

DIAGEO

Notice of Annual General Meeting 2010

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 all of your shares, please pass this document and its enclosures to the stockbroker or other agent through whom the sale was effected, for transmission to the purchaser.

Notice is hereby given that the Annual General Meeting of Diageo plc will be held at the Institution of Engineering and Technology, Savoy Place, London WC2R 0BL on Thursday, 14 October 2010 at 2.30pm.

The business of the meeting will be as follows (explanations of the resolutions are given in the Chairman's letter on page 10 of this AGM notice):

Report and accounts 2010

1. To receive the directors' and auditor's reports and the accounts for the year ended 30 June 2010.

Directors' remuneration report 2010

2. To approve the directors' remuneration report for the year ended 30 June 2010.

Declaration of final dividend

3. To declare a final dividend on the ordinary shares of 23.5 pence per share for the year ended 30 June 2010.

Directors' re-election

4. To re-elect PB Bruzelius as a director.
5. To re-elect LM Danon as a director.
6. To re-elect BD Holden as a director.
7. To re-elect Lord Hollick as a director.
8. To re-elect Dr FB Humer as a director.
9. To re-elect PG Scott as a director.
10. To re-elect HT Stitzer as a director.
11. To re-elect PA Walker as a director.
12. To re-elect PS Walsh as a director.

Directors appointed since the last annual general meeting

13. To elect Lord Davies as a director.
14. To elect DA Mahlan as a director.

Re-appointment of auditor

15. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
THAT KPMG Audit plc be hereby re-appointed as auditor of the company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the company.

Remuneration of auditor

16. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
THAT the directors be hereby authorised to determine the auditor's remuneration.

Authority to allot shares

17. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: THAT the directors be hereby generally and unconditionally authorised to allot shares in the company and to grant rights to subscribe for or convert any security into shares in the company:

- a) up to a nominal amount of £241,661,000 (such amount to be reduced by the nominal amount allotted or granted under paragraph (b) below in excess of such sum); and
- b) comprising equity securities (as defined in the Companies Act 2006 (the 'Act')) up to a nominal amount of £483,323,000 (including within such limit any shares and rights to subscribe for or convert any security into shares allotted under paragraph (a) above) in connection with an offer by way of a rights issue:
 - i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - ii. to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter (including any such problems arising by virtue of

equity securities being represented by depositary receipts),

such authorities to apply until the conclusion of next year's AGM (or, if earlier, until the close of business on 31 December 2011) but, in each case, so that the company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

Disapplication of pre-emption rights

18. To consider and, if thought fit, to pass the following resolution as a special resolution: THAT if resolution 17 is passed, the directors be hereby given power to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or where the allotment is treated as an allotment of equity securities under section 560(3) of the Act, in each case free of the restriction in section 561(1) of the Act, such power to be limited:

- a) to the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 17, by way of a rights issue only):
 - i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

- ii. to holders of other equity securities, as required by the rights of those securities, or as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts); and

- b) in the case of the authority granted under paragraph (a) of resolution 17 and/or in the case of any sale of treasury shares which is treated as an allotment of equity securities under section 560(3) of the Act, to the allotment (otherwise than under paragraph (a) above) of equity securities up to a nominal amount of £39,843,000; and
- c) to the allotment of equity securities in connection with the company's employee share schemes and the company's employee share option schemes for employees of joint ventures in which the company and/or any of its subsidiary undertakings (as defined in the Act) participates,

such power to apply until the conclusion of next year's AGM (or, if earlier, until the close of business on 31 December 2011) but during this period the company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the power ends and the directors may

allot equity securities under any such offer or agreement as if the power had not ended.

Authority to purchase own ordinary shares

19. To consider and, if thought fit, to pass the following resolution as a special resolution: THAT the company be hereby authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares of 28 101/108 pence each ('Ordinary Shares') on such terms and in such manner as the directors may from time to time determine but subject to the following restrictions and provisions:

- a) the maximum number of Ordinary Shares hereby authorised to be purchased is 250,554,000;
- b) the minimum price, exclusive of expenses, which may be paid for an Ordinary Share is 28 101/108 pence;
- c) the maximum price, exclusive of expenses, which may be paid for an Ordinary Share 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 that 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

- d) unless previously revoked or varied, this authority will expire at the conclusion of next year's AGM or on 31 December 2011, whichever is the sooner, but so that the company may enter into, prior to such expiry, a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry, and may purchase Ordinary Shares pursuant to any such contract under this authority.

Authority to make political donations and/or to incur political expenditure in the EU

20. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: THAT, in accordance with sections 366 and 367 of the 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 to:

- a) make political donations (as defined in section 364 of the Act) to political parties (as defined in section 363 of the Act) or independent election candidates (as defined in section 363 of the Act), not exceeding £200,000 in total;
- b) make political donations (as defined in section 364 of the Act) to political organisations other than political parties (as defined in section 363 of the Act) not exceeding £200,000 in total; and
- c) incur political expenditure (as defined in section 365 of the 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 next year's AGM or

on 31 December 2011, whichever is the sooner, and provided that the aggregate amount of political donations and political expenditure so made and incurred by the company and its subsidiaries pursuant to this resolution shall not exceed £200,000.

Amendment of the Diageo 2001 Share Incentive Plan

21. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: THAT the Diageo 2001 Share Incentive Plan be amended to extend the date on which the Board's authority to issue Ordinary Shares in the company expires from 5 September 2011 to 13 October 2020, and the copy of the rules marked to show the proposed amendment having been produced to the meeting and initialled by the Chairman for the purposes of identification, be hereby approved and adopted and the 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 2010 Sharesave Plan

22. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: THAT the Diageo 2010 Sharesave Plan, the main features of which are summarised in Appendix 3 to the Chairman's letter on page 21 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 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

23. To consider and, if thought fit, to pass the following resolution as an ordinary resolution: THAT the Board be hereby authorised to establish future share plans for the benefit of employees overseas based on the Diageo 2010 Sharesave Plan, modified to the extent necessary or desirable to take account of overseas tax, securities and exchange control laws and regulations, provided that such plans must operate within the limits on individual or overall participation summarised in Appendix 3 to the Chairman's letter on page 21 of this AGM notice.

Reduced notice of a general meeting other than an annual general meeting

24. To consider and, if thought fit, to pass the following resolution as a special resolution: THAT a general meeting of the company, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By order of the Board

Paul Tunnacliffe

Secretary
14 September 2010

Diageo plc
Registered office:
Lakeside Drive
Park Royal
London
NW10 7HQ
Registered in England No. 23307

Notes

- (1) The documents noted at (i) and (ii) below are available for inspection during normal business hours at the company's registered office 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:
- i. Copies of the directors' service contracts (or, where appropriate, letters of appointment); and
 - ii. Copies of the rules of the share plans referred to in resolutions 21 and 22.

The documents noted at (ii) above are also available for inspection 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.

- (2) To be admitted to the meeting, shareholders are asked to bring their admittance pass or notice of availability card that they have received through the post and be able to confirm their name, address and unique investor code as it appears on the register.
- (3) Any member attending the AGM has the right to ask questions. The company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on the company's website (www.diageo.com) in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

- (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 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 act on his/her behalf. 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. A Form of Proxy which may be used to make such appointment and give proxy instructions can be found on the company's website, www.diageo.com, or can be requested from Diageo Registrars at the address below. To be effective, a duly completed Form of Proxy, 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 appointed 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 Tuesday, 12 October 2010 (or not less than 48 hours before the time fixed for any adjourned meeting). Participants in the company's Employee Share Schemes or holders of shares in Diageo Sharestore should refer to note 10. To appoint

a proxy electronically you will need your unique 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 two or more valid but differing appointments of a proxy are received in respect of the same share for use at the same meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the others as regards that share; if the company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

- (6) Unless voting instructions are indicated on the Form of Proxy, 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.
- (7) If you are an ordinary shareholder and wish to attend the AGM, the return of the Form of Proxy or the appointment of a proxy via the electronic voting section of the company's website or via CREST will not prevent you from attending 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.

- (8) A member must inform the company in writing of any termination of the authority of a proxy.
- (9) 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 (available via www.euroclear.com/CREST). 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 4 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.

CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.

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 message. 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, to procure that his/her 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.

- (10) Participants in the company's Employee Share Schemes and holders of shares in the Diageo Sharestore should complete the Letter of Direction section of the Form of Proxy. Those who are ordinary shareholders and/or participants in such schemes and/or holders of shares in the Diageo Sharestore should complete both the Form of Proxy and the Letter of Direction section. The Letter of Direction must reach Diageo Registrars (at the address specified in note 5), or in the case of a letter of direction completed 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 Friday, 8 October 2010. 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. Holders of shares in the Diageo Sharestore should contact Diageo Registrars and request a letter of admittance should they wish to attend the company's AGM.

- (11) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares.
- (12) On arrival at the AGM venue, all those entitled to vote will be required to register and collect a poll card. In order to facilitate these arrangements, please arrive at the AGM venue in good time. You will be given instructions on how to complete your poll card at the meeting.
- (13) As soon as practicable following the AGM, the results of the voting at the meeting and the number of votes cast for and against and the number of votes withheld in respect of each resolution will be announced via a Regulatory Information Service and placed on the company's website (www.diageo.com).
- (14) A copy of this AGM notice has been provided for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Act ('nominated persons'). The statement of the rights of members in relation to the appointment of proxies does not apply to nominated persons. 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.

- (15) Under section 527 of the Act members that meet the threshold requirements set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to:
- i. 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 AGM; or
 - ii. any circumstance connected with an auditor of the company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.

The company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the company has been required under section 527 of the Act to publish on a website.

- (16) A copy of this AGM notice, and other information required by section 311(A) of the Act can be found at the company's website (www.diageo.com).
- (17) Any electronic address provided either in this AGM notice or any related documents (including the Chairman's letter and Form of Proxy) may not be used to communicate with the company for any purposes other than those expressly stated.
- (18) The company's issued share capital at 26 August 2010 was 2,505,547,188 Ordinary Shares carrying one vote each, excluding any Ordinary Shares held as treasury shares. As at 26 August 2010, the company held 248,407,737 Ordinary Shares as treasury shares, representing 10% of the company's issued share capital (excluding treasury shares) as at that date. As at 26 August 2010, the total number of voting rights in the company was therefore 2,505,547,188.

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 other Diageo share schemes.

Dear Shareholder

Annual General Meeting

The AGM of Diageo plc will be held at the Institution of Engineering and Technology, Savoy Place, London WC2R 0BL on Thursday, 14 October 2010 at 2.30 pm.

My explanation of each of the resolutions to be proposed is set out below. Resolutions 1 to 14 will be proposed as ordinary resolutions. Voting at the AGM will be by way of poll rather than on a show of hands, using a poll card. This is a more transparent method of voting as shareholder votes are to be counted according to the number of shares held. This will ensure an exact and definitive result.

Resolution 1 (report and accounts 2010)

These Diageo annual reports and accounts are for the year ended 30 June 2010.

Resolution 2 (directors' remuneration report 2010)

Sections 439 and 440 of the Companies Act 2006 (the 'Act') and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 require that quoted companies put the directors' remuneration report to a vote of the shareholders. The vote is advisory only, 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 14.6 pence per ordinary share of 28 101/108 pence each (an 'Ordinary Share') in April 2010. The Board recommends a final dividend of 23.5 pence per Ordinary Share, bringing the total dividend for the year to 38.1 pence per Ordinary Share. Subject to approval by shareholders, the final dividend will be paid on 19 October 2010 to shareholders on the register on 10 September 2010. A Dividend Reinvestment Plan ('DRIP') is available in respect of this dividend and the plan notice date is 27 September 2010. A DRIP booklet and mandate form are available from Diageo Registrars at the address given in note 5 on page 6 of this AGM notice or from the company's website (www.diageo.com).

Resolutions 4 to 12 (directors retiring by rotation)

In accordance with section B.7.1 of the UK Corporate Governance Code published in June 2010, all of the directors of the company will stand for re-election with the exception of NC Rose, who will retire as a director at the AGM and will therefore not be seeking re-election.

In relation to the re-election of PB Bruzelius, LM Danon, BD Holden, Lord Hollick, PG Scott, HT Stitzer and PA Walker 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. Biographical details of all the company's directors are set out in Appendix 1 to this letter.

Resolutions 13 to 14 (directors appointed since the last annual general meeting)

The company's articles of association provide that any director who has been appointed by the Board since the last AGM is required to retire and may then be considered for election assuming they wish to stand for election. The directors who will have been appointed since the last AGM are Lord Davies and DA Mahlan and both are seeking election.

The biographical details of Lord Davies and DA Mahlan are set out in Appendix 1 to this letter. The Board considers that Lord Davies' experience will further enhance the Board. The Board also considers that DA Mahlan's experience will make a significant contribution to the finance function and the Board.

Resolution 15 (re-appointment of auditor)

At the AGM held on 14 October 2009, 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 14 October 2010. 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 2011. Resolution 15 is to re-appoint KPMG Audit Plc for the financial year ending 30 June 2011.

Resolution 16 (remuneration of auditor)

Resolution 16 authorises the Board to determine the remuneration of the company's auditor.

Resolution 17 (authority to allot shares)

At the AGM held on 14 October 2009, members gave authority to the directors, which will expire on 14 October 2010, to allot a maximum of

£241,092,000 in nominal value of unissued Ordinary Shares and any securities convertible into Ordinary Shares. Resolution 17 replaces the authority granted in 2009.

Paragraph (a) of this resolution would give the directors the authority to allot Ordinary Shares or grant rights to subscribe for or convert any securities into Ordinary Shares up to an aggregate nominal amount equal to £241,661,000 (representing 835,182,000 Ordinary Shares). This amount represents approximately one-third of the issued ordinary share capital (excluding treasury shares) of the company as at 26 August 2010, the latest practicable date prior to publication of this AGM notice (the 'Latest Practicable Date').

Paragraph (b) of this resolution is in line with guidance issued by the Association of British Insurers. It would give the Board authority to allot Ordinary Shares or grant rights to subscribe for or convert any securities into Ordinary Shares in connection with a rights issue, to existing shareholders in proportion (as nearly as may be practicable) to their existing holdings, up to an aggregate nominal amount equal to £483,323,000 (representing 1,670,364,000, Ordinary Shares), as reduced by the nominal amount of any shares issued under paragraph (a) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of the company as at the Latest Practicable Date.

The authorities sought under paragraphs (a) and (b) of this resolution will expire at the earlier of 31 December 2011 and the conclusion of next year's AGM.

The Board will continue to seek to renew these authorities at each AGM, in accordance with current best practice. The Board has no present intention to exercise either of the authorities sought under resolution 17, except, under paragraph (a), to satisfy options under the company's share option schemes. However, if the Board does exercise the authorities in a circumstance other than that described in the prior sentence the Board intend to follow ABI recommendations concerning their use (including as regards the Board standing for re-election in certain circumstances).

As at the Latest Practicable Date, 248,407,737 Ordinary Shares are held by the company in treasury (representing approximately 10% of the total issued share capital (excluding treasury shares) of the company as at the Latest Practicable Date).

Resolution 18 (disapplication of pre-emption rights)

Resolution 18 would give the Board the authority to allot Ordinary Shares (or sell any Ordinary Shares which the company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This authority would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise considers necessary, or to allotments of equity securities to employees

of joint ventures in which the Diageo group participates, or otherwise up to an aggregate nominal amount of £39,843,000 (representing 137,697,000 Ordinary Shares). This aggregate nominal amount represents approximately 5% of the issued Ordinary Share capital (including treasury shares) of the company as at the Latest Practicable Date. In respect of this aggregate nominal amount, the Board confirms its intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling 3-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders. The Board will continue to seek to renew this authority at each AGM, in accordance with current best practice.

This authority will expire at the earlier of 31 December 2011 and the conclusion of next year's AGM.

Resolution 19 (authority to purchase own ordinary shares)

At the AGM held on 14 October 2009, the members granted authority for the company to buy up to a maximum of 249,964,000 of its own Ordinary Shares in the market.

Resolution 19 renews and replaces that authority and would allow the company to buy back up to 250,554,000 Ordinary Shares (i.e. £72,498,000 in nominal value) in the market (approximately 10% of the issued Ordinary Share capital, exclusive of treasury shares, at the Latest Practicable Date). The company had options to subscribe for Ordinary Shares outstanding at the Latest Practicable Date relating to 351,707 Ordinary Shares. This figure represents 0.01% of the issued Ordinary Share capital, exclusive of treasury shares, at the Latest

Practicable Date and would, assuming no further Ordinary Shares are issued, represent 0.02% of the issued Ordinary Share capital if full authority to purchase shares (both the existing authority and that sought at this year's AGM) was used.

The resolution sets out the lowest and highest prices that the company can pay for the Ordinary Shares (for each Ordinary Share, the lowest being the nominal value of an Ordinary Share and the highest being the higher of (i) 105% of the average middle market quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days preceding the day of purchase 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). The authority will expire at the conclusion of next year's AGM or on 31 December 2011, if earlier. Any buy back would be by market purchases through the London Stock Exchange. Any Ordinary Shares so purchased would be either held as treasury shares or cancelled. In the period from 15 October 2009 to the Latest Practicable Date, no Ordinary Shares have been purchased and held as treasury shares or cancelled under the existing authority.

The Board 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 20 (political donations and political expenditure in the EU)

Under section 366 of the Act, the company is required to seek shareholders' authority

for any political donations and/or political expenditure made by the company in the European Union ('EU'). On 14 October 2009 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 longstanding 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 group made no donations to EU political organisations and incurred no EU political expenditure during the year. During the year, contributions to political parties were made in the United States, where it is common practice to do so. These were all made, consistent with applicable laws, to federal and state candidates and committees. With respect to the contributions in the United States, no particular political persuasion was supported and contributions were made with the aim of promoting a better understanding of the group and its views on commercial matters, as well as a generally improved business environment.

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 next year's AGM or on 31 December 2011, if earlier. The directors will continue to seek to renew their authority at each AGM, in accordance with current best practice.

Resolutions 21 to 23 (Long term incentive arrangements)

Two of the all-employee share plans that the company operates – the Diageo 2001 Share Incentive Plan ('SIP') and the Diageo plc UK Sharesave Scheme 2000 ('Current UK Sharesave') – need to be renewed. The SIP will expire on 5 September 2011 and the Current UK Sharesave expired on 6 September 2010.

Shareholder approval is being sought to amend the SIP to extend the Board's authority to issue Ordinary Shares in the company for the purposes of the SIP until 13 October 2020 to enable the company to continue to operate the plan.

Shareholder approval is also being sought to renew the Current UK Sharesave to enable the company to be able to continue to grant awards under the plan on a similar basis.

Summaries of the SIP and the new UK Sharesave ('New UK Sharesave') are set out in Appendices 2 and 3 to this letter.

Resolution 21 seeks approval for the amendment of the SIP and resolution 22 seeks approval for the establishment of the New UK Sharesave. Resolution 23 will give authority to establish share plans comparable to the New UK Sharesave for employees working overseas.

Resolution 24

Changes made to the Act by the Companies (Shareholders' Rights) Regulations 2009 (the 'Shareholders' Rights Regulations') increase the notice period required for general meetings of the company to 21 days unless shareholders approve a shorter notice period, which cannot,

however, be less than 14 clear days. Such approval will not affect annual general meetings, which will continue to be held on at least 21 clear days' notice.

Following shareholder approval at the 2009 AGM, the company is currently able to call general meetings (other than AGMs) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so after the 2010 AGM, shareholders must have approved the calling of meetings on 14 days' notice. Resolution 24 seeks such approval. The approval will be effective until the company's next AGM, when it is intended that similar resolution will be proposed. The company does not intend to use this authority routinely. The company envisions that this authority would be used only in limited circumstances for time-sensitive matters where a shorter notice period would be to the advantage of shareholders as a whole. The company will also need to meet the requirements for electronic voting under the Shareholders' Rights Regulations before it can call a general meeting on 14 days' notice.

Issued share capital

The company's issued share capital at the Latest Practicable Date was 2,505,547,188 Ordinary Shares carrying one vote each, excluding any Ordinary Shares held as treasury shares. As at the Latest Practicable Date, the company held 248,407,737 Ordinary Shares as treasury shares, representing 10% of the company's issued share capital (excluding treasury shares) as at that date. As at the Latest Practicable Date, the total number of voting rights in the company was therefore 2,505,547,188.

Annual Report

The 2010 Annual Report can be viewed at or downloaded from the company's website (www.diageo.com) 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 emailing the.registrar@diageo.com.

Electronic communications

Diageo encourages its shareholders to help it to minimise its environmental impact by registering to receive shareholder communications electronically by email and via the Internet. Receiving documents electronically helps us reduce our printing, paper and postage costs. We believe shareholders who register also receive information more quickly and simply.

To receive communications and documents electronically, please register your email address at www.diageoregistrars.com and we will send you an email letting you know that the shareholder documents are available online at our website (www.diageo.com) for you to view or download.

Recommendation

The Board considers that the resolutions contained in this AGM notice and to be proposed at the AGM are in the best interests of the company and 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
14 September 2010

Diageo plc
Registered office:
Lakeside Drive
Park Royal
London
NW10 7HQ
Registered in England No. 23307

Appendices

1. Biographies of directors standing for election or re-election

Peggy Bruzelius, non-executive director

Appointed a non-executive director of Diageo plc in April 2009. She is chairman of Lancelot Asset Management and deputy chairman of AB Electrolux, both in Sweden, and sits on the boards of Akzo Nobel NV in the Netherlands, Syngenta AG in Switzerland, Axfood AB and Husqvarna AB in Sweden and the Stockholm School of Economics. She was formerly managing director of ABB Financial Services AB and headed the asset management arm of Skandinaviska Enskilda Banken AB. During the year, she resigned as a non-executive director of Scania AB.

Age 60.

Nationality Swedish.

(Committees 1, 3, 4)

Laurence Danon, non-executive director

Appointed a non-executive director of Diageo plc in January 2006. She is chairman of the executive board of Edmond de Rothschild Corporate Finance and a non-executive director of Groupe BPCE and Rhodia SA, all in France. Formerly she served with the French Ministry of Industry and Energy, held a number of senior management posts with Total Fina Elf and was chairman and chief executive officer of France Printemps. During the year, she resigned as a non-executive director of Experian Group Limited and recently was appointed a non-executive director of TF1 and resigned as a non-executive director of Plastic Omnium, both in France.

Age 54.

Nationality French.

(Committees 1, 3, 4)

Lord (Mervyn) Davies of Abersoch, non-executive director

Appointed a non-executive director of Diageo plc in September 2010. Lord Davies is a partner of Corsair Capital. Previously he was Minister for Trade, Investment and Small Business for the UK Government between January 2009 and May 2010. Prior to this role, Lord Davies was Chairman of Standard Chartered PLC, the financial services company with leading positions in Asia, Africa and the Middle East and for which he was also Group Chief Executive from 2001 until 2006. He was a non-executive director at Tesco PLC from 2003 to 2008, and at Tottenham Hotspur PLC from 2004 to 2009.

Age 57.

Nationality British.

(Committees, 1, 3, 4)

Betsy Holden, non-executive director

Appointed a non-executive director of Diageo plc in September 2009. She is a senior adviser to McKinsey & Company and a director of MediaBank LLC, and holds non-executive directorships of Tribune Company and Western Union Company, all in the United States. She is chairman of the board of visitors at Duke University Trinity College and a member of the Dean's advisory board at the Kellogg School of Management. She was formerly president, global marketing and category development and co-chief executive officer of Kraft Foods, Inc.

Age 54.

Nationality American.

(Committees 1, 3, 4)

Lord (Clive) Hollick of Notting Hill, senior non-executive director

Appointed a non-executive director of Diageo plc in December 2001 and senior non-executive director and chairman of the remuneration committee in September 2004. He is a member of the supervisory boards of ProSiebenSat.1 Media AG and BMG Music Rights GmbH, both in Germany, a non-executive director of Honeywell International Inc in the United States, and a founding trustee of the Institute of Public Policy Research. He was formerly chief executive of United Business Media plc and has held a number of other non-executive directorships. During the year, he was appointed a partner of GP Bullhound and he retired as a partner and subsequently senior adviser to Kohlberg Kravis Roberts.

Age 65.

Nationality British.

(Committee 1, 3, 4*)

Dr Franz Humer, Chairman

Appointed chairman of Diageo plc in July 2008, having been a non-executive director since April 2005. He is also chairman of F. Hoffmann-La Roche Ltd in Switzerland and chairman of INSEAD's board of directors. He was formerly chief operating director of Glaxo Holdings plc and has held a number of other non-executive directorships. During the year, he resigned as a non-executive director of Allianz Versicherungs AG in Germany.

Age 64.

Nationality Swiss/Austrian.

(Committee 3*)

Deirdre Mahlan, chief financial officer, executive director

Appointed deputy chief financial officer of Diageo plc in May 2009, prior to which she was head of tax and treasury, Diageo plc, and before that, chief financial officer, Diageo North America. She joined the company in 2001, having held various senior finance positions in Joseph E Seagram & Sons Inc since 1992, having formerly been a senior manager with PricewaterhouseCoopers. She will succeed Nick Rose as chief financial officer and become a director of Diageo plc on 1 October 2010.

Age 48.

Nationality American.

(Committee 2)

Philip Scott, non-executive director

Appointed a non-executive director of Diageo plc and chairman of the Audit Committee in October 2007. He retired during the year as chief financial officer of Aviva plc, having begun 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. During the year, he was appointed a non-executive director of The Royal Bank of Scotland Group plc.

Age 56.

Nationality British.

(Committees 1*, 3, 4)

H Todd Stitzer, non-executive director

Appointed a non-executive director of Diageo plc in June 2004. During the year, he resigned as chief executive of Cadbury plc following its takeover by Kraft Foods, having been appointed to that position in 2003 and having formerly held a number of marketing, sales, strategy and general management posts after joining Cadbury in 1983 as an assistant general counsel. He is a member of the board of trustees of Business in the Community and recently became a member of the Advisory Board of Hamlin Capital Management, LLC, a New York based investment advisory firm.

Age 58.

Nationality American.

(Committees 1, 3, 4)

Paul Walker, non-executive director

Appointed a non-executive director of Diageo plc in June 2002. He is chief executive of The Sage Group plc (to which office he was appointed in 1994, having previously been finance director) and was formerly a non-executive director of MyTravel Group plc. During the year, he was appointed a non-executive director of Experian plc.

Age 53.

Nationality British.

(Committees 1, 3, 4)

Paul Walsh, chief executive officer, executive director

Appointed chief executive of Diageo plc in September 2000, having been chief operating officer since January 2000. He has served in a number of management roles since joining GrandMet's brewing division in 1982, including chief executive officer of The Pillsbury Company. He was appointed to the GrandMet board in October 1995 and to the Diageo plc board in December 1997. He is a non-executive director of Unilever PLC, chairman of the Scotch Whisky Association and a non-executive director of FedEx Corporation in the United States. During the year he retired as a member of the Council of the University of Reading.

Age 55.

Nationality British.

(Committee 2*)

1 Audit

2 Executive

3 Nomination

4 Remuneration

* chairman of committee

2. Summary of the Diageo 2001 Share Incentive Plan ('SIP')

The SIP is approved by HM Revenue & Customs ('HMRC').

2.1 Outline

The SIP is intended to be flexible and the company may offer any combination of the features outlined below to allow eligible employees to obtain Ordinary Shares in the company. Under the SIP, the company can:

- (a) give up to £3,000 worth of free shares a year to an employee ('Free Shares');
- (b) offer an employee the opportunity of buying up to £1,500 of shares a year ('Partnership Shares') out of pre-tax salary;
- (c) give an employee up to two free matching shares for each Partnership Share bought ('Matching Shares'); and
- (d) in addition to buying up to £1,500 of Partnership Shares each year, allow employees to purchase more shares using dividends received on Free Shares, Partnership Shares and Matching Shares ('Dividend Shares'). Employees may buy up to £1,500 of Dividend Shares annually.

To date, the company has offered Free Shares, Partnership Shares and Matching Shares. It is not intended that any award will be pensionable.

2.2 Eligibility

Each time that the Board (or a duly authorised committee) ('Board') decides to operate the SIP, all UK resident tax-paying employees of the company and its participating subsidiaries must be offered the opportunity to participate. Other

employees may be permitted to participate at the Board's discretion. Employees invited to participate must have completed a minimum qualifying period of employment before they can participate. That period must not exceed eighteen months or, in certain circumstances, six months.

2.3 Free Shares

Up to £3,000 worth of Free Shares can be awarded to each employee in a tax year. Free Shares must be awarded on the same terms, so that the number awarded to each employee is determined by standard criteria such as remuneration, length of service and number of hours worked. The award of Free Shares can, if the company so chooses, be subject to the satisfaction of a pre-award performance target which measures the objective success of the individual, team, division or business.

There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the employee cannot withdraw the Free Shares from the New SIP unless the employee leaves employment.

The Board can, at its discretion, provide that the Free Shares will be forfeit if the employee leaves employment other than in the circumstances of injury, disability, redundancy, transfer of the employing business or company, on reaching retirement age or on death. Forfeiture can only take place within three years of the Free Shares being awarded.

2.4 Partnership Shares

The Board may allow an employee to use pre-tax salary to buy Partnership Shares. The maximum limit is the lower of £1,500 or 10% of pre-tax salary in any tax year. The salary allocated to Partnership Shares can be accumulated for a period of up to 12 months ('Accumulation Period') or Partnership

Shares can be purchased monthly out of deductions from the employee's pay. In either case, Partnership Shares must be bought within 30 days of, as appropriate, the end of the Accumulation Period or the deduction from pay. An employee may stop and start deductions at any time. Once acquired, Partnership Shares may be withdrawn from the SIP by the employee at any time and will not be capable of forfeiture.

2.5 Matching Shares

The Board may offer Matching Shares free to an employee who has purchased Partnership Shares. If awarded, Matching Shares must be awarded on the same basis to all employees up to a maximum of two Matching Shares for every Partnership Share purchased.

There is a holding period of between three and five years during which the employee cannot withdraw the Matching Shares from the SIP unless the employee leaves employment.

The Board can, at its discretion, provide that the Matching Shares will be forfeit if the associated Partnership Shares are withdrawn by the employee, or if the employee leaves employment other than in the circumstances of injury, disability, redundancy, transfer of the employing business or company, on reaching retirement age or on death. Forfeiture can only take place within three years of the Matching Shares being awarded.

2.6 Investment of Dividends

The Board may allow an employee to reinvest dividends in up to £1,500 of shares each tax year. Dividend Shares must be held in the SIP for three years, unless the employee leaves employment. Once acquired, Dividend Shares are not capable of forfeiture.

2.7 Plan Trust

The SIP operates through a UK resident trust ('SIP Trust'). The SIP Trust purchases or subscribes for shares that are subsequently awarded to employees. The money to buy shares is provided either by the company or, if employees are allowed to acquire Partnership Shares, by the employees.

2.8 Limits

The rules of the SIP provide that, in any period of ten years, not more than 10% of the company's issued ordinary share capital may be issued under the New SIP and under any other employees' share scheme operated by the company.

Shares issued out of treasury under the SIP will count towards this limit for so long as this is required under institutional shareholder guidelines.

2.9 Amendments

The Board may at any time amend the SIP. 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, individual or overall limits or the basis for determining an employee's entitlement or the provisions affecting variations of share capital, except for any minor amendment to benefit the administration of the SIP, to take account of any change in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or the company. Any change to the key features of the SIP (being provisions necessary to meet the requirements of the relevant tax legislation) requires the prior approval of HMRC.

3. Summary of the Diageo 2010 Sharesave Plan ('New UK Sharesave')

The New UK Sharesave is an all-employee savings-related share option plan which is designed to be approved by HMRC.

3.1 Eligibility

An individual must be a UK resident tax-paying employee or full-time director of the company or a participating subsidiary and who has been an employee or full-time director for a qualifying service period (not exceeding five years) as the Board may determine. An individual is a full-time director if he is obliged to devote not less than 25 hours per week to his duties with the company concerned. The Board can decide which subsidiaries participate in the New UK Sharesave.

3.2 Grant of Options

The Board may invite all eligible employees to apply for options during the period of six weeks beginning on the day which the New UK Sharesave is formally approved by HMRC, any day on which a new savings contract prospectus is announced or comes into force, the dealing day following the date on which the company announces its results for any period, or at any other time when the Board considers that there are exceptional circumstances justifying the issue of invitations.

No options may be granted after the period of ten years from the date of approval of the New UK Sharesave. Options granted under the New UK Sharesave are personal to the optionholder and, except on the death of the optionholder, may not be transferred. Options granted under the New UK Sharesave are not pensionable.

3.3 Savings Contracts

An eligible employee who applies for an option under the New UK Sharesave must also enter into a savings contract approved by HMRC for a specified period of three or five years. The Board has discretion to determine which of the savings contracts will be available in respect of any invitation to apply for options. Under this contract, the employee will agree to make monthly savings contributions of a fixed amount which may not exceed the statutory maximum (currently, £250 per month) nor fall below £5 per month. Shares in the company may only be acquired under the New UK Sharesave on the exercise of the options using the payment under this contract. Payment will be taken as including any interest or bonus payable under the savings contract.

3.4 Price

The Board shall determine the price payable for each share under option, provided that the price shall not be less than:

- (a) 80% of the middle market quotation for a share in the Daily Official List of the London Stock Exchange ('LSE') or 80% of the average of the middle market quotations for a share in the LSE on the three consecutive dealing days before the date on which invitations to apply for options are issued or ending on the date specified in the invitation (or on such other day or days as may be agreed with HMRC); or
- (b) the nominal value of a share, if the option relates to new shares.

3.5 Limit

The number of shares which may be issued on the exercise of options or awards granted in any period of ten years under all the company's employee share schemes may not exceed such number of shares as represents 10% of the

company's ordinary share capital in issue on the date of grant of such options or awards.

Market purchase shares which are transferred from a trust to satisfy options under the New UK Sharesave do not count towards this limit. Shares issued out of treasury to satisfy options under the New UK Sharesave will count towards this limit for so long as this is required under institutional shareholder guidelines.

3.6 Scaling Down

Applications to participate in the New UK Sharesave may be scaled down by the Board if applications exceed the number of shares available for the grant of options. The ways in which scaling down may be carried out are set out in the rules of the New UK Sharesave and have been provisionally approved by HMRC.

3.7 Exercise of Options

An option may not normally be exercised until the optionholder has completed his savings contract (which will usually be three or five years from the date of commencement of the savings contract) and then not more than six months thereafter. Special provisions allow early exercise in the case of death, injury, disability, redundancy, retirement or because the company or the business which employs the optionholder is transferred out of the group.

If an optionholder ceases employment for any other reason, his option will lapse. Special provisions also allow early exercise in the event of a change of control, reconstruction or winding up of the company. Internal reorganisations do not automatically trigger the early exercise of options.

3.8 Variation of Capital

In the event of an increase or variation of the share capital of the company, the Board may make such adjustments as it considers appropriate to the number of shares under option and the price at which they may be acquired. Adjustments to the terms of options must be approved by HMRC.

3.9 Amendments

The Board may at any time amend the New UK Sharesave provided that no amendment to a feature of the New UK Sharesave that is necessary for it to be approved by HMRC may be made without the prior approval of HMRC. In addition, the prior approval of the company in general meeting is required for an amendment to the advantage of optionholders to the provisions relating to eligibility, individual and overall limits, the basis for determining a participant's entitlement to, and the terms of, shares provided under the New UK Sharesave, and the adjustments that may be made in the event of a variation of capital. Minor amendments to benefit the administration of the New UK Sharesave, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or any member of the group do not require the approval of the company in general meeting.

