

DIAGEO

DIAGEO plc

(Incorporated with limited liability in England and Wales with registered number 23307)

as Issuer and Guarantor

DIAGEO FINANCE plc

(Incorporated with limited liability in England and Wales with registered number 213393)

as Issuer

Programme for the Issuance of Debt Instruments

This Supplement (the “**Supplement**”) to the Base Prospectus dated 9 August 2017 (the “**Base Prospectus**”) which constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (as amended, including by Directive 2017/73/EU) (the “**Prospectus Directive**”) constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 and is prepared in connection with the Programme for Issuance of Debt Instruments established by Diageo plc (“**Diageo**”) and Diageo Finance plc (each an “**Issuer**” and together the “**Issuers**”) and Diageo as guarantor. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuer. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

To the extent that any document or information incorporated by reference or attached to this Supplement itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Supplement for the purposes of the Prospectus Directive, except where such information or documents are stated within this Supplement as specifically being incorporated by reference or where this Supplement is specifically defined as including such information.

The Base Prospectus, this Supplement and copies of documents incorporated by reference in the Base Prospectus are available on the website of the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Each Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuers (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

Purpose of this Supplement

The purpose of this Supplement is to:

- A. incorporate by reference Diageo's interim financial results for the six months ended 31 December 2017 and which include Diageo Finance plc as part of the consolidated group (the "**2018 Interim Results**");
- B. update the Base Prospectus to describe recent developments in relation to changes to the board of directors of each of (i) Diageo and (ii) Diageo Finance plc;
- C. include a new legend relating to the product governance regime under Directive 2014/65/EU (as amended, "**MIFID II**"); and
- D. include a new "Significant Change" statement.

A. Incorporation of the 2018 Interim results

On 25 January 2018 Diageo published the 2018 Interim Results. A copy of the 2018 Interim Results has been filed with the Financial Conduct Authority and, by virtue of this Supplement, the 2018 Interim Results are incorporated in, and form part of, the Base Prospectus save that any statement contained in this Supplement or in any of the documents incorporated by reference in, and forming part of, the Base Prospectus shall be deemed to be modified or superseded for the purpose of the Base Prospectus to the extent that such a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

B. Recent Developments

(i) Changes to the board of Diageo

Since the publication of the Base Prospectus, the following changes have occurred in the composition of the board of directors of Diageo:

- Philip G Scott resigned from his position as Non-executive director on 20 September 2017.
- Paul D Tunnacliffe resigned from his position as Company secretary and General Counsel Corporate Centre on 30 June 2016.
- Susan Kilsby was appointed as a Non-executive director on 4 April 2018. Susan was also appointed to the Nomination Committee, the Audit Committee and the Remuneration Committee on the same date.
- David Harlock was appointed as Company secretary and General Counsel Corporate Centre on 1 July 2016.

(ii) Changes to the board of Diageo Finance plc

Since the publication of the Base Prospectus, the following changes have occurred in the composition of the board of directors of Diageo Finance plc:

- John J Nicholls resigned from his position as Director on 9 March 2018.
- Edward McShane resigned from his position as Director on 31 August 2017.
- Prabhakaran Viswanathan was appointed as Director on 31 August 2017.
- Jonathan Guttridge resigned from his position as Company secretary on 8 March 2018.
- James Edmunds was appointed as Director and Company Secretary on 8 March 2018.

C. MIFID II Legend

The following additional legend shall be deemed to be inserted in the form of final terms before the paragraph starting “[PROHIBITION OF SALES TO EEA RETAIL INVESTORS]...” on page 67 of the Base Prospectus:

“[MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [MiFID II][Directive 2014/65/EU (as amended, “MiFID II”)]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]”

D. Significant Change

There has been no significant change in the financial or trading position of Diageo, Diageo Finance plc and their respective subsidiaries since 31 December 2017.