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17 May 2019

Drax Finco plc

Completion of offering of senior secured notes due 2025

On 16 May 2019, Drax Group plc's ("**Drax**") indirect wholly owned subsidiary, Drax Finco plc, completed and settled its offering (the "**Offering**") of U.S. dollar denominated 6⁵/₈% senior secured notes due 2025 (the "**Notes**") in an aggregate principal amount of \$200 million.

The Notes bear interest at an interest rate of 6.625 per cent. per annum and were issued at 101.5 per cent. of their nominal value. The Notes were issued under the indenture governing Drax Finco plc's outstanding \$300 million aggregate principal amount of 6⁵/₈% senior secured notes due 2025. Cross-currency swaps have been put in place to 2023 in relation to the proceeds of the Offering, as a result of which the effective sterling-equivalent interest rate applying to this new debt is 4.74 per cent. per annum.

The proceeds of the Offering will be used to repay in part outstanding amounts drawn under the group's acquisition bank facility⁽¹⁾, to pay related fees and expenses of the Offering, including underwriting fees and commissions, professional fees and other associated transaction costs as well as applicable prepayment fees and accrued and unpaid interest to the date of repayment. Drax continues to expect to refinance the remainder of the acquisition bank facility during 2019.

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Note

- (1) Drax Corporate Limited drew £550 million under an acquisition bank facility on 2 January 2019 used to partially fund the acquisition of Scottish Power Generation for an initial net consideration of £687 million. The facility has a 12-month duration from 31 December 2018, with an additional seven-month extension option.

Cautionary Statement

This release is being issued pursuant to Rule 135c under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and 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 Securities Act. The Notes and related guarantees were offered in a private offering exempt from the registration

requirements of the Securities Act and were accordingly 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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