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FEDEX GROUND ORDERED TO STOP MIS-CLASSIFYING ITS PICKUP & DELIVERY DRIVERS AS INDEPENDENT CONTRACTORS AND TO STOP VIOLATING ALL LAWS ENACTED TO PROTECT EMPLOYEES

On Friday, October 7, 2005, an LA Superior Court Judge ordered FedEx Ground to stop mis-classifying its past, current and future pick-up and delivery drivers as independent contractors and to stop violating laws enacted to protect employees. A copy of the Court's order and injunction is attached. FedEx Ground has approximately 14,000 truck drivers nation-wide that it mis-classifies as independent contractors, according to plaintiffs in 32 class action lawsuits filed in 25 states. Of those, about 80% provide delivery service in one work area, and according to the California court, those single-work area drivers are, in reality, employees and have been mis-classified as independent contractors in a complicated 66-page contract drivers are required to sign. FedEx Ground drivers are required to purchase expensive (\$40,000) trucks logo-ed with the giant FedEx trademark symbol and advertising, wear FedEx Ground uniforms, use FedEx Ground scanners and forms, and work exclusively for FedEx Ground.

“The Plaintiffs have achieved a final victory in this Court order requiring FedEx Ground to stop mis-classifying them, all current California drivers and all future drivers working under the company's dictatorial Operating Agreement and by requiring FedEx Ground to stop violating the drivers' rights under all laws enacted for the benefit of employees – whether state, federal or local laws. This is a sweeping indictment of FedEx's fraudulent system,” said Lynn Rossman Faris, Plaintiffs' lead counsel in the Estrada case and one of the lead counsel in the 32 consolidated cases filed in 25 states around the country.

The Court's injunction and declaration of rights was based on its Statement of Decision, issued last July, after nine weeks of trial. In that Statement, Judge Howard J. Schwab determined that FedEx Ground exercised “virtual absolute control” over the drivers and that FedEx Ground “**purposely** created controls of an employment nature, hoping that in spite of those strictures, the status would still be seen and considered to be that of an independent contractor.” Judge Schwab found that FedEx had empowered its terminal managers to terminate drivers “at will” and to exercise such pervasive control as to permit terminal managers to “blasphemously refer to [themselves] as the Almighty and wield power accordingly.” About the complicated contract that every driver is required to sign, the Court said “It should be noted in the beginning that the [Operating Agreement] is a brilliantly drafted contract creating the constraints of an employment relationship with SWAs **in the guise of** an independent contractor model.”

Since the California court decision, 32 class action cases have been filed all over the country and those cases have now been centralized before U.S. District Judge Robert Miller, of the

Northern District of Indiana. A copy of the order centralizing the cases is also attached.

Articles regarding the FedEx cases have appeared in the Wall Street Journal (1/7/05, "Drivers Delivery Trouble To FedEx. . ." front page); Forbes (9/19/05, p. 54 "Mutiny On the FedEx Truck"); Los Angeles Times, 7/25/05 "FedEx Unit Faces Labor Lawsuits); Sacramento Bee (5/2/05, "Independent Contractor or Employee, The Legal Battle Has Been Joined).

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