the enactment date. The Company records a valuation allowance to reduce its deferred tax assets to the net amount that it believes is more-likely-than-not to be realized. Management considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing tax planning strategies in assessing the need for a valuation allowance.

Under the provisions of ASC 740-10, Income Taxes, the Company evaluates uncertain tax positions by reviewing against applicable tax law for all positions taken by the Company with respect to tax years for which the statute of limitations is still open. ASC 740-10 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The Company recognizes interest and penalties related to the liability for unrecognized tax benefits, if any, as a component of the income tax expense line in the accompanying consolidated statement of operations.

Business Combinations

The Company accounts for its business combinations using the acquisition method of accounting, which requires, among other things, allocation of the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed at their estimated fair values on the acquisition date. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, not to exceed one year from the date of acquisition, the Company may record adjustments to the assets acquired and liabilities assumed, with a corresponding offset to goodwill if new information is obtained related to facts and circumstances that existed as of the acquisition date. After the measurement period, any subsequent adjustments are reflected in the consolidated statements of operations and comprehensive loss. Acquisition costs, such as legal and consulting fees, are expensed as incurred.

Cash and Cash Equivalents

Cash equivalents consist of institutional money market funds and certificates of deposits denominated in U.S. dollars as well as commercial paper and corporate bonds. Cash equivalents are highly liquid, short-term investments having an original maturity of 90 days or less that are readily convertible to known amounts of cash. Also included in cash and cash equivalents are cash in transit from payment processors for credit and debit card transactions, which was immaterial as of each of December 31, 2019 and 2018, and money market deposit accounts that are stated at cost, which approximate fair value.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist primarily of amounts held in separate trust accounts and restricted bank accounts as collateral for insurance purposes and amounts pledged to secure certain letters of credit.

Short-Term Investments

The Company holds short-term investments in commercial paper, certificates of deposit, and corporate bonds, which mature in twelve months or less. The Company considers its investments as available to support its current operations. As a result, the Company classifies its investments as current assets in the accompanying consolidated balance sheets. The Company classifies these securities as “available-for-sale” and carries them at fair value on the consolidated balance sheets. Unrealized gains or losses are recorded, net of estimated taxes, in accumulated other comprehensive income (loss), a component of stockholders’ equity (deficit). Realized gains and losses are recognized upon sale. The specific identification method is used to determine the cost basis of fixed income securities sold. As of December 31, 2019 and 2018, accumulated other comprehensive income primarily relates to unrealized gains and losses on available-for-sale investments, net of estimated taxes. The Company’s short-term investments also include certain term deposits that are stated at cost, which approximate fair value.

The Company periodically evaluates its investments for impairment due to declines in market value considered to be “other-than-temporary.” This evaluation consists of several qualitative and quantitative factors, including the Company’s ability and intent to hold the investment until a forecasted recovery occurs, as well as any decline in the investment quality of the security and the severity and duration of the unrealized loss. In the event of a determination that a decline in market value is other-than-temporary, the Company will recognize an impairment loss, and a new cost basis in the investment will be established. To date, the Company has not recorded any impairment related to its investments in its consolidated statements of operations.

Restricted Investments

The Company’s contracts with insurance providers require reinsurance premiums to be deposited into trust accounts with a third-party financial institution from which the insurance providers are reimbursed for claim payments. Restricted reinsurance trust investments as of December 31, 2019 and 2018 were \$1.4 billion and \$0.9 billion, respectively.

Concentrations of Credit Risk

The Company’s cash, cash equivalents and short-term investments are potentially subject to concentration of credit risk. Although the Company deposits its cash with multiple financial institutions, the deposits, at times, may exceed federally insured limits. The Company has not experienced any losses on its deposits of cash and cash equivalents. Management believes that the institutions are financially stable and, accordingly, minimal credit risk exists. The Company limits purchases of debt securities to investment-grade securities.

Fair Value Measurements

The Company measures assets and liabilities at fair value based on an expected exit price, which represents the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis, whereby inputs used in valuation techniques, are assigned a hierarchical level. The following are the hierarchical levels of inputs to measure fair value:

Level 1 Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Unobservable inputs reflecting our own assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The carrying values of the Company’s accounts payable and accrued and other liabilities approximate their respective fair values due to the short period of time to payment.

Light Vehicle Fleet

The Company's Light Vehicle fleet consists of bikes and scooters. Scooters are stated at cost less accumulated depreciation and are included in prepaid expenses and other current assets in the consolidated balance sheets. Depreciation is computed using a straight-line method over the estimated useful life of the scooters, which is less than 12 months. As of December 31, 2019 and 2018, the cost of scooters not yet placed in service was \$9.7 million and \$23.3 million, respectively. As of December 31, 2019 and 2018, the carrying value of scooters placed in service was not material. Bikes are included in property and equipment, net in the consolidated balance sheets.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using a straight-line method over the estimated useful life of the related asset, which is generally between two and five years. Depreciation for property and equipment commences once they are ready for our intended use. Maintenance and repairs are charged to expense as incurred, and improvements and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the consolidated balance sheet and any resulting gain or loss is reflected in the consolidated statement of operations in the period realized. Leasehold improvements are amortized on a straight-line basis over the shorter of the term of the lease, or the useful life of the assets. Construction in progress is related to property and equipment that has not yet been placed in service for its intended use.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Intangible assets resulting from the acquisition of entities are accounted for using the purchase method of accounting based on management's estimate of the fair value of assets received. Intangible assets are amortized on a straight-line basis over the estimated useful lives which range from two to twelve years.

Goodwill is not subject to amortization, but is tested for impairment on an annual basis during the fourth quarter or whenever events or changes in circumstances indicate the carrying value of the reporting unit may be in excess of its fair value. As part of the annual goodwill impairment test, the Company first performs a qualitative assessment to determine whether further impairment testing is necessary. If, as a result of its qualitative assessment, it is more-likely-than-not that the fair value of the Company's reporting unit is less than its carrying amount, the quantitative impairment test will be required. There was no impairment of goodwill recorded for the years ended December 31, 2019, 2018 and 2017.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Such events and changes may include: significant changes in performance relative to expected operating results, changes in asset use, negative industry or economic trends, and changes in the Company's business strategy. The Company measures recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows that the assets or the asset group are expected to generate. If the carrying value of the assets are not recoverable, the impairment recognized is measured as the amount by which the carrying value of the asset exceeds its fair value. There was no impairment of long-lived assets recorded for the years ended December 31, 2019, 2018 and 2017.

Software Development Costs

The Company incurs costs related to developing the Lyft Platform and related support systems. The Company capitalizes development costs related to the Lyft Platform once the preliminary project stage is complete and it is probable that the project will be completed and the software will be used to perform the function intended. The Company did not capitalize any software development costs during the years ended December 31, 2019, 2018 and 2017, as such costs were not material.

Deferred Offering Costs

Deferred offering costs, which consist of direct incremental legal, consulting, banking and accounting fees relating to anticipated equity offerings, are capitalized and offset against proceeds upon the consummation of the offerings within stockholders' equity (deficit). In the event an anticipated offering is terminated, deferred offering costs will be expensed. As of December 31, 2019, there were no capitalized deferred offering costs in the consolidated balance sheet. As of December 31, 2018, there were \$2.1 million of deferred offering costs capitalized in other assets (noncurrent) in the consolidated balance sheet.

Insurance Reserves

The Company utilizes both a wholly-owned captive insurance subsidiary and third-party insurance, which may include deductibles and self-insured retentions, to insure or reinsure costs including auto liability, uninsured and underinsured motorist, auto physical damage and general business liabilities up to certain limits. The recorded liabilities reflect the estimated ultimate cost for claims incurred but not paid and claims that have been incurred but not yet reported and any estimable administrative run-out expenses related to the processing of these outstanding claim payments. Liabilities are evaluated for appropriateness with claims reserve valuations provided by an independent third-party actuary on a quarterly basis.

Insurance claims may take several years to completely settle, and the Company has limited historical loss experience. Because of the limited operational history, the Company makes certain assumptions based on currently available information and industry statistics and utilizes actuarial models and techniques to estimate the reserves. A number of factors can affect the actual cost of a claim, including the length of time the claim remains open, economic and healthcare cost trends and the results of related litigation. Furthermore, claims may emerge in future years for events that occurred in a prior year at a rate that differs from previous actuarial projections. Reserves are continually reviewed and adjusted as necessary as experience develops or new information becomes known. However, while management believes that the insurance reserve amount is adequate, the ultimate liability may be in excess of, or less than, the amount provided. As a result, the net amounts that will ultimately be paid to settle the liability and when amounts will be paid may vary from the estimated amounts provided for the consolidated balance sheets.

Net Loss Per Share

The Company follows the two-class method when computing net loss per common share when shares are issued that meet the definition of participating securities. The two-class method determines net loss per common share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company's redeemable convertible preferred stock contractually entitles the holders of such shares to participate in dividends but does not contractually require the holders of such shares to participate in the Company's losses.

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period, less shares subject to repurchase. The diluted net loss per share is computed by giving effect to all potentially dilutive securities outstanding for the period. For periods in which the Company reports net losses, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13 "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The new guidance amended guidance on reporting credit losses for assets held at amortized cost basis and available-for-sale debt securities. For available-for-sale debt securities, credit losses will be presented as an allowance rather than as a write-down. This standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for all entities. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820)." This standard modifies disclosure requirements related to fair value measurement and is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. Implementation on a prospective or retrospective basis varies by specific disclosure requirement. The standard also allows for early adoption of any removed or modified disclosures upon issuance while delaying adoption of the additional disclosures until their effective date. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, “Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.” This standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The implementation costs incurred in a hosting arrangement that is a service contract should be presented as a prepaid asset in the balance sheet and expensed over the term of the hosting arrangement to the same line item in the statements of operations as the costs related to the hosting fees. This standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for all entities including adoption in any interim period. The amendments should be applied either retrospectively or prospectively to all implementation costs incurred after adoption. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, “Simplifying the Accounting for Income Taxes (Topic 740)” This standard simplifies the accounting for income taxes. This standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted for all entities. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

Recently Adopted Accounting Pronouncements

In January 2016, the FASB issued ASU No. 2016-01 “Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities,” which amends various aspects of the recognition, measurement, presentation, and disclosure of financial instruments. The Company adopted this ASU as of January 1, 2019, which did not have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842).” This ASU and subsequently issued amendments require a lessee to recognize leases with a term greater than 12 months on the balance sheet. In July 2018, the FASB issued ASU No. 2018-11, “Targeted Improvements—Leases (Topic 842).” This update provides an optional transition method that allows entities to elect to apply the standard using the modified retrospective approach at its effective date, versus recasting the prior years presented. If elected, an entity would recognize a cumulative-effect adjustment to the opening balance of retained earnings in the year of adoption. Additionally, in July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases. This update provided additional guidance on the new lease model with improvements in numerous aspects of the guidance in ASC 842 including, but not limited to, implicit rates, reassessment of lease classification, terms and purchase options, investment tax credits, and various other transition guidance. In December 2018, the FASB issued ASU 2018-20, Leases (Topic 842): Narrow-Scope Improvements for Lessors. This update provided amendments to various lease topics including sales taxes collected from lessees, certain lessor costs paid to third parties, and variable payments for contracts with lease and non-lease components. In March 2019, the FASB issued ASU 2019-01, Leases Topics (842) Codification Improvements. The amendments in this update increased transparency and comparability for the recognition of leases and disclosures about leasing transactions. This update provided additional clarity on determining the value of the underlying asset by lessors that are not manufacturers or dealers. Additionally, this update provided guidance on transition disclosures related to leases. The Company adopted these new standards effective as of January 1, 2019 using the transition method that provides for a cumulative-effect adjustment to retained earnings upon adoption. There was no impact on the Company’s accumulated deficit as of January 1, 2019 as a result of the adoption of these standards. The consolidated financial statements for the year ended December 31, 2019 is presented under the new standard, while the comparative periods presented, consistent with the optional practical expedients in transition allowed under Topic 842, are not adjusted and continue to be reported in accordance with the Company’s historical accounting policy. The adoption of the new lease standards resulted in the recognition of operating lease right-of-use assets of \$285.6 million and operating lease liabilities, including operating lease liabilities — current, of \$314.1 million as of January 1, 2019. In connection with the adoption of these standards, deferred rent of \$28.5 million, which was previously recorded in accrued and other current liabilities and in other long-term liabilities on the consolidated balance sheet as of December 31, 2018, was derecognized. See Note 7, “Leases,” for more information.

In August 2016, the FASB issued ASU No. 2016-15 “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.” This standard clarifies the classification of certain cash receipts and cash payments in the statement of cash flows, including debt prepayment or extinguishment costs, settlement of contingent consideration arising from a business combination, insurance settlement proceeds, and distributions from certain equity method investees. The Company adopted this ASU on a retrospective basis as of January 1, 2019, which did not have any impact on its consolidated financial statements.

3. Acquisitions

Acquisition of Bikeshare Holdings LLC (“Motive”)

On November 30, 2018 (the “Closing Date”), the Company completed its acquisition of Motivate, a New York-headquartered bikeshare company, for cash consideration of \$250.9 million. The purpose of the acquisition is to establish a solid foothold in the bikeshare market and offer access to new transportation options on the Lyft Platform.

Acquisition costs of \$2.6 million were expensed as incurred and are included in general and administrative expenses in the consolidated statement of operations for the year ended December 31, 2018.

In connection with the acquisition of Motivate, the Company recognized identifiable assets and assumed liabilities based on their respective fair values at the Closing Date. The following table summarizes the fair value of the assets acquired and liabilities assumed (in thousands):

Cash and cash equivalents	\$	7,248
Prepaid expenses and other assets		20,458
Property and equipment		68,312
Identifiable intangible assets		89,800
Total identifiable assets acquired		185,818
Total liabilities assumed		53,357
Net assets acquired		132,461
Goodwill		118,474
Total acquisition consideration	\$	250,935

Goodwill represents the excess of the total purchase consideration over the fair value of the underlying assets acquired and liabilities assumed. Goodwill is attributable to expected synergies and monetization opportunities from the expanded platform as well as planned growth in new markets expected to be achieved from the combined operations of the Company and Motivate. The acquisition is considered to be an asset acquisition for tax purposes and goodwill recognized in the acquisition is not deductible for tax purposes. During the fourth quarter of 2019, the Company recorded immaterial measurement period adjustments. The offset of these adjustments were recorded as a decrease to "Goodwill."

An assessment of the fair value of identified intangible assets and their respective useful lives are as follows:

	Fair Value (in thousands)	Estimated Useful Life (In years)
Contractual relationships – cities	\$ 61,100	3-12
User relationships	18,700	3
Developed technology	10,000	1
Total intangible assets	\$ 89,800	

The fair value of the contractual relationships – cities was determined using the income approach. In the income approach, the fair value of an asset is based on the expected receipt of future economic benefits such as earnings and cash inflows from current sales projections and estimated costs over the estimated contractual relationship period which varies from three to twelve years. Indications of value were developed by discounting these benefits to their present value.

The fair value of the user relationships and developed technology was determined using the replacement cost approach. In the replacement cost approach, the fair value of an asset is based on the cost of a market participant to reconstruct a substitute asset of comparable utility, adjusted for any obsolescence. The fair value of the asset would include the seller’s expected profit margin in the market and any opportunity costs lost over the period to reconstruct the substitute asset.

For the years ended December 31, 2019 and 2018, Motivate revenue and net loss included in the Company’s consolidated statement of operations were not material.

Over the approximately five years following the transaction, the Company committed to invest an aggregate of \$100 million in the bikeshare program for the New York metro area. The Company also assumed certain pre-existing contractual obligations to increase the bike fleets in other locations, which are not considered to be material.

Other Acquisitions

In the fourth quarter of 2018, the Company completed two additional business combinations in exchange for cash of \$35.0 million, redeemable convertible preferred stock of \$25.3 million and a liability of \$1.7 million related to indemnification aggregating to a total consideration of approximately \$62.0 million which are not material to the consolidated financial statements. In the fourth quarter of 2019, the Company completed two business combinations which are not material to the consolidated financial statements.

Pro forma results of operations have not been presented because the effects of the acquisitions were not material to the Company's consolidated financial statements.

4. Goodwill and Intangible Assets, Net

The changes in the carrying amount of goodwill for the years ended December 31, 2019 and 2018 were as follows (in thousands):

Balance as of January 1, 2018	\$	—
Additions		152,085
Balance as of December 31, 2018	\$	152,085
Additions		10,947
Foreign currency translation and other adjustments		(4,307)
Balance as of December 31, 2019	\$	158,725

Intangible assets, net consisted of the following as of the dates indicated (in thousands):

	December 31, 2019			
	Weighted-average Remaining Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology and patents	1.6	\$ 42,887	\$ 26,309	\$ 16,578
Contractual relationship – cities and user relationships	7.7	79,800	13,459	66,341
Total intangible assets		\$ 122,687	\$ 39,768	\$ 82,919

	December 31, 2018			
	Weighted-average Remaining Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology and patents	2.6	\$ 42,887	\$ 3,924	\$ 38,963
Contractual relationship – cities and user relationships	8.7	79,800	1,030	78,770
Total intangible assets		\$ 122,687	\$ 4,954	\$ 117,733

Amortization expense was \$35.1 million and \$4.8 million for the years ended December 31, 2019 and 2018, respectively.

As of December 31, 2019, future amortization of intangible assets that will be recorded in cost of revenue and operating expenses is estimated as follows (in thousands).

Year ended December 31:	
2020	\$ 24,673
2021	12,589
2022	6,442
2023	5,639
2024	5,639
Thereafter	27,937
Total remaining amortization	<u>\$ 82,919</u>

5. Supplemental Financial Statement Information

Cash Equivalents and Short-Term Investments

The following tables summarize the cost or amortized cost, gross unrealized gain, gross unrealized loss and fair value of the Company's cash equivalents and short-term investments as of the dates indicated (in thousands):

	Cost or Amortized Cost	December 31, 2019		Estimated Fair Value
		Gains	Losses	
Unrestricted Balances⁽¹⁾				
Money market deposit accounts	\$ 217,523	\$ —	\$ —	\$ 217,523
Term deposits	135,000	—	—	135,000
Certificates of deposit	1,275,750	887	(43)	1,276,594
Commercial paper	876,382	181	(68)	876,495
Corporate bonds	247,359	219	—	247,578
Total unrestricted cash equivalents and short-term investments	<u>2,752,014</u>	<u>1,287</u>	<u>(111)</u>	<u>2,753,190</u>
Restricted Balances⁽²⁾				
Money market funds	19,250	—	—	19,250
Money market deposit accounts	7,884	—	—	7,884
Term deposits	7,811	—	—	7,811
Certificates of deposit	608,578	262	(12)	608,828
Commercial paper	791,087	165	(97)	791,155
Corporate bonds	75,828	80	—	75,908
Total restricted cash equivalents and investments	<u>1,510,438</u>	<u>507</u>	<u>(109)</u>	<u>1,510,836</u>
Total unrestricted and restricted cash equivalents and investments	<u>\$ 4,262,452</u>	<u>\$ 1,794</u>	<u>\$ (220)</u>	<u>\$ 4,264,026</u>

(1) Excludes \$96.9 million of cash, which is included within the \$2.9 billion of cash and cash equivalents and short-term investments on the consolidated balance sheets.

(2) Excludes \$56.4 million of restricted cash, which is included within the \$1.6 billion of restricted cash and cash equivalents and restricted short-term investments on the consolidated balance sheets.

	December 31, 2018			
	Cost or Amortized Cost	Unrealized		Estimated Fair Value
		Gains	Losses	
Unrestricted Balances⁽¹⁾				
Money market funds	\$ 38,528	\$ —	\$ —	\$ 38,528
Certificates of deposit	497,748	19	(213)	497,554
Commercial paper	1,135,092	38	(409)	1,134,721
Corporate bonds	119,043	19	(23)	119,039
Total unrestricted cash equivalents and short-term investments	1,790,411	76	(645)	1,789,842
Restricted Balances⁽²⁾				
Money market funds	4,620	—	—	4,620
Certificates of deposit	307,650	41	(87)	307,604
Commercial paper	624,719	17	(227)	624,509
Corporate bonds	65,616	6	(36)	65,586
Total restricted cash equivalents and investments	1,002,605	64	(350)	1,002,319
Total unrestricted and restricted cash equivalents and investments	\$ 2,793,016	\$ 140	\$ (995)	\$ 2,792,161

(1) Excludes \$248.0 million of cash, which is included within the \$2.0 billion of cash and cash equivalents and short-term investments on the consolidated balance sheets.

(2) Excludes \$50.2 million of restricted cash, which is included within the \$1.1 billion of restricted cash and cash equivalents and restricted short-term investments on the consolidated balance sheets.

The weighted-average remaining maturity of the Company's investment portfolio was less than one year as of the periods presented. No individual security incurred continuous unrealized losses for greater than 12 months.

Property and Equipment, net

Property and equipment, net consisted of the following as of the dates indicated (in thousands):

	December 31,	
	2019	2018
Bike fleet	\$ 124,380	\$ 65,985
Leasehold improvements	66,490	39,727
Computer equipment and software	14,026	11,366
Furniture and fixtures	473	262
Construction in progress	25,139	3,629
	230,508	120,969
Less: Accumulated depreciation	(41,905)	(11,712)
	\$ 188,603	\$ 109,257

Depreciation expense related to property and equipment was \$37.9 million, \$8.6 million, and \$2.5 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following as of the dates indicated (in thousands):

	December 31,	
	2019	2018
Ride-related accruals	\$ 253,840	\$ 188,602
Insurance-related accruals	218,161	98,062
Legal accruals	162,766	81,139
Insurance claims payable and related fees	87,357	65,897
Other	217,741	172,503
	<u>\$ 939,865</u>	<u>\$ 606,203</u>

Insurance Reserves

The following table provides a rollforward of the insurance reserve for the periods presented (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Beginning balance	\$ 810,273	\$ 376,538	\$ 131,951
Losses paid	(540,627)	(220,936)	(91,499)
Change in estimates for prior periods	219,163	3,392	—
Reserves for current period	889,653	651,279	336,086
Ending balance	<u>\$ 1,378,462</u>	<u>\$ 810,273</u>	<u>\$ 376,538</u>

6. Fair Value Measurements

The following tables set forth the Company's financial instruments that were measured at fair value on a recurring basis as of the dates indicated by level within the fair value hierarchy (in thousands):

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Unrestricted Balances⁽¹⁾				
Certificates of deposit	—	1,276,594	—	1,276,594
Commercial paper	—	876,495	—	876,495
Corporate bonds	—	247,578	—	247,578
Total unrestricted cash equivalents and short-term investments	—	<u>2,400,667</u>	—	<u>2,400,667</u>
Restricted Balances⁽²⁾				
Money market funds	19,250	—	—	19,250
Certificates of deposit	—	608,828	—	608,828
Commercial paper	—	791,155	—	791,155
Corporate bonds	—	75,908	—	75,908
Total restricted cash equivalents and investments	<u>19,250</u>	<u>1,475,891</u>	—	<u>1,495,141</u>
Total unrestricted and restricted cash equivalents and investments	<u>\$ 19,250</u>	<u>\$ 3,876,558</u>	<u>\$ —</u>	<u>\$ 3,895,808</u>

(1) \$96.9 million of cash, \$217.5 million of money market deposit accounts and \$135.0 million of term deposits are not subject to recurring fair value measurement and therefore excluded from this table. However, these balances are included within the \$2.9 billion of cash and cash equivalents and short-term investments on the consolidated balance sheets.

(2) \$56.4 million of restricted cash, \$7.9 million of a money market deposit account and \$7.8 million of a restricted term deposit are not subject to recurring fair value measurement and therefore excluded from this table. However, these balances are included within the \$1.6 billion of restricted cash and cash equivalents and restricted short-term investments on the consolidated balance sheets.

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Unrestricted Balances⁽¹⁾				
Money market funds	\$ 38,528	\$ —	\$ —	\$ 38,528
Certificates of deposit	—	497,554	—	497,554
Commercial paper	—	1,134,721	—	1,134,721
Corporate bonds	—	119,039	—	119,039
Total unrestricted cash equivalents and short-term investments	38,528	1,751,314	—	1,789,842
Restricted Balances⁽²⁾				
Money market funds	4,620	—	—	4,620
Certificates of deposit	—	307,604	—	307,604
Commercial paper	—	624,509	—	624,509
Corporate bonds	—	65,586	—	65,586
Total restricted cash equivalents and investments	4,620	997,699	—	1,002,319
Total unrestricted and restricted cash equivalents and investments	\$ 43,148	\$ 2,749,013	\$ —	\$ 2,792,161

(1) \$248.0 million of cash is not subject to recurring fair value measurement and therefore excluded from this table. However, these balances are included within the \$2.0 billion of cash and cash equivalents and short-term investments on the consolidated balance sheets.

(2) \$50.2 million of restricted cash is not subject to recurring fair value measurement and therefore excluded from this table. However, these balances are included within the \$1.1 billion of restricted cash and cash equivalents and restricted short-term investments on the consolidated balance sheets.

The fair value of the Company's Level 1 financial instruments is based on quoted market prices for identical instruments. The fair value of the Company's Level 2 financial instruments is obtained from an independent pricing service, which may use quoted market prices for identical or comparable instruments or model driven valuations using observable market data or inputs corroborated by observable market data.

7. Leases

Leases (Topic 842) and subsequently issued amendments require a lessee to recognize leases with a term greater than 12 months on the balance sheet. The Company adopted the standard using the modified retrospective approach with an effective date as of the beginning of the fiscal year, January 1, 2019. The comparative period presented is not adjusted and, therefore, those amounts are not presented below. The Company elected the package of transition provisions available for expired or existing contracts, which allowed the Company to carryforward the historical assessments of (1) whether contracts are or contain leases, (2) lease classification and (3) initial direct costs.

The Company leases real estate property under operating leases. The Company is also a lessee and a sublessor from an accounting perspective in the car rental transactions involving Flexdrive. For leases with a term greater than 12 months, the Company records the related right-of-use asset and lease liability at the present value of lease payments over the term. The Company does not separate lease and non-lease components of contracts for real estate property leases.

The Company's leases do not provide a readily determinable implicit rate. Therefore, the Company estimates its incremental borrowing rate to discount the lease payments based on information available at lease commencement. The Company determines its incremental borrowing rate based on the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment. Lease payments may be fixed or variable, however, only fixed payments are included in the Company's lease liability calculation. Variable lease payments are recognized primarily in operating expenses in the period in which the obligation for those payments are incurred.

Real Estate Operating Leases

The Company leases real estate property at approximately 90 locations with 87 commenced leases and three not yet commenced leases having an initial term of 12 months or longer as of December 31, 2019. These leases are classified as operating leases. As of December 31, 2019, the remaining lease terms vary from one month to ten years. For certain leases the Company has options to extend the lease term for periods varying from one to five years. These renewal options are not considered in the remaining lease term unless it is reasonably certain that the Company will exercise such options. For leases with an initial term of 12 months or longer, the Company has recorded a right-of-use asset and lease liability representing the fixed component of the lease payment.

Flexdrive Program

Under the Express Drive program, the Company connects drivers who need access to a car with third-party rental car companies. The Company facilitates the car rental transactions between car rental companies and drivers. During 2018 the Company expanded its Express Drive program with Flexdrive. Under the Company's agreement with Flexdrive (the "head lease"), the Company is required to pay fleet operating costs over periods ranging from two to three years for vehicles that the Company has committed will remain in a dedicated fleet to be ready to be rented by drivers using the Lyft Platform. Fleet operating costs include monthly fixed payments and other vehicle operating costs. Such payments are required to be made regardless of whether the vehicles are rented by drivers using the Lyft Platform. Drivers who rent vehicles through the arrangement with Flexdrive are charged rental fees for which the Company collects such payments from the driver. The Company collects rental fees by deducting such amounts from the driver's earnings on the Lyft Platform, or through charging the driver's credit card.

The Company is a principal in the car rental transactions involving Flexdrive as the Company becomes a lessee for each vehicle prior to its rental by a driver and is committed to the payment of fixed monthly amounts and other fleet operating costs. The Company subleases the vehicles to drivers when they are rented by drivers and, as a result, the Company considers itself to be the accounting sublessor in its arrangements with drivers. Vehicle leases with Flexdrive are classified as operating leases and, accordingly, each sublease representing a car rental transaction with a driver is also an operating lease. The lease term in the car rental sublease is less than a month. Sublease income (revenue) and head lease expense for the Company's transactions involving Flexdrive are recognized on a gross basis in the consolidated financial statements. The revenue recognized under the Flexdrive program was \$111.3 million and \$54.8 million for the years ended December 31, 2019 and 2018, respectively.

Lease Position as of December 31, 2019

The table below presents the lease-related assets and liabilities recorded on the consolidated balance sheet (in thousands, except for remaining lease terms and percentages):

	December 31, 2019
Assets	
Real Estate	\$ 316,499
Flexdrive Program	124,759
Total operating lease right-of-use assets	<u>\$ 441,258</u>
Liabilities	
Current	
Real Estate	\$ 40,729
Flexdrive Program	53,470
Total current operating lease liabilities	<u>94,199</u>
Noncurrent	
Real Estate	312,323
Flexdrive Program	69,754
Total noncurrent operating lease liabilities	<u>382,077</u>
Total operating lease liabilities	<u>\$ 476,276</u>
Weighted-average remaining lease term (years)	
Real Estate	6.8
Flexdrive Program	1.9
Weighted-average discount rate ⁽¹⁾	
Real Estate	6.6 %
Flexdrive Program	6.5 %

(1) Upon adoption of the new lease standard, discount rates used for existing leases were established at January 1, 2019.

Lease Costs

The table below presents certain information related to the lease costs for operating leases for the year ended December 31, 2019 (in thousands):

	December 31, 2019		
	Real Estate	Flexdrive Program	Total Operating Leases
Operating lease cost	\$ 61,277	\$ 54,142	\$ 115,419
Short-term lease cost	4,670	—	4,670
Variable lease cost ⁽¹⁾	10,845	5,815	16,660
Total lease cost	\$ 76,792	\$ 59,957	\$ 136,749

(1) Consist primarily of common-area maintenance, taxes and utilities for real estate leases, and certain vehicle related charges under the Flexdrive program.

Cash paid for amounts included in the measurement of operating lease liabilities was \$111.1 million for the year ended December 31, 2019 and is presented as cash flows from operating activities in the consolidated statement of cash flows.

Rent expense related to noncancelable real estate operating leases was \$33.7 million and \$22.8 million during the years ended December 31, 2018 and 2017, respectively. Sublease income was immaterial.

Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the lease liabilities recorded on the consolidated balance sheet as of December 31, 2019 (in thousands):

	Real Estate	Flexdrive Program	Total Leases
2020	\$ 70,308	\$ 55,661	\$ 125,969
2021	76,681	49,968	126,649
2022	71,104	27,357	98,461
2023	55,147	743	55,890
2024	50,613	—	50,613
Thereafter	134,210	—	134,210
Total minimum lease payments	458,063	133,729	591,792
Less: amount of lease payments representing interest	(105,011)	(10,505)	(115,516)
Present value of future minimum lease payments	353,052	123,224	476,276
Less: current obligations under leases	(40,729)	(53,470)	(94,199)
Long-term lease obligations	\$ 312,323	\$ 69,754	\$ 382,077

As of December 31, 2019, the Company had an immaterial amount of real estate leases that had not yet commenced. These leases are expected to commence between February and June 2020 with lease terms of five to seven years.

Future lease payments receivable in car rental transactions under the Flexdrive Program are not material since the lease term is less than a month.

As of December 31, 2018, the future minimum lease payments required under noncancelable operating leases as defined under the previous accounting guidance of ASC Topic 840 were as follows (in thousands):

	Real Estate	Flexdrive Program	Total Operating Leases
2019	\$ 51,221	\$ 30,129	\$ 81,350
2020	53,380	34,597	87,977
2021	52,794	6,439	59,233
2022	48,813	—	48,813
2023 and Thereafter	133,670	—	133,670
Total minimum lease payments	<u>\$ 339,878</u>	<u>\$ 71,165</u>	<u>\$ 411,043</u>

8. Commitments and Contingencies

Noncancelable Purchase Commitments

In March 2018, the Company entered into a noncancelable arrangement with a web-hosting services provider under which the Company had an obligation to purchase a minimum of \$150 million worth of services from this vendor through June 2021. In January 2019, the parties modified the aggregate commitment amounts and timing. Under the amended arrangement, the Company committed to spend an aggregate of at least \$300 million between January 2019 and December 2021, with a minimum amount of \$80 million in each of the three years, on services with this vendor. The Company has made payments totaling \$116.5 million under the amended arrangement as of December 31, 2019.

In May 2019, the Company entered into a noncancelable arrangement with the City of Chicago, with respect to the Divvy bike share program, under which the Company has an obligation to pay approximately \$7.5 million per year to the City of Chicago through January 2028 and to spend a minimum of \$50 million on capital equipment for the bike share program through January 2023. The Company has made payments totaling \$18.2 million as of December 31, 2019.

As of December 31, 2019, the future minimum payments under the Company's noncancelable purchase commitments were as follows (in thousands)⁽¹⁾:

2020	\$ 87,740
2021	111,515
2022	39,526
2023	16,519
2024	8,800
Thereafter	28,199
Total future minimum payments	<u>\$ 292,299</u>

(1) On November 30, 2018, the Company completed its acquisition of Motivate, a New York headquartered bikeshare company. Over the approximately five years following the transaction, the Company committed to invest an aggregate of \$100 million in the bikeshare program for the New York metro area. The Company also assumed certain pre-existing contractual obligations to increase the bike fleets in other locations which are not considered to be material. Due to the uncertainty with respect to the timing of future cash flows associated with these commitments, the Company has not included these commitments in the above table.

Letters of Credit

The Company maintains certain stand-by letters of credit from third-party financial institutions in the ordinary course of business to guarantee certain performance obligations related to leases, insurance policies and other various contractual arrangements. The outstanding letters of credit are collateralized by cash. As of December 31, 2019 and 2018, the Company had letters of credit outstanding of \$55.2 million and \$48.8 million, respectively.

Legal Proceedings

The Company is currently involved in, and may in the future be involved in, legal proceedings, claims, regulatory inquiries, and governmental investigations in the ordinary course of business, including suits by drivers, passengers, or third parties (individually or as class actions) alleging, among other things, various wage- and expense-related claims, violations of state or federal laws, improper disclosure of the Company's fees, rules or policies, that such fees, rules or policies violate applicable law, or that the Company has not acted in conformity with such fees, rules or policies, as well as proceedings related to product liability, its acquisitions, securities issuances or business practices, or public disclosures about the business. In addition, the Company has been, and is currently, named as a defendant in a number of litigation matters related to accidents or other trust and safety incidents involving drivers or passengers using the Lyft Platform.

The outcomes of the Company's legal proceedings are inherently unpredictable and subject to significant uncertainties. For some matters for which a material loss is reasonably possible, an estimate of the amount of loss or range of losses is not possible nor is the Company able to estimate the loss or range of losses that could potentially result from the application of nonmonetary remedies. Until the final resolution of legal matters, there may be an exposure to a material loss in excess of the amount recorded.

Indemnification

The Company enters into indemnification provisions under agreements with other parties in the ordinary course of business, including certain business partners, investors, contractors and the Company's officers, directors and certain employees. The Company has agreed to indemnify and defend the indemnified party's claims and related losses suffered or incurred by the indemnified party resulting from actual or threatened third-party claims because of the Company's activities or, in some cases, non-compliance with certain representations and warranties made by the Company. It is not possible to determine the maximum potential loss under these indemnification provisions due to the Company's limited history of prior indemnification claims and the unique facts and circumstances involved in each particular provision. To date, losses recorded in the Company's consolidated statements of operations in connection with the indemnification provisions have not been material.

Independent Contractor Classification Matters

With regard to independent contractor classification of drivers on the Lyft Platform, the Company is regularly subject to claims, lawsuits, arbitration proceedings, administrative actions, government investigations and other legal and regulatory proceedings at the federal, state and municipal levels challenging the classification of these drivers as independent contractors, and claims that, by the alleged misclassification, the Company has violated various labor and other laws that would apply to driver employees. Laws and regulations that govern the status and classification of independent contractors are subject to change and divergent interpretations by various authorities, which can create uncertainty and unpredictability for the Company. For example, a new law in California, known as Assembly Bill 5, codifies and extends an employment classification test set forth by the California Supreme Court that established a new standard for determining employee or independent contractor status. The passage of this bill has led and could continue to lead to additional challenges to the independent contractor classification of drivers using the Lyft Platform. Such regulatory scrutiny or action may create different or conflicting obligations from one jurisdiction to another. The Company is currently involved in a number of putative class actions, individual claims both in court as well as arbitration, matters brought, in whole or in part, as representative actions under California's Private Attorney General Act, Labor Code Section 2698, et seq., alleging that the Company misclassified drivers as independent contractors and other matters challenging the classification of drivers on the Company's platform as independent contractors. The Company is also in the process of responding to an inquiry from the California Public Utilities Commission regarding driver classification and Assembly Bill 5. The Company disputes any allegations of wrongdoing and intends to continue to defend itself vigorously in these matters. However, results of litigation, arbitration and regulatory actions are inherently unpredictable and legal proceedings related to these driver claims, individually or in the aggregate, could have a material impact on the Company's business, financial condition and results of operations. Regardless of the outcome, litigation and arbitration of these matters can have an adverse impact on the Company because of defense and settlement costs individually and in the aggregate, diversion of management resources and other factors.

In the ordinary course of business, various drivers have challenged, and may challenge in the future, their classification on the Lyft platform as an independent contractor under federal and state law, seeking monetary, injunctive, or other relief. The Company is currently involved in a number of such actions filed by individual drivers, including those brought in, or compelled pursuant to the Company's Terms of Service to, individual arbitration. The Company believes it has meritorious defenses, dispute the allegations of wrongdoing and intend to defend itself vigorously in these matters. There is no such pending or threatened matter that individually, in the Company's opinion, is likely to have a material impact on the Company's business, financial condition or results of operations; however, results of litigation and arbitration are inherently unpredictable and legal proceedings related to these driver claims, individually or in the aggregate, could have a material impact on our business, financial condition and results of operations. Regardless of the outcome, litigation and arbitration of these matters can have an adverse impact on the Company because of defense and settlement costs individually and in the aggregate, diversion of management resources and other factors.

The Company is also involved in administrative audits related to driver classification in California, Connecticut, Oregon, Wisconsin, Illinois and New Jersey. These audits relate to the Company's alleged obligation to provide unemployment insurance benefits to drivers under state law. The Company disputes that it is obligated to provide such benefits under state law and these proceedings are ongoing.

Unemployment Insurance Assessment

In January 2017, the Company received a notice from a certain state unemployment insurance agency of an initial determination that, during the audit period beginning October 1, 2011 through December 31, 2014, the drivers who utilized the Lyft Platform during the audit period were the Company's employees for unemployment insurance purposes. As part of that determination, the Company received an assessment for amounts purportedly due of approximately \$9.5 million. The Company submitted a petition for reassessment and appealed the determination which has not yet gone to hearing. After abating personal income tax from the assessment, the amount assessed against the Company is approximately \$6.6 million as of December 31, 2019. The Company believes that the independent contractors were properly classified and plans to vigorously contest the determination. Accordingly, the Company did not record any amount related to this assessment in its consolidated statements of operations.

Indirect Taxes

The Company is under audit by various domestic tax authorities with regard to indirect tax matters. The subject matter of indirect tax audits primarily arises from disputes on tax treatment and tax rates applied to the sale of the Company's services in these jurisdictions. The Company accrues indirect taxes that may result from examinations by, or any negotiated agreements with, these tax authorities when a loss is probable and reasonably estimable and the expense is recorded to general and administrative expenses.

Patent Litigation

The Company is currently involved in legal proceedings related to alleged infringement of patents and other intellectual property and, in the ordinary course of business, the Company receives correspondence from other purported holders of patents and other intellectual property offering to license such property and/or asserting infringement of such property. The Company disputes any allegation of wrongdoing and intend to defend the Company vigorously in these matters.

Consumer and Other Class Actions

The Company is involved in a number of class actions alleging violations of consumer protection laws such as the TCPA as well as violations of other laws such as the Americans with Disabilities Act, or the ADA. The Company disputes any allegations of wrongdoing and intend to continue to defend ourselves vigorously in these matters.

Personal Injury and Other Safety Matters

In the ordinary course of the Company's business, various parties have from time to time claimed, and may claim in the future, that the Company is liable for damages related to accidents or other incidents involving drivers or riders using or who have used services offered on the Lyft platform, as well as from third parties. The Company is currently named as a defendant in a number of matters related to accidents or other incidents involving drivers on the Lyft platform, other riders and third parties. The Company believes it has meritorious defenses, dispute the allegations of wrongdoing and intend to defend itself vigorously. There is no pending or threatened legal proceeding that has arisen from these accidents or incidents that individually, in the Company's opinion, is likely to have a material impact on its business, financial condition or results of operations; however, results of litigation and claims are inherently unpredictable and legal proceedings related to such accidents or incidents, in the aggregate, could have a material impact on the Company's business, financial condition and results of operations. For example, on January 17, 2020, the Superior Court of California, County of Los Angeles, granted the petition of multiple plaintiffs to coordinate their claims relating to alleged sexual assault or harassment by drivers on the Lyft Platform. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs individually and in the aggregate, diversion of management resources and other factors.

Securities Litigation

Beginning in April 2019, several putative class actions were filed in California state and federal court against the Company, its directors, certain of its officers, and certain of the underwriters named in the IPO Registration Statement alleging violation of securities laws in connection with the IPO. These cases have been consolidated into two putative class actions, one in California state court and the other in federal court. The Company filed its demurrer to the consolidated complaint in California state court on December 30, 2019. The hearing on the Company's demurrer is set for March 25, 2020. A scheduling order in the federal case has yet to be issued. The Company believes these lawsuits are without merit and intends to vigorously defend against them.

9. Redeemable Convertible Preferred Stock

The Company previously issued Series Seed, Series A, Series B, Series C, Series D, Series E, Series F, Series G, Series H, and Series I redeemable convertible preferred stock prior to the IPO. Immediately prior to the completion of the IPO on April 2, 2019, all outstanding shares of the Company's redeemable convertible preferred stock converted into an aggregate of 219.2 million shares of Class A common stock.

The authorized, issued and outstanding shares, issue price, conversion price, liquidation preference, and carrying value of the Company's redeemable convertible preferred stock as of December 31, 2018 were as follows (in thousands, except for share and per share data):

	December 31, 2018					
	Shares Authorized	Shares Issued and Outstanding	Issue Price	Per Conversion Price	Liquidation Preference	Carrying Value
Series Seed	6,063,921	6,063,921	\$ 0.23	\$ 0.23	\$ 1,365	\$ 1,332
Series A	8,129,364	8,129,364	0.76	0.76	\$ 6,200	\$ 6,180
Series B	7,067,771	7,067,771	2.10	2.10	\$ 14,860	\$ 14,794
Series C	14,479,445	14,479,445	4.25	4.25	\$ 61,500	\$ 61,440
Series D	24,674,534	24,674,534	10.13	10.13	\$ 250,000	\$ 249,878
Series E	47,099,094	47,099,094	19.45	19.45	\$ 915,870	\$ 913,810
Series F	37,263,568	37,263,568	26.79	26.79	\$ 998,250	\$ 991,336
Series G	18,662,127	18,662,127	32.15	32.15	\$ 599,987	\$ 599,715
Series H	42,771,492	42,771,492	39.75	39.75	\$ 1,700,000	\$ 1,699,726
Series I	21,117,584	12,964,393	47.35	47.35	\$ 613,915	\$ 613,836
	<u>227,328,900</u>	<u>219,175,709</u>			<u>\$ 5,161,947</u>	<u>\$ 5,152,047</u>

The characteristics of the redeemable convertible preferred stock were as follows:

Voting

The holders of the redeemable convertible preferred stock had one vote for each share of common stock into which the shares of redeemable convertible preferred stock would have been converted, subject to certain limitations.

Dividends

The holders of redeemable convertible preferred stock were entitled to receive noncumulative dividends, when, as and if declared by the board of directors, in proportion to the original purchase price of such shares of redeemable convertible preferred stock. As of December 31, 2019, no dividends have been declared or paid.

Liquidation Preference

In the event of any liquidation, dissolution, or winding up of the Company, either voluntary or involuntary, the holders of the then outstanding redeemable convertible preferred stock, were entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the holders of the common stock, a liquidation preference in an amount per share disclosed in the above table (as adjusted for stock splits, stock dividends, and recapitalizations) plus all declared but unpaid dividends on such shares.

If the Company did not have enough assets and funds legally available for distribution to meet this requirement, all of the Company's assets and funds available were to be distributed ratably among the holders of redeemable convertible preferred stock in proportion to the preferential amount per share each such holder was otherwise entitled to receive.

Unless stockholders representing (a) a majority of the then-outstanding redeemable convertible preferred stock, voting together as a single class on an as-converted basis, (b) a majority of the Series C redeemable convertible preferred stock and Series D redeemable convertible preferred stock, voting together as a single class on an as-converted basis, (c) a majority of the Series E redeemable convertible preferred stock, voting as a separate series, (d) a majority of the Series F redeemable convertible preferred stock, voting as a separate series, (e) a majority of the Series G redeemable convertible preferred stock, voting as a separate series, (f) a majority of the Series H redeemable convertible preferred stock, voting as a separate series (provided, however, that the approval of the holders of 71% of the Series H redeemable convertible preferred stock is required under certain circumstances) and (g) a majority of the Series I redeemable convertible preferred stock, voting as a separate series, elect otherwise, a “Deemed Liquidation Event” is defined to include (i) any liquidation, dissolution, or winding up of the Company, (ii) the merger or consolidation of the Company in which the holders of capital stock of the Company outstanding immediately prior to such merger or consolidation do not continue to represent immediately following such merger or consolidation at least 50%, by voting power, of the outstanding capital stock of the resulting or surviving entity or (iii) a sale, lease, transfer or other disposition of all or substantially all of the Company’s assets or the grant of an exclusive license to all or substantially all of the Company’s intellectual property (other than to a wholly owned subsidiary of the Company). The Company previously classified its redeemable convertible preferred stock outside of stockholders’ equity (deficit) because the shares contain liquidation features that are not solely within the Company’s control.

Conversion

Each share of redeemable convertible preferred stock was convertible, at the option of the holder, into common stock as determined by dividing its original price per share by the conversion price in effect at the time of conversion. The initial conversion price per share of each series of redeemable convertible preferred stock was equal to its respective original price per share, as indicated in the table above. The initial conversion price per share for each series of redeemable convertible preferred stock was subject to adjustment in accordance with anti-dilution provisions contained in the Company’s Amended and Restated Certificate of Incorporation.

Immediately prior to the completion of the IPO on April 2, 2019, all outstanding shares of the Company’s redeemable convertible preferred stock converted into an aggregate of 219.2 million shares of Class A common stock.

Redemption

No shares of redeemable convertible preferred stock were unilaterally redeemable by either the stockholders or the Company; however, the Company’s Amended and Restated Certificate of Incorporation provided that upon any liquidation event such shares were entitled to receive the applicable liquidation preference.

Series E Redeemable Convertible Preferred Stock Warrant

In conjunction with the Company’s issuance of Series E redeemable convertible preferred stock, the Company issued a warrant to a preferred stockholder to purchase 2,571,275 shares of the Company’s Series E redeemable convertible preferred stock at an exercise price of \$19.45 per share. The Company recorded a fair value gain of \$2.9 million in 2016 reflected in earnings. In 2016, the preferred stockholder exercised the warrant with a non-cash settlement value of \$8.1 million.

10. Common Stock and Employee Stock Plans

Common Stock

The Company’s amended and restated certificate of incorporation authorizes the issuance of Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Holders of Class A common stock are entitled to one vote per share and holders of Class B common stock are entitled to 20 votes per share. Shares of Class B common stock are convertible into an equivalent number of shares of Class A common stock and generally convert into shares of Class A common stock upon transfer. Any dividends paid to the holders of Class A common stock and Class B common stock will be paid on a pro rata basis. On a liquidation event, any distribution to common stockholders is made on a pro rata basis to the holders of the Class A common stock and Class B common stock.

The following table summarizes the Company’s shares of common stock reserved for issuance as of December 31, 2019:

Options issued and outstanding under the 2008 Plan	2,957,350
RSUs outstanding under the 2008 Plan, the 2018 Plan, and the 2019 Plan	41,685,376
Remaining shares available for future issuance under the 2019 ESPP Plan and the 2019 Plan	60,767,268

Equity Award Plans

2008 Equity Incentive Plan

In July 2008, the board of directors of the Company adopted the 2008 Equity Incentive Plan (the 2008 Plan) under which the Company may grant options to purchase its common stock and offer to sell and issue restricted shares of its common stock and issue RSUs to selected employees, officers, directors and consultants of the Company. In June 2018, this plan was superseded by the 2018 Equity Incentive Plan (the 2018 Plan) and all reserved shares under the 2008 Plan were transferred to the 2018 Plan.

Under the 2008 Plan, incentive stock options and nonqualified stock options are to be granted at a price that is not less than 100% of the fair value of the underlying common stock at the date of grant; provided, that incentive stock options granted to a person who directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company are to be at a price not less than one hundred ten percent (110%) of the fair value of the underlying common stock at the date of grant. Stock options granted to newly hired employees typically vest 25% on the first anniversary of the date of hire and ratably each month over the ensuing 36-month period. The maximum term for stock options granted under the 2008 Plan might not exceed ten years from the date of grant. RSUs granted to newly hired employees typically vest 25% on the first Company-established vest date after the first anniversary of the employee's date of hire and ratably each quarter over the ensuing 12-quarter period for purposes of the service condition. The maximum term for RSUs granted under the 2008 Plan might not exceed seven years from the date of grant.

2018 Equity Incentive Plan

In June 2018, the board of directors and the stockholders of the Company adopted the 2018 Plan, which serves as the successor to the 2008 Plan and provides for the grant of stock options, stock appreciation rights, restricted stock, and RSUs to employees and consultants of the Company and its subsidiaries and non-employee directors of the Company. A total of 75,504,222 shares of the Company's common stock initially was reserved for issuance under the 2018 Plan, which was increased in June 2018 by an additional 11,836,692 shares. In addition, the shares reserved for issuance under the 2018 Plan also will include any shares subject to stock options, RSUs or similar awards granted under its 2008 Plan that, after the date the Company's board of directors initially approved its 2018 Plan, expire or otherwise terminate without having been exercised in full, are tendered to or withheld by the Company for payment of an exercise price or for satisfying tax withholding obligations or are forfeited to or repurchased by the Company due to failure to vest (provided that the maximum number of shares that may be added to its 2018 Plan from its 2008 Plan is 75,504,222 shares). Under the 2018 Plan, RSUs granted to newly hired employees typically vest 25% on the first Company-established vest date after the first anniversary of the employee's date of hire and ratably each quarter over the ensuing 12-quarter period for purposes of the service condition. The maximum term for RSUs granted under the 2018 Plan might not exceed seven years from the date of grant. In March 2019, this plan was superseded by the 2019 Equity Incentive Plan (the 2019 Plan) and all reserved shares under the 2018 Plan were transferred to the 2019 Plan.

2019 Equity Incentive Plan

In March 2019, the board of directors of the Company and the stockholders of the Company adopted the 2019 Plan which serves as the successor to the 2018 Plan and provides for the grant of stock options, stock appreciation rights, restricted stock, and RSUs to employees and consultants of the Company and its subsidiaries and non-employee directors of the Company.

A total of 44,000,000 shares of the Company's Class A common stock were reserved for issuance pursuant to the 2019 Plan. In addition, the shares reserved for issuance under the Company's 2019 Plan also included (i) those shares reserved but unissued under our 2018 Plan as of immediately prior to the termination of the 2018 Plan and (ii) any shares subject to stock options, RSUs or similar awards granted under the 2018 Plan or 2008 Plan that, after the date the Company's board of directors approved the 2019 Plan, expire or otherwise terminate without having been exercised in full, are tendered to or withheld by the Company for payment of an exercise price or for satisfying tax withholding obligations or are forfeited to or repurchased by the Company due to failure to vest (provided that the maximum number of shares that may be added to the Company's 2019 Plan pursuant to (i) and (ii) is 80,604,678 shares).

The number of shares available for issuance under the 2019 Plan will be increased on January 1 of each year, beginning on January 1, 2020, in an amount equal to the least of (i) 35,000,000 shares, (ii) five percent of the outstanding shares of all classes of the Company's common stock on the last day of the immediately preceding fiscal year or (iii) such number of shares determined by the administrator.

The summary of stock option activity is as follows (in thousands, except per share data):

	Options Outstanding			Aggregate Intrinsic Value
	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life <i>(in years)</i>	
Balance as of December 31, 2018	13,818	\$3.27	5.1	\$ 609,409
Exercises	(10,856)	2.76		
Forfeitures	(1)	3.23		
Cancellations	(4)	9.78		
Balance as of December 31, 2019	2,957	\$5.13	4.7	\$ 112,066
Vested and exercisable at December 31, 2019	2,957	\$5.13	4.7	\$ 112,066

There were no stock options granted during the year ended December 31, 2019 and 2018.

The aggregate intrinsic value of stock options exercised during the years ended December 31, 2019, 2018 and 2017 was \$617.4 million, \$85.0 million and \$25.8 million, respectively. The aggregate intrinsic value disclosed in the above table is based on the difference between the original exercise price of the stock option and the fair value of the Company's common stock of \$43.02, \$47.37 and \$35.47 per share as of December 31, 2019, 2018 and 2017, respectively.

In the first quarter of 2019, the Company issued 3,162,797 shares of its common stock, valued at \$205.6 million, pursuant to the exercise by the Company's co-founders of all their respective vested and outstanding options (after withholding an aggregate of 3,617,460 shares of common stock subject to such options for payment of the exercise price and satisfaction of the aggregate tax withholding obligations, totaling \$223.5 million, in connection with the exercise of certain of those options). In the second quarter of 2019, these shares of common stock were reclassified into shares of Class A common stock and subsequently exchanged for shares of Class B common stock as described in Note 1 - Description of Business and Basis of Presentation - Initial Public Offering.

The summary of restricted stock unit activity is as follows (in thousands, except per share data):

	Number of Shares	Weighted- Average Grant Date Fair Value	Aggregate Intrinsic Value
Nonvested units as of December 31, 2018	46,433	\$ 32.69	\$ 2,199,554
Granted	29,547	61.04	
Vested	(28,623)	30.63	
Canceled	(5,672)	48.38	
Nonvested units as of December 31, 2019	41,685	\$ 52.06	\$ 1,793,305

In connection with RSUs that vested in the year ended December 31, 2019, the Company withheld 10,777,331 shares and remitted tax liabilities of \$719.5 million on behalf of the RSU holders to the relevant tax authorities in cash.

Effective in the fourth quarter of 2019, the Company changed the default tax withholding method for RSUs from the net settlement method to the sell-to-cover method. As a result, no shares were withheld to settle tax withholding obligations for RSUs that vested and settled in the fourth quarter of 2019. The tax withholding obligations for RSUs held by Section 16 officers of the Company that vest and settle after December 31, 2019 will revert to the net settlement method.

2019 Employee Stock Purchase Plan

In March 2019, the Company's board of directors adopted, and the Company's stockholders approved, the 2019 Employee Stock Purchase Plan (the "2019 ESPP"). The 2019 ESPP went into effect on March 27, 2019. Subject to any limitations contained therein, the 2019 ESPP allows eligible employees to contribute, through payroll deductions, up to 15% of their eligible compensation to purchase the Company's Class A common stock at a discounted price per share. The 2019 ESPP provides for consecutive, overlapping 12-month offering periods, subject to certain reset provision as defined in the plan. The initial offering period ran from March 28, 2019 through December 31, 2019.

A total of 6,000,000 shares of Class A common stock were reserved for issuance under the 2019 ESPP. As of December 31, 2019, 403,831 shares of Class A common stock have been purchased under the 2019 ESPP. The number of shares reserved under the 2019 ESPP will automatically increase on the first day of each calendar year beginning on January 1, 2020 in a number of shares equal to the least of (i) 7,000,000 shares of Class A common stock, (ii) one percent of the outstanding shares of all classes of the Company's common stock on the last day of the immediately preceding fiscal year, or (iii) an amount determined by the administrator of the 2019 ESPP.

Stock-Based Compensation

The Company recorded stock-based compensation expense in the consolidated statements of operations for the periods indicated as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Cost of revenue	\$ 81,321	\$ 501	\$ 464
Operations and support	75,212	177	2,549
Research and development	971,941	4,107	2,379
Sales and marketing	72,046	261	415
General and administrative	398,791	3,531	3,739
Total stock-based compensation expense	\$ 1,599,311	\$ 8,577	\$ 9,546

In conjunction with one of the acquisitions in 2018, the Company issued 241,390 shares of restricted stock awards to executives of an acquired company with an aggregate grant-date fair value of \$11.4 million. 146,373 and 20,989 of these restricted stock awards vested as of December 31, 2019 and 2018, respectively, and as of December 31, 2019 the remaining restricted stock awards vest over a period of nine months. The Company recorded \$6.0 million and \$1.4 million as compensation related to these vested restricted stock awards which is included in research and development expense in the consolidated statement of operations for the years ended December 31, 2019 and 2018, respectively.

As of December 31, 2019 and 2018 there was \$3.9 million and \$9.6 million of unrecognized compensation cost related to unvested stock options and restricted stock awards, which is expected to be recognized over a weighted-average period of 0.7 years and 1.6 years, respectively.

As of December 31, 2019, the total unrecognized compensation cost related to RSUs was \$1.1 billion. The Company expects to recognize this expense over the remaining weighted-average period of approximately 2.6 years. The Company recognizes compensation expense on the RSUs granted prior to the effectiveness of its IPO Registration Statement on March 28, 2019 using the accelerated attribution method. All RSUs granted after March 28, 2019 vest on the satisfaction of a service-based condition only. The Company recognizes compensation expense for such RSUs upon a straight-line basis over their requisite service periods.

11. Tender Offer

In March 2018, the Company facilitated a tender offer whereby an existing stockholder and affiliated entities (the Purchaser) would purchase up to an aggregate of 2,207,792 shares of common stock for \$38.50 per share in cash from certain equity holders (including then-current employees). The Company engaged a third-party broker to facilitate an auction process whereby the Purchaser was selected. At the time of the tender offer, the fair value of the Company's common stock was equal to the tender offer price. Sellers holding options were permitted to cashless exercise options in connection with their participation in the tender offer. The tender offer closed in April 2018 and an aggregate of 1,523,532 shares of common stock were tendered for \$58.7 million.

12. Income Taxes

The components of the provision for income taxes for the periods indicated are as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
United States	\$ (2,600,858)	\$ (900,642)	\$ (687,743)
Foreign	973	(9,955)	(2)
Loss before income taxes	\$ (2,599,885)	\$ (910,597)	\$ (687,745)

The provision for income taxes for the periods indicated are as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Current provision			
Federal	\$ —	\$ —	\$ —
State	2,704	1,250	556
Foreign	1,901	116	—
Total current	<u>\$ 4,605</u>	<u>\$ 1,366</u>	<u>\$ 556</u>
Deferred provision			
Federal	(269)	—	—
State	(891)	—	—
Foreign	(1,089)	(628)	—
Total deferred	<u>(2,249)</u>	<u>(628)</u>	<u>—</u>
Total provision for income taxes	<u>\$ 2,356</u>	<u>\$ 738</u>	<u>\$ 556</u>

A reconciliation of the U.S. federal statutory income tax rates to the Company's effective tax rate is as follows:

	Year Ended December 31,		
	2019	2018	2017
Provision at federal statutory rate	21.0 %	21.0 %	34.0 %
State, net of federal benefit	7.6	6.0	3.7
Permanent tax adjustments	(0.4)	(0.8)	(0.6)
Federal statutory tax rate change	—	—	(34.8)
Stock-based compensation	9.9	0.8	(0.2)
Change in valuation allowance	(38.1)	(27.6)	(2.3)
Other adjustments	(0.2)	0.5	0.1
Provision for income taxes	<u>(0.2)%</u>	<u>(0.1)%</u>	<u>(0.1)%</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes at the enacted rates. The significant components of the Company's deferred tax assets and liabilities as of the periods indicated were as follows (in thousands):

	December 31,	
	2019	2018
Net operating loss carryforward	\$ 1,173,732	\$ 475,823
Insurance reserves	391,250	239,401
Accrued and other liabilities	369,018	83,187
Total deferred tax assets	1,934,000	798,411
State income taxes	(92,585)	(39,902)
Operating lease right of use asset	(88,376)	—
Total deferred tax liabilities	(180,961)	(39,902)
Net deferred tax asset	1,753,039	758,509
Less: Valuation allowance	(1,751,118)	(761,728)
Net deferred tax asset (liability)	<u>\$ 1,921</u>	<u>\$ (3,219)</u>

A reconciliation of the valuation allowance is as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Beginning balance	\$ 761,728	\$ 507,274	\$ 491,356
Net changes in deferred tax assets and liabilities	989,390	254,454	15,918
Ending balance	\$ 1,751,118	\$ 761,728	\$ 507,274

The valuation allowance increased by \$989.4 million for the year ended December 31, 2019, compared to the increase of \$254.5 million for the year ended December 31, 2018. The Company believes that, based on a number of factors, the available objective evidence creates sufficient uncertainty regarding the realizability of the deferred tax assets such that a valuation allowance has been recorded. These factors include the Company's history of net losses since its inception.

As of December 31, 2019, the Company had U.S. federal, state and foreign net operating loss carryforwards of approximately \$4.2 billion, \$3.8 billion and \$8.3 million, respectively.

The federal net operating loss carryforwards generated through December 31, 2017 expire at various dates beginning in 2030 and will continue to expire through 2037, while federal net operating loss carryforwards generated in 2018 or later do not expire. The state net operating loss carryovers will begin to expire in 2022 and will continue to expire through 2039. The foreign net operating loss carryovers will begin to expire in 2037. Utilization of the net operating loss carryforwards are subject to various limitations due to the ownership change limitations provided by Internal Revenue Code (IRC) Section 382 and similar state provisions.

The Company files income tax returns with the U.S. federal government, various state jurisdictions and certain foreign jurisdictions. The Company's tax returns in all jurisdictions remain open to examination.

The Company began having foreign operations in fiscal year 2017. At that time and prior to the enactment of the Tax Act, the Company had indefinite investment assertion on all of its undistributed earnings from foreign subsidiaries. As a result of the enactment of the Tax Act, the Company has reevaluated its historic assertion and continues to assert these earnings to be indefinitely reinvested.

The Company's policy is to recognize interest and penalties associated with uncertain tax benefits as part of the income tax provision and include accrued interest and penalties with the related income tax liability on the Company's consolidated balance sheets. To date, the Company has not recognized any interest and penalties in its consolidated statements of operations, nor has it accrued for or made payments for interest and penalties. The Company has no material unrecognized tax benefits as of December 31, 2019, 2018 and 2017.

13. Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period, less shares subject to repurchase. The diluted net loss per share is computed by giving effect to all potentially dilutive common stock equivalents outstanding for the period. For purposes of this calculation, redeemable convertible preferred stock, stock options, RSUs, restricted stock awards, stock purchase rights granted under the Company's ESPP, and early exercised stock options are considered to be common stock equivalents but are excluded from the calculation of diluted net loss per share when including them has an anti-dilutive effect. Basic and diluted net loss per share are the same for each class of common stock because they are entitled to the same liquidation and dividend rights.

The following table sets forth the computation of basic and diluted net loss per share for the periods indicated (in thousands, except per share data):

	Year Ended December 31,		
	2019	2018	2017
Net loss	\$ (2,602,241)	\$ (911,335)	\$ (688,301)
Weighted-average shares used in computing net loss per share, basic and diluted	227,498	21,176	19,371
Net loss per share, basic and diluted	\$ (11.44)	\$ (43.04)	\$ (35.53)

The following outstanding shares of common stock equivalents were excluded from the computation of diluted net loss per share for the periods presented because including them would have had an anti-dilutive effect (in thousands):

	As of December 31,		
	2019	2018	2017
Redeemable convertible preferred stock (on an if-converted basis)	—	219,176	199,815
Stock options	2,957	13,818	16,302
Restricted stock units	41,685	46,433	26,052
Restricted stock awards	94	220	—
Early exercised options	—	—	10
Total	<u>44,736</u>	<u>279,647</u>	<u>242,179</u>

14. Related-Party Transactions

During each of the years ended December 31, 2019, 2018 and 2017, the Company purchased certain advertising-related and other services in the amount of \$18.1 million, \$92.4 million, and \$74.4 million, respectively, from a company that is affiliated with a significant stockholder of the Company, which was recorded to cost of revenue and sales and marketing expenses in the consolidated statements of operations based on the nature of the services. This entity ceased to be a related party in April 2019.

During each of the years ended December 31, 2019, 2018 and 2017, the Company purchased certain marketing services in the amount of \$1.9 million, \$4.0 million and \$0.8 million, respectively, from two companies owned by a significant stockholder of the Company.

As of December 31, 2019 and 2018, amounts due from and to these related parties as included in the consolidated balance sheets were immaterial.

During the years ended December 31, 2019, 2018 and 2017, the Company received cash proceeds from the issuance of redeemable convertible preferred stock to these related parties of \$0, \$0, and \$400 million, respectively, which were included in the cash flows from financing activities in the consolidated statements of cash flows.

During each of the years ended December 31, 2019, 2018 and 2017, the Company recorded an immaterial amount of revenue from these related parties in the consolidated statements of operations.

15. 401(k) Plan

The Company adopted a 401(k) Plan that qualifies as a deferred salary arrangement under Section 401 of the IRC. Under the 401(k) Plan, participating employees may defer a portion of their pretax earnings not to exceed the maximum amount allowable. The Company does not make contributions for eligible employees.

16. Subsequent Events

Reduction in Workforce

In January 2020, the Company announced a reduction of the workforce of 90 employees, or approximately 1.6% of the Company's employees. This reduction in workforce will not have a material impact on the Company's financial statements.

Flexdrive Acquisition

On February 7, 2020, the Company signed and closed the acquisition of Flexdrive, a joint venture between Cox Automotive and Holman Enterprises, for approximately \$20 million in order to streamline its processes and reduce certain costs associated with the partnership. Flexdrive has been one of the Company's Express Drive partners. Prior to the acquisition, the Company acted as the lessee of Flexdrive's owned and leased vehicles and sublessor for each vehicle prior to its rental by drivers, and as of December 31, 2019, the Company recognized approximately \$124 million right-of-use assets and \$120 million of lease liabilities on the balance sheet related to its existing agreement with Flexdrive. In addition, the Company assumed certain indebtedness. The Company is currently in the process of valuing the assets acquired and liabilities assumed in the transaction and will provide all required disclosures in the first quarter ending March 31, 2020.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm as permitted in this transition period under the rules of the SEC for newly public companies.

Changes in Internal Control

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the fiscal quarter ended December 31, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item, including information about our Directors, Executive Officers and Audit Committee and Code of Conduct, is incorporated by reference to the definitive Proxy Statement for our 2020 Annual Meeting of Stockholders, which will be filed with the SEC, no later than 120 days after December 31, 2019.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2020 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2019.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2020 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2019.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2020 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2019.

Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2020 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2019.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

1. Financial Statements

The following financial statements are included in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets
Consolidated Statements of Operations and Comprehensive Loss
Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)
Consolidated Statements of Cash Flows
Notes to the Consolidated Financial Statements

2. Financial Statement Schedules

All other schedules have been omitted because they are not required, not applicable, or the required information is otherwise included.

3. Exhibits

The exhibits listed below are filed as part of this Annual Report on Form 10-K or are incorporated herein by reference, in each case as indicated below.

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of the registrant.	10-Q	001-38846	3.1	5/14/2019
3.2	Amended and Restated Bylaws of the registrant, as amended, as currently in effect.	10-Q	001-38846	3.2	5/14/2019
4.1	Form of Class A common stock certificate of the registrant.	S-1/A	333-229996	4.1	3/18/2019
4.2	Amended and Restated Investors' Rights Agreement among the registrant and certain holders of its capital stock, dated as of June 27, 2018.	S-1	333-229996	4.2	3/1/2019
4.3	Description of Capital Stock.				
10.1	Form of Indemnification Agreement between the registrant and each of its directors and executive officers.	S-1	333-229996	10.1	3/1/2019
10.2+	Lyft, Inc. 2019 Equity Incentive Plan and related form agreements.	S-1/A	333-229996	10.2	3/18/2019
10.3+	Lyft, Inc. 2019 Employee Stock Purchase Plan and related form agreements, as amended and restated as of December 2, 2019.				
10.4+	Lyft, Inc. 2018 Equity Incentive Plan and related form agreements.	S-1/A	333-229996	10.4	3/18/2019
10.5+	Lyft, Inc. 2008 Equity Incentive Plan and related form agreements.	S-1/A	333-229996	10.5	3/18/2019
10.6+	Lyft, Inc. Executive Change in Control and Severance Plan.	S-1	333-229996	10.6	3/1/2019
10.7+	Lyft, Inc. Outside Director Compensation Policy.	S-1	333-229996	10.7	3/1/2019
10.8+	Employment Letter Agreement between the registrant and Logan Green, dated as of March 12, 2019.	S-1/A	333-229996	10.8	3/18/2019
10.9+	Employment Letter Agreement between the registrant and John Zimmer, dated as of March 14, 2019.	S-1/A	333-229996	10.9	3/18/2019
10.10+	Employment Letter Agreement between the registrant and Kristin Sverchek, dated as of March 8, 2019.	S-1/A	333-229996	10.10	3/18/2019
10.11+	Employment Letter Agreement between the registrant and Brian Roberts, dated as of March 13, 2019.	S-1/A	333-229996	10.11	3/18/2019
10.12+	Employment Letter Agreement between the registrant and Ran Makavy, dated as of March 12, 2019.	S-1/A	333-229996	10.12	3/18/2019
10.13+	Amended Employment Letter Agreement between the registrant and Jon McNeill, dated as of March 14, 2019.	S-1/A	333-229996	10.13	3/18/2019
10.14(i)	Office Lease between the registrant and SPF China Basin Holdings, LLC, dated as of April 8, 2016 as amended on September 27, 2017, May 31, 2018, June 11, 2018 and September 24, 2018.	S-1/A	333-229996	10.14	3/18/2019
10.14(ii)	Fifth Amendment to Office Lease between the registrant and SPF China Basin Holdings, LLC, dated as of November 18, 2019.				
10.15	Sublease between the registrant and Dropbox, Inc., dated as of February 23, 2016.	S-1/A	333-229996	10.15	3/18/2019
21.1	List of subsidiaries of the registrant.				
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.				
24.1	Power of Attorney (included in signature pages hereto).				

31.1	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1†	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 has been formatted in Inline XBRL.

+ Indicates management contract or compensatory plan.

† The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Lyft, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

LYFT, INC.

Date: February 28, 2020

By: /s/ Logan Green
Logan Green
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Logan Green, John Zimmer and Brian Roberts, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such individual in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or the individual's substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Logan Green</u> Logan Green	Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2020
<u>/s/ John Zimmer</u> John Zimmer	President and Vice Chairman	February 28, 2020
<u>/s/ Brian Roberts</u> Brian Roberts	Chief Financial Officer (Principal Financial Officer)	February 28, 2020
<u>/s/ Lisa Blackwood-Kapral</u> Lisa Blackwood-Kapral	Chief Accounting Officer (Principal Accounting Officer)	February 28, 2020
<u>/s/ Prashant (Sean) Aggarwal</u> Prashant (Sean) Aggarwal	Chairman	February 28, 2020
<u>/s/ Ben Horowitz</u> Ben Horowitz	Director	February 28, 2020
<u>/s/ Valerie Jarrett</u> Valerie Jarrett	Director	February 28, 2020
<u>/s/ David Lawee</u> David Lawee	Director	February 28, 2020
<u>/s/ Hiroshi Mikitani</u> Hiroshi Mikitani	Director	February 28, 2020
<u>/s/ Ann Miura-Ko</u> Ann Miura-Ko	Director	February 28, 2020
<u>/s/ Mary Agnes (Maggie) Wilderotter</u> Mary Agnes (Maggie) Wilderotter	Director	February 28, 2020

DESCRIPTION OF CAPITAL STOCK

General

The following description of the capital stock of Lyft, Inc. (“us”, “our,” “we”, or the “Company”) is a summary. We have adopted an amended and restated certificate of incorporation and amended and restated bylaws, and this description summarizes the provisions that are included in such documents. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth in this Exhibit 4.3, you should refer to our amended and restated certificate of incorporation, amended and restated bylaws and amended and restated investors’ rights agreement, each previously filed with the Securities and Exchange Commission and incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.3 is a part, and to the applicable provisions of Delaware law. Our authorized capital stock consists of 19,100,000,000 shares of capital stock, \$0.00001 par value per share, of which:

- 18,000,000,000 shares are designated as Class A common stock;
- 100,000,000 shares are designated as Class B common stock; and
- 1,000,000,000 shares are designated as preferred stock.

Pursuant to our amended and restated certificate of incorporation, our board of directors has the authority, without stockholder approval except as required by the listing standards of the Nasdaq Global Select Market, to issue additional shares of our Class A common stock. Until the final conversion of all outstanding shares of Class B common stock pursuant to the terms of the amended and restated certificate of incorporation, or the Final Conversion Date, any issuance of additional shares of Class B common stock requires the approval of the holders of two-thirds of the outstanding shares of Class B common stock voting as a separate class.

Common Stock

We have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion.

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine.

Voting Rights

Holders of our Class A common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and holders of our Class B common stock are entitled to 20 votes for each share held on all matters submitted to a vote of stockholders. The holders of our Class A common stock and Class B common stock vote together as a single class, unless otherwise required by law. Under our amended and restated certificate of incorporation, approval of the holders of a majority of the outstanding shares of our Class B common stock is required to increase the number of authorized shares of our Class B common stock. In addition, Delaware law could require either holders of our Class A common stock or our Class B common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our amended and restated certificate of incorporation to increase or decrease the par value of a class of stock, then that class would be required to vote separately to approve the proposed amendment; and
- if we were to seek to amend our amended and restated certificate of incorporation in a manner that alters or changes the powers, preferences or special rights of a class of stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

Until the Final Conversion Date, approval of two-thirds of the outstanding shares of our Class B common stock voting as a separate class will be required to:

- amend or modify any provision of the amended and restated certificate of incorporation inconsistent with, or otherwise alter, any provision of the amended and restated certificate of incorporation to modify the voting, conversion or other rights, powers, preferences, privileges or restrictions of our Class B common stock;
- reclassify any outstanding shares of Class A common stock into shares having rights as to dividends or liquidation that are senior to the Class B common stock or the right to have more than one vote for each share thereof;
- issue any shares of Class B common stock, including by dividend, distribution or otherwise; or
- authorize, or issue any shares of, any class or series of our capital stock having the right to more than one vote for each share thereof.

Our amended and restated certificate of incorporation provides for a classified board of directors consisting of three classes of approximately equal size, each serving staggered three-year terms. Only the directors in one class will be subject to election by a plurality of the votes cast at each annual meeting of stockholders, with the directors in the other classes continuing for the remainder of their respective three-year terms. Stockholders do not have the ability to cumulate votes for the election of directors.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights, and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

If we become subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Conversion of Class B Common Stock

Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. Shares of Class B common stock will automatically convert into shares of Class A common stock upon sale or transfer except for certain transfers described in our amended and restated certificate of incorporation, including estate planning or charitable transfers where sole dispositive power and exclusive voting control with respect to the shares of Class B common stock are retained by the transferring holder or such transferring holder's spouse. In addition, each outstanding share of Class B common stock held by a stockholder who is a natural person, or held by the permitted entities and permitted transferees of such natural person (as described in our amended and restated certificate of incorporation), will convert automatically into one share of Class A common stock upon the death of such natural person. In the event of the death or permanent and total disability of either Logan Green or John Zimmer, each referred to herein as a Co-Founder, shares of Class B common stock held by such Co-Founder, his permitted entities or permitted transferees will convert to Class A common stock, provided that the conversion will be deferred for nine months, or up to 18 months if approved by a majority of our independent directors, following his death or permanent and total disability and provided further, that to the extent the other Co-Founder

has or shares voting control over such shares, the shares of Class B common stock will be treated as held of record by the Co-Founder that has or shares voting control. Transfers between our Co-Founders are permitted transfers and will not result in conversion of the shares of Class B common stock that are transferred and such shares of Class B common stock will be treated as held of record by the transferee Co-Founder. With respect to any shares of Class B common stock over which the spouse of a Co-Founder has voting control, such shares of Class B common stock will convert to shares of Class A common stock upon divorce if the spouse retains voting control.

Each share of Class B common stock will convert automatically into one share of Class A common stock upon (i) the date specified by affirmative written election of the holders of two-thirds of the then-outstanding shares of Class B common stock, (ii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date on which the shares of Class B common stock held by our Co-Founders and their permitted entities and permitted transferees represent less than 20% of the Class B common stock held by our Co-Founders and their permitted entities as of immediately following the Company's initial public offering, or IPO, or (iii) nine months after the death or total disability of the last to die or become disabled of our Co-Founders, or such later date not to exceed a total period of 18 months after such death or disability as may be approved by a majority of our independent directors.

Preferred Stock

Our board of directors has the authority, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series and to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. We have no current plan to issue any shares of preferred stock.

Registration Rights

Certain holders of our Class A common stock are entitled to rights with respect to the registration of their shares under the Securities Act of 1933, as amended, or the Securities Act. These registration rights are contained in the Amended and Restated Investors' Rights Agreement dated June 27, 2018, or the IRA. We will pay the registration expenses (other than underwriting discounts and commissions) of the holders of the shares registered pursuant to the registrations described below. In an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include.

Demand Registration Rights

Certain holders of shares of our Class A common stock are entitled to certain demand registration rights. Following the six-month anniversary of the effective date of our IPO, the holders of at least 35% of these shares then outstanding can request that we register the offer and sale of their shares. Such request for registration must cover securities, the anticipated aggregate public offering price of which is at least \$100,000,000, net of any underwriters' discounts or commissions. We are obligated to effect only two such registrations and we will not be required to effect a registration if we have effected a registration pursuant to these rights within the 12-month period preceding the date of the request. If we determine that it would be seriously detrimental to us and our stockholders to effect such a demand registration, we have the right to defer such registration, not more than twice in any 12-month period, for a period of up to 120 days.

Piggyback Registration Rights

If we propose to register the offer and sale of our Class A common stock under the Securities Act, in connection with the public offering of such Class A common stock certain holders of shares of our Class A common stock will be entitled to certain “piggyback” registration rights allowing the holders to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (i) a registration in which the only Class A common stock being registered is Class A common stock issuable upon conversion of debt securities that are also being registered, (ii) a registration related to any employee benefit plan or a corporate reorganization or other transaction covered by Rule 145 promulgated under the Securities Act or (iii) a registration on any registration form which does not include substantially the same information as would be required to be included in a registration statement covering the public offering of our Class A common stock, the holders of these shares are entitled to notice of the registration and have the right, subject to certain limitations, to include their shares in the registration.

S-3 Registration Rights

Certain holders of shares of our Class A common stock are entitled to certain Form S-3 registration rights. One or more holders of these shares may make a written request that we register the offer and sale of their shares on a registration statement on Form S-3 if we are eligible to file a registration statement on Form S-3 so long as the request covers securities the anticipated aggregate public offering price of which is at least \$1,000,000, net of any underwriters’ discounts or commissions. These stockholders may make an unlimited number of requests for registration on Form S-3; however, we will not be required to effect a registration on Form S-3 if we have effected two such registrations within the 12-month period preceding the date of the request. Additionally, if we determine that it would be seriously detrimental to us and our stockholders to effect such a registration, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 90 days.

Anti-Takeover Provisions

Certain provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws, which are summarized below, may have the effect of delaying, deferring or discouraging another person from acquiring control of us. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We are governed by the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a public Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- the business combination or transaction which resulted in the stockholder becoming an interested stockholder was approved by the board of directors prior to the time that the stockholder became an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by directors who are also officers of the corporation and shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the time the stockholder became an interested stockholder, the business combination was approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

In general, Section 203 defines a “business combination” to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder and an “interested stockholder” as a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation’s outstanding voting stock. These provisions may have the effect of delaying, deferring or preventing changes in control of our company.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws Provisions

Our amended and restated certificate of incorporation and our amended and restated bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our board of directors or management team, including the following:

Dual Class Stock

As described above in “Common Stock—Voting Rights,” our amended and restated certificate of incorporation provides for a dual class common stock structure, which provides our Co-Founders, individually or together, with significant influence over matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets.

Classified Board

Our amended and restated certificate of incorporation provides that our board of directors is classified into three classes of directors, each of which holds office for a three-year term. In addition, directors may only be removed from the board of directors for cause. The existence of a classified board could delay a potential acquirer from obtaining majority control of our board of directors, and the prospect of that delay might deter a potential acquirer.

Board of Directors Vacancies

Our amended and restated certificate of incorporation and amended and restated bylaws authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors is permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors and promotes continuity of management.

Stockholder Action; Special Meeting of Stockholders

Our amended and restated certificate of incorporation provides that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Our amended and restated bylaws further provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairperson of our board of directors, our Chief Executive Officer or our President, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

Our amended and restated bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our amended and restated bylaws also specify certain requirements regarding the form and content of a stockholder’s notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of our company.

No Cumulative Voting

The Delaware General Corporation Law provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.

Amendment of Charter and Bylaws Provisions

Amendments to our amended and restated certificate of incorporation require the approval of two-thirds of the outstanding voting power of our common stock. Our amended and restated bylaws provide that approval of stockholders holding two-thirds of our outstanding voting power voting as a single class is required for stockholders to amend or adopt any provision of our bylaws.

Issuance of Undesignated Preferred Stock

Our board of directors has the authority, without further action by our stockholders, to issue up to 1,000,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or other means.

Exclusive Forum

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws or (iv) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. Nothing in our amended and restated bylaws precludes stockholders that assert claims under the Securities Act from bringing such claims in state or federal court, subject to applicable law. Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to this provision. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers.

Limitation of Liability and Indemnification of Officers and Directors

Our amended and restated certificate of incorporation contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by the Delaware General Corporation Law. Consequently, our directors are not personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- any breach of their duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of

corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, our amended and restated bylaws provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that they are or were one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that they are or were one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to limited exceptions.

Further, we have entered into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are included in our amended and restated certificate of incorporation, amended and restated bylaws and in indemnification agreements that we have entered into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock and our Class B common stock is American Stock Transfer & Trust Company. The transfer agent and registrar's address is 6201 15th Avenue, Brooklyn, NY 11219.

Listing

Our Class A common stock is listed on the Nasdaq Global Select Market under the symbol "LYFT".

LYFT, Inc.

2019 EMPLOYEE STOCK PURCHASE PLAN

(as amended and restated December 2, 2019)

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Companies with an opportunity to purchase Common Stock through accumulated Contributions. The Company intends for the Plan to have two components: a component that is intended to qualify as an “employee stock purchase plan” under Section 423 of the Code (the “423 Component”) and a component that is not intended to qualify as an “employee stock purchase plan” under Section 423 of the Code (the “Non-423 Component”). The provisions of the 423 Component, accordingly, will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. An option to purchase shares of Common Stock under the Non-423 Component will be granted pursuant to rules, procedures, or sub-plans adopted by the Administrator designed to achieve tax, securities laws, or other objectives for Eligible Employees and the Company. Except as otherwise provided herein, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

2. Definitions.

(a) “Administrator” means the Board or any Committee designated by the Board to administer the Plan pursuant to Section 14.

(b) “Affiliate” means any corporation or any other entity (including, but not limited to, partnerships and joint ventures) controlling, controlled by, or under common control with the Company.

(c) “Applicable Laws” means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where options are, or will be, granted under the Plan.

(d) “Board” means the Board of Directors of the Company.

(e) “Change in Control” means the occurrence of any of the following events:

(i) Change in Ownership of the Company. A change in the ownership of the Company that occurs on the date that any one person, or more than one person acting as a group (“Person”) acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, (A) the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control and (B) any acquisition of additional stock by the Founders and/or their Permitted Entities (each as defined in the Company’s certificate of incorporation, as amended from time to time (the “COI”)) as a result of a Permitted Transfer (as defined in the COI) or from the Company in a transaction or issuance (including pursuant to outstanding stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance stock units and any other Company equity compensation awards) approved by the Board or a committee thereof, that results in such parties owning more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control. Further, if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company’s voting stock immediately prior to the change in ownership, direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event shall not be considered a Change in Control under this subsection (i). For this purpose, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through

one or more subsidiary corporations or other business entities. For the avoidance of doubt, increases in the percentage of total voting power owned by the Founders and/or their Permitted Entities resulting solely from a decrease in the number of shares of stock of the Company outstanding shall not constitute an acquisition that creates a Change in Control under this subsection (i); or

(ii) Change in Effective Control of the Company. If the Company has a class of securities registered pursuant to Section 12 of the Exchange Act, a change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period with individuals whose appointment or election to the Board is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) Change in Ownership of a Substantial Portion of the Company's Assets. A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (c), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this Section 2(e), persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its primary purpose is to change the jurisdiction of the Company's incorporation, or (ii) its primary purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(f) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code will include such section, any valid regulation or other official applicable guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(g) "Committee" means a committee of the Board appointed in accordance with Section 14 hereof.

(h) "Common Stock" means the Class A common stock of the Company.

(i) "Company" means Lyft, Inc., a Delaware corporation, or any successor thereto.

(j) “Compensation” includes an Eligible Employee’s base straight time gross earnings and commissions (to the extent such commissions are an integral, recurring part of compensation) and performance-based incentive bonuses, but excludes payments for sign-on or hire, long-term or multi-year, and retention incentive compensation or bonuses, payments for overtime and shift premium, equity compensation income and other similar compensation. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for a subsequent Offering Period.

(k) “Contributions” means the payroll deductions and other additional payments that the Company may permit to be made by a Participant to fund the exercise of options granted pursuant to the Plan.

(l) “Designated Company” means any Subsidiary or Affiliate of the Company that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan. For purposes of the 423 Component, only the Company and its Subsidiaries may be Designated Companies, provided, however that at any given time, a Subsidiary that is a Designated Company under the 423 Component will not be a Designated Company under the Non-423 Component.

(m) “Director” means a member of the Board.

(n) “Eligible Employee” means any individual who is a common law employee providing services to the Company or a Designated Company and is customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year by the Employer, or any lesser number of hours per week and/or number of months in any calendar year established by the Administrator (if required under applicable local law) for purposes of any separate Offering or the Non-423 Component. For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence that the Employer approves or is legally protected under Applicable Laws. Where the period of leave exceeds three (3) months and the individual’s right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated three (3) months and one (1) day following the commencement of such leave. The Administrator, in its discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date in an Offering, determine (on a uniform and nondiscriminatory basis or as otherwise permitted by Treasury Regulation Section 1.423^(e)(2)) that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act, provided the exclusion is applied with respect to each Offering in an identical manner to all highly compensated individuals of the Employer whose Eligible Employees are participating in that Offering. Each exclusion will be applied with respect to an Offering in a manner complying with U.S. Treasury Regulation Section 1.423^(e)(2)(e)(2)(ii).

(o) “Employer” means the employer of the applicable Eligible Employee(s).

(p) “Enrollment Date” means the first Trading Day of an Offering Period.

(q) “Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(r) “Exercise Date” means the last Trading Day of the Purchase Period. Notwithstanding the foregoing, in the event that an Offering Period is terminated prior to its expiration pursuant to Section 20(a), the Administrator, in its sole discretion, may determine that any Purchase Period also terminating under such Offering Period will terminate without options being exercised on the Exercise Date that otherwise would have occurred on the last Trading Day of such Purchase Period.

(s) “Fair Market Value” means, as of any date, the value of a share of Common Stock determined as follows:

(i) For purposes of the Enrollment Date of the first Offering Period under the Plan, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the registration statement in Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company’s Common Stock.

(ii) For all other purposes, the Fair Market Value will be the closing sales price for Common Stock as quoted on any established stock exchange or national market system (including without limitation the New York Stock Exchange, NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market of The NASDAQ Stock Market) on which the Common Stock is listed on the date of determination (or the closing bid, if no sales were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable. If the determination date for the Fair Market Value occurs on a non-Trading Day (i.e., a weekend or holiday), the Fair Market Value will be such price on the immediately preceding Trading Day, unless otherwise determined by the Administrator. In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator.

The determination of fair market value for purposes of tax withholding may be made in the Administrator’s discretion subject to Applicable Laws and is not required to be consistent with the determination of Fair Market Value for other purposes.

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator; or

(iv) For purposes of the Enrollment Date of the first Offering Period under the Plan, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the Registration Statement.

(t) “Fiscal Year” means a fiscal year of the Company.

(u) “New Exercise Date” means a new Exercise Date if the Administrator shortens any Offering Period then in progress.

(v) “Offering” means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 4. For purposes of the Plan, the Administrator may designate separate Offerings under the Plan (the terms of which need not be identical) in which Eligible Employees of one or more Employers will participate, even if the dates of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by U.S. Treasury Regulation Section 1.423^(b)(a)(1), the terms of each Offering need not be identical provided that the terms of the Plan and an Offering together satisfy U.S. Treasury Regulation Section 1.423^(b)(a)(2) and (a)(3).

(w) “Offering Periods” means the periods of approximately twelve (12) months during which an option granted pursuant to the Plan may be exercised, commencing on the first Trading Day on or after May 15 and November 15 of each year and terminating on the last Trading Day on or before May 15 and November 15, approximately twelve (12) months later; provided, however, that (i) the first Offering Period under the Plan will commence with the Registration Date and will end on the last Trading Day on or before June 30, 2020, (ii) the second Offering Period under the Plan will commence on the first Trading Day on or after June 30, 2019 and will end on the last Trading Day on or before June 30, 2020, and (iii) the third Offering Period under the Plan will commence on the first Trading Day on or after December 31, 2019 and will end on the last Trading Day on or before November 15, 2020. The duration and timing of Offering Periods may be changed pursuant to Sections 4, 20 and 30.

(x) “Parent” means a “parent corporation,” whether now or hereafter existing, as defined in Section 424(e) of the Code.

(y) “Participant” means an Eligible Employee that participates in the Plan.

(z) “Plan” means this Lyft, Inc. 2019 Employee Stock Purchase Plan, as amended and restated.

(aa) “Purchase Period” means the periods during an Offering Period during which shares of Common Stock may be purchased on a Participant’s behalf in accordance with the terms of the Plan. For the first Offering Period, (i) the first Purchase Period will commence on the Registration Date and terminate on the last Trading Day on or before December 31, 2019, and (ii) the second Purchase Period will commence on the first Trading Day on or after December 31, 2019, and terminate on the last Trading Day on or before June 30, 2020. For the second Offering Period, (i) the first Purchase Period will commence on the first Trading Day on or after June 30, 2019, and terminate on the last Trading Day on or before December 31, 2019, and (ii) the second Purchase Period will commence on the first Trading Day on or after December 31, 2019, and terminate on the last Trading Day on or before June 30, 2020. For the third Offering Period, (i) the first Purchase Period will commence on the first Trading Day on or after December 31, 2019, and terminate on the last Trading Day on or before May 15, 2020, and (ii) the second Purchase Period will commence on the first Trading Day on or after May 15, 2020, and terminate on the last Trading Day on or before November 15, 2020. Except as provided in this paragraph, and unless the Administrator provides otherwise, Purchase Periods for all other Offering Periods will (i) commence on the first Trading Day on or after May 15 and November 15 and (ii) terminate on the last Trading Day on or before November 15 of the same year and May 15 of the following year, respectively.

(ab) “Purchase Price” means an amount equal to eighty-five percent (85%) of the Fair Market Value on the Enrollment Date or on the Exercise Date, whichever is lower; provided however, that the Purchase Price may be determined for subsequent Offering Periods by the Administrator subject to compliance with Section 423 of the Code (or any successor rule or provision or any other Applicable Law, regulation or stock exchange rule) or pursuant to Section 20.

(ac) “Registration Date” means the effective date of the Registration Statement.

(ad) “Registration Statement” means the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Common Stock.

(ae) “Subsidiary” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.

(af) “Trading Day” means a day on which the national stock exchange upon which the Common Stock is listed is open for trading.

(ag) “U.S. Treasury Regulations” means the Treasury regulations of the Code. Reference to a specific Treasury Regulation will include such Treasury Regulation, the section of the Code under which such regulation was promulgated, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such Section or regulation.

3. Eligibility.

(a) First Offering Period. Any individual who is an Eligible Employee immediately prior to the first Offering Period will be automatically enrolled in the first Offering Period.

(b) Subsequent Offering Periods. Any Eligible Employee on a given Enrollment Date subsequent to the first Offering Period will be eligible to participate in the Plan, subject to the requirements of Section 5.

(c) Non-U.S. Employees. Eligible Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they also are citizens or residents of the United States or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) may be excluded from participation in the Plan or an Offering if the participation of such Eligible Employees is prohibited under the laws of the applicable jurisdiction or if complying with

the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code. In the case of the Non-423 Component, Eligible Employees may be excluded from participation in the Plan or an Offering if the Administrator determines that participation of such Eligible Employees is not advisable or practicable.

(d) Limitations. Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate, which exceeds twenty thousand dollars (\$20,000) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods. The Plan will be implemented by consecutive, overlapping Offering Periods with a new Offering Period commencing on the first Trading Day on or after May 15 and November 15 each year, or on such other dates as the Administrator will determine; provided, however, that (i) the first Offering Period under the Plan will commence with the Registration Date and end on the last Trading Day on or before June 30, 2020, (ii) the second Offering Period under the Plan will commence on the first Trading Day on or after June 30, 2019, and end on the last Trading Day on or before June 30, 2020, and (iii) the third Offering Period under the Plan will commence on the first Trading Day on or after December 31, 2019, and end on the last Trading Day on or before November 15, 2020. The duration and timing of Offering Periods may be changed pursuant to Sections 20 and 30. The Administrator will have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future Offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected thereafter; provided, however, that no Offering Period may last more than twenty-seven (27) months.

5. Participation.

(a) First Offering Period. An Eligible Employee will be entitled to continue to participate in the first Offering Period pursuant to Section 3(a) only if such individual submits a subscription agreement authorizing Contributions in a form determined by the Administrator (which may be similar to the form attached hereto as Exhibit A) to the Company's designated plan administrator (i) no earlier than the effective date of the Form S-8 registration statement with respect to the issuance of Common Stock under this Plan and (ii) no later than thirty (30) calendar days following the effective date of such S-8 registration statement or such date as the Administrator may determine (the "Enrollment Window"). An Eligible Employee's failure to submit the subscription agreement during the Enrollment Window will result in the automatic termination of such individual's participation in the first Offering Period.

(b) Subsequent Offering Periods. An Eligible Employee may participate in the Plan pursuant to Section 3(b) by (i) submitting to the Company's stock administration office (or its designee) a properly completed subscription agreement authorizing Contributions in the form provided by the Administrator for such purpose or (ii) following an electronic or other enrollment procedure determined by the Administrator, in either case on or before a date determined by the Administrator prior to an applicable Enrollment Date.

6. Contributions.

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, he or she will elect to have Contributions (in the form of payroll deductions or otherwise, to the extent permitted by the Administrator) made on each pay day during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation that he or she receives on the pay day (for illustrative purposes, should a pay day occur on an Exercise Date, a Participant will have any Contributions made on such day applied to his or her account under the then-current Purchase Period or Offering Period). The Administrator, in its sole discretion, may permit all Participants in a specified Offering to

contribute amounts to the Plan through payment by cash, check or other means set forth in the subscription agreement prior to each Exercise Date of each Purchase Period. A Participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) In the event Contributions are made in the form of payroll deductions, such payroll deductions for a Participant will commence on the first pay day following the Enrollment Date and will end on the last pay day on or prior to the last Exercise Date of such Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof; provided, however, that for the first Offering Period, payroll deductions will commence on the first pay day on or following the end of the Enrollment Window.

(c) All Contributions made for a Participant will be credited to his or her account under the Plan and Contributions will be made in whole percentages of his or her Compensation only. A Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided under Section 10. Unless otherwise determined by the Administrator, during a Purchase Period, a Participant may not increase the rate of his or her Contributions and may only decrease the rate of his or her Contributions one (1) time. Any such decrease during a Purchase Period requires the Participant (i) properly complete and submit to the Company's stock administration office (or its designee) a new subscription agreement authorizing the change in Contribution rate in the form provided by the Administrator for such purpose or (ii) following an electronic or other procedure prescribed by the Administrator, in either case on or before a date determined by the Administrator prior to an applicable Exercise Date. If a Participant has not followed such procedures to change the rate of Contributions, the rate of his or her Contributions will continue at the originally elected rate throughout the Purchase Period and future Offering Periods and Purchase Periods (unless the Participant's participation is terminated as provided in Sections 10 or 11). The Administrator may, in its sole discretion, amend the nature and/or number of Contribution rate changes that may be made by Participants during any Offering Period or Purchase Period and may establish other conditions or limitations as it deems appropriate for Plan administration. Any change in the rate of Contributions made pursuant to this Section 6(d) will be effective as of the first (1st) full payroll period following five (5) business days after the date on which the change is made by the Participant (unless the Administrator, in its sole discretion, elects to process a given change in payroll deduction rate more quickly).

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(d), a Participant's Contributions may be decreased to zero percent (0%) at any time during a Purchase Period. Subject to Section 423(b)(8) of the Code and Section 3(d) hereof, Contributions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Purchase Period scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) Notwithstanding any provisions to the contrary in the Plan, the Administrator may allow Participants to participate in the Plan via cash contributions instead of payroll deductions if (i) payroll deductions are not permitted under applicable local law, (ii) the Administrator determines that cash contributions are permissible under Section 423 of the Code; or (iii) the Participants are participating in the Non-423 Component.

(g) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or Employer's federal, state, local or any other tax liability payable to any authority including taxes imposed by jurisdictions outside of the U.S., national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs). At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee. In addition, the Company or the Employer may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding the Company or the Employer deems appropriate to the extent permitted by U.S. Treasury Regulation Section 1.423^{(b)(2)}(f).

7. Grant of Option. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Eligible Employee's Contributions accumulated prior to such Exercise Date and retained in the Eligible Employee's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will an Eligible Employee be permitted to purchase during each Purchase Period more than 750 shares of Common Stock (subject to any adjustment pursuant to Section 19) and provided further that such purchase will be subject to the limitations set forth in Sections 3(d) and 13. The Eligible Employee may accept the grant of such option (i) with respect to the first Offering Period by submitting a properly completed subscription agreement in accordance with the requirements of Section 5 on or before the last day of the Enrollment Window, and (ii) with respect to any subsequent Offering Period under the Plan, by electing to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that an Eligible Employee may purchase during each Purchase Period. Exercise of the option will occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on each Exercise Date, and the maximum number of full shares subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from his or her account. No fractional shares of Common Stock will be purchased; any Contributions accumulated in a Participant's account, which are not sufficient to purchase a full share will be retained in the Participant's account for the subsequent Purchase Period or Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10. Any other funds left over in a Participant's account after the Exercise Date will be returned to the Participant. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect or (y) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 20. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

9. Delivery. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. No Participant will have any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the Participant as provided in this Section 9.

10. Withdrawal.

(a) A Participant may withdraw all but not less than all the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's stock administration office (or its designee) a written notice of withdrawal in the form determined by the Administrator for such purpose (which may be similar to the form attached hereto as Exhibit B), or (ii) following an electronic or other withdrawal procedure determined by the Administrator. All of the Participant's Contributions credited to his or her account will be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A Participant's withdrawal from an Offering Period will not have any effect on his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Employment. Upon a Participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such Participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and such Participant's option will be automatically terminated. Unless otherwise provided by the Administrator, a Participant whose employment transfers between entities through a termination with an immediate rehire (with no break in service) by the Company or a Designated Company will not be treated as terminated under the Plan; however, if a Participant transfers from an Offering under the 423 Component to the Non-423 Component, the exercise of the option will be qualified under the 423 Component only to the extent it complies with Section 423 of the Code, unless otherwise provided by the Administrator.

12. Interest. No interest will accrue on the Contributions of a participant in the Plan, except as may be required by Applicable Law, as determined by the Company, and if so required by the laws of a particular jurisdiction, will apply to all Participants in the relevant Offering under the 423 Component, except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423^{(b)(2)}(f).

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of Common Stock that will be made available for sale under the Plan will be 6,000,000 shares of Common Stock. The number of shares of Common Stock available for issuance under the Plan will be increased on the first day of each calendar year beginning on January 1, 2020 in a number of shares equal to the least of (i) 7,000,000 shares of Common Stock (subject to any adjustment pursuant to Section 19), (ii) one percent (1%) of the outstanding shares of all classes of the Company's common stock on the last day of the immediately preceding Fiscal Year, or (iii) an amount determined by the Administrator.

(b) Until the shares of Common Stock are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a Participant will have only the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

(c) Shares of Common Stock to be delivered to a Participant under the Plan will be registered in the name of the Participant or in the name of the Participant and his or her spouse.

14. Administration. The Plan will be administered by the Board or a Committee appointed by the Board, which Committee will be constituted to comply with Applicable Laws. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to delegate ministerial duties to any of the

Company's employees, to designate separate Offerings under the Plan, to designate Subsidiaries and Affiliates of the Company as participating in the 423 Component or Non-423 Component, to determine eligibility, to adjudicate all disputed claims filed under the Plan and to establish such procedures that it deems necessary for the administration of the Plan (including, without limitation, to adopt such procedures and sub-plans as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the U.S., the terms of which sub-plans may take precedence over other provisions of this Plan, with the exception of Section 13(a) hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan will govern the operation of such sub-plan). Unless otherwise determined by the Administrator, the Eligible Employees eligible to participate in each sub-plan will participate in a separate Offering or in the Non-423 Component. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements. The Administrator also is authorized to determine that, to the extent permitted by U.S. Treasury Regulation Section 1.423^{(b)(2)}(f), the terms of an option granted under the Plan or an Offering to citizens or residents of a non-U.S. jurisdiction will be less favorable than the terms of options granted under the Plan or the same Offering to employees resident solely in the U.S. Every finding, decision, and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties.

15. Designation of Beneficiary.

(a) If permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any shares of Common Stock and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such Participant of such shares and cash. In addition, if permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent will be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the Participant at any time by notice in a form determined by the Administrator. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company will deliver such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) All beneficiary designations will be in such form and manner as the Administrator may designate from time to time. Notwithstanding Sections 15(a) and (b) above, the Company and/or the Administrator may decide not to permit such designations by Participants in non-U.S. jurisdictions to the extent permitted by U.S. Treasury Regulation Section 1.423^{(b)(2)}(f).

16. Transferability. Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions except under Offerings or for Participants in the Non-423 Component for which Applicable Laws require that Contributions to the Plan by Participants be segregated from the Company's general corporate funds and/or deposited with an independent third party. Until

shares of Common Stock are issued, Participants will have only the rights of an unsecured creditor with respect to such shares.

18. Reports. Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

19. Adjustments, Dissolution, Liquidation, Merger, or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan that has not yet been exercised, and the numerical limits of Sections 7 and 13.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Change in Control. In the event of a merger or Change in Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period will end. The New Exercise Date will occur before the date of the Company's proposed merger or Change in Control. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

(a) The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 19). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts that have not been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under Applicable Laws, as further set forth in Section 12 hereof) as soon as administratively practicable.

(b) Without stockholder consent and without limiting Section 20(a), the Administrator will be entitled to change the Offering Periods or Purchase Periods, designate separate Offerings, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit Contributions in excess of the amount designated by a Participant

in order to adjust for delays or mistakes in the Company's processing of properly completed Contribution elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with Contribution amounts, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable that are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period or Purchase Period including an Offering Period or Purchase Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period or Purchase Period by setting a New Exercise Date, including an Offering Period or Purchase Period underway at the time of the Administrator action;

(iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as Contributions; and

(v) reducing the maximum number of shares of Common Stock a Participant may purchase during any Offering Period or Purchase Period.

Such modifications or amendments will not require stockholder approval or the consent of any Participants.

21. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the U.S. Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Code Section 409A. The 423 Component of the Plan is exempt from the application of Code Section 409A and any ambiguities herein will be interpreted to so be exempt from Code Section 409A. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Administrator determines that an option granted under the Plan may be subject to Code Section 409A or that any provision in the Plan would cause an option under the Plan to be subject to Code Section 409A, the Administrator may amend the terms of the Plan and/or of an outstanding option granted under the Plan, or take such other action the Administrator determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with Code Section 409A, but only to the extent any such amendments or action by the Administrator would not violate Code Section 409A. Notwithstanding the

foregoing, the Company will have no liability to a Participant or any other party if the option to purchase Common Stock under the Plan that is intended to be exempt from or compliant with Code Section 409A is not so exempt or compliant or for any action taken by the Administrator with respect thereto. The Company makes no representation that the option to purchase Common Stock under the Plan is compliant with Code Section 409A.

24. Term of Plan. The Plan will become effective upon the later to occur of (i) its adoption by the Board or (ii) the business day immediately prior to the Registration Date. It will continue in effect for a term of twenty (20) years, unless sooner terminated under Section 20.

25. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

26. Governing Law. The Plan will be governed by, and construed in accordance with, the laws of the State of California (except its choice-of-law provisions).

27. No Right to Employment. Participation in the Plan by a Participant will not be construed as giving a Participant the right to be retained as an employee of the Company or a Subsidiary or Affiliate of the Company, as applicable. Further, the Company or a Subsidiary or Affiliate of the Company may dismiss a Participant from employment at any time, free from any liability or any claim under the Plan, unless otherwise required pursuant to Applicable Laws.

28. Severability. If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

29. Compliance with Applicable Laws. The terms of this Plan are intended to comply with all Applicable Laws and will be construed accordingly.

30. Automatic Transfer to Low Price Offering Period. To the extent permitted by Applicable Laws, if the Fair Market Value on any Exercise Date in an Offering Period is lower than the Fair Market Value on the Enrollment Date of such Offering Period, then such Offering Period automatically will be terminated on such Exercise Date immediately after the exercise of all options outstanding as of such Exercise Date, and all Participants in such Offering Period automatically will be re-enrolled in the immediately following Offering Period as of the first day thereof.

EXHIBIT A

LYFT, Inc.

2019 EMPLOYEE STOCK PURCHASE PLAN

SUBSCRIPTION AGREEMENT

____ Original Application Offering Date: _____
____ Change in Payroll Deduction Rate

1. _____ (“Employee”) hereby elects to participate in the Lyft, Inc. 2019 Employee Stock Purchase Plan (the “Plan”) and subscribes to purchase shares of the Company’s Common Stock in accordance with this Subscription Agreement and the Plan. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Subscription Agreement.

2. Employee hereby authorizes payroll deductions from each paycheck in the amount of ____% (from one (1%) to fifteen percent (15%); a decrease in rate may be to zero percent (0%)) of his or her Compensation on each payday during the Offering Period in accordance with the Plan. (Please note that no fractional percentages are permitted.) Notwithstanding anything to the contrary in the Plan or this Subscription Agreement, if an Employee is a German taxpayer, Employee hereby authorizes the Company to make the foregoing payroll deductions, of Compensation paid out by the Company, a Subsidiary or Affiliate of the Company, and hereby assigns his or her respective Compensation claim to the Company.

3. Employee understands that said payroll deductions will be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the Plan. Employee understands that if he or she does not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise his or her option and purchase Common Stock under the Plan.

4. Employee has received a copy of the complete Plan and its accompanying prospectus. Employee understands that his or her participation in the Plan is in all respects subject to the terms of the Plan.

5. Shares of Common Stock purchased by Employee under the Plan should be issued in the name of _____ Employee (or, if permitted by Applicable Laws and designated by Employee, Employee and Spouse).

6. If an Employee is a U.S. taxpayer, Employee understands that if he or she disposes of any shares that he or she purchased under the Plan within two (2) years after the Enrollment Date (the first day of the Offering Period during which he or she purchased such shares) or one (1) year after the applicable Exercise Date, he or she will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were purchased over the price paid for the shares. If an Employee is a U.S. taxpayer, Employee hereby agrees to notify the Company in writing within thirty (30) days after the date of any disposition of such shares and to make adequate provision for federal, state or other tax withholding obligations, if any, that arise upon the disposition of such shares. The Company may, but will not be obligated to, withhold from Employee’s compensation the amount necessary to meet any applicable withholding obligation including any withholding necessary to make available to the Company any tax deductions or benefits attributable to Employee’s sale or disposition of such shares. If an Employee is a U.S. taxpayer, Employee understands that if he or she disposes of such shares at any time after the expiration of the two (2)-year and one (1)-year holding periods, he or she will be treated for federal income tax purposes as having received income only at the time of such disposition, and that such income will be taxed as ordinary income only to the extent of an amount equal to the lesser of (i) the excess of the fair market value of the shares at the time of such disposition over the purchase price paid for the shares, or (ii) fifteen percent (15%) of the fair market value of the shares on the first day of the Offering Period. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.

7. If an Employee is a German taxpayer, Employee acknowledges that cross-border payments in excess of €12,500 in connection with the sale of securities (e.g., Shares) and/or dividends received in relation to shares must be reported monthly to the German Federal Bank. Employee is responsible for satisfying the reporting obligation and must file the report electronically by the fifth day of the month following the month in which the payment is received. A copy of the form can be accessed via the German Federal Bank's website at www.bundesbank.de and is available in both German and English. No report is required for payments less than €12,500.

8. If an Employee is a U.K. taxpayer, Employee understands that he or she will be treated for tax purposes as having received ordinary income in an amount equal to the excess of the fair market value of the shares at the time such shares are purchased over the price paid for the shares. The Company will withhold from Employee's compensation the amount necessary to meet any applicable withholding obligation, including employee's National Insurance Contributions and any withholding necessary to make available to the Company any tax deductions or benefits attributable to Employee's sale or early disposal of such shares. The Company may also (at its discretion) withhold employer's National Insurance Contributions from Employee's compensation

9. Employee hereby agrees to be bound by the terms of the Plan. The effectiveness of this Subscription Agreement is dependent upon Employee's eligibility to participate in the Plan.

Employee's Social Security / National Insurance
Number (for U.S. / U. K. tax payers only): _____
Employee's Address _____

EMPLOYEE UNDERSTANDS THAT THIS SUBSCRIPTION AGREEMENT WILL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY EMPLOYEE.

Dated: _____

Signature of Employee

EXHIBIT B

LYFT, Inc.

2019 EMPLOYEE STOCK PURCHASE PLAN

NOTICE OF WITHDRAWAL

Unless otherwise defined herein, the terms defined in the 2019 Employee Stock Purchase Plan (the "Plan") shall have the same defined meanings in this Notice of Withdrawal.

The undersigned Participant in the Offering Period of the Plan that began on _____, _____ (the "Offering Date") hereby notifies the Company that he or she hereby withdraws from the Offering Period. He or she hereby directs the Company to pay to the undersigned as promptly as practicable all the payroll deductions credited to his or her account with respect to such Offering Period. The undersigned understands and agrees that his or her option for such Offering Period will be terminated automatically. The undersigned understands further that no further payroll deductions will be made for the purchase of shares in the current Offering Period and the undersigned will be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Name and Address of Participant:

Signature:

Date:

FIFTH AMENDMENT TO OFFICE LEASE

This FIFTH AMENDMENT TO OFFICE LEASE (this "**Fifth Amendment**") is made and entered into as of November 18, 2019 ("**Effective Date**"), by and between SPF CHINA BASIN HOLDINGS, LLC, a Delaware limited liability company ("**Landlord**"), and LYFT, INC., a Delaware corporation ("**Tenant**").

RECITALS:

A. Landlord and Tenant entered into that certain Office Lease dated April 8, 2016 (the "**Original Lease**"), whereby Landlord leases to Tenant and Tenant leases from Landlord those certain premises consisting of (i) approximately 25,783 rentable square feet of space ("**RSF**") located in Suite 3000 on the third (3rd) floor of the "Wharfside Building," located at 185 Berry Street, San Francisco, California ("**Wharfside Building**"), (ii) approximately 26,514 RSF located in Suite 500 on the fifth (5th) floor of the "Berry Street Building" located at 185 Berry Street, San Francisco, California ("**Berry Street Building**"), and (iii) approximately 41,430 RSF located in Suite 590 on the fifth (5th) floor of the Berry Street Building (collectively, the "**Original Premises**").

B. Landlord and Tenant entered into that certain First Amendment to Office Lease dated September 27, 2017 (the "**First Amendment**"), pursuant to which Landlord leases to Tenant and Tenant leases from Landlord the "**Expansion Premises**" which includes certain space consisting of (i) approximately 57,692 RSF located in Suite 4000, on the fourth (4th) floor of the Wharfside Building (the "**Phase 1 Expansion Premises**"), and (ii) approximately 16,801 RSF, commonly known as Suite 550, on the fifth (5th) floor of the Berry Street Building (the "**Phase 2 Expansion Premises**").

C. Landlord and Tenant entered into that certain Second Amendment to Office Lease dated May 31, 2018 (the "**Second Amendment**"), pursuant to which Landlord leases to Tenant and Tenant leases from Landlord the "**Additional Premises**", containing 23,878 RSF comprised of (i) Suite 3700, containing approximately 5,399 RSF on the 3rd floor of the Wharfside Building (the "**Suite 3700 Premises**"), (ii) Suite 6700, containing approximately 4,675 RSF on the 6th floor of the Wharfside Building (the "**Suite 6700 Premises**"), (iii) Suite 4700, containing approximately 7,625 RSF on the 4th floor of the Wharfside Building (the "**Suite 4700 Premises**"), and (iv) Suite 6600, containing approximately 6,179 RSF on the 6th floor of the Wharfside Building (the "**Suite 6600 Premises**").

D. Landlord and Tenant entered into that certain Third Amendment to Office Lease dated June 11, 2018 (the "**Third Amendment**"), pursuant to which Tenant leases Suite 400 containing approximately 85,591 RSF on the 4th floor of the Berry Building (the "**Suite 400 Premises**").

E. Landlord and Tenant entered into that certain Fourth Amendment to Office Lease dated September 24, 2018 (the "**Fourth Amendment**"), which, among other things, modified certain delivery and commencement dates related to the Phase 2 Expansion Premises and Suite 400 Premises. The Original Lease, as amended by the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment, is referred to herein collectively as the "**Lease**". The Wharfside Building and Berry Street Building are each referred to herein as the "**Building**", and collectively as the "**Buildings**". The Original Premises, Expansion Premises, Additional Premises, and Suite 400 Premises, are referred to herein collectively as the "**Existing Premises**".

F. Landlord and Tenant desire to further expand the Existing Premises to include the following spaces.

(i) Suites 3800 (comprised of Suite 3800 containing 22,182 RSF and Suite S3801 containing 61 RSF) and 3512 (containing 2,185 RSF), containing approximately 24,428 RSF on the 3rd floor of the Wharfside Building (collectively, the "**Suite 3800 and 3512 Premises**"),

(ii) Suite 3515, containing approximately 6,925 RSF on the 3rd floor of the Wharfside Building (the "**Suite 3515 Premises**"), and

(iii) Suite 3400, containing approximately 25,551 RSF on the 3rd floor of the Wharfside Building (the "**Suite 3400 Premises**").

G. The Suite 3800 and 3512 Premises, the Suite 3515 Premises, and the Suite 3400 Premises are delineated on **Exhibit A** attached hereto, and are referred to herein, collectively, as the "**Fifth Amendment Premises**". The Fifth Amendment Premises, in the aggregate, contain 56,904 RSF.

H. The term of the Lease with respect to (i) the portion of the Original Premises located in Suite 3000 in the Wharfside Building, and (ii) the Suite 3700 Premises (each of which are delineated on **Exhibit A-1 and Exhibit A-2** attached hereto, and are referred to herein, collectively as, the "**Lease Extension Premises**"), is scheduled to expire on August 31, 2025. Landlord and Tenant desire to extend the Lease Term with respect to the Lease Extension Premises to be coterminous with the Fifth Amendment Premises Term (as defined in **Section 3.1** below).

I. In addition, Landlord and Tenant desire to make other modifications to the Lease, and in connection therewith, Landlord and Tenant desire to amend the Lease as hereinafter provided.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Capitalized Terms.** All capitalized terms when used herein shall have the same meaning as is given such terms in the Lease unless expressly superseded by the terms of this Fifth Amendment.

2. **Modification of Premises.** Landlord represents that the rentable square footage of the Fifth Amendment Premises have been measured in accordance with BOMA (as defined in **Section 1.4** of the Original Lease).

2.1. **Suite 3800 and 3512 Premises and Suite 3515 Premises Commencement Date.** The "**Suite 3800 and 3512 Commencement Date**" is the date that is six (6) months following the Suite 3800 and 3512 Delivery Date. As used herein, the "**Suite 3800 and 3512 Delivery Date**" shall mean the date on which Landlord delivers the Suite 3800 and 3512 Premises to Tenant in the condition required hereunder, which Suite 3800 and 3512 Delivery Date is anticipated to occur on December 1, 2019. Except as specifically set forth in the Work Letter attached hereto as **Exhibit B** (the "**Fifth Amendment Premises Work Letter**"), Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Suite 3800 and 3512 Premises, and Tenant shall accept the Suite 3800 and 3512 Premises in its presently existing, "as-is" condition. Effective upon the Suite 3800 and 3512 Commencement Date, the Premises shall be increased to include the Suite 3800 and 3512 Premises. Except as provided in this Fifth Amendment, effective as of the Suite 3800 and 3512 Commencement Date, the term "**Premises**" as used in the Lease shall mean, collectively, the Existing Premises and the Suite 3800 and 3512 Premises.

2.2. **Suite 3515 Commencement Date.** The "**Suite 3515 Commencement Date**" is the date that is six (6) months following the Suite 3515 Delivery Date. As used herein, the "**Suite 3515 Delivery Date**" shall mean the date on which Landlord delivers the Suite 3515 Premises to Tenant in the condition required hereunder, which Suite 3515 Delivery Date is anticipated to occur on December 1, 2019. Except as specifically set forth in the Fifth Amendment Premises Work Letter, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Suite 3515 Premises, and Tenant shall accept the Suite 3515 Premises in its presently existing, "as-is" condition. Effective upon the Suite 3515 Commencement Date, the Premises shall be increased to include the Suite 3515 Premises. Except as provided in this Fifth Amendment, effective as of the Suite 3515 Commencement Date, the term "**Premises**" as used in the Lease shall mean,

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Fifth Amendment
Lyft, Inc.

collectively, the Existing Premises, the Suite 3800 and 3512 Premises (if previously delivered to Tenant in accordance with Section 2.1 above), and the Suite 3515 Premises.

2.3. **Delayed Delivery of Suite 3515 Premises.** Tenant acknowledges that Landlord may be required to delay the Suite 3515 Delivery Date to February 1, 2020, or later. If the Suite 3515 Delivery Date has not occurred as of March 1, 2020 (the “**Outside Delivery Date**”), Tenant shall have the right, on written notice to Landlord given at any time after the Outside Delivery Date and prior to the occurrence of the Suite 3515 Delivery Date, to terminate Tenant’s obligation to lease the Suite 3515 Premises. Upon delivery of such termination notice, Tenant’s obligation to lease the Suite 3515 Premises shall terminate, and neither Landlord nor Tenant shall have any further obligations with respect thereto, and the applicable provisions of this Fifth Amendment shall be appropriately adjusted to account for the fact that of the Suite 3515 Premises were never included in the Fifth Amendment Expansion Premises.

2.4. **Suite 3400 Commencement Date.** Tenant currently occupies the Suite 3400 Premises pursuant to a sublease (the “**Suite 3400 Sublease**”) dated February 23, 2016, between Dropbox, Inc. (“**Dropbox**”), as sublandlord, and Tenant, as subtenant. The Suite 3400 Sublease is scheduled to expire on January 31, 2023. The direct lease between Dropbox and Landlord (the “**Dropbox Lease**”) is scheduled to expire on February 28, 2023. Concurrently herewith, Landlord, Tenant and Dropbox are entering into an agreement to: (A) extend the term of the Suite 3400 Sublease solely with respect to the Suite 3400 Premises through February 28, 2023, (B) provide that Tenant shall have no obligation to surrender the Suite 3400 Premises upon the expiration of the Suite 3400 Sublease, and (C) Tenant shall have no obligation to remove any Alterations installed in the Suite 3400 Premises by Dropbox prior to commencement of the Suite 3400 Sublease nor to remove any alterations installed in the Suite 3400 Premises by Tenant during the term of the Suite 3400 Sublease. The “**Suite 3400 Premises Commencement Date**” shall occur immediately following such termination, i.e., March 1, 2023. Effective upon the Suite 3400 Commencement Date, the Premises shall be increased to include the Suite 3400 Premises. Except as specifically set forth in the Fifth Amendment Premises Work Letter, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Suite 3400 Premises, and Tenant shall accept the Suite 3400 Premises in its presently existing, "as-is" condition. Except as provided in this Fifth Amendment, effective as of the Suite 3400 Commencement Date, the term "**Premises**" as used in the Lease shall mean, collectively, the Existing Premises, the Suite 3800 and 3512 Premises, the Suite 3515 Premises (unless terminated as provided in [Section 2.3](#), above), and the Suite 3400 Premises.

2.5. **Lease Extension Premises Commencement Date.** Tenant currently occupies the Lease Extension Premises pursuant to the Lease, as amended. The term of the Lease with respect to the Lease Extension Premises is scheduled to expire on August 31, 2025. The “**Lease Extension Commencement Date**” shall occur on September 1, 2025. Effective as of the Lease Extension Commencement Date, the Lease Extension Premises shall be deemed to contain 32,547 RSF. Except as specifically set forth in the Fifth Amendment Premises Work Letter, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Lease Extension Premises, and Tenant shall accept the Lease Extension Premises in its presently existing, "as-is" condition. Except as provided in this Fifth Amendment, effective as of the Lease Extension Commencement Date, the term "Premises" as used in the Lease shall mean, collectively, the Existing Premises, the Suite 3800 and 3512 Premises, the Suite 3515 Premises (unless terminated as provided in [Section 2.3](#), above), the Suite 3400 Premises and the Lease Extension Premises. As of the date of this Amendment, [Section 7](#) [3rd Floor Must-Take Space] of the Second Amendment is hereby deleted in its entirety and shall be of no further force or effect.

2.6. **Beneficial Occupancy.** Subject to the terms of this [Section 2.6](#), if the Fifth Amendment Premises Improvements (as defined in [Section 2.1](#) of the Fifth Amendment Premises Work Letter) in any applicable increment of the Fifth Amendment Premises are substantially completed prior to the applicable commencement date for the subject increment of the Fifth Amendment Premises, Tenant shall have the right thereafter to occupy such increment of the Fifth Amendment Premises prior to the applicable commencement date for the conduct of Tenant's business; provided that (i) Tenant shall give Landlord at least five (5) days' prior written notice of any occupancy of the applicable increment of the Fifth Amendment Premises for the conduct of Tenant's business, (ii) a temporary certificate of occupancy shall have been issued by the appropriate governmental authorities for the applicable increment of the Fifth Amendment Premises to be occupied for the conduct of Tenant's business should Tenant

conduct any permissible Fifth Amendment Premises Improvements within such increment of the Fifth Amendment Premises, (iii) Tenant has delivered to Landlord satisfactory evidence of the insurance coverage required to be carried by Tenant in accordance with Article 10 of the Original Lease with respect to the applicable increment of the Fifth Amendment Premises, and (iv) except as provided hereinbelow, all of the terms and conditions of the Lease shall apply as though the applicable commencement date had occurred (although the applicable commencement date shall not actually occur until the occurrence of the same pursuant to the terms of the applicable Section 2.1, 2.2, 2.4 or 2.5) upon Tenant's commencement of the conduct of its business in the applicable increment of the Fifth Amendment Premises; provided, however, notwithstanding the foregoing, Tenant shall have no obligation to pay Base Rent attributable to the applicable increment of the Fifth Amendment Premises, or Tenant's Share of Direct Expenses attributable to the applicable increment of the Fifth Amendment Premises during any such period prior to the applicable commencement date that Tenant occupies such increment of the Fifth Amendment Premises.

2.7. **Delivery.** The Suite 3800 and 3512 Delivery Date, and the Suite 3515 Delivery Date, are each referred to herein as a "**Delivery Date**". Tenant acknowledges that certain portions of the Fifth Amendment Premises are currently occupied by third parties. Landlord will use commercially reasonable efforts to cause the respective Delivery Dates to occur by December 1, 2019; provided, however, that following the scheduled expiration of any third party's lease, if such third parties do not timely vacate its premises, Landlord shall use commercially reasonable efforts to regain possession of the subject increment of the Fifth Amendment Premises. If Landlord is unable for any reason to deliver possession of any increment of the Fifth Amendment Premises to Tenant on any specific date, then Landlord shall not be subject to any liability for its failure to do so, and such failure shall not affect the validity of the Lease (as amended) or the obligations of Tenant hereunder except as expressly provided in Section 2.3, above with respect to the Suite 3515 Premises.

2.8. **Re-Measurement.** The Building, including the Existing Premises, the Suite 3400 Premises, and the Fifth Amendment Premises, were originally measured in accordance with the BOMA/ANSI Z65.1-1996 Standard Method for Measuring Floor Area in Office Buildings, as modified ("**BOMA**"). Landlord has recently completed the process of re-measuring such areas in accordance with the Standard Method of Measuring Floor Area in Office Buildings, ANSI Z65.1 – 2017 and its accompanying guidelines ("**2017 BOMA**"), as promulgated by the Building Owners and Managers Association. Attached hereto as Exhibit C is a certificate executed by Landlord's architect certifying such re-measurement, and the RSF of the Fifth Amendment Premises has been adjusted to the revised measurement shown on such certificate, and all amounts under this Fifth Amendment calculated based on the RSF of such space have been modified as appropriate to account for the revised measurement. The RSF of the Suite 3400 Premises shall be amended effective as of the Suite 3400 Premises Commencement Date, and the RSF of the Lease Extension Premises shall be amended effective as of September 1, 2025, and all amounts under this Fifth Amendment calculated based on the RSF of the Suite 3400 Premises or the Lease Extension Premises, as the case may be, shall be then modified as appropriate to account for the revised measurement. The RSF of the remainder of the Existing Premises is also being re-measured, but Landlord and Tenant agree that such re-measurement shall not affect the Rent payable for the Existing Premises during the remainder of the existing Lease Term applicable to the Existing Premises (excluding the Lease Extension Premises). The Building contains 945,772 RSF as re-measured by Landlord in accordance with the 2017 BOMA.

3. **Fifth Amendment Premises Term; Option Term.**

3.1. **Suite 3800 and 3512 Term.** The term of the Lease of the Suite 3800 and 3512 Premises (the "**Suite 3800 and 3512 Term**") shall commence on the Suite 3800 and 3512 Commencement Date and shall expire on the last day of the 88th full calendar month after the Suite 3800 and 3512 Commencement Date (the "**Fifth Amendment Premises Term**"). Based on the estimated Suite 3800 and 3512 Delivery Date, the Fifth Amendment Premises Term is anticipated to commence on June 1, 2020, and continue through September 30, 2027.

3.2. **Suite 3515 Term.** The term of the Lease of the Suite 3515 Premises (the "**Suite 3515 Term**") shall commence on the Suite 3515 Commencement Date and shall expire coterminously with the Fifth Amendment Premises Term.

3.3. **Suite 3400 Term.** The term of the Lease of the Suite 3400 Premises (the "**Suite 3400 Term**") shall commence on the Suite 3400 Commencement Date (i.e., March 1, 2023) and shall expire coterminously with the Fifth Amendment Premises Term.

3.4. **Extension of Lease Extension Premises Term.** The term of the Lease of the Lease Extension Premises (the "**Lease Extension Premises Term**") shall commence on the Lease Extension Commencement Date (i.e., September 1, 2025) and shall expire coterminously with the Fifth Amendment Premises Term.

3.5. **Option Term.** Separate and apart from the Option Term granted in the Original Lease with respect to the Existing Premises and in the Third Amendment with respect to the Suite 400 Premises, Landlord hereby grants to the Original Tenant and any Permitted Transferee Assignee, one (1) option to extend Tenant's lease of the Fifth Amendment Premises and Lease Extension Premises (i.e., all of the Premises located on the 3rd floor of the Wharfside Building) for a period of five (5) years (the "**Fifth Amendment Premises Option Term**"), i.e., the period from October 1, 2027 to September 30, 2032 [subject to adjustment if the Fifth Amendment Premises Term does not actually expire on September 30, 2027]. The Fifth Amendment Premises Option Term may be exercised, or not exercised, at Tenant's option, independently of the Option Term(s) applicable to the Existing Premises (excluding the Lease Extension Premises) and the Suite 400 Premises, and irrespective of whether or not Tenant continues to lease the Existing Premises (excluding the Lease Extension Premises) or the Suite 400 Premises. Except as provided in this Section 3.5, the Fifth Amendment Premises Option Term shall be on the same terms and conditions as set forth in Section 2.2 of the Original Lease.

For the purposes of this Section 3.5, all references in Section 2.2 of the Original Lease or Exhibit F of the Original Lease, to: (i) the "initial Lease Term" shall be deemed to refer to the Fifth Amendment Premises Term, and (ii) the "Premises" shall refer solely to the Fifth Amendment Premises and the Lease Extension Premises. Tenant's exercise of its right to lease the Fifth Amendment Premises and Lease Extension Premises shall be conditioned on Tenant continuing to occupy at least sixty-six and 67/100ths percent (66.67%) of the rentable square footage of the Fifth Amendment Premises and Lease Extension Premises.

In addition, Tenant's exercise of the Option Term granted in the Original Lease with respect to the Existing Premises shall: (x) not be applicable to the Fifth Amendment Premises or the Lease Extension Premises, and (y) the requirement for Tenant to occupy at least sixty-six and 67/100ths percent (66.67%) of the rentable square footage of the Premises shall be deemed to only refer to the Existing Premises (excluding the Suite 400 Premises and the Lease Extension Premises).

4. **Fifth Amendment Premises Base Rent.** Commencing on the Suite 3800 and 3512 Commencement Date and continuing throughout the Fifth Amendment Premises Term, Tenant shall pay to Landlord monthly installments of Base Rent for the Suite 3800 and 3512 Premises, the Suite 3515 Premises, the Suite 3400 Premises and the Lease Extension Premises as follows:

<i>Date:*</i>	<i>Annual Base Rent</i>	<i>Monthly Installment of Base Rent</i>	<i>Annual Rental Rate Per RSF</i>	<i>Square Footage</i>
June 1, 2020 (i.e., Suite 3800 and 3512 Commencement Date) – the date immediately preceding the Suite 3515 Commencement Date	\$2,345,088.00	\$195,424.00	\$96.00	24,428
Suite 3515 Commencement Date - May 31, 2021	\$3,009,888.00	\$250,824.00	\$96.00	31,353
June 1, 2021 – May 31, 2022	\$3,100,184.64	\$258,348.72	\$98.88	31,353
June 1, 2022 – February 28, 2023	\$3,186,777.28	\$265,564.77	\$101.84	31,353
March 1, 2023 – May 31, 2023	\$5,795,467.55	\$482,955.63	\$101.84	56,904
June 1, 2023 - May 31, 2024	\$5,969,331.57	\$497,444.30	\$104.90	56,904
June 1, 2024 - May 31, 2025	\$6,148,411.52	\$512,367.63	\$108.05	56,904
June 1, 2025 - August 31, 2025	\$6,332,863.86	\$527,738.66	\$111.29	56,904
September 1, 2025 – May 31, 2026	\$9,955,029.62	\$829,585.80	\$111.29	89,451
June 1, 2026 - May 31, 2027	\$10,253,680.51	\$854,473.38	\$114.63	89,451
June 1, 2027 - September 30, 2027	\$10,561,290.93	\$880,107.58	\$118.07	89,451

*Note: (1) If the Suite 3800 and 3512 Commencement Date occurs after June 1, 2020, then the dates on the foregoing chart shall be appropriately adjusted, and (2) if Tenant's lease of Suite 3515 is terminated as provided in Section 2.3 above, then the square footage and rental amounts shall be appropriately adjusted.

5. **Rent Abatement.**

5.1. **Suite 3800 and 3512 Premises.** Provided that Tenant is not then in Default of the Lease, then Tenant shall have no obligation to pay the Base Rent and Tenant's Share of Direct Expenses otherwise attributable to the Suite 3800 and 3512 Premises during the first four (4) full calendar months following the Suite 3800 and 3512 Premises Commencement Date (the "**Suite 3800 and 3512 Abatement Period**"). Landlord and Tenant acknowledge that the total amount of the Base Rent component of such abatement equals \$781,696.00 (i.e., \$195,424.00 per month).

5.2. **Suite 3515 Premises.** Provided that Tenant is not then in Default of the Lease, then Tenant shall have no obligation to pay the Base Rent and Tenant's Share of Direct Expenses otherwise attributable to the Suite 3515 Premises during the first four (4) full calendar months following the Suite 3515 Commencement Date (the "**Suite 3515 Abatement Period**"). Landlord and Tenant acknowledge that the total amount of the Base Rent component of such abatement equals \$221,600.00 (i.e., \$55,400.00 per month).

5.3. **Suite 3400 Premises.** Provided that Tenant is not then in Default of the Lease, then Tenant shall have no obligation to pay the Base Rent and Tenant's Share of Direct Expenses otherwise attributable to the Suite 3400 Premises during the first two (2) full calendar months following the Suite 3400 Commencement Date (the "**Suite 3400 Abatement Period**"). Landlord and Tenant acknowledge that the total amount of the Base Rent component of such abatement equals \$433,685.64 (i.e., \$216,842.82 per month).

5.4. **Lease Extension Premises.** Provided that Tenant is not then in Default of the Lease, then Tenant shall have no obligation to pay the Base Rent and Tenant's Share of Direct Expenses otherwise attributable to the Lease Extension Premises during the month of September 2025 (the "**Suite 3000 and Suite 3700 Abatement Period**"). Landlord and Tenant acknowledge that the total amount of the Base Rent component of such abatement equals \$310,846.30.

6. **Tenant's Share of Direct Expenses.**

6.1. **Suite 3800 and 3512 Premises.** Except as specifically set forth in this Section 6.1, commencing on the expiration of the Suite 3800 and 3512 Abatement Period, Tenant shall pay Tenant's Share of Direct Expenses in connection with the Suite 3800 and 3512 Premises in accordance with the terms of Article 4 of the Lease, provided that with respect to the calculation of Tenant's Share of Direct Expenses in connection with the Suite 3800 and 3512 Premises, the following shall apply:

6.1.1 Tenant's Share shall equal 2.5829%; and

6.1.2 the Base Year shall be the calendar year 2020.

6.2. **Suite 3515 Premises.** Except as specifically set forth in this Section 6.2, commencing on the expiration of the Suite 3515 Abatement Period, Tenant shall pay Tenant's Share of Direct Expenses in connection with the Suite 3515 Premises in accordance with the terms of Article 4 of the Lease, provided that with respect to the calculation of Tenant's Share of Direct Expenses in connection with the Suite 3515 Premises, the following shall apply:

6.2.1 Tenant's Share shall equal 0.7322%; and

6.2.2 the Base Year shall be the calendar year 2020.

6.3. **Suite 3400 Premises.** Except as specifically set forth in this Section 6.3, commencing on the expiration of the Suite 3400 Abatement Period, Tenant shall pay Tenant's Share of Direct Expenses in connection with the Suite 3400 Premises in accordance with the terms of Article 4 of the Lease, provided that with respect to the calculation of Tenant's Share of Direct Expenses in connection with the Suite 3400 Premises, the following shall apply:

6.3.1 Tenant's Share shall equal 2.7016%; and

6.3.2 the Base Year shall be the calendar year 2020.

6.4. **Lease Extension Premises.** Except as specifically set forth in this Section 6.4, commencing on the expiration of the Suite 3000 and Suite 3700 Abatement Period, i.e., October 1, 2025, Tenant shall pay Tenant's Share of Direct Expenses in connection with the Lease Extension Premises in accordance with the terms of Article 4 of the Lease, provided that with respect to the calculation of Tenant's Share of Direct Expenses in connection with the Lease Extension Premises, the following shall apply:

6.4.1 Tenant's Share shall equal 3.4413%; and

6.4.2 the Base Year shall be the calendar year 2020.

7. **Parking.** In addition to Tenant's parking rights set forth in the Lease, effective as of each of the Suite 3800 and 3512 Commencement Date, the Suite 3515 Commencement Date, and the Suite 3400 Commencement Date Tenant shall be entitled to rent up to one (1) unreserved parking passes per 5,400 RSF of each such increment effective as of the commencement date of Tenant's lease of such increment (the "**Fifth Amendment Parking Passes**"). Tenant shall continue to have the right to parking with respect to the Lease Extension Premises

as set forth in the Lease, which shall continue through the Fifth Amendment Premises Term. Except as set forth in this Section 7, Tenant's lease of parking passes shall be in accordance with the provisions of Article 28 of the Lease.

8. **Freight Elevator Shaft Space.** Tenant acknowledges that there is an existing freight elevator and shaft running through portions of the Fifth Amendment Premises. Landlord may in the future elect to remove such elevator and shaft, and make the necessary improvements to the areas of the Building occupied by such elevator and shaft so as to create additional usable space in the Building (the "**New Shaft Space**"), all at Landlord's sole cost and expense. Tenant agrees that if Landlord does elect to create the New Shaft Space that such New Shaft Space shall be added to the Premises on the same terms and conditions applicable to the portion of the Premises that are immediately adjacent to the New Shaft Space. In connection with Tenant's lease of any New Shaft Space (i) the Lease Commencement Date for such space shall be the date which is four (4) months following the date on which such New Shaft Space is delivered to Tenant, and (ii) Tenant shall receive an improvement allowance equal to \$80.00 per RSF of such New Shaft Space. Tenant shall pay Base Rent and Tenant's Share of Direct Expenses with respect to the New Shaft Space at the same rates per RSF as are applicable to the portion of the Premises to which each portion of the New Shaft Space is added.

9. **Electrical: Riser.** Landlord acknowledges and agrees that Section 6.1.2 of the Original Lease ["Landlord shall provide adequate electrical wiring and facilities for connection to Building standard ceiling mounted lighting fixtures and incidental use equipment, i.e., 5 watts of connected load per usable square foot, provided that Tenant's consumption of electricity does not exceed 2.4 watts/hour per usable square foot of the Premises per month, which electrical usage shall be subject to Applicable Laws and regulations, including Title 24."] shall apply to each increment of the Fifth Amendment Premises. Tenant shall have access to the vertical riser shaft space in the Building to install cabling reasonably necessary for the provision of telecommunication services to the Fifth Amendment Premises; provided, however that Tenant must use Landlord's riser management vendor, and cabling must be tagged every four feet with appropriate identification tags. Tenant shall be required to remove all cabling serving the Fifth Amendment Premises upon the expiration or earlier termination of the Fifth Amendment Premises Term in accordance with Section 29.32 of the Original Lease.

10. **Tenant's Dogs.** Section 9 of the First Amendment is hereby deleted in its entirety and replaced with the following language: Effective as of:

(i) the Phase 1 Expansion Commencement Date, the total number of Tenant's Dogs eligible to be brought into the Premises (including the Sublease Premises as part of the "Premises" for such purposes) that is not subject to a sublease agreement (or a sub-sublease agreement with respect to the Sublease Premises) shall not exceed sixty (60) dogs in the aggregate,

(ii) the Phase 2 Expansion Commencement Date, the total number of Tenant's Dogs eligible to be brought into the Premises (including the Sublease Premises as part of the "Premises" for such purposes) that is not subject to a sublease agreement (or a sub-sublease agreement with respect to the Sublease Premises) shall not exceed sixty-five (65) dogs in the aggregate,

(iii) the Suite 3800 and 3512 Commencement Date, the total number of Tenant's Dogs eligible to be brought into the Premises (including the Sublease Premises as part of the "Premises" for such purposes) that is not subject to a sublease agreement (or a sub-sublease agreement with respect to the Sublease Premises) shall not exceed seventy (70) dogs in the aggregate, and

(iv) the Suite 3400 Commencement Date, the total number of Tenant's Dogs eligible to be brought into the Premises that is not subject to a sublease agreement shall not exceed seventy-five (75) dogs in the aggregate.

Except as set forth in this Section 10, the terms of Section 29.39 of the Original Lease shall continue to apply with respect to Tenant's dog rights.

11. **Removal Obligations.** Notwithstanding any provision to the contrary set forth in the Lease, as of the Effective Date, the term "Tenant Improvements" within the definition of "Specialty Improvements" in Section 8.5 of the Original Lease, shall include any improvements constructed in the Fifth Amendment Premises, and accordingly, Tenant shall not be required to remove: (i) any such improvements upon the expiration or earlier termination of the Lease unless the same would constitute Specialty Improvements, nor (ii) any improvements constructed in connection with connecting the Existing Premises, the Fifth Amendment Premises and the Lease Extension Premises and the common corridor which Tenant intends to remove. In addition, in the event that, at the time Tenant requests Landlord's consent to any such improvements, if Tenant also requests in writing a determination of whether Landlord will require restoration and/or removal of the particular improvements or portions thereof for which consent is being requested upon expiration or any earlier termination of the Lease (as amended), Landlord shall so notify Tenant along with Landlord's consent (if such consent is given).

12. **Letter of Credit.** Tenant shall not be required to provide any additional letter of credit or security deposit in connection with this Fifth Amendment.

13. **Brokers.** Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Fifth Amendment other than McCarthy Cook & Co. and Jones Lang LaSalle (the "**Brokers**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Fifth Amendment. Landlord shall pay the brokerage commissions owing to the Brokers in connection with the transaction contemplated by this Fifth Amendment pursuant to the terms of separate written agreements between Landlord and each of the Brokers. Each party agrees to indemnify and defend the other party against and hold the other party harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying party's dealings with any real estate broker or agent, other than the Brokers. The terms of this Section 13 shall survive the expiration or earlier termination of the term of the Lease, as hereby amended.

14. **CASp.** For purposes of Section 1938(a) of the California Civil Code, Landlord hereby discloses to Tenant that as of the date of this Fifth Amendment, and Tenant hereby acknowledges, that neither the Fifth Amendment Premises nor the Lease Extension Premises have undergone inspection by a Certified Access Specialist (CASp). In addition, the following notice is hereby provided pursuant to Section 1938(e) of the California Civil Code: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." The terms of Section 16 of the First Amendment shall continue to apply with respect to the foregoing.

15. **Third Party Approvals.** Landlord shall be responsible, at Landlord's sole cost and expense, for obtaining any third party approvals required for Landlord to enter into this Fifth Amendment, including, without limitation, the approval of HSBC Bank USA, National Association.

16. **No Further Modification.** Except as set forth in this Fifth Amendment, all of the terms and provisions of the Lease shall apply with respect to the Fifth Amendment Premises and shall remain unmodified and in full force and effect.

17. **Counterparts and Electronic Signatures.** This Fifth Amendment may be executed in one or more counterparts, each of which shall be an original, and all of which together shall constitute a single instrument. Further, the parties agree that this Fifth Amendment may be signed and/or transmitted by electronic mail of a .PDF document or electronic signature (e.g., DocuSign or similar electronic signature technology) and thereafter

maintained in electronic form, and that such electronic record shall be valid and effective to bind the party so signing as a paper copy bearing such party's hand-written signature. The parties further consent and agree that the electronic signatures appearing on this Fifth Amendment shall be treated, for purpose of validity, enforceability and admissibility, the same as hand-written signatures.

[signatures follow on next page]

IN WITNESS WHEREOF, this Fifth Amendment has been executed as of the day and year first above written.

"Landlord":

SPF CHINA BASIN HOLDINGS, LLC,
a Delaware limited liability company

By: SPF China Basin Acquisition, LLC,
a Delaware limited liability company
Managing Member

By: Commingled Pension Trust Fund (Strategic Property)
of JPMorgan Chase Bank, N.A.,
Sole Member

By: JPMorgan Chase Bank, N.A., Trustee

By: /s/ Karen M. Wilbrecht
Karen M. Wilbrecht,
Executive Director

Date: 11/20/19

"Tenant":

LYFT, INC.,
a Delaware corporation

By: /s/ Brian Roberts

Name: Brian Roberts
Its: CFO

Date: 11/19/2019

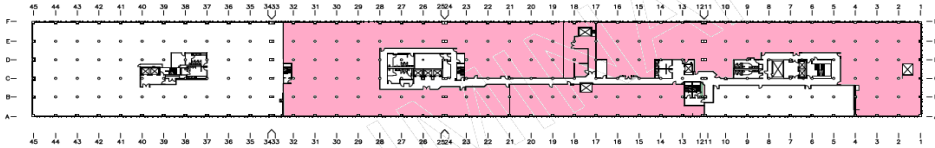
EXHIBIT A-1 and EXHIBIT A-2

CHINA BASIN

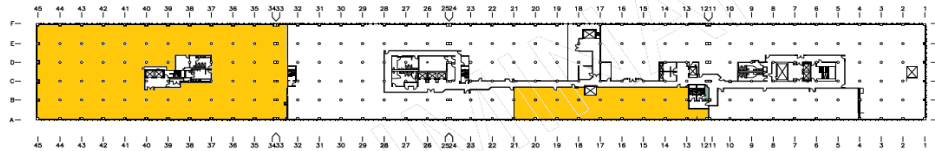
OUTLINE OF FIFTH AMENDMENT PREMISES

This **Exhibit A-1 and Exhibit A-2** is referenced in the **Recital G** of that certain Fifth Amendment to Office Lease dated as of November ____, 2019, by and between SPF CHINA BASIN HOLDINGS, LLC, a Delaware limited liability company, and LYFT, INC., a Delaware corporation.

**EXHIBIT A-1
FIFTH AMENDMENT PREIMISES
56,904 RSF**



**EXHIBIT A-2
LEASE EXTENSION PREMISES
32,547 RSF**



Landlord's initials /s/ K.W.

Tenant's initials _____

EXHIBIT B

CHINA BASIN

FIFTH AMENDMENT PREMISES WORK LETTER

This **Exhibit B** is referenced in **Section 2.1** of that certain Fifth Amendment to Office Lease dated as of November ____, 2019, by and between SPF CHINA BASIN HOLDINGS, LLC, a Delaware limited liability company, and LYFT, INC., a Delaware corporation.

This Fifth Amendment Premises Work Letter shall set forth the terms and conditions relating to the construction of improvements in the Fifth Amendment Premises. This Fifth Amendment Premises Work Letter is essentially organized chronologically and addresses the issues of the construction of the Fifth Amendment Premises, in sequence, as such issues will arise during the actual construction of the Fifth Amendment Premises. All references in this Fifth Amendment Premises Work Letter to Sections of "this Fifth Amendment Premises Work Letter" shall mean the relevant portions of **Sections 1** through **5** of this Fifth Amendment Premises Work Letter. Unless context indicates otherwise, all references in this Fifth Amendment Premises Work Letter to "Premises" shall mean the Fifth Amendment Premises; provided, however, that Tenant shall be permitted to perform improvements in the Lease Extension Premises as well.

SECTION 1

DELIVERY OF THE FIFTH AMENDMENT PREMISES

1.1 Delivery of the Suite 3800 and 3512 Premises, and the Suite 3515 Premises. On or before each of the Suite 3800 and 3512 Delivery Date, and the Suite 3515 Delivery Date, Landlord shall deliver the applicable portion of the Suite 3800 and 3512 Premises to Tenant, and the Suite 3515 Premises to Tenant, and Tenant shall accept the Suite 3800 and 3512 Premises, and the Suite 3515 Premises from Landlord in its presently existing, "as-is" condition as of the date of this Fifth Amendment; provided, however, (i) Landlord shall deliver the Suite 3800 and 3512 Premises, and the Suite 3515 Premises with the plumbing, electrical systems, fire sprinkler system, lighting, air conditioning and heating systems and all other Building systems serving the Suite 3800 and 3512 Premises, and the Suite 3515 Premises in good operating condition and repair and any failure of such systems to be in such condition on delivery shall not be a default under the Lease (as amended), but shall be promptly remedied by Landlord at Landlord's sole cost and expense, (ii) the Suite 3800 and 3512 Premises, and the Suite 3515 Premises shall be free of any prior tenant's personal property and free of any material damage caused by such prior tenant's occupancy or vacation, and (iii) Landlord shall provide the Fifth Amendment Premises Allowance applicable to the Suite 3800 and 3512 Premises, and the Suite 3515 Premises in accordance with the terms of this Work Letter. Landlord shall provide not less than thirty (30) days prior notice of each applicable Delivery Date. Notwithstanding anything to the contrary set forth herein, Landlord shall, at Landlord's sole cost, using Building standard methods, materials and finishes, install Building standard window shades on the perimeter windows of the Suite 3800 and 3512 Premises, and the Suite 3515 Premises.

1.2 Delivery of the Suite 3400 Premises; Lease Extension Premises. Tenant acknowledges that Tenant is currently in occupancy of the Suite 3400 Premises pursuant to the Suite 3400 Sublease, and that Tenant will continue to occupy the Suite 3400 Premises as of the Suite 3400 Commencement Date. Tenant shall continue to accept the Suite 3400 Premises in their then existing "as-is" condition, and except for the Fifth Amendment Premises Allowance granted under this Tenant Work Letter, Landlord shall have no obligation to provide or pay for any improvements or modifications to the Suite 3400 Premises. With respect to the Lease Extension Premises, Tenant will have been in occupancy of the Lease Extension Premises in accordance with the Lease, as amended hereby, and Tenant shall continue to accept the Lease Extension Premises in its then existing "as-is" condition, and,

Landlord's initials /s/ K.W.

Tenant's initials _____

EXHIBIT B

CHINA BASIN
Fifth Amendment
Lyft, Inc.

except for the Fifth Amendment Premises Allowance granted under this Tenant Work Letter, Landlord shall have no obligation to provide or pay for any improvements to the Lease Extension Premises.

1.3 **Compliance.** Notwithstanding the foregoing, in connection with Tenant's construction of the "Fifth Amendment Premises Improvements" (as defined in Section 2.1 below), Landlord shall be responsible, at Landlord's sole cost and expense, to the extent such compliance is required in order to allow Tenant to obtain a certificate of occupancy, or its legal equivalent, for the Fifth Amendment Premises for general office use, to cause the "path of travel" to the Fifth Amendment Premises (i.e., the most direct route through the Common Areas of the Building starting from the main entrance of the Building (Lobby 4) and ending at the entrance to the Fifth Amendment Premises) to comply with applicable building codes and other governmental laws, ordinances and regulations related to handicap access and use, as enacted and enforced as of the Suite 3800 and 3512 Commencement Date, including but not limited to building codes and other governmental laws, ordinances and regulations enacted in conformity with Title 24 accessibility standards and the Americans with Disabilities Act (collectively, the "**ADA**"), and (ii) to perform all work necessary to the Base Building and the Common Areas (including any restrooms currently located in the Common Area which will become part of the Fifth Amendment Expansion Premises) to cause such areas to comply with applicable building codes and other governmental laws, ordinances and regulations, as enacted and enforced as of the Suite 3800 and 3512 Commencement Date, including but not limited to building codes and other governmental laws, ordinances and regulations enacted in conformity with the ADA (collectively, the "**Code Work**").

SECTION 2

IMPROVEMENTS

2.1 **Fifth Amendment Premises Improvement Allowance.** Tenant shall be entitled to a one-time improvement allowance (the "**Fifth Amendment Premises Improvement Allowance**") in the amount of (i) \$45.00 per RSF of the Suite 3800 and 3512 Premises (i.e., \$1,099,260.00), (ii) \$45.00 per RSF of the Suite 3515 Premises (i.e., \$311,625.00), (iii) \$5.00 per RSF of the Suite 3400 Premises (i.e., \$127,755.00), and (iv) \$5.00 per RSF of the Suite 3700 Premises (i.e., \$27,480.00), for the costs relating to the initial design and construction of the improvements, which are permanently affixed to the Fifth Amendment Premises (the "**Fifth Amendment Premises Improvements**"). Tenant shall not receive any improvement allowance for the Suite 3000 Premises. The Fifth Amendment Premises Improvement Allowance shall all be available as of the date hereof, and may be used by Tenant for improvements in any portion of the Fifth Amendment Premises and the Lease Extension Premises. In addition (and not as part of the Fifth Amendment Premises Improvement Allowance), Landlord shall provide up to \$0.15 per rentable square foot of the Suite 3800 and 3512 Premises and Suite 3515 Premises towards the cost of preliminary space plans for the Fifth Amendment Premises ("**Landlord's Drawing Contribution**"). There shall be no Landlord's Drawing Contribution with respect to the Suite 3400 Premises or the Lease Extension Premises. Tenant may utilize any part of the Fifth Amendment Premises Improvement Allowance in any portion of the Fifth Amendment Premises, or other Premises leased by Tenant. Landlord shall not be obligated to pay a total amount which exceeds the Fifth Amendment Premises Improvement Allowance and Landlord's Drawing Contribution. Notwithstanding the foregoing or any contrary provision of the Lease, all Fifth Amendment Premises Improvements shall be deemed Landlord's property under the terms of the Lease. Any unused portion of the Fifth Amendment Premises Improvement Allowance remaining (and not otherwise designated as a Base Rent credit pursuant to Section 2.2.1.9 below) as of the last day of the eighteenth (18th) full calendar month following the Suite 3800 and 3512 Premises Commencement Date, shall remain with Landlord and Tenant shall have no further right thereto (the "**Outside Allowance Date**").

2.2 **Disbursement of the Fifth Amendment Premises Improvement Allowance.**

Landlord's initials /s/ K.W.

Tenant's initials _____

EXHIBIT B

2.2.1 **Fifth Amendment Premises Improvement Allowance Items.** Except as otherwise set forth in this Fifth Amendment Premises Work Letter, the Fifth Amendment Premises Improvement Allowance shall be disbursed by Landlord (each of which disbursements shall be made pursuant to Landlord's disbursement process, including, without limitation, Landlord's receipt of invoices for all costs and fees described herein) only for the following items and costs (collectively the "**Fifth Amendment Premises Improvement Allowance Items**"):

2.2.1.1 Payment of the fees of the "Architect" and the "Engineers," as those terms are defined in Section 3.1 of this Fifth Amendment Premises Work Letter, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Drawings," as that term is defined in Section 3.1 of this Fifth Amendment Premises Work Letter, and the cost of computer and telecommunication cabling, reasonably incurred by Tenant, which payment for the foregoing items in this Section 2.2.1.1 shall not exceed an aggregate amount equal to \$4.00 per rentable square foot of the entire Fifth Amendment Premises;

2.2.1.2 The payment of plan check, permit and license fees relating to construction of the Fifth Amendment Premises Improvements;

2.2.1.3 The cost of construction of the Fifth Amendment Premises Improvements, including, without limitation, costs of installing submeters to monitor the electricity usage in the Fifth Amendment Premises pursuant to Section 6.1.2 of the Original Lease, testing and inspection costs, after-hours and above-standard freight elevator usage, hoisting and trash removal costs, and contractors' fees and general conditions;

2.2.1.4 Other than the Code Work which is Landlord's responsibility as outlined in Section 1.3 above, the cost of any changes in the Base Building when such changes are required by the Construction Drawings (including if such changes are due to the fact that such work is prepared on an unoccupied basis), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith, but excluding any costs that are Landlord's obligation pursuant to the terms of Section 1 of this Fifth Amendment Premises Work Letter;

2.2.1.5 The cost of any changes to the Construction Drawings or Fifth Amendment Premises Improvements required by all applicable building codes (the "**Code**"), but excluding any costs that are Landlord's obligation pursuant to the terms of Section 1 of this Fifth Amendment Premises Work Letter;

2.2.1.6 The cost of the "Coordination Fee," as that term is defined in Section 4.2.2.1 of this Fifth Amendment Premises Work Letter;

2.2.1.7 Sales and use taxes;

2.2.1.8 All other costs to be expended by Landlord in connection with the construction of the Fifth Amendment Premises Improvements; and

2.2.1.9 Following the completion of the Fifth Amendment Premises Improvements and prior to the Outside Allowance Date, Tenant shall have the right, exercisable by written notice to Landlord, to elect to use the unused amount of the Fifth Amendment Premises Improvement Allowance to receive a credit against future installments of monthly Base Rent coming due under the Lease, as amended; provided, however, the total amount of such Base Rent credit shall not exceed Five Dollars (\$5.00) per RSF of the Fifth Amendment Premises, and, as determined on a monthly installment basis, such credit shall not exceed fifty percent (50%) of the Base Rent otherwise due and owing for such month. Any Base Rent credit under this Section 2.2.1.9 shall be applied to the Base Rent due promptly following the expiration of the Suite 3800 and 3512 Premises Abatement Period.

Landlord's initials /s/ K.W.

Tenant's initials _____

EXHIBIT B

2.2.2 Disbursement of Fifth Amendment Premises Improvement Allowance. At Tenant's option, Landlord shall (i) make a lump sum disbursement of the Fifth Amendment Premises Improvement Allowance for the Fifth Amendment Premises Improvement Allowance Items, following completion of the Fifth Amendment Premises Improvements and Landlord's receipt of the items specified below applicable to release of the "Final Retention" or (ii) make multiple disbursements, not more than once per month, of the Fifth Amendment Premises Improvement Allowance for Fifth Amendment Premises Improvement Allowance Items and shall authorize the release of monies as follows. Tenant shall make such election by delivery of notice to Landlord prior to requesting any disbursement of the Fifth Amendment Premises Improvement Allowance.

2.2.2.1 Monthly Disbursements. If Tenant elects to receive multiple disbursements of the Fifth Amendment Premises Improvement Allowance, on or before the twentieth (20th) day of any calendar month, during the construction of the Fifth Amendment Premises Improvements (or such other date as Landlord may designate), Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1.1 of this Fifth Amendment Premises Work Letter, approved by Tenant, in a form to be provided by Landlord, showing the schedule, by trade, of percentage of completion of the Fifth Amendment Premises Improvements in the Fifth Amendment Premises, detailing the portion of the work completed and the portion not completed; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.1.2 of this Fifth Amendment Premises Work Letter, for labor rendered and materials delivered to the Fifth Amendment Premises; (iii) executed mechanic's lien releases from all of Tenant's Agents which shall comply with the appropriate provisions, as reasonably determined by Landlord, of California Civil Code Sections 8132, 8134, 8136 and 8138; and (iv) all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. Thereafter, Landlord shall deliver a check to Tenant made jointly payable to Contractor and Tenant in payment of the lesser of: (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "**Final Retention**"), and (B) the balance of any remaining available portion of the Fifth Amendment Premises Improvement Allowance (not including the Final Retention), provided that Landlord does not reasonably dispute any request for payment based on non-compliance of any work with the "Approved Working Drawings," as that term is defined in Section 3.4 below, or due to any substandard work, or for any other reason. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 Final Retention. Subject to the provisions of this Fifth Amendment Premises Work Letter, a check for the Final Retention payable to Tenant shall be delivered by Landlord to Tenant following the completion of construction of the Fifth Amendment Premises Improvements, provided that (i) Tenant delivers to Landlord properly executed mechanic's lien releases in compliance with both California Civil Code Section 8134 and Section 8138, (ii) Landlord has reasonably determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building, and (iii) Architect delivers to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the Fifth Amendment Premises Improvements has been substantially completed.

2.2.2.3 Other Terms. Landlord shall only be obligated to make disbursements from the Fifth Amendment Premises Improvement Allowance to the extent costs are incurred by Tenant for Fifth Amendment Premises Improvement Allowance Items.

2.3 Building Standards. Landlord has established or may establish specifications for certain Building standard components to be used in the construction of the Fifth Amendment Premises Improvements in the Fifth Amendment Premises. The quality of Fifth Amendment Premises Improvements shall be equal to or of greater

Landlord's initials /s/ K.W.

Tenant's initials _____

EXHIBIT B

quality than the quality of such Building standards, provided that Landlord may, at Landlord's option, require the Fifth Amendment Premises Improvements to comply with certain Building standards. Landlord may make changes to said specifications for Building standards from time to time upon no less than thirty (30) days prior written notice to Tenant; provided, however, such changes shall not apply to any elements of the Fifth Amendment Premises Improvements that were previously approved by Landlord.

2.4 **Removal Requirements.** Tenant's removal requirements with respect to the Fifth Amendment Premises Improvements are set forth in Section 8.5 of the Original Lease, as amended by Section 11 of this Fifth Amendment, including Tenant's right to request that Landlord waive certain removal requirements pursuant to the terms thereof.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 **Selection of Architect/Construction Drawings.** Tenant shall retain the architect/space planner designated by Tenant and reasonably approved by Landlord (the "**Architect**") to prepare the "Construction Drawings," as that term is defined in this Section 3.1. Landlord hereby approves Studio as the Architect. Tenant shall retain the engineering consultants designated by Tenant and reasonably approved by Landlord (the "**Engineers**") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, lifesafety, and sprinkler work in the Fifth Amendment Premises, which work is not part of the Base Building. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "**Construction Drawings**." Tenant acknowledges that a concrete masonry shear wall exists on the west demising wall of the Fifth Amendment Premises. Any penetrations of the shear wall will require structural engineering review, and the Construction Drawings shall include any shear replacement values. Any and all such costs shall be payable by Tenant subject to reimbursement from the Fifth Amendment Premises Improvement Allowance. All Construction Drawings shall be subject to Landlord's approval, such approval not to be unreasonably withheld, conditioned or delayed. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the Base Building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord's review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings, and Tenant's waiver and indemnity set forth in the Lease (as amended) shall specifically apply to the Construction Drawings.

3.2 **Final Space Plan.** Tenant shall supply Landlord with one PDF copy signed by Tenant of its final space plan for the Fifth Amendment Premises. The final space plan (the "**Final Space Plan**") shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Such Final Space Plan shall be approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed; provided, however, without limitation as to other reasonable grounds for withholding consent, it shall be deemed reasonable for Landlord to withhold its consent to any proposed Fifth Amendment Premises Improvements or aspect of the Final Space Plan in the event the same (i) require, or might reasonably require, or give rise to governmentally required changes to the Base Building, (ii) have an adverse effect on the structural integrity of the Building; (iii) are not in compliance with Code; (iv) have an adverse effect on the systems and equipment of the Building; (v) have an effect on the exterior appearance of the Building; or (vi) cause unreasonable interference with the normal and customary office operations of any other tenant in the Building

Landlord's initials /s/ K.W.

Tenant's initials _____

EXHIBIT B

(individually or collectively, a "Design Problem"). Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan for the Fifth Amendment Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require. If Landlord fails to notify Tenant of Landlord's approval or disapproval of any such Final Space Plan within such five (5) business day period, Tenant shall have the right to provide Landlord with a second written request for approval (a "Second Request") that specifically identifies the Final Space Plan and contains the following statement in bold and capital letters: "THIS IS A SECOND REQUEST FOR APPROVAL PURSUANT TO THE PROVISIONS OF SECTION 3.2 OF THE WORK LETTER ATTACHED TO THE FIFTH AMENDMENT TO LEASE. IF LANDLORD FAILS TO RESPOND WITHIN THREE (3) BUSINESS DAYS AFTER RECEIPT OF THIS NOTICE, THEN LANDLORD SHALL BE DEEMED TO HAVE APPROVED THE FINAL SPACE PLAN." If Landlord fails to respond to such Second Request within three (3) business days after receipt by Landlord, the Final Space Plan in question shall be deemed approved by Landlord.

3.3 **Final Working Drawings.** After the Final Space Plan has been approved (or deemed approved) by Landlord, Tenant shall supply the Engineers with a complete listing of standard and non-standard equipment and specifications, including, without limitation, fire-suppression system requirements, B.T.U. calculations, electrical requirements and special electrical receptacle requirements for the Fifth Amendment Premises, to enable the Engineers and the Architect to complete the "Final Working Drawings" (as that term is defined below) in the manner as set forth below. Upon the approval of the Final Space Plan by Landlord and Tenant, Tenant shall promptly cause the Architect and the Engineers to complete the architectural and engineering drawings for the Fifth Amendment Premises, and Architect shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "Final Working Drawings") and shall submit the same to Landlord for Landlord's approval; however, Tenant shall have the ability to submit architectural and engineered drawings at separate times, all subject to the timelines outlined below. Tenant shall supply Landlord with one (1) copy signed by Tenant (and three (3) additional unsigned copies as necessary for review) of such Final Working Drawings. Such Final Working Drawings shall be approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed; provided, however, without limitation as to other reasonable grounds for withholding consent, it shall be deemed reasonable for Landlord to withhold its consent to any proposed Fifth Amendment Premises Improvements or aspect of the Final Working Drawings in the event the same causes a Design Problem. Landlord shall advise Tenant within ten (10) business days after Landlord's receipt of the Final Working Drawings for the Fifth Amendment Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly cause the Final Working Drawings to be revised in accordance with such review and any disapproval of Landlord in connection therewith. If Landlord fails to notify Tenant of Landlord's approval or disapproval of any such Final Working Drawings within such ten (10) business day period, Tenant shall have the right to provide Landlord with a second written request for approval (a "Working Drawing Second Request") that specifically identifies the Final Working Drawings and contains the following statement in bold and capital letters: "THIS IS A SECOND REQUEST FOR APPROVAL PURSUANT TO THE PROVISIONS OF SECTION 3.3 OF THE WORK LETTER ATTACHED TO THE FIFTH AMENDMENT TO LEASE. IF LANDLORD FAILS TO RESPOND WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT OF THIS NOTICE, THEN LANDLORD SHALL BE DEEMED TO HAVE APPROVED THE FINAL WORKING DRAWINGS." If Landlord fails to respond to such Working Drawing Second Request within five (5) business days after receipt by Landlord, the Final Working Drawings in question shall be deemed approved by Landlord. Subject to Landlord's obligation to perform the Code Work, if the Final Working Drawings or any amendment thereof or supplement thereto shall require alterations in the Base Building (as contrasted with the Fifth Amendment Premises Improvements), and if Landlord in its sole and exclusive discretion agrees to any such alterations, and notifies Tenant of the need and cost for such alterations, then Tenant may elect to either: (i) value engineer the Final Working Drawings so as to reduce or eliminate such cost, or (ii) pay the cost of such required changes in advance

Landlord's initials /s/ K.W.

Tenant's initials _____

EXHIBIT B

upon receipt of notice thereof, and if Tenant elects to pay such costs for the required change, then Tenant shall also pay all direct architectural and/or engineering fees in connection with such Base Building changes, plus one and one-half percent (1½%) of such direct costs for Landlord's servicing and overhead.

3.4 **Approved Working Drawings.** The Final Working Drawings shall be approved by Landlord (the "**Approved Working Drawings**") prior to the commencement of construction of the Fifth Amendment Premises Improvements by Tenant. After approval (or deemed approval) by Landlord of the Final Working Drawings, Tenant may submit the same to the appropriate municipal authorities for all applicable building permits. Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Fifth Amendment Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent may not be unreasonably withheld, conditioned or delayed.

3.5 **Tenant's Plans.** Landlord acknowledges and agrees that any architectural plans, layouts, and drawings (individually and collectively, "**Lyft Drawings**") may be used by Landlord solely in connection with and for the build-out of the Fifth Amendment Premises and future reference or use as may be required in the normal course of owning and operating a commercial office building, and for no other purpose. Nothing in the Lease or this Fifth Amendment shall be construed as granting any rights under any copyright or other intellectual property right of any nature of Tenant in and to the Lyft Drawings, and Landlord acknowledges that Landlord has no ownership rights to the Lyft Drawings.

3.6 **Change Orders.** In the event Tenant desires to make any material changes to the Approved Working Drawings, Tenant shall deliver written notice (the "**Drawing Change Notice**") of the same to Landlord (which Landlord may require to be on a standard AIA Change Order form), setting forth in detail the proposed changes (the "**Tenant Change**") Tenant desires to make to the Approved Working Drawings. Within three (3) business days following receipt of a Drawing Change Notice, Landlord shall deliver written notice to Tenant of either (i) Landlord's approval of the proposed Tenant Change, or (ii) its disapproval of the proposed Tenant Change (not to be unreasonably withheld, conditioned or delayed, in accordance with Landlord's rights under Section 3.3 of this Fifth Amendment Premises Work Letter) specifying in reasonably sufficient detail the reasons for Landlord's disapproval. If Landlord fails to notify Tenant of Landlord's approval or disapproval of any such Tenant Change within such three (3) business day period, Tenant shall have the right to provide Landlord with a second written request for approval (a "**Tenant Change Second Request**") that specifically identifies the Tenant Change and contains the following statement in bold and capital letters: "**THIS IS A SECOND REQUEST FOR APPROVAL PURSUANT TO THE PROVISIONS OF SECTION 3.6 OF THE WORK LETTER ATTACHED TO THE FIFTH AMENDMENT TO LEASE. IF LANDLORD FAILS TO RESPOND WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT OF THIS NOTICE, THEN LANDLORD SHALL BE DEEMED TO HAVE APPROVED THE TENANT CHANGE.**" If Landlord fails to respond to such Tenant Change Second Request within five (5) business days after receipt by Landlord, the Tenant change in question shall be deemed approved by Landlord. Tenant shall pay all additional costs and fees, if any, attributable to such Tenant Change, subject to application of the Fifth Amendment Premises Improvement Allowance.

SECTION 4

CONSTRUCTION OF THE FIFTH AMENDMENT PREMISES IMPROVEMENTS

4.1 **Tenant's Selection of Contractors.**

Landlord's initials /s/ K.W.

Tenant's initials _____

EXHIBIT B

4.1.1 **The Contractor.** A general contractor shall be retained by Tenant to construct the Fifth Amendment Premises Improvements. Such general contractor ("Contractor") shall be selected by Tenant and reasonably approved by Landlord. Landlord hereby approves NOVO Construction as the Contractor.

4.1.2 **Tenant's Agents.** All subcontractors, laborers, materialmen, and suppliers used by Tenant (such subcontractors, laborers, materialmen, and suppliers, and the Contractor to be known collectively as "**Tenant's Agents**") must be approved in writing by Landlord, which approval shall not be unreasonably withheld or delayed. If Landlord does not approve any of Tenant's proposed subcontractors, laborers, materialmen or suppliers, Tenant shall submit other proposed subcontractors, laborers, materialmen or suppliers for Landlord's written approval. All of Tenant's Agents retained directly by Tenant shall all be union labor in compliance with the then existing master labor agreements.

4.2 Construction of Fifth Amendment Premises Improvements by Tenant's Agents.

4.2.1 **Construction Contract; Cost Budget.** Tenant shall engage the Contractor under a contract in a form reasonably approved by Landlord (collectively, the "**Contract**"). Landlord's failure to respond to Tenant's request for approval of the Contract within five (5) business days shall constitute Landlord's deemed approval of the Contract. Prior to the commencement of the construction of the Fifth Amendment Premises Improvements, Tenant shall provide a copy of the Contract to Landlord for its records. In addition, prior to the commencement of the construction of the Fifth Amendment Premises Improvements, and after Tenant has accepted all bids for the Fifth Amendment Premises Improvements, Tenant shall provide Landlord with a detailed breakdown, by trade, of the final costs to be incurred or which have been incurred, as set forth more particularly in Sections 2.2.1.1 through 2.2.1.9, above, in connection with the design and construction of the Fifth Amendment Premises Improvements to be performed by or at the direction of Tenant or the Contractor, which costs form a basis for the amount of the Contract (the "**Final Costs**").

4.2.1.1 **Intentionally Deleted.**

4.2.1.2 **Lump Sum Disbursement Option.** If Tenant elects to receive a lump sum disbursement of the Fifth Amendment Premises Improvement Allowance pursuant to Section 2.2.2 above, then Tenant shall be solely responsible for the timely payment of all Final Costs (subject to reimbursement from the Fifth Amendment Premises Improvement Allowance pursuant to Section 2.2.2 above), and in the event that, after the Final Costs have been delivered by Tenant to Landlord, the costs relating to the design and construction of the Fifth Amendment Premises Improvements shall change, any additional costs necessary to such design and construction in excess of the Fifth Amendment Premises Improvement Allowance, shall be paid by Tenant out of its own funds.

4.2.2 **Tenant's Agents.**

4.2.2.1 **Landlord's General Conditions for Tenant's Agents and Improvement Work.** Tenant's and Tenant's Agent's construction of the Fifth Amendment Premises Improvements shall comply with the following: (i) the Fifth Amendment Premises Improvements shall be constructed in strict accordance with the Approved Working Drawings; (ii) Tenant's Agents shall submit schedules of all work relating to the Fifth Amendment Premises Improvements to Contractor and Contractor shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iii) Tenant shall abide by all rules made by Landlord's Building manager with respect to the use of freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Fifth Amendment Premises Work Letter, including, without limitation, the construction of the Fifth Amendment Premises Improvements. Tenant shall pay a logistical coordination fee (the "**Coordination Fee**") to Landlord in an amount equal to the product of (A) one and one-half percent (1.5%), and (B) the total amount of the hard costs of the Fifth Amendment Premises Improvements,

Landlord's initials /s/ K.W.

Tenant's initials _____

which Coordination Fee shall be for services relating to the coordination of the construction of the Fifth Amendment Premises Improvements.

4.2.2.2 **Indemnity.** Tenant's indemnity of Landlord as set forth in the Lease (as amended) shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Fifth Amendment Premises Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in the Lease (as amended), shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts (including execution of any documents pursuant to the last two sentences of Section 4.3 below) reasonably necessary (i) to permit Tenant to complete the Fifth Amendment Premises Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy for the Fifth Amendment Premises. The foregoing indemnity shall not apply to claims to the extent caused by the willful misconduct of Landlord, its member partners, shareholders, officers, directors, or employees.

4.2.2.3 **Requirements of Tenant's Agents.** Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Fifth Amendment Premises Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the later to occur of (i) completion of the work performed by such contractor or subcontractors and (ii) the Suite 3800 and 3512 Commencement Date. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Fifth Amendment Premises Improvements, and/or the Building and/or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Fifth Amendment Premises Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

4.2.2.4 **Insurance Requirements.**

4.2.2.4.1 **General Coverages.** All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry commercial general liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in the Lease (as amended).

4.2.2.4.2 **Special Coverages.** Tenant shall cause its general contractor to carry "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of the Fifth Amendment Premises Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Fifth Amendment Premises Improvements shall be insured by Tenant pursuant to the Lease (as amended) immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord including, but not limited to, the requirement that all of Tenant's Agents shall carry excess liability and Products and Completed Operation Coverage insurance, each in amounts not less than \$5,000,000 per incident, \$5,000,000 in aggregate, and in form and with companies as are required to be carried by Tenant as set forth in the Lease (as amended).

4.2.2.4.3 **General Terms.** Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Fifth Amendment

Landlord's initials /s/ K.W.

Tenant's initials _____

EXHIBIT B

Premises Improvements and before the Contractor's equipment is moved onto the site. Tenant will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Fifth Amendment Premises Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Fifth Amendment Premises Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work and acceptance by Landlord and Tenant. All policies carried under this Section 4.2.2.4 shall insure Landlord and Tenant, as their interests may appear, as well as Contractor and Tenant's Agents. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.2.2 of this Fifth Amendment Premises Work Letter.

4.2.3 Governmental Compliance. The Fifth Amendment Premises Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations (specifically including, without limitation, any OSHA requirements) as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications. In the event any of the Fifth Amendment Premises Improvements require or give rise to governmentally required changes to the Base Building (specifically including, without limitation, the installation of any venting or other air-removal/circulation system), then Landlord shall notify Tenant of the need and cost for such changes, and Tenant may elect to either: (A) value engineer the Final Working Drawings so as to reduce or eliminate such cost, (B) pay the cost of such required changes in advance upon receipt of notice thereof, and if Tenant elects to pay such costs for the required change, then Tenant shall also pay all direct architectural and/or engineering fees in connection with such Base Building changes, plus one and one-half percent (1½%) of such direct costs for Landlord's servicing and overhead.

4.2.4 Inspection by Landlord. Landlord shall have the right to inspect the Fifth Amendment Premises Improvements at all times, provided however, that Landlord's failure to inspect the Fifth Amendment Premises Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Fifth Amendment Premises Improvements constitute Landlord's approval of the same. Should Landlord disapprove any portion of the Fifth Amendment Premises Improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations in, and/or disapproval by Landlord of, the Fifth Amendment Premises Improvements shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord determines that a defect or deviation exists or disapproves of any matter in connection with any portion of the Fifth Amendment Premises Improvements and such defect, deviation or matter might adversely affect the mechanical, electrical, plumbing, heating, ventilating and air conditioning or life-safety systems of the Building, the structure or exterior appearance of the Building or any other tenant's use of such other tenant's leased premises, Landlord may, upon three (3) business days prior written notice to take such action as Landlord reasonably deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect, deviation and/or matter, including, without limitation, causing the cessation of performance of the construction of the Fifth Amendment Premises Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's reasonable satisfaction.

4.2.5 Meetings. Within ninety (90) days following the execution of this Fifth Amendment, or as soon as practical thereafter, Tenant shall hold weekly meetings at a reasonable time, with the Architect and the Contractor regarding the progress of the preparation of Construction Drawings and the construction of the Fifth Amendment Premises Improvements, which meetings shall be held at a location reasonably acceptable to Landlord,

Landlord's initials /s/ K.W.

Tenant's initials _____

EXHIBIT B

and Landlord and/or its agents shall receive prior notice of, and shall have the right to attend, all such meetings, and, upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. Following commencement of construction of the Fifth Amendment Premises Improvements, one such meeting each month shall include the review of Contractor's current request for payment.

4.3 Notice of Completion; Copy of Record Set of Plans. Within ten (10) business days after completion of construction of the Fifth Amendment Premises Improvements, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the county in which the Building is located in accordance with Section 8182 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction, (i) Tenant shall cause the Architect and Contractor (A) to update the Approved Working Drawings as necessary to reflect all changes made to the Approved Working Drawings during the course of construction, (B) to certify to the best of their knowledge that the "record-set" of as-built drawings are true and correct, which certification shall survive the expiration or termination of the Lease (as amended), and (C) to deliver to Landlord two (2) electronic CAD's and two (2) full-size sets of copies of such record set of drawings within ninety (90) days following issuance of a certificate of occupancy for the Fifth Amendment Premises, and (ii) Tenant shall deliver to Landlord a copy of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Fifth Amendment Premises. Within fifteen (15) days after request by Tenant following the substantial completion of the Fifth Amendment Premises Improvements, Landlord will acknowledge its approval of the Fifth Amendment Premises Improvements (provided that such approval has been granted) by placing its signature on a Contractor's Certificate of Substantial Completion fully executed by the Architect, Contractor and Tenant. Landlord's approval shall not create any contingent liabilities or impose any responsibility for Landlord with respect to any latent quality, completeness, design sufficiency, means and methods of construction, Code compliance or other like matters that may arise subsequent to Landlord's approval.

SECTION 5

MISCELLANEOUS

5.1 **Tenant's Representative.** Tenant has designated Matt Mohamed as its sole representative with respect to the matters set forth in this Fifth Amendment Premises Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Fifth Amendment Premises Work Letter.

5.2 **Landlord's Representative.** Landlord has designated Ms. Jane Echlin as its sole representative with respect to the matters set forth in this Fifth Amendment Premises Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Fifth Amendment Premises Work Letter.

5.3 **Time of the Essence in This Fifth Amendment Premises Work Letter.** Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

5.4 **Tenant's Lease Default.** Notwithstanding any provision to the contrary contained in the Lease or this Fifth Amendment Premises Work Letter, if any monetary or material non-monetary Default by Tenant under the Lease or default under this Fifth Amendment Premises Work Letter occurs at any time on or before the substantial completion of the Fifth Amendment Premises Improvements and such default remains uncured five (5) days following Landlord's notice of such default to Tenant, then in addition to all other rights and remedies granted to

Landlord's initials /s/ K.W.

Tenant's initials _____

EXHIBIT B

Landlord pursuant to the Lease, Landlord shall have the right to withhold payment of all or any portion of the Fifth Amendment Premises Improvement Allowance and/or Landlord may, without any liability whatsoever, cause the cessation of construction of the Fifth Amendment Premises Improvements (in which case, Tenant shall be responsible for any delay in the substantial completion of the Fifth Amendment Premises Improvements and any costs occasioned thereby).

Landlord's initials /s/ K.W.

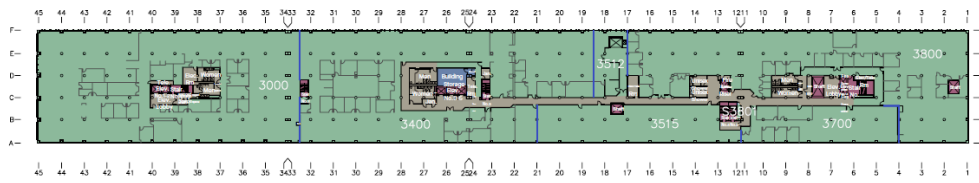
Tenant's initials _____

EXHIBIT B

EXHIBIT C

CHINA BASIN

ARCHITECT'S CERTIFICATE REGARDING RE-MEASUREMENT



SUITE	OCCUPANT	USF	RSF	CLSF	LED	SUITE	OCCUPANT	USF	RSF	CLSF	LED
S3801	Lyft	49.06	61.33	---	09/30/27	3515	Lyft	5,540.30	6,925.40	---	TBD
3000	Lyft	21,640.79	27,051.06	25,783.00	08/31/25	3700	Lyft	4,396.68	5,495.86	5,399.00	08/31/25
3400	Dropbox	20,440.69	25,550.94	24,607.00	02/28/23	3800	Lyft	17,745.50	22,181.94	20,625.00	09/30/27
3512	Lyft	1,747.98	2,184.99	1,453.00	M/M						

11.11.19	China Basin	Final Composite Drawing	
Floor 3W	185 Berry Street San Francisco, CA 94107	USF - Total Usable Area LED - Lease Expiration Date	RSF - Target Rentable Area CLSF - Current Leased Area
	Report ID 11		

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Subsidiaries of Registrant

Name of Subsidiary

Pacific Valley Insurance Company, Inc.

Jurisdiction of Incorporation

Hawaii

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-230591) of Lyft, Inc. of our report dated February 28, 2020 relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

San Francisco, California
February 28, 2020

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Logan Green, certify that:

1. I have reviewed this Annual Report on Form 10-K of Lyft, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

By: /s/ Logan Green
Logan Green
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Brian Roberts, certify that:

1. I have reviewed this Annual Report on Form 10-K of Lyft, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

By: /s/ Brian Roberts
Brian Roberts
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Logan Green, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Lyft, Inc. for the fiscal year ended December 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Lyft, Inc.

Date: February 28, 2020

By: /s/ Logan Green
Name: Logan Green
Title: Chief Executive Officer
(Principal Executive Officer)

I, Brian Roberts, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Lyft, Inc. for the fiscal year ended December 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Lyft, Inc.

Date: February 28, 2020

By: /s/ Brian Roberts
Name: Brian Roberts
Title: Chief Financial Officer
(Principal Financial Officer)