

DIAGEO CAPITAL PLC
Form F-4
March 31, 2010

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As filed with the Securities and Exchange Commission on March 31, 2010

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, DC 20549

FORM F-4

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Diageo plc

(Exact name of registrant as specified in its charter)

ENGLAND AND WALES

(State or other jurisdiction of incorporation or organisation)

Not Applicable

(I.R.S. Employer Identification Number)

2080

(Primary Standard Industrial Classification Code Number)

**Lakeside Drive, Park Royal
London NW10 7HQ, England
Tel. No.: 011-44-208-978-4223**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Diageo Capital plc

(Exact name of registrant as specified in its charter)

SCOTLAND

(State or other jurisdiction of incorporation or organisation)

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Not Applicable

(I.R.S. Employer Identification Number)

2080

(Primary Standard Industrial Classification Code Number)

Edinburgh Park, 5 Lochside Way

Edinburgh EH12 9DT, Scotland

Tel. No.: 011-44-13-1519-2000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Diageo North America, Inc.

801 Main Street

Norwalk, CT 06851

Tel. No.: (203)229-2100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale of the securities to the public: As promptly as practicable after this Registration Statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered ⁽¹⁾	Proposed maximum offering price per note	Proposed maximum aggregate offering price ⁽²⁾	Amount of registration fee ⁽³⁾
Notes due 2020	\$1,000,000,000	N/A	\$1,000,000,000	\$71,300
Guarantees of Notes due 2020	N/A ⁽⁴⁾	(4)	(4)	(4)

(1)

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This Registration Statement registers the maximum number of Notes due 2020 (the New Notes) that may be issued in connection with the Exchange Offer (the Exchange Offer) by Diageo plc and Diageo Capital plc for outstanding 7.375% Notes due 2014 issued by Diageo plc and Diageo Capital plc and guaranteed by Diageo plc (the Old Notes).

- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f)(1) and (3) and Rule 457(c) under the Securities Act of 1933, as amended (the Securities Act), and based on the market value of the Old Notes and cash consideration to be paid by the registrants in connection with the Exchange Offer.
 - (3) Computed in accordance with Section 6(b) of the Securities Act by multiplying .00007130 by the proposed maximum aggregate offering price.
 - (4) Pursuant to Rule 457(n) under the Securities Act, no separate filing fee is required for the guarantees of the New Notes.
-

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus may be changed. We may not complete the offer and the securities being registered may not be exchanged or distributed until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED 31 MARCH 2010

PROSPECTUS

**DIAGEO PLC
DIAGEO CAPITAL PLC**

OFFER TO EXCHANGE

**Up to \$1,000,000,000 aggregate principal amount of 7.375% Notes due 2014
for
Notes due 2020**

The Exchange Offer will expire at 11:59 p.m., New York City time, on 2010, unless extended by us (such date and time, as it may be extended, the 'Expiration Date'). In order to be eligible to receive the Early Exchange Premium (as defined below), holders of Old Notes (as defined below) must tender their Old Notes prior to 5:00 p.m., New York City time, on 2010, unless extended by us (such date and time, as it may be extended, the 'Early Exchange Date').

We are offering to exchange up to \$1,000,000,000 aggregate principal amount of new notes due 2020 (the New Notes) issued by Diageo Capital plc (Diageo Capital) and guaranteed by Diageo plc (Diageo) for up to \$1,000,000,000 aggregate principal amount of outstanding 7.375% Notes due 2014 (the Old Notes) issued by Diageo Capital and guaranteed by Diageo, on the terms and subject to the conditions set forth in this prospectus and in the related letter of transmittal (the Letter of Transmittal). We call this offer the 'Exchange Offer'.

For each \$1,000 principal amount of Old Notes validly tendered prior to the Early Exchange Date, not validly withdrawn and accepted for exchange in accordance with the terms of the Exchange Offer, we will issue \$1,000 principal amount of New Notes and pay the 'Total Cash Consideration', which is equal to the difference between:

- a) the discounted value from the Settlement Date (as hereinafter defined) to maturity of the remaining payments of principal and interest (excluding accrued interest) per \$1,000 principal amount of the Old Notes using a discount rate equal to the sum of: (i) the bid-side yield of the 1.50% US Treasury note maturing on 31 December 2013 (the Old Notes Reference US Treasury Security) as of 2:00 p.m., New York City time (based on the bid-side price indicated on the Bloomberg Screen page PX1 at such time or any recognised quotation source selected by the Dealer Managers (as hereinafter defined) in their sole discretion if the Bloomberg Government Pricing Monitor is not available or is manifestly erroneous), on 2010 (the Pricing Determination Date), plus (ii) basis points and
- b) \$1,000.

Only holders who validly tender their Old Notes on or prior to the Early Exchange Date, who do not validly withdraw their tenders and whose tenders are accepted for exchange will receive the Total Cash Consideration. Holders who validly tender their Old Notes after the Early Exchange Date and on or prior to the Expiration Date and who do not validly withdraw their tenders will receive, for each \$1,000 principal amount of Old Notes we accept for exchange, \$1,000 principal amount of New Notes plus the Total Cash Consideration and less \$ (the Early Exchange Premium).

Holders whose Old Notes are accepted for exchange will not receive payment for accrued but unpaid interest on the Old Notes from 15 January 2010, the most recent interest payment date on the Old Notes, to, but not including, the Settlement Date (the Accrued Interest). Rather, the New Notes will bear interest at a rate per annum equal to the sum of (i) the New Notes Treasury Yield (as hereinafter defined), plus (ii) the New Notes Fixed Spread (as hereinafter defined), plus (iii) additional basis points in respect of the Accrued Interest. See "The Exchange Offer Terms of the Exchange Offer Accrued Interest".

We will exchange up to \$1,000,000,000 aggregate principal amount of the Old Notes for New Notes. If more than \$1,000,000,000 aggregate principal amount of Old Notes are validly tendered and not validly withdrawn, subject to the terms and conditions of the Exchange Offer, we will accept for exchange Old Notes in an aggregate principal amount of \$1,000,000,000 on a pro rata basis among all the tendering holders. The Exchange Offer is subject to the condition that at least \$ aggregate principal amount of the Old Notes be validly tendered and not validly withdrawn by the Expiration Date, as well as certain other conditions. We may waive these conditions at our sole discretion.

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The Early Exchange Date is 5:00 p.m., New York City time, on _____ 2010 (unless we extend it). The Exchange Offer will expire at 11:59 p.m., New York City time, on _____ 2010 (unless we extend it or terminate it early). You may withdraw any Old Notes that you previously tendered in the Exchange Offer at any time prior to the Expiration Date. Holders who tender Old Notes prior to the Early Exchange Date, validly withdraw the tender and subsequently validly re-tender such notes after the Early Exchange Date but before the Expiration Date will not receive the Early Exchange Premium.

The New Notes will mature on _____. The New Notes will be senior unsecured obligations of Diageo Capital and will rank equally in right of payment with all of Diageo Capital's other senior unsecured indebtedness. The guarantees of the New Notes will be senior unsecured obligations of Diageo and will rank equally in right of payment with all of Diageo's other senior unsecured indebtedness.

The Old Notes trade on the New York Stock Exchange under the symbol 'DEO14'.

None of us, the trustee, the Dealer Managers, the Exchange Agent, the Information Agent (each as defined herein) nor any other person makes any recommendation as to whether you should tender your shares of Old Notes. You must make your own decision after reading this document and the documents incorporated by reference herein and consulting with your advisors.

We encourage you to read and carefully consider this document in its entirety, in particular the risk factors beginning on page 16 of this document.

Neither the Securities and Exchange Commission (the SEC), any state securities commission nor any other regulatory body has approved or disapproved of the Exchange Offer or of the securities to be issued in the Exchange Offer or determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.

The Dealer Managers for the Exchange Offer are:

Goldman, Sachs & Co.

The date of this document is _____ 2010

J.P. Morgan

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IMPORTANT

All of the Old Notes were issued in book-entry form, and all of the Old Notes are currently represented by one or more global certificates held for the account of The Depository Trust Company (DTC).

You may tender your Old Notes by transferring the Old Notes through DTC's Automated Tender Offer Program (ATOP) or following the other procedures described under 'The Exchange Offer Procedures for Tendering Old Notes'.

We are not providing for guaranteed delivery procedures and therefore you must allow sufficient time for the necessary tender procedures to be completed during normal business hours of DTC on or prior to the Expiration Date. If you hold your Old Notes through a broker, dealer, commercial bank, trust company or other nominee, you should consider that such entity may require you to take action with respect to the Exchange Offer a number of days before the Expiration Date in order for such entity to tender Old Notes on your behalf on or prior to the Expiration Date. Tenders not received by _____, the exchange agent for the Exchange Offer (the Exchange Agent), on or prior to the expiration date will be disregarded and of no effect.

We are incorporating by reference into this document important business and financial information that is not included in or delivered with this document. This information is available without charge to you upon written or oral request. Requests should be directed to:

**Diageo plc
Investor Relations
Lakeside Drive, Park Royal
London, NW10 7HQ, England
Telephone: 011-44-208-978-4223**

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In order to ensure timely delivery of such documents, you must request this information no later than five business days before the date you must make your investment decision. Accordingly, you should make any request for documents by 2010 to ensure timely delivery of the documents prior to the Early Exchange Date, and by 2010 to ensure timely delivery of the documents prior to the Expiration Date.

In making an investment decision, prospective participants in the Exchange Offer must rely on their own examination of us and the terms of the Exchange Offer, including the merits and risks involved. Prospective participants in the Exchange Offer should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective participant in the Exchange Offer should consult its own advisors as needed to make its investment decision, to determine whether it is legally permitted to participate in the Exchange Offer under applicable laws and regulations and to determine the particular tax consequences to it of participating in the Exchange Offer. Participants in the Exchange Offer should be aware that they may be required to bear the financial risks of an investment in the New Notes for an indefinite period of time.

This prospectus contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents themselves for complete information. All such summaries are qualified in their entirety by such reference.

You should rely only on the information contained in or incorporated by reference into this prospectus. We have not authorised anyone to provide you with information that is different. You should assume that the information contained or incorporated by reference in this prospectus is accurate only as of the date of this prospectus or as of the date of the documents incorporated by reference, as applicable. We are not making an offer of securities in any jurisdiction where such offer is not permitted.

In this prospectus, the terms 'we', 'our' and 'us' refer to Diageo Capital plc and Diageo plc. We refer to the new notes to be issued by Diageo Capital in the Exchange Offer and the guarantees thereof by Diageo collectively as the New Notes.

We do not present separate financial statements of Diageo Capital in this prospectus because management has determined that they would not be material to investors. Diageo will fully and unconditionally guarantee the New Notes as to payment of principal, premium, if any, interest and any other amounts due.

ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

Diageo Capital is incorporated under the laws of Scotland. Diageo is a public limited company incorporated under the laws of England and Wales. Substantially all of our directors and officers, and some of the experts named in this document, reside outside the United States, principally in the United Kingdom. All or a substantial portion of our assets, and the assets of such persons, are located outside the United States. Therefore, you may not be able to effect service of process within the United States upon us or these persons so that you may enforce judgments of US courts against us or these persons based on the civil liability provisions of the US federal securities laws. Slaughter and May has advised us that there is doubt as to the enforceability in the United Kingdom, in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities predicated solely upon the United States Federal or state securities laws. Furthermore, Morton Fraser LLP has advised us that there is doubt as to the enforceability in Scotland, in original actions or in actions for enforcement of judgments of US courts, of civil liabilities solely based on the US federal securities laws.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document and documents incorporated by reference herein contain 'forward-looking statements'. These statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook 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 or cost of financing to Diageo, anticipated cost savings or synergies, the completion of Diageo's strategic transactions and general economic conditions. 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:

global and regional economic downturns;

increased competitive product and pricing pressures and unanticipated actions by competitors that could impact on 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 realise expected synergies and/or cost savings;

Diageo's ability to complete existing or future acquisitions and disposals;

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

developments in any litigation or other similar proceedings directed at the drinks and spirits industry generally or at Diageo in particular, or the impact of a product recall or product liability claim on Diageo's profitability or reputation;

developments in the Colombia litigation, Turkish customs litigation, SEC investigation and Korean customs litigation or any similar proceedings;

changes in consumer preferences and tastes, demographic trends or perception about health related issues, or contamination, counterfeiting or other circumstances which could harm the integrity or sales of Diageo's brands;

changes in the cost of raw materials, labour and/or energy;

changes in economic conditions in countries and markets in which Diageo operates, including changes in levels of consumer spending and failure of customer, supplier and financial counterparties;

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

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renewal of distribution or licence manufacturing rights on favourable terms when they expire;

termination of existing distribution or licence manufacturing rights on agency brands;

systems change programmes, existing or future, and the ability to derive expected benefits from such programmes, and systems failure that could lead to business disruption;

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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 and changes in the cost of capital, which may reduce or eliminate Diageo's access to or increase the 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' below. 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 any documents which it publishes and/or files with the Securities and Exchange Commission. All readers, wherever located, should take note of these disclosures.

The content of Diageo's website (www.diageo.com) should not be considered to form a part of or be incorporated into this document.

This document and documents incorporated by reference herein include information about Diageo's debt rating. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation. Each rating should be evaluated independently of any other rating.

Past performance cannot be relied upon as a guide to future performance.

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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 10 September 2002 are available on the website maintained by the SEC (www.sec.gov).

Diageo's American Depositary Shares 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-4 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 Diageo or Diageo Capital, 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 you 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 (the Exchange Act), until we complete the Exchange Offer using this prospectus:

Annual Report on Form 20-F of Diageo for the fiscal year ended 30 June 2009, including audited consolidated financial statements and the notes thereto (the 2009 Form 20-F);

Periodic Report on Form 6-K of Diageo, including the Memorandum and Articles of Association of Diageo plc, dated 14 October 2009, as filed with the SEC on 15 October 2009;

Periodic Report on Form 6-K of Diageo, including interim results for the six months ended 31 December 2009, as filed with the SEC on 30 March 2010 (the Interim Results Form 6-K); 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 supersede 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
Lakeside Drive, Park Royal
London NW10 7HQ
England
Tel. No.: 011-44-208-978-4223

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

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Please take note of the following important dates and times in connection with the Exchange Offer. These dates assume no extension of the Early Exchange Date, the Pricing Determination Date, or the Expiration Date.

Date	Time and Calendar Date	Event
Pricing Determination Date	2:00 p.m., New York City time, 2010	The date and time the Total Cash Consideration for the Old Notes and the interest rate payable on the New Notes will be established.
Early Exchange Date	5:00 p.m., New York City time, 2010	The last day for holders to tender Old Notes in order to qualify for the payment of the Total Cash Consideration, which includes the Early Exchange Premium.
Expiration Date	11:59 p.m., New York City time, 2010	The last day for holders to tender Old Notes in the Exchange Offer. Holders who tender Old Notes after the Early Exchange Date and before the Expiration Date will be eligible to receive the Total Cash Consideration less the Early Exchange Premium.
Settlement Date	Expected to be 2010 (expected to be the first business day after the Expiration Date)	We will deposit with DTC, upon the direction of the Exchange Agent, an amount of cash sufficient to pay the Total Cash Consideration or the Total Cash Consideration less the Early Exchange Premium, as applicable, with respect to any Old Notes validly tendered, not validly withdrawn and accepted for exchange in the Exchange Offer. New Notes will be issued on a par for par basis in exchange for any Old Notes tendered, not validly withdrawn and accepted in the Exchange Offer.

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QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

The following are certain questions regarding the Exchange Offer that you may have as a holder of the Old Notes and the answers to those questions. To fully understand the Exchange Offer and the considerations that may be important to your decision whether to participate, you should carefully read this document in its entirety, including the section entitled 'Risk Factors', as well as the information incorporated by reference in this document. For further information about us, see the section of this document entitled 'Where You Can Find More Information About Us'.

What is the purpose of the Exchange Offer?

The purpose of the Exchange Offer is to refinance a portion of the Old Notes in order to improve our debt maturity profile and decrease our funding costs.

What consideration are we offering in exchange for the Old Notes?

We are offering to exchange up to \$1,000,000,000 aggregate principal amount of newly issued New Notes for up to \$1,000,000,000 aggregate principal amount of outstanding Old Notes, on the terms and subject to the conditions set forth in this prospectus and in the Letter of Transmittal. As of the date of this prospectus, there was \$1,500,000,000 aggregate principal amount of Old Notes outstanding.

For each \$1,000 principal amount of Old Notes we accept for exchange in accordance with the terms of the Exchange Offer, we will issue \$1,000 principal amount of New Notes and pay the 'Total Cash Consideration', which is equal to the difference between:

- a) the discounted value from the Settlement Date to maturity of the remaining payments of principal and interest (excluding accrued interest) per \$1,000 principal amount of the Old Notes using a discount rate equal to the sum of: (i) the bid-side yield of the 1.50% US Treasury maturing on 31 December 2013 (the Old Notes Reference US Treasury Security) as of 2:00 p.m., New York City time (based on the bid-side price indicated on the Bloomberg Screen page PX1 at such time or any recognised quotation source selected by the Dealer Managers in their sole discretion if the Bloomberg Government Pricing Monitor is not available or is manifestly erroneous), on 2010, plus (ii) _____ basis points and
- b) \$1,000.

Only holders who validly tender their Old Notes on or prior to the Early Exchange Date, who do not validly withdraw their tenders and whose tenders are accepted for exchange will receive the Total Cash Consideration. Holders who validly tender their Old Notes after the Early Exchange Date and on or prior to the Expiration Date and who do not validly withdraw their tenders will receive, for each \$1,000 principal amount of Old Notes we accept for exchange, \$1,000 principal amount of New Notes plus the Total Cash Consideration and less the Early Exchange Premium of \$ _____.

Holders whose Old Notes are accepted for exchange will not receive payment for Accrued Interest. Rather, the New Notes will bear interest at a rate per annum equal to the sum of (i) the New Notes Treasury Yield, plus (ii) the New Notes Fixed Spread, plus (iii) additional basis points in respect of the Accrued Interest. See 'The Exchange Offer Terms of the Exchange Offer Accrued Interest'.

Will all Old Notes that I tender be accepted in this Exchange Offer?

Not necessarily. We will exchange only up to \$1,000,000,000 aggregate principal amount of Old Notes. If Old Notes having an aggregate principal amount of more than \$1,000,000,000 are validly tendered and not withdrawn, we will accept for exchange only Old Notes in an aggregate principal amount up to \$1,000,000,000 on a pro rata basis among the tendering holders. In the event of proration, each valid tender of Old Notes will be multiplied by the proration factor, which we will

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determine as soon as practicable after the Expiration Date, and the resulting amount will be rounded down to the nearest multiple of \$1,000, in order to determine the principal amount of such tendered notes to be accepted in the Exchange Offer. Any Old Notes not accepted for exchange as a result of proration will be returned to tendering holders promptly after the final proration factor is determined. See 'The Exchange Offer Terms of the Exchange Offer Proration'.

When is the Early Exchange Date?

The Early Exchange Date is 5:00 p.m., New York City time, on _____ 2010, unless extended, in which case the Early Exchange Date will be such time and date to which the Early Exchange Date is extended.

When does the Exchange Offer expire, and may I withdraw Old Notes that I have previously tendered?

The Expiration Date is 11:59 p.m., New York City time, on _____ 2010, unless extended, in which case the Expiration Date will be such time and date to which the Expiration Date is extended. You may withdraw any Old Notes that you previously tendered in the Exchange Offer at any time prior to the Expiration Date by following the procedures described under the caption 'The Exchange Offer Withdrawal of Tenders'. Holders who tender Old Notes prior to the Early Exchange Date, validly withdraw the tender and subsequently validly re-tender such notes after the Early Exchange Date but before the Expiration Date will not receive the Early Exchange Premium.

Is the Exchange Offer subject to any minimum tender or other conditions?

The Exchange Offer is subject to the condition that at least \$ _____ aggregate principal amount of Old Notes be validly tendered and not validly withdrawn by the Expiration Date, as well as certain other conditions. We may waive these conditions at our sole discretion.

How do I participate in the Exchange Offer?

You may tender your Old Notes by transferring the Old Notes through ATOP or following the other procedures described under 'The Exchange Offer Procedures for Tendering Old Notes'.

What must I do to participate if my Old Notes are held of record by a broker, dealer, commercial bank, trust company or other nominee?

If you wish to tender your Old Notes and they are held of record by a broker, dealer, commercial bank, trust company or other nominee, you should contact such entity promptly and instruct it to tender Old Notes on your behalf. In addition, if you are a beneficial owner which holds Old Notes through Euroclear Bank S.A./N.V. (Euroclear) or Clearstream Banking, société anonyme (Clearstream) and wish to tender your Old Notes, you must instruct Euroclear or Clearstream, as the case may be, to block the account in respect of the tendered Old Notes in accordance with the procedures established by Euroclear or Clearstream. You are encouraged to contact Euroclear and Clearstream directly to ascertain their procedure for tendering Old Notes.

You are urged to instruct your broker, dealer, commercial bank, trust company or other nominee at least five business days prior to the Early Exchange Date or the Expiration Date, as applicable, in order to allow adequate processing time for your instruction.

Should you have any questions as to the procedures for tendering your Old Notes, please call your broker, dealer, commercial bank, trust company or other nominee, or call our Information Agent at its telephone number set forth on the back cover page of this prospectus.

WE ARE NOT PROVIDING FOR GUARANTEED DELIVERY PROCEDURES AND THEREFORE YOU MUST ALLOW SUFFICIENT TIME FOR THE NECESSARY TENDER

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PROCEDURES TO BE COMPLETED DURING NORMAL BUSINESS HOURS OF DTC ON OR PRIOR TO THE EARLY EXCHANGE DATE OR THE EXPIRATION DATE, AS APPLICABLE. IF YOU HOLD YOUR OLD NOTES THROUGH A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE, INCLUDING EUROCLEAR OR CLEARSTREAM, YOU SHOULD KEEP IN MIND THAT SUCH ENTITY MAY REQUIRE YOU TO TAKE ACTION WITH RESPECT TO THE EXCHANGE OFFER A NUMBER OF DAYS BEFORE THE EARLY EXCHANGE DATE OR THE EXPIRATION DATE IN ORDER FOR SUCH ENTITY TO TENDER OLD NOTES ON YOUR BEHALF ON OR PRIOR TO THE EARLY EXCHANGE DATE OR THE EXPIRATION DATE, AS APPLICABLE. TENDERS NOT RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE WILL BE DISREGARDED AND OF NO EFFECT.

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SUMMARY

The following summary highlights selected information contained in this prospectus. It may not contain all of the information that is important to you and is qualified in its entirety by the more detailed information included or incorporated by reference in this prospectus. You should carefully consider the information contained in and incorporated by reference in this prospectus, including the information set forth under the heading 'Risk Factors' on page _____ in this prospectus and the information set forth under 'Risk Factors' in the 2009 Form 20-F.

Diageo and Diageo Capital

Diageo is the world's leading premium drinks business with a collection of international brands. Diageo was formed by the merger of Grand Metropolitan Public Limited Company and Guinness PLC, which became effective on 17 December 1997. 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 maximisation of shareholder value. The management team expects to invest in global brands, expand internationally and launch innovative new products and brands. You can find a more detailed description of Diageo's business and recent transactions in Diageo's 2009 Form 20-F, which is incorporated by reference into this prospectus. Diageo's principal executive office is at Lakeside Drive, Park Royal, London NW10 7HQ, England, and its telephone number is 011-44-208-978-4223.

Diageo Capital is a wholly-owned subsidiary of Diageo and was incorporated under the laws of Scotland on 10 August 1964. Diageo Capital is a financing vehicle for Diageo and its consolidated subsidiaries. Diageo Capital has no independent operations, other than holding cash and US government securities from time to time. Diageo Capital will lend substantially all proceeds of its borrowings to one or more of Diageo's subsidiaries that are operating companies. Diageo Capital's principal executive office is at Edinburgh Park, 5 Lochside Way, Edinburgh EH12 9DT, Scotland, and its telephone number is 011-44-131-519-2000.

Summary Terms of the Exchange Offer

Purpose of the Exchange Offer	The purpose of the Exchange Offer is to refinance a portion of the Old Notes in order to improve our debt maturity profile and decrease our funding costs.
Old Notes Subject to the Exchange Offer	7.375% Notes due 2014 (CUSIP number 25243Y AN9), issued by Diageo Capital and guaranteed by Diageo.
Consideration Offered in the Exchange Offer	We are offering to exchange up to \$1,000,000,000 aggregate principal amount of newly issued New Notes for up to \$1,000,000,000 aggregate principal amount of outstanding Old Notes, on the terms and subject to the conditions set forth in this prospectus and in the Letter of Transmittal. We will accept properly tendered Old Notes for exchange on the terms and conditions of the Exchange Offer and subject to the proration provisions described below. We will promptly return any Old Notes that are not accepted for exchange following the expiration of the Exchange Offer and the determination of the final proration factor, if any, described below.

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	<p>For each \$1,000 principal amount of Old Notes we accept for exchange in accordance with the terms of the Exchange Offer, we will issue \$1,000 principal amount of New Notes and pay a cash amount equal to either the Total Cash Consideration or the Total Cash Consideration less the Early Exchange Premium, as applicable.</p> <p>Only holders who validly tender their Old Notes prior to the Early Exchange Date, who do not validly withdraw their tenders and whose tenders are accepted for exchange will receive the Total Cash Consideration. Holders who validly tender their Old Notes after the Early Exchange Date and whose Old Notes are accepted for exchange will receive the Total Cash Consideration and less the Early Exchange Premium of \$.</p> <p>Holders whose Old Notes are accepted for exchange will not receive payment for accrued but unpaid interest on the Old Notes. Rather, the New Notes will bear interest at a rate per annum equal to the sum of (i) the New Notes Treasury Yield, plus (ii) the New Notes Fixed Spread, plus (iii) additional basis points in respect of the Accrued Interest. See 'The Exchange Offer Terms of the Exchange Offer Accrued Interest'.</p>
Early Exchange Premium	<p>For each \$1,000 principal amount of Old Notes validly tendered before the Early Exchange Date and not validly withdrawn, we will pay the Total Cash Consideration, which includes the Early Exchange Premium of \$.</p>
Early Exchange Date, Expiration Date and Withdrawal Rights	<p>The deadline for tendering Old Notes in order to receive the Early Exchange Premium is 5:00 p.m., New York City time, on 2010 (unless we extend or earlier amend it). The term Early Exchange Date means such date and time or, if we extend such date and time, the latest date and time to which we extend eligibility to receive the Early Exchange Premium. The Exchange Offer will expire at 11:59 p.m., New York City time, on 2010 (unless we extend or earlier terminate it). The term Expiration Date means such date and time or, if we extend the Exchange Offer, the latest date and time to which we extend the Exchange Offer. You may withdraw any Old Notes that you previously tendered in the Exchange Offer at any time prior to the Expiration Date. See 'The Exchange Offer Withdrawals of Tenders'. Holders who tender Old Notes prior to the Early Exchange Date, validly withdraw the tender and subsequently validly re-tender such notes after the Early Exchange Date but before the Expiration Date will not receive the Early Exchange Premium.</p>

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Conditions to the Exchange Offer	The Exchange Offer is subject to the condition that at least \$ _____ aggregate principal amount of Old Notes be validly tendered and not validly withdrawn by the Expiration Date, as well as certain other conditions. We may waive these conditions at our sole discretion. See 'The Exchange Offer Conditions of the Exchange Offer'.
Settlement Date	The Settlement Date for the Exchange Offer will be a date promptly following the Expiration Date. We currently expect the Settlement Date to be one business day after the Expiration Date.
Proration	We will exchange only up to \$1,000,000,000 aggregate principal amount of Old Notes. If Old Notes having an aggregate principal amount of more than \$1,000,000,000 are validly tendered and not withdrawn, we will accept for exchange only Old Notes in an aggregate principal amount up to \$1,000,000,000 on a pro rata basis among the tendering holders. In the event of proration, each valid tender of Old Notes will be multiplied by the proration factor, which we will determine as soon as practicable after the Expiration Date, and the resulting amount will be rounded down to the nearest multiple of \$1,000, in order to determine the principal amount of such tendered notes to be accepted in the Exchange Offer. Any Old Notes not accepted for exchange as a result of proration will be returned to tendering holders promptly after the final proration is determined. See 'The Exchange Offer Terms of the Exchange Offer Proration'.
Procedures for Tendering Old Notes	You may tender your Old Notes by transferring the Old Notes through ATOP or following the other procedures described under 'The Exchange Offer Procedures for Tendering Old Notes'. If you wish to tender your Old Notes and they are held of record by a broker, dealer, commercial bank, trust company or other nominee, you should contact such entity promptly and instruct it to tender Old Notes on your behalf. In addition, if you are a beneficial owner which holds Old Notes through Euroclear or Clearstream and wish to tender your Old Notes, you must instruct Euroclear or Clearstream, as the case may be, to block the account in respect of the tendered Old Notes in accordance with the procedures established by Euroclear or Clearstream. You are encouraged to contact Euroclear and Clearstream directly to ascertain their procedure for tendering Old Notes. We urge you to instruct your broker, dealer, commercial bank, trust company or other nominee at least five business days prior to the Early Exchange Date or the Expiration Date, as applicable, in order to allow adequate processing time for your instruction.

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	<p>Should you have any questions as to the procedures for tendering your Old Notes, please call your broker, dealer, commercial bank, trust company or other nominee, or call our Information Agent at its telephone number set forth on the back cover page of this prospectus.</p> <p>WE ARE NOT PROVIDING FOR GUARANTEED DELIVERY PROCEDURES AND THEREFORE YOU MUST ALLOW SUFFICIENT TIME FOR THE NECESSARY TENDER PROCEDURES TO BE COMPLETED DURING NORMAL BUSINESS HOURS OF DTC ON OR PRIOR TO THE EARLY EXCHANGE DATE OR THE EXPIRATION DATE, AS APPLICABLE. TENDERS NOT RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE WILL BE DISREGARDED AND OF NO EFFECT.</p>
Extensions; Waivers and Amendments; Termination	<p>Subject to applicable law, we reserve the right to (1) extend the Exchange Offer; (2) waive any and all conditions to or amend the Exchange Offer in any respect; or (3) terminate the Exchange Offer. Any extension, waiver, amendment or termination will be followed as promptly as practicable by a public announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled Expiration Date. See 'The Exchange Offer Early Exchange Date; Expiration Date; Extension; Termination and Amendment'.</p>
US Federal Income Tax Considerations	<p>For a summary of certain United States federal income tax consequences to holders of Old Notes related to the Exchange Offer, see 'United States Federal Income Tax Considerations'.</p>
United Kingdom Tax Considerations	<p>For a summary of certain United Kingdom tax consequences to holders of Old Notes related to the Exchange Offer, see 'Tax Considerations United Kingdom Taxation Considerations'.</p>
Consequences of Failure to Exchange Old Notes	<p>Depending on the amount of Old Notes that are accepted for exchange in the Exchange Offer, the trading market for the Old Notes that remain outstanding after the Exchange Offer may be more limited. A reduced trading volume may decrease the price and increase the volatility of the trading price of the Old Notes that remain outstanding following the Exchange Offer. If the Exchange Offer is successful, the market price for the Old Notes may be depressed and there may be a limited trading market for the Old Notes.</p>
Brokerage Commissions	<p>You will not be required to pay brokerage commissions to the Dealer Managers, the Exchange Agent, the Information Agent or us in connection with the Exchange Offer.</p>

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No Appraisal or Dissenters' Rights
 Dealer Managers
 Information Agent and Exchange Agent
 Further Information

You will have no appraisal or dissenters' rights in connection with the Exchange Offer. Goldman, Sachs & Co. and J.P. Morgan Securities Inc.

If you have questions about the terms of the Exchange Offer, please contact the Dealer Managers or the Information Agent. Requests for additional copies of this prospectus, the documents incorporated by reference herein and the Letter of Transmittal may be directed to the Information Agent. If you have questions regarding the procedures for tendering your Old Notes, please contact the Exchange Agent. The contact information for the Dealer Managers, Information Agent and Exchange Agent are set forth on the back cover page of this prospectus. As required by the Securities Act of 1933, as amended, we filed a registration statement relating to the Exchange Offer with the Securities and Exchange Commission. This prospectus is a part of that registration statement.
 See also 'Where You Can Find More Information About Us'.

Summary Terms of the New Notes

Please refer to 'Description of the New Notes' on page _____ of this prospectus for more information about the New Notes.

New Notes	\$1,000,000,000 aggregate principal amount of Notes due 2020.
Issuer	Diageo Capital.
Guarantee	The New 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 New Notes at 100% of their principal amount plus accrued interest on _____ 2020.
Interest Rate	The New Notes will bear interest at a rate per annum equal to the sum of (i) the New Notes Treasury Yield, plus (ii) the New Notes Fixed Spread, plus (iii) additional basis points in respect of the Accrued Interest. See 'The Exchange Offer Terms of the Exchange Offer Accrued Interest'.
Interest Payment Dates	Every _____ and _____, commencing on _____ 2010.

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Optional Make-Whole Redemption	We have the right to redeem the New 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 50 basis points and accrued interest to the date of redemption. For more information, see 'Description of the New Notes Optional Make-Whole Redemption'.
Regular Record Dates	Every and .
Ranking	The New Notes and the guarantees of the New Notes 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 the New Notes Special Situations Optional Tax Redemption', we may call all, but not less than all the New Notes for redemption prior to maturity.
Book-Entry, Issuance, Settlement and Clearance	We will issue the New Notes in fully registered form in denominations of \$1,000 and integral multiples thereof. The New 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 New Notes through DTC and its direct and indirect participants, including Euroclear and Clearstream, 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'. Settlement of the New 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'.
Listing	Application will be made to list the New 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 New Notes.