

THE SECURITIES ACT) **Order No. 2905**
)
Section 20) **May 15, 2000**

DIAGEO PLC,
THE DIAGEO PLC EXECUTIVE SHARE OPTION PLAN AND
THE DIAGEO PLC SENIOR EXECUTIVE SHARE OPTION PLAN

WHEREAS:

(A) The application (the "Application") of Diageo plc (the "Company") to the Manitoba Securities Commission (the "Commission") for a ruling pursuant to subsection 20 (1) of the Act that certain trades in ordinary shares of the Company pursuant to The Diageo plc Executive Share Option Plan (the "Junior Plan") and The Diageo plc Senior Executive Share Option Plan (the "Senior Plan") (together the "Plans") made by The Diageo Employee Benefit Trust and the Diageo Employee Benefit Trust No. 2 (collectively, the "Trusts") with, or on behalf of eligible employees of the Company resident in the Province of Manitoba who participate in the Plans (the "Participants"), shall not be subject to sections 6 and 37 of the Act.

(B) The Company has represented to the Commission that:

1. The Company is a multinational company incorporated under the laws of England, and the Company's ordinary shares are listed for trading on the London Stock Exchange, the Irish Stock Exchange and the Paris Bourse. The Company also has a full listing on the New York Stock Exchange in respect of American Depositary Shares ("ADSs") representing ordinary shares of the Company. The Bank of New York in New York, N.Y. is the registered depository for the ADSs.
2. The Trustees are each a private limited company incorporated pursuant to the laws of Jersey, and each are authorized to provide services as a trustee and are not registrants under the Act.
3. The Company is not subject to the continuous disclosure requirements under the Act and has no present intention of becoming subject to the continuous disclosure requirements under the Act or any other Canadian securities laws.
4. The share structure of the Company, as of December 31, 1999, is as follows: the authorized share capital of the Company is 1,541,971,209 divided into 5,329,052,500 ordinary shares ("Ordinary Shares") each worth 28 and 101/108 pence. As of December 31, 1999, the share capital of the Company issued and outstanding was 992,000,000.

5. The Company is subject to the reporting requirements of the United Kingdom Companies Act, the London Stock Exchange, the New York Stock Exchange, the Irish Stock Exchange and the Paris Bourse.

6. Residents of Manitoba hold not more than 10% of the Ordinary Shares of the Company, and the number of Manitoba residents holding Ordinary Shares of the Company is not more than 10% of the total number of holders of the Company's Ordinary Shares.

7. The Company proposes from time to time to grant certain options to purchase Ordinary Shares or ADSs (the "Options") to certain employees of the Company and its subsidiaries (including the Canadian subsidiaries) outside of the UK. The granting of the Options will be made in accordance with the terms of the Plans.

8. No Options shall be granted under the Plans which would, at the time that they are granted, cause the number of shares which have been or may be acquired in pursuance of Options to exceed 342,785,560 in any one ten year period. For this purpose, ADSs shall be deemed to be the number of Ordinary Shares represented thereby. Each ADS is currently worth four Ordinary Shares.

9. The Company estimates that approximately 47 Participants in the Plan will reside in Canada in the provinces of British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Nova Scotia. The Plan is estimated to have approximately 1,894 Participants worldwide.

10. Options will be granted periodically by the Remuneration Committee of the Board of Directors of the Company in respect of the Senior Plan and the Board of Directors (or duly authorized committee thereof) of the Company in respect of the Junior Plans, respectively.

11. Participation in the Plans is voluntary and Participants will not be induced to participate in the Plan by expectation of employment or continued employment with the Company or any of its subsidiaries. The selection of the Participants and the granting of Options is at the absolute discretion of the Remuneration Committee of the Board of Directors of the Company for the Senior Plan and at the absolute discretion of the Board of Directors (or duly authorized committee thereof) for the Junior Plan. No employee has a contractual right to participate in The Plans. The granting of the Options is made to the eligible Participants by and at the absolute discretion of The Remuneration Committee or Board of Directors, as the case may be. The extent to which the Options vest and become exercisable is based on the attainment of predetermined performance conditions under the Senior Plan.

12. All Ordinary Shares or ADSs in the Company granted to Participants pursuant to the Plans will be held by, and registered in the name of, the Trustee. The

Trustee shall not transfer any of the Ordinary Shares or ADSs held pursuant to the Plans other than to employees participating in the Plans.

13. The Company will provide the Participants with copies of all annual reports, proxy circulars and other material generally distributed to the Company's shareholders at the same time and in the same manner as such material is sent to the Company's shareholders.

14. Because there is no market in Manitoba for the Shares and none is expected to develop, any resale thereof by a Participant resident in Manitoba will be effected through the facilities of and in accordance with the rules of the stock exchange or market outside Canada on which the Shares are quoted or listed for trading.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant this Order.

IT IS ORDERED:

1. THAT, pursuant to subsection 20 (1) of the Act:

1. the purchase by the Trusts of Diageo's common stock on the open market to be held in a trust on behalf of Manitoba Participants in the Plans; and
2. the transfer of shares to Manitoba Participants by the trustee upon exercise of the Options,

in accordance with the terms of the Plans and the terms of the Trust Deeds are exempt from sections 6 and 37 of the Act.

2. THAT the fee for this order is \$1,000.00.

BY ORDER OF THE COMMISSION

Director – Legal