

## Diageo to buy US wine firm

Diageo, the world's biggest spirits company, has agreed to buy Californian wine company Chalone for \$260m (£134m) in an all-cash deal.

Although Diageo's best-known brands include Smirnoff vodka and Guinness stout, it already has a US winemaking arm - Diageo Chateau & Estate Wines. Diageo said it expects to get US regulatory approval for the deal during the first quarter of 2005. It said Chalone would be integrated into its existing US wine business.

"The US wine market represents a growth opportunity for Diageo, with favourable demographic and consumption trends," said Diageo North America president Ivan Menezes. In July, Diageo, which is listed on the London Stock Exchange, reported an annual turnover of £8.89bn, down from £9.28bn a year earlier. It blamed a weaker dollar for its lower turnover. In the year ending 31 December 2003, Chalone reported revenues of \$69.4m.