DIAGEO

Notice of Annual General Meeting 2014

This document is important and requires your immediate attention. If you have any doubts about 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 or otherwise transferred 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 or transferee.

Dear Shareholder

The following document gives notice that the Annual General Meeting ('AGM') of Diageo plc will be held at The Mermaid Conference & Events Centre, Puddle Dock, Blackfriars, London EC4V 3DB on Thursday, 18 September 2014 at 2.30 pm.

Your vote is important to us and, if you are unable to attend the meeting, you can still vote by completing and submitting a proxy form in accordance with the instructions on page 13. Voting at the AGM will again be by way of poll using a poll card, rather than on a show of hands. This is a more transparent method of voting as shareholder votes are counted according to the number of shares held. This will ensure an exact and definitive result.

In line with the new remuneration legislation, this year the remuneration report is split into two sections and the policy on Directors' remuneration for the next three years, contained within the remuneration report, will be subject to a binding shareholder vote. There is also a resolution proposing a new long term incentive plan, which will replace the existing plans and is designed to simplify the existing incentive arrangements and further align them with both the interests of shareholders and the company's business strategy.

Recommendation
The Board considers that the resolutions contained in this AGM notice are in the best interests of your company and shareholders as a whole and recommends that you vote in favour of them. Your Directors intend to vote in favour of these resolutions in respect of their own beneficial holdings.

Yours sincerely

Dr Franz B Humer
Chairman
15 August 2014

Notice is hereby given that the AGM of Diageo plc will be held at The Mermaid Conference & Events Centre, Puddle Dock, Blackfriars, London EC4V 3DB on Thursday, 18 September 2014 at 2.30 pm.

The business of the AGM will be to consider and, if thought fit, pass the following resolutions.

All resolutions will be proposed as ordinary resolutions, save for 19 and 20, which will be proposed as special resolutions. Explanations of the resolutions are given on pages 6 to 12 of this AGM notice and additional information for those entitled to attend the AGM can be found on pages 12 to 16.

Report and accounts 2014

1. THAT the Directors' and Auditor's reports and the accounts for the year ended 30 June 2014 be received.

Directors' remuneration report 2014

2. THAT the Directors' remuneration report (excluding the Directors' remuneration policy) for the year ended 30 June 2014 be approved.

Directors' remuneration policy

3. THAT the Directors' remuneration policy as set out on pages 65 to 70 of the Diageo plc report and accounts for the year ended 30 June 2014 be approved.

Declaration of final dividend

4. THAT a final dividend be declared on the ordinary shares of $28\,^{101}/_{108}$ pence each ('Ordinary Share(s)') of 32.00 pence per share for the year ended 30 June 2014.

Directors' re-election

5. THAT PB Bruzelius be re-elected as a director.
6. THAT LM Danon be re-elected as a director.
7. THAT Lord Davies be re-elected as a director.
8. THAT Ho KwonPing be re-elected as a director.
9. THAT BD Holden be re-elected as a director.
10. THAT Dr FB Humer be re-elected as a director.
11. THAT D Mahlan be re-elected as a director.
12. THAT I Menezes be re-elected as a director.
13. THAT PG Scott be re-elected as a director.

Directors' election

14. That NS Mendelsohn be elected as a director.
15. THAT AJH Stewart be elected as a director.

Re-appointment of auditor

16. THAT KPMG LLP be re-appointed as auditor of the company to hold office from the conclusion of this AGM until the conclusion of the next general meeting at which accounts are laid before the company.

Remuneration of auditor

17. THAT the Board be authorised to determine the auditor's remuneration.

Authority to allot shares

18. THAT the Board be 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 up to an aggregate nominal amount of £242,298,000 and so that the Board may impose any limits or restrictions and make any arrangements which it considers 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 (as defined in the Companies Act 2006 (the 'Act')) 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 17 December 2015) save that under such authority the company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert any security into shares in pursuance of such an offer or agreement as if the relevant authority conferred hereby had not expired.

Disapplication of pre-emption rights

19. THAT, if resolution 18 is passed, the Board be given power to allot equity securities for cash under the authority given by that resolution and/or to sell Ordinary Shares held by the company as treasury shares for cash, 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 and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities:

        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 Board otherwise considers necessary,

    and so that the Board may impose any limits or restrictions and make any arrangements which it considers 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 resolution 18 and/or in the case of any sale of treasury shares for cash to the allotment (otherwise than under paragraph (a) above) of equity securities or sale of treasury shares up to a nominal amount of £39,846,000; and

c) to the allotment of equity securities in connection with the company's employee share plans and the company's employee share option plans 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 17 December 2015) save that the company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the relevant authority conferred hereby had not expired.

Authority to purchase own Ordinary Shares

20. THAT the company be 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 on such terms and in such manner as the Board 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 251,215,000; and

b) the minimum price, exclusive of expenses, which may be paid for an Ordinary Share is $28\,^{101}/_{108}$ pence; and

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 17 December 2015, whichever is the sooner, save that the company may, before such expiry, enter into a contract for the purchase of Ordinary Shares which would or might be completed wholly or partly after such expiry and the company may purchase Ordinary Shares pursuant to any such contract as if this authority had not expired.

Authority to make political donations and/or to incur political expenditure in the European Union ('EU')

21. 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 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 £100,000 in total; and

    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 £100,000 in total; and

    c) incur political expenditure (as defined in section 365 of the Act) not exceeding £100,000 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 17 December 2015, 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 £100,000.

Adoption of the Diageo 2014 Long Term Incentive Plan

22. THAT the Diageo 2014 Long Term Incentive Plan (the 'DLTIP'), the principal terms of which are summarised in the Appendix to this AGM notice, and the rules of which are produced to the meeting and initialled by the Chairman for the purposes of identification, be approved and the Directors be authorised to establish such schedules to the DLTIP as they may consider necessary in relation to employees outside the UK, with such modifications as may be necessary or desirable to take into account of local tax, exchange control or securities law in overseas territories, provided that any shares made available under such schedules are treated as counting against the limits on individual and overall participation contained in the DLTIP.

By order of the board

Paul D Tunnacliffe
Company Secretary
15 August 2014

Diageo plc
Registered office:
Lakeside Drive
Park Royal
London
NW10 7HQ

Registered in England No. 23307

Explanatory notes to the resolutions

Resolution 1 (report and accounts 2014)
These Diageo plc reports and accounts are for the year ended 30 June 2014.

Resolution 2 (Directors' remuneration report 2014)
Sections 439 and 440 of the Act 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 (Directors' remuneration policy)
Resolution 3 is a new resolution to approve the Directors' remuneration policy as set out in the Directors' remuneration report on pages 65 to 70 of the Diageo plc's report and accounts for the year ended 30 June 2014, available from the company's website (www.diageo.com). This new resolution has been introduced by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('Regulations') which took effect from 1 October 2013.

The vote on the Directors' remuneration policy is binding and accordingly the company may not make a remuneration payment or payment for loss of office to a person who is, or is to become, or has been a director of the company unless that payment is consistent with the approved Directors' remuneration policy, or the arrangement pre-dates 27 June 2012 (as specified in the Regulations) or has otherwise been approved by a resolution of shareholders. If resolution 3 is passed, the Directors' remuneration policy will take effect immediately. A remuneration policy will be put to shareholders again no later than the company's AGM in 2017.

Resolution 4 (declaration of final dividend)
The company paid an interim dividend of 19.70 pence per Ordinary Share in April 2014. The Board recommends a final dividend of 32.00 pence per Ordinary Share, bringing the total dividend for the year to 51.70 pence per Ordinary Share. Subject to approval by shareholders, the final dividend will be paid on 2 October 2014 to shareholders on the Register on 15 August 2014.

A Dividend Re-investment Plan ('DRIP') is available in respect of this dividend and the plan notice date is 10 September 2014. A DRIP booklet and mandate form are available from the Registrar at the address given in note 4 on page 13 of this AGM notice or from the company's website (www.diageo.com).

Resolutions 5-15 (directors seeking election and re-election)
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 appointed since the last AGM are Nicola S Mendelsohn and Alan JH Stewart, who are both seeking election. Nicola Mendelsohn has extensive experience at the forefront of digital marketing and communications. Alan Stewart has a strong track record in accountancy and financial management together with experience in retail, travel and the banking industries. The Board believes the experience of both will be of great value to Diageo as we continue to focus on driving long-term profitable growth through innovation in all areas of our business.

In accordance with the UK Corporate Governance Code and with previous years, all of the other Directors of the company will stand for re-election. In relation to the re-election of Non-Executive Directors, Peggy B Bruzelius, Laurence M Danon, Lord Davies of Abersoch, Ho KwonPing, Betsy D Holden and Philip G Scott,

the Chairman has confirmed that the Board has determined that each of them is independent, continue to perform effectively and demonstrate commitment to their roles, and that they are all influential individuals in their respective fields, backgrounds and countries.

Their balance of knowledge and skills and their diversity and business experience are major contributors to the proper functioning of the Board and its committees. Biographical details of the company's Directors seeking re-election and election are set out below:

Peggy B Bruzelius
Appointed Non-Executive Director, April 2009
Current external appointments: Chairman, Lancelot Asset Management; Non-Executive Director, Akzo Nobel NV, Axfood AB, Lundin Petroleum AB and Skandia Liv AB.
Previous relevant experience: Non-Executive Director, Syngenta AG and Scania AB; Managing Director, ABB Financial Services AB; Head of the Asset Management Arm, Skandinaviska Enskilda Banken AB.
Age: 64
Nationality: Swedish
(Committees: 1, 3, 4)

Laurence M Danon
Appointed Non-Executive Director, January 2006
Current external appointments: Chairman, Leonardo & Co. SAS; Non-Executive Director, TF1.
Previous relevant experience: Served with the French Ministry for Industry and Energy; senior managements posts, Total Fina Elf; Chairman and Chief Executive Officer, France Printemps; Chairman, Executive Board of Edmond de Rothschild Corporate Finance; Non-Executive Director, Experian Group Limited, Groupe BPCE, Plastic Omnium SA and Rhodia SA.
Age: 58
Nationality: French
(Committees: 1, 3, 4)

Lord Davies of Abersoch
Appointed Senior Non-Executive Director and Chairman of the Remuneration Committee, October 2011 (Appointed Non-Executive Director, September 2010)
Current external appointments: Partner and Vice Chairman, Corsair Capital LLC; Chairman, Chime Communications PLC; Non-Executive Chairman, Pinebridge Investments Limited; Chair, Global Advisory Board of Moelis & Company; Trustee, Royal Academy of Arts; Chair of the Council, University of Wales Bangor.
Previous relevant experience: Non-Executive Director, Bharti Airtel Limited; Minister for Trade, Investment and Small Business for the UK Government; Chairman, Standard Chartered PLC.
Age: 61
Nationality: British
(Committees: 1, 3, 4*)

Ho KwonPing
Appointed Non-Executive Director, October 2012
Current external appointments: Executive Chairman and Founder, Banyan Tree Holdings Limited; Chairman, Laguna Resorts & Hotels Public Company Limited, Thai Wah Food Products Public Company Limited and Singapore Management University; Member, International Council and East Asia Council of INSEAD; Member, Global Advisory Board of Moelis & Company; Governor, London Business School.
Previous relevant experience: Chairman, MediaCorp Pte. Ltd; Non-Executive Director, Singapore Airlines Limited, Standard Chartered PLC and Singapore Power Limited.
Age: 61
Nationality: Singaporean
(Committees: 1, 3, 4)

Betsy D Holden
Appointed Non-Executive Director, September 2009
Current external appointments: Senior Advisor, McKinsey & Company; Non-Executive Director, Catamaran Corporation, Western Union Company and Time Inc.; Member of the Board of Trustees, Duke University; Member of the Executive Committee, Kellogg School of Management Global Advisory Board.
Previous relevant experience: Member of the North American Advisory Board, Schneider Electric; Non-Executive Director, Tribune Company; President, Global Marketing and Category Development and Co-Chief Executive Officer, Kraft Foods, Inc.
Age: 58
Nationality: American
(Committees: 1, 3, 4)

Dr Franz B Humer
Appointed Chairman, July 2008
(Appointed Non-Executive Director, April 2005)
Current external appointments: Chairman, INSEAD Board of Directors; Non-Executive Director, CitiGroup Inc.
Previous relevant experience: Chairman, F. Hoffman-La Roche Ltd; Chief Operating Director, Glaxo Holdings plc.
Age: 68
Nationality: Swiss/Austrian
(Committee: 3*)

Deirdre Mahlan
Appointed Chief Financial Officer and Executive Director, October 2010
Current external appointments: Non-Executive Director, Experian plc; Member, Main Committee of the 100 Group of Finance Directors.
Previous Diageo roles: Deputy Chief Financial Officer; Head of Tax and Treasury.
Previous relevant experience: senior finance positions, Joseph E. Seagram & Sons, Inc.; senior manager, PricewaterhouseCoopers.
Age: 52
Nationality: American
(Committee: 2)

Ivan Menezes
Appointed Chief Executive, July 2013
(Appointed Executive Director, July 2012)
Current external appointments: Non-Executive Director, Coach Inc.
Previous Diageo roles: Chief Operating Officer; President, North America; Chairman, Diageo Asia Pacific; Chairman, Diageo Latin America and Caribbean; senior management positions, Guinness and then Diageo.
Previous relevant experience: marketing and strategy roles, Nestlé, Booz Allen Hamilton Inc. and Whirlpool.
Age: 55
Nationality: American/British
(Committee: 2*)

Philip G Scott
Appointed Non-Executive and Chairman of the Audit Committee, October 2007
Current external appointments: Non-Executive Director, Royal Bank of Scotland Group plc.
Previous relevant experience: President, Institute and Faculty of Actuaries; Chief Financial Officer, Aviva plc.
Age: 60
Nationality: British
(Committees: 1*, 3, 4)

Nicola S Mendelsohn
Appointed Non-Executive Director, September 2014
Current external appointments: Vice President, Facebook EMEA; Director, Women's Prize for Fiction; Co-Chair, Creative Industries Council.
Previous relevant experience: Executive Chairman, Karmarama; Deputy Chairman, Grey London; Board Director, BBH and the Fragrance Foundation; President, Institute of Practitioners in Advertising; board member, CEW; Trustee, White Ribbon Alliance and Chair of the Corporate Board, Women's Aid.
Age: 42
Nationality: British
(Committees: 1,3,4)

Alan JH Stewart
Appointed Non-Executive Director, September 2014
Current external appointments: Chief Financial Officer Designate, Tesco plc.
Previous relevant experience: Chief Financial Officer, Marks & Spencer and AWAS; Non-Executive Director, Games Workshop plc; Group Finance Director , WH Smith plc; Chief Executive, Thomas Cook UK.
Age: 54
Nationality: British
(Committees: 1, 3, 4)

Key to committees
1 Audit
2 Executive (comprising senior management)
3 Nomination
4 Remuneration
* Chairman of committee

Copies of the Directors' service contracts (or, where appropriate, letters of appointment) 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 at least 15 minutes prior to, and during, the AGM.

Resolution 16 (re-appointment of auditor)
At each general meeting at which the accounts are laid before the members, the company is required to appoint an auditor to serve until the next such meeting. KPMG LLP has agreed to continue as the company's auditor in respect of the financial year ending 30 June 2015.

Resolution 17 (remuneration of auditor)
Resolution 17 authorises the Board to determine the remuneration of the company's auditor.

Resolution 18 (authority to allot shares)
At the AGM held on 19 September 2013, shareholders gave authority to the Board, which will expire on 18 September 2014, to allot a maximum of £242,129,000 in nominal value of Ordinary Shares and any securities convertible into Ordinary Shares. Resolution 18 replaces the authority granted in 2013 and would allow the Board to allot, or to grant rights to subscribe for or convert any securities into Ordinary Shares up to an aggregate nominal amount equal to £242,298,000 (representing 837,384,000 Ordinary Shares).

This amount represents approximately one-third of the company's issued share capital (excluding treasury shares) as at 18 July 2014, the latest practicable date prior to publication of this AGM notice (the 'Latest Practicable Date').

The authority sought under this resolution will expire at the earlier of 17 December 2015 and the conclusion of next year's AGM. The Board will continue to seek to renew this authority at each AGM, in accordance with current best practice.

The Board has no present intention to exercise the authority sought under resolution 18, except to satisfy options under the company's share option plans.

As at the Latest Practicable Date, 242,068,532 Ordinary Shares are held by the company in treasury (representing approximately 10% of the total issued share capital (excluding treasury shares) of the company).

Resolution 19 (disapplication of pre-emption rights)
Resolution 19 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 having to offer them to existing shareholders in proportion to their existing shareholdings.

This authority would be limited to allotments of new Ordinary Shares or sales of treasury shares, for cash, in connection with pre-emptive offers or to allotments of equity securities to employees of joint ventures in which the group participates, or as the Board otherwise considers necessary, up to an aggregate nominal amount of £39,846,000 (representing 137,711,000 Ordinary Shares), equivalent to 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 of no more than 7.5% of the issued Ordinary Share capital (excluding treasury shares issued for cash) within a rolling 3-year period 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 17 December 2015 and the conclusion of next year's AGM.

Resolution 20 (authority to purchase own Ordinary Shares)
At the AGM held on 19 September 2013, the shareholders granted authority for the company to buy up to a maximum of 251,039,000 of its own Ordinary Shares in the market.

Resolution 20 renews and replaces that authority and would allow the company to buy back up to 251,215,000 Ordinary Shares (i.e. £72,689,000 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 470,156 Ordinary Shares. This figure represents approximately 0.02% of the issued Ordinary Share capital (excluding treasury shares), at the Latest Practicable Date and would, assuming no further Ordinary Shares are issued, represent approximately 0.02% of the issued Ordinary Share capital (excluding treasury shares) 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 17 December 2015, if earlier. Any buyback 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 20 September 2013 to the Latest Practicable Date, 7,069,795 Ordinary Shares have been purchased and held as treasury shares 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 21 (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 EU. At the AGM held on 19 September 2013, the Board was 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. The group made contributions to non-EU political parties totalling £0.4 million during the year (2013 – £0.5 million).

These were all made, consistent with applicable laws, to federal and state candidates and committees in North America, where it is common practice to make political contributions. 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.

To avoid inadvertent infringement, the Board has decided to continue to seek shareholders' authority for political donations and political expenditure in the EU in case any of the company's normal activities are caught by the legislation. The authority sought would be capped at £100,000. The authority will expire at the conclusion of next year's AGM or on 17 December 2015, if earlier. The Board will continue to seek to renew this authority at each AGM, in accordance with current best practice.

Resolution 22 (adoption of the Diageo 2014 Long Term Incentive Plan)
During 2013, the Remuneration Committee undertook a review of the company's executive remuneration framework. The purpose of the review was to simplify the existing incentive arrangements and further align them with both the interests of shareholders and the company's business strategy. A new long term incentive plan, the DLTIP, has been developed following this review to replace the existing Diageo 2008 Performance Share Plan ('PSP') and the Diageo 2008 Senior Executive Share Option Plan ('SESOP'). Subject to shareholder approval of the DLTIP, it is proposed that no further grants will be made under the PSP or SESOP. Awards under the DLTIP will be made annually to Executive Directors in accordance with the Directors' remuneration policy set out in the remuneration report. A detailed description of the principal terms of the DLTIP is set out in the Appendix to this AGM notice on pages 16 to 18. A copy of the DLTIP rules is 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.

Additional information for those entitled to attend the AGM

(1) Only holders of Ordinary Shares on the Register at 6.00 pm on Tuesday, 16 September 2014 (or, in the event of any adjournment, the date which is two days before the time of the adjourned meeting) 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.

(2) To be admitted to the AGM, 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 (which can be found on either your share certificate, dividend tax voucher or similar documentation as issued by the Registrar).

(3) Any shareholder 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 AGM but no such answer need be given if (a) to do so would interfere unduly with the preparation for the AGM 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 AGM that the question be answered.

(4) Any shareholder 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 shareholder appoints more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder 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 the Registrar 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 The Registrar, Diageo plc, 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 home page of www.diageo.com) by 2.30 pm on Tuesday, 16 September 2014 (or not less than 48 hours before the time fixed for any adjourned AGM). Participants in the company's Employee Share Plans or holders of shares in the Diageo Sharestore should refer to note 9. To appoint a proxy electronically you will need your unique investor code. 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 AGM, 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.

(5) Unless voting instructions are indicated on the Form of Proxy, a proxy may vote or withhold his/her vote as he/she thinks fit on the resolutions or on any other business (including amendments to resolutions) which may come before the AGM. 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.

(6) 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 AGM, only the vote of the senior will be accepted, seniority being determined by the order in which names appear on the Register.

(7) A shareholder must inform the company in writing of any termination of the authority of a proxy.

(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 (available by logging in at www.euroclear.com). 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 & 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 system provider are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

(9) Participants in the company's Employee Share Plans 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 plans 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 the Registrar (at the address specified in note 4), 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 home page of www.diageo.com), by 2.30 pm on Friday, 12 September 2014. The votes of employees or former employees of the company will be taken to include their Employee Share Plans and Diageo Sharestore shares together with holdings in their own name unless they notify the Registrar to the contrary at least 48 hours before the AGM. Holders of shares in the Diageo Sharestore should contact the Registrar and request a letter of admittance should they wish to attend the company's AGM.

(10) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares.

(11) 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 AGM.

(12) As soon as practicable following the AGM, the results of the voting at the AGM 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).

(13) A copy of this AGM notice has been provided for information only to persons who have been nominated by a shareholder to enjoy information rights under section 146 of the Act ('Nominated Persons'). The statement of the rights of shareholders in relation to the appointment of proxies does not apply to Nominated Persons. However, a Nominated Person may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed as a proxy for the AGM 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/she may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights.

(14) Under section 527 of the Act shareholders 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 AGM 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.

(15) 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).

(16) 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.

(17) The company's issued share capital at the Latest Practicable Date was 2,754,221,154 Ordinary Shares, including Ordinary Shares held as treasury shares. As at the Latest Practicable Date, the company held 242,068,532 Ordinary Shares as treasury shares, representing approximately 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, 2,512,152,622.

(18) The Diageo plc report and accounts for the year ended 30 June 2014 can be viewed at, or downloaded from, the company's website (www.diageo.com) or a copy requested by writing to the Registrar at the address specified in note 4 or by calling +44 (0) 131 519 2090, or by emailing the.registrar@diageo.com.

(19) Diageo encourages you to receive communications and documents electronically, by registering your email address at www.diageoregistrars.com. You will be sent an email letting you know that your shareholder documents will be available on the company's website (www.diageo.com) for you to view for download.

(20) For shareholder offers at Gleneagles, please visit www.gleneagles.com/diageoshareholder.

(21) Warning to shareholders – please beware share fraud or 'boiler room' scams, where shareholders are called 'out of the blue' by fraudsters (sometimes claiming to represent Diageo) attempting to obtain money or property dishonestly. Further information is available in the investor section of the company's website (www.diageo.com) but in short, if in doubt, take proper professional advice before making any investment decision.

Appendix

Summary of the Diageo 2014 Long Term Incentive Plan

The principal terms of the DLTIP are set out below. Details of how the DLTIP will be operated for Executive Directors are set out in the Directors' remuneration policy in the Diageo plc report and accounts for the year ended 30 June 2014.

1 Eligibility

Employees and Executive Directors of the company, subsidiaries and associated companies are eligible to participate in the DLTIP.

2 Grant of awards

The Board, or in the case of Executive Directors and the Executive Committee, the Remuneration Committee (the 'Committee') will decide who will participate in the DLTIP and how many shares they may receive.

Under the DLTIP participants are granted a right to receive shares in the company in the future subject to them remaining in employment and subject to the satisfaction of any performance conditions. The right (referred to as an award) can take the form of rights to free shares, options to acquire shares at an exercise price set at the time of grant (which may be zero) or shares issued or transferred at grant which are forfeited to the extent the award lapses. When the participant becomes entitled to the shares the award is said to have vested.

Awards will normally only be granted within 42 days of the announcement of the company's results for any period or the annual general meeting. No awards can be granted more than 10 years after the DLTIP's approval by shareholders.

3 Performance conditions

The receipt of shares on the vesting of an award may be subject to a performance condition set by the Committee at the time of grant which will normally be tested over at least three financial years. Awards made to Executive Directors of the company will always be subject to performance conditions as described in the Director's remuneration policy from time to time and, accordingly, the performance measures will be subject to shareholder approval.

4 Individual limits

Awards in respect of any financial year are subject to a limit of 500% of annual basic salary. As awards may be made in the form of market value options or free shares, the limits are expressed in terms of performance share equivalents where a market value option is valued at one-third of a conditional award.

5 Vesting of awards

Awards will normally only vest to the extent any performance condition is met. To the extent the award vests, shares will be issued or transferred to the participant or, in the case of an option, the participant may exercise the option for a period of up to 10 years from the date of grant.

Instead of issuing or transferring shares, the Committee can decide to pay a cash amount equal to the value of those shares (less any exercise price in the case of an option).

An award can be granted on the basis that the participant will receive an additional amount on vesting based on the dividends paid on the number of shares in respect of which the award vests or is exercised. This may be paid in cash or additional shares.

6 Retention period

An award can be granted on the basis that some or all of the shares in respect of which it vests must be held for a further period.

7 Malus

The Committee can reduce or delay the vesting of awards or reduce the shares subject to a holding period in certain circumstances, such as in the event of a material performance failure or a material misstatement of the accounts.

8 Leaving employment

If a participant leaves employment, their award will normally lapse and any shares will be forfeited.

But if the participant leaves for reasons such as: disability, ill-health or injury, death, redundancy, retirement, sale of his employer; or in other circumstances if the Committee allows, their award will continue in effect and vest on the original vesting date, or if applicable, at the end of the holding period. Alternatively, if the Committee so decides, the award will vest, or the shares will be released, on leaving.

An award will only vest on or after leaving to the extent that any performance condition is satisfied at the date of vesting and unless the Committee decides otherwise, the number of shares in respect of which it vests will be reduced to reflect the fact that they left early.

9 Takeovers, reorganisations

Awards will generally vest early on a takeover, merger or other corporate event. Alternatively, participants may be allowed or required to exchange their awards for awards over shares in the acquiring company.

Where an award vests in these circumstances, any performance condition will be tested to the date of vesting and, unless the Committee decides otherwise, the number of shares in respect of which it vests will be reduced to reflect the fact that it is vesting early.

10 Plan limits

In any 10-year period, not more than 10% of the issued ordinary share capital of the company may be issued or be issuable under the DLTIP and all other employees' share plans operated by the company. In addition, in any 10-year period, not more than 5% of the issued ordinary share capital of the company may be issued or be issuable under award under all discretionary share award plans adopted by the company. These limits do not include awards which have lapsed but will include awards satisfied with treasury shares as if they were newly issued shares so long as required by the Association of British Insurers.

11 General

The number or type of shares subject to an award and/or any exercise price may be adjusted to reflect a rights issue, demerger or any variation in the share capital of the company.

Awards are not generally transferable (except to personal representatives on death or with the consent of the Committee) and are not pensionable. Participants do not pay for the grant of an award.

Any shares issued following the vesting of awards will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

Options will lapse, at the latest, on the 10th anniversary of the date of grant or on such earlier date as may be specified on grant.

12 Amendments

The Committee can amend the DLTIP in any way. However, shareholder approval will be required to amend certain provisions to the advantage of participants. These provisions relate to eligibility, individual and plan limits, the rights attaching to awards and shares, the adjustment of awards on variation in the company's share capital and the amendment powers.

The Committee can, without shareholder approval, make minor amendments to benefit the administration of the DLTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment. They can also amend any performance conditions without shareholder approval if anything happens which causes the Committee to consider it appropriate to do so.

The company may also, without shareholder approval, establish further plans based on the DLTIP, but modified to take account of overseas securities laws, exchange controls or tax legislation. Shares made available under such further plans will be treated as counting against any limits on individual or overall participation in the DLTIP.