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Nortel's No. 2 Resigns After Three Months

By IAN AUSTEN

OTTAWA, June 10 - The [Nortel Networks Corporation](#) said on Friday that its No. 2 officer had resigned after three months because of professional differences with the chief executive.

The executive, Gary Daichendt, had been president and chief operating officer. The chief technology officer, Gary Kunis, who was recruited by Mr. Daichendt, also quit.

In March, the chief executive, William A. Owens, took credit for hiring Mr. Daichendt, who was once executive vice president for worldwide operations at [Cisco Systems](#), calling him "a world-class leader with unquestioned integrity and one of the top technology executives in the world."

But in a statement on Friday, Mr. Owens, who will assume the posts of president and chief operating officer, blamed poor chemistry for Mr. Daichendt's abrupt departure.

"Gary has made a major contribution to Nortel during his time here and has added value to our strategic initiatives and business plan," Mr. Owens, who is also vice chairman, said. "It has become apparent to Gary and me, however, that we have divergent management styles and our business views differ."

Mr. Daichendt, who also worked in sales and marketing at [I.B.M.](#) and Wang Laboratories, was widely viewed as a successor to Mr. Owens, a former admiral in the United States Navy and a vice chairman of the Joint Chiefs of Staff. Although Mr. Owens had relatively little corporate experience, he moved from Nortel's board to the chief executive's job after an accounting scandal led to the firing of several executives in April 2004, including the chief, Frank Dunn.

Analysts took a dim view of the departure of Mr. Daichendt and Mr. Kunis, formerly Cisco's chief science officer.

"This does not send a resoundingly happy message to Nortel's customer base," said Edward Snyder, a technology analyst with Charter Equity Research in San Francisco. "This is another sign that Nortel is in chaos."

Mr. Snyder said he was particularly concerned that Mr. Owens, whom he called a "transitional C.E.O.," assumed Mr. Daichendt's roles.

"The outlook for this industry is not good, so Nortel has to become extra good at this point," Mr. Snyder said.

Bill Durling, a spokesman for Nortel in Brampton, Ontario, said that no executives were available to comment. But, he said that even with the departures, Mr. Owens is working closely with several knowledgeable veterans of the technology industry.

Mr. Durling added that Nortel was reviewing its need for a chief technology officer.

The departures seem to have stalled gains in investor good will that had been building since earlier this month when Nortel brought its financial reports up to date.