

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional independent adviser authorised under the Financial Services and Markets Act 2000. If you have sold your shares, please pass this letter and the enclosures to the stockbroker or other agent through whom the sale was effected, for transmission to the purchaser.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Diageo plc will be held at the Queen Elizabeth II Centre, Broad Sanctuary, Westminster, London SW1P 3EE on Wednesday, 15 October 2008 at 2.30 pm.

The business of the meeting will be as follows (explanations of the resolutions are given in the Chairman's letter on page 6 of this AGM notice):

REPORT AND ACCOUNTS 2008

1. To receive the directors' and auditor's reports and the accounts for the year ended 30 June 2008.

DIRECTORS' REMUNERATION REPORT 2008

2. To approve the directors' remuneration report for the year ended 30 June 2008.

DECLARATION OF FINAL DIVIDEND

3. To declare a final dividend on the ordinary shares.

DIRECTORS RETIRING BY ROTATION

4. To re-elect Dr FB Humer as a director.
5. To re-elect M Lilja as a director.
6. To re-elect WS Shanahan as a director.
7. To re-elect HT Stitzer as a director.

DIRECTOR APPOINTED SINCE THE LAST ANNUAL GENERAL MEETING

8. To elect PG Scott as a director.

RE-APPOINTMENT AND REMUNERATION OF AUDITOR

9. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: THAT KPMG Audit plc be hereby re-appointed auditor of the company from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the company and that the directors be hereby authorised to determine the auditor's remuneration.

AUTHORITY TO ALLOT RELEVANT SECURITIES

10. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: THAT in substitution for all other such authorities but without prejudice to any issue of relevant securities (within the meaning of section 80 of the Companies Act 1985 (as amended)) made (or offered or agreed to be made) pursuant to such authorities prior to this resolution being passed, the directors be hereby generally and unconditionally authorised to exercise all powers of the company to allot relevant securities for the purposes and on the terms of article 10(B) of the company's articles of

association for a period expiring at the conclusion of the next Annual General Meeting of the company or on 31 December 2009, whichever is sooner, and for such period the maximum amount of relevant securities which the directors may so allot (the 'section 80 prescribed amount' referred to in article 10(B)) shall be £243,079,000.

DISAPPLICATION OF PRE-EMPTION RIGHTS

11. To consider and, if thought fit, to pass the following resolution as a special resolution: THAT for the purposes and on the terms of article 10(C) of the company's articles of association, the directors be hereby empowered, pursuant to section 95 of the Companies Act 1985 (as amended) to allot equity securities (within the meaning of section 94 of that Act) for cash pursuant to the authority conferred by the previous resolution and/or where such allotment constitutes an allotment of equity securities by virtue of section 94(3A) of that Act, as if section 89(1) of that Act did not apply to any such allotment, for a period expiring at the conclusion of the next Annual General Meeting of the company or on 31 December 2009, whichever is the sooner, and for such period the maximum amount of equity securities which the directors may so allot in accordance with article 10(C)(iii) (the 'section 95 prescribed amount' referred to in article 10(C)(iii)) shall be £36,462,000.

AUTHORITY TO PURCHASE OWN ORDINARY SHARES

12. To consider and, if thought fit, to pass the following resolution as a special resolution: THAT the company be hereby generally and unconditionally authorised for the purposes of section 166 of the Companies Act 1985 (as amended) to make market purchases (within the meaning of section 163 of that Act) of its ordinary shares of 28 101/108 pence each subject to the following restrictions and provisions:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 252,025,000;
- (b) the minimum price which may be paid for an ordinary share is 28 101/108 pence and the maximum price which may be paid is the higher of (i) an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out; and
- (c) unless previously revoked or varied, this authority will expire at the conclusion of the next Annual General Meeting or on 31 December 2009, whichever is the sooner, but the company may enter into a contract to purchase ordinary shares under this authority before the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares pursuant to any such contract.

AUTHORITY TO MAKE POLITICAL DONATIONS AND/OR TO INCUR POLITICAL EXPENDITURE

13. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: THAT, in accordance with section 366 of the Companies Act 2006 (the '2006 Act'), the company and all companies that are at any time during the period for which this resolution has effect subsidiaries of the company be hereby authorised:

- (a) to make political donations (as defined in section 364 of the 2006 Act) to political parties (as defined in section 363 of the 2006 Act), not exceeding £200,000 in total;

- (b) to make political donations (as defined in section 364 of the 2006 Act) to political organisations other than political parties (as defined in section 363 in the Act), not exceeding £200,000 in total; and
- (c) to incur political expenditure (as defined in section 365 of the 2006 Act) not exceeding £200,000 in total;

in each case during the period beginning with the date of passing this resolution and ending at the end of the next Annual General Meeting of the company or on 31 December 2009, whichever is the sooner. In any event, the aggregate amount of political donations and political expenditure made and incurred by the company and its subsidiaries pursuant to this resolution shall not exceed £200,000.

ADOPTION OF THE DIAGEO PLC 2008 PERFORMANCE SHARE PLAN

14. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: THAT the Diageo plc 2008 Performance Share Plan, the main features of which are summarised in Appendix 2 to the Chairman's letter on page 11 of this AGM notice, and a copy of the rules of which is produced to the meeting and initialled by the Chairman for the purposes of identification, be hereby approved and adopted and the remuneration committee of the company's board be hereby authorised to do all acts and things which it considers necessary or desirable to carry the same into effect.

ADOPTION OF THE DIAGEO PLC 2008 SENIOR EXECUTIVE SHARE OPTION PLAN

15. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: THAT the Diageo plc 2008 Senior Executive Share Option Plan, the main features of which are summarised in Appendix 3 to the Chairman's letter on page 15 of this AGM notice, and a copy of the rules of which is produced to the meeting and initialled by the

Chairman for the purposes of identification, be hereby approved and adopted and the remuneration committee of the company's board be hereby authorised to do all acts and things which it considers necessary or desirable to carry the same into effect.

AUTHORITY TO ESTABLISH INTERNATIONAL SHARE PLANS

16. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: THAT the remuneration committee of the company's board be hereby authorised to establish future share plans for the benefit of employees outside the United Kingdom based on the Diageo plc 2008 Performance Share Plan and the Diageo plc 2008 Senior Executive Share Option Plan, modified to the extent necessary or desirable to take account of non-United Kingdom tax, securities and exchange control laws and regulations, provided that such plans must operate within the limits on individual or overall participation summarised in Appendices 2 and 3 to the Chairman's letter.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

17. To consider and, if thought fit, to pass the following resolution as a special resolution: THAT the amended form of the articles of association, as produced to the meeting and initialled by the Chairman for the purposes of identification, be hereby approved and adopted.

By order of the board
Paul Tunnacliffe
Secretary
27 August 2008

Diageo plc
Registered office:
8 Henrietta Place
London
W1G 0NB
Registered in England No. 23307

NOTES

(1) Copies of directors' service contracts (or, where appropriate, letters of appointment) are available for inspection at the company's registered office during normal business hours on any business day and will be available at the place where the AGM is being held from 15 minutes prior to and during the meeting.

(2) Copies of the company's existing articles of association and the articles of association marked up to show the proposed amendments, are available for inspection at the company's registered office and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY during normal business hours on any business day until the close of the AGM and will be available at the place where the AGM is being held from 15 minutes prior to and during the meeting.

(3) Copies of the Diageo plc 2008 Performance Share Plan and the Diageo plc 2008 Senior Executive Share Option Plan rules are available for inspection at the company's registered office and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY, during normal business hours on any business day until the close of the AGM and will be available at the place where the AGM is being held from 15 minutes prior to and during the meeting.

(4) Only holders of ordinary shares on the register at 6.00 pm on the day prior to the day immediately before the AGM or any adjourned meeting (as the case may be) shall be entitled to attend and/or vote at the AGM. Such shareholders can vote in respect of the number of shares registered in their names (subject to note (10) below) at that time, but any subsequent changes to the register shall be disregarded in determining rights to attend and vote.

(5) Any member is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend the AGM and to speak and vote on his/her

behalf. A proxy may vote on a show of hands as well as on a poll. If a member appoints more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the company. To be effective, a duly completed Proxy Form, together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must reach Diageo Registrars, Edinburgh Park, 5 Lochside Way, Edinburgh EH12 9DT (or, in the case of a Proxy Form lodged electronically, the electronic address specified for this purpose on the company's website; please see 'Electronic Voting' on the homepage of www.diageo.com) by 2.30 pm on Monday, 13 October 2008 (or not less than 48 hours before the time fixed for any adjourned meeting).

(6) The appointment of a proxy does not prevent a member who so wishes from attending the meeting and voting in person. In the case of joint holders, any one holder may vote. If more than one holder is present at the meeting, only the vote of the senior will be accepted, seniority being determined by the order in which names appear on the register.

(7) Unless voting instructions are indicated on the Proxy Form, a proxy may vote or withhold his vote as he thinks fit on the resolutions or on any other business (including amendments to resolutions) which may come before the meeting. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for or against a resolution.

(8) CREST members who wish to appoint and/or give instructions to a proxy or proxies through the CREST electronic proxy appointment service may do so in accordance with the procedures described in the CREST manual. In order for a proxy appointment made through CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK and Ireland Limited

specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID R015) by the latest time(s) for receipt of proxy appointments as set out in note (5) above. 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 Application 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. 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.

(9) A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (the '2006 Act') ('nominated persons'). The rights to appoint a proxy cannot be exercised by a nominated person, but only by the member. However, a nominated person may, under an agreement between him and the member by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting or to have someone else so appointed. If a nominated person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

(10) The votes of employees or former employees of the company will be taken to include their Employee Share Schemes and Sharestore shares together with holdings in their own name unless they notify Diageo Registrars to the contrary at least 48 hours before the meeting.

(11) On arrival at the AGM venue, all those entitled to vote will be required to register and collect a keypad with a personalised smart card to be used for the electronic poll vote. In order to facilitate these arrangements, please arrive at the AGM venue in good time and have your admittance pass to hand. You will be given instructions on how to use your keypad at the meeting.

(12) In order to facilitate voting by corporate representatives at the AGM, 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 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 AGM 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.

(13) Please note that any electronic address given in this AGM notice may only be used for the limited purposes specified herein and not for any more general purpose of sending documents or information (whether relating to proceedings at the AGM, proxies or otherwise) to the company by electronic means.

To the ordinary shareholders, employees and former employees who are holders of ordinary shares in the Diageo Sharestore, participants in the Profit Sharing Schemes and the 2001 Share Incentive Plan of Diageo ('Employee Share Schemes') and for information only, to participants in Diageo share option schemes

Dear Shareholder

ANNUAL GENERAL MEETING

The Annual General Meeting of Diageo plc is to be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on Wednesday, 15 October 2008 at 2.30 pm. My explanation of each of the resolutions to be proposed is set out below.

Voting at the AGM will be by way of poll, using an electronic voting system (please see note 11 on page 5 of this AGM notice).

RESOLUTION 1 (REPORT AND ACCOUNTS 2008)

These Diageo annual reports and accounts are for the year ended 30 June 2008.

RESOLUTION 2 (DIRECTORS' REMUNERATION REPORT 2008)

The Directors' Remuneration Report Regulations 2002 require that quoted companies put the directors' remuneration report to a vote of the shareholders. The vote is only advisory, however, and the directors' entitlement to remuneration is not conditional on the resolution being passed.

RESOLUTION 3 (DECLARATION OF FINAL DIVIDEND)

The company paid an interim dividend of 13.20 pence per ordinary share in April 2008. The directors recommend a final dividend of 21.15 pence per ordinary share, bringing the total dividend for the

year to 34.35 pence per ordinary share. Subject to approval by shareholders, the final dividend will be paid on 20 October 2008 to shareholders on the register on 12 September 2008. A Dividend Reinvestment Plan ('DRIP') is available in respect of this dividend and the plan notice date is 29 September 2008.

A DRIP booklet and mandate form are available from Diageo Registrars at the address given in note 5 on page 4 of this AGM notice.

RESOLUTIONS 4 TO 7 (DIRECTORS RETIRING BY ROTATION)

Under the company's articles of association, one third of the directors are required to retire by rotation at each AGM. Those who retire must include any directors who did not retire at either of the two previous AGMs. Under this formula three directors are required to retire at this year's AGM, namely: Dr FB Humer, WS Shanahan and HT Stitzer.

In addition, M Lilja will have served nine years in November 2008 and although not strictly required to retire at the AGM, in the spirit of good governance she will also seek re-election. For WS Shanahan, who has served greater than nine years, his re-election would only last until 30 April 2009 at which time he will retire from the board and for M Lilja, her re-election would only last until the AGM in 2009 at the latest.

In relation to the re-election of M Lilja, WS Shanahan and HT Stitzer as non-executive directors, I can confirm that following formal performance evaluation, their performance continues to be effective and they continue to demonstrate commitment to their roles as non-executive directors, including commitment of the necessary time for board and committee meetings and other duties.

The directors' biographical details are set out in Appendix 1 to this letter.

RESOLUTION 8 (DIRECTOR APPOINTED SINCE THE LAST ANNUAL GENERAL MEETING)

The company's articles of association require any director appointed by the board to retire at the AGM following appointment. The director appointed since the last AGM is PG Scott. His biographical details are set out in Appendix 1 to this letter. The directors consider that, as evidenced by his biographical details, PG Scott's experience will further enhance the company's board.

RESOLUTION 9 (RE-APPOINTMENT AND REMUNERATION OF AUDITOR)

At the AGM held on 16 October 2007, KPMG Audit Plc was re-appointed auditor of the company, to hold office until the conclusion of the next general meeting at which accounts are laid, such meeting being the AGM to be held on 15 October 2008. The company is required to appoint an auditor to serve for each financial year of the company. KPMG Audit Plc has agreed to continue as the company's auditor for the financial year ending 30 June 2009. Resolution 9 is to re-appoint KPMG Audit Plc for the financial year ending 30 June 2009. Resolution 9 also authorises the board to determine the remuneration of the company's auditor.

RESOLUTION 10 (AUTHORITY TO ALLOT RELEVANT SECURITIES)

At the AGM held on 16 October 2007, members gave authority to the directors, which will expire on 15 October 2008, to allot a maximum of £253,783,000 in nominal value of relevant securities. The term 'relevant securities' includes the company's unissued ordinary shares and any securities convertible into ordinary shares.

This resolution renews and replaces the authority granted in 2007 and would authorise the directors to allot a maximum of £243,079,000 in nominal value of relevant securities (approximately 33% of the issued ordinary share capital, exclusive of treasury shares, as at 27 August 2008, the latest practicable date before the publication of this AGM notice).

In addition, as at 27 August 2008, the company held 248,179,000 ordinary shares as treasury shares (approximately 10% of the issued ordinary share capital, exclusive of treasury shares, as at that date) which may be cancelled or sold for cash or used to meet obligations under the company's employee share plans.

The authority will expire at the conclusion of the next AGM or on 31 December 2009, if earlier. The directors will continue to seek to renew their authority at each AGM, in accordance with best practice. The directors have no present intention of exercising this authority save for issues of new shares under certain employee share plans.

RESOLUTION 11 (DISAPPLICATION OF PRE-EMPTION RIGHTS)

This resolution would allow the directors to allot ordinary shares (including any ordinary shares which the company has purchased and elected to hold as treasury shares) for cash other than to existing ordinary shareholders in proportion to their holdings. The overall disapplication, which relates to shares with a maximum aggregate nominal value of £314,890,000 (approximately 39% of the issued ordinary share capital, inclusive of treasury shares, at 27 August 2008, the latest practicable date before publication of this AGM notice), is limited to rights issues, open offers, and similar pro rata issues and to the issue of shares on the exercise of share options held by employees of joint ventures in which the Diageo group participates except that, within such overall disapplication, the resolution also enables the directors to allot shares for any purpose up to a maximum aggregate nominal value of £36,462,000 (approximately 5% of the issued ordinary share capital, exclusive of treasury shares, as at 27 August 2008, the latest practicable date before publication of this AGM notice).

The authority will expire at the conclusion of the next AGM or on 31 December 2009, if earlier.

The directors will continue to seek to renew their authority at each AGM, in accordance with current best practice.

RESOLUTION 12 (AUTHORITY TO PURCHASE OWN ORDINARY SHARES)

At the AGM held on 16 October 2007, the members granted authority for the company to buy up to a maximum of 263,122,000 of its own ordinary shares in the market.

This resolution renews and replaces that authority and would allow the company to buy back up to 252,025,000 ordinary shares (ie £72,924,000 in nominal value) in the market (approximately 10% of the issued ordinary share capital, exclusive of treasury shares, at 27 August 2008, the latest practicable date before publication of this AGM notice). The company had options to subscribe for equity shares outstanding at 27 August 2008, the latest practicable date before publication of this AGM notice relating to 356,000 ordinary shares. This figure represents 0.01% of the issued ordinary share capital, exclusive of treasury shares, at that date and would represent 0.02% of the issued ordinary share capital if full authority to purchase shares (both the existing authority and that sought at the 2008 AGM) was used.

The resolution sets out the lowest and highest prices that the company can pay for the shares. The authority will expire at the conclusion of the next AGM or on 31 December 2009, if earlier. Any buy back would be by market purchases through the London Stock Exchange. Any shares so purchased would be either held as treasury shares or cancelled. In the period from 17 October 2007 to 27 August 2008, 92,284,000 ordinary shares have been purchased and held as treasury shares or cancelled under the existing authority.

The directors would only authorise such purchases after careful consideration, taking account of other investment opportunities, appropriate gearing levels, the overall financial position of the group and whether the effect would be an increase on earnings per share and in the best interests of shareholders generally.

RESOLUTION 13 (POLITICAL DONATIONS AND POLITICAL EXPENDITURE)

Under section 366 of the Companies Act 2006, (the '2006 Act') the company is required to seek shareholders' authority for any political donations and/or political expenditure made by the company. On 16 October 2007 the directors were granted authority to make such political donations and/or incur such political expenditure, capped at £200,000.

Within the EU, it has been the company's long-standing practice not to make payments to political parties and the intention is that this will remain the case. However, the legislation is very broadly drafted and may catch activities such as funding seminars and other functions to which politicians are invited, supporting certain bodies involved in policy review, and law reform and matching employees' donations to certain charities.

The company does make political donations where the national culture supports active business participation in the funding of political parties, and during the year these were almost exclusively made in the USA, where it is common practice for major companies to make political contributions. The company does not support any particular party or political persuasion and contributions are made to federal and state candidates and committees with the aim of promoting a better understanding of Diageo and its views on commercial matters, as well as a generally improved business environment.

Accordingly, the directors have decided to continue to seek shareholders' authority for political donations and political expenditure in case any of the company's normal activities are caught by the legislation. The authority sought would be capped at £200,000 for the next year. The authority will expire at the conclusion of the next AGM or on 31 December 2009, if earlier. The directors will continue to seek to renew their authority at each AGM, in accordance with current best practice.

RESOLUTIONS 14 TO 16 (LONG TERM INCENTIVE ARRANGEMENTS)

During the year, the remuneration committee of the company's board (the 'remuneration committee') undertook a comprehensive review of remuneration arrangements for executive directors and senior executives, including a full review of plan design, performance measures, market practice and emerging trends in long term incentive arrangements. The remuneration committee has concluded that the variable remuneration elements, including a combination of share awards and share options, remain appropriate to drive the business and its leaders over the medium to long term whilst ensuring alignment between the company and its shareholders.

The company currently grants share awards and options to the executive directors and senior executives under the Diageo plc Long Term Incentive Plan, also known as the Total Shareholder Return Plan (the 'TSR plan') and the Diageo plc Senior Executive Share Option Plan (the 'current SESOP') respectively. The TSR plan expired in August 2008 and the current SESOP will expire in November 2009. The remuneration committee is proposing the adoption of a new long term incentive plan, the Diageo plc 2008 Performance Share Plan ('PSP') to replace the existing TSR plan and the adoption of a new senior executive share

option plan (the 'SESOP') to replace the current SESOP. Outstanding rights under the TSR plan and the current SESOP will remain unaffected.

The remuneration committee believes that the new plans, on which major shareholders and representative shareholder bodies have been consulted, will provide competitive incentives that are aligned with shareholder interests.

Summaries of the proposed PSP and SESOP are set out in Appendices 2 and 3 to this letter.

Resolution 14 seeks approval for the establishment of the PSP and resolution 15 for the establishment of the SESOP. Resolution 16 will give authority to establish share plans comparable to the PSP and SESOP for employees working outside the UK.

RESOLUTION 17 (AMENDMENTS TO THE ARTICLES OF ASSOCIATION)

It is proposed that the current articles of association be amended, primarily to take account of changes in company law brought about by the implementation of the Companies Act 2006 (the '2006 Act'). The 2006 Act is being implemented in stages (expected to be completed by October 2009), and it is envisaged that shareholders will be asked to approve further amendments to the articles of association at next year's AGM. An explanation of the principal changes being proposed is provided in appendix 4 to this letter. Other changes, which are of a technical or clarifying nature and also some minor changes which merely reflect changes made by the 2006 Act have not been noted in Appendix 4 to this letter.

ISSUED SHARE CAPITAL

The company's issued share capital at 27 August 2008 was 2,520,248,000 ordinary shares carrying one vote each, excluding any ordinary shares held as treasury shares. As at 27 August 2008, the company held 248,179,000 ordinary shares as treasury shares, representing 10% of the company's issued share capital (excluding treasury shares) as at that date. As at 27 August 2008, the total number of voting rights in the company was therefore 2,520,248,000.

ANNUAL REPORT

The 2008 Annual Report can be viewed at (or downloaded from) www.diageo.com under the section headed 'investors'; or a copy requested by writing to Diageo Registrars, Edinburgh Park, 5 Lochside Way, Edinburgh EH12 9DT, or calling +44 (0) 131 519 2090, or by e-mailing the.registrar@diageo.com.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

Enclosed with the AGM notice is a composite Proxy Form/Letter of Direction for the AGM, of which the Proxy Form is for use by ordinary shareholders. Guidance notes on the completion of the Proxy Form are given on the form itself and on page 4 of the AGM notice. If you wish to appoint a proxy please complete and sign the form and return it to Diageo Registrars (reply paid in the UK) so as to arrive no later than 2.30 pm on Monday, 13 October 2008. Participants in the company's Employee Share Schemes and holders of shares in the Diageo Sharestore should complete the Letter of Direction section. Those who are ordinary shareholders and/or participants in such schemes and/or holders of shares in the Diageo Sharestore should complete both the Proxy Form and the Letter of Direction section.

You may instead complete and lodge a Proxy Form via the company's website at www.diageo.com (please see 'Electronic Voting' on the homepage). To do so you will need your investor code (which can be found on either your share certificate, dividend tax voucher or similar documentation as issued by Diageo Registrars). Please note that any electronic communication that is found to contain a computer virus will not be accepted.

If you are an ordinary shareholder and wish to attend the AGM, the return of the Proxy Form will not prevent you from attending and voting in person. An admittance pass is attached to the Proxy Form and, for your convenience, you are requested to bring your admittance pass with you to the meeting. A plan showing the location of the Queen Elizabeth II Conference Centre is on the reverse of the pass.

RECOMMENDATION

The directors consider that the resolutions contained in the AGM notice, to be proposed at the AGM are in the best interests of the company and the shareholders as a whole and recommend that you vote in favour of them. Directors who hold shares in the company intend to vote in favour of these resolutions in respect of their own beneficial holdings.

Yours sincerely

Dr Franz B Humer

Chairman
27 August 2008

APPENDICES

1. BIOGRAPHIES OF DIRECTORS STANDING FOR ELECTION OR RE-ELECTION

Dr Franz B Humer, chairman

Was appointed chairman of Diageo plc with effect from 1 July 2008, having been a non-executive director since April 2005. He is also chairman of F. Hoffmann-La Roche in Switzerland, a non-executive director of Allianz Versicherungs AG in Germany and a board member of Chugai in Japan. He was formerly chief operating director of Glaxo Holdings plc, and has held a number of other non-executive directorships. Age 62. Nationality Swiss/Austrian. (Committee 3*)

Maria Lilja, non-executive director

Was appointed a non-executive director of Diageo plc in November 1999. She is a non-executive director of Observer AB in Sweden and was formerly head of American Express Europe (having played a leading role in building Nyman & Schultz, a long-established Scandinavian travel management company, which was acquired by American Express) and has held a number of other non-executive directorships. Age 64. Nationality Swedish. (Committees 1, 3, 4)

Philip Scott, non-executive director

Was appointed a non-executive director of Diageo plc (and chairman of the audit committee of the company's board) with effect from 17 October 2007. He is group finance director of Aviva plc, to which position he was appointed in July 2007. He began his career with Norwich Union as a trainee actuary in 1973 and subsequently held a number of senior roles with that company and its successor Aviva, including that of group executive director. Age 54. Nationality British. (Committees 1*, 3, 4)

Bill Shanahan, non-executive director

Was appointed a non-executive director of Diageo plc in May 1999. He is also a non-executive director of MSD Performance Group and VISA Inc and a management adviser to ValueAct Capital, all in the USA. Formerly he was chief operating officer and then president of The Colgate-Palmolive Company, having joined that company in 1965 as a sales assistant and held various general management and marketing roles. Age 68. Nationality American. (Committees 1, 3, 4)

Todd Stitzer, non-executive director

Was appointed a non-executive director of Diageo plc in June 2004. He is chief executive of Cadbury plc (to which office he was appointed in 2003) and formerly held a number of marketing, sales, strategy and general management posts subsequent to joining the company in 1983 as an assistant general counsel. Age 56. Nationality American. (Committees 1, 3, 4)

- 1 Audit
 - 2 Executive
 - 3 Nomination
 - 4 Remuneration
- * chairman of committee

2. SUMMARY OF THE DIAGEO PLC 2008 SHARE PERFORMANCE PLAN (THE 'PSP')

2.1 Eligibility

Awards may be granted under the PSP to employees (including executive directors) of the company and its subsidiary companies at the discretion of the remuneration committee of the company's board (the 'remuneration committee').

2.2 Awards

An award may normally only be granted in the six weeks beginning with the date on which the PSP is approved and adopted by the company and then in the six week period commencing on the dealing day following the date on which the company announces its results for any period. Awards may be granted outside of these periods in exceptional circumstances.

Subject to shareholder approval of the PSP, it is proposed that the first awards will be granted in 2008. No awards may be granted more than 10 years after 15 October 2008, the date of adoption of the PSP. Awards granted under the PSP are personal to the participant, and may not be transferred except on death. No payment is made for the grant of an award. Awards are not pensionable.

Awards may be made in several forms, as determined by the remuneration committee at the date of grant in light of, for example, accounting and tax consequences. These include: (a) a deferred right to acquire shares in the future at no cost to the participant, (b) an option with a nil exercise price, (c) the acquisition of shares that are forfeitable in the event that specified vesting conditions are not met or (d) such other form that has substantially the same economic effect.

US participants will be granted awards over American Depositary Shares ('ADSs') rather than ordinary shares. ADSs are authorised depositary securities representing for the time being four ordinary shares in the company.

2.3 Individual limits

The remuneration committee will determine the initial value of an award granted in any one financial year. The rules permit annual awards up to a maximum of 375% of basic

salary in normal circumstances with the remuneration committee retaining a discretion to grant awards in excess of this limit in exceptional circumstances for the purpose of recruitment or retention.

The number of shares subject to an award will be calculated by dividing the value of the award by the middle market quotation of the company's ordinary shares taken from the London Stock Exchange Daily Official List on the grant date or, if the remuneration committee so decides, the average middle market quotation of the company's ordinary shares taken from the London Stock Exchange Daily Official List over either the three dealing days before the grant date or over a period before the grant date chosen by the remuneration committee of not more than 12 months ending on the last day of the financial year of the company before the grant date.

2.4 Overall limits

The PSP contains the following limits on the issue of the company's shares:

- (i) the number of the company's unissued shares that may be issued or placed under award under the PSP and any other executive share plan in any 10 year period may not exceed such number of shares as represents 5% of the ordinary shares in issue from time to time;
- (ii) the number of the company's unissued shares that may be issued or placed under award under the PSP and any other employee share plan in any 10 year period may not exceed such number of shares as represents 10% of the ordinary shares in issue from time to time.

Shares issued out of treasury will count towards these limits for so long as this is required by institutional investor guidelines.

2.5 Performance condition

The PSP provides that the first awards will be subject to the performance condition set out below. The remuneration committee may set a different condition for subsequent awards.

The proportion of an award, if any, that a participant will ultimately receive will depend upon the company's performance during a three year period commencing at the beginning of the financial year in which the award is made (the 'Performance Period').

Performance will be measured by comparing the company's total shareholder return ('TSR') with that of other companies in a comparator group chosen by the remuneration committee. The initial comparator group will comprise the following companies which are in similar sectors and of a relevant size and international spread to Diageo:

Anheuser-Busch	Heinz
Brown-Forman	InBev
Cadbury	Nestlé
Carlsberg	PepsiCo
Coca-Cola	Pernod Ricard
Colgate Palmolive	Procter & Gamble
Groupe Danone	SABMiller
Heineken	Unilever

No shares will vest if Diageo's TSR performance ranks at 10th or below when Diageo is ranked against the comparator group companies. 25% of shares vest if Diageo is ranked 9th, rising to 100% if Diageo is ranked 1st or 2nd. The percentage of an award that is capable of vesting is as follows:

TSR Ranking

% of Award capable of Vesting

1st or 2nd	100%
3rd	95%
4th	75%
5th	65%
6th	55%
7th	50%
8th	45%
9th	25%
10th or below	0%

In addition to Diageo's relative TSR performance, an award will only vest if the remuneration committee is satisfied that there has been an underlying improvement in the financial performance of the company over the Performance Period. There is no retesting of the performance condition.

2.6 Vesting of awards

In normal circumstances, an award will vest on the later of the third anniversary of grant and the date that the remuneration committee determines whether the performance condition and any other conditions imposed have been satisfied.

If a participant ceases employment before an award vests, the following provisions shall apply:

If a participant ceases employment by reason of death, his award will vest immediately based on performance up to that time and on the basis that the number of shares in respect of which an award may vest shall be reduced proportionately on a time basis, unless the remuneration committee decides otherwise.

If a participant ceases to be employed by reason of ill-health, injury, disability, redundancy, retirement with the agreement of his employer or because the company or

business for which he works is transferred out of the Diageo group, or for any other reason at the discretion of the remuneration committee, the award will vest on the later of the third anniversary of grant and the date that the remuneration committee determines whether the performance condition has been satisfied to the extent that the performance condition has been met over the Performance Period. The number of shares in respect of which an award may vest will be reduced proportionately on a time basis, unless the remuneration committee decides otherwise. The remuneration committee may allow an award to vest early based on performance up to the date that the employee ceases employment and on the basis that the number of shares in respect of which an award may vest will be reduced proportionately on a time basis, unless the remuneration committee decides otherwise.

Early vesting is also permitted in the circumstances of a change of control, reconstruction or winding up of the company, based on performance up to the event in question. The remuneration committee has discretion to reduce proportionately on a time basis the number of shares in respect of which an award may vest. An internal reorganisation does not count as a change of control for these purposes.

2.7 Entitlement to dividends

The remuneration committee may decide that participants should receive an additional benefit equal in value to any dividends that they would have received during the vesting period, if they had been shareholders of the vested shares. The benefit can be provided as a cash sum or in the form of shares. The remuneration committee may make this decision either when an award is granted

or at the point of vesting. Alternatively, the remuneration committee may make a grant on terms that the number of shares under the award shall increase by assuming that dividends that would have been paid on those shares under award during the vesting period would have been used to buy further shares.

2.8 Cash alternative

Where an award has vested, the remuneration committee may elect, instead of issuing or procuring the transfer of shares, to pay cash to the participant concerned. The amount to be paid (subject to deduction of tax or similar liabilities) shall be equal to the market value of the shares subject to the award (as determined by reference to the middle market quotation of such shares derived from the London Stock Exchange Daily Official List on the day of vesting or, in the case of an award over ADSs, the closing price of an ADS on the New York Stock Exchange on the dealing day before that date).

2.9 Variation of capital

In the event of any increase or variation in the share capital of the company, or in the event of a demerger, special dividend, or other similar event which affects the market price of shares or ADSs to a material extent, the remuneration committee may make such adjustments as it considers appropriate to the number of shares or ADSs subject to an award.

2.10 Alterations

The remuneration committee may at any time amend the PSP. The prior approval of the company in general meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, limits, variations of capital and the basis for determining participants' entitlement to

shares. However, minor amendments to benefit the administration of the PSP or to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any group member, may be made without prior approval of the company in general meeting. Any amendment that is to the disadvantage of participants requires their majority consent.

3. SUMMARY OF THE DIAGEO PLC 2008 SENIOR EXECUTIVE SHARE OPTION PLAN (THE 'SESOP')

The SESOP is divided into two parts, Part A and Part B. Part A has been designed for approval by H.M. Revenue & Customs ('HMRC') and Part B provides for the grant of unapproved options.

3.1 Eligibility

Any person who is a director or an employee of Diageo and its subsidiary companies is eligible to be granted an option under the SESOP (and in the case of a director to be granted an option under Part A, is also required to devote not less than 25 hours per week to the performance of his duties or employment). Options may be granted to any eligible employees at the discretion of the remuneration committee.

3.2 Grant of options

Options may normally only be granted in the six weeks beginning with the date on which the SESOP is approved and adopted by the company and then in the six week period commencing on the dealing day following the date on which the company announces its results for any period. Options may be granted outside of these periods in exceptional circumstances.

Subject to shareholder approval of the SESOP, it is anticipated that the first options will be granted in 2008. No options may be granted

more than 10 years after 15 October 2008, the date of adoption of the SESOP. Options granted under the SESOP are personal to the participant and may not be transferred except on death. No payment is made for the grant of an option. Options are not pensionable.

US participants will be granted options over ADSs rather than ordinary shares. Tax-favourable options ('Incentive Stock Options') can be granted to US tax-resident employees under special provisions within Part B subject to the limits set out below and the limits imposed by legislation applying to Incentive Stock Options.

3.3 Price

The price payable for each share under option will be determined by the remuneration committee before the grant of the option, provided that it shall not be less than the average middle market quotation of a share as derived from the London Stock Exchange Daily Official List for the three dealing days immediately preceding the date of grant (or, in the case of options granted to US participants over ADSs, the average of the closing prices of the ADSs on the New York Stock Exchange for those three days).

3.4 Individual limits

The remuneration committee will determine the initial value of options granted in any one financial year. The rules permit annual grants up to a maximum of 375% of basic salary in normal circumstances with the remuneration committee retaining a discretion to grant options in excess of this limit in exceptional circumstances for the purpose of recruitment or retention. In addition to these limits, the aggregate market value of shares which any person may acquire upon exercise of an option granted under Part A may not exceed £30,000 (or such other limit as may be imposed from time to time).

3.5 Overall limits

The SESOP contains the following limits on the issue of the company's shares:

- (i) the number of the company's unissued shares that may be issued or placed under option under the SESOP and any other executive share plan in any 10 year period may not exceed such number of shares as represents 5% of the ordinary shares in issue from time to time;
- (ii) the number of the company's unissued shares that may be issued or placed under option under the SESOP and any other employee share plan in any 10 year period may not exceed such number of shares as represents 10% of the ordinary shares in issue from time to time.

Shares issued out of treasury will count towards those limits for so long as this is required by institutional investor guidelines.

3.6 Performance condition

The SESOP provides that the first options will be subject to the performance condition set out below. The remuneration committee may set a different condition for subsequent grants.

The proportion of an option, if any, that will ultimately become exercisable will depend upon the company's performance during a three year period commencing at the beginning of the financial year in which the option is granted (the 'Performance Period').

The performance condition is linked to the average increase in the company's adjusted earnings per share ('EPS') over the Performance Period. An option can be exercised in respect of 30% of the shares if the average growth in adjusted EPS is at least equal to 6% compound per annum. The option can be exercised in respect of all the shares if the average growth

in adjusted EPS is at least equal to 10% compound per annum. For average adjusted EPS growth between 6% and 10% compound per annum, the option can be exercised between 30% and 100% on a straight-line basis between these points. There is no retesting of the performance condition.

3.7 Exercise of options

In normal circumstances, an option may not be exercised earlier than three years or more than 10 years after the date of grant.

If a participant ceases employment before an option vests, the following provisions shall apply:

If a participant ceases employment by reason of death, his option will vest immediately based on performance up to that time and on the basis that the number of shares in respect of which an option may vest shall be reduced proportionately on a time basis, unless the remuneration committee decides otherwise.

If a participant ceases to be employed by reason of ill-health, injury, disability, redundancy, retirement with the agreement of his employer or because the company or business for which he works is transferred out of the Diageo group, or for any other reason at the discretion of the remuneration committee, the option will vest three years after grant to the extent that the performance condition has been met over the Performance Period. The number of shares in respect of which an option may be exercised will be reduced proportionately on a time basis, unless the remuneration committee decides otherwise. The remuneration committee may allow an option to vest early based on performance up to the date that the employee ceases employment and on the basis that the number of shares in respect of which an

option may be exercised will be reduced proportionately on a time basis, unless the remuneration committee decides otherwise.

Early vesting is also permitted in the circumstances of a change of control, reconstruction or winding up of the company, based on performance up to the event in question, but the remuneration committee has a discretion to reduce proportionately on a time basis the number of shares in respect of which an option may vest. An internal reorganisation does not count as a change of control for these purposes.

3.8 Variation of capital

In the event of any increase or variation in the share capital of the company, or, in the case of options granted under Part B, in the event of a demerger, special dividend or other similar event which affects the market price of shares or ADSs to a material extent, the remuneration committee may make such adjustments as it considers appropriate to the number of shares or ADSs under option and the price at which they may be acquired. Adjustments to the terms of an option granted under Part A must be approved by HMRC.

3.9 Cash alternative

Where an option has been exercised under Part B, the remuneration committee may elect, instead of issuing or procuring the transfer of shares, to pay cash to the participant concerned. The amount to be paid (subject to deduction of tax or similar liabilities) shall be equal to the amount by which the market value of the shares subject to the option (as determined by reference to the middle market quotation of such shares derived from the London Stock Exchange Daily Official List on the exercise date or in the case of an award over ADSs, the closing price of an ADS on the New York Stock Exchange on the dealing day before that date) exceeds the exercise price.

3.10 Alterations

The remuneration committee may at any time amend the SESOP. Any amendment to Part A must be approved by HMRC. The prior approval of the company in general meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, limits, variations of capital and the basis for determining a participant's entitlement to shares. However, minor amendments to benefit the administration of the SESOP or to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any group member, may be made without prior approval of the company in general meeting. Any amendment that is to the disadvantage of participants requires their majority consent.

4. PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

4.1 Articles which duplicate statutory provisions

Provisions in the current articles which simply replicate provisions contained in the 2006 Act are in the main to be removed. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Examples include provisions as to the form of resolutions and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

4.2 Conflicts of interest

The 2006 Act sets out directors' general duties which largely codify the existing law but with some changes. Under the 2006 Act, 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. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The 2006 Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The amended 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 amended articles should 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 arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the board's intention to report annually on the company's procedures for ensuring that the board's powers to authorise conflicts are operated effectively.

4.3 Form of resolution

The current articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed as the concept of extraordinary resolutions has not been retained under the 2006 Act. Further, the remainder of the provision is reflected in full in the 2006 Act.

The current articles enable members to act by written resolution. Under the 2006 Act public companies can no longer pass written resolutions. This provision has therefore been removed in the amended articles.

4.4 Convening extraordinary and annual general meetings

The provisions in the current articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being removed because the relevant matters are provided for in the 2006 Act. In particular, a general meeting (which is not an AGM) to consider a special resolution can now be convened on 14 days' notice whereas previously 21 days' notice was required.

4.5. Votes of members

The time limits for the appointment or termination of proxy appointment have been altered by the 2006 Act so that the articles cannot provide that they should be received more than 48 hours before the meeting or, in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. In addition a member may appoint more than one proxy to

attend on the same occasion and if he does, shall specify the number of shares in respect of which each proxy is entitled to exercise the related votes. The amended articles reflect all these provisions.

4.6 Retirement of directors by rotation

The current articles contain a provision requiring a minimum number of one-third of the directors to retire at every Annual General Meeting. Such provision is no longer appropriate in view of the Combined Code requirement for directors to offer themselves for re-election at regular intervals and at least every three years and so has been removed in the amended articles. The amended articles provide that any director who has been appointed by the board since the last Annual General Meeting, or who held office at the time of the two preceding Annual General Meetings and who did not retire at either of them, or who has held non-executive office for a continuous period of nine years or more at the date of the Annual General Meeting, is to retire at each Annual General Meeting and offer himself for re-election.

4.7 Uncertificated shares

The amended articles provide that, where the company is entitled by the articles or legislation to dispose of or enforce a lien over an uncertificated share, or impose a restriction on it, the directors may require the holder to change that share to certificated form. The amended articles also provide that shares held by a member in uncertificated form are to be treated as a separate holding from any shares held in certificated form unless the directors decide otherwise.

4.8 Share certificates sent at holder's risk

The amended articles provide that a share certificate is sent at the risk of the holder and that the company is not responsible for a share certificate which is lost or delayed in the course of delivery.

4.9 Records to be kept

The provision in the current articles requiring the board to keep accounting records has been removed as this requirement is covered in the 2006 Act.

4.10 Distributions of assets otherwise than in cash

The current articles contain provisions dealing with the distribution of assets in kind in the event of the company going into liquidation. These provisions have been removed in the amended articles on the grounds that provisions about the powers of liquidators are a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the articles.

4.11 Notice of board meetings

Under the current articles, when a director is outside the United Kingdom or the Republic of Ireland, he can request that notices of directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive such notices while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad.

4.12 Expenses

The amended articles provide that the company may fund a director's expenditure for the purposes permitted under the Companies Acts and may do anything to enable a director of the company to avoid incurring such expenditure as provided in the Companies Acts.

4.13 Directors' indemnities and loans to fund expenditure

The current articles permit the company to indemnify directors, other officers or auditors against any liability and to purchase and maintain insurance against any liability for such persons. The amended articles reflect the relevant sections in the 2006 Act: all references to officers have been removed because the statutory provisions do not extend to liabilities of officers other than directors and, similarly, the provision no longer refers to auditors to reflect institutional investor guidelines that liability insurance should not extend to auditors. The wording in the amended articles has also been amended to clarify that directors are not accountable for any benefit provided by virtue of the insurance taken out and that the receipt of such benefit does not disqualify any person from being or becoming a director of the company.

4.14 General

Generally the opportunity has been taken to bring clearer language into the amended articles.