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23 June 2009

**Drax Group plc
("Drax" or the "Group")**

Symbol:DRX

Trading Update

Prior to entering its close period on 1 July 2009, Drax announces the following trading update.

Trading performance and outlook

The UK market continues to experience low near-term dark green spreads, although our exposure is mitigated by our strong forward contracted position. If commodity prices remain at current levels, we anticipate that full year EBITDA for 2009 will be in line with market consensus.

For 2010 and beyond, commodity markets currently forecast a sharp recovery in prices and dark green spreads. We have taken the opportunity to accelerate hedging into 2010, locking into these margins in what remains a volatile and unpredictable trading environment. We have already sold approximately 80% of our output for 2010 at higher average margins than for 2009.

Positions under contract for 2009, 2010 and 2011

As at 12 June 2009, the positions under contract for 2009, 2010 and 2011 were as follows:

	2009	2010	2011
Power sales (TWh) comprising:	22.7	20.5	11.8
– Fixed price power sales (TWh) at an average achieved price (per MWh)	20.0 at £50.4	14.4 at £54.6	6.1 at £60.3
– Fixed margin power sales (TWh)	2.7	6.1	5.7
CO ₂ emissions allowances hedged including UK NAP allocation, market purchases, structured contracts, and benefit of biomass co-firing (TWh equivalent)	22.6	20.6	17.8
Solid fuel at fixed price/hedged including structured contracts (TWh equivalent)	21.4	21.1	11.4

Fixed price power sales include approximately 2.6TWh supplied to Centrica in the period 1 January 2009 to 12 June 2009 under the five-and-a-quarter year baseload contract with Centrica which commenced on 1 October 2007.

Fixed margin power sales include approximately 2.7TWh in 2009 and 5.3TWh in each of 2010 and 2011 in connection with the contract. Under this contract 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 to approximately 4.8 million tonnes per annum. The contract provides the Group with a series of fixed dark green spreads which were agreed in the first quarter of 2006.

We will next update the market on the Group's contracted positions on 4 August 2009 when we announce our Half Year Results for the six months ending 30 June 2009.

Distributions to Shareholders

Our distribution policy remains unchanged. For 2009, all excess cash from operations after meeting business requirements will be distributed, and from 2010 we will target a pay-out of 50% of underlying earnings, adjusted for non-cash accounting items. Consistent with previous years, the level of interim dividend for 2009 will take account of the closing cash position, less working capital, capital expenditure and any other needs of the business.

In a separate announcement issued today, we have announced our intention to raise approximately £100m via a placing of new ordinary shares. In order to help support our investment grade debt rating, the proceeds of the proposed placing will be applied to a part prepayment of our term debt.

Conference Call

Management will host a conference call for analysts and investors at 9:00am (UK Time) today. After the call a recording will be made available. Access details for both are set out below.

Event Title:	Drax Group plc: Trading Update
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Any indication in this announcement of the price at which ordinary shares have been bought or sold in the past cannot be relied upon as a guide to future performance. No statement in this announcement is intended to be a profit forecast and no statement in this announcement should be interpreted to mean that earnings per share of Drax for the current or future financial years would necessarily match or exceed the historical published earnings per share of Drax.

Website: *HYPERLINK* "<http://www.draxgroup.plc.uk>" www.draxgroup.plc.uk

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