

Participating in the Benefit Plans

This section provides general information about eligibility requirements and enrolling for coverage in the Company's benefit plans. In addition to this section, you should refer to each of the detailed plan descriptions for specific provisions that apply to each plan, such as benefit levels, covered services, special plan provisions and when coverage ends.



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Eligibility

You are eligible for most of the benefits described in this Summary Plan Description (SPD) if you are a full-time, salaried or hourly, non-union employee of Diageo NA working 20 or more hours per week. (Eligibility is different for the Cash Balance Pension Plan and the 401(k) Plan. See Eligibility under the *Cash Balance Pension Plan* section and Eligibility under the *401(k) Plan* section for more information.)

Dependent Eligibility

Except for the Health and Dependent Care Flexible Spending Accounts (FSAs), which have different eligibility requirements (refer to those sections of this SPD), eligible dependents include your:

- Spouse (unless legally separated)
- Spouse of the same sex to whom you are legally married
- Domestic partner of the same or opposite sex
- Natural children, pre-adopted/legally adopted children, stepchildren (including children of civil union partners) who are:
 - Under age 26
 - Disabled (any age, subject to plan approval)

When you add a dependent to coverage for the first time, you will be prompted to provide documentation to verify that the dependent complies with these eligibility requirements.

Coverage ends for children at the end of the month in which they reach age 26.

Diageo NA provides dependent coverage for the following plans:

- Medical
- Prescription Drug
- Dental
- Vision
- Health and Dependent Care Flexible Spending Accounts
- Life Insurance/Accidental Death & Dismemberment
- Work/Life Benefits: EAP; Legal Assistance Plan; Auto, Home, and Pet Insurance

What is a Domestic Partner?

A person who is in an ongoing, intimate, and committed relationship with someone of the same or opposite sex that is the equivalent of marriage but who is not legally or formally married. To be eligible, the couple must have been living together for at least 12 months and intend to continue the relationship and live together indefinitely.



Flexible Spending Account (FSA) Dependents

For the Health Care Account, you may submit expenses for dependents who are eligible to participate in the Diageo NA Medical Plan with the exception of domestic partners and their children who you are not able to claim on your tax return. For dependent eligibility requirements, see “Dependent Eligibility” on page 4.

For the Dependent Care Account, eligible dependents include:

- Children under age 13 who you claim as dependents on your federal tax return
- Children under age 13 for whom you have legal custody and do not claim as an exemption on your tax return
- Any person (child, spouse, elderly parent) who is physically or mentally incapable of self-care for whom you are entitled to claim as a dependent on your federal tax return and who lives with you for more than one-half of the year.

For dependents who are not a “qualifying child” the dependent cannot earn gross income in excess of the annual exemption (\$3,500 in 2014).

Why are eligibility requirements different for some plans?

Eligibility rules differ for a variety of reasons. In some cases, federal requirements determine who is eligible. For other plans, insurance contracts approved by state insurance companies control eligibility.

When Coverage Begins

Coverage for most benefits begins on your hire date. The following benefit plans are exceptions:

- Short-term Disability—Coverage begins 90 days after your hire date.
- 401(k) Plan—Participation is voluntary. You are eligible the first day of the month following your hire date (if you are age 21 or older). If you are hired on the first of the month, you will be eligible to participate in the plan on your hire date. If you are younger than age 21, you will be eligible on the 1st of the month following your 21st birthday. Please allow at least 30 days after your hire date for your personal information to be transmitted to Fidelity Investments.

You may enroll at anytime within 30 days of your hire date. After 30 days, however, you will be enrolled automatically in the Plan at a contribution rate of **3%** of your eligible earnings on a pre-tax basis.

If you do not wish to enroll at this time, you must contact Fidelity to change your contribution percent to **0%** either by calling Fidelity at 1-800-421-3844 or visiting the website at **www.401k.com**.

If you opt out, you may enroll at anytime in the future. When you are enrolled automatically, Diageo has selected the Fidelity Freedom Fund as the “default” option in which your contributions will be invested. This Fund will have a target retirement date closest to the year you might retire based on your current age—assuming retirement at age 65.

You may change your investment options or your contribution percent at anytime by contacting Fidelity or going online. Contributions range from 1% to 50% of your eligible pay up to the IRS limit.

- Cash Balance Plan—Participation is automatic. You are eligible the first day of the month following your hire date (if you are age 21 or older). If you are hired on the first of the month, you will be eligible to participate in the plan on your hire date. If you are younger than age 21, you will be eligible on the 1st of the month following your 21st birthday.



Enrolling

For most of the Company's benefits, you must formally enroll to participate. For some benefits, such as the Cash Balance Plan and Short-term Disability, participation is automatic.

When First Eligible

Eligible employees will receive a new hire enrollment guide. For most benefits, you will need to enroll for coverage within 31 days of becoming eligible for coverage. If you do not enroll within this 31-day deadline, you cannot enroll for coverage until the next Open Enrollment period, unless you have a life status change. (See the *Life Events* section for more information.)

During Open Enrollment

Each year you will have the opportunity to review and make changes to your benefit coverage. If you do not enroll for coverage when you first become eligible, or if you want to make a change in your coverage, you may do so during Open Enrollment. Open Enrollment is held each year prior to January 1. Your benefit plans are in effect from January 1-December 31.

Following a Life Event

The enrollment choices you make when you first become eligible or during Open Enrollment are usually in effect for the entire calendar year for which you enroll. However, because your needs for benefits typically change when you experience certain life events, such as getting married or having a baby, the benefit plans, in accordance with federal rules, allow you to make changes in some situations as long as you make your change within 31 days of the event.

If you have a life status change during the year, you may elect or change your coverage if it relates to the event. A life status change occurs if:

- You get married, satisfy the criteria for a domestic partnership, or enter into a civil union
- You become legally separated or divorced, your marriage is annulled, you dissolve a domestic partnership or a civil union
- Your spouse/partner or dependent dies
- You have a child by birth or adoption
- You gain or lose custody of a child
- Your dependent child no longer meets the eligibility requirements for coverage
- There is a change in your or your spouse's/partner's employment resulting in a gain/loss of eligibility for one or more of his or her benefit plans
- There is a significant cost or coverage change in your or your spouse's/ partner's benefit plans
- You or your spouse/partner becomes eligible for Medicare
- Your COBRA benefits through another employer end
- You move



A change in coverage can be made only if it directly relates to the life status change. Expenses incurred as a result of the life status change will be covered as of the effective date of the life event. See the *Life Events* section for more information.

Paying for Coverage

You and Diageo share in the cost of health care coverage. The cost of your coverage depends on the options you elect and the level of coverage you choose. You pay for your share of health care coverage, FSAs, and vision coverage with pre-tax money that is deducted from your regular paycheck before taxes have been withheld (except for partner coverage). Diageo pays for the rest.

When you enroll in medical, dental, and/or vision coverage, you must choose one of the following coverage levels:

- Employee
- Employee + 1
- Employee + 2
- Employee + 3 or more

Tax Savings Example

Your annual base salary is \$40,000, and your total for benefit deductions (including Spending Accounts and CERA) is \$5,000 per year.

	Pre-tax Deductions	After-tax Deductions
Your annual base salary	\$40,000	\$40,000
Pre-tax deductions	- \$5,000	\$0
Taxable income	\$35,000	\$40,000
Federal taxes (15%)	- \$6,533	- \$7,283
Social Security / Medicare (FICA) (7.65%)	- \$2,678	- \$3,060
Take-home pay after taxes	\$25,789	\$29,657
After-tax deductions	\$0	- \$5,000
Take-home pay	\$25,789	\$24,657
Estimated tax savings*	\$1,132	

*You may save more if state and local taxes are included. This estimate is based on current tax law and is subject to change.

