

Alcatel-Lucent chiefs depart

Ben Hall in Paris

Tchuruk and Russo to leave merged group

Company has lost more than half value

Alcatel-Lucent, the beleaguered telecoms equipment maker, yesterday parted company with its chairman and chief executive as it tries to turn round its fortunes.

Pat Russo, chief executive, and Serge Tchuruk, chairman, will stand down within months as part of a broader management shake-up intended to staunch losses at the Franco-American group, which has been plagued by integration problems and cultural clashes.

Ms Russo stands to benefit from "a golden parachute" worth up to €6m (\$9.3m) including share options.

The world's largest telecoms equipment supplier has started to look for successors, most probably from outside the company and possibly from outside its two home countries.

Ms Russo and Mr Tchuruk were the architects of Alcatel's takeover of Lucent Technologies in November 2006. But the combined company has never turned a profit and has since lost more than half of its value.

"We were never big fans of this merger from the word go," said Richard Windsor, analyst at Nomura. "We didn't think Alcatel needed Lucent and we didn't think the management could handle such a complex merger. We were proved right."

Mr Windsor said the Alcatel-Lucent tie-up was "not quite up there with DaimlerChrysler, but still pretty bad".

Ms Russo insisted yesterday the takeover of Lucent by Alcatel was still the "right move". Asked whether Alcatel had paid too much, she told the Financial Times: "We did a deal at market."

The departures of Ms Russo and Mr Tchuruk have seemed likely for some months, with investors critical of profit warnings and the collapsing value of their shares, which have fallen 63 per cent since January 2007.

Its shares rose as much as 6 per cent in Paris following the news of the resignations, ending 2.09 per cent higher.

The company reported a net loss for the second quarter of €1.1bn, including a writedown of €810m for its activities involving CDMA, a wireless technology used by Verizon of the US and China Unicom and inherited from Lucent.

However, Ms Russo pointed to a third consecutive quarter of improvement in the company's operating performance as a sign that her turnaround strategy was beginning to bear fruit. Nevertheless, she said the company "would benefit from new leadership".

Mr Tchuruk will leave on October 1. Ms Russo will not stand down until the company has installed a new chief executive, but will not stay longer than the end of the year.

Fonte: Financial Times, London, July 30 2008. Companies & Markets. p.13.