

25 October 2012

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 2012 to date.

Trading Performance

Since publishing our half year results on 31 July, trading conditions in the commodity markets in which we operate have improved, except for domestic coal, where some of our suppliers continue to face challenges.

Although virtually fully hedged for 2012 at the time of our half year results, we have taken advantage of better dark green spreads since then to strengthen our contracted position, including additional power sales of 3.5TWh and 2.9TWh for 2013 and 2014 respectively. We have also continued to deliver good operating performance.

These factors currently underpin our expectations for the full year, which remain unchanged.

Positions Under Contract for 2012, 2013 and 2014

As at 19 October 2012, positions under contract for 2012, 2013 and 2014 were as follows:

	2012	2013	2014
Power sales (TWh) comprising:	26.9	20.3	7.3
– Fixed price power sales (TWh) at an average achieved price (per MWh) ⁽¹⁾	25.3 at £51.5	17.7 at £51.8	4.7 at £54.1
– Fixed margin and structured power sales (TWh) ⁽²⁾	1.6	2.6	2.6
CO ₂ emissions allowances hedged, including UK NAP allocation, market purchases, structured contracts, and benefit of biomass (TWh equivalent)	27.5	20.4	7.1
Solid fuel at fixed price/hedged, including structured contracts (TWh equivalent)	27.2	22.9	13.4

Notes to Positions Under Contract:

- (1) Fixed price power sales include approximately 6.3TWh supplied to Centrica in the period 1 January 2012 to 19 October 2012 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.
- (2) Fixed margin and structured power sales include approximately 1.6TWh in 2012 and 2.6TWh both in 2013 and 2014 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 CO₂ emissions allowances amounting in aggregate to approximately 7.2 million tonnes in 2012 and 2.4 million tonnes in each of 2013 and 2014. 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.

We will next update the market on the Group's positions under contract on 19 February 2013, when we announce our preliminary results for the year ending 31 December 2012.

Placing

In a separate announcement issued today, we have set out our intention to raise approximately £180 million via a placing of new ordinary shares. We have previously announced our intention to transform Drax into a predominantly biomass-fuelled generator. The proposed placing is an integral part of the funding for the £650 million to £700 million capital investment required for this transformation.

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

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