

DIAGEO

REMARKS BY DAVID GOSNELL, MANAGING DIRECTOR OF GLOBAL SUPPLY AND GLOBAL PROCUREMENT FOR DIAGEO PLC

JUNE 25, 2008

Thank you, Governor.

Good morning. I am David Gosnell, Diageo's Managing Director of Global Supply and Global Procurement.

I am humbled to be in St. Croix today, side-by-side, with Governor deJongh to announce the signing of a public-private initiative that honors St. Croix's rum history and stimulates its economic engine for growth.

Together, we have announced a landmark public-private initiative for the construction and operation of a high-capacity distillation facility in St. Croix. The facility, with capacity to distill up to 20 million proof gallons per year, will produce rum for Captain Morgan branded products for the United States, beginning in 2011.

The St. Croix distillery will be an environmentally sound, state of the art facility that will provide much-needed economic stimulus for the US Virgin Islands and specifically for St. Croix, helping the island become economically self-sufficient as it moves from budgetary deficit to budgetary surplus.

When you first heard Governor de Jongh announce this initiative, you may have asked yourself, "Who is Diageo?" Today, I will give you an introduction to Diageo and answer some of your questions.

Diageo is proud to be the world's leading beer, wine and spirits company. Most people know us by our brands, which are some of the most successful in the beverage alcohol business. They include Tanqueray, Guinness, Smirnoff, Johnnie Walker, Red Stripe, Baileys, Jose Cuervo and, of course, Captain Morgan. We have 8 out of the top 20 spirits brands in the world and 4 out of the top 10 spirits brands in the US.

We are a global company, trading in more than 180 countries around the world. The company is listed on both the New York Stock Exchange and the London Stock Exchange.

Diageo has 20,000 employees worldwide. Nearly 2,000 of them work in our North America supply chain organization -- in our bottling facilities, our distillery operations and our corporate offices. Our supply chain employees focus on crafting, bottling and delivering a broad range of brands to the marketplace. We are able to deliver this on a

global basis through an engaged workforce that is safety-minded, highly skilled, proud of its brands, and focused on a core set of values.

As part of these values, Diageo strives to be a good corporate citizen. We are proud to say that we have one of the most stringent marketing codes in the industry. Diageo is a company of families and is committed to responsible marketing to appropriate audiences and always encourages responsible drinking among adults who chose to drink.

Diageo has also been very active in relief efforts for those in need through its Spirit of the Americas Humanitarian Aid program. Spirit of the Americas was initiated in the hours and days after 9/11, when Diageo and its employees provided numerous relief activities and assistance. In December 2001, Diageo brought the first corporate humanitarian airlift to war-torn Afghanistan by delivering more than 100,000 pounds of food and emergency supplies to 800 orphans in Kabul.

The tradition has continued since then, and Diageo has delivered food, medicine, water and other supplies to countries in need including Iraq, Haiti, the Dominican Republic, Indonesia and Grenada. In fact, when we delivered aid to Grenada in the wake of Hurricane Ivan, our plane was the first private relief mission in the country and the second foreign aid on the ground, following the US military.

Diageo is no stranger to the USVI or the Caribbean. The US territories in the Caribbean are a part of our Rum supply chain today. We currently source Rum for Captain Morgan in Puerto Rico through a private supplier and right here in St. Croix for our TGIF Mudslide and Pina Colada brands. We have a significant presence in Jamaica with our Red Stripe brewery, which we have owned for nearly two decades. We also market our brands in the Caribbean.

Our global rum business is very strong and continues to grow. Captain Morgan, which has driven the majority of that growth, is the #2 selling premium rum in the world and is enjoyed by hundreds of thousands of loyal consumers.

With such a large number of consumers counting on us to consistently deliver a brand they know and trust, when they want it, with the quality and cost they've come to expect, it's essential that Diageo continuously evaluate each step of its global rum supply chain to ensure we do what's right for the consumer, our brand and our global business.

This means we search the globe for the best sources of raw and liquid ingredients to distill for our portfolio of brands, and we evaluate the best locations for our distilling, bottling and packaging operations based on proximity to the customer, optimal logistics costs and our ability to deliver a quality brand at the best cost.

Driven by increasing market demands for rum, and Diageo's need to ensure the continuity of supply of our global rum brands to consumers, we are consistently in discussions with the very best sources of materials and liquids around the world.

We were attracted to the USVI by a very smart economic package that has been in place in the territory for over a century.

With this public-private initiative, we will build a new distillery on St. Croix and provide construction and ancillary jobs and services related to a project of this scale.

Upon completion of the distillery in 2011, we will have invested approximately \$150 million in construction and relocation expenditures. We will have created no fewer than 40 full time jobs -- jobs that will require skilled labor -- many of which we will find here locally in St. Croix. But this is bigger than jobs: this public-private initiative creates a significant engine of positive economic change for St. Croix.

On behalf of Diageo, I am extremely proud to participate in the Governor's announcement and to provide you with a brief introduction to Diageo. I look forward to you getting to know Diageo better as we welcome a St. Crucian distillery into our global Diageo network in 2011.

Thank you.