30 June 2008

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

Symbol:DRX

Trading Update

Prior to entering its close period on 1 July 2008, Drax announces the following trading update.

Trading performance and outlook

Since issuing our interim management statement on 19 May 2008 we have continued to experience attractive trading conditions in the commodity markets in which we operate. We currently anticipate that our full year results will be modestly higher than recent market EBITDA consensus of around £400m, reflecting our current contracted position as well as prevailing conditions in the commodity markets.

Our contracted position below reflects the fact that we have generated and expect to generate additional volumes of power in what have been historically lower margin periods. Current commodity market conditions mean that it is profitable to generate these incremental volumes, albeit at moderate margins. Therefore, based on such conditions, we would expect our generation levels for the full year to be modestly higher than in previous years.

Contracted positions for 2008, 2009 and 2010

We continue to follow our stated trading strategy of making steady forward power sales with corresponding purchases of CO_2 emissions allowances and coal purchases. Our aim is to deliver market level or better dark green spreads across all traded market periods and, as part of this strategy, we retain power to be sold into the prompt (within season) power markets.

As at 20 June 2008, the contracted positions for 2008, 2009 and 2010 were as follows:

	2008	2009	2010
Power sales (TWh) comprising:	23.2	18.9	15.9
– Fixed price power sales (TWh) at an average achieved price (per MWh)	20.4 At £51.1	13.6 At £49.1	10.6 At £56.4
– Fixed margin power sales (TWh)	2.8	5.3	5.3
CO_2 emissions allowances hedged (TWh equivalent) (1)	23.6	18.8	18.1
Solid fuel at fixed price/hedged (TWh equivalent) (2)	23.7	20.1	16.5

(1) Including UK NAP allocation, market purchases, structured contracts, and benefit of biomass co-firing
(2) Including structured contracts

Fixed price power sales include approximately 2.5TWh supplied to Centrica in the period 1 January 2008 to 20 June 2008 under the five-and-a-quarter year baseload contract with Centrica which commenced on 1 October 2007.

Fixed margin power sales include approximately 2.8TWh in 2008 and 5.3TWh in each of 2009 and 2010 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 CO_2 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 5 August 2008 when we announce our Half Year Results for the year ending 31 December 2008.

Distributions to Shareholders

We expect that the closing cash position as at 30 June 2008 will be approximately £100m. In line with our policy of distributing cash surplus to the needs of the business the Board expects to declare an interim ordinary dividend of 5 pence per share (approximately £17m), and a special dividend in respect of the six months ending 30 June 2008 with the 2008 Half Year Results. Consistent with previous years, the level of special dividend will take account of the closing cash position, less the working capital, capital expenditure and any other needs of the business, and the interim ordinary dividend.

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