

SFGate.com**Employment case to cost FedEx \$26.8 million**

Associated Press

Saturday, December 6, 2008

(12-06) 04:00 PST New York - --

FedEx Corp. said Friday it will pay \$26.8 million to settle a case in its battle over whether its Ground unit workers are illegally classified as independent contractors instead of employees.

The California Appeals Court ruled last year that about 200 contractors who operated in the state were employees.

The company had long asserted that its drivers, who have the ability to own multiple delivery routes, should be classified as independent contractors. But drivers under this classification do not receive benefits and are prevented from organizing under federal labor laws.

FedEx, based in Memphis, said about 900 workers at FedEx Ground still operate in California as contractors. The company has about 13,000 drivers classified as contractors nationwide.

"While we disagree with the original ruling by the California Court of Appeals, we are pleased to put the matter behind us," FedEx spokesman Maury Lane said.

Lane says the bulk of the settlement - \$19 million - is for plaintiff attorneys' fees, interest and court costs.

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/12/06/BU8I14ISS6.DTL>

This article appeared on page **C - 2** of the San Francisco Chronicle