

DIAGEO CAPITAL PLC  
 Form 424B5  
 December 07, 2006

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)  
[TABLE OF CONTENTS](#)

A filing fee calculated in accordance with Rule 457(r) of \$32,100 due in connection with the Securities offered by means of this prospectus supplement is hereby offset against the fees of \$181,370.91 paid by Diageo plc to the SEC in connection with registration statement No. 333-110804 and carried forward pursuant to Rule 457(p).

Filed Pursuant to Rule 424(b)(5)  
 Registration Statement No. 333-132732

**PROSPECTUS SUPPLEMENT**  
**(To Prospectus dated March 27, 2006)**

## Diageo Capital plc

**\$300,000,000**

**5.125% Notes due 2012**

**Guaranteed as to the Payment of Principal and Interest by**

## Diageo plc

On September 28, 2006, Diageo Capital plc issued \$300,000,000 aggregate principal amount of 5.125% Notes due 2012 (the "original notes"). The notes offered under this prospectus supplement (the "reopened notes") will have the same terms (other than the price to public and issue date), form part of the same series and trade freely with the original notes. The original notes and the reopened notes are referred to together as "the notes".

Diageo Capital plc will pay interest on the notes on January 30 and July 30 of each year, beginning on July 30, 2007. The notes will mature on January 30, 2012.

Diageo Capital plc may redeem the notes, in whole or in part, at any time at the greater of (1) 100% of the principal amount plus accrued interest and (2) a make-whole amount as described herein. Diageo Capital plc may also redeem the notes, in whole but not in part, at any time at 100% of their principal amount plus accrued interest upon the occurrence of certain tax events described in this prospectus supplement and the attached prospectus.

Application will be made to list the reopened notes on the New York Stock Exchange. Trading on the New York Stock Exchange is expected to commence within 30 days after delivery of the reopened notes.

*See "Risk Factors" beginning on page 2 of the attached prospectus for a discussion of certain factors you should consider before investing in the notes.*

	Price to Public <sup>(1)</sup>	Underwriting Discounts and Commissions	Proceeds, before expenses, to Diageo Capital <sup>(1)</sup>
Per note	99.916%	0.180%	97.736%
Total	\$ 299,748,000	\$ 540,000	\$ 299,208,000

## Edgar Filing: DIAGEO CAPITAL PLC - Form 424B5

- (1) Plus accrued interest for the period from and including September 28, 2006 up to but excluding the date of delivery, which is expected to be December 11, 2006, in the aggregate amount of \$3,117,708 and plus additional interest, if any, from and including December 11, 2006 if delivery occurs after that date.

---

Interest on the notes will accrue from September 28, 2006.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the attached prospectus. Any representation to the contrary is a criminal offence.

The underwriter expects to deliver the reopened notes in book-entry form through the facilities of The Depository Trust Company and its participants, including Euroclear and Clearstream, Luxembourg, against payment in New York, New York on or about December 11, 2006.

---

**Goldman, Sachs & Co.**

The date of this prospectus supplement is December 6, 2006.

---

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

INCORPORATION OF INFORMATION WE FILE WITH THE SEC

SUMMARY

THE OFFERING

CAPITALIZATION

USE OF PROCEEDS

EXCHANGE RATES

DESCRIPTION OF NOTES

UNDERWRITING

TAXATION

CLEARANCE AND SETTLEMENT

EXPERTS

PROSPECTUS

ABOUT THIS PROSPECTUS

RISK FACTORS

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

PRESENTATION OF FINANCIAL INFORMATION

ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

DIAGEO PLC

DIAGEO INVESTMENT CORPORATION

DIAGEO CAPITAL PLC

DIAGEO FINANCE B.V.

CAPITALIZATION AND INDEBTEDNESS

USE OF PROCEEDS

LEGAL OWNERSHIP

DESCRIPTION OF DEBT SECURITIES AND GUARANTEES

DESCRIPTION OF WARRANTS

DESCRIPTION OF PURCHASE CONTRACTS

DESCRIPTION OF UNITS

DESCRIPTION OF PREFERENCE SHARES

DESCRIPTION OF ORDINARY SHARES

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

CLEARANCE AND SETTLEMENT

TAXATION

PLAN OF DISTRIBUTION

VALIDITY OF SECURITIES

EXPERTS

---

You should rely on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriter has not, authorized any other person to provide you with different information. We are not, and the underwriter is not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus, as well as information in documents incorporated by reference, is accurate as of any date other than the date on the front of these documents. Our business, financial condition, results of operations and prospects may have changed since that date.

**INCORPORATION OF INFORMATION WE FILE WITH THE SEC**

The SEC allows us to incorporate by reference the information we file with them. This means:

incorporated documents are considered part of this prospectus supplement and the attached prospectus;

we can disclose important information to you by referring you to those documents; and

information that we file with the SEC will automatically update and supersede this prospectus supplement and the attached prospectus.

We incorporate by reference the documents listed below which we filed with the SEC under the Securities Exchange Act of 1934:

Diageo's annual report on Form 20-F for the year ended June 30, 2006.

Furthermore, we incorporate by reference each of the following documents that we will file with the SEC after the date of this prospectus supplement but before the end of the notes offering:

any reports on Form 6-K filed by us pursuant to the Securities Exchange Act of 1934 that indicate on their cover page that we will incorporate them by reference; and

reports filed under Sections 13(a) and (c) of the Securities Exchange Act of 1934.

You may request a copy of any filings referred to above (excluding exhibits), at no cost, by contacting us at the following address:

Diageo plc  
8 Henrietta Place  
London W1G 0NB  
England  
Tel. No.: 011-44-(0)20-7927-5200

## SUMMARY

*This summary does not contain all of the information that is important to you. You should read carefully the entire prospectus supplement, the attached prospectus and the additional documents incorporated by reference herein for more information on Diageo and recent transactions involving Diageo.*

In this prospectus supplement, the terms "we", "our" and "us" refer to Diageo Capital plc ("Diageo Capital") and Diageo plc ("Diageo"). Diageo Capital is the issuer and Diageo is the guarantor in these offerings.

### **Diageo plc**

Diageo is the world's leading premium drinks business with a collection of international brands. Diageo was the seventeenth largest publicly quoted company in the United Kingdom in terms of market capitalization on December 5, 2006, with a market capitalization of approximately £26.6 billion. Diageo was formed by the merger of Grand Metropolitan Public Limited Company and Guinness PLC that became effective on December 17, 1997. Diageo is incorporated as a public limited company in England and Wales. Diageo's principal executive office is located at 8 Henrietta Place, London W1G 0NB and its telephone number is +44 (0)20 7927 5200.

Diageo is a major participant in the branded beverage alcohol industry and operates on an international scale. It brings together world-class brands and a management team committed to the maximization of shareholder value. The management team expects to invest in global brands, expand internationally and launch innovative new products and brands.

Diageo produces and distributes a wide range of premium brands, including Smirnoff vodka, Johnnie Walker Scotch whiskies, Guinness stout, Baileys Original Irish Cream liqueur, Captain Morgan rum, J&B Scotch whisky and Tanqueray gin. In addition, it also owns the distribution rights for José Cuervo tequila brands in the United States and other countries.

You can find a more detailed description of Diageo's business and recent transactions in Diageo's annual report on Form 20-F for the fiscal year ended June 30, 2006, which is incorporated by reference in this prospectus supplement and the attached prospectus. Information about Diageo Capital plc, a wholly owned finance subsidiary of Diageo and a public limited company incorporated under the laws of Scotland, is provided under "Diageo Capital plc" in the accompanying prospectus.

### **Recent Developments**

On September 28, 2006, Diageo Capital issued \$300 million aggregate principal amount of the original notes, \$600 million aggregate principal amount of 5.500% Notes due 2016 and \$600 million aggregate principal amount of 5.875% Notes due 2036.

**THE OFFERING**

*Please refer to "Description of Notes" on page S-11 of this prospectus supplement and "Description of Debt Securities and Guarantees" on page 15 of the attached prospectus for more information about the notes.*

Notes	\$300,000,000 aggregate principal amount of 5.125% Notes due 2012. The reopened notes offered under this prospectus supplement will have the same terms (other than the price to public and issue date), form part of the same series and trade freely with the original notes issued on September 28, 2006.
Issuer	Diageo Capital
Guarantee	The notes will be guaranteed by Diageo as to the payment of principal, premium (if any) and interest, including any additional amounts that may be payable.
Maturity	We will pay the notes at 100% of their principal amount plus accrued interest on January 30, 2012.
Interest rate	The notes will bear interest at a rate of 5.125% per annum.
Interest payment dates	Every January 30 and July 30, commencing on July 30, 2007.
Optimal make-whole redemption	We have the right to redeem the notes, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such notes plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on such notes (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 12.5 basis points plus accrued interest to the date of redemption. For more information, see "Description of Notes Optional Make-Whole Redemption."
Regular record dates	Every January 15 and July 15.
Ranking	The notes and the guarantees will constitute unsecured and unsubordinated indebtedness of Diageo Capital and Diageo, respectively, and will rank equally with all other unsecured and unsubordinated indebtedness from time to time outstanding.
Tax redemption	In the event of various tax law changes and other limited circumstances that require us to pay additional amounts as described under "Description of Debt Securities and Guarantees Special Situations Optional Tax Redemption" in the accompanying prospectus, we may call all, but not less than all the notes for redemption prior to maturity.

## Edgar Filing: DIAGEO CAPITAL PLC - Form 424B5

Book-entry issuance, settlement and clearance	<p>We will issue the notes in fully registered form in denominations of \$1,000 and integral multiples thereof. The notes will be represented by one or more global securities registered in the name of a nominee of The Depository Trust Company, referred to as DTC. You will hold beneficial interests in the notes through DTC and its direct and indirect participants, including Euroclear and Clearstream Luxembourg, and DTC and its direct and indirect participants will record your beneficial interest on their books. We will not issue certificated notes except in limited circumstances that we explain under "Legal Ownership Global Securities Special Situations When the Global Security Will Be Terminated" in the attached prospectus. Settlement of the notes will occur through DTC in same day funds. For information on DTC's book-entry system, see "Clearance and Settlement The Clearing Systems DTC" in the attached prospectus.</p>
Listing	<p>Application will be made to list the reopened notes on the New York Stock Exchange. Trading on the New York Stock Exchange is expected to commence within 30 days after delivery of the reopened notes.</p>
Use of proceeds	<p>We intend to use the proceeds from the sale of the notes to partly refinance \$500 million in debt that will mature on December 15, 2006.</p>
Trustee and Principal Paying Agent	<p>Citibank, N.A.</p>
Timing and Delivery	<p>We currently expect delivery of the reopened notes to occur on December 11, 2006.</p>
Risk Factors	<p>You should carefully consider all of the information in this prospectus supplement and the attached prospectus, which includes information incorporated by reference. In particular, you should evaluate the specific factors under "Risk Factors" beginning on page 2 of the attached prospectus for risks involved with an investment in the notes.</p>
Further Issues	<p>We may, without the consent of the holders of the notes, issue additional notes having the same ranking and same interest rate, maturity date, redemption terms and other terms as the notes described in this prospectus supplement except for the price to the public and issue date. Any such additional notes, together with the notes offered by this prospectus supplement, will constitute a single series of such securities under the indenture relating to the notes. There is no limitation on the amount of notes or other debt securities that we may issue under that indenture.</p>
Governing Law	<p>New York</p>

S-6

## CAPITALIZATION

The following table sets forth, on an IFRS basis, the actual capitalization of Diageo as at June 30, 2006, as adjusted to give effect to the issuance on September 28, 2006 of an aggregate principal amount of \$1.5 billion of notes (the "September notes") and as further adjusted to give effect to the issuance of the notes. Other than the changes noted below to reflect the issuance of the September notes, the anticipated issuance of the notes and the application of the proceeds (after deducting underwriting discounts and commissions and estimated net offering expenses but including accrued interest for the period from and including September 28, 2006 up to but excluding December 11, 2006) from the reopened notes, there has been no material change in the capitalization and indebtedness of Diageo since June 30, 2006.

	June 30, 2006	Adjusted for September notes	Further Adjusted for Offering
	£ million	£ million	£ million
Short term borrowings and bank overdrafts (including current portion of long term borrowings)	759	759	596
Long term borrowings			
Due from one to five years	2,621	2,621	2,621
Due after five years	1,380	2,191	2,353
	4,001	4,812	4,974
Finance lease obligations	9	9	9
Equity minority interests	179	179	179
Equity attributable to the equity shareholders of the company			
Called up share capital	883	883	883
Share premium account	1,340	1,340	1,340
Own shares held	(2,404)	(2,404)	(2,404)
Capital redemption reserve	3,060	3,060	3,060
Cash flow hedging reserve	1	1	1
Currency translation reserve	107	107	107
Other retained earnings	1,515	1,515	1,515
	4,502	4,502	4,502
<b>Total capitalization</b>	<b>8,691</b>	<b>9,502</b>	<b>9,664</b>

## Notes

- At June 30, 2006, the group had cash and cash equivalents of £699 million.
- At June 30, 2006, £49 million of the group's net borrowings due within one year and £35 million of the group's net borrowings due after more than one year were secured.
- At June 30, 2006, there were potential issues of approximately 49.2 million new ordinary shares outstanding under Diageo's employee share option schemes. Diageo currently expects to satisfy some or all of these obligations by transferring shares held in employee share trusts or those held as treasury shares rather than by issuing new ordinary shares.
-



## Edgar Filing: DIAGEO CAPITAL PLC - Form 424B5

At June 30, 2006, the total authorized share capital of Diageo consisted of 5,329 million ordinary shares of 28<sup>101</sup>/<sub>108</sub> pence each. At such date, 3,051 million ordinary shares were issued and fully paid, including shares issued and held in employee share trusts and those held as treasury shares.

S-7

---

## Edgar Filing: DIAGEO CAPITAL PLC - Form 424B5

5. In connection with the disposal of Pillsbury, Diageo has guaranteed the debt of a third party to the amount of \$200 million (£108 million) until November 2009. Including this guarantee, but net of the amounts provided in the consolidated financial statements, the group has given performance guarantees and indemnities to third parties of £168 million at June 30, 2006. Since June 30, 2006, there has been no material change in the group's performance guarantees and indemnities.
6. Since June 30, 2006, the group has issued an aggregate of \$1.5 billion of long term debt, paid an interim dividend of £524 million, repaid €300 million of debt that matured on October 16, 2006, and repurchased 63.1 million of its own shares, 20.7 million of which are being held as treasury shares and 42.4 million of which have been purchased and subsequently cancelled, at a total cost of £607 million. Other than as described above there has been no material change in the capitalization of the group since June 30, 2006.
7. The adjustments to reflect the offering have been converted to pounds sterling at a rate of £1 = \$1.85.

**USE OF PROCEEDS**

We estimate that the net proceeds (after deducting underwriting discounts and commissions and estimated net offering expenses but including accrued interest for the period from and including September 28, 2006 up to but excluding December 11, 2006) from the sale of the reopened notes will be \$302,225,708. We will use the proceeds to partly refinance \$500 million aggregate principal amount of notes bearing interest at 3.00% issued by Diageo Finance B.V. in 2003 maturing on December 15, 2006.

S-9

---

## EXCHANGE RATES

The following table shows, for the periods and dates indicated, certain information regarding the US dollar/pound sterling exchange rate, based on the noon buying rate in New York City for cable transfers in pounds sterling as certified for customs purposes by the Federal Reserve Bank of New York expressed in US dollars per £1.00.

Pounds Sterling	Period End	Period Average	High	Low
<b>Pounds Sterling</b>				
Year ended December 31,				
2001	1.45	1.44	1.50	1.37
2002	1.61	1.51	1.61	1.41
2003	1.78	1.64	1.78	1.55
2004	1.92	1.83	1.95	1.75
2005	1.72	1.82	1.92	1.71
2006 (through December 5, 2006)	1.97	1.86	1.98	1.73
<b>Pounds Sterling</b>				
			<b>High</b>	<b>Low</b>
June 2006			1.88	1.81
July 2006			1.87	1.82
August 2006			1.91	1.87
September 2006			1.91	1.86
October 2006			1.91	1.85
November 2006			1.97	1.89
December 2006 (through December 5, 2006)			1.98	1.97

As of December 5, 2006, the latest practicable date for which exchange rate information was available prior to the printing of this document, the noon buying rate for one pound sterling expressed in US dollars was \$1.97.

## DESCRIPTION OF NOTES

*This section describes the specific financial and legal terms of the notes and supplements the more general description under "Description of Debt Securities and Guarantees" of the attached prospectus. To the extent that the following description is inconsistent with the terms described under "Description of Debt Securities and Guarantees" in the attached prospectus, the following description replaces that in the attached prospectus.*

On September 28, 2006, Diageo Capital plc issued \$300,000,000 aggregate principal amount of 5.125% Notes due 2012 (the "original notes"). The notes offered under this prospectus supplement (the "reopened notes") will have the same terms (other than the price to public and issue date), form part of the same series and trade freely with the original notes. The original notes and the reopened notes are referred to together as "the notes".

The reopened notes will be issued in an aggregate principal amount of \$300,000,000 and will mature on January 30, 2012. The notes will bear interest at 5.125% per annum, payable semi-annually in arrears on January 30 and July 30 of each year, commencing July 30, 2007. The regular record dates for the notes will be every January 15 and July 15 of each year.

If any scheduled interest payment date is not a business day, we will pay interest on the next business day, but interest on that payment will not accrue during the period from and after the scheduled interest payment date. If the scheduled maturity date or date of redemption or repayment is not a business day, we may pay interest and principal and premium, if any, on the next succeeding business day, but interest on that payment will not accrue during the period from and after the scheduled maturity date or date of redemption or repayment.

A "business day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York City or in the City of London.

### **Tax Redemption**

In the event of various tax law changes after the date of this prospectus supplement and other limited circumstances that require us to pay additional amounts, as described in the attached prospectus under "Description of Debt Securities and Guarantees Payment of Additional Amounts", we may call all, but not less than all, of the notes for redemption. This means we may repay them early. You have no right to require us to call the notes. We discuss our ability to redeem the notes in greater detail under "Description of Debt Securities and Guarantees Special Situations Optional Tax Redemption" in the attached prospectus and this prospectus supplement.

If we call the notes, we must pay you 100% of their principal amount. We will also pay you accrued interest, and any additional amounts, if we have not otherwise paid you interest through the redemption date. Notes will stop bearing interest on the redemption date, even if you do not collect your money. We will give notice to DTC of any redemption we propose to make at least 30 days, but not more than 60 days, before the redemption date. Notice by DTC to participating institutions and by these participants to street name holders of indirect interests in the notes will be made according to arrangements among them and may be subject to statutory or regulatory requirements.

### **Optional Make-Whole Redemption**

We have the right to redeem the notes, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (1) 100% of the principal amount of such notes plus accrued interest to the date of redemption and (2) as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest on such notes (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the

redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the adjusted treasury rate, plus 12.5 basis points, plus accrued interest to the date of redemption.

Adjusted treasury rate means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the comparable treasury issue, assuming a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.

Comparable treasury issue means the U.S. Treasury security selected by the quotation agent as having an actual or interpolated maturity comparable to the remaining term of such notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining terms of such notes.

Comparable treasury price means, with respect to any redemption date, the average of the reference treasury dealer quotations for such redemption date after excluding the highest and lowest such reference treasury dealer quotations.

Quotation agent means the reference treasury dealer appointed by the trustee after consultation with us. Reference treasury dealer means any primary U.S. government securities dealer or their affiliates and their respective successors in the United States selected by the trustee after consultation with us.

Reference treasury dealer quotations means with respect to each reference treasury dealer and any redemption date, the average, as determined by the trustee, of the bid and ask prices for the comparable treasury issue (expressed as a percentage of its principal amount) quoted in writing to the trustee by five reference treasury dealers at 3:30 p.m. Eastern Standard Time on the third business day preceding such redemption date.

## General

Book-entry interests in the notes will be issued in minimum denominations of \$1,000 and in integral multiples of \$1,000. Interest on the notes will be computed on the basis described under "Description of Debt Securities and Guarantees Fixed Rate Debt Securities How Interest Is Calculated" in the accompanying prospectus. We will apply to list the reopened notes on the New York Stock Exchange. Trading on the New York Stock Exchange is expected to commence within 30 days after delivery of the reopened notes. The notes and guarantees are governed by New York law.

The notes will be the unsecured and unsubordinated indebtedness of Diageo Capital and will rank equally with all of its other unsecured and unsubordinated indebtedness from time to time outstanding.

Diageo will unconditionally guarantee on an unsubordinated basis the due and punctual payment of the principal of, premium, if any, and interest on the notes, including any additional amounts, when and as any such payments become due and payable, whether at maturity, upon redemption or declaration of acceleration, or otherwise. The guarantee of the notes will be unsecured and unsubordinated indebtedness of Diageo and will rank equally with all of its other unsecured and unsubordinated indebtedness from time to time outstanding. Because Diageo is a holding company, the guarantee will effectively rank junior to any indebtedness of its subsidiaries.

The principal corporate trust office of the trustee in the City of New York is designated as the principal paying agent. We may at any time designate additional paying agents or rescind the designation of paying agents or approve a change in the office through which any paying agent acts.

We will issue the notes in fully registered form. The notes will be represented by one or more global securities registered in the name of a nominee of DTC. You will hold beneficial interest in the notes through DTC and its participants, including Euroclear and Clearstream Luxembourg. The

underwriter expects to deliver the reopened notes through the facilities of DTC on December 11, 2006. Indirect holders trading their beneficial interests in the notes through DTC must trade in DTC's same-day funds settlement system and pay in immediately available funds. Secondary market trading through Euroclear and Clearstream, Luxembourg will occur in the ordinary way following the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg. See "Clearance and Settlement" in the attached prospectus and this prospectus supplement for more information about these clearing systems.

Payment of principal of and interest on the notes, so long as the notes are represented by global securities, as discussed below, will be made in immediately available funds. Beneficial interests in the global securities will trade in the same-day funds settlement system of DTC, and secondary market trading activity in such interests will therefore settle in same-day funds.

We may, without the consent of the holders of the notes, issue additional notes having the same ranking and same interest rate, maturity date, redemption terms and other terms as the notes described in this prospectus supplement except for the price to the public and issue date. Any such additional notes, together with the notes offered by this prospectus supplement, will constitute a single series of securities under the indenture relating to guaranteed debt securities issued by Diageo Capital, dated as of August 3, 1998, among Diageo Capital, Diageo and Citibank, N.A. There is no limitation on the amount of notes or other debt securities that we may issue under such indenture.

#### **Payment of Additional Amounts**

The government of any jurisdiction where Diageo or Diageo Capital is incorporated may require Diageo or Diageo Capital to withhold amounts from payments on the principal or interest on the notes or any amounts to be paid under the guarantee, as the case may be, for taxes or any other governmental charges. If a withholding of this type is required, Diageo or Diageo Capital, as the case may be, may be required to pay you an additional amount so that the net amount you receive will be the amount specified in the note to which you are entitled. For more information on additional amounts and the situations in which Diageo or Diageo Capital must pay additional amounts, see "Description of Debt Securities and Guarantees Payment of Additional Amounts" in the attached prospectus.

#### **Defeasance and Discharge**

We may release ourselves from any payment or other obligations on the notes as described under "Description of Debt Securities and Guarantees Defeasance and Discharge" of the attached prospectus.

#### **Trustee**

The trustee for the holders of the notes will be Citibank, N.A. See "Description of Debt Securities and Guarantees Regarding the Trustee" and "Default and Related Matters" in the attached prospectus for a description of the trustee's procedures and remedies available in the event of a default.

## UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement dated December 6, 2006, and incorporated in the pricing agreement dated December 6, 2006, the underwriter, Goldman, Sachs & Co., has agreed to purchase, and we have agreed to sell the entire \$300,000,000 principal amount of the reopened notes.

The underwriting agreement and the pricing agreement provide that the obligations of the underwriter are subject to certain conditions and that the underwriter will purchase all of the notes offered by this prospectus supplement if any of these notes are purchased.

The underwriter will initially offer to sell the notes to the public at the initial public offering price set forth on the cover of this prospectus supplement. The underwriter may sell notes to securities dealers at a discount from the initial public offering price of up to 0.090% of the principal amount of the notes. These securities dealers may resell any notes purchased from the underwriter to other brokers or dealers at a discount from the initial public offering price of up to 0.045% of the principal amount of the notes. If the underwriter cannot sell all the notes at the initial offering price, it may change the offering price and the other selling terms.

The reopened notes are a new issue of securities with no established trading market. Application will be made to list the reopened notes on the New York Stock Exchange. Trading on the New York Stock Exchange is expected to commence within 30 days after delivery of the reopened notes. The underwriter has advised Diageo that it intends to make a market in the notes but is not obligated to do so and may discontinue market making at any time without notice.

Furthermore, the underwriter may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions that any short sales have created. Short sales are the sale by the underwriter of a greater amount of notes than they are required to purchase in the offering. Stabilizing transactions are bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

These activities by the underwriter may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If the underwriter commences these activities, it may discontinue them at any time. These transactions may be effected in the over-the-counter market or otherwise.

In the ordinary course of their respective businesses, the underwriter and its affiliates have engaged, and may in the future engage, in various banking and financial services for and commercial transactions with us and our affiliates for which they have received, and will receive in the future, customary fees.

We estimate that expenses, excluding underwriting discounts, for issuing the notes will be approximately \$100,000.

We have agreed to indemnify the underwriter against various liabilities, including liabilities under the Securities Act of 1933.

The underwriter has represented and agreed that, in connection with the distribution of the notes, directly or indirectly: (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom; and (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue and sale of such notes in circumstances in which Section 21(1) of the FSMA does not apply to Diageo or Diageo Capital.



The underwriter has represented and agreed that in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the notes to the public in that Relevant Member State:

- (i) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (ii) at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (iii) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (iv) at any time in any other circumstances which do not require the publication by the relevant Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the notes to the public" in relation to any notes in any Relevant Member State means the communication, to more than one person, in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

**TAXATION**

The following supplements the discussion under "Taxation - United States Taxation" in the accompanying prospectus and is subject to the limitations and exceptions set forth therein. Capital gain of a noncorporate United States holder that is recognized in taxable years beginning before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year. For further discussion of the tax consequences applicable to you, please see the accompanying prospectus.

S-16

---

### CLEARANCE AND SETTLEMENT

The reopened notes will be issued in the form of registered global notes that will be deposited with DTC on the closing date. This means that we will not issue certificates to each holder. We will issue one global note with respect to the reopened notes to DTC and DTC will keep a computerized record of its participants (for example, your broker) whose clients have purchased the notes. The participant will then keep a record of its clients who purchased the notes. Unless it is exchanged in whole or in part for a certificated note, a global note may not be transferred; except that DTC, its nominees, and their successors may transfer a global note as a whole to one another. We will not issue certificated notes except in limited circumstances that we explain under "Legal Ownership Global Securities Special Situations When the Global Security Will Be Terminated" in the attached prospectus.

Beneficial interests in the global notes will be shown on, and transfers of the global notes will be made only through, records maintained by DTC and its participants. A description of DTC and its procedures is set forth under "Clearance and Settlement" in the attached prospectus.

We will wire principal and interest payments to DTC's nominee. We and the trustee will treat DTC's nominee as the owner of the global notes for all purposes. Accordingly, we, the trustee and any paying agent will have no direct responsibility or liability to pay amounts due on the global notes to owners of beneficial interests in the global notes.

It is DTC's current practice, upon receipt of any payment of principal or interest, to credit direct participants' accounts on the payment date according to their respective holdings of beneficial interest in the global notes as shown on DTC's records. In addition, it is DTC's current practice to assign any consenting or voting right to direct participants whose accounts are credited with notes on a record date, by using an omnibus proxy. Payments by participants to owners of beneficial interest in the global notes, and voting by participants, will be governed by the customary practices between the participants and owners of beneficial interest, as is the case with notes held for the account of customers registered in "street name". However, payments will be the responsibility of the participants and not of DTC, the trustee or us.

Settlement for the reopened notes will be made by the underwriter in immediately available funds. All payments of principal and interest will be made in immediately available funds, except as otherwise indicated in this section.

The notes have been accepted for clearance through DTC, Clearstream, Luxembourg and Euroclear. The Common Code for the notes is 026988683, the ISIN for the notes is US 25243 YAK55, and the CUSIP number for the notes is 25243 YAK5.

**EXPERTS**

Diageo's consolidated financial statements as of June 30, 2006 and June 30, 2005 and for each of the two years in the period ended June 30, 2006, which are incorporated in this prospectus supplement by reference to Diageo's Annual Report on Form 20-F for the fiscal year ended June 30, 2006 have been audited by KPMG Audit Plc, an independent registered public accounting firm, as set forth in their report thereon which is incorporated by reference in this prospectus supplement. These consolidated financial statements have been incorporated by reference in this prospectus supplement in reliance upon such report and upon the authority of such firm as experts in accounting and auditing. The audit report on the consolidated financial statements as of June 30, 2006 and June 30, 2005 and for each of the two years in the period ended June 30, 2006 contains an explanatory paragraph that, as referred to in *Accounting policies of the group Basis of preparation* within the consolidated financial statements, Diageo has changed its method of accounting for certain financial instruments with effect from July 1, 2005.

S-18

---

DIAGEO INVESTMENT CORPORATION  
DIAGEO CAPITAL PLC  
DIAGEO FINANCE B.V.

GUARANTEED DEBT SECURITIES

Fully and unconditionally guaranteed by

**DIAGEO PLC**

---

**DIAGEO PLC**

**Debt Securities**

**Warrants**

**Purchase Contracts**

**Units**

**Preference Shares**

**Ordinary Shares**

**In the form of ordinary shares or American depositary shares**

Diageo Investment Corporation, Diageo Capital plc or Diageo Finance B.V. may use this prospectus to offer from time to time guaranteed debt securities. Diageo plc may use this prospectus to offer from time to time debt securities, warrants, purchase contracts, units, preference shares or ordinary shares, directly or in the form of American depositary shares. Diageo's ordinary shares are admitted to trading on the London Stock Exchange under the symbol "DGE" and are also listed on the Paris and Dublin stock exchanges. Diageo's American depositary shares, each representing four ordinary shares, are listed on the New York Stock Exchange under the symbol "DEO".

You should read this prospectus and the accompanying prospectus supplement carefully before you invest. We may sell these securities to or through underwriters, and also to other purchasers or through agents. The names of the underwriters will be set forth in the accompanying prospectus supplement.

*Investing in these securities involves certain risks. See "Risk Factors" beginning on page 2.*

---

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities, or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

---

Prospectus dated March 27, 2006.

---

**TABLE OF CONTENTS**

ABOUT THIS PROSPECTUS  
RISK FACTORS  
WHERE YOU CAN FIND MORE INFORMATION ABOUT US  
PRESENTATION OF FINANCIAL INFORMATION  
ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES  
DIAGEO PLC  
DIAGEO INVESTMENT CORPORATION  
DIAGEO CAPITAL PLC  
DIAGEO FINANCE B.V.  
CAPITALIZATION AND INDEBTEDNESS  
USE OF PROCEEDS  
LEGAL OWNERSHIP  
DESCRIPTION OF DEBT SECURITIES AND GUARANTEES  
DESCRIPTION OF WARRANTS  
DESCRIPTION OF PURCHASE CONTRACTS  
DESCRIPTION OF UNITS  
DESCRIPTION OF PREFERENCE SHARES  
DESCRIPTION OF ORDINARY SHARES  
DESCRIPTION OF AMERICAN DEPOSITARY SHARES  
CLEARANCE AND SETTLEMENT  
TAXATION  
PLAN OF DISTRIBUTION  
VALIDITY OF SECURITIES  
EXPERTS

**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the SEC utilizing a shelf registration process. Under this shelf process, we may sell any combination of the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of those securities and their offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information About Us".

In this prospectus, the terms "we", "our" and "us" refer to Diageo Investment Corporation, Diageo Capital plc, Diageo Finance B.V. and Diageo plc. Either Diageo Investment Corporation, Diageo Capital plc, Diageo Finance B.V. or Diageo plc may be the issuer in an offering of debt securities, which may include debt securities convertible into or exchangeable for other securities. Diageo plc will be the guarantor in an offering of debt securities of Diageo Investment, Diageo Capital or Diageo Finance, which are referred to as guaranteed debt securities. We refer to the guaranteed debt securities and the debt securities issued by Diageo collectively as the debt securities. In addition, Diageo will be the issuer in an offering of warrants and in an offering of preference shares or ordinary shares, which are referred to collectively as shares. The debt securities, warrants, preference shares and ordinary shares, including ordinary shares in the form of ADSs, that may be offered using this prospectus are referred to collectively as the securities.

## RISK FACTORS

*Investing in the securities offered using this prospectus involves risk. You should consider carefully the risks described below, together with the risks described in the documents incorporated by reference into this prospectus and any risk factors included in the prospectus supplement, before you decide to buy our securities. If any of these risks actually occur, our business, financial condition and results of operations could suffer, and the trading price and liquidity of the securities offered using this prospectus could decline, in which case you may lose all or part of your investment.*

### Risks Relating to Diageo's Business

You should read "Risk Factors" in Diageo's Annual Report on Form 20-F for the fiscal year ended June 30, 2005, which is incorporated by reference in this prospectus, or similar sections in subsequent filings incorporated by reference in this prospectus, for information on risks relating to Diageo's business.

### Risks Relating to Diageo's Shares

*Diageo's shares and American depositary shares may experience volatility which will negatively affect your investment.*

In recent years most major stock markets have experienced significant price and trading volume fluctuations. These fluctuations have often been unrelated or disproportionate to the operating performance of the underlying companies. Accordingly, there could be significant fluctuations in the price of Diageo's shares and American depositary shares, or ADSs, each representing four ordinary shares, even if Diageo's operating results meet the expectations of the investment community. In addition,

announcements by Diageo or its competitors relating to operating results, earnings, volume, acquisitions or joint ventures, capital commitments or spending,

changes in financial estimates or investment recommendations by securities analysts,

changes in market valuations of other food or beverage companies,

adverse economic performance or recession in the United States or Europe, or

disruptions in trading on major stock markets,

could cause the market price of Diageo's shares and ADSs to fluctuate significantly.

### Risks Relating to the Debt Securities, Warrants, Purchase Contracts and Units

*Because Diageo is a holding company and currently conducts its operations through subsidiaries, your right to receive payments on debt securities issued by Diageo or on the guarantees is subordinated to the other liabilities of its subsidiaries.*

Diageo is organized as a holding company, and substantially all of its operations are carried on through subsidiaries. Diageo plc had guaranteed a total of £176 million debt as of December 31, 2005. Diageo's ability to meet its financial obligations is dependent upon the availability of cash flows from its domestic and foreign subsidiaries and affiliated companies through dividends, intercompany advances, management fees and other payments. Diageo's subsidiaries are not guarantors of the debt securities we may offer. Moreover, these subsidiaries and affiliated companies are not required and may not be able to pay dividends to Diageo. Claims of the creditors of Diageo's subsidiaries have priority as to the assets of such subsidiaries over the claims of Diageo. Consequently, in the event of insolvency of Diageo, the claims of holders of notes guaranteed or issued by Diageo would be structurally subordinated to the prior claims of the creditors of subsidiaries of Diageo.

## Edgar Filing: DIAGEO CAPITAL PLC - Form 424B5

In addition, some of Diageo's subsidiaries are subject to laws restricting the amount of dividends they may pay. For example, subsidiaries of Diageo incorporated under the laws of England and Wales may be restricted by law in their ability to declare dividends due to failure to meet requirements tied to net asset levels or distributable profits.

*Because the debt securities are unsecured, your right to receive payments may be adversely affected.*

The debt securities that we are offering will be unsecured. The debt securities are not subordinated to any of our other debt obligations and therefore they will rank equally with all our other unsecured and unsubordinated indebtedness. As of December 31, 2005, Diageo group had £102 million aggregate principal amount of secured indebtedness outstanding. If Diageo Investment, Diageo Capital, Diageo Finance or Diageo default on the debt securities or Diageo defaults on the guarantees, or in the event of bankruptcy, liquidation or reorganization, then, to the extent that Diageo Investment, Diageo Capital, Diageo Finance or Diageo have granted security over their assets, the assets that secure these debts will be used to satisfy the obligations under that secured debt before Diageo Investment, Diageo Capital, Diageo Finance or Diageo could make payment on the debt securities or the guarantees, respectively. If there is not enough collateral to satisfy the obligations of the secured debt, then the remaining amounts on the secured debt would share equally with all unsubordinated unsecured indebtedness.

*Your rights as a holder of debt securities may be inferior to the rights of holders of debt securities issued under a different series pursuant to the indenture.*

The debt securities are governed by documents called indentures, which are described later under "Description of Debt Securities and Guarantees". We may issue as many distinct series of debt securities under the indentures as we wish. We may also issue a series of debt securities under the indentures that provides holders with rights superior to the rights already granted or that may be granted in the future to holders of another series. You should read carefully the specific terms of any particular series of debt securities which will be contained in the prospectus supplement relating to such debt securities.

*Should Diageo, Diageo Capital or Diageo Finance default on its debt securities, or should Diageo default on the guarantees, your right to receive payments on such debt securities or guarantees may be adversely affected by applicable insolvency laws.*

Diageo plc is incorporated under the laws of England and Wales, Diageo Capital is incorporated under the laws of Scotland and Diageo Finance is incorporated under the laws of The Netherlands. Accordingly, insolvency proceedings with respect to Diageo or Diageo Capital are likely to proceed under, and be governed by, UK insolvency law and insolvency proceedings with respect to Diageo Finance are likely to proceed under, and be governed by, Dutch insolvency law. The procedural and substantive provisions of such insolvency laws are generally more favorable to secured creditors than comparable provisions of United States law. These provisions afford debtors and unsecured creditors only limited protection from the claims of secured creditors and it will generally not be possible for Diageo, Diageo Capital or Diageo Finance or other unsecured creditors to prevent or delay the secured creditors from enforcing their security to repay the debts due to them under the terms that such security was granted.

*The debt securities, warrants, purchase contracts and units lack a developed trading market, and such a market may never develop.*

Each of Diageo, Diageo Investment, Diageo Capital and Diageo Finance may issue debt securities in different series with different terms in amounts that are to be determined. Debt securities issued by Diageo, Diageo Capital or Diageo Finance may be listed on the New York Stock Exchange or another



recognized stock exchange and we expect that debt securities issued by Diageo Investment will not be listed on any stock exchange. However, there can be no assurance that an active trading market will develop for any series of debt securities of Diageo, Diageo Capital or Diageo Finance even if we list the series on a securities exchange. Similarly, there can be no assurance that an active trading market will develop for any warrants issued by Diageo. There can also be no assurance regarding the ability of holders of our debt securities, warrants, purchase contracts and units to sell their debt securities, warrants, purchase contracts or units or the price at which such holders may be able to sell their debt securities, warrants, purchase contracts or units. If a trading market were to develop, the debt securities, warrants, purchase contracts and units could trade at prices that may be higher or lower than the initial offering price and, in the case of debt securities, this may result in a return that is greater or less than the interest rate on the debt security, in each case depending on many factors, including, among other things, prevailing interest rates, Diageo's financial results, any decline in Diageo's credit-worthiness and the market for similar securities.

Any underwriters, broker-dealers or agents that participate in the distribution of the debt securities, warrants, purchase contracts or units may make a market in the debt securities, warrants, purchase contracts or units as permitted by applicable laws and regulations but will have no obligation to do so, and any such market-making activities may be discontinued at any time. Therefore, there can be no assurance as to the liquidity of any trading market for the debt securities, warrants, purchase contracts and units or that an active public market for the debt securities, warrants, purchase contracts or units will develop.

#### **General Information regarding Foreign Currency Risks**

**This prospectus does not describe all the risks of an investment in debt securities denominated in a currency other than U.S. dollars. You should consult your financial and legal advisors as to any specific risks entailed by an investment in debt securities that are denominated or payable in, or the payment of which is linked to the value of, foreign currency. These debt securities are not appropriate investments for investors who are not sophisticated in foreign currency transactions.**

The information set forth in this prospectus is directed to prospective purchasers who are United States residents. We disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States of any matters arising under foreign law that may affect the purchase of or holding of, or receipt of payments on, the debt securities. These persons should consult their own legal and financial advisors concerning these matters.

#### *Exchange Rates and Exchange Controls May Affect the Debt Securities' Value or Return*

*Debt securities Involving Foreign Currencies Are Subject to General Exchange Rate and Exchange Control Risks.* An investment in a debt security that is denominated or payable in, or the payment of which is linked to the value of, currencies other than U.S. dollars entails significant risks. These risks include the possibility of significant changes in rates of exchange between the U.S. dollar and the relevant foreign currencies and the possibility of the imposition or modification of exchange controls by either the U.S. or foreign governments. These risks generally depend on economic and political events over which we have no control.

*Exchange Rates Will Affect Your Investment.* In recent years, rates of exchange between U.S. dollars and some foreign currencies have been highly volatile and this volatility may continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any debt security. Depreciation against the U.S. dollar of the currency in which a debt security is payable would result in a decrease in the effective yield of the debt security below its coupon rate and could result in an overall loss to you on a U.S. dollar basis. In addition, depending on the specific terms of a currency-linked debt security,

changes in exchange rates relating to any of the relevant currencies could result in a decrease in its effective yield and in your loss of all or a substantial portion of the value of that debt security.

*We Have No Control Over Exchange Rates.* Foreign exchange rates can either float or be fixed by sovereign governments. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the U.S. dollar and to each other. However, from time to time governments may use a variety of techniques, such as intervention by a country's central bank or the imposition of regulatory controls or taxes, to influence the exchange rates of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders.

As a consequence, these government actions could adversely affect the U.S. dollar-equivalent yields or payouts for (a) debt securities denominated or payable in currencies other than U.S. dollars and (b) currency-linked debt securities.

We will not make any adjustment or change in the terms of the debt securities in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting the U.S. dollar or any applicable foreign currency. You will bear those risks.

*Some Foreign Currencies May Become Unavailable.* Governments have imposed from time to time, and may in the future impose, exchange controls that could also affect the availability of a specified foreign currency. Even if there are no actual exchange controls, it is possible that the applicable currency for any debt security not denominated in U.S. dollars would not be available when payments on that debt security are due.

*Alternative Payment Method Used if Payment Currency Becomes Unavailable.* If a payment currency is unavailable, we would make required payments in U.S. dollars on the basis of the market exchange rate. However, if the applicable currency for any debt security is not available because the euro has been substituted for that currency, we would make the payments in euro. The mechanisms for making payments in these alternative currencies are explained in "Description of Debt Securities and Guarantees Additional Mechanics Unavailability of Foreign Currency" below.

*We Will Provide Currency Exchange Information in Prospectus Supplements.* The applicable prospectus supplement will include information regarding current applicable exchange controls, if any, and historic exchange rate information for any debt security denominated or payable in a foreign currency or requiring payments that are related to the value of a foreign currency. That information will be furnished only for information purposes. You should not assume that any historic information concerning currency exchange rates will be representative of the range of or trends in fluctuations in currency exchange rates that may occur in the future.

*Currency Conversions May Affect Payments on Some Debt securities*

The applicable prospectus supplement may provide for (1) payments on a non-U.S. dollar denominated debt security to be made in U.S. dollars or (2) payments on a U.S. dollar denominated debt security to be made in a currency other than U.S. dollars. In these cases, Citibank, N.A., in its capacity as exchange rate agent, or a different exchange rate agent identified in the prospectus supplement, will convert the currencies. You will bear the costs of conversion through deductions from those payments.

## Edgar Filing: DIAGEO CAPITAL PLC - Form 424B5

### *Exchange Rates May Affect the Value of a New York Judgment Involving Non-U.S. Dollar Debt securities*

The debt securities will be governed by and construed in accordance with the laws of the State of New York. Unlike many courts in the United States outside the State of New York, the courts in the State of New York customarily enter judgments or decrees for money damages in the foreign currency in which debt securities are denominated. These amounts would then be converted into U.S. dollars at the rate of exchange in effect on the date the judgment or decree is entered. You would bear the foreign currency risk during litigation.

**Additional risks, if any, specific to particular debt securities issued under this prospectus will be detailed in the applicable prospectus supplements.**

### **Cautionary Statement Concerning Forward-Looking Statements**

This prospectus and the related prospectus supplement may contain statements with respect to the financial condition, results of operations and business of Diageo and certain of the plans and objectives of Diageo with respect to these items. These forward-looking statements are made pursuant to the "Safe Harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing to Diageo, anticipated costs savings or synergies and the completion of Diageo's strategic transactions, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside Diageo's control.

These factors include, but are not limited to:

Increased competitive product and pricing pressures and unanticipated actions by competitors that could impact Diageo's market share, increase expenses and hinder growth potential;

The effects of business combinations, partnerships, acquisitions or disposals, existing or future, and the ability to realize expected synergy and/or costs savings;

Diageo's ability to complete future acquisitions and disposals;

Legal and regulatory developments, including changes in regulations regarding consumption of, or advertising for, beverage alcohol, changes in accounting standards, taxation requirements, such as the impact of excise tax increases with respect to the business, environmental laws and laws governing pensions;

Developments in the alcohol advertising class actions and any similar proceedings or other litigation directed at the drinks and spirits industry;

Developments in the Colombian litigation or any similar proceedings;

Changes in consumer preferences and tastes, demographic trends or perceptions about health-related issues;

Changes in the cost of raw materials and labor costs;

Changes in economic conditions in countries in which Diageo operates, including changes in levels of consumer spending;

Levels of marketing, promotional and innovation expenditure by Diageo and its competitors;

Renewal of distribution rights on favorable terms when they expire;



## Edgar Filing: DIAGEO CAPITAL PLC - Form 424B5

Termination of existing distribution rights in respect of agency brands;

Technological developments that may affect the distribution of products or impede Diageo's ability to protect its intellectual property rights; and

Changes in financial and equity markets, including significant interest rate and foreign currency exchange rate fluctuations, which may affect Diageo's access to or increase that cost of financing or which may affect Diageo's financial results.

All oral and written forward-looking statements made on or after the date of this document and attributable to Diageo are expressly qualified in their entirety by the above factors and the "Risk Factors" above. Any forward-looking statements made by or on behalf of Diageo speak only as of the date they are made. Diageo does not undertake to update forward-looking statements to reflect any changes in Diageo's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Diageo may make in documents it files with the SEC.

**WHERE YOU CAN FIND MORE INFORMATION ABOUT US**

Diageo files annual, half yearly and special reports and other information with the SEC. You may read and copy any document that Diageo files at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Documents filed with the SEC on or after September 10, 2002 are available on the website maintained by the SEC ([www.sec.gov](http://www.sec.gov)).

Diageo's ADSs are listed on the New York Stock Exchange. Diageo's ordinary shares are admitted to trading on the London Stock Exchange and listed on the Dublin and Paris stock exchanges. You can consult reports and other information about Diageo that it filed pursuant to the rules of the London Stock Exchange and the New York Stock Exchange at such exchanges.

We have filed with the SEC a registration statement on Form F-3 relating to the securities covered by this prospectus. This prospectus is a part of the registration statement and does not contain all the information in the registration statement. Whenever a reference is made in this prospectus to a contract or other document of the Company, the reference is only a summary and you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C., as well as through the SEC's Internet site.

The SEC allows us to incorporate by reference the information we file with them. This means that we can disclose important information to you by referring to documents. The information that we incorporate by reference is an important part of this prospectus. We incorporate by reference the following documents and any future filings that we make with the SEC under Sections 13(a), 13(c) and 15(d) of the Securities Exchange Act of 1934, as amended, until we complete the offerings using this prospectus:

Annual Report on Form 20-F for the fiscal year ended June 30, 2005;

Form 6-K furnished to the SEC on March 27, 2006; and

Our reports on Form 6-K furnished to the SEC after the date of this prospectus only to the extent that the forms expressly state that we incorporate them by reference in this prospectus.

Information that we file with the SEC will automatically update and supercede information in documents filed with the SEC at earlier dates. All information appearing in this prospectus is qualified in its entirety by the information and financial statements, including the notes, contained in the documents that we incorporate by reference in this prospectus.

You may request a copy of these filings, at no cost, by writing or telephoning Diageo at the following address:

Diageo plc  
8 Henrietta Place  
London W1G 0NB  
England  
Tel. No.: 011-44-20-7927-5200

You should rely only on the information that we incorporate by reference or provide in this prospectus or the accompanying prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.

**PRESENTATION OF FINANCIAL INFORMATION**

Diageo's Form 20-F contains a summary description of Diageo's business and audited consolidated financial statements with a report by our independent auditors. These financial statements until June 30, 2005 were prepared in accordance with generally accepted accounting principles applicable in the United Kingdom. We refer to these accounting principles as UK GAAP later in this prospectus. For a discussion of the principal differences between UK GAAP and generally accepted accounting principles applicable in the United States, referred to as US GAAP, please see "Operating and financial review Discussions of US GAAP differences" and note 32 to the consolidated financial statements included in Diageo's Annual Report on Form