15 November 2011

Drax Group plc
(“Drax” or the “Group”)

Symbol:DRX

Interim Management Statement

Drax today publishes its interim management statement for the period from 1 July 2011 to date.

Trading Performance

Since publishing our half year results on 2 August, trading conditions in the commodity markets in which we operate have been relatively stable, and we have taken advantage of some better dark green spreads during the period to strengthen our contracted position.

We have also benefited from continued good operating performance. The plant’s reliability and flexibility allow us to participate in the real-time electricity trading market, managed on a daily basis by National Grid through the Balancing Mechanism, and we have been particularly active in this market during the period.

As a result, we now anticipate that full year EBITDA (1) and underlying earnings per share (2) for 2011 will be towards the top of the range of market forecasts (3).

Positions Under Contract for 2011, 2012 and 2013

As at 7 November 2011, the positions under contract for 2011, 2012 and 2013 were as follows:

	2011	**2012**	**2013**
Power sales (TWh) comprising:	25.8	18.9	4.7
– Fixed price power sales (TWh)	24.9	11.0	2.1
at an average achieved price (per MWh) (4)	at £56.2	at £56.4	at £57.0
– Fixed margin and structured power sales (TWh) (5)	0.9	7.9	2.6
CO_2 emissions allowances hedged, including UK NAP allocation, market purchases, structured contracts, and benefit of biomass co-firing (TWh equivalent)	26.0	21.5	4.9
Solid fuel at fixed price/hedged, including structured contracts (TWh equivalent)	25.8	19.0	7.7

We will next update the market on the Group’s positions under contract on 21 February 2012, when we announce our preliminary results for the year ending 31 December 2011.

Renewables Obligation Banding Review Consultation

On 20 October we noted the Government's publication of its Renewables Obligation (RO) Banding Review Consultation, which sets out proposed support levels for the various renewable technologies under the RO which will come into effect from April 2013.

We welcomed the recognition of the strategically important role that sustainably-sourced biomass electricity can play in the future UK renewable energy mix. We are pleased that the Government, in seeking to maximise the deployment of the cheapest renewable technologies, has created specific support levels for the increased use of sustainable biomass in existing coal-fired power stations through enhanced co-firing and full conversion.

However, whilst the proposed level of 1.0 ROC/MWh for enhanced co-firing will enable us to increase our co-firing, we would need a moderate uplift in ROC support to maximise our potential for producing this low cost renewable electricity.

We are also disappointed with the proposed level of 1.5 ROCs/MWh for new dedicated biomass plants, which makes the investment case for our planned dedicated biomass developments highly challenging.

Publication of the Banding Review Consultation signals the start of a consultation period, which ends on 12 January 2012, and we will play our full part in the process.

Other Matters

Our Half year report, published on 2 August, included full details of the refinancing of the Group's debt facilities, which was completed in July.

On 30 August we announced that Paul Taylor had been appointed to the Board as Retail and Trading Director. His appointment took effect from 1 September.

Other than as described above, there have been no material events or transactions, nor any material change in the underlying financial position of the Group during the period.

Notes:

(1) EBITDA is profit before interest, tax, depreciation, amortisation and loss on disposal of property, plant and equipment and unrealised gains and losses on derivative contracts.

(2) Underlying earnings per share excludes the after tax impact of unrealised gains and losses on derivative contracts, and exceptional items.

(3) Based on a range of market forecasts (published since our half year results on 2 August) of £292 million to £331 million for EBITDA and 43 pence to 54 pence for underlying earnings per share.

(4) Fixed price power sales include approximately 7.0TWh supplied to Centrica in the period 1 January 2011 to 7 November 2011 under the five and a quarter year 600MW baseload contract which commenced on 1 October 2007 and the five year 300MW baseload contract which commenced on 1 October 2010.

(5) Fixed margin and structured power sales include approximately 0.9TWh in 2011, 7.9TWh in 2012 and 2.6TWh in 2013 in connection with the above contracts. Under these contracts the Group will supply power on terms which include Centrica paying for coal, based on international coal prices, and delivering matching CO_2 emissions allowances amounting in aggregate to approximately 7.2 million tonnes in each of 2011 and 2012 and 2.4 million tonnes in 2013. The contracts provide the Group with a series of fixed dark green spreads, with the spreads in the first contract having been agreed in the first quarter of 2006 and with those in the second contract having been agreed in October 2009.

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