



ASX & Media Release

Shareholder letter in relation to AGL Energy's proposed demerger

2 May 2022

In accordance with ASX Listing Rule 3.17, please see the attached copy of a letter being sent to shareholders today in relation to AGL Energy's proposed demerger.

Authorised for release by AGL Energy's Company Secretary, John Fitzgerald.

Further enquiries

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About AGL Energy

Proudly Australian for more than 180 years, AGL Energy supplies around 4.5 million energy and telecommunications customer services¹. We're committed to becoming a leading multi-product retailer, making energy and other essential services simple, fair and transparent. AGL Energy operates Australia's largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production and storage assets. We are building on our history as Australia's leading private investor in renewable energy to now lead the business of transition to a low emissions, affordable and smart energy future in line with the goals of our Climate Statement. We have a passionate belief in progress and a relentless determination to make things better for our communities, customers, the Australian economy and our planet.

¹ Services to customers number is as at 31 December 2021 and includes Click Energy and 100% of approximately 300,000 services to customers of ActewAGL, in which AGL owns a 50% equity stake of the retail operations.

Creating a Strong Future

AGL Energy Proposed Demerger

Dear Shareholder,

We remain committed to delivering the Demerger, which your Board considers is in the best interests of Shareholders as it:

- ✓ **Creates the potential to maximise growth in the value of shares by giving each company the freedom to pursue individual strategies and growth initiatives.**
- ✓ **Supports Shareholder returns through distinct dividend policies and capital structures.**
- ✓ **Leaves the future value of two ASX listed companies with Shareholders.**

The Demerger will create two industry leading companies that will advance Australia's new energy future, enabling a responsible transition of Australia's energy system towards decarbonisation.

- **AGL Australia** will be a leading multi-service energy retailer in Australia, supported by a strong brand, extensive experience in energy retailing and be backed by a portfolio of firming, storage and renewable assets.
- **Accel Energy** will be Australia's largest electricity generator, providing secure, low-cost energy whilst driving the energy transition by repurposing its existing generation sites into low emission industrial energy hubs and progressing a pipeline of renewable energy projects.

AGL Australia and Accel Energy will be established with strong foundations for future success and growth as independent, ASX-listed companies. Each will have the flexibility to develop and execute their own strategic plans to address the challenges and opportunities presented by the rapidly evolving energy market in Australia.

The Demerger will position each company to create long-term Shareholder value. Both companies will be empowered to pursue individual strategies, operational initiatives and opportunities based on their unique assets and capabilities.

Should the proposed Demerger be approved, Shareholders will receive one share in AGL Australia for every one share in AGL Energy they hold on the applicable record date. AGL Energy Shareholders will retain their existing AGL Energy Shares and AGL Energy will be renamed "Accel Energy".

Your vote matters

All Shareholders play an important role in determining the future of AGL Energy and Australia's pathway to decarbonisation.

In the coming weeks, Shareholders will receive the Demerger Scheme Booklet which I encourage you to read ahead of casting your vote at the General Meeting and Scheme Meeting on 15 June 2022.



Peter Botten
Chairman, AGL Energy

Shareholder videos, FAQs and resources



Scan the QR code to visit agl.com.au/demerger which includes videos explaining the Demerger and what it means for Shareholders along with frequently asked questions and other useful resources.



▶ **Watch the video**

AGL Energy Board Chair and Board Director discuss the Demerger.



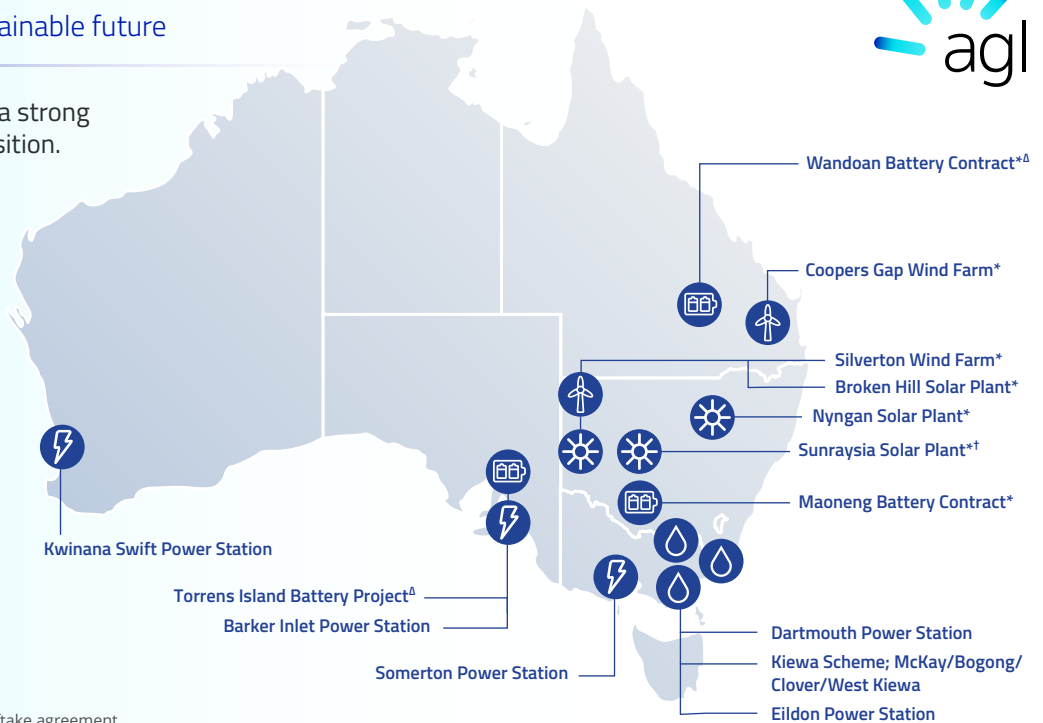
▶ **Watch the video**

Learn more about our proposed Demerger and Shareholder entitlements.



- ✓ **4.5 million customer services¹** with a strong brand legacy and market-leading position.
- ✓ Leading energy trader with a unique platform of **renewable and low carbon generation assets**.
- ✓ **Will drive new renewable capacity** and will underwrite 3GW of new renewable generation and flexible capacity by 2030.
- ✓ **Carbon neutral** for Scope 1 and 2 emissions immediately and Net zero by 2040².
- ✓ **Attractive market dynamics** poised to take advantage of anticipated growth in electricity consumption.

* Projects funded by third parties.
† 50% of outputs are contracted to AGL Australia under an offtake agreement.
Δ Currently under construction.
Generation assets operated or controlled by AGL which have an installed capacity of less than 50 MW are not shown on this map.



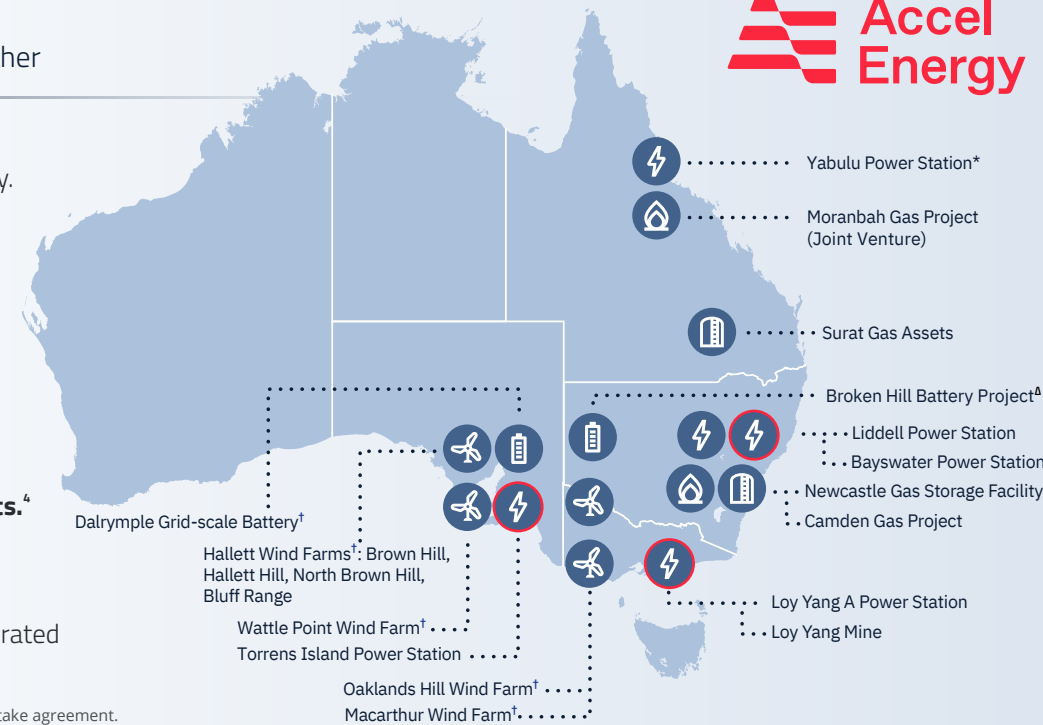
Accel Energy

Advancing a new energy future, together



- ✓ Experienced large-scale generator with **long-term, low-cost** fuel supply.
- ✓ **Large industrial customer book** with load profile well matched to generation profile.
- ✓ Driving the energy transition by repurposing sites into **low emission Industrial Energy Hubs**.
- ✓ The ETIP³ fund will support the accelerated development of over **2.7GW of renewable energy projects**.⁴
- ✓ Responsibly transition all coal operations **by no later than 2045**.
- ✓ **~8.9GW portfolio** of owned and operated electricity generation assets.

* 50% of outputs are contracted to Accel Energy under an offtake agreement.
† 100% of outputs are contracted to Accel Energy under offtake agreements.
Δ Currently under construction.



Contact us:

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1300 148 339 (within Australia)
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Weekdays between 9:00am and 5:00pm (AEST)

Disclaimer: This letter provides general information about AGL Energy's proposed demerger, which remains subject to a number of conditions and requirements. Decisions regarding voting on the proposed demerger should be made on the basis of the Demerger Scheme Booklet that is expected to be made available in mid-May 2022.

1 As at 31 December 2021, comprising of 2.5m electricity services, 1.5m gas services, 0.2m telecommunications services and 0.3m services from AGL Australia's 50% interest in ActewAGL's retail operations.

2 For all emissions (Scope 1, 2 and 3) with a 50% reduction on FY19 levels by 2030.

3 Energy Transition Investment Partnership.

4 These development projects are not depicted in the Accel Energy map.

As of 2 May 2022.