

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take you are recommended to seek your own financial advice from your stockbroker or other independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your holding of ordinary shares in Drax Group plc please forward this booklet and the accompanying documents (but not the personalised Form of Proxy or Form of Direction), as soon as possible, to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.



Registered Office: Drax Power Station, PO Box 3, Selby, North Yorkshire YO8 8PQ
Registered in England and Wales Number 5562053

This document contains:		Page
Part A	Letter from the Chairman	1
Part B	Notice of the Annual General Meeting	3
Part C	Explanatory notes to the Notice of the Annual General Meeting	5
Part D	Administrative notes relating to the Annual General Meeting	7
Part E	Overview of the special dividend	10
Part F	Definitions	11

Notice of the Annual General Meeting of Drax Group plc to be held at 11.00am on Thursday 17 April 2008 at The City Presentation Centre, 4 Chiswell Street, London EC1Y 4UP is set out on pages 3 and 4 of this document.

For Shareholders, a Form of Proxy is enclosed with this document and, if used, should be lodged with the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR no later than 11.00am on 15 April 2008.

For Share Incentive Plan ("SIP") participants, a Form of Direction is enclosed with this document and, if used, should be lodged with the Trustee of the SIP, Capita IRG Trustees Limited, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR no later than 11.00am on 10 April 2008.

If you hold shares in CREST you may appoint a proxy by completing and transmitting a CREST proxy instruction to Capita Registrars (CREST participant ID RA10) so that it is received by no later than 11.00am on 15 April 2008.

The return of a completed Form of Proxy or CREST proxy instruction will not prevent you from attending the Annual General Meeting and voting in person if you wish to do so.

Part A

Letter from the Chairman



Registered Office: Drax Power Station, PO Box 3, Selby, North Yorkshire YO8 8PQ
Registered in England and Wales Number 5562053

Directors

Gordon Horsfield (Chairman)
Dorothy Thompson (Chief Executive)
Tim Barker
Charles Berry
Gordon Boyd
Jamie Dundas
Peter Emery
Mike Grasby

To: Shareholders and participants in the Drax Approved Share Incentive Plan

For information only to: Participants in the Drax Approved Savings-Related Share Option Plan and the Drax Executive Share Incentive Plan

Dear Shareholder,

Annual General Meeting and Annual Report and Accounts

I am pleased to enclose the Notice of the third Annual General Meeting ("AGM") of Drax Group plc (the "Company" or "Drax") and a copy of the Company's Annual Report and Accounts 2007. The AGM will be held at 11.00am on Thursday 17 April 2008 at The City Presentation Centre, 4 Chiswell Street, London EC1Y 4UP.

Notice of Meeting

The Notice of Meeting is set out in Part B on pages 3 and 4 of this document.

Explanatory notes

The explanatory notes to the resolutions set out in the Notice of Meeting are in Part C on pages 5 and 6. There will also be an opportunity for shareholders to ask questions appropriate to the business of the AGM at the meeting.

Proposed amendments to the Articles of Association

The Board is seeking to amend the Articles of Association of the Company in order to reflect certain changes to the law made by the Companies Act 2006. Accordingly, the Board is seeking shareholder approval to amend the Articles of Association. A summary of the proposed amendments is set out in the explanatory notes to the Notice of Meeting on page 6.

Final dividend

The Board is proposing the payment of a final dividend of 9.9 pence per ordinary share.

Special dividend

In line with our policy of distributing surplus cash, the Board intends to pay a special dividend of 7.8 pence per ordinary share (equivalent to approximately £26.5 million) in addition to the final dividend detailed above. Page 10 contains an overview of the special dividend.

Drax has continually stated that it would consider the most appropriate method on each occasion when returning surplus cash to shareholders. In view of the relative size of the special dividend the Board does not consider it appropriate or necessary to implement a consolidation of Drax's share capital on this occasion.

Details of the record, ex-dividend and payment dates for the final dividend and special dividend can be found in the section headed "Expected timetable of principal events 2008" opposite.

Action to be taken

Ordinary shareholders

Whether or not you propose to attend the AGM, you are requested to complete and sign the enclosed Form of Proxy in accordance with the instructions printed thereon. Completed Forms of Proxy should be returned to Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR as soon as possible and in any event so as to be received by Capita Registrars no later than 11.00am on 15 April 2008.

If you hold shares in CREST you may appoint a proxy by completing and transmitting a CREST proxy instruction to Capita Registrars (CREST participant ID RA10) so that it is received by no later than 11.00am on 15 April 2008. The return of a completed Form of Proxy or CREST proxy instruction will not prevent you from attending the AGM and voting in person if you wish to do so.

SIP participants

You are requested to complete and sign the enclosed Form of Direction in order to instruct the Trustee of the SIP how you would like it to vote on your behalf. Completed Forms of Direction should be returned to Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR as soon as possible and in any event so as to be received by Capita IRG Trustees Limited no later than 11.00am on 10 April 2008.

Voting arrangements

Voting on each of the resolutions to be put to the AGM will be by poll, rather than a show of hands, so that all shares voted are included, whether or not the shareholder is able to attend the meeting. The Board believes this to be the most democratic procedure for voting on resolutions. The results of the polls will be announced to the London Stock Exchange as soon as practicable following the meeting and will also be published on the Company's website www.draxgroup.plc.uk.

The Company has included on the Form of Proxy and the Form of Direction an "Abstain" option in order for shareholders to abstain on any particular resolution. However, an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" the relevant resolution.

Expected timetable of principal events 2008

Latest time for receipt of Forms of Direction from SIP participants to be valid at the AGM	11.00am on 10 April
Latest time for receipt of Forms of Proxy and CREST proxy instructions to be valid at the AGM	11.00am on 15 April
Ordinary shares marked ex-final dividend and ex-special dividend	16 April
Annual General Meeting	11.00am on 17 April
Record date for entitlement to the final dividend and special dividend	4.30pm on 18 April
Despatch of final dividend and special dividend warrants and tax vouchers	6 May
Payment date for the final dividend and for the special dividend	7 May

Notes:

- (1) References to time in this document are to UK time.
- (2) If any of the above times or dates should change, the revised times and/or dates will be notified to shareholders by an announcement on a Regulatory Information Service.
- (3) All events in the above timetable relating to the final dividend following the AGM are conditional on the passing of resolution 3 at the AGM.

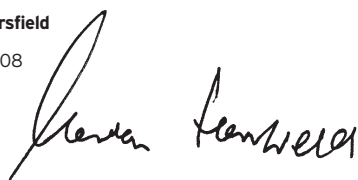
Recommendation

The directors of the Company consider that the proposals to be considered at the AGM are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole.

Accordingly, the directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial interests of 2,508,387 ordinary shares representing approximately 0.74% of the existing issued ordinary share capital of the Company.

Yours sincerely

Gordon Horsfield
Chairman
3 March 2008



Part B

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Drax Group plc (the "Company") will be held at **11.00am on Thursday 17 April 2008 at The City Presentation Centre, 4 Chiswell Street, London EC1Y 4UP** for the following purposes:

Ordinary business

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive and adopt the Directors' report, the auditor's report and the Company's annual accounts for the year ended 31 December 2007.
2. To approve the Directors' remuneration report for the year ended 31 December 2007 contained within the Annual Report and Accounts.
3. To approve the final dividend of 9.9 pence per share.
4. To re-elect Tim Barker as a director of the Company.
5. To re-elect Gordon Boyd as a director of the Company.
6. To re-elect Peter Emery as a director of the Company.
7. To reappoint Deloitte & Touche LLP as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting.
8. To authorise the directors to determine the auditors' remuneration.

Special business

To consider and, if thought fit, pass resolutions 9 and 10 as ordinary resolutions and resolutions 11, 12, 13 and 14 as special resolutions:

9. That the directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ("CA 1985"), and in substitution for any existing power to allot relevant securities, to exercise all powers of the Company to allot relevant securities (within the meaning of section 80(2) of CA 1985) up to an aggregate nominal amount of £13,068,707 for a period expiring 15 months after the passing of this resolution or if earlier, on the date of the Annual General Meeting of the Company in 2009, but so that this authority shall allow the Company before the expiry of this authority to make offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry the directors may allot relevant securities in pursuance of such offers or arrangements. References in this resolution to CA 1985, or to sections of CA 1985, shall where the context requires and where appropriate, include references to the Companies Act 2006 ("CA 2006") and any corresponding or similar sections of CA 2006, it being the intention that, to the extent permitted by law, the authority contained in this resolution shall continue in full force and effect notwithstanding any repeal of CA 1985 or any relevant part or section thereof.
10. That in accordance with sections 366 and 367 of CA 2006, the Company and all of the companies that are or become subsidiaries of the Company from time to time during the period when this resolution is in full force and effect are authorised, in aggregate:
 - a. to make political donations to political parties and/or independent election candidates, as defined in sections 363 and 364 CA 2006, not exceeding £50,000 in total; and/or
 - b. to make political donations to political organisations other than political parties, as defined in sections 363 and 364 CA 2006, not exceeding £50,000 in total; and/or
 - c. to incur political expenditure, as defined in section 365 CA 2006, not exceeding £100,000 in total;during the period beginning with the date of the passing of this resolution and ending at the conclusion of the next Annual General Meeting of the Company.

For the purposes of resolution 10 the expressions "donations", "EU political organisations" and "EU political expenditure" have the meanings set out in Part XA of CA 1985 (as amended by the Political Parties, Election and Referendums Act 2000).

11. That, subject to the passing of resolution 9 above and in substitution for all subsisting authorities to the extent unused, the directors be and they are hereby empowered, pursuant to section 95 of CA 1985, to allot equity securities (within the meaning of section 94 of CA 1985) for cash pursuant to the authority given by resolution 9, and to transfer equity securities (within the meaning of section 94 of CA 1985) which are held by the Company in treasury, as if section 89(1) of CA 1985 did not apply to any such allotments or transfers, provided that this power shall be limited to the allotment or transfer of equity securities:
 - a. in connection with or the subject of an offer or invitation, open for acceptance for a period fixed by the directors, to holders of ordinary shares and such other equity securities of the Company as the directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (including equity securities which, in connection with such offer or invitation, are the subject of such exclusions or other arrangements as the directors may deem necessary or

expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise howsoever); and

- b. (otherwise than pursuant to sub paragraph (a) above) up to an aggregate nominal amount of £1,960,306, and, unless renewed, the authority hereby conferred shall expire 15 months after the passing of this resolution or if earlier, at the conclusion of the next Annual General Meeting of the Company, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the directors may allot equity securities in pursuance of such offers or agreements. References in this resolution to CA 1985, or to sections of CA 1985, shall where the context requires and where appropriate, include references to CA 2006 and any corresponding or similar sections of CA 2006, it being the intention that, to the extent permitted by law, the authority contained in this resolution shall continue in full force and effect notwithstanding any repeal of CA 1985 or any relevant part or section thereof.
12. That, the Company be generally and unconditionally authorised, pursuant to and in accordance with section 166 of CA 1985, in substitution for all such existing authorities to make one or more market purchases (within the meaning of section 163(3) of CA 1985) of ordinary shares in the capital of the Company on such terms and in such manner as the directors of the Company may from time to time determine, provided that:
- a. the maximum aggregate number of ordinary shares authorised to be purchased is 33,939,700 representing approximately 10% of the issued ordinary share capital;
 - b. the minimum price (exclusive of expenses) which may be paid for a ordinary share shall be the nominal amount of such ordinary share (exclusive of expenses);
 - c. the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not exceed 105% of the average middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days in respect of which such Daily Official List is published immediately preceding the day on which the share is contracted to be purchased;
 - d. this authority shall expire 15 months after the date of the passing of this resolution, or if earlier, at the conclusion of the next Annual General Meeting of the Company after the date of the passing of this resolution, unless previously revoked, varied or renewed by the Company in general meeting; and
 - e. the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partially after the expiry of such authority and may make a purchase of its own shares in pursuance of any such contract as if the authority conferred hereby had not expired.

References in this resolution to CA 1985, or to sections of CA 1985, shall where the context requires and where appropriate, include references to CA 2006 and any corresponding or similar sections of CA 2006, it being the intention that, to the extent permitted by law, the authority contained in this resolution shall continue in full force and effect notwithstanding any repeal of CA 1985 or any relevant part or section thereof.

13. That, with effect from the end of the meeting, Article 168 of the Company's existing Articles of Association be and is hereby deleted and that the following text be and is hereby inserted in substitution for the existing Article 168:

"168 Right to indemnity

Subject to the provisions of CA 2006, but without prejudice to any indemnity to which he may otherwise be entitled, every person who is or was at any time a Director, alternate Director, Secretary or other officer of the Company (except the Auditors) shall be entitled to be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, as a trustee of an occupational pension scheme (as defined in section 235(6) CA 2006)."

14. That, with effect from 00.01am on 1 October 2008, the Articles of Association in the proposed new form, as produced to the meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and adopted in substitution for and to the exclusion of the Company's existing Articles of Association.

By order of the Board

Philip Hudson
Company Secretary
Drax Power Station, PO Box 3, Selby, North Yorkshire YO8 8PQ
3 March 2008



Part C

Explanatory notes to the Notice of the Annual General Meeting

Resolution 1 - To receive and adopt the Directors' report, auditor's report and the Company's annual accounts

The directors are required to present to the meeting the audited accounts and the Directors' and auditor's reports for the financial year ended 31 December 2007.

Resolution 2 - To approve the Directors' remuneration report

In accordance with section 241A of the Companies Act 1985 ("CA 1985"), the approval of shareholders is sought in respect of the Directors' remuneration report. The Directors' Remuneration report for the financial year ended 31 December 2007, entitled the Remuneration Committee report, is set out on pages 46 to 53 of the Annual Report and Accounts 2007.

Resolutions 3

To approve the final dividend of 9.9 pence per share, which if approved, will be paid on 7 May 2008.

Resolution 4, 5 and 6 - To elect the directors

The Company's Articles of Association require that one-third of directors retire by rotation each year. The directors selected to retire by rotation this year are Tim Barker, Gordon Boyd and Peter Emery and all being eligible, offer themselves for re-election. Each of the director's biographical notes are set out on pages 32 and 33 of the Annual Report and Accounts.

Resolutions 7 and 8 - Reappointment of auditors and determination of their remuneration

The Company must appoint or reappoint auditors at every general meeting at which accounts are presented and it is normal practice for a company's directors, acting through the Audit Committee, to be authorised to determine the auditor's remuneration. Deloitte & Touche LLP has advised of its willingness to stand for reappointment as the auditor of the Company.

Resolutions 9 and 11 - To give power to the Board to allot shares and disapply pre-emption rights

Resolution 9, which will be proposed as an ordinary resolution will, if passed, authorise the directors to allot the Company's unissued shares up to a maximum nominal amount of £13,068,707, which represents one-third of the total ordinary share capital in issue as at 1 March 2008 excluding treasury shares. As at 1 March 2008, the Company did not hold any treasury shares in the Company. This authority will expire no later than 15 months after the date of the AGM. Other than in relation to the Company's employee share plans, the directors have no present intention of exercising this authority.

Resolution 11, which will be proposed as a special resolution, seeks authority to issue equity securities of the Company for cash without application of the pre-emption rights provided by section 89 of CA 1985. Other than in connection with rights or scrip dividend, or other similar issue, the authority contained in this resolution will be limited to an aggregate nominal value of £1,960,306 which represents less than 5% of the issued ordinary share capital of the Company as at 1 March 2008. This authority will expire no later than 15 months after the date of the AGM.

The authority sought and the limits set by this resolution will also disapply the application of section 89 of CA 1985 from a sale of treasury shares to the extent also specified in this resolution. In accordance with the guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds Limited, the Board confirms its intention that no more than 7.5% of the issued share capital will be issued for cash on a non pre-emptive basis during any rolling three year period.

The directors have no present intention of exercising this authority.

Resolution 10 - To give authority to make certain expenditure in accordance with the Political Parties, Elections and Referendums Act 2000

The Political Parties, Elections and Referendums Act 2000 amended CA 1985 and imposed restrictions on companies making donations to EU political organisations or incurring EU political expenditure (as defined in CA 1985) without shareholders' consent. It is not the policy of the Company to make donations to political parties and the directors have no intention of changing that policy.

However, as the definitions used in CA 1985 are broad, it is possible that normal business activities, which might not be thought to be political expenditure in the usual sense, could be caught. For example, activities such as communicating with Government and political parties at local, national and European level, expenditure on organisations concerned with policy review, law reform and representation of the business community and making provisions for employees to take time off work to campaign for and hold public office could fall within the definition of EU political expenditure. In view of the broad wording and the Board's wishes to avoid any inadvertent infringement of the Act it is seeking the authority for the Company and any wholly-owned subsidiary company to incur total annual expenditure for such purposes of £100,000 until the conclusion of the 2009 AGM. This authority will not be used to make political donations as they are normally understood, including contributions towards any general political party expenses or in connection with general election campaigns.

It is the intention that the Company will seek to renew this authority, if appropriate, at each subsequent AGM.

Resolution 12 - To authorise the Company to purchase its own shares

Resolution 12, which will be proposed as a special resolution, gives the Company authority to buy back its own ordinary shares in the market as permitted by CA 1985. The authority limits the number of shares that could be purchased to a maximum of 33,939,700 (representing approximately 10% of the issued share capital) and sets minimum and maximum prices. This authority will expire no later than 15 months after the date of the AGM.

The directors have no present intention of exercising the authority to purchase the Company's ordinary shares other than with a view to their use for the Company's share plans, but will keep the matter under review. Except in relation to share plans, the authority will be exercised only if the directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally.

Any purchases of ordinary shares would be by means of on-market purchases through the London Stock Exchange. If any ordinary shares purchased pursuant to this authority are not held by the Company as treasury shares then such shares would immediately be cancelled in which event the number of ordinary shares in issue would be reduced.

Resolution 13 - Amendment to the provision in the Company's Articles of Association in relation to directors' indemnities

The Companies Act 2006 ("CA 2006") has in some areas widened the scope of the powers of a company to indemnify directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the Company's activities as trustee of the scheme. Resolution 13 is proposed in order to extend the indemnity provisions in the Company's Articles of Association to reflect the relevant sections of CA 2006.

Resolution 14 - Adoption of new Articles of Association to take effect from 1 October 2008

It is proposed in resolution 14 to adopt new Articles of Association to take effect from 1 October 2008 in order to update the Company's current Articles of Association to take account of changes in English company law relating only to conflicts of interests for directors brought about by the relevant sections of CA 2006 (as more particularly described below). The Company is aware that other changes will be required to be made to the current articles to take account of the remaining provisions of CA 2006 which impact on the articles. It is anticipated that all such changes will be in force by 1 October 2009, and the Company proposes to amend the Articles of Association appropriately in due course once market practice has developed.

CA 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under CA 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. CA 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. CA 2006 also allows the Articles of Association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The new articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the new articles will contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. The Company intends to follow developing best practice, as regards process and reporting, in relation to the exercise of the power to authorise conflicts to be included in the new articles by virtue of resolution 14.

The new articles showing the changes to the current articles (as described above) are available for inspection, as noted on page 9 of this document.

Part D

Administrative notes relating to the Annual General Meeting

Entitlement to attend and vote

1. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered on the Register at 6.00pm on the day two days before the date of the meeting (or any adjourned meeting) shall be entitled to attend or vote thereat in respect of the number of shares registered in their name at that time and changes to the Register thereafter shall be disregarded in determining rights to attend and vote.
2. If you have sold or transferred all your shares, this booklet and any accompanying documents (but not the personalised Form of Proxy or Form of Direction) should be passed to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

Appointment of proxies

3. If you are a member of the Company at the time set out in note 1 above you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting. Appointing a proxy will not prevent a member from attending in person and voting at the meeting.
4. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. Appointing a proxy does not preclude you from attending the Annual General Meeting and voting in person. If you attend the meeting in person your proxy appointment will automatically be terminated.
5. You can only appoint a proxy using the procedures set out in these notes and the notes on the Form of Proxy. A Form of Proxy is enclosed. To be effective, the Form of Proxy must be completed and signed and, together with the power of attorney or authority, if any, under which it is signed (or a duly certified copy of any such power or authority) must be lodged with the Company's Registrars not later than 48 hours before the time of the meeting or must be lodged using the CREST proxy voting services – see note 7 below. Return of a completed Form of Proxy will not preclude a member from attending and voting personally at the meeting.
6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register in respect of the joint holding (the first-named being deemed the most senior).
7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM to be held on 17 April 2008 and any adjournment(s) thereof utilising the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual.

The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (Capita Registrars, CREST participant ID RA10) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

9. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
10. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.

Changing proxy instructions

11. To change your proxy instructions simply submit a new proxy appointment. You will need to request a new Form of Proxy from the Company's Registrars, Capita Registrars by contacting them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by using their telephone helpline service on 0871 664 0300 (calls cost 10 pence per minute plus network costs) or email shareholder.services@capitaregistrars.com. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
12. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Nominated persons

13. Any person receiving a copy of this Notice of Meeting as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 ("CA 2006") (a "Nominated Person") should note that the provisions in this Notice concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such right, or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

If you are a person who has been nominated under section 146 of CA 2006 to enjoy information rights:

- you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the meeting.
- if you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.

Voting

14. Voting on each of the resolutions to be put to the AGM will be by poll, rather than a show of hands, so that all shares voted are included, whether or not the shareholder is able to attend the meeting. The Board believes this to be the most democratic procedure for voting on resolutions. The results of the polls will be announced to the London Stock Exchange as soon as practicable following the meeting and also will be published on the Company's website www.draxgroup.plc.uk.

Issued shares and total voting rights

15. As at 1 March 2008, being the latest practicable date prior to the approval, printing and posting of this document the Company's issued share capital comprised 339,397,000 ordinary shares of 11¹⁶/₂₉ pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company is the same as the number of shares in issue. The Company does not hold any shares in treasury.

Website publication of audit concerns

16. Pursuant to Chapter 5 of Part 16 of CA 2006 (sections 527 to 531), where requested by either:
 - a member or members having a right to vote at the meeting and holding at least 5% of total voting rights of the Company; or
 - at least 100 members have a right to vote at the meeting and holding, on average, at least £100 of paid up share capital, the Company must publish on its website, a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting.

Part D

Administrative notes relating to the Annual General Meeting (continued)

17. Where the Company is required to publish such a statement on its website:
- it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
 - it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and
 - the statement may be dealt with as part of the business of the meeting.
18. A member wishing to request publication of such a statement on the Company's website must send the request to the Company using one of the following methods:
- in hard copy form to the Company Secretary, Drax Group plc, Drax Power Station, PO Box 3, Selby, North Yorkshire YO8 8PQ - the request must be signed by you;
 - by email marked for the attention of the Company Secretary to enquiries@draxpower.com; or
 - by fax marked for the attention of the Company Secretary to 01757 612192.
19. Whichever form of communication is chosen, the request must:
- either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported; and
 - be received by the Company at least one week before the meeting.
20. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting, but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

Meeting arrangements

The doors of The City Presentation Centre will open at 10.00am and the AGM will start promptly at 11.00am. Please bring the Attendance Card which is attached to the Form of Proxy with you if you attend the meeting. It will authenticate your right to attend, speak and vote and will speed up your admission to the meeting.

Documents available for inspection

There will be available for inspection at the offices of Norton Rose LLP, 3 More London Riverside, London, SE1 2AQ and the Company's registered office during normal business hours Monday to Friday (public holidays excepted) and at the place of the AGM from 10.00am until the close of the meeting:

- a. this document;
- b. copies of the executive directors' service contracts and non-executive directors' appointment letters; and
- c. the Articles of Association (as amended).

General enquiries

If you have any queries about voting or about your shareholding you can contact Capita Registrars, who maintain the Register as follows:

- by using their telephone helpline service:
 - from within the UK on 0871 664 0300 (calls cost 10 pence per minute plus network charges); or
 - from outside the UK on +44 (0) 20 8639 2342.
- by email to shareholder.services@capitaregistrars.com; or
- by writing to them at Capita Registrars, The Registry, 34 Beckenham Road, Becenham, Kent BR3 4TU.

The telephone helpline service will be available between 9.00am and 5.00pm Monday to Friday (excluding public holidays).

The telephone helpline service will not be able to provide legal, financial or personal taxation advice. Calls may be recorded and randomly monitored for security and training purposes.

Part E

Overview of the special dividend

In line with the Company's policy of distributing surplus cash the Board intends to pay a special dividend. The purpose of this section of the document is to provide further details of the special dividend.

The special dividend of 7.8 pence per ordinary share will be payable to shareholders who are on the Register at 4.30pm on the record date. The special dividend equates to an aggregate return of funds to shareholders of approximately £26.5 million (based on the number of ordinary shares in issue as at 1 March 2008). The special dividend is expected to be paid to shareholders on 7 May 2008.

1. Taxation

The following summary is intended as a general guide only and relates only to the UK taxation treatment of the special dividend. It is based on current UK law and current published HM Revenue & Customs ("HMRC") practice for shareholders who (except where otherwise indicated) are resident in the UK for tax purposes, who are the beneficial owners of those shares and who hold them as investments. The summary may not apply to certain classes of shareholders, such as brokers, dealers in securities or persons regarded as having obtained their ordinary shares by reason of their employment. Shareholders who are in any doubt about their tax position, or who are subject to tax in any jurisdiction other than the UK, should consult their own appropriate professional advisers.

There is no UK withholding tax on dividends.

An individual shareholder should generally be entitled to a tax credit in respect of the special dividend which he or she can offset against his or her total income tax liability. The amount of the tax credit is equal to 10% of the aggregate of the dividend and the tax credit (the "gross dividend") (one-ninth of the amount of the net cash dividend). The gross dividend is included in computing the income of such an individual holder for UK tax purposes.

The rate of income tax on dividends is 10% of the gross dividend for taxpayers liable to income tax at rates not exceeding the basic rate. The tax credit will discharge the income tax liability on the special dividend of an individual shareholder who is not liable to income tax at a rate higher than the basic rate. A higher rate taxpayer will be liable to tax on the special dividend at the rate of 32.5% of the gross dividend; so after the tax credit has been set against his or her tax liability, he or she will have to account for tax equal to 22.5% of the gross dividend (25% of the net cash dividend received) to the extent that the gross dividend, being treated as the top slice of his or her income, falls above the threshold for higher rate income tax.

UK resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will generally not be entitled to claim repayment of the tax credit in respect of the special dividend.

A UK resident corporate shareholder will not normally be liable to corporation tax in respect of the special dividend. Such a holder will not be able to claim any repayment of tax credits. The right of shareholders who are not resident in the UK for tax purposes to reclaim tax credits attaching to the special dividend will depend upon the existence and terms of an applicable double tax treaty. In most cases, the amount that can be paid to such shareholders will be reduced to nil as a result of the terms of the relevant treaty. Shareholders who are not resident in the UK for tax purposes should consult their own tax advisers concerning their tax liabilities on the special dividend in the UK and in any other country.

2. Drax share plans

SIP

Participants in the SIP will be entitled to receive the special dividend through the Trustee of the plan. As outlined in the letter from the Chairman, they may also give instructions to the Trustee on how they would like it to vote at the AGM.

SAYE Plan and the ESIP

Participants in the SAYE Plan and the ESIP are not entitled to receive the special dividend.

3. Record date

Shareholders who are on the Register on the record date will receive the special dividend.

Persons who acquire ordinary shares but who are not on the Register as at the record date should apply to the broker or other intermediary through whom they bought the ordinary shares to arrange for delivery to them of the special dividend.

4. Overseas shareholders

Cheques in respect of the special dividend will be distributed to overseas shareholders by post in accordance with the timetable set out in this document.

Part F Definitions

The following definitions apply throughout this document and in the accompanying Form of Proxy (or in the case of SIP participants, the Form of Direction), unless the context requires otherwise:

"Act" or "Companies Act"	the Companies Act 1985 (as amended)
"Annual General Meeting" or "AGM"	the Annual General Meeting of the Company to be held at 11.00am on 17 April 2008 (and any adjournment thereof)
"Board" or "directors"	the directors of Drax Group plc
"Company's Registrars"	Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
"CREST"	the relevant systems (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
"Drax" or the "Company"	Drax Group plc
"Drax share plans"	the SIP, SAYE Plan and ESIP
"ESIP"	the Drax Executive Share Incentive Plan
"Final dividend"	the final base dividend of 9.9 pence per ordinary share
"Form of Direction"	the form enclosed with this document specifically for SIP participants, who may then use it to instruct the Trustee how to vote on resolutions to be put to the AGM
"Form of Proxy"	the proxy form enclosed with this document for use by shareholders to vote on resolutions to be put to the AGM
"Group"	Drax and its subsidiary and associated undertakings
"Listing Rules"	the listing rules of the UK Listing Authority
"London Stock Exchange"	London Stock Exchange plc
"Official List"	the official list of the UK Listing Authority
"Ordinary shares"	ordinary shares of 11 ¹⁶ / ₂₉ pence each in the capital of the Company
"Record date"	4.30pm on 18 April 2008
"Register"	the register of members of the Company
"Resolutions"	the resolutions set out in the notice convening the AGM
"SAYE Options"	the share options granted under the SAYE Plan
"SAYE Plan"	the Drax Approved Savings-Related Share Option Plan
"Shareholders"	holders of ordinary shares
"SIP"	the Drax Approved Share Incentive Plan
"Special dividend"	an interim dividend described as the special dividend of 7.8 pence per ordinary share
"Trustee"	Capita IRG Trustees Limited as trustee of the SIP
"UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
"Uncertificated" or "in Uncertificated Form"	recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"United Kingdom" or "UK"	The United Kingdom of Great Britain and Northern Ireland