

# 401(k) Plan

The Diageo North America, Inc. Savings Plan (401(k) Plan) makes it easy for you to save for your future. Some of your retirement income may come from Social Security, and depending on your length of service, the Company’s Cash Balance Pension Plan. The 401(k) Plan provides a way to save additional money to help maintain your lifestyle when you retire.



For information about your legal rights under ERISA and other important administrative details, see *Administration*.

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## How the Plan Works

The 401(k) Plan makes it easy to save for your retirement. The Plan offers you several savings advantages, including:

### A Legal Notice

This section and parts of the *Administration* section constitute part of a Prospectus covering securities that have been registered under the Securities Act of 1933.

- Convenient payroll deductions: You may contribute from 1% to 50% of your salary (pre-tax and/or after-tax) each year up to IRS limits.
- Tax deferrals: You do not pay taxes on pre-tax contributions or any earnings on your account until distribution.
- Investment choices: The Plan offers you a broad selection of investment funds for your savings and an opportunity to change your investments on a daily basis.
- Access to your money: You may borrow or withdraw money from your 401(k) account before retirement.
- Vesting: You are always 100% vested in your contributions.
- Distribution of your account: If you leave the Company or retire, the full value of your vested account is available to you. Various payout options are available if your account balance is greater than \$5,000.

## Questions?

If you have questions about the 401(k) Plan or your account after reviewing the information here, call the Fidelity Retirement Benefits Line at 1-800-421-3844, or log on to their website at [www.401k.com](http://www.401k.com).

## Eligibility

Eligibility for the 401(k) Plan is different from eligibility for other benefits described in the Summary Plan Description (SPD). You become eligible to participate in the 401(k) Plan on the first of the month following your hire date (if you are age 21 or older). If you are hired on the first of a 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 first of the month following your 21<sup>st</sup> birthday.

Please allow 30–45 days from your hire date to enroll in order to ensure that your personal information is set up at Fidelity.

You are eligible to participate in the Plan if you are an eligible employee of Diageo North America, Inc. or other participating Diageo company.

You are an eligible employee if:

- You are a salaried employee.
- You are a non-union hourly employee of Diageo NA (other than a vineyard worker) who is employed at a winery, bottling, warehouse, distribution or visitor center facility as designated by the Company.
- You are a U.S. citizen or lawful permanent resident of the U.S. on temporary assignment to an affiliate outside of the U.S.

- You are a “localized” employee from a foreign affiliate with U.S. source earned income.
- You are a resident alien with a valid green card or working visa who is lawfully working in the U.S.

You are **not** eligible to participate in the Plan if:

- You are a leased employee or classified as an independent contractor by the Company.
- You are on a temporary assignment from a foreign affiliate, even if you have U.S. source earned income.
- You are a non-resident alien with no U.S. source earned income.
- You are covered by a collective bargaining agreement (unless the agreement specifically provides for participation in the Plan).

## Enrolling in the Plan

Participation in the Plan is voluntary, and you may enroll at any time after becoming eligible.

Enrolling is simple—call the Fidelity Retirement Benefits Line at 1-800-421-3844 or enroll online at **www.401k.com**.

You will need to decide the percentage of pre-tax and/or after-tax contributions you want deducted from your paycheck and how you want your money invested.

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 **www.401k.com**.

If you opt out, you can 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. Contributions range from 1% to 50% of your eligible pay up to the IRS limit.

## Your Beneficiary

You need to name a beneficiary, or beneficiaries, to receive your Plan account balance if you die. If you are married, your spouse is automatically the beneficiary of your 401(k) Plan account unless he/she provides notarized, written consent agreeing to another beneficiary.

Each time you change your beneficiary, your spouse must provide notarized, written consent. Contact Fidelity for beneficiary and consent forms.



## Your Contributions

There are three ways you may want to contribute to the Plan:

- Pre-tax contributions,
- After-tax contributions, or
- Rollover contributions.

### Pre-tax and/or After-tax Contributions

You may contribute between 1% and 50% of your pay on a pre-tax and/or after-tax basis. In addition, if you receive an EIP/AIP annual incentive bonus, you may defer any or all of your bonus (pre-tax only) up to IRS contribution limits. If you do not separately elect to defer your award, contribution deductions will not be taken from your bonus. The IRS maximum annual salary limit for 401(k) contributions is \$255,000 in 2013. (Maximum limits may be adjusted annually by the IRS.) See "Contribution Limits" on page 4 for more information.

### Definition of Pay

Your pay, as defined by the Plan, includes your base salary; any pre-tax payroll deductions; paid annual incentive bonuses; overtime; shift differential; commissions; and paid time away from work due to illness, vacation, and holidays.

401(k) deductions are not taken from severance pay; unused vacation; non-cash awards; reimbursement for relocation; automobile or educational expenses; imputed value of life insurance; stock option exercise; payments from long-term incentive plans; special bonuses; non-qualified deferred compensation; retention bonuses; incentive bonuses paid after termination; financial planning and related expenses; Company paid physicals; and any other similar payments or reimbursements.

### Contribution Limits

Each calendar year the IRS sets a maximum employee pre-tax contribution amount. For 2013 the amount is \$17,500. If you reach the limit, your 401(k) Plan pre-tax contributions will be discontinued until the following January. IRS regulations also require that the Plan cannot discriminate in favor of highly-paid employees and may require that highly-paid employees' contributions be limited or refunded. You will be notified in the unlikely event that this situation occurs.

### Catch-up Contributions

If you are age 50, or if you will turn age 50 during 2013, you may make additional pre-tax contributions to your 401(k) account in the form of catch-up contributions. In addition to the regular annual pre-tax contribution limit of 50%, you may contribute from 1% to 59% of your eligible pay up to \$5,500 during 2013. After 2009, the amount will be indexed for inflation.

To make a catch-up contribution, call the Fidelity Retirement Benefits Line.

## Changing Your Contributions

You may change, stop, or resume your pre-tax and after-tax contributions at any time by calling the Fidelity Retirement Benefits Line at 1-800-421-3844 or online at [www.401k.com](http://www.401k.com).

### Changing Your Contribution Amounts

You may change your contribution amount and investment mix at any time by calling the Fidelity Retirement Benefits Line at 1-800-421-3844 or online at [www.401k.com](http://www.401k.com).

## Pre-tax Versus After-Tax Contributions

When deciding whether to contribute on a pre-tax or after-tax basis to the 401(k) Plan, consider the following example:

	Pre-tax Savings	After-tax Savings
<b>Annual Pay</b>	\$65,000	\$65,000
<b>Pre-tax Contribution (10%)</b>	-\$6,500	-\$0
<b>Federal Taxes (15%)</b>	\$8,775	\$9,750
<b>Pay After Taxes and Pre-tax Contributions</b>	\$49,725	\$55,250
<b>After-tax Contribution (10%)</b>	\$0	-\$6,500
<b>Take-home Pay</b>	\$49,725	\$48,750
<b>Estimated Tax Savings*</b>	\$975	

\*You may save more if state and local taxes are included. This estimate is based on current tax law and is subject to change. The change will be effective the next pay period in the month following your call or on-line change.

## Special Rights Upon Return from Military Service

If you return to work for the Company after a qualifying military leave, you can “make up” the pre-tax and/or after-tax contributions that you could have made if you had not gone on military leave. Your right to “make up” contributions lasts for a specific period of time. By law, that period is three times your military leave period (but not more than 5 years): For example, if you had been on active duty for 12 months, you would have the right to make up any missed pre-tax and/or after-tax contributions for a period of 3 years following your return.

The Plan rules and Federal tax limits in effect during your military leave will limit your “make up” contributions. For further information, contact the Fidelity Retirement Benefits Line at 1-800-421-3844.

## Rollover Contributions

If you receive an eligible rollover distribution from a previous employer’s qualified retirement plan after you become a Diageo employee, that distribution, or a portion of it, may be deposited into the Plan within 60 days of receiving the distribution. By doing this, you will defer paying taxes on the distribution until you receive the money from the Plan.

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In some cases, a distribution from a prior plan that has been held in an IRA may be rolled over to the Plan. All in-Plan rollovers must be approved by Fidelity before they can occur. Call the Fidelity Retirement Benefits Line at 1-800-421-3844 for information and forms. Rollover forms are also available in the Forms library on Diageo One.

### Investing Your Contributions

Investment decisions are your responsibility. You may currently choose to invest your contributions among 18 investment funds. See “The Investment Funds” on page 6 for more information. (Funds are subject to change, with notice.) You decide how your contributions will be invested when you enroll in the Plan. If you fail to make investment fund elections, the Plan’s “default fund” is the Fidelity Freedom Fund nearest to your retirement age.

You may invest in as many funds as you like. (However, investments must be made in whole percentages.) The value of your account will go up or down depending on investment performance and your investment decisions.

The primary purpose of the 401(k) Plan is to provide you with a tax-advantaged investment vehicle to supplement your retirement income. Based on this objective, you should consider expected returns over longer periods of time. You may want to check with a financial advisor for the right combination of investments for you.

### Changing Your Investment Mix

You may change how your future contributions will be invested and transfer money among funds by calling the Fidelity Retirement Benefits Line at 1-800-421-3844 or online at [www.401k.com](http://www.401k.com).

### Tracking Your Savings

You may review your personalized account statement at any time by going to [www.401k.com](http://www.401k.com), however, an email reminder will be sent to you quarterly. The statement will give you details on the status of your account as of the prior quarter.

You can get daily updates of your account by calling the Fidelity Retirement Benefits Line, or by going online at [www.401k.com](http://www.401k.com).

### The Investment Funds

The available funds have different investment objectives, so the risk and returns on each fund are different. Before you make your investment choices, you should think about the investment goals of each fund, as well as your own investment goals and your tolerance for risk. Each fund has a prospectus and summary description which provides information on the several aspects of the funds, including its:

- Specific investment objectives,
- Risk/return characteristics,
- Type of investments, and
- Investment diversification.

A list of available funds, historical fund performance, prospectuses, financial statements, terms of investment contracts, and other investment fund information are available by calling the Fidelity Retirement Benefits Line at 1-800-421-3844 or online at [www.401k.com](http://www.401k.com) once you have registered. Keep in mind that past fund performance is no guarantee of future performance.

All of the 401(k) Plan's investment funds are mutual funds, except for the Diageo Stock Fund. Each investment fund offered under the Plan charges investment management fees (which are normally based on a specified percentage of fund assets) and may have other operating expenses that affect the fund's investment return. In addition, the funds may impose deferred sales charges, sales loads and redemption or exchange fees. Current information on a fund's operating expenses, fees and charges can be found in the most recent prospectus and summary description for the fund.

The Plan administrator has the right to change the investment funds offered under the 401(k) Plan at any time.

## Investment Earnings, Losses and Gains

Your account balance changes over time, as the value of your investments change and you earn dividends and/or interest on your account balance. Any dividends and/or interest your investments earn automatically are reinvested in that fund. When a fund shows earnings, gains and/or losses, your account balance reflects this change on a daily basis.

## Investment Restrictions

Due to certain improprieties in the mutual fund industry, a number of funds have begun to impose trading restrictions that are intended to curb short-term and other trading abuses. For example, many funds are restricting excessive short-term trading practices by sending a written warning to any person who has engaged in such trading and temporarily suspending or limiting the trading of anyone who continues to do so after receiving a warning. Trading restrictions may be imposed by the 401(k) Plan's current investment funds. To find out if there are any restrictions under a fund, you should read the current prospectus and other available information for that fund.

## Voting and Similar Rights

All voting, tender and similar rights for any investment funds in which you invest your 401(k) Plan account are passed through to, and may only be exercised by, you. The proxy statement and accompanying materials will be sent to you with instructions on how to vote or otherwise exercise your rights.

## Compliance with 404(c) Regulations

The 401(k) Plan is designed to comply with ERISA Section 404(c) by providing you with a number of investment options and a wide choice of fund information, including each fund's operating expenses, investments and share value/performance. The Plan administrator is responsible for making sure the 401(k) Plan complies with Section 404(c). If you make investment choices for your account, the Plan's fiduciaries are not responsible for losses that may result from following your investment instructions.



## Access to Your Account Balance While Employed

Although the 401(k) Plan is intended to provide income for retirement, you may need your money while you are still working. However, in granting special tax advantages to programs like the 401(k) Plan, the government limits how you may withdraw funds. The following is an explanation of what methods of withdrawal are available to you in various situations.

### Loans for Active Employees

Loans for **active** employees are available from the plan for any reason. Call the Fidelity Retirement Benefits Line at 1-800-421-3844 to initiate a loan and to determine the loan amount available to you. Endorsing the check is your agreement to the loan terms.

The following rules apply to 401(k) Plan loans:

- You may borrow up to 50% of your vested account balance. The minimum loan amount is \$1,000, and the maximum amount is \$50,000 (reduced by the highest outstanding loan balance in the previous 12 months).
- You will be charged interest on your loan based on the prime rate published in the Wall Street Journal when the loan is approved. The interest is not tax deductible.
- You cannot have more than one outstanding loan.
- You have up to five years to repay a general purpose loan.
- You have up to 20 years to repay a primary residence loan. A primary residence loan requires documentation, such as a purchase agreement.
- Loan repayments will be made through after-tax payroll deductions and will be deposited in the investment funds of your current contributions.

### Prepayment of Loan

You may prepay your outstanding loan in full or in part at any time. Call the Fidelity Retirement Benefits Line at 1-800-421-3844 to receive more information about prepaying your outstanding loan.

### If You Leave the Company with an Outstanding Loan

The rules applying to loans are complex. You should check with a financial advisor or accountant when deciding how to receive payout of your account.

#### Payment in Full

If you have a Plan loan when you leave the Company, you may repay your loan in full within 90 days after your termination date.

If your outstanding loan is not paid in full, it will be defaulted and will be considered a “deemed distribution.” This means you will be responsible for any required income or excise taxes that may be applicable to the unpaid loan balance. (See “Taxes on Distributions When You Leave the Company” on page 13.)





## Installment Payments

You may continue to repay your loan by sending your payment directly to Fidelity. You may repay your outstanding loan through automatic checking account deductions. If you do not elect this option, you may repay your loan using a Loan Coupon Book provided by Fidelity. You will receive instructions from Fidelity approximately 4–5 weeks following your termination date. Your account cannot be distributed (rolled over) until your loan is paid off.

## In-Service Withdrawals

Under certain circumstances, in-service withdrawals are available for employees. There are four types of in-service withdrawals:

### Applying for a Withdrawal

To request a withdrawal, call the Fidelity Retirement Benefits Line at 1-800-421-3844.

### General Withdrawal of After-Tax Contributions

- You may withdraw the full value of your after-tax contributions (with applicable taxable earnings) for any reason.
- You are permitted to make one general withdrawal during a six-month period.
- After-tax contributions are not eligible for direct transfers or rollovers.

### Hardship Withdrawals of Pre-tax Contributions

You may make a hardship withdrawal of all, or a portion of, your pre-tax account balance before you reach age 59½, provided the amount requested is necessary to meet an immediate and severe financial need. You must have exhausted all other possible means of available resources, such as loans from the 401(k) Plan and other sources, savings accounts, and liquidation of other assets, without creating an additional immediate hardship. An immediate and severe financial reason can be one or more of the following:

- Purchase of a principal residence (excluding mortgage payments)
- Payment of post-secondary tuition and related fees for the next 12 months for you or an eligible dependent
- Prevention of eviction from your principal residence or foreclosure on the mortgage of your principal residence
- Payment of medical expenses that are not reimbursed through your medical plan
- Payments for burial or funeral expenses for your deceased parent, spouse, children or dependents
- Expenses for the repair of damage to your principal residence that would qualify for the casualty loss deduction under section 165 of the Internal Revenue Code (determined without regard to whether the loss exceeds 10% of your adjusted gross income).

You may only withdraw the amount necessary to meet your immediate need. You must provide documentation to support the hardship withdrawal request.



If your withdrawal is approved, the following rules apply:

- You may request only the amount needed to meet your financial hardship.
- Your current contributions to the 401(k) Plan will stop, and you will not be able to begin contributing to the Plan again until six months after the withdrawal.
- You are permitted to make one hardship withdrawal during a six-month period.

### **Taxes on Hardship Withdrawals**

Because the 401(k) Plan is designed for long-term savings, if you are under age 59<sup>1</sup>/<sub>2</sub>, the IRS imposes a 10% excise tax on hardship withdrawals, in addition to ordinary income tax. There are exceptions to the 10% excise tax. Tax laws that apply to Plan withdrawals and distributions are complex and change from time to time. You should check with a financial advisor or accountant when deciding how to receive a payout of your account.

### **Age 59<sup>1</sup>/<sub>2</sub> Withdrawals**

You may withdraw part or all of your account balance after you reach age 59<sup>1</sup>/<sub>2</sub>. There is no excise tax on these withdrawals.

### **Rollover Account Withdrawals**

You may withdraw part or all of your rollover account balance at any time. You are permitted to take one withdrawal from your rollover account during a six-month period.

## **Distributions When You Leave the Company**

If you leave the company for any reason, you have to make a decision about your Plan account. In general, you can:

- Transfer it to another tax deferred plan or individual retirement account (IRA).
- Take a cash payment of the full amount. You will owe income taxes on the taxable portion of your payment, and possibly an additional 10% penalty tax for early withdrawal.
- Leave it in the Plan until you reach age 65, with the option to withdraw it (in whole or in part) at any earlier time. You can only leave it in the Plan if your account balance is more than \$5,000.

If you plan to transfer your funds to another tax-deferred plan or IRA, be sure to read the important information in the special tax notice that will be provided to you after terminate employment.



## If You Retire from the Company

You will be considered to have “retired” if:

- Your employment with the Company ends on or after age 65;
- Your employment with the Company ends on or after age 50 and after completion of at least five years of continuous employment; or
- You were previously an employee of the Company who transferred to employment with a non-participating affiliate and you retire from the employment of the non-participating affiliate.

### Defer Payment to Age 70<sup>1</sup>/<sub>2</sub>

If you “retire” and your account balance (excluding the balance in your rollover contributions account) is more than \$5,000 you can choose to defer distribution of your account balance until you reach the age of 70<sup>1</sup>/<sub>2</sub>. You will have the option to withdraw your account balance (in whole or in part) at any earlier time.

### Installment Payments

If you “retire,” in addition to the payment forms listed above, you may also choose to take installment payments of your account balance. Installment payments must be made annually or quarterly over any period you choose that does not exceed your life expectancy or the joint life expectancy of you and your beneficiary. Installment payments are allowed only if your account balance (excluding the balance in your rollover contributions account) is more than \$5,000.

After you begin receiving installment payments, you may change the form of distribution to:

- A lump sum payment of your remaining account balance, or
- Installment payments over a shorter period.

## When You Die

In general, your beneficiary (or beneficiaries) will receive the balance in your account in a single lump sum after your death. However, if you were receiving installment payments at the time of your death, your beneficiary may choose to continue receiving any installment payments that remained unpaid as of your date of death.

These payments will be subject to income taxes and also may be subject to estate taxes.

If you die while you are an active employee of the Company, payment of your account balance to your beneficiary (or beneficiaries) may be made in one of the following forms:

- An immediate lump sum payment,
- A lump sum payment made no later than December 31 of the calendar year that includes the fifth anniversary of your date of death, or
- Annual or quarterly installments over a period no longer than the beneficiary’s life expectancy.



## When You Reach Age 70½

In general, you must begin taking distributions from your account balance by April 1 following the later of the year in which you reach age 70½ you retire. Unless you chose to receive your account balance in a single lump sum, each year thereafter you will receive an additional amount no later than December 31, until your entire account balance is distributed.

## If Your Account Balance Is \$5,000 or Less

If your account balance (including any rollovers you have made to the Plan) is \$5,000 or less, you (or your beneficiary) will automatically receive a cash payment of your entire account balance after you retire, die or otherwise leave the Company. However, you may elect to do a direct rollover of this payout beforehand. Under certain conditions, your account will automatically will be rolled over to an Individual Retirement Account (IRA).

Your vested account balance will be rolled over to an IRA set up by the Plan administrator in your name if:

- Your vested account balance is more than \$1,000 but not more than \$5,000 and
- You do not make a choice about the method of distribution (either a direct rollover or a lump sum payment directly to you).

You will receive a notice from the plan administrator describing your rights as owner of this IRA.

## Applying for Benefits

To begin payout of your account balance after you leave the Company, you must apply for payment. To request a distribution, call the Fidelity Retirement Benefits Line at 1-800-421-3844.

## Distributions from the Diageo Stock Fund

The normal form of distribution under the Plan is in cash. However, if any part of your account is invested in the Diageo Stock Fund when you chose to receive a distribution from the Plan, you may chose to receive part or all of the balance in the Diageo Stock Fund in whole Diageo plc American Depositary Shares (ADSs). Any balance in the Diageo Stock Fund representing fractional ADSs or short-term non-ADS investments will be paid in cash.



## Taxes on Distributions When You Leave the Company

A distribution of your 401(k) Plan to you, your estate or beneficiaries is generally subject to income tax at the time of distribution. An additional 10% excise tax may apply to pre-tax contributions and earnings if you take a distribution prior to age 55. Federal income tax withholding rules apply to all distributions. Any amount withheld will be credited on your income tax return against any taxes due. Under the withholding rules, most distributions of pre-tax contributions and earnings in your account are subject to mandatory withholding at a rate of 20% of the payment. You may elect out of mandatory withholding only if you elect a direct rollover to an Individual Retirement Account (IRA) or another tax qualified plan. Certain forms of distributions are not subject to the mandatory withholding. For these distributions, you may elect optional withholding at the time of distribution.

The chart below summarizes the withholding rules:

Payment Options	Withholding Provision
<b>Lump sum payment</b>	Mandatory 20% withholding* (if not rolled over)
<b>Installment payments over</b> <ul style="list-style-type: none"> <li>▪ Less than 10 years</li> <li>▪ 10 years or more</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mandatory 20% withholding* (if not rolled over)</li> <li>▪ Optional withholding</li> </ul>
<b>In-service withdrawals</b>	Mandatory 20% withholding* (if not rolled over)
<b>Deferred payment (up to age 70<sup>1</sup>/<sub>2</sub>)</b>	Withholding deferred
<b>Minimum distribution (at age 70<sup>1</sup>/<sub>2</sub>)</b>	Optional withholding

\*If you elect a direct rollover, no withholding is required. If you receive installments over a period of less than 10 years, your choice to make or not make a direct rollover for your first payment will apply to all later payments.

## Beneficiaries and Alternate Payees

Generally, the direct rollover rules also apply to payments to a surviving spouse or to a former spouse who is an “alternate payee” under a court order.

- If you are a surviving spouse, you may elect to have your distribution paid as a direct rollover to an IRA, or paid to you in a lump sum or in installments. If you elect a lump sum payment, you may keep it or roll it over yourself into an IRA, but you cannot roll it over into another qualified plan.
- If you are an alternate payee and former spouse, you are eligible for a lump sum payment. You may elect that the payment be a direct rollover or paid to you. If you elect to have the payment made to you, you may roll over the payment into an IRA or another qualified plan that accepts rollovers.
- If you are a beneficiary or alternate payee other than the spouse, you cannot choose a direct rollover, and you cannot roll over a payment made to you. Tax withholding is optional.

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The 10% early withdrawal penalty does not apply to a distribution made to a beneficiary or an alternate payee. In the event of the death of a beneficiary with an account, a lump sum distribution will be made to his or her estate.

### W-2 Reporting

The amount shown on your W-2 Form as taxable income will be reduced by any pre-tax contributions you make to the Plan. The amount of your 401(k) Plan contributions will be printed in a separate box.

### Things That Can Affect Your Benefit

Benefits may be denied, lost or stopped, or you may not be eligible for benefits, under the following circumstances:

- You are not eligible to participate in the Plan.
- If the Plan can't make a payment because you or your beneficiary can not be found, the benefit may be forfeited. If the person entitled to the payment is located at a later date, benefits which were due but could not be paid shall be paid in a single sum.
- If you receive a benefit payment that is larger than it should be, you must repay the excess to the Plan.
- Some Plan fees may be charged directly to your account. See "The Investment Funds" on page 6 for more information on the payment of these fees.
- Certain costs of running the Plan (such as the trustee's and the other service providers' fees) may be charged against all participants' accounts on a pro-rated basis.

### Other Plan Information

The following is important information about the 401(k) Plan, including

- Plan history
- Transferring to a Diageo NA affiliate
- If you were to a participant in a previous plan

### Plan History

Effective July 1, 2002, the Plan's official name is the Diageo North America, Inc. Savings Plan. The Plan was originally established by Heublein, Inc. and was called the Heublein Savings and Investment Plan. Effective January 1, 1993, the Employees Savings Plan of the Paddington Corporation (Paddington Plan), the Carillon/GrandMet Capital Accumulation Plan (Carillon/GrandMet Plan), and the Profit Sharing Plan of Carillon Importers LTD (Carillon Plan) were merged into the Heublein Savings and Investment Plan, and the Heublein Plan was renamed the IDV U.S. Savings Plan (IDV Plan).



Effective December 31, 1998, the Guinness America Employees Savings Plan (Guinness Plan) was merged with the IDV Plan, and the Plan name was changed to The UDV North America, Inc. Savings Plan. As of January 1, 1999, Carillon Importers LTD., United Distillers North America, Inc., United Distillers Manufacturing, Inc., United Distillers Inc., United Distillers & Vintners (Florida) Inc., and Guinness Import Company had adopted the Plan for the benefit of eligible employees.

## Transferring to a Diageo NA Affiliate

If you transfer to another company affiliated with Diageo NA and continue to be eligible to participate in the 401(k) Plan, your participation will continue uninterrupted. If you are transferred to an affiliate that does not offer the 401(k) Plan, contributions to your account will stop, and you will not be eligible to take 401(k) Plan withdrawals or loans. You may make investment fund changes, and your account will continue to share in investment performance. You will be eligible to receive a final distribution from the 401(k) Plan when you no longer work for a Diageo company.

## If You Were a Participant in a Previous Plan

If you participated in a previous plan, some of your Plan provisions may be different. If you have questions regarding your previous plan participation, call The Fidelity Retirement Benefits Line at 1-800-421-3844.

## Frozen Accounts

If you have an account that was transferred from a previous plan, it will be maintained as a separate account under your name. It is not eligible to be credited with future contributions, but will continue to share in investment earnings and losses according to how you invest in the investment funds currently offered by the Company. You may change your investment mix at any time. Some of these funds may be available for loans or withdrawals. For specific information, call The Fidelity Retirement Benefits Line at 1-800-421-3844.

## Schieffelin & Somerset Co. Employees

If you were an employee of the Schieffelin & Somerset Co., your service will count for purposes of eligibility and vesting in the Diageo North America, Inc. Savings Plan.

## Break in Service

Sometimes your service with the Company is interrupted or broken. This is called a break in service.

You will have a break in service:

- On the last day you work for the Company if you resign, are discharged, retire, or die.
- If you are disabled and do not return to work when your disability ends, or the date your employment ends, whichever occurs first.
- If you are on a military leave of absence and do not return to work within the specified period of time as required by the law pertaining to veterans' re-employment rights.



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- If you are absent from work for more than two years for maternity or paternity reasons.
- If you are on an authorized leave of absence or layoff and do not return to work by the first anniversary of the date your leave or layoff began or on the date your leave or layoff ends (whichever occurs first).

Break in service rules are complex. The above explanation is only a summary. If you have questions regarding break in service rules, please contact your Human Resources Representative.

### **If You Leave the Company and Are Rehired**

If you are rehired within one year after you leave, the time you were gone will count toward your Vesting Service. Any Vesting Service and Company matching contributions that were forfeited will be reinstated.

If you are rehired within five years of when you leave the Company, any Vesting Service that you had before you left, and any Company matching contributions that were forfeited, will be reinstated. The time you were away, though, will not count for vesting purposes.

### **Maternity and Paternity Leaves of Absence**

If you are absent from work for the birth or adoption of a child, your time away from work for up to two years will not be considered a break in service. If you return to work within two years, you will receive credit for Vesting Service during this absence.

### **Military Leaves of Absence**

If you take a leave of absence for military service, special break in service rules apply. Contact your Human Resources Representative or log on to Diageo One for more information.

### **Additional ERISA Information**

The 401(k) Plan is both an “employee pension benefit plan” described in the Section 3(2) of ERISA and a “defined contribution plan” described in Section 3(34) of ERISA. As such, the 401(k) Plan is subject to all of the provisions set forth in Part 1 (Reporting and Disclosure), Part 2 (Administration and Enforcement) and Subtitle B of Title I of ERISA which relate to employee pension benefit plans which are also defined contribution plans. The 401(k) Plan is not subject to Part 3 (Funding) of Subtitle B of Title I of ERISA, nor is it subject to any of the provisions in Title IV of ERISA. Those portions of ERISA pertain to “defined benefit plans” described in Section 3(35) of ERISA and accordingly do not apply, nor could they be made to apply, to the 401(k) Plan.





## Certain Tax Effects

The IRS has issued a determination that the 401(k) Plan is a qualified plan for tax purposes under Section 401(k) of the United States Internal Revenue Code of 1986, as amended (the “Code”), and that the Trust established in connection therewith is exempt from income tax under section 501(a) of the Code. As a result of the 401(k) Plan’s qualified status, contributions are deductible by the Company, and income and gains realized by the Trustee due to investment of qualified plan assets are not subject to federal income tax as long as they remain in the trust fund.

## Available Documents

Diageo has filed a Registration Statement on Form S-8 under the Securities Act of 1933, as amended, with respect to Diageo Ordinary Shares represented by ADSs and to interests in the 401(k) Plan. This Summary Plan Description, the most recent Investment Performance Update, the Description of Ordinary Shares and ADSs, and the Incorporated Documents (defined below) constitute the Prospectus delivered in connection with interests in the 401(k) Plan. The Incorporated Documents are: Diageo’s Annual Report on Form 20-F for fiscal year 2003; the 2002 401(k) Plan Annual Report on Form 11-K for the year ended December 31, 2002; and further documents subsequently filed under the Securities Exchange Act of 1934 (the “Exchange Act”) by the Registrant pursuant to Sections 13(a), 13(c) and 15(d) of the Exchange Act and the description of Ordinary Shares or ADSs contained in a registration statement filed under the Exchange Act.

Any participant in the 401(k) Plan may obtain a copy of the Plan Document and Incorporated Documents without charge upon written or oral request to:

The Diageo North America, Inc. Savings Plan  
801 Main Avenue  
Norwalk, CT 06851  
1-203-229-2100

These securities have not been approved or disapproved by the Securities and Exchange Commission or any State Securities Commission, nor has the Securities and Exchange Commission or any State Securities Commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.



