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Press Release

Teamsters Hail IRS Decision to Fine FedEx \$319 Million

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Years of Misclassifying Workers Catches Up To FedEx Ground

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(Washington, D.C.) – FedEx Corp. (NYSE:FDX) was delivered a big lump of coal today by the Internal Revenue Service, which slammed the company with a \$319 million fine and penalties over its illegal independent contractor model. The IRS determined that FedEx Ground workers were indeed employees, a fact long asserted by the Teamsters Union.

"What a great Christmas gift to FedEx Ground workers who have suffered under FedEx's illegal independent contractor scam," said Teamsters General President Jim Hoffa. "It's a fundamental fact that FedEx has been skirting the law, and the Teamsters welcome the IRS decision."

The news caps a difficult week for the anti-union company. On Wednesday, the Massachusetts Attorney General cited FedEx Ground for intentionally misclassifying pickup and delivery drivers as independent contractors rather than employees. This follows a decision last month by the California Supreme Court, which refused to review an appeals court ruling that single route drivers in the state were misclassified. On Thursday, FedEx publicly acknowledged that regulatory and legal challenges on misclassification could hurt its stock price.

"It's game over for FedEx's independent contractor scam," Hoffa said.

Since the \$319 million fine only covers 2002, FedEx could face additional penalties totaling over a billion dollars after the IRS completes its investigation into the company's illegal employment practices that continue to this day.

Founded in 1903, the International Brotherhood of Teamsters represents 1.4 million hardworking men and women in the United States, Canada and Puerto Rico.

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