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Shock exit as Shell braces for shake-up

By Ed Crooks and John O'Doherty

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Royal Dutch Shell is poised to announce a wide-ranging restructuring as its new chief executive starts to tackle the problems caused by the oil price plunge.

The changes began yesterday with the sudden departure of Linda Cook, head of the gas and power division and a former contender for chief executive, who had left the company "by mutual agreement", Shell said.

Her division is expected to be merged into the exploration and production business under the restructuring, as part of a drive to cut costs and improve operating efficiency.

She had previously said she believed gas and power worked better as a separate unit.

Peter Voser, Shell's former finance chief who is now chief executive designate and takes over from Jeroen van der Veer as chief executive on July 1, has been working on detailed plans to enable the company to cope with lower oil and gas prices.

Shell's top 200 managers are expected to be briefed on the changes at a two-day meeting in Berlin, starting today.

People familiar with the company said they also expected a drive to cut costs in support functions such as human resources and accounting.

Royaldutchshellplc.com, an independent website used by Shell staff, said yesterday that more than 30 per cent of senior managers were expected to go.

Shell refused to comment on any of the restructuring plans last night.

The fact that Mr Voser, who was investors' favoured choice as chief executive when he was

appointed last year, has been given a mandate by Shell's board to make far-reaching changes before he is formally in post indicates a determination to address the company's problems quickly.

Shell's debt is set to rise sharply this year, albeit from a low base, as it funds its ambitious investment programme at a time when cash flows are under pressure.

The company also declined to comment on the sudden departure of Ms Cook, who steps down from the board next Monday.

Ms Cook will forgo a loyalty bonus of more than £800,000 by leaving, although the payment she receives on departure will offset that loss. The company refused to give details of the payment.

Mr Van der Veer paid tribute to Ms Cook, who joined Shell in Houston in 1980, for her "many important contributions to the success of our company".

Ms Cook said: "There is a lot to be proud of, in particular with respect to what the Shell team has achieved in global natural gas growth and the foundation we have built for the future."

Last week, Shell suffered an embarrassing vote of no confidence from shareholders who voted down the company's executive pay plan.

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