

DIAGEO

Carolyn L. Panzer
Senior Vice President,
Public Policy

1301 K Street, NW
Suite 1000 East Tower
Washington, DC 20005

Tel 202-715-1120
Fax 202-715-1122
carolyn.panzer@diageo.com

September 2, 2005

Ms. Laurie Leiber
Director, Media Advocacy
Marin Institute
24 Belvedere Street
San Rafael, California 94901

Dear Ms. Leiber:

Paul Walsh, Diageo's CEO, asked me to respond to your letter of August 24 regarding advertising fliers for JC Penney and Sears that featured Guinness-branded tee-shirts in "Back to School" or "Young Men's" sections. Diageo is absolutely committed to marketing our products responsibly. An integral part of Diageo's commitment to responsible marketing is ensuring that our promotions are directed to adults over the legal purchase age.

We regret that these fliers depicted our merchandise inappropriately and have contacted our licensee, as well as the retailers involved, to express our displeasure and to obtain their assurances that such inappropriate placements will not occur in the future.

We understand the fliers were erroneously produced when the retailers' standard operating procedures were not followed. The retailers involved have assured us that steps will be taken to make sure that these errors will not be repeated. In addition, we have asked that our branded merchandise be removed from any "Back to School" and "Young Men's" sections of retailer websites.

Diageo employs a number of safeguards to direct the marketing of our branded merchandise to adults over the legal purchase age. Specifically, our contracts with licensees specify that our branded merchandise must be: (1) sold exclusively in adult sizes and to buyers of adult merchandise and (2) sold only in adult merchandise departments. In addition, all of our packaging and hangtags found on every piece of our merchandise includes a notice that the merchandise is intended for adults over the legal purchase age, as well as a responsible drinking reminder.

Thank you for bringing this matter to our attention. Please do not hesitate to contact me for additional information or to discuss this matter further.

Sincerely,



cc: Lynne Omlie, DISCUS
Janet Evans, FTC