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THREE STATES ATTORNEYS GENERAL ANNOUNCE INTENT TO SUE FEDEX GROUND

Citing State Labor Law Violations, States Demand FedEx Properly Classify Employees

New York Attorney General Andrew M. Cuomo, Montana Attorney General Steve Bullock and New Jersey Attorney General Anne Milgram today announced their offices' intent to sue FedEx Ground for violations of state labor laws. Today's announcement is the latest in a string of actions taken by the Attorneys General to protect their states' workforces and enforce labor laws.

According to the letter sent today to FedEx Ground, the company unlawfully misclassifies its drivers as independent contractors. As such, drivers do not receive Workers' Compensation coverage through FedEx Ground. Moreover, independent contractors are not protected by anti-discrimination laws, labor relations laws and other important laws that protect New York, Montana and New Jersey workers. At the same time, drivers are required to spend thousands of dollars out-of-pocket for their trucks, repairs, fuel and uniforms while being held to strict FedEx Ground rules that control the hours they work, the way they dress and their ability to contract with anyone else outside the company.

"By blatantly misclassifying its drivers, FedEx Ground has denied these individuals the employment rights they are guaranteed by law," said Attorney General Cuomo. "FedEx Ground drivers have been forced to pay thousands out of pocket for work-related expenses and adhere to strict employment policies, despite being deprived of the protections of full-time employee status. Our letter today demands that these policies be reversed or this office will not hesitate to bring legal action immediately."

"This is an issue of fairness. By classifying their drivers as independent contractors rather than employees, FedEx Ground is denying the drivers rights and protections afforded to all workers in our state. And in the process, FedEx Ground is shifting its tax obligations onto hardworking Montanans," said Attorney General Bullock. "These drivers are the backbone of the business and they should not have to give up the protections they are guaranteed just so FedEx Ground can circumvent our laws."

"FedEx Ground's failure to fairly classify and adequately protect its drivers is a violation of New Jersey's labor laws," said Attorney General Anne Milgram. "This company denied its drivers the benefits they should be guaranteed, while forcing them to be financially and personally accountable for strict employment requirements. Today's letter is a multi-state effort to get FedEx Ground to end its unlawful business practices and protect the

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hardworking men and women who tirelessly support the company.”

The investigation by the Attorneys General revealed that the level of control FedEx Ground exercises over its drivers merits, under New York, Montana and New Jersey state law, employee status and the protections inherent in that status. FedEx Ground strictly controls all aspects of the work of drivers doing pick-up and delivery. Hours are prescribed by FedEx Ground with drivers having almost no discretion as to the hours they work. Workers’ performance of their tasks - from the loading of their trucks to their hand-off to customers - is directed and supervised by FedEx Ground. Drivers’ uniforms are mandated by FedEx Ground, even down to the colors of drivers’ socks, and drivers’ opportunities to engage in non-FedEx Ground related work are also almost entirely constrained by FedEx Ground rules. Drivers are only allowed to use their own trucks for non-FedEx Ground purposes if the trucks are used outside of FedEx Ground working hours. Additionally, the work of FedEx Ground drivers is at the very core of FedEx Ground’s business activities; drivers are completely integrated into the overall business functions of the company.

FedEx Ground drivers must also undertake significant expenses to perform their jobs in the manner required by FedEx Ground. These expenses range from purchasing or leasing trucks for as much as \$70,000, to paying approximately \$40 per week for the use of a FedEx Ground uniform and scanner. Drivers must also purchase fuel and do required maintenance for their trucks, and must purchase their own Workers’ Compensation insurance, as required by FedEx Ground.

This matter is being handled by Deputy Labor Bureau Chief Patricia Kakalec under the supervision of Executive Deputy Attorney General for Social Justice Mylan Denerstein in New York and by Assistant Attorney General Jennifer Anders for Montana.