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Historical information (continued)

Notes to the historical information

1 **Accounting policies** The consolidated financial statements for the five years ended 30 June 2012 were prepared in accordance with IFRS. The IFRS accounting policies applied by the group to the financial information in this document are presented in 'Accounting policies of the group' in the consolidated financial statements.

2 **Exceptional items** Exceptional items are charges or credits which, in management's judgement, need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the financial information. Such items are included within the income statement caption to which they relate. An analysis of exceptional items is as follows:

	Year ended 30 June				
	2012 £ million	2011 £ million	2010 £ million	2009 £ million	2008 £ million
Items included in operating profit					
Restructuring programmes	**(96)**	(111)	(142)	(170)	(78)
Pension changes – past service credits	**115**	—	—	—	—
Duty settlements	**—**	(127)	—	—	—
Brand impairment	**(59)**	(39)	(35)	—	—
SEC settlement	**—**	(12)	—	—	—
	(40)	(289)	(177)	(170)	(78)
Sale of businesses	**147**	(14)	(15)	—	9
Items included in taxation					
Tax on exceptional operating items	**19**	51	39	37	8
Tax on sale of businesses	**—**	3	10	—	—
Loss of future tax amortisation	**(524)**	—	—	—	—
Settlements with tax authorities	**—**	66	—	155	—
	(505)	120	49	192	8
Exceptional items in continuing operations	**(398)**	(183)	(143)	22	(61)
Discontinued operations net of taxation (note 3)	**(11)**	—	(19)	2	26
Exceptional items	**(409)**	(183)	(162)	24	(35)

3 **Discontinued operations** In the year ended 30 June 2012 discontinued operations represent a charge after taxation of £11 million (2011 – £nil; 2010 – £19 million) in respect of the discounted value of anticipated future payments to additional thalidomide claimants. In the years ended 30 June 2009 and 30 June 2008 discontinued operations are in respect of the packaged food business (Pillsbury sold 31 October 2001).

4 **Dividends** The board expects that Diageo will pay an interim dividend in April and a final dividend in October of each year. Approximately 40% of the total dividend in respect of any financial year is expected to be paid as an interim dividend and approximately 60% as a final dividend. The payment of any future dividends, subject to shareholder approval, will depend upon Diageo's earnings, financial condition and such other factors as the board deems relevant. Proposed dividends are not considered to be a liability until they are approved by the board for the interim dividend and by the shareholders at the annual general meeting for the final dividend.

Historical information (continued)

The table below sets out the amounts of interim, final and total cash dividends paid by the company on each ordinary share. The dividends are translated into US dollars per ADS (each ADS representing four ordinary shares) at the noon buying rate on each of the respective dividend payment dates.

		Year ended 30 June				
		2012	**2011**	**2010**	**2009**	**2008**
		pence	**pence**	**pence**	**pence**	**pence**
Per ordinary share	Interim	**16.60**	15.50	14.60	13.90	13.20
	Final	**26.90**	24.90	23.50	22.20	21.15
	Total	**43.50**	40.40	38.10	36.10	34.35
		$	**$**	**$**	**$**	**$**
Per ADS	Interim	**1.05**	1.02	0.90	0.82	1.05
	Final	**1.69**	1.59	1.48	1.46	1.46
	Total	**2.74**	2.61	2.38	2.28	2.51

Note: Subject to shareholders' approval the final dividend for the year ended 30 June 2012 will be paid on 22 October 2012, and payment to US ADR holders will be made on 26 October 2012. In the table above, an exchange rate of £1 = $1.57 has been assumed for this dividend, but the exact amount of the payment to US ADR holders will be determined by the rate of exchange on 22 October 2012.

5 Net borrowings definition Net borrowings are defined as gross borrowings (short term borrowings and long term borrowings plus finance lease liabilities plus interest rate hedging instruments, cross currency interest rate swaps and funding foreign currency forwards and swaps used to manage borrowings) less cash and cash equivalents and other liquid resources.

6 Share capital During the year ended 30 June 2009 the company purchased 38 million (2008 – 97 million) ordinary shares for cancellation or to be held as treasury shares at a cost of £354 million (2008 – £1,008 million) as part of a share buyback programme.

7 Exchange rates A substantial portion of the group's assets, liabilities, revenues and expenses are denominated in currencies other than pounds sterling. For a discussion of the impact of exchange rate fluctuations on the group's financial position and results of operations, see note 23 to the consolidated financial statements.

The following table shows period end and average US dollar/pound sterling noon buying exchange rates, for the periods indicated, expressed in US dollars per £1.

	Year ended 30 June				
	2012	**2011**	**2010**	**2009**	**2008**
	$	**$**	**$**	**$**	**$**
Year end	**1.57**	1.61	1.50	1.65	1.99
Average rate(a)	**1.59**	1.59	1.57	1.60	2.01

(a) The average of the noon buying rates on the last business day of each month during the year ended 30 June.

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Historical information (continued)

The following table shows period end, high, low and average US dollar/pound sterling noon buying exchange rates by month, for the six month period to 24 August 2012, expressed in US dollars per £1. The information in respect of the month of August is for the period up to and including 24 August 2012. The US dollar/pound sterling noon buying exchange rate on 24 August 2012 was 1.58.

						2012
	August	July	June	May	April	March
	$	$	$	$	$	$
Month end	**1.58**	**1.57**	**1.57**	**1.54**	**1.62**	**1.60**
Month high	**1.59**	**1.57**	**1.57**	**1.62**	**1.63**	**1.60**
Month low	**1.55**	**1.54**	**1.54**	**1.54**	**1.58**	**1.56**
Average rate(b)	**1.57**	**1.56**	**1.56**	**1.59**	**1.60**	**1.58**

(b) The average of the noon buying rates on each business day of the month.

These rates have been provided for information only. They are not necessarily the rates that have been used in this document for currency translations or in the preparation of the consolidated financial statements. See note 2(e) to the consolidated financial statements for the actual rates used in the preparation of the consolidated financial statements.

Business description

Diageo is the world's leading premium drinks business. Its geographic breadth and range of leading brands across categories is unparalleled. The business is balanced having a strong presence in the world's largest and most profitable beverage alcohol market, the United States; an integrated Western European business; and a large and increasing presence in the faster growing markets of Asia, Africa, Latin America, Russia and Eastern Europe. Diageo's strong financial position has been built through the growth of its brands, the development of its routes to market and the value creating acquisitions it has made. Diageo maintains the strength of its brands through excellence in marketing and innovation. Diageo has scale but acts with agility to deliver top line growth, margin improvement and improving shareholder returns. Diageo is proud of the role its brands play in the social life and celebrations of consumers around the globe.

Diageo plc is incorporated as a public limited company in England and Wales. Diageo was incorporated as Arthur Guinness Son & Company Limited on 21 October 1886. The group was formed by the merger of Grand Metropolitan Public Limited Company (GrandMet) and Guinness PLC (the Guinness Group) in December 1997. Diageo plc's principal executive office is located at Lakeside Drive, Park Royal, London NW10 7HQ and its telephone number is +44 (0) 20 8978 6000.

Strategy

Diageo's strategy is to drive top line growth and margin improvement in a sustainable and responsible way, to deliver consistent value creation for shareholders over the long term. It will do this through its geographic breadth, its outstanding brands across beverage alcohol categories and the expertise of its people.

Diageo's broad range of leading brands covers all major categories. It owns seven of the world's top 20 brands, including Smirnoff, the number one brand by volume and Johnnie Walker, the number one brand by value and manages Jose Cuervo, making Diageo the leading premium spirits business in the world by volume, net sales and operating profit. In beer, Diageo owns one of the truly global beer brands, Guinness. Diageo's wine brands are sold predominantly in North America and Great Britain. Diageo's global brands are complemented by strong local brands to create category breadth. Diageo's brands cover a range of price points, from Diageo's reserve brands, including Johnnie Walker Blue Label, Cîroc and Ketel One vodka to more affordable brands, tailored for the growing number of emerging middle class consumers, such as VAT69 in India, White Horse in Russia and 20cl bottles of Johnnie Walker Red Label across Africa.

Diageo is a global company selling products in more than 180 markets around the world. In the developed markets, primarily, in North America and Europe, Diageo has built scale and strong routes to market. In the emerging markets, Diageo is the number one international spirits company in Asia, Latin America and Africa. These rapidly growing markets now contribute nearly 40% of Diageo's net sales, up from a fifth in 2005. These markets are expected to contribute 50% of Diageo's net sales by 2015 through double digit organic growth and targeted acquisitions.

Diageo, consistent with its current strategy, will continue to focus on growing its brands on a worldwide basis and expects to make selective acquisitions in both its developed and emerging markets. Diageo explores the potential to make acquisitions on an ongoing basis and is currently evaluating a number of such opportunities of which some could be significant although no agreements or commitments for any significant acquisitions currently exist. Funds for any such acquisitions would be drawn from internally generated cash, bank borrowings or the issuance of equity or debt securities (in an amount that cannot now be determined) and the proceeds of any potential disposals. No material disposals are currently contemplated.

Business description (continued)

In evaluating financing of any such acquisitions, Diageo's management remains committed to enhancing shareholder value in the long term, both by investing in the businesses and brands so as to improve the return on investment and by managing the group's capital structure. The acquisitions of Mey Içki in Turkey, Ypióca in Brazil, the Serengeti and Meta breweries in Africa and the investments in Shuijingfang and Halico in Asia were partially driven by this strategy.

Diageo leads the industry in marketing and innovation combining expertise and creative alliances to engage consumers via digital and traditional media channels. This expertise and collaboration, combined with the benefits of global scale and consumer insights, delivers world class marketing campaigns. For example, the global Johnnie Walker 'Keep Walking' campaign has been in place for over 10 years. While the campaign is based on the universal appeal of personal progress, each market has local creative executions which reflect local insights.

Diageo's innovation programme is also based on consumer insights. Recent launches have focused on the consumers' wish for luxury, the tastes and increasing affluence of the emerging middle class consumer and have increased the accessibility of spirits through flavour extensions and packaging and drink formats.

Diageo has strong routes to market which leverage local expertise. In the United States Diageo is required by law to operate via a three-tier distribution system which separates suppliers, distributors and retailers. Diageo works with distributors who provide a substantial dedicated sales team of over 2,900 people. Outside of the United States Diageo owns and controls the route to market in many markets, and where Diageo has not established its own subsidiary, the route to market is through joint ventures, associates and third party distributors. Diageo works in collaboration with its customers to drive profitable category growth, by building partnerships with retailers and on-premise customers. The 'Diageo Way of Selling' programme equips both Diageo and its customers with the tools to be the best sales force in the industry and to create commercial and strategic value for all parties. The European Customer Collaboration Centre provides a state of the art facility to bring consumer, shopper, retailer and distributor insights together to facilitate integrated planning with customers. These tools enable Diageo to realise its ambition to become an indispensable business partner to its customers.

Diageo has a history of being a sustainable and responsible company dating from Arthur Guinness who was responsible for philanthropic community programmes and through the 1930s when its predecessor companies marketed their brands in a responsible manner. Diageo understands the social, environmental and economic impact of its activities and has adopted a structured approach to manage these impacts, to build engagement across stakeholders, to create value, especially in emerging markets; and to protect Diageo's license to operate.

Diageo and its employees are proud of the responsible manner in which its brands are marketed and the role that moderate consumption of its brands can play as part of the balanced lifestyle for millions of people. Diageo seeks to be at the forefront of industry efforts to promote responsible drinking and works with key stakeholders to combat alcohol misuse.

Diageo's supply organisation is responsible for producing, distilling, brewing, bottling, packaging and distributing its brands. It is committed to efficient, sustainable production. Diageo has created a competitive advantage in both its cost base and in the first class customer service it delivers. Investment in production facilities is focused on building capacity for the production of scotch, beer and rum, with both high speed and high volume, cost efficient production lines and with flexible production facilities to create an industry leading supply chain for innovation, especially in luxury products. The business recognises that it operates in a world where natural resources are limited. Diageo has set itself

Business description (continued)

challenging environmental targets covering water efficiency; increasing use of sustainable packaging and reduction in pollution, carbon emissions and waste-to-landfill. Diageo's production teams have created award winning technologies to meet these targets with the aim of reducing Diageo's environmental footprint, delivering business efficiencies and securing supply into the future.

Diageo is committed to generating prosperity in the communities in which it operates, especially in the emerging markets by integrating its supply chain into the local community and via direct community initiatives such as 'Learning for Life' and 'Water of Life'.

Diageo believes that industry leading performance will be delivered through a talented and diverse workforce and great leadership. The company has active programmes that ensure the development of its management and leaders. Great leadership combined with a culture of good governance and ethics, protect Diageo's reputation and supports the sustainable efficient growth of the business.

Business overview

Market participation Diageo manages its business through five regions: North America, Europe, Africa, Latin America and Caribbean and Asia Pacific. North America is the biggest region by net sales and operating profit. Here the business is focused on using scale to drive cost advantage, to drive continued growth in the on trade, to deliver industry leading innovation and broaden its reach to the multicultural consumer. Europe comprises Western Europe, Russia and Eastern Europe and Turkey. The country teams within Western Europe focus on sales execution, whilst marketing and back office functions are integrated at a Western Europe level to drive flexibility and efficiency. The remaining emerging markets of Europe are resourced to capture the opportunity presented by the growing number of middle class consumers. The strategy in Africa is to grow Diageo's leadership across beverage alcohol, increasing its presence in beer and growing the international spirits business. In Latin America and Caribbean the primary focus is continued leadership in scotch, whilst broadening category breadth to include vodka and liqueurs. The strategy in Asia Pacific is to drive net sales growth through the continued development of super and ultra premium scotch and leverage the emerging middle class consumer opportunity in the faster growing markets via a combination of organic and inorganic growth.

Market leading brands In calendar year 2011, the Diageo brand range included eight of the top 20 premium spirits brands worldwide by volume estimated by Impact Databank. Diageo classifies its brands as spirits, beer, wine and ready to drink.

An analysis of the group's volume is as follows:

	2012 Volume units million	2011 Volume units million	2010 Volume units million
Spirits	**121**	113	109
Beer	**27**	26	25
Wine	**3**	3	3
Ready to drink	**6**	6	6
Total	**157**	148	143

Strategic brands Diageo classifies 14 brands as strategic brands worldwide. These brands are considered to have the greatest current and future earnings potential. Figures for strategic brands

Business description (continued)

exclude related ready to drink products. In the year ended 30 June 2012, strategic brands accounted for 61% of volume and 60% of net sales. 72% of the group's marketing spend supports these brands.

Brand	2012 Volume units million	
Johnnie Walker Scotch whisky	19	The number one Scotch whisky in the world*
Crown Royal Canadian whisky	5	The number one Canadian whisky in the world**
JeB Scotch whisky	5	The number five Scotch whisky in the world*
Buchanan's Scotch whisky	2	The number two premium Scotch whisky in Latin America*
Windsor Premier Scotch whisky	1	The number one super premium Scotch whisky in Asia Pacific*
Bushmills Irish whiskey	1	Distilled at Ireland's oldest working distillery
Smirnoff vodka	26	The number one premium vodka in the world**
Ketel One vodka (exclusive worldwide distribution rights)	2	The number two super premium vodka in the United States***
Cîroc vodka	2	The number two ultra premium vodka in the world*
Captain Morgan rum and rum based products	10	The number two brand in the rum category in the world**
Baileys Irish Cream liqueur	7	The number one liqueur in the world**
Jose Cuervo tequila (agency brand in North America and many other markets)†	4	The number one premium tequila in the world**
Tanqueray gin	2	The number one imported gin in the United States****
Guinness stout	11	The number one stout in the world*****

* Source: IWSR 2011;

** Source: Impact Databank;

*** Source: IRI;

**** Source: Adams Market Research Alcohol Beverage Industry;

*****Source: Plato Logic

† Portfolio of premium drinks comprises brands owned by the company as a principal and some brands held by the company under agency or distribution agreements. Diageo's principal agency brand is Jose Cuervo in North America and many other markets (with distribution rights extending to 1 July 2013).

Business description (continued)

Other spirits brands include	Other beer brands include*	Wine brands include	Ready to drink brands include
Gordon's gin and vodka	Malta Guinness non-alcoholic malt	Blossom Hill	Smirnoff Ice
Old Parr Scotch whisky	Harp lager	Sterling Vineyards	Smirnoff cocktails
Bundaberg rum	Tusker lager	Beaulieu Vineyard	Bundaberg ready to drink
Seagram's 7 Crown whiskey	Senator lager		Jose Cuervo cocktails
Bell's Scotch whisky	Red Stripe lager		
The Classic Malts Scotch whiskies			
Yeni Raki			

* Diageo also brews and sells other companies' beer brands under licence, including Budweiser and Carlsberg lagers in Ireland, Heineken lager in Jamaica and Tiger beer in Malaysia. There can be no assurance that Diageo will be able to prevent termination of distribution, manufacturing or licence agreements or to renegotiate distribution, manufacturing or licence agreements on favourable terms when they expire.

Production Diageo owns manufacturing production facilities across the globe, including maltings, distilleries, breweries, packaging plants, maturation warehouses, cooperages, vineyards, wineries and distribution warehouses. Diageo's brands are also produced at plants owned and operated by third parties and joint ventures at a number of locations internationally.

Approximately 84% of total manufacturing is undertaken by Global Supply organised into four production centres: Europe Supply, America Supply, Global Beer Supply and Asia Pacific Supply. The remaining production activities of the group are integrated into the distribution organisation, principally in Africa. The locations, principal activities, products, packaging production capacity and packaging production volume of Diageo's principal production centres in the year ended 30 June 2012 are set out in the table below:

Business description (continued)

Production centre	Location	Principal products	Production capacity in millions of equivalent units*	Production volume in 2012 in millions of equivalent units
Europe Supply	United Kingdom	Scotch whisky, Irish whiskey, gin, vodka, rum, ready to drink	80	52
	Ireland (Baileys)	Irish cream liqueur, vodka	12	8
	Italy (Santa Vittoria)	Vodka, wine, rum, ready to drink	10	6
	Turkey	Raki, vodka, gin, liqueur, wine	10	7
America Supply	United States, Canada, US Virgin Islands	Vodka, gin, tequila, rum, wine, Canadian whisky, American whiskey, progressive adult beverages, ready to drink	44	38
	United States	Wine	2	1
Global Beer Supply	Ireland (Guinness)	Beer	9	8
	Jamaica	Beer	1	1
Asia Pacific Supply	Australia	Rum, vodka, ready to drink	4	3
	Singapore	Finishing centre	4	2
Africa Supply	Nigeria	Beer	6	5
	South Africa	Beer and spirits	3	3
	East Africa	Beer	10	9
	Africa Regional Markets	Beer	3	3

* Capacity represents ongoing production capacity at any production centre. The production capacities quoted in the table are based on actual production levels for the year ended 30 June 2012 adjusted for the elimination of unplanned losses and inefficiencies, and taking into account planned manning levels for the coming year.

Spirits are produced in distilleries located worldwide. The group owns 29 Scotch whisky distilleries in Scotland, an Irish whiskey distillery in Northern Ireland, two whisky distilleries in Canada and a whiskey distillery in the United States. Diageo produces Smirnoff internationally with the production of some brands such as Gordon's vodka (United States) or Cîroc (France) being managed in one location. Ketel One vodka is purchased as finished product from The Nolet Group. Gin distilleries are located in both the United Kingdom and the United States. Baileys is produced in the Republic of Ireland and Northern Ireland. Rum is blended and bottled in the United States, Canada, Italy and the United Kingdom, and is distilled, blended and bottled in the US Virgin Islands, Australia, Venezuela and also as a result of an acquisition of a controlling interest in Zacapa in July 2011, in Guatemala. Diageo's

Business description (continued)

maturing Scotch whisky is located in warehouses in Scotland (primarily at Blackgrange), its maturing Canadian whisky in La Salle and Gimli in Canada and its maturing American whiskey in Kentucky and Tennessee in the United States.

In June 2012, Diageo acquired a controlling equity stake in Sichuan Shuijingfang Co., Ltd (Shuijingfang). Shuijingfang owns a distillery which produces a Chinese white sprit, in Chengdu, Sichuan province in China.

In August 2011 Diageo acquired Mey Içki which owns ten plants in Turkey. Six of these plants are intermediate and finishing plants for raki. Two plants are for vodka, gin and liqueur production and two for wine production.

In May 2011 Diageo announced the closure of the Menlo Park bottling plant in California and the specialty product building at the Relay plant in Maryland, in the United States. New investment is being made in the North American spirits supply chain principally in the packaging plants at Plainfield in Illinois and Relay in Maryland.

A restructuring of the group's supply operations in Scotland was announced in July 2009. This resulted in the consolidation of production activities into fewer sites. The Kilmarnock packaging plant ceased operations in March 2012 after production was moved to the newly expanded packaging facility at Leven in Fife.

The group plans to lay down maturing scotch inventory in order to be able to meet future demand and to invest at a cost of over £500 million in maturing spirit over the next five years. This requires the construction of a new malt distillery and additional distillation and warehousing capacity in Scotland for over £500 million in the same period.

A distillery was opened in November 2010 in St. Croix as a result of a public/private initiative formed by Diageo and the government of the US Virgin Islands. This new facility has the capacity to distil up to 13 million equivalent units annually and will supply all bulk rum used to produce Captain Morgan branded products for the United States.

Diageo produces a range of ready to drink products mainly in the United Kingdom, Italy, South Africa, Australia, the United States and Canada.

Diageo's principal brewing facilities are at the St James's Gate brewery in Dublin, Ireland and also in Nigeria, Kenya, Ghana, Cameroon, Tanzania, Malaysia and Jamaica. In addition, Diageo owns a 25% equity interest in Sedibeng brewery in South Africa and in January 2012 completed the acquisition of Meta Abo Brewery in Ethiopia. Additionally, Guinness is brewed by more than 35 third parties around the world under licence arrangements. Guinness flavour extract is shipped from Ireland to all overseas Guinness brewing operations. In January 2012 Diageo announced that its Irish breweries will be centralised in Dublin's St James's Gate site as part of an investment project at a cost of €153 million (£123 million). The brewing activities at Dundalk and Kilkenny are expected to cease by the end of 2013.

All Guinness Draught production in the Republic of Ireland is at the St James's Gate brewery in Dublin. Guinness Draught in cans and bottles is packaged at Runcorn and Belfast in the United Kingdom. The Runcorn facility performs the kegging of Guinness Draught, transported to the United Kingdom in bulk for the Great Britain market.

Business description (continued)

Diageo's principal wineries are in the United States and Argentina. For European markets, wines are mainly bottled in Diageo's facilities in Italy. Wines are sold both in their local markets and overseas.

Property, plant and equipment Diageo owns approximately 90% of the manufacturing, distilling, brewing, bottling and administration facilities it uses across the group's worldwide operations. It holds approximately 5% of properties on leases in excess of 50 years. The principal production facilities are described above. As at 30 June 2012, Diageo's land and buildings are included in the group's consolidated balance sheet at a net book value of £877 million. Diageo's two largest individual facilities, in terms of book value, are the Leven bottling and blending facility in Scotland and St James's Gate brewery in Dublin. Of the book value of Diageo's lands and buildings approximately 37% are properties located in Great Britain, 18% in Ireland and 16% in the United States.

During the years ended 30 June 2011 and 30 June 2010 a number of vineyards and facilities located in Napa Valley, California were sold and leased back to Diageo under a 20-year lease, with Diageo holding options to extend the lease at fair value for up to 80 years in total. Diageo remains the operator of the properties under the lease agreement and retains ownership of the brands, vines and grapes, which remain a strategic part of Diageo's wine business.

Raw materials and supply agreements The group has a number of long term contracts in place for the purchase of significant raw materials including glass, other packaging, tequila, bulk whisky, neutral spirits, cream, rum and grapes. In addition, forward contracts are in place for the purchase of other raw materials including sugar and cereals to minimise the effects of short term price fluctuations.

Cream is the principal raw material used in the production of Irish cream liqueur and is sourced from Ireland. Grapes are used in the production of wine and are sourced from suppliers in the United States and Argentina. Other raw materials purchased in significant quantities for the production of spirits and beer are molasses, cereals, sugar and a number of flavours (such as juniper berries, agave, aniseed, chocolate and herbs). These are sourced from suppliers around the world.

The majority of products are supplied to customers in glass bottles. Glass is purchased from suppliers located around the world, the principal supplier being the Owens Illinois group.

Diageo has a supply agreement with Casa Cuervo SA de CV, a Mexican company, for the supply of bulk tequila used to make the Jose Cuervo line of tequilas and tequila drinks in the United States. The supply agreement extends to June 2013. Diageo is currently in negotiations with Casa Cuervo SA regarding the relationship between the two companies.

Diageo sources rum for its Captain Morgan products from the Diageo distillery in the US Virgin Islands.

Marketing and distribution Diageo is committed to investing in its brands. In the year ended 30 June 2012, £1,691 million was spent worldwide on marketing brands with a focus on its 14 strategic brands that accounted for 72% of total marketing spend.

Diageo makes extensive use of a diverse range of new and traditional media, from magazine, newspaper, point of sale and billboard advertising, and uses radio, cinema, television and online advertising where appropriate and permitted by law to engage with consumers and customers. Diageo runs consumer promotional programmes in the on trade (for example, licensed bars and restaurants) and supports customers in both the on and off trades with shopper/consumer promotions.