



ASX & Media Release

Shareholder communication in relation to proposed demerger

23 July 2021

In accordance with ASX Listing Rule 3.17, please see the attached copy of a letter being sent to shareholders today in relation to the proposed demerger announced by AGL Energy Limited on 30 June 2021.

Authorised for release by AGL Energy's Market Disclosure Committee.

Further enquiries

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About AGL

Proudly Australian for more than 180 years, AGL 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 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 2020 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.



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23 July 2021

Dear Shareholder,

On 30 June 2021, AGL Energy Limited announced the Board had made an important decision to pursue a proposal for the company to become two companies listed on the Australian Securities Exchange.

Under this demerger proposal, AGL Energy will change its name to Accel Energy Limited, which will be Australia's largest baseload electricity generation company. A new entity, AGL Australia Limited, will also be created. AGL Australia will retain the AGL brand and will be Australia's largest multi-product energy-led retailing business, backed with flexible energy trading, supply and storage.

Shareholders in AGL Energy would own one share in each of Accel Energy and AGL Australia, for each share they own in AGL Energy on the applicable record date. The proposal would take effect in the fourth quarter of the financial year ending 30 June 2022, subject to final Board, shareholder, ATO, regulatory and court approvals. AGL Energy intends to hold a scheme and general meeting to enable shareholders to vote on the proposed demerger, in the fourth quarter of the 2022 financial year. To find out more detailed information regarding the demerger proposal you can go to the demerger section of our website (<https://www.agl.com.au/about-agl/investors/structural-update>) or if you have a question please email ir@agl.com.au.

The Board's decision to pursue this plan comes after careful consideration. It is driven by the need to position our company for the future as the energy transition accelerates, driven by rapidly evolving technology, and changing customer needs and community expectations. Importantly, we believe it will be in the best interests of shareholders – and it will only proceed with shareholders' approval.

The demerger will enable both Accel Energy and AGL Australia to have a clear focus and well-defined goals. It will position both companies to protect and grow shareholder value while providing greater customer focus, creating opportunities for our people and recognising our important role in the Australian economy as a major employer and provider of essential services. Both companies have made commitments to publish updated roadmaps relating to the important role they will play in Australia's energy transition, including targets relating to decarbonisation.

Accel Energy will retain a shareholding of between 15 to 20 percent in AGL Australia to enable Accel Energy to share in future value creation and provide additional balance sheet flexibility. Accel Energy will not seek representation on the Board of AGL Australia.

We are committed to, and confident in, retaining investment grade ratings for both Accel Energy and AGL Australia – and we have received strong support from our lenders for the establishment of independent borrowing facilities.

The Board understands that dividends are important for our shareholders. The dividend policies for both entities will be confirmed in the scheme documents sent to shareholders in due course.

The Board of AGL Energy has also announced that key leadership appointments have been identified.

As the current AGL Energy Chair, I will continue as Chair when the company becomes Accel Energy. Current AGL Energy Interim Managing Director & CEO, Graeme Hunt, has been identified as Managing Director & CEO. In Mr Hunt's case, this will be for a fixed term of three years.

For AGL Australia, current AGL Energy Non-Executive Director Patricia McKenzie will be Chair. Current AGL Energy Chief Customer Officer, Christine Corbett, has been identified as Managing Director & CEO.

Next steps and further information

The demerger process will take some time as we undertake the complex task of separating the two businesses and is subject to approvals mentioned earlier.

In due course, you will receive further information about the process – including how you can vote on the proposal either remotely or in person at the scheme meeting.

For now, there is nothing for you to do in relation to the proposed demerger.

If you have any questions, please send an enquiry through to ir@agl.com.au, or to find more detailed information regarding the demerger proposal, you can go to our [website \(https://www.agl.com.au/about-agl/investors\)](https://www.agl.com.au/about-agl/investors).

We look forward to keeping you informed throughout this process.

Yours sincerely



Peter Botten

Chairman - AGL Energy Limited