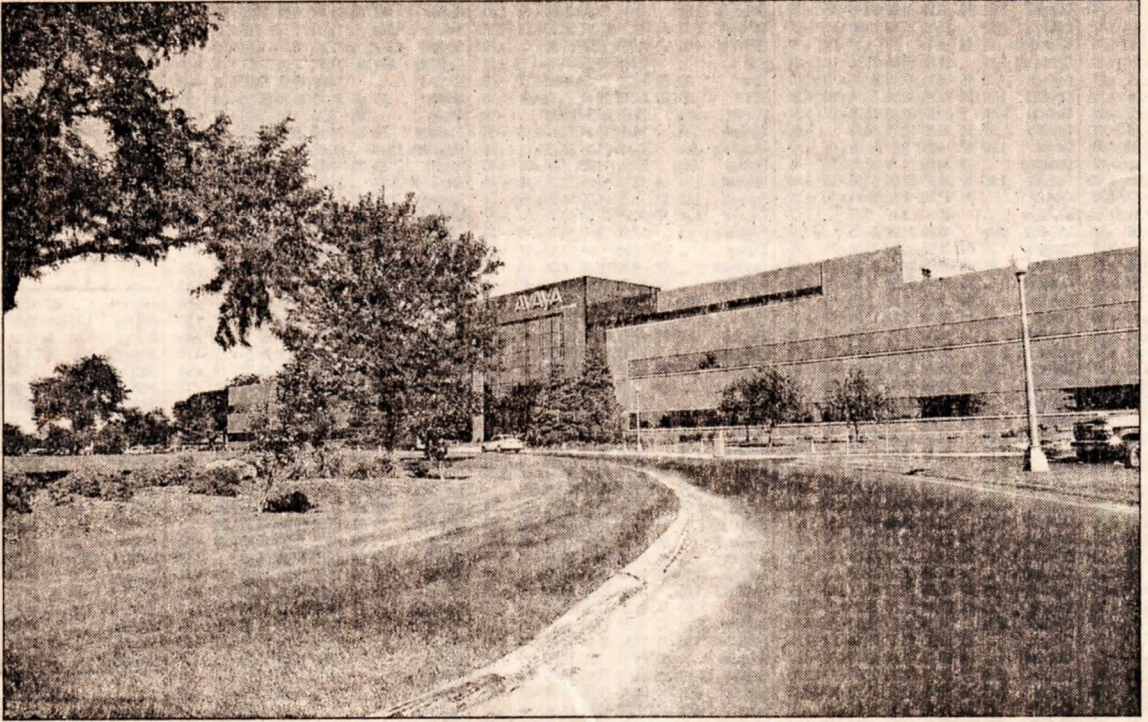


JOB CUTS AGAIN



PHIL JOHNSON/THE WORLD-HERALD

LONGTIME LOCATION: The southwest Omaha plant now produces equipment for Avaya, which employs 25,000 people in 51 countries. The company said it made the latest job cuts because of a slowdown in customer purchases of the fiber cable and electronic cabinets produced at the plant.

Plant in Southwest Omaha Has History of Ups, Downs

BY JOHN TAYLOR
WORLD-HERALD STAFF WRITER

Its name may have been changed several times over its nearly 43 years, but there has been one constant at the southwest Omaha plant now run by Avaya Inc.

The good-paying jobs that have provided thousands of workers with careers have come with an occasional price. Periodic job cuts and layoffs, along with at least three strikes, have disrupted the lives of employees since Western Electric opened the plant near 120th and I Streets in September 1958.

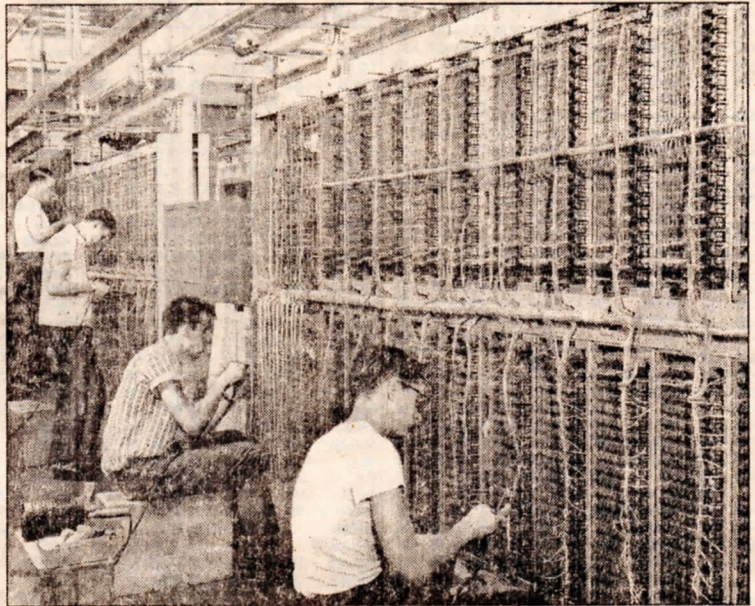
In her 30 years at the plant, Edie Reister, a senior product specialist, has been laid off and called back twice and has seen what the upheavals do to people.

"Morale is really bad," she says of the remaining workers. "There are rumors. People are insecure about their jobs. We have a lot of people who really like their jobs, and they're scared."

In the past, job cuts at the plant have been followed by employees being called back as business improved.

Reister, for example, was laid off in 1975 and was called back six months later. In 1982, following her second layoff, she was called back after seven months.

Both times she tried to find other work while she was laid off, but, she said, employers were reluctant to hire her because they feared (correctly, in



THE WORLD-HERALD

THE PLANT IN 1962: Western Electric Co. employed as many as 7,700 workers at the plant. With the latest cuts, the plant's work force will stand at about 2,700.

Omaha Plant's Timeline

- March 1956: Western Electric Co., a wholly owned subsidiary of American Telephone and Telegraph Co., announced plans to build the plant, estimating it would ultimately have a work force of 4,000.
- September 1958: Company began production with 2,000 employees.
- May 1959: Plant became known as the Omaha Works of Western Electric, the word "works" was added to signify that the facility was one of Western Electric's largest.

her case) that she would return to Western Electric when that company called workers back.

Whether this latest action will follow a similar pattern or whether these are permanent job eliminations isn't known.

In a July 26 interview with Bloomberg News, Avaya Chief Executive Don Peterson was asked whether the company was risking cutting the work force too deeply in the event that the company picked up a lot of new projects this year.

Peterson replied that he was "pretty sure" the company could handle the business. Some of the cuts, he said, were made possible by the company's progress in adopting new technologies.

"So we are becoming more efficient," he said. "These are not jobs where we've had layoffs such that, you know, these will come back as we grow. These are permanent changes in our structure that are being replaced by technology and new ways of doing business."

The job cuts affecting the Omaha plant were announced July 23, when corporate officials eliminated the jobs of 457 workers, all members of Local 1974 of the International

Electric's largest.

- June 1970: Employment at the plant reached its all-time high of 7,700, thanks to unusually high demand for its copper cable and electromechanical switches, once a mainstay of telephone systems.
- January 1984: Plant's name changed to AT&T Technologies' Omaha Works, following the court-ordered breakup of the Bell System.
- April 1996: Plant became a property of Lucent Technologies, when AT&T spun off its telephone equipment operations.
- September 2000: Plant became part of Avaya Inc., the name given to a new company created when Lucent spun off three businesses. The Omaha plant became the headquarters for Avaya's Connectivity Solutions unit.

Brotherhood of Electrical Workers.

The job eliminations are similar in size to the last round of such mass employee cuts. That came in 1985, when more than 700 workers were laid off throughout the year.

The Omaha plant's work force has risen and fallen with the ebbs and flows of the national economy. Employment peaked at 7,543 in June 1970 because of an unusual and short-lived demand for telephone equipment. With the latest cuts, the plant's work force will stand at about 2,700.

At its employment peak in 1970, the facility was known as the Omaha Works of Western Electric. In 1984 the plant became AT&T

Technologies' Omaha Works, following the court-ordered breakup of the Bell System.

The plant name was changed to Lucent Technologies in 1996 when AT&T spun off its telephone equipment operations. And last September, the plant became part of Avaya Inc., the name given to a new company created when Lucent spun off three of its businesses.

"This company has had more names than I have," joked Reister, who is divorced and remarried. "Really, it's the same place, same people. It's just different management right now."

Reister, who also serves as Local
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Plant Has History Of Ups, Downs

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1974's financial secretary, is typical of many of the company's longtime employees. A resident of Burlington, Iowa, she moved to the southwest part of Douglas County in 1970, drawn by Western Electric.

When she moved to Millard, it was a town of about 6,500 people but growing rapidly. That growth also got the attention of Omaha city officials, one of whom, Councilman H. F. Jacobberger, cautioned that Millard "does seem to pose a threat to the city's westward growth."

The City of Millard was bounded roughly by L. Harrison, 120th and 144th Streets. Because of its proximity to Interstate 80 and to the Western Electric plant, Millard became a prime target of Omaha's annexation plans.

In 1967 Omaha annexed the city, but Millard challenged the action in court. Millard finally became a part of Omaha on April 22, 1971.

By then, Millard's population had reached 7,400, in large part, according to Marty Shukert, a former Omaha planning director, because of Western Electric.

In fact, Shukert has in the past listed the annexation of Millard as one of the 10 most significant events in Omaha history. If the area hadn't been annexed, Shukert told a World-Herald reporter in 1996, Omaha might have faced some of the severe economic and operational problems of cities that aren't able to annex neighboring areas.

"As the years have gone on," Shukert said in an interview last Tuesday, "there have been many influences (on growth), and Western Electric is less a reason for growth in southwest Omaha than in the 1950s and 1960s."

But it wasn't only residents of the Millard area, as that part of town is now called, who fed workers to Western Electric, said Ken Mass, president of the Nebraska AFL-CIO and a former employee at Western Electric.

"People came from everywhere," he said. "They used to have people from Auburn, (Neb.); Glenwood, Red Oak and Missouri Valley, Iowa. Folks drove an hour or a couple of hours a day to get there."

Despite the layoffs and the strikes, the plant remained attractive for job seekers. As recently as 1993, when AT&T said 50 new jobs were being created at the plant, there were more than 2,000 applicants.

"People would quit jobs at other places and go to work there," Mass said.

Avaya, which employs 25,000 people in 51 countries, made the latest job cuts because of a slowdown in customer purchases of the fiber cable and electronic cabinets produced at the

plant, Avaya spokeswoman Robyn Roberts said.

Avaya announced in June the elimination of at least 3,000 jobs companywide through a combination of voluntary and involuntary cuts. Since then, the company said, more than 5,000 employees either have accepted voluntary offers to leave or been told their jobs have been eliminated.

The restructuring is expected to create "a more efficient and better positioned company," according to a report by analyst Seth Weber of Merrill Lynch.

He noted that management was "executing well" in reducing expenses, but said "a deteriorating business environment has created additional hurdles." He reduced his fourth-quarter earnings-per-share forecast for the company to 13 cents from 44 cents, and for fiscal year 2002 to \$1 from \$1.60.

Weber said he does not personally own any stock in Avaya. Merrill Lynch's standard disclaimer, now placed on all of its analysts' reports, is that the company "as a full-service firm has, or may have, business relationships, including investment banking relationships, with the companies in this report."

The cuts are coming with both a human and a monetary price, the latter a fourth-quarter \$500 million charge Avaya is expected to take to cover such costs as severance pay. Avaya will announce its fiscal fourth quarter earnings Oct. 24.

Employees at the Omaha plant lost their jobs July 23 but will continue to be paid until Aug. 22. They will also receive one week's pay for each year they worked, up to a lump sum of

\$33,500.

In addition, the company made all other union members eligible for voluntary buyouts, setting 300 as the maximum number that would be accepted.

Avaya earlier had offered company-wide voluntary buyout packages to its management workers — 500 of whom work at the Omaha plant.

Roberts, the Avaya spokeswoman, said the deadline for management workers to accept the offer has passed and "we are still tallying the number" of workers who accepted.

She said that union workers had until Aug. 7 to apply for the buyouts.

Asked whether Avaya would eliminate more jobs if it didn't get what it considered as an adequate response to the voluntary buyout program, Roberts said she couldn't comment on what the company may do in the future.

Meanwhile, more than half of the employees who lost their jobs have enrolled in the company-union Enhanced Training Opportunities Program (ETOP) that has been in place since 1986 but never used at the Omaha plant, said Sharon Buzzell, the union representative for the program.

Under the program, jointly funded by the union and the company, employees receive help paying for tuition, books and other materials to learn new skills.

"They can go to college and take classes toward a degree that will help them with employable skills," she said. "Or they can get training for things like real estate sales, auto body (repairs), welding, beauty school."

She said she hopes the remaining 50 percent of jobless workers will apply.