

DRAX GROUP PLC
(Symbol: DRX)

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008
- PART ONE -

**Strong performance in a challenging environment,
carbon abatement and multi-fuel strategy on course**

Drax Group plc (“Drax” or the “Company”) announces its preliminary results for the year ended 31 December 2008 and reports on key developments.

Highlights

Financial

- EBITDA⁽¹⁾ of £454 million (2007: £506 million) reflecting a strong trading and operating performance offset by a narrowing of margins against a backdrop of extreme movements in commodity prices.
- Adjusted PBT⁽³⁾ of £386 million (2007: £439 million).
- Strong cash returns to shareholders relating to 2008 totalling £180 million (2007: £160 million).
 - Final dividend proposed of 38.3 pence per share (£130 million).
- Since the publication of our December Trading Update, commodity prices have remained volatile and we have experienced a further contraction in spreads during the first two months of 2009.
 - We will be focusing on strong, active cost, capital and cash management in 2009.

Operational

- Excellent delivery on our business priorities, in particular:
 - Tangible progress on our two major carbon abatement projects.
 - 3% reduction in carbon dioxide emissions per unit of electricity generated, compared to 2006 emissions rates, due to biomass co-firing and our investments in thermal efficiency improvements – carbon dioxide reduction equivalent to taking some 195,000 cars off the road.
 - Strong trading performance in line with our strategy to progressively hedge our output and deliver added value from our trading capability.
 - Leading operating performance amongst UK coal-fired generation plant maintained with plant availability of 86% and high commercial despatch with a load factor of 76%.

Strategic

- Biomass growth strategy announced in October 2008, with the intention to develop 900MW of dedicated biomass-fired power generation capacity with strategic partner, Siemens Project Ventures GmbH.

- o Good progress made to date; project timetable remains on course, with a final investment decision expected in H2 2010.

Dorothy Thompson, Chief Executive of Drax, said:

“During 2008, we delivered a good performance against a backdrop of extreme movements in commodity prices. In particular, the strategic value of Drax Power Station was clearly demonstrated as we took advantage of our strengths in reliability and availability within a market that saw a variety of structural issues limit the overall availability of the UK’s generation capacity.

“We continued to deliver on our core competencies, with a focus on delivering value for our shareholders by maintaining leading performances in trading and operations.

“Going forward, we will continue to exploit the strategic value of Drax Power Station and aggressively pursue carbon abatement. At the same time we will progress our plans to transform Drax into a multi-site, multi-fuel business which should deliver attractive returns for our investors.

“On current trends, some 6GW of the older UK coal-fired plant will be required to close by 2012 to comply with EU legislation. We believe this underlines the importance of Drax in ensuring security of supply and reinforces the need for investment in the sector.”

Year ended 31 December 2008 compared to year ended 31 December 2007:

	Year ended 31 December		
	2008	2007	Movement
	£ million	£ million	
Total revenue	1,753	1,247	41%
Gross profit	683	701	(3)%
EBITDA ⁽¹⁾	454	506	(10)%
Operating profit ⁽²⁾	464	471	(2)%
Profit before tax	443	449	(1)%
Adjusted profit before tax ⁽³⁾	386	439	(12)%
Profit after tax	333	353	(6)%
	Pence per share	Pence per share	
Basic and diluted earnings per share	98	99	
Proposed final dividend ⁽⁴⁾	38.3	17.7	

Notes:

(1) EBITDA is profit before interest, tax, depreciation and amortisation, exceptional items and unrealised gains on derivative contracts.

(2) Operating profit includes exceptional items and unrealised gains on derivative contracts totalling £56 million (2007: £10 million).

(3) Adjusted profit before tax excludes exceptional items and unrealised gains on derivative contracts totalling £56 million (2007: £10 million).

(4) Based on the number of shares in issue as at 31 December 2008 and 31 December 2007 respectively.

~~~~~

### Forward Looking Statements

*This announcement may contain certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans and objectives for the*

*management of future operations of Drax Group plc ("Drax") and its subsidiaries (the "Group") are not warranted or guaranteed. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Although Drax believes that the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. There are a number of factors, many of which are beyond the control of the Group, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, factors such as: future revenues being lower than expected; increasing competitive pressures in the industry; and/or general economic conditions or conditions affecting the relevant industry, both domestically and internationally, being less favourable than expected. We do not intend to publicly update or revise these projections or other forward-looking statements to reflect events or circumstances after the date hereof, and we do not assume any responsibility for doing so.*

~~~~~

Management Presentation and Conference Call

Management will host a presentation for analysts and investors at 9:00am (UK Time) today, Tuesday 3 March 2009, at the City Presentation Centre, 4 Chiswell Street, Finsbury Square, London, EC1Y 4UP.

The meeting can also be accessed remotely via a conference call or alternatively via a live webcast, as detailed below. After the meeting, a video webcast and recordings of the call will be made available and access details for these recordings are also set out below.

A copy of the presentation will be made available from 7:00am (UK time) today, Tuesday 3 March for download at www.draxgroup.plc.uk >> investors>>results and reports>>IR presentations>>2008 or use the link http://www.draxgroup.plc.uk/investor/results_and_reports/presentations/

Event Title: Drax Group plc: Full Year Results
Event Date: Tuesday 3 March 2009
Event Time: 9:00am (UK time)

UK Call In Number: 020 7162 0025
International Call In Number: +44 (0)20 7162 0025
US Call In Number: + 1 334 323 6201

Webcast details

Live Event Link: <http://events.webeventsolutions.com/drax/2009/03/03/>

UK Instant Replay

Start Date: Tuesday 3 March 2009
Delete Date: Thursday 2 April 2009
Dial In Number: 020 7031 4064
Freephone number (UK only): 0800 358 1860
Passcode: 822854

US Instant Replay

Start Date: Tuesday 3 March 2009
Delete Date: Thursday 2 April 2009
Dial In Number: 1-954-334-0342
Freephone number (US only): +1 888 365 0240
Passcode: 822854

Video Webcast

Start Date: Tuesday 3 March 2009
Delete Date: Wednesday 3 March 2010
Archive Link: <http://events.webeventsolutions.com/drax/2009/03/03/>

For further information please contact:

	On the day	Thereafter
Andrew Koss, Investor Relations	+44 (0) 20 7404 5959	+44 (0) 1757 612333
Melanie Wedgbury, Media Contact	+44 (0) 20 7404 5959	+44 (0) 1757 612438
Mike Harrison / Nick Claydon, Brunswick	+44 (0) 20 7404 5959	+44 (0) 20 7404 5959
Website:	www.draxgroup.plc.uk	

- PART TWO TO FOLLOW -