



13 April 2018

DRAX FINCO PLC

Pricing of offering of senior secured notes due November 2025 to redeem in full senior secured floating rate notes due May 2022

On 12 April 2018, Drax Group plc's ("Drax") indirect wholly owned subsidiary, Drax Finco plc, priced its offering (the "Offering") of U.S. dollar denominated senior secured notes due November 2025 (the "Notes"), in an aggregate principal amount of \$300.0 million.

The Notes will bear interest at an interest rate of 6.625 per cent. per annum and will be issued at 100 per cent. of their nominal value.

The purpose of the Offering is to extend the maturity date of Drax's senior debt at an attractive fixed rate (the all-in rate of the new indebtedness being lower than the rate specified above when taking into account currency hedging arrangements put in place to satisfy Drax Finco plc's underlying debt service obligations).

The proceeds from the offering of the Notes will be used to redeem in full Drax Finco plc's outstanding senior secured floating rate notes due May 2022 on or about 1 May 2018 as described in its notice of conditional redemption, to pay related fees and expenses of the Offering and the redemption including underwriting fees and commissions, professional fees and other associated transaction costs as well as the applicable redemption premium and accrued and unpaid interest to the date of redemption and for general corporate purposes. There can be no assurance that the Offering will be completed or that the redemption will be completed.

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Cautionary Statement

This release is for information purposes only and does not constitute a prospectus or any offer to sell or the solicitation of an offer to buy any security in the United States of America or in any other jurisdiction. Securities may not be offered or sold in the United States of America absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The Notes will be offered in a private offering exempt from the registration requirements of the Securities Act and will accordingly be offered only to (i) qualified institutional buyers pursuant to Rule 144A under the Securities Act and (ii) certain non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act. No indebtedness incurred in connection with any other financing transactions will be registered under the Securities Act.



This communication is directed only at persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order, (iii) are persons who are outside the United Kingdom, and (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to, and will only be engaged in with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

This announcement is not a public offering in the Grand Duchy of Luxembourg or an offer of securities to the public in any European Economic Area member state that has implemented Directive 2003/71/EC, and any amendments thereto (together with any applicable implementing measures in any member state, the "Prospectus Directive").

Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as the Notes are not available to retail investors in the European Economic Area.

Forward Looking Statements

This release includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, terms such as "aim", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "outlook", "plan", "predict", "project", "should", "will" or "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts and include statements regarding Drax's intentions, beliefs or current expectations concerning, among other things, Drax's future financial conditions and performance, results of operations and liquidity, strategy, plans, objectives, prospects, growth, goals and targets, future developments in the markets in which Drax participate or are seeking to participate, and anticipated regulatory changes in the industry in which Drax operate. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and are based on numerous assumptions. Given these risks and uncertainties, readers should not rely on forward looking statements as a prediction of actual results.

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NOTICE OF CONDITIONAL REDEMPTION**Drax Finco plc****Senior Secured Floating Rate Notes due 2022****ISIN Numbers: XS1602281724* (Rule 144A) and XS1602281567* (Regulation S)****Common Codes: 160228172* (Rule 144A) and 160228156* (Regulation S)**

NOTICE IS HEREBY GIVEN that in accordance with Sections 3.03 and 13.01 of the indenture dated as of May 5, 2017 (as heretofore amended, supplemented or otherwise modified, the “**Indenture**”) among Drax Finco plc, a public limited company incorporated under the laws of England and Wales (the “**Company**”), BNY Mellon Corporate Trustee Services Limited, as trustee (the “**Trustee**”), The Bank of New York Mellon, acting through its London Branch, as paying agent (the “**Paying Agent**”) and calculation agent, The Bank of New York Mellon SA/NV, acting through its Luxembourg Branch, as registrar and transfer agent, and Deutsche Bank AG, London Branch, acting through its London Branch, as security agent, the Company has elected to redeem (subject to satisfaction or waiver of the condition described below) (the “**Redemption**”) all of its outstanding £200,000,000 Senior Secured Floating Rate Notes due 2022 (the “**Floating Rate Notes**”) on the Redemption Date (as defined below). The Redemption Price (as defined below) will be paid to holders of record as of the Record Date (as defined below). Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the Indenture.

1. The redemption date for the Floating Rate Notes shall be, subject to the satisfaction or waiver of the Refinancing Condition (as defined below), May 1, 2018, provided that if the Refinancing Condition shall not have been satisfied or waived by April 30, 2018, the redemption date for the Floating Rate Notes shall be the Business Day immediately following the satisfaction or waiver of the Refinancing Condition (the “**Redemption Date**”). The Redemption Date, if such date occurs, will not occur later than June 10, 2018.

2. The redemption price payment will be made in accordance with paragraph 5 (Optional Redemption) of the Floating Rate Notes. The redemption price (the “**Redemption Price**”) will be equal to:

- 101.000% of the principal amount of the Floating Rate Notes to be redeemed, plus
- Additional Amounts, if any, and, if the Redemption Date is after May 1, 2018, accrued and unpaid interest from May 1, 2018 to, but not including, the Redemption Date.

If the Redemption Date is May 1, 2018, accrued and unpaid interest on the Floating Rate Notes from February 1, 2018 to, but not including, the Redemption Date shall be paid on May 1, 2018 to holders of record on April 15, 2018.

3. If the Redemption Date is May 1, 2018, the record date will be April 15, 2018, and if the Redemption Date is after May 1, 2018, the record date will be the Business Day immediately preceding the Redemption Date (in each case, the “**Record Date**”).

4. The Floating Rate Notes must be surrendered to the Paying Agent, to collect the Redemption Price. Payment of the Redemption Price will be made on or after the Redemption Date upon presentation and surrender of the Floating Rate Notes at the following address:

The Bank of New York Mellon
One Canada Square
London E14 5AL

5. On the Redemption Date, assuming satisfaction or waiver of the Refinancing Condition (as defined below), the Redemption Price will become due and payable upon each Floating Rate Note. Unless the Company defaults in making the redemption payment, interest on the Floating Rate Notes will cease to accrue on and after the Redemption Date and the only remaining right of Holders will be to receive payment of the Redemption Price in respect of the redeemed amount.

6. The redemption of the Floating Rate Notes is being effected pursuant to paragraph 5 (Optional Redemption) of the Floating Rate Notes and in accordance with Article Three of the Indenture.

7. The Company’s obligation to redeem any of the Floating Rate Notes on the Redemption Date is conditioned upon the completion of one or more financing transactions by the Company for the purpose of redeeming the Floating Rate Notes that are reasonably satisfactory to the Company in its discretion and result in aggregate net proceeds to the Company in a sufficient quantity, together with cash on hand, to pay the Redemption Price (as defined above) for the Floating Rate Notes, including applicable premium, in full, and to pay all related expenses in respect of the Redemption on or prior to the Redemption Date (the “**Refinancing Condition**”). Accordingly, none of the Floating Rate Notes shall be deemed due and payable on the Redemption Date unless and until the Refinancing Condition is satisfied or waived by the Company. The Company will inform Holders of Floating Rate Notes, the Trustee and the Paying Agent by press release at least one Business Day prior to the Redemption Date as to whether the Refinancing Condition will be satisfied or waived. If the Refinancing Condition is not satisfied or waived, any Floating Rate Notes previously surrendered to the Paying Agent shall be returned to the Holders thereof.

NOTICE: The Paying Agent will withhold under the U.S. backup withholding rules the statutorily prescribed rate of any payment that is made upon redemption of a Floating Rate Note unless the Holder, when presenting the Floating Rate Notes, delivers a properly completed IRS Form W-9 or an applicable IRS Form W-8, or the Holder otherwise establishes an exemption from such backup withholding.

Drax Finco plc

Date: April 13, 2018

*These ISIN and Common Code numbers are included solely for the convenience of the holders. Neither the Trustee, the Company nor the Paying Agent shall be responsible for the selection or use of any ISIN or Common Code number, nor is any representation made as to its correctness or accuracy on any Floating Rate Note or as referred to in any redemption notice.
