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DIAGEO CEMENTS COMMITMENT TO MEXICO WITH \$400 MILLION INVESTMENT
Completion of Tequila Don Julio acquisition facilitates long-term investment plans

Diageo, a global leader in beverage alcohol, has today re-affirmed its long-term commitment to Mexico by pledging additional future investment in its local operations following the completion of its acquisition of Tequila Don Julio last week.

In addition to increasing advertising and promotional spend to further build the Don Julio brand globally, Diageo pledged today to make capital investment to expand local production facilities across distilling, bottling and water treatment as well as increasing its agave farming capacity. It also plans to build a new heritage centre at Atotonilco, Jalisco. This planned activity, together with the acquisition costs of Tequila Don Julio, brings Diageo's expected investment in Mexico to around US\$400 million over five years, subject to the market continuing to perform in line with expectations.

Diageo estimates that the investment will also create around 200 direct jobs within Diageo Mexico and will generate a similar number of indirect roles in the initial three year period.

Ivan Menezes, Chief Executive, Diageo, announced the investment during the State Visit of Mexican President Enrique Peña Nieto to the UK, commenting: "Mexico is a country of enormous opportunity and will form an important part of Diageo's future. This investment reaffirms our long-term commitment to Mexico and we look forward to playing a bigger role in the industry, investing in our people and communities and supporting wider economic development."

The UK's Deputy Prime Minister Nick Clegg welcomed the news as he hosted a Business Breakfast at Buckingham Palace to mark the Mexican State Visit to the UK; "British businesses are booming in Mexico, so I welcome this excellent news from Diageo as President Enrique Peña Nieto begins his state visit to Britain.

"Diageo is but the latest in a long line of UK companies expanding their investments in Mexico. This will create hundreds of jobs and help secure Britain's place as Mexico's business partner of choice."

Erik Seiersen, Managing Director of Diageo Mexico added: "With this investment specifically in Mexico and more broadly across Tequila Don Julio, Diageo will play a key role in developing Mexico's most important geographical indication and driving its success on a global scale."

Diageo announced its intention to acquire full global ownership and control of Tequila Don Julio in November 2014 and after receiving all required approvals, announced completion of the deal on 27 February 2015. The acquisition expands Diageo's leading position in Mexico and broadens its

participation in the fast-growing premium spirits sector. In Mexico, over half the population are already defined as middle class while the legal drinking age population is expected to increase to 64% in the next four years. This represents a significant opportunity within international spirits, which currently have relatively low penetration versus beer and local spirits.

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About Diageo

Diageo is a global leader in beverage alcohol with an outstanding collection of brands across spirits, beer and wine categories. These brands include Johnnie Walker, Crown Royal, J&B, Buchanan's and Windsor whiskies, Smirnoff, Cîroc and Ketel One vodkas, Captain Morgan, Baileys, Don Julio, Tanqueray and Guinness.

Diageo is a global company, and our products are sold in more than 180 countries around the world. The company is listed on both the London Stock Exchange (DGE) and the New York Stock Exchange (DEO). For more information about Diageo, our people, our brands, and performance, visit us at www.diageo.com. Visit Diageo's global responsible drinking resource, www.DRINKiQ.com, for information, initiatives, and ways to share best practice.

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