

Avaya Inc. looking into sale of unit

■ The
Connectivity
Solutions
operation employs
about 1,750 people
in Omaha.

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Avaya Inc., which has eliminated the jobs of more than 1,600 people at its Omaha plant in less than a year, said Monday it might sell all or part of its Connectivity Solutions unit.

The Basking Ridge, N.J., company said it has hired the New York firm of Salomon Smith Barney Inc. to "explore alternatives" for the unit, whose customers include telephone service providers such as Qwest Communications International Inc.

The Omaha plant, which now employs fewer than 2,000 people, is the largest part of that unit, which also has plants in Ireland, Australia, Venezuela and China. The foreign plants and some sales and marketing offices in the United States employ about 600 people.

In a press release announcing its plans, Avaya made no mention of closing plants in the Connectivity Solutions unit if the company couldn't find a buyer.

"That's really not the intent here," spokesman Kevin Stewart said in Basking Ridge. "It's a global leader in the (telecommunications equipment) business and is well-positioned for success in the future. We would expect that other alternatives would present themselves."

He said the alternatives could include selling the entire business, selling part of it, attracting an investor or continuing the business as part of Avaya.

Officials of Local 1974 of the International Brotherhood of Electrical Workers, which represents production workers at the plant, didn't return a phone call Monday afternoon seeking a comment.

Last month, Avaya announced it was cutting the jobs of 450 management and union workers at its plant at 120th and I Streets. The workers remained on the payroll for 30 days.

The action reduced the plant's work force to 1,750 people and was part of Avaya's plan to reduce annual costs by \$200 million to \$250 million.

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The cuts are being made in reaction to a sharp decline in the business of Connectivity Solutions, which sells copper and fiber cable, as well as cabinets for telecommunication equipment.

Avaya also announced Monday that its banks had approved a plan to amend a \$1.25 billion loan agreement. The money is available to Avaya for general corporate purposes.

The bank agreement, among other things, requires the company to have undisclosed minimum profit before interest, taxes, depreciation and amortization. The company also is permitted to exclude from that calculation up to \$160 million in costs incurred in cutting jobs and writing off assets.

The price of Avaya shares closed Monday at \$6.48 on the New York Stock Exchange, up 12 cents.