

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended August 30, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

1-13666

Commission File Number

DARDEN RESTAURANTS, INC.

(Exact name of registrant as specified in its charter)

Florida

**(State or other jurisdiction of
incorporation or organization)**

59-3305930

**(I.R.S. Employer
Identification No.)**

1000 Darden Center Drive

Orlando, Florida

(Address of principal executive offices)

32837

(Zip Code)

407-245-4000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, without par value	DRI	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Number of shares of common stock outstanding as of September 15, 2020: 130,199,935.

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Cautionary Statement Regarding Forward-Looking Statements

Statements set forth in or incorporated into this report that are not historical facts, including without limitation statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of Darden Restaurants, Inc. and its subsidiaries that are preceded by, followed by or that include words such as “may,” “will,” “expect,” “intend,” “anticipate,” “continue,” “estimate,” “project,” “believe,” “plan,” “outlook” or similar expressions, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This statement is included for purposes of complying with the safe harbor provisions of that Act. Any forward-looking statements speak only as of the date on which such statements are made, and we undertake no obligation to update such statements for any reason to reflect events or circumstances arising after such date. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by such forward-looking statements. The most significant of these uncertainties are described in Darden’s Form 10-K, Form 10-Q (including this report) and Form 8-K reports.

**PART I
FINANCIAL INFORMATION**

Item 1. Financial Statements (Unaudited)

**DARDEN RESTAURANTS, INC.
CONSOLIDATED STATEMENTS OF EARNINGS
(In millions, except per share data)
(Unaudited)**

	Three Months Ended	
	August 30, 2020	August 25, 2019
Sales	\$ 1,527.4	\$ 2,133.9
Costs and expenses:		
Food and beverage	434.5	603.3
Restaurant labor	500.7	703.8
Restaurant expenses	290.9	372.4
Marketing expenses	28.8	68.7
General and administrative expenses	128.3	98.0
Depreciation and amortization	87.6	86.2
Total operating costs and expenses	\$ 1,470.8	\$ 1,932.4
Operating income	56.6	201.5
Interest, net	16.6	11.1
Other (income) expense, net	7.5	—
Earnings before income taxes	32.5	190.4
Income tax expense (benefit)	(4.8)	18.6
Earnings from continuing operations	\$ 37.3	\$ 171.8
Losses from discontinued operations, net of tax benefit of \$0.9 and \$0.2, respectively	(1.2)	(1.2)
Net earnings	\$ 36.1	\$ 170.6
Basic net earnings per share:		
Earnings from continuing operations	\$ 0.29	\$ 1.40
Losses from discontinued operations	(0.01)	(0.01)
Net earnings	\$ 0.28	\$ 1.39
Diluted net earnings per share:		
Earnings from continuing operations	\$ 0.28	\$ 1.38
Losses from discontinued operations	—	(0.01)
Net earnings	\$ 0.28	\$ 1.37
Average number of common shares outstanding:		
Basic	130.0	122.9
Diluted	130.9	124.6

See accompanying notes to our unaudited consolidated financial statements.

DARDEN RESTAURANTS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended	
	August 30, 2020	August 25, 2019
Net earnings	\$ 36.1	\$ 170.6
Other comprehensive income (loss):		
Foreign currency adjustment	0.2	—
Change in fair value of derivatives and amortization of unrecognized gains and losses on derivatives, net of taxes of \$0.4 and \$(0.2), respectively	4.5	(2.9)
Net unamortized gain (loss) arising during the period, including amortization of unrecognized net actuarial (loss) gain, net of taxes of \$0.1 and \$0.0, respectively, related to pension and other post-employment benefits	0.4	0.1
Other comprehensive income (loss)	\$ 5.1	\$ (2.8)
Total comprehensive income	\$ 41.2	\$ 167.8

See accompanying notes to our unaudited consolidated financial statements.

DARDEN RESTAURANTS, INC.
CONSOLIDATED BALANCE SHEETS
(In millions)

	August 30, 2020 (Unaudited)	May 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 654.6	\$ 763.3
Receivables, net	47.2	49.8
Inventories	190.1	206.9
Prepaid income taxes	16.2	18.4
Prepaid expenses and other current assets	62.9	63.0
Total current assets	\$ 971.0	\$ 1,101.4
Land, buildings and equipment, net of accumulated depreciation and amortization of \$2,659.2 and \$2,640.9, respectively	2,739.6	2,756.9
Operating lease right-of-use assets	3,951.4	3,969.2
Goodwill	1,037.4	1,037.4
Trademarks	806.3	805.9
Other assets	283.8	275.3
Total assets	\$ 9,789.5	\$ 9,946.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 248.8	\$ 249.4
Short-term debt	—	270.0
Accrued payroll	128.9	150.0
Accrued income taxes	6.1	6.2
Other accrued taxes	52.1	43.4
Unearned revenues	448.5	467.9
Other current liabilities	659.5	605.9
Total current liabilities	\$ 1,543.9	\$ 1,792.8
Long-term debt	929.1	928.8
Deferred income taxes	43.3	56.1
Operating lease liabilities - non-current	4,264.3	4,276.3
Other liabilities	633.9	560.9
Total liabilities	\$ 7,414.5	\$ 7,614.9
Stockholders' equity:		
Common stock and surplus	\$ 2,220.9	\$ 2,205.3
Retained earnings	166.6	143.5
Accumulated other comprehensive income (loss)	(12.5)	(17.6)
Total stockholders' equity	\$ 2,375.0	\$ 2,331.2
Total liabilities and stockholders' equity	\$ 9,789.5	\$ 9,946.1

See accompanying notes to our unaudited consolidated financial statements.

DARDEN RESTAURANTS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Three Months Ended August 30, 2020 and August 25, 2019
(In millions)
(Unaudited)

	Common Stock And Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned Compensation	Total Stockholders' Equity
Balance at May 31, 2020	\$ 2,205.3	\$ 143.5	\$ (17.6)	\$ —	\$ 2,331.2
Net earnings	—	36.1	—	—	36.1
Other comprehensive income (loss)	—	—	5.1	—	5.1
Stock option exercises (0.0 shares)	1.7	—	—	—	1.7
Stock-based compensation	11.1	—	—	—	11.1
Repurchases of common stock (0.1 shares)	(1.4)	(5.2)	—	—	(6.6)
Issuance of stock under Employee Stock Purchase Plan and other plans (0.1 shares)	2.5	—	—	—	2.5
Other	1.7	(7.8)	—	—	(6.1)
Balance at August 30, 2020	<u>\$ 2,220.9</u>	<u>\$ 166.6</u>	<u>\$ (12.5)</u>	<u>\$ —</u>	<u>\$ 2,375.0</u>
Balance at May 26, 2019	\$ 1,685.0	\$ 806.6	\$ (98.2)	\$ (0.8)	\$ 2,392.6
Net earnings	—	170.6	—	—	170.6
Other comprehensive income (loss)	—	—	(2.8)	—	(2.8)
Dividends declared (\$0.88 per share)	—	(108.4)	—	—	(108.4)
Stock option exercises (0.2 shares)	9.2	—	—	—	9.2
Stock-based compensation	7.6	—	—	—	7.6
Repurchases of common stock (0.8 shares)	(10.9)	(83.9)	—	—	(94.8)
Issuance of stock under Employee Stock Purchase Plan and other plans (0.0 shares)	2.0	—	—	—	2.0
Other	—	5.0	—	0.3	5.3
Balance at August 25, 2019	<u>\$ 1,692.9</u>	<u>\$ 789.9</u>	<u>\$ (101.0)</u>	<u>\$ (0.5)</u>	<u>\$ 2,381.3</u>

See accompanying notes to our unaudited consolidated financial statements.

DARDEN RESTAURANTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended	
	August 30, 2020	August 25, 2019
Cash flows—operating activities		
Net earnings	\$ 36.1	\$ 170.6
Losses from discontinued operations, net of tax	1.2	1.2
Adjustments to reconcile net earnings from continuing operations to cash flows:		
Depreciation and amortization	87.6	86.2
Stock-based compensation expense	19.1	14.2
Change in current assets and liabilities	20.6	(30.6)
Contributions to pension and postretirement plans	(0.4)	(0.4)
Deferred income taxes	(10.0)	7.0
Change in other assets and liabilities	66.2	3.7
Other, net	(13.7)	1.9
Net cash provided by operating activities of continuing operations	\$ 206.7	\$ 253.8
Cash flows—investing activities		
Purchases of land, buildings and equipment	(42.2)	(117.1)
Proceeds from disposal of land, buildings and equipment	2.3	2.6
Cash used in business acquisitions, net of cash acquired	—	(37.0)
Purchases of capitalized software and other assets	(3.7)	(5.4)
Other, net	(0.4)	(10.0)
Net cash used in investing activities of continuing operations	\$ (44.0)	\$ (166.9)
Cash flows—financing activities		
Proceeds from issuance of common stock	4.2	11.2
Dividends paid	—	(108.1)
Repurchases of common stock	(6.6)	(94.8)
Repayments of short-term debt	(270.0)	—
Principal payments on capital and financing leases	(1.2)	(1.3)
Other, net	—	0.3
Net cash used in financing activities of continuing operations	\$ (273.6)	\$ (192.7)
Cash flows—discontinued operations		
Net cash provided by (used in) operating activities of discontinued operations	2.2	(0.7)
Net cash provided by (used in) discontinued operations	\$ 2.2	\$ (0.7)
Decrease in cash and cash equivalents	(108.7)	(106.5)
Cash and cash equivalents - beginning of period	763.3	457.3
Cash and cash equivalents - end of period	\$ 654.6	\$ 350.8

DARDEN RESTAURANTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In millions)
(Unaudited)

	Three Months Ended	
	August 30, 2020	August 25, 2019
Cash flows from changes in current assets and liabilities		
Receivables, net	2.6	13.0
Inventories	16.8	8.4
Prepaid expenses and other current assets	(0.1)	(6.9)
Accounts payable	(4.4)	3.3
Accrued payroll	(21.1)	(39.0)
Prepaid/accrued income taxes	2.1	48.8
Other accrued taxes	8.7	7.5
Unearned revenues	(19.5)	(39.7)
Other current liabilities	35.5	(26.0)
Change in current assets and liabilities	<u>\$ 20.6</u>	<u>\$ (30.6)</u>

See accompanying notes to our unaudited consolidated financial statements.

DARDEN RESTAURANTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation

Darden Restaurants, Inc. (we, our, Darden or the Company) owns and operates full-service dining restaurants in the United States and Canada under the trade names Olive Garden®, LongHorn Steakhouse®, Cheddar's Scratch Kitchen®, Yard House®, The Capital Grille®, Seasons 52®, Bahama Breeze®, and Eddie V's Prime Seafood®. As of August 30, 2020, through subsidiaries, we own and operate all of our restaurants in the United States and Canada, except for 3 joint venture restaurants managed by us and 31 franchised restaurants. We also have 26 franchised restaurants in operation located in Latin America.

We have prepared these consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally presented in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP) have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal recurring nature. We operate on a 52/53-week fiscal year which ends on the last Sunday in May. Our fiscal year ending May 30, 2021 will contain 52 weeks of operation. Operating results for interim periods presented are not necessarily indicative of results that may be expected for the full fiscal year.

These statements should be read in conjunction with the consolidated financial statements and related notes to consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2020. We prepare our consolidated financial statements in conformity with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of sales and costs and expenses during the reporting period. Actual results could differ from those estimates.

We have reclassified certain amounts in prior-period financial statements to conform to the current period's presentation.

COVID-19 Pandemic

The COVID-19 pandemic has resulted in a significant reduction in guest traffic at our restaurants due to changes in consumer behavior as public health officials encouraged social distancing and state and local governments mandated restrictions including suspension of dine-in operations, reduced restaurant seating capacity, table spacing requirements, bar closures and additional physical barriers. Beginning in late March 2020, we operated with all of our dining rooms closed and served our guests in a To Go only or To Go and delivery format. In late April 2020, state and local governments began to allow us to open dining rooms at limited capacities, along with other operating restrictions, and as of the date of this filing, 97.0 percent of our restaurants were able to open their dining rooms to some extent. While increasing our in-restaurant dining capacity is subject to the ordinances in the jurisdictions we operate, we are focused on increasing capacity where possible, while continuing to provide a safe environment for our team members and guests, and maintaining many of the operating efficiencies established during this time. As we navigate through the pandemic, we have taken significant steps to adapt our business to allow us to continue to serve guests, support our team members and secure our liquidity position to provide financial flexibility. Although we expect our restaurants' dining room capacity to increase as public health conditions improve and restrictions are eased, it is possible additional outbreaks could require us to reduce our capacity or further suspend our in-restaurant dining operation.

Recently Adopted Accounting Standards

As of June 1, 2020, we adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13 Financial Instruments - Credit Losses (Topic 326). The amendments in this update require entities to estimate an expected lifetime credit loss on financial assets ranging from short-term trade accounts receivable to long-term financings. This guidance impacts, among other items, how a company determines liabilities associated with financial guarantees related to assigned leases. We remain contingently liable for lease payments under certain restaurant leases related to dispositions. We adopted this guidance using the modified retrospective transition method. Upon adoption, we recorded a \$7.5 million (net of tax of \$2.5 million) cumulative-effect adjustment to the beginning balance of retained earnings related to an expected credit loss liability for the contingent aspect of our lease guarantees. See Note 11 for information regarding contingent lease guarantees.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740). The amendments in this update are intended to simplify the accounting for income taxes by removing certain exceptions in the existing guidance and simplify areas such as franchise taxes, recognizing deferred taxes for tax goodwill, separate entity financial statements and interim recognition of enactment of tax laws or tax rate changes. This update is effective for us in the first quarter of fiscal 2022.

DARDEN RESTAURANTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

however we elected to early adopt this guidance during the quarter ended August 30, 2020. The adoption of this guidance did not have a material impact on our consolidated financial statements.

Note 2. Revenue Recognition

Deferred revenue liabilities from contracts with customers included on our accompanying consolidated balance sheets is comprised of the following:

(in millions)	August 30, 2020	May 31, 2020
Unearned revenues		
Deferred gift card revenue	\$ 475.6	\$ 494.6
Deferred gift card discounts	(28.1)	(28.2)
Other	1.0	1.5
Total	\$ 448.5	\$ 467.9
Other liabilities		
Deferred franchise fees - non-current	\$ 2.6	\$ 2.8

The following table presents a rollforward of deferred gift card revenue.

(in millions)	Three Months Ended	
	August 30, 2020	August 25, 2019
Beginning balance	\$ 494.6	\$ 453.6
Activations	75.7	116.4
Redemptions and breakage	(94.7)	(159.8)
Ending balance	\$ 475.6	\$ 410.2

DARDEN RESTAURANTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 3. Additional Financial Information

Supplemental Balance Sheet Information

The components of lease assets and liabilities on the consolidated balance sheet are as follows:

(in millions)	Balance Sheet Classification	August 30, 2020	May 31, 2020
Operating lease right-of-use assets	Operating lease right-of-use assets	\$ 3,951.4	\$ 3,969.2
Finance lease right-of-use assets	Land, buildings and equipment, net	250.8	235.2
Total lease assets, net		<u>\$ 4,202.2</u>	<u>\$ 4,204.4</u>
Operating lease liabilities - current	Other current liabilities	\$ 163.5	\$ 160.6
Finance lease liabilities - current	Other current liabilities	5.9	5.7
Operating lease liabilities - non-current	Operating lease liabilities - non-current	4,264.3	4,276.3
Finance lease liabilities - non-current	Other liabilities	387.3	368.4
Total lease liabilities		<u>\$ 4,821.0</u>	<u>\$ 4,811.0</u>

Supplemental Cash Flow Information

Cash paid for interest and income taxes are as follows:

(in millions)	Three Months Ended	
	August 30, 2020	August 25, 2019
Interest, net of amounts capitalized	\$ 16.5	\$ 12.4
Income taxes, net of refunds	1.9	(39.6)

Non-cash investing and financing activities are as follows:

(in millions)	Three Months Ended	
	August 30, 2020	August 25, 2019
Increase in land, buildings and equipment through accrued purchases	\$ 26.8	\$ 45.9
Right-of-use assets obtained in exchange for new operating lease liabilities	31.7	14.4
Right-of-use assets obtained in exchange for new finance lease liabilities	19.4	78.5

Note 4. Income Taxes

The effective income tax rate for continuing operations for the quarter ended August 30, 2020 was (14.8) percent, reflecting an income tax benefit of \$4.8 million compared to an effective income tax rate for the quarter ended August 25, 2019 of 9.8 percent, reflecting income tax expense of \$18.6 million. The change was driven primarily by lower net earnings from continuing operations in the quarter ended August 30, 2020, compared to the quarter ended August 25, 2019 and the impact of certain tax credits on our lower earnings before income taxes.

Included in our remaining balance of unrecognized tax benefits is \$6.1 million related to tax positions for which it is reasonably possible that the total amounts could change within the next twelve months based on the outcome of examinations or as a result of the expiration of the statute of limitations for specific jurisdictions.

Note 5. Net Earnings per Share

Outstanding stock options, restricted stock and equity-settled performance stock units granted by us represent the only dilutive effect reflected in diluted weighted average shares outstanding, none of which impact the numerator of the diluted net earnings per share computation. Stock options, restricted stock and equity-settled performance stock units excluded from the calculation of diluted net earnings per share because the effect would have been anti-dilutive, are as follows:

DARDEN RESTAURANTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(in millions)	Three Months Ended	
	August 30, 2020	August 25, 2019
Anti-dilutive stock-based compensation awards	1.1	0.1

Note 6. Segment Information

We manage our restaurant brands, Olive Garden, LongHorn Steakhouse, Cheddar's Scratch Kitchen, Yard House, The Capital Grille, Seasons 52, Bahama Breeze and Eddie V's, in North America as operating segments. The brands operate principally in the U.S. within full-service dining. We aggregate our operating segments into reportable segments based on a combination of the size, economic characteristics and sub-segment of full-service dining within which each brand operates. We have four reportable segments: (1) Olive Garden, (2) LongHorn Steakhouse, (3) Fine Dining and (4) Other Business.

The Olive Garden segment includes the results of our company-owned Olive Garden restaurants in the U.S. and Canada. The LongHorn Steakhouse segment includes the results of our company-owned LongHorn Steakhouse restaurants in the U.S. The Fine Dining segment aggregates our premium brands that operate within the fine-dining sub-segment of full-service dining and includes the results of our company-owned The Capital Grille and Eddie V's restaurants in the U.S. The Other Business segment aggregates our remaining brands and includes the results of our company-owned Cheddar's Scratch Kitchen, Yard House, Seasons 52 and Bahama Breeze restaurants in the U.S and results from our franchise operations.

External sales are derived principally from food and beverage sales. We do not rely on any major customers as a source of sales, and the customers and long-lived assets of our reportable segments are predominantly in the U.S. There were no material transactions among reportable segments.

Our management uses segment profit as the measure for assessing performance of our segments. Segment profit includes revenues and expenses directly attributable to restaurant-level results of operations (sometimes referred to as restaurant-level earnings). These expenses include food and beverage costs, restaurant labor costs, restaurant expenses and marketing expenses (collectively "restaurant and marketing expenses"). Non-cash lease-related expenses included in restaurant expenses (which is a component of segment profit) and lease-related depreciation and amortization are reported at the corporate level as these are expenses for which our operating segments are not being evaluated. Additionally, our lease-related right-of-use assets are not managed or evaluated at the operating segment level, but rather at the corporate level.

The following tables reconcile our segment results to our consolidated results reported in accordance with GAAP.

(in millions)						
For the three months ended August 30, 2020	Olive Garden	LongHorn Steakhouse	Fine Dining	Other Business	Corporate	Consolidated
Sales	\$ 788.2	\$ 376.8	\$ 83.1	\$ 279.3	\$ —	\$ 1,527.4
Restaurant and marketing expenses	614.4	319.8	73.2	243.6	3.9	1,254.9
Segment profit	\$ 173.8	\$ 57.0	\$ 9.9	\$ 35.7	\$ (3.9)	\$ 272.5
Depreciation and amortization	\$ 35.9	\$ 17.0	\$ 7.7	\$ 24.0	\$ 3.0	\$ 87.6
Purchases of land, buildings and equipment	13.2	6.7	10.1	11.3	0.9	42.2

(in millions)						
For the three months ended August 25, 2019	Olive Garden	LongHorn Steakhouse	Fine Dining	Other Business	Corporate	Consolidated
Sales	\$ 1,090.2	\$ 450.2	\$ 136.1	\$ 457.4	\$ —	\$ 2,133.9
Restaurant and marketing expenses	861.3	375.7	115.8	393.0	2.4	1,748.2
Segment profit	\$ 228.9	\$ 74.5	\$ 20.3	\$ 64.4	\$ (2.4)	\$ 385.7
Depreciation and amortization	\$ 36.1	\$ 16.8	\$ 7.8	\$ 24.0	\$ 1.5	\$ 86.2
Impairments and disposal of assets, net	1.4	—	—	—	(1.4)	—
Purchases of land, buildings and equipment	50.8	16.1	18.1	30.0	2.1	117.1

DARDEN RESTAURANTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Reconciliation of segment profit to earnings from continuing operations before income taxes:

(in millions)	Three Months Ended	
	August 30, 2020	August 25, 2019
Segment profit	\$ 272.5	\$ 385.7
Less general and administrative expenses	(128.3)	(98.0)
Less depreciation and amortization	(87.6)	(86.2)
Less interest, net	(16.6)	(11.1)
Less other (income) expense, net	(7.5)	—
Earnings before income taxes	\$ 32.5	\$ 190.4

Note 7. Stockholders' Equity

Accumulated Other Comprehensive Income (Loss) (AOCI)

The components of accumulated other comprehensive income (loss), net of tax, for the quarter ended August 30, 2020 are as follows:

(in millions)	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Derivatives	Benefit Plan Funding Position	Accumulated Other Comprehensive Income (Loss)
Balance at May 31, 2020	\$ 4.5	\$ (8.6)	\$ (13.5)	\$ (17.6)
Gain (loss)	0.2	4.4	—	4.6
Reclassification realized in net earnings	—	0.1	0.4	0.5
Balance at August 30, 2020	\$ 4.7	\$ (4.1)	\$ (13.1)	\$ (12.5)

The components of accumulated other comprehensive income (loss), net of tax, for the quarter ended August 25, 2019 are as follows:

(in millions)	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Derivatives	Benefit Plan Funding Position	Accumulated Other Comprehensive Income (Loss)
Balance at May 26, 2019	\$ (1.0)	\$ 9.0	\$ (106.2)	\$ (98.2)
Gain (loss)	—	(2.2)	—	(2.2)
Reclassification realized in net earnings	—	(0.7)	0.1	(0.6)
Balance at August 25, 2019	\$ (1.0)	\$ 6.1	\$ (106.1)	\$ (101.0)

DARDEN RESTAURANTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table presents the amounts and line items in our consolidated statements of earnings where adjustments reclassified from AOCI into net earnings were recorded.

(in millions) AOCI Components	Location of Gain (Loss) Recognized in Earnings	Amount Reclassified from AOCI into Net Earnings	
		Three Months Ended	
		August 30, 2020	August 25, 2019
Derivatives			
Commodity contracts	(1)	\$ (0.5)	\$ (0.4)
Equity contracts	(2)	0.4	1.0
Total before tax		\$ (0.1)	\$ 0.6
Tax (expense) benefit		—	0.1
Net of tax		\$ (0.1)	\$ 0.7
Benefit plan funding position			
Recognized net actuarial loss - pension/postretirement plans	(3)	\$ —	\$ (0.9)
Recognized net actuarial gain (loss) - other plans	(4)	(0.5)	0.8
Total before tax		\$ (0.5)	\$ (0.1)
Tax (expense) benefit		0.1	—
Net of tax		\$ (0.4)	\$ (0.1)

(1) Primarily included in food and beverage costs and restaurant expenses. See Note 9 for additional details.

(2) Included in general and administrative expenses. See Note 9 for additional details.

(3) Included in the computation of net periodic benefit costs - pension and postretirement plans, which is a component of restaurant labor expenses and general and administrative expenses and other (income) expense, net.

(4) Included in the computation of net periodic benefit costs - other plans, which is a component of general and administrative expenses.

Note 8. Stock-Based Compensation

We grant stock options for a fixed number of shares to certain employees with an exercise price equal to the fair value of the shares at the date of grant. We also grant restricted stock, restricted stock units, and performance stock units with a fair value generally determined based on our closing stock price on the date of grant. In addition, we grant cash settled stock units (Darden stock units) which are classified as liabilities and are marked to market as of the end of each period.

The weighted-average fair value of non-qualified stock options and the related assumptions used in the Black-Scholes option pricing model were as follows.

	Stock Options Granted	
	Three Months Ended	
	August 30, 2020	August 25, 2019
Weighted-average fair value	\$ 20.07	\$ 19.94
Dividend yield	3.0%	3.0%
Expected volatility of stock	37.3%	22.5%
Risk-free interest rate	0.4%	1.9%
Expected option life (in years)	6.4	6.3
Weighted-average exercise price per share	\$ 78.84	\$ 124.24

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The weighted-average grant date fair value of performance-based restricted stock units and the related assumptions used in the Monte Carlo simulation to record stock-based compensation are as follows:

	Granted in Fiscal Year Ended	
	Three Months Ended	
	August 30, 2020	August 25, 2019
Dividend yield (1)	0.0%	0.0%
Expected volatility of stock	50.5%	23.1%
Risk-free interest rate	0.1%	1.8%
Expected life (in years)	2.8	2.9
Weighted-average grant date fair value per unit	\$ 83.46	\$ 124.41

(1) Assumes a reinvestment of dividends.

The following table presents a summary of our stock-based compensation activity for the three months ended August 30, 2020.

(in millions)	Stock Options	Restricted Stock/ Restricted Stock Units	Equity-Settled Performance Stock Units	Cash-Settled Darden Stock Units
Outstanding beginning of period	2.62	0.28	0.55	1.03
Awards granted	0.28	0.08	0.14	0.28
Awards exercised/vested	(0.04)	(0.07)	(0.19)	(0.28)
Awards forfeited	(0.01)	(0.01)	—	(0.03)
Outstanding end of period	2.85	0.28	0.50	1.00

We recognized expense from stock-based compensation as follows:

(in millions)	Three Months Ended	
	August 30, 2020	August 25, 2019
Stock options	\$ 1.6	\$ 1.3
Restricted stock/restricted stock units	2.8	1.8
Equity-settled performance stock units	5.7	3.8
Cash-settled Darden stock units	8.0	6.6
Employee stock purchase plan	0.6	0.4
Director compensation program/other	0.4	0.3
Total stock-based compensation expense	\$ 19.1	\$ 14.2

Note 9. Derivative Instruments and Hedging Activities

We enter into derivative instruments for risk management purposes only, including derivatives designated as hedging instruments as provided by FASB ASC Topic 815, Derivatives and Hedging, and those utilized as economic hedges. We use financial derivatives to manage interest rate and compensation risks inherent in our business operations. To the extent our cash-flow hedging instruments are effective in offsetting the variability of the hedged cash flows, and otherwise meet the cash flow hedge accounting criteria required by Topic 815 of the FASB ASC, changes in the derivatives' fair value are not included in current earnings, but are included in accumulated other comprehensive income (loss), net of tax. These changes in fair value will be reclassified into earnings at the time of the forecasted transaction. To the extent the cash flow hedge accounting criteria are not met, the derivative contracts are utilized as economic hedges and changes in the fair value of such contracts are recorded currently in earnings in the period in which they occur.

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By using these instruments, we expose ourselves, from time to time, to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. We minimize this credit risk by entering into transactions with high quality counterparties. We currently do not have any provisions in our agreements with counterparties that would require either party to hold or post collateral in the event that the market value of the related derivative instrument exceeds a certain limit. As such, the maximum amount of loss due to counterparty credit risk we would incur at August 30, 2020, if counterparties to the derivative instruments failed completely to perform, would approximate the values of derivative instruments currently recognized as assets on our consolidated balance sheet. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates, commodity prices, or the market price of our common stock. We minimize this market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

We periodically enter into commodity futures, swaps and option contracts (collectively, commodity contracts) to reduce the risk of variability in cash flows associated with fluctuations in the price we pay for commodities, such as natural gas and diesel fuel. For certain of our commodity purchases, changes in the price we pay for these commodities are highly correlated with changes in the market price of these commodities. For these commodity purchases, we designate commodity contracts as cash flow hedging instruments. For the remaining commodity purchases, changes in the price we pay for these commodities are not highly correlated with changes in the market price, generally due to the timing of when changes in the market prices are reflected in the price we pay. For these commodity purchases, we utilize these commodity contracts as economic hedges. Our commodity contracts currently extend through May 2021.

We enter into equity forward contracts to hedge the risk of changes in future cash flows associated with the unvested, unrecognized Darden stock units. The equity forward contracts will be settled at the end of the vesting periods of their underlying Darden stock units, which range between three and five years and currently extend through July 2024. The contracts were initially designated as cash flow hedges to the extent the Darden stock units are unvested and, therefore, unrecognized as a liability in our financial statements. The forward contracts have net cash settlement terms and net settle every three months. As the Darden stock units vest, we will de-designate that portion of the equity forward contract that no longer qualifies for hedge accounting, and changes in fair value associated with that portion of the equity forward contract will be recognized in current earnings. We periodically incur interest on the notional value of the contracts and receive dividend equivalents on the underlying shares. These amounts are recognized currently in earnings as they are incurred or received.

We entered into equity forward contracts to hedge the risk of changes in future cash flows associated with recognized, employee-directed investments in Darden stock within the non-qualified deferred compensation plan. We did not elect hedge accounting with the expectation that changes in the fair value of the equity forward contracts would offset changes in the fair value of Darden stock investments in the non-qualified deferred compensation plan within general and administrative expenses in our consolidated statements of earnings. These contracts currently extend through September 2023.

The notional and fair values of our derivative contracts are as follows:

(in millions, except per share data)	Number of Shares Outstanding	Weighted-Average Per Share Forward Rates	Notional Values	Fair Values			
				Derivative Assets (1)		Derivative Liabilities (1)	
				August 30, 2020	May 31, 2020	August 30, 2020	May 31, 2020
Equity forwards:							
Designated	0.2	\$107.34	\$ 21.3	\$ 1.2	\$ 1.8	\$ —	\$ —
Not designated	0.5	\$123.42	\$ 56.0	2.7	4.4	—	—
Total equity forwards				\$ 3.9	\$ 6.2	\$ —	\$ —
Commodity contracts:							
Designated	N/A	N/A	\$ 12.8	\$ 1.1	\$ 0.3	\$ 1.1	\$ 1.8
Not designated	N/A	N/A	\$ 1.2	0.1	—	0.1	0.3
Total commodity contracts				\$ 1.2	\$ 0.3	\$ 1.2	\$ 2.1
Total derivative contracts				\$ 5.1	\$ 6.5	\$ 1.2	\$ 2.1

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(1) Derivative assets and liabilities are included in receivables, net and other current liabilities, as applicable, on our consolidated balance sheets.

The effects of derivative instruments accounted for as cash flow hedging instruments in the consolidated statements of earnings are as follows:

(in millions)	Amount of Gain (Loss) Recognized in AOCI		Amount of Gain (Loss) Reclassified from AOCI to Earnings	
	Three Months Ended		Three Months Ended	
	August 30, 2020	August 25, 2019	August 30, 2020	August 25, 2019
Equity (1)	\$ 3.7	\$ (1.0)	\$ 0.4	\$ 1.0
Commodity (2)	0.9	(1.4)	(0.5)	(0.4)
Total	\$ 4.6	\$ (2.4)	\$ (0.1)	\$ 0.6

(1) Location of the gain (loss) reclassified from AOCI to earnings is general and administrative expenses.

(2) Location of the gain (loss) reclassified from AOCI to earnings is food and beverage costs and restaurant expenses.

The effects of derivatives not designated as hedging instruments in the consolidated statements of earnings are as follows:

(in millions)	Amount of Gain (Loss) Recognized in Earnings	
	Three Months Ended	
Location of Gain (Loss) Recognized in Earnings on Derivatives	August 30, 2020	August 25, 2019
Food and beverage costs and restaurant expenses	\$ 0.1	\$ 0.3
General and administrative expenses	4.5	0.6
Total	\$ 4.6	\$ 0.9

Based on the fair value of our derivative instruments designated as cash flow hedges as of August 30, 2020, we expect to reclassify an immaterial amount of net losses on derivative instruments from accumulated other comprehensive income (loss) to earnings during the next 12 months based on the maturity of our equity forward contracts. However, the amounts ultimately realized in earnings will be dependent on the fair value of the contracts on the settlement dates.

Note 10. Fair Value Measurements

The fair values of cash equivalents, receivables, net, accounts payable and short-term debt approximate their carrying amounts due to their short duration.

The following tables summarize the fair values of financial instruments measured at fair value on a recurring basis as of August 30, 2020 and May 31, 2020.

Items Measured at Fair Value at August 30, 2020				
(in millions)	Fair value of assets (liabilities)	Quoted prices in active market for identical assets (liabilities) (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivatives:				
Equity forwards (2)	3.9	—	3.9	—
Total	\$ 3.9	\$ —	\$ 3.9	\$ —

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Items Measured at Fair Value at May 31, 2020

(in millions)		Fair value of assets (liabilities)	Quoted prices in active market for identical assets (liabilities) (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivatives:					
Commodities futures, swaps & options	(1)	\$ (1.8)	\$ —	\$ (1.8)	\$ —
Equity forwards	(2)	6.2	—	6.2	—
Total		\$ 4.4	\$ —	\$ 4.4	\$ —

(1) The fair value of our commodities futures, swaps and options is based on closing market prices of the contracts, inclusive of the risk of nonperformance.

(2) The fair value of equity forwards is based on the closing market value of Darden stock, inclusive of the risk of nonperformance.

The carrying value and fair value of long-term debt as of August 30, 2020, was \$929.1 million and \$949.7 million, respectively. The carrying value and fair value of long-term debt as of May 31, 2020, was \$928.8 million and \$1.20 billion, respectively. The fair value of long-term debt, which is classified as Level 2 in the fair value hierarchy, is determined based on market prices or, if market prices are not available, the present value of the underlying cash flows discounted at our incremental borrowing rates.

The fair value of non-financial assets measured at fair value on a non-recurring basis, classified as Level 2 in the fair value hierarchy, is determined based on third-party market appraisals. During the quarter ended August 30, 2020, there were no adjustments to the fair values of non-financial assets measured at fair value on a non-recurring basis, classified as Level 2. As of May 31, 2020, operating lease right-of-use assets with a carrying amount of \$24.2 million, primarily related to seven restaurants, were determined to have a fair value of \$17.6 million resulting in an impairment of \$6.6 million.

The fair value of non-financial assets measured at fair value on a non-recurring basis, classified as Level 3 in the fair value hierarchy, is determined based on appraisals, sales prices of comparable assets, or estimates of discounted future cash flows. As of August 30, 2020, adjustments to the fair values of non-financial assets, classified as Level 3, were not material. As of May 31, 2020, long-lived assets held and used with a carrying amount of \$35.1 million, primarily related to thirteen underperforming restaurants as well as two restaurants damaged by natural disasters, were determined to have a fair value of \$0.2 million resulting in an impairment of \$34.9 million. Also as of May 31, 2020, goodwill and trademarks for our Cheddar's Scratch Kitchen brand with carrying values of \$334.3 million and \$375.1 million, respectively, were determined to have fair values of \$165.1 million and \$230.1 million, respectively, resulting in a total impairment of \$314.2 million.

Note 11. Commitments and Contingencies

As collateral for performance on contracts and as credit guarantees to banks and insurers, we are contingently liable for guarantees of subsidiary obligations under standby letters of credit. As of August 30, 2020 and May 31, 2020, we had \$70.5 million and \$65.2 million, respectively, of standby letters of credit related to workers' compensation and general liabilities accrued in our consolidated financial statements. As of August 30, 2020 and May 31, 2020, we had \$28.5 million and \$44.0 million, respectively, of surety bonds related to other payments. Most surety bonds are renewable annually.

As of August 30, 2020 and May 31, 2020, we had \$119.8 million and \$151.5 million, respectively, of guarantees associated with leased properties that have been assigned to third parties. These amounts represent the maximum potential amount of future payments under the guarantees. The fair value of the maximum potential future payments discounted at our weighted-average cost of capital as of August 30, 2020 and May 31, 2020, amounted to \$99.5 million and \$122.4 million, respectively. In the event of default by a third party, the indemnity and default clauses in our assignment agreements govern our ability to recover from and pursue the third party for damages incurred as a result of its default. We do not hold any third-party assets as collateral related to these assignment agreements, except to the extent that the assignment allows us to repossess the building and personal property. These guarantees expire over their respective lease terms, which range from fiscal 2021 through fiscal 2034. The likelihood of the third parties defaulting on the assignment agreements was deemed to be remote. In conjunction with the adoption of ASU 2016-13 in the first quarter of fiscal 2021, the liability recorded for our expected credit losses under these leases as of August 30, 2020 was \$10.0 million. See Note 1.

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We are subject to private lawsuits, administrative proceedings and claims that arise in the ordinary course of our business. A number of these lawsuits, proceedings and claims may exist at any given time. These matters typically involve claims from guests, employees and others related to operational issues common to the restaurant industry, and can also involve infringement of, or challenges to, our trademarks. While the resolution of a lawsuit, proceeding or claim may have an impact on our financial results for the period in which it is resolved, we believe that the final disposition of the lawsuits, proceedings and claims in which we are currently involved, either individually or in the aggregate, will not have a material adverse effect on our financial position, results of operations or liquidity.

Note 12. Corporate Restructuring

During the first quarter of fiscal 2021, as a result of the impact of the COVID-19 pandemic on our business operations, we undertook a strategic restructuring of our corporate organization and workforce in order to reduce costs and better align corporate expenses to our sales levels in the current environment. The corporate restructuring included a voluntary early retirement incentive program and other involuntary strategic workforce reductions. In accordance with these actions, we incurred employee termination benefits costs and other costs of \$47.8 million, including cash and non-cash components of \$38.1 million and \$9.7 million, respectively. These costs are reflected in general and administrative expenses and other (income) expense, net in our consolidated statements of earnings for the three months ended August 30, 2020.

The following table summarizes the accrued employee termination benefits and other costs which are included in other current liabilities and other liabilities on our consolidated balance sheet as of August 30, 2020. We expect the remaining liability to be paid by the second quarter of fiscal 2022.

(in millions)	Initial Liability	Payments	Balance at August 30, 2020
Accrued liability (1)	\$ 38.1	\$ (4.1)	\$ 34.0

(1) Excludes costs associated with equity awards that will be settled in shares upon vesting and postretirement benefit plan valuation adjustment.

Note 13. Subsequent Events

On September 23, 2020, the Board of Directors declared a cash dividend of \$0.30 per share to be paid November 2, 2020 to all shareholders of record as of the close of business on October 9, 2020.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion and analysis below for the Company, which contains forward-looking statements, should be read in conjunction with the unaudited financial statements, the notes to such financial statements and the "Forward-Looking Statements" included elsewhere in this Form 10-Q.

To facilitate review of our discussion and analysis, the following table sets forth our financial results for the periods indicated. All information is derived from the unaudited consolidated statements of earnings for the quarters ended August 30, 2020 and August 25, 2019.

(in millions)	Three Months Ended		% Chg
	August 30, 2020	August 25, 2019	
Sales	\$ 1,527.4	\$ 2,133.9	(28.4)%
Costs and expenses:			
Food and beverage	434.5	603.3	(28.0)
Restaurant labor	500.7	703.8	(28.9)
Restaurant expenses	290.9	372.4	(21.9)
Marketing expenses	28.8	68.7	(58.1)
General and administrative expenses	128.3	98.0	30.9
Depreciation and amortization	87.6	86.2	1.6
Total costs and expenses	\$ 1,470.8	\$ 1,932.4	(23.9)
Operating income	56.6	201.5	(71.9)
Interest, net	16.6	11.1	49.5
Other (income) expense, net	7.5	—	NM
Earnings before income taxes	32.5	190.4	(82.9)
Income tax expense (benefit) (1)	(4.8)	18.6	NM
Earnings from continuing operations	\$ 37.3	\$ 171.8	(78.3)
Losses from discontinued operations, net of tax	(1.2)	(1.2)	NM
Net earnings	\$ 36.1	\$ 170.6	(78.8)%
Diluted net earnings per share:			
Earnings from continuing operations	\$ 0.28	\$ 1.38	(79.7)%
Losses from discontinued operations	—	(0.01)	NM
Net earnings	\$ 0.28	\$ 1.37	(79.6)%
(1) Effective tax rate	(14.8)%	9.8%	

NM- Percentage change not considered meaningful.

The following table details the number of company-owned restaurants currently reported in continuing operations that were open at the end of the first quarter of fiscal 2021, compared with the number open at the end of fiscal 2020 and the end of the first quarter of fiscal 2020.

	August 30, 2020	May 31, 2020	August 25, 2019
Olive Garden	871	868	867
LongHorn Steakhouse	524	522	514
Cheddar's Scratch Kitchen	165	165	165
Yard House	80	81	79
The Capital Grille (1)	60	60	59
Seasons 52	43	44	45
Bahama Breeze	41	41	42
Eddie V's	23	23	22
Total	1,807	1,804	1,793

(1) Includes two The Capital Burger restaurants in fiscal 2021 and at the end of fiscal 2020 and one at the end of the first quarter of fiscal 2020.

OVERVIEW OF OPERATIONS

COVID-19 Pandemic

The COVID-19 pandemic has resulted in a significant reduction in guest traffic at our restaurants due to changes in consumer behavior as public health officials encouraged social distancing and state and local governments mandated restrictions including suspension of dine-in operations, reduced restaurant seating capacity, table spacing requirements, bar closures and additional physical barriers. Beginning in late March 2020, we operated with all of our dining rooms closed and served our guests in a To Go only or To Go and delivery format. In late April 2020, state and local governments began to allow us to open dining rooms at limited capacities, along with other operating restrictions, and as of the date of this filing, 97.0 percent of our restaurants were able to open their dining rooms to some extent. While increasing our in-restaurant dining capacity is subject to the ordinances in the jurisdictions we operate, we are focused on increasing capacity where possible, while continuing to provide a safe environment for our team members and guests, and maintaining many of the operating efficiencies established during this time. As we navigate through the pandemic, we have taken significant steps to adapt our business to allow us to continue to serve guests, support our team members and secure our liquidity position to provide financial flexibility. During the first quarter of fiscal 2021, we undertook a strategic restructuring of our corporate organization and workforce in order to reduce costs and better align corporate expenses to our sales levels in the current environment. The corporate restructuring included a voluntary early retirement incentive program and other involuntary strategic workforce reductions and we incurred employee termination benefits costs and other costs of \$47.8 million.

Although we expect our restaurants' dining room capacity to increase as public health conditions improve and restrictions are eased, it is possible additional outbreaks could require us to reduce our capacity or further suspend our in-restaurant dining operations.

Financial Highlights - Consolidated

Our sales from continuing operations were \$1.53 billion for the first quarter of fiscal 2021, compared to \$2.13 billion for the first quarter of fiscal 2020. The 28.4 percent decrease in sales for the first quarter of fiscal 2021 was driven by combined Darden same-restaurant sales decrease of 29.0 percent for the first quarter of fiscal 2021 partially offset by revenue from the addition of 14 net new company-owned restaurants since the first quarter of fiscal 2020.

For the first quarter of fiscal 2021, our net earnings from continuing operations were \$37.3 million compared to \$171.8 million for the first quarter of fiscal 2020, and our diluted net earnings per share from continuing operations were \$0.28 for the first quarter of fiscal 2021 compared to \$1.38 for the first quarter of fiscal 2020. Our diluted per share results from continuing operations for the first quarter of fiscal 2021 were adversely impacted by approximately \$0.28 due to charges associated with our corporate restructuring plan.

Outlook

We expect sales for the second quarter of fiscal 2021 to be approximately 82 percent of sales for the second quarter of fiscal 2020.

Additionally, for the full year we expect to open 35-40 net new restaurants and we expect capital expenditures incurred to build new restaurants, remodel and maintain existing restaurants and technology initiatives to be between \$250.0 million and \$300.0 million.

SALES

The following table presents our sales by segment for the periods indicated.

(in millions)	Three Months Ended			
	August 30, 2020	August 25, 2019	% Chg	SRS (1)
Olive Garden	\$ 788.2	\$ 1,090.2	(27.7)%	(28.2)%
LongHorn Steakhouse	\$ 376.8	\$ 450.2	(16.3)%	(18.1)%
Fine Dining	\$ 83.1	\$ 136.1	(38.9)%	(39.1)%
Other Business	\$ 279.3	\$ 457.4	(38.9)%	(39.0)%

(1) Same-restaurant sales is a year-over-year comparison of each period's sales volumes for a 52-week year and is limited to restaurants open at least 16 months.

Olive Garden's sales decrease for the first quarter of fiscal 2021 was primarily driven by a U.S. same-restaurant sales decrease driven by the impact of COVID-19, partially offset by revenue from new restaurants. The decrease in U.S. same-restaurant sales for the first quarter of fiscal 2021 resulted from a 29.1 percent decrease in same-restaurant guest counts, partially offset by a 0.9 percent increase in average check.

LongHorn Steakhouse's sales decrease for the first quarter of fiscal 2021 was primarily driven by a same-restaurant sales decrease driven by the impact of COVID-19, partially offset by revenue from new restaurants. The decrease in same-restaurant sales for the first quarter of fiscal 2021 resulted from an 18.7 percent decrease in same-restaurant guest counts, partially offset by a 0.6 percent increase in average check.

Fine Dining's sales decrease for the first quarter of fiscal 2020 was primarily driven by a same-restaurant sales decrease driven by the impact of COVID-19, partially offset by revenue from new restaurants. The decrease in same-restaurant sales for the first quarter of fiscal 2021 resulted from a 40.8 percent decrease in same-restaurant guest counts, partially offset by a 1.7 percent increase in average check.

Other Business' sales decrease for the first quarter of fiscal 2020 was primarily driven by a same-restaurant sales decrease driven by the impact of COVID-19. The decrease in same-restaurant sales for the first quarter of fiscal 2021 resulted from a 40.4 percent decrease in same-restaurant guest counts, partially offset by a 1.4 percent increase in average check.

COSTS AND EXPENSES

The following table sets forth selected operating data as a percent of sales for the periods indicated. All information is derived from the unaudited consolidated statements of earnings for the quarters ended August 30, 2020 and August 25, 2019.

	Three Months Ended	
	August 30, 2020	August 25, 2019
Sales	100.0 %	100.0%
Costs and expenses:		
Food and beverage	28.4	28.3
Restaurant labor	32.8	33.0
Restaurant expenses	19.0	17.5
Marketing expenses	1.9	3.2
General and administrative expenses	8.4	4.6
Depreciation and amortization	5.7	4.0
Total operating costs and expenses	96.3 %	90.6%
Operating income	3.7	9.4
Interest, net	1.1	0.5
Other (income) expense, net	0.5	—
Earnings before income taxes	2.1	8.9
Income tax expense (benefit)	(0.3)	0.9
Earnings from continuing operations	2.4 %	8.1%

Quarter Ended August 30, 2020 Compared to Quarter Ended August 25, 2019

- Food and beverage costs increased as a percent of sales primarily due to a 1.5% impact from unfavorable menu mix and inflation, partially offset by a 1.3% impact from pricing and cost savings initiatives.
- Restaurant labor costs decreased as a percent of sales primarily due to a 3.3% impact from productivity improvement driven by operational simplification and a 0.8% impact from pricing leverage, partially offset by a 3.4% impact from sales deleverage and a 0.5% impact from inflation.
- Restaurant expenses increased as a percent of sales primarily due to a 6.0% impact from sales deleverage, partially offset by a 1.6% impact from lower repairs and maintenance expenses, a 0.8% impact from lower utility costs and a 0.7% impact from business interruption insurance proceeds.
- Marketing expenses decreased as a percent of sales primarily due to a 2.6% impact from lower media spending at Olive Garden and LongHorn Steakhouse, partially offset by a 1.3% impact from sales deleverage.
- General and administrative expenses increased as a percent of sales primarily due to a 2.7% impact from costs associated with our corporate restructuring in the first quarter of fiscal 2021 and a 1.8% impact from sales deleverage.
- Depreciation and amortization expenses increased as a percent of sales primarily due to sales deleverage.

INTEREST EXPENSE

Net interest expense increased as a percent of sales for the first quarter of fiscal 2021 primarily due to interest incurred on our \$270.0 million term loan.

OTHER (INCOME) EXPENSE, NET

Other (income) expense, net was \$7.5 million for the first quarter of fiscal 2021 primarily due to a postretirement benefit plan valuation adjustment resulting from our corporate restructuring in the first quarter of fiscal 2021.

INCOME TAXES

The effective income tax rate for continuing operations for the quarter ended August 30, 2020 was (14.8) percent, reflecting an income tax benefit of \$4.8 million compared to an effective income tax rate for the quarter ended August 25, 2019 of 9.8 percent, reflecting income tax expense of \$18.6 million. The change was driven primarily by lower net earnings from continuing operations in the quarter ended August 30, 2020, compared to the quarter ended August 25, 2019 and the impact of certain tax credits on our lower earnings before income taxes.

LOSSES FROM DISCONTINUED OPERATIONS

On an after-tax basis, losses from discontinued operations for the first quarter of fiscal 2021 were \$1.2 million (\$0.00 per diluted share) compared with losses from discontinued operations for the first quarter of fiscal 2020 of \$1.2 million (\$0.01 per diluted share).

SEGMENT RESULTS

We manage our restaurant brands, Olive Garden, LongHorn Steakhouse, Cheddar's Scratch Kitchen, Yard House, The Capital Grille, Seasons 52, Bahama Breeze and Eddie V's in North America as operating segments. We aggregate our operating segments into reportable segments based on a combination of the size, economic characteristics and sub-segment of full-service dining within which each brand operates. Our four reportable segments are: (1) Olive Garden, (2) LongHorn Steakhouse, (3) Fine Dining and (4) Other Business (see Note 6 to our unaudited consolidated financial statements in Part I, Item 1 of this report).

Our management uses segment profit as the measure for assessing performance of our segments. The following table presents segment profit margin for the periods indicated.

Segment	Three Months Ended		
	August 30, 2020	August 25, 2019	Change
Olive Garden	22.1%	21.0%	110 BPS
LongHorn Steakhouse	15.1%	16.5%	(140) BPS
Fine Dining	11.9%	14.9%	(300) BPS
Other Business	12.8%	14.1%	(130) BPS

The increase in Olive Garden's segment profit margin for the first quarter of fiscal 2021 was driven primarily by decreased marketing expense, related to television and digital media, as well as decreased food and beverage and restaurant labor costs, only partially offset by negative same restaurant sales resulting from the economic impact of COVID-19. The decrease in LongHorn Steakhouse, Fine Dining and Other Business' segment profit margins for the first quarter of fiscal 2021 was driven primarily by negative same-restaurant sales resulting from the economic impact of COVID-19, partially offset by decreased marketing expense and labor costs.

SEASONALITY

Our sales volumes fluctuate seasonally. Typically, our average sales per restaurant are highest in the winter and spring, followed by the summer, and lowest in the fall. Holidays, changes in the economy, severe weather and similar conditions may impact sales volumes seasonally in some operating regions. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year. We are not able to predict the impact that the COVID-19 pandemic may have on the seasonality of our business.

LIQUIDITY AND CAPITAL RESOURCES

Typically, cash flows generated from operating activities are our principal source of liquidity, which we use to finance capital expenditures for new restaurants and to remodel and maintain existing restaurants, to pay dividends to our shareholders and to repurchase shares of our common stock. Since substantially all of our sales are for cash and cash equivalents, and accounts payable are generally paid in 5 to 90 days, we are typically able to carry current liabilities in excess of current assets. As previously noted, in March 2020, all of our restaurants began operating at reduced capacities due to the COVID-19 outbreak and initially were not able to generate sufficient cash from operations to cover all of our projected expenditures while operating at those reduced capacities. Accordingly, we took significant steps to adapt our business, which allowed us to continue to serve

guests, support our team members and secure our liquidity position to provide financial flexibility. As state and local governments allowed us to open dining rooms at limited capacities our cash flows have improved, and during the first quarter of fiscal 2021 we generated positive operating cash flows and fully repaid our \$270.0 million 364-day term loan prior to maturity. Additionally, our Board of Directors has reinstated a quarterly dividend, declaring a cash dividend of \$0.30 per share to be paid November 2, 2020 to all shareholders of record as of the close of business on October 9, 2020.

We currently manage our business and financial ratios to target an investment-grade bond rating, which has historically allowed flexible access to financing at reasonable costs. Our publicly issued long-term debt currently carries the following ratings:

- Moody's Investors Service "Baa3";
- Standard & Poor's "BBB-"; and
- Fitch "BBB-".

Our commercial paper has ratings of:

- Moody's Investors Service "P-3";
- Standard & Poor's "A-3"; and
- Fitch "F-3".

These ratings are as of the date of the filing of this Form 10-Q and have been obtained with the understanding that Moody's Investors Service, Standard & Poor's and Fitch will continue to monitor our credit and make future adjustments to these ratings to the extent warranted. The ratings are not a recommendation to buy, sell or hold our securities, may be changed, superseded or withdrawn at any time and should be evaluated independently of any other rating.

We maintain a \$750.0 million Revolving Credit Agreement with Bank of America, N.A. (BOA), as administrative agent, and the lenders and other agents party thereto. The Revolving Credit Agreement is a senior unsecured credit commitment to the Company and contains customary representations and affirmative and negative covenants (including limitations on liens and subsidiary debt and a maximum consolidated lease adjusted total debt to total capitalization ratio of 0.75 to 1.00) and events of default usual for credit facilities of this type. As of August 30, 2020, we were in compliance with all covenants under the Revolving Credit Agreement.

The Revolving Credit Agreement matures on October 27, 2022, and the proceeds may be used for working capital and capital expenditures, the refinancing of certain indebtedness, certain acquisitions and general corporate purposes. Loans under the Revolving Credit Agreement bear interest at a rate of LIBOR plus a margin determined by reference to a ratings-based pricing grid (Applicable Margin), or the base rate (which is defined as the highest of the BOA prime rate plus 0.075 percent, the Federal Funds rate plus 0.500 percent, and the Eurocurrency Rate plus 1.075 percent) plus the Applicable Margin. Assuming a "BBB-" equivalent credit rating level, the Applicable Margin under the Revolving Credit Agreement will be 1.075 percent for LIBOR loans and 0.075 percent for base rate loans. As of August 30, 2020, we had no outstanding balances under the Revolving Credit Agreement.

As of August 30, 2020, our outstanding long-term debt consisted principally of:

- \$500.0 million of unsecured 3.850 percent senior notes due in May 2027;
- \$96.3 million of unsecured 6.000 percent senior notes due in August 2035;
- \$42.8 million of unsecured 6.800 percent senior notes due in October 2037; and
- \$300.0 million of unsecured 4.550 percent senior notes due in February 2048.

The interest rate on our \$42.8 million senior notes due in October 2037 is subject to adjustment from time to time if the debt rating assigned to such series of notes is downgraded below a certain rating level (or subsequently upgraded). The maximum adjustment is 2.000 percent above the initial interest rate and the interest rate cannot be reduced below the initial interest rate. As of August 30, 2020, no such adjustments are made to this rate.

We may from time to time repurchase our remaining outstanding debt in privately negotiated transactions. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements and other factors.

From time to time we enter into interest rate derivative instruments. See Note 9 to our unaudited consolidated financial statements in Part I, Item 1 of this report, which is incorporated by reference.

Net cash flows provided by operating activities of continuing operations decreased to \$206.7 million for the first three months of fiscal 2021, from \$253.8 million for the first three months of fiscal 2020. Net cash flows provided by operating

activities include net earnings from continuing operations of \$36.1 million and \$170.6 million in the first three months of fiscal 2021 and 2020, respectively. The decrease in net earnings is primarily driven by the impact of COVID-19.

Net cash flows used in investing activities of continuing operations were \$44.0 million for the first three months of fiscal 2021, compared to \$166.9 million for the first three months of fiscal 2020. Capital expenditures decreased to \$42.2 million for the first three months of fiscal 2021 from \$117.1 million for the first three months of fiscal 2020 reflecting a decrease in new restaurant construction and remodel activity during fiscal 2021. Net cash flows used in investing activities for fiscal 2020 also reflect net cash used of \$37.0 million in the acquisition of Cheddar's Scratch Kitchen restaurants from existing franchisees.

Net cash flows used in financing activities of continuing operations were \$273.6 million for the first three months of fiscal 2021, compared to \$192.7 million for the first three months of fiscal 2020. Net cash flows used in financing activities for the first three months of fiscal 2021 included repayment of a 364-day term loan of \$270.0 million prior to maturity. Net cash flows used in financing activities for the first three months of fiscal 2020 reflected dividends paid of \$108.1 million and share repurchases of \$94.8 million partially offset by proceeds from the exercise of employee stock options. Dividends declared by our Board of Directors totaled \$0.88 per share for the first three months of fiscal 2020.

On September 18, 2019, our Board of Directors authorized a new share repurchase program under which we may repurchase up to \$500.0 million of our outstanding common stock. This repurchase program does not have an expiration and replaces all other outstanding share repurchase authorizations. During the quarter ended August 30, 2020, we repurchased 0.1 million shares of our common stock compared to 0.8 million shares of our common stock during the quarter ended August 25, 2019. All shares repurchased during the quarter ended August 30, 2020 were solely shares withheld for taxes on vesting of restricted stock, shares delivered or deemed to be delivered to us on tender of stock in payment for the exercise price of options, or shares reacquired pursuant to tax withholding on option exercises.

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, sales, costs or expenses, results of operations, liquidity, capital expenditures or capital resources.

Impairment of our assets, including goodwill or trademarks, adversely affects our financial position and results of operations, and our leverage ratio for purposes of our Revolving Credit Agreement. A leverage ratio exceeding the maximum permitted under our Revolving Credit Agreement would be a default under our Revolving Credit Agreement. At August 30, 2020, write-downs of goodwill, other indefinite-lived intangible assets, or any other assets in excess of approximately \$1.24 billion would have been required to cause our leverage ratio to exceed the permitted maximum. As our leverage ratio is determined on a quarterly basis, and due to the seasonal nature of our business, a lesser amount of impairment in future quarters could cause our leverage ratio to exceed the permitted maximum.

FINANCIAL CONDITION

Our current assets totaled \$971.0 million as of August 30, 2020, compared to \$1.10 billion as of May 31, 2020. The decrease was primarily due to a decrease in cash and cash equivalents primarily driven by repayment of short-term debt.

Our current liabilities totaled \$1.54 billion as of August 30, 2020, compared to \$1.79 billion as of May 31, 2020. The decrease was primarily driven by repayment of short-term debt, partially offset by an increase in other current liabilities.

CRITICAL ACCOUNTING ESTIMATES

We prepare our consolidated financial statements in conformity with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales, costs and expenses during the reporting period. Actual results could differ from those estimates. We have discussed the development, selection and disclosure of those estimates with the Audit Committee. Our critical accounting estimates have not changed materially from those previously reported in our Annual Report on Form 10-K for the fiscal year ended May 31, 2020.

APPLICATION OF NEW ACCOUNTING STANDARDS

Information regarding application of new accounting standards is incorporated by reference from Note 1 to our unaudited consolidated financial statements in Part I, Item 1 of this report.

FORWARD-LOOKING STATEMENTS

Statements set forth in or incorporated into this report regarding the expected increase in the number of our restaurants and capital expenditures in fiscal 2021, projections for sales and all other statements that are not historical facts, including without limitation statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of Darden Restaurants, Inc. and its subsidiaries that are preceded by, followed by or that include words such as “may,” “will,” “expect,” “intend,” “anticipate,” “continue,” “estimate,” “project,” “believe,” “plan,” “outlook” or similar expressions, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are included, along with this statement, for purposes of complying with the safe harbor provisions of that Act. Any forward-looking statements speak only as of the date on which such statements are made, and we undertake no obligation to update such statements for any reason to reflect events or circumstances arising after such date. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by such forward-looking statements. In addition to the risks and uncertainties of ordinary business obligations, and those described in information incorporated into this report, the forward-looking statements contained in this report are subject to the risks and uncertainties described in Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended May 31, 2020 and in our Forms 10-Q (including this report), which are summarized as follows:

- The impacts of the novel coronavirus (COVID-19) pandemic on our business and the response of governments and of our company to the outbreak;
- Health concerns arising from food-related pandemics, outbreaks of flu viruses or other diseases;
- Insufficient guest or employee facing technology, or a failure to maintain a continuous and secure cyber network, free from material failure, interruption or security breach;
- Food safety and food-borne illness concerns throughout the supply chain;
- The inability to hire, train, reward and retain restaurant team members;
- A failure to recruit, develop and retain effective leaders or the loss or shortage of key personnel;
- Insufficient or ineffective response to legislation or government regulation may impact our cost structure, operational efficiencies and talent availability;
- Litigation, including allegations of illegal, unfair or inconsistent employment practices;
- Unfavorable publicity, or a failure to respond effectively to adverse publicity;
- An inability or failure to recognize, respond to and effectively manage the accelerated impact of social media;
- The inability to cancel long-term, non-cancelable leases that we may want to cancel or the inability to renew the leases that we may want to extend at the end of their terms;
- Labor and insurance costs;
- Our inability or failure to execute a comprehensive business continuity plan following a major natural disaster such as a hurricane or manmade disaster, including terrorism;
- Intense competition, or an insufficient focus on competition and the consumer landscape;
- Changes in consumer preferences that may adversely affect demand for food at our restaurants;
- Our failure to drive both short-term and long-term profitable sales growth through brand relevance, operating excellence, opening new restaurants of existing brands and developing or acquiring new dining brands;
- A lack of suitable new restaurant locations or a decline in the quality of the locations of our current restaurants;
- Higher-than-anticipated costs to open, close, relocate or remodel restaurants;
- A failure to identify and execute innovative marketing and guest relationship tactics and ineffective or improper use of other marketing initiatives and increased advertising and marketing costs;
- A failure to address cost pressures, including rising costs for commodities, labor, health care and utilities used by our restaurants, and a failure to effectively deliver cost management activities and achieve economies of scale in purchasing;
- The impact of shortages or interruptions in the delivery of food and other products from third-party vendors and suppliers;
- Adverse weather conditions and natural disasters;
- Volatility in the market value of derivatives we may use to hedge commodity and broader market prices;
- Volatility in the United States equity markets that may affect our ability to efficiently hedge exposures to our market risk related to equity-based compensation awards;
- Economic and business factors specific to the restaurant industry and other general macroeconomic factors including energy prices and interest rates that are largely out of our control;

- Disruptions in the financial markets that may impact consumer spending patterns, affect the availability and cost of credit;
- Risks associated with doing business with franchisees and licensees;
- Risks associated with doing business with business partners and vendors in foreign markets;
- Failure to protect our service marks or other intellectual property;
- Impairment of the carrying value of our goodwill or other intangible assets;
- Changes in tax laws or treaties and unanticipated tax liabilities; and
- A failure of our internal controls over financial reporting and future changes in accounting standards.

Any of the risks described above or elsewhere in this report or our other filings with the SEC could have a material impact on our business, financial condition or results of operations. It is not possible to predict or identify all risk factors. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. Therefore, the above is not intended to be a complete discussion of all potential risks or uncertainties.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of market risks, including fluctuations in interest rates, foreign currency exchange rates, compensation and commodity prices. To manage this exposure, we periodically enter into interest rate, foreign currency exchange rate, equity forward and commodity derivative instruments for other than trading purposes (see Note 9 to our unaudited consolidated financial statements in Part I, Item 1 of this report).

We use the variance/covariance method to measure value at risk, over time horizons ranging from one week to one year, at the 95 percent confidence level. As of August 30, 2020, our potential losses in future net earnings resulting from changes in equity forwards, commodity instruments and floating rate debt interest rate exposures were approximately \$21.2 million over a period of one year. The value at risk from an increase in the fair value of all of our long-term fixed-rate debt, over a period of one year, was approximately \$86.3 million. The fair value of our long-term fixed-rate debt outstanding as of August 30, 2020, averaged \$952.7 million, with a high of \$974.8 million and a low of \$917.3 million during the first three months of fiscal 2021. Our interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows by targeting an appropriate mix of variable and fixed-rate debt.

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of August 30, 2020, the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of August 30, 2020.

During the fiscal quarter ended August 30, 2020, there was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

See the discussion of legal proceedings contained in the third paragraph of Note 11 to our unaudited consolidated financial statements in Part I, Item 1 of this report, which is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to the risk factors contained in our Annual Report on Form 10-K for the year ended May 31, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below provides information concerning our repurchase of shares of our common stock during the quarter ended August 30, 2020.

(Dollars in millions, except per share data)	Total Number of Shares Purchased (1) (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (3)
June 1, 2020 through July 5, 2020	—	\$ —	—	\$ 290.6
July 6, 2020 through August 2, 2020	82,873	\$ 78.54	82,873	\$ 284.1
August 3, 2020 through August 30, 2020	1,717	\$ 78.16	1,717	\$ 284.0
Total	84,590	\$ 78.53	84,590	\$ 284.0

- (1) All of the shares purchased during the quarter ended August 30, 2020 were purchased as part of our repurchase program. On September 18, 2019, our Board of Directors authorized a new share repurchase program under which the Company may repurchase up to \$500.0 million of its outstanding common stock. This repurchase program, which was announced publicly in a press release issued on September 19, 2019, does not have an expiration and replaced the previously existing share repurchase authorization.
- (2) The number of shares purchased includes shares withheld for taxes on vesting of restricted stock, shares delivered or deemed to be delivered to us on tender of stock in payment for the exercise price of options, and shares reacquired pursuant to tax withholding on option exercises. These shares are included as part of our repurchase program and deplete the repurchase authority granted by our Board. The number of shares repurchased excludes shares we reacquired pursuant to forfeiture of restricted stock.
- (3) Repurchases are subject to prevailing market prices, may be made in open market or private transactions and may occur or be discontinued at any time. There can be no assurance that we will repurchase any shares.

Item 6. Exhibits

Exhibit No.	Exhibit Title
10.47	<u>Form of Capital Burger Award Agreement under the Darden Restaurants, Inc. 2015 Omnibus Incentive Plan.</u>
10.48	<u>Darden Restaurants, Inc. Annual Incentive Plan, effective as of June 1, 2020.</u>
31(a)	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31(b)	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32(a)	<u>Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32(b)	<u>Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DARDEN RESTAURANTS, INC.

Dated: October 6, 2020

By: /s/ Ricardo Cardenas

Ricardo Cardenas

Senior Vice President and Chief Financial Officer

(Principal financial officer)

**DARDEN RESTAURANTS, INC.
2015 OMNIBUS INCENTIVE PLAN**

PERFORMANCE STOCK UNIT AWARD AGREEMENT
(United States)

This Performance Stock Unit Award Agreement (the “Agreement”) is between Darden Restaurants, Inc., a Florida corporation (the “Company”), and you, a person notified by the Company, and identified in the Company’s records, as the recipient of an Award of performance-based Restricted Stock Units (“Performance Stock Units”) This Agreement is effective as of [Grant Date] (the “Grant Date”).

The Company wishes to award to you Performance Stock Units representing the opportunity to earn shares of Stock, subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Company’s 2015 Omnibus Incentive Plan (the “Plan”).

Accordingly, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and you hereby agree as follows:

1. Award of Performance Stock Units.

The Company hereby grants to you, effective as of the Grant Date, an Award of Performance Stock Units for that number of Performance Stock Units communicated to you and set forth in the Company’s records (the “PSUs”), on the terms and conditions set forth in such communication, this Agreement and the Plan. Each PSU represents the right to receive one share of Stock, subject to the terms and conditions set forth herein.

2. Rights with Respect to the PSUs.

The PSUs granted hereunder do not and shall not give you any of the rights and privileges of a shareholder of Stock. Your rights with respect to the PSUs shall remain forfeitable at all times prior to the date or dates on which such rights become vested, and the restrictions with respect to the PSUs lapse, in accordance with Sections 3 or 4 hereof. Your right to receive cash payments and other distributions with respect to the PSUs is more particularly described in Sections 7(b) and (c) hereof.

3. Vesting.

(a) Subject to the terms and conditions of this Agreement, including the clawback and forfeiture provisions under Section 6 and Section 11 below, the Earned PSUs (as defined below), if any, shall vest, and the restrictions with respect to the PSUs shall lapse, on the dates and in the amounts set forth in this Agreement if you remain continuously employed by the Company or an Affiliate until the date you become vested in accordance with the terms and conditions of this Agreement.

(b) The number of PSUs that shall become earned, if any (the “Earned PSUs”), during the period commencing on [] (the “Commencement Date”) and ending on [] (the “Performance Period”) shall be determined as provided in Exhibit A to this Agreement.

(c) A PSU that has become an Earned PSU shall become vested if you are employed by the Company or an Affiliate on the date that it first becomes earned under Exhibit A.

(d) Any PSUs that have not become Earned PSUs as of the end of the Performance Period shall be immediately forfeited.

(e) The Committee administering the Plan shall have the authority to make any determinations regarding questions arising from the application of the provisions of this Section 3, which determination shall be final, conclusive and binding on you and the Company.

4. Forfeiture; Early Vesting.

If you cease to be employed by the Company or an Affiliate for any reason prior to the vesting or forfeiture of the PSUs pursuant to Section 3 hereof, your rights to all of the PSUs shall be immediately and irrevocably forfeited, including the right to receive cash payments and other distributions pursuant to Sections 7(b) and (c) hereof. Notwithstanding the foregoing, the PSUs shall become earned and vested as provided below subject to the terms and conditions of this Agreement, including the clawback and forfeiture provisions under Section 6 and Section 11 below:

(a) If, within two years after the date of the consummation of a Change in Control that occurs after the Grant Date, the Company terminates your employment for any reason other than for Cause, you terminate employment due to death or Disability (as defined in Section 4(e) below), or you terminate employment for Good Reason (as defined in Section 4(f) below), the Earned Percentage shall be deemed to be one hundred percent (100%) and you shall become immediately and unconditionally vested in all of the Earned PSUs.

(b) If you terminate employment with the Company or an Affiliate due to death during the Performance Period and did not previously forfeit the PSUs, all then outstanding PSUs shall be deemed to be Earned PSUs and you shall become immediately and unconditionally vested in all such Earned PSUs as of the date of your death.

(c) Except as otherwise provided in Section 4(a) above, if you terminate employment with the Company or an Affiliate on account of becoming Disabled (as defined in Section 4(e) below) during Tranche 1 (as defined in Exhibit A) and did not previously forfeit the PSUs, then fifty percent (50%) of the PSUs shall immediately be considered, on a pro rata basis, to be Earned PSUs that are vested, with such pro ration determined based on the number of Openings (as defined in Exhibit A) completed during Tranche 1 prior to the date on which you were determined to be Disabled, less any Openings that are disregarded pursuant to Exhibit A because the Capital Burger location subsequently closed,

divided by the number of total Openings required to be completed, as defined in Exhibit A, during Tranche 1 to earn fifty (50%) of the PSUs subject to this Agreement.

(d) If you terminate employment with the Company or an Affiliate on account of becoming Disabled during Tranche 2 (as defined in Exhibit A) and did not previously forfeit the PSUs, then all PSUs not previously earned shall immediately be considered, on a pro rata basis, to be Earned PSUs that are vested, with such pro ration determined based on the number of Openings (as defined in Exhibit A) completed during Tranche 2 prior to the date on which you were determined to be Disabled, less any Openings that are disregarded pursuant to Exhibit A because the Capital Burger location subsequently closed, divided by the number of total Openings required to be completed, as defined in Exhibit A, during Tranche 2 to earn the remaining fifty percent (50%) of the PSUs subject to this Agreement.

(e) For purposes of this Agreement, “Disabled” or “Disability” means (i) being treated as disabled under the applicable plan of long-term disability of the Company or an Affiliate; (ii) becoming eligible for disability benefits under the Social Security Act; or (iii) the Company, in its sole discretion, determines you to be “Disabled” for purposes of this Agreement.

(f) For purposes of this Agreement, “Good Reason” means:

(i) without your express written consent, (a) the assignment to you of any duties inconsistent in any substantial respect with your position, authority or responsibilities as in effect during the 90-day period immediately preceding the date of the consummation of a Change in Control or (b) any other substantial adverse change in such position (including titles), authority or responsibilities; or

(ii) a material reduction in your base salary, target annual bonus opportunity, long-term incentive opportunity or aggregate employee benefits as in effect immediately prior to the date of the consummation of a Change in Control, other than (a) an inadvertent failure remedied by the Company promptly after receipt of notice thereof given by you or (b) with respect to aggregate employee benefits only, any such failure resulting from an across-the-board reduction in employee benefits applicable to all similarly situated employees of the Company generally.

You shall only have Good Reason if (A) you have provided notice of termination to the Company of any of the foregoing conditions within ninety (90) days of the initial existence of the condition, (B) the Company has been given at least thirty (30) days following receipt of such notice to cure such condition, and (C) if such condition is not cured within such thirty (30) day period, you actually terminate employment within sixty (60) days after the notice of termination. Your mental or physical incapacity following the occurrence of an event described above in clauses (i) or (ii) shall not affect your ability to terminate employment for Good Reason and your death following delivery of a notice of termination for Good Reason shall not affect your estate’s entitlement to settlement of the PSUs as provided hereunder upon a termination of employment for Good Reason.

5. Restriction on Transfer.

Except as contemplated by Section 7(a), none of the PSUs may be sold, assigned, transferred, pledged, attached or otherwise encumbered, and no attempt to transfer the PSUs, whether voluntary or involuntary, by operation of law or otherwise, shall vest the transferee with any interest or right in or with respect to the PSUs.

6. Application of Clawback Policy and Stock Ownership Policy

The PSUs and any rights to Stock or other property in connection with the PSUs are subject to terms and conditions of the Company's Clawback Policy and Stock Ownership Policy (collectively, the "Policies"), each as may be amended and in effect from time to time. By accepting the PSUs, you voluntarily agree and acknowledge that: (a) the Policies have been previously provided to you, (b) the Policies are part of this Performance Stock Unit Award Agreement, (c) the Company may cancel the PSUs, require reimbursement of Stock acquired under the PSUs and effect any other right of recoupment as provided under the Plan or otherwise in accordance with these Policies as they currently exist or as they may from time to time be adopted or modified in the future by the Company, (d) you may be required to repay to the Company certain previously paid compensation, whether provided under the Plan, the PSUs, or otherwise in accordance with the Clawback Policy, and (e) you understand the terms and conditions set forth in the Policies and this Section 6. The Company's rights under this Section 6 shall be in addition to its rights under Section 3.3.2 of the Plan.

7. Settlement of PSUs; Issuance of Stock.

(a) No share of Stock subject to a PSU shall be issued to you (or your beneficiary or, if none, your estate in the event of your death) prior to the date on which it becomes an Earned PSU and vests, in accordance with the terms and conditions set forth in this Agreement. The Company shall issue you a share of Stock with respect to an Earned PSU that has become vested as soon as administratively practicable, as determined in the Company's sole discretion, but no later than the 15th day of the third month following the end of the Company's taxable year in which a PSU becomes an Earned PSU that is vested. Any share of Stock deliverable to you under this Section 7 shall be subject to any applicable withholding taxes pursuant to Section 10 hereof and be delivered in such a manner as the Committee, in its sole discretion, deems appropriate, including by book-entry or direct registration (including transaction advices) or in the form of a stock certificate or certificates, registered in your name. The Company will not deliver any fractional share of Stock but will pay, in lieu thereof, the Fair Market Value of such fractional share of Stock relating to any Earned PSU that is vested. In the event of your death before settlement of Earned PSUs that are vested, the number of shares of Stock otherwise deliverable and the amount otherwise payable under this Section 7(a) shall be delivered or paid, as applicable, to your beneficiary or, if none, to your estate as soon as practicable after your death. No transfer by will or the Applicable Laws of descent and distribution of any Earned PSUs which vest by reason of your death shall be effective to bind the Company unless the Committee administering the Plan shall have been furnished with written notice of such transfer and a copy of the will or

such other evidence as the Committee may deem necessary to establish the validity of the transfer.

(b) On each date on which shares of Stock under Section 7(a) are delivered to you (or your beneficiary or, if none, your estate in the event of your death), the Company shall also deliver to you (or your beneficiary or, if none, your estate in the event of your death) the number of additional shares of Stock, the number of any other securities of the Company and the value or actual issuance of any other property (in each case as determined by the Committee) (except for cash dividends and other cash distributions), in each case that the Company would have distributed to you in respect of the shares of Stock that are being delivered to you under Section 7(a) had such shares been issued to you on the Grant Date, without interest, and less any tax withholding amount applicable to such distribution. To the extent that the PSUs are forfeited prior to vesting, the right to receive such distributions shall also be forfeited.

(c) On each date on which shares of Stock under Section 7(a) are delivered to you (or your beneficiary or, if none, your estate in the event of your death), the Company shall also deliver to you (or your beneficiary or, if none, your estate in the event of your death) the aggregate amount of cash dividends and other cash distributions that the Company would have paid to you during the period commencing on the Grant Date and ending on the applicable vesting date in respect of the shares of Stock that are being delivered to you under Section 7(a) had such shares been issued to you on the Grant Date, without interest, and less any applicable withholding taxes. To the extent that the PSUs are forfeited prior to vesting, the right to receive such cash dividends and distributions shall also be forfeited.

8. Adjustments.

In the event that the Committee administering the Plan shall determine that any dividend or other distribution (whether in the form of cash, shares of Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or other securities of the Company, issuance of warrants or other rights to purchase shares or other securities of the Company or other similar corporate transaction or event affects the Stock such that an adjustment of the PSUs is determined by the Committee administering the Plan to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Agreement, then the Committee shall, in such manner as it may deem equitable, in its sole discretion, adjust any or all of the number and type of shares subject to the PSUs.

9. Section 409A. It is the intention of the parties that each payment under the terms of this Agreement qualify as a short-term deferral exempt from Section 409A of the Code as defined in Treasury Regulations Section 1.409A-1(b)(4). Accordingly, to the extent there is any ambiguity as to whether one or more provisions of this Agreement would otherwise contravene the requirements or limitations applicable to qualifying a payment hereunder as a short-term deferral, then those provisions shall be interpreted and applied in a manner that does not result in a violation of such requirements or limitations that apply to the short-term deferral exception. Each share of Stock, cash or other property that vests and becomes payable under this Agreement is intended to constitute a “separate payment” for purposes of Treasury Regulation Section 1.409A-2(b)(2).

10. Taxes.

(a) You acknowledge that you will consult with your personal tax advisor regarding the income tax consequences of the grant of the PSUs, the receipt of shares of Stock, cash payments or other distributions pursuant to Section 7 hereof, the vesting of the PSUs and the receipt of shares of Stock upon the settlement of the PSUs, and any other matters related to this Agreement.

(b) In order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are your sole and absolute responsibility, are withheld or collected from you.

(c) In accordance with the terms of the Plan, and such rules as may be adopted by the Committee administering the Plan, you may elect to satisfy any applicable tax withholding obligations arising from the vesting of the PSUs and the corresponding receipt of shares of Stock and cash payments by (i) delivering cash (including check, draft, money order or wire transfer made payable to the order of the Company), (ii) having the Company withhold a portion of the shares of Stock or cash otherwise to be delivered or paid having a Fair Market Value equal to the minimum statutory withholding amount or such greater amount as may be permitted under applicable accounting standards, or (iii) delivering to the Company shares of Stock having a Fair Market Value equal to the amount of such taxes. Your election must be made on or before the date that the amount of tax to be withheld is determined. The maximum number of shares of Stock that may be withheld to satisfy any applicable tax withholding obligations arising from the vesting and settlement of the PSUs may not exceed such number of shares of Stock having a Fair Market Value equal to the minimum statutory amount required by the Company to be withheld and paid to any federal, state, or local taxing authority with respect to such vesting and settlement of the PSUs, or such greater amount as may be permitted under applicable accounting standards, at the discretion of the Company. If you do not make a tax withholding election under this Section 10(b), the Company shall withhold shares of Stock as provided in Section 10(b)(ii) above.

11. [Restrictive Covenants].

(a) Non-Disclosure.

(i) During the course of your employment, before and after the execution of this Agreement, and as consideration for the restrictive covenants entered into by you herein, you have received and will continue to receive some or all of the Company's various Trade Secrets (as defined under Applicable Law, including the Defend Trade Secrets Act of 2016) and confidential or proprietary information, which includes the following whether in physical or electronic form: (1) data and compilations of data related to Business Opportunities (as defined below), (2) computer software, hardware, network and internet technology utilized, modified or enhanced by the Company or by you in furtherance of your duties with the Company; (3) compilations of data concerning Company products, services, customers, and end users including but not limited to compilations concerning projected sales, new project timelines, inventory reports, sales, and cost and expense reports; (4) compilations of information about the Company's employees and independent contracting consultants; (5) the Company's financial information, including, without limitation, amounts charged to customers and amounts charged to the Company by its vendors, suppliers, and service providers; (6) proposals submitted to the Company's customers, potential customers, wholesalers, distributors, vendors, suppliers and service providers; (7) the Company's marketing strategies and compilations of marketing data; (8) compilations of data or information concerning, and communications and agreements with, vendors, suppliers and licensors to the Company and other sources of technology, products, services or components used in the Company's business; (9) the Company's research and development records and data; and (10) any summary, extract or analysis of such information together with information that has been received or disclosed to the Company by any third party as to which the Company has an obligation to treat as confidential (collectively, "Confidential Information"). "Business Opportunities" means all ideas, concepts or information received or developed (in whatever form) by you concerning any business, transaction or potential transaction that constitutes or may constitute an opportunity for the Company to earn a fee or income, specifically including those relationships that were initiated, nourished or developed at the Company's expense. Confidential Information does not include data or information: (1) which has been voluntarily disclosed to the public by the Company, except where such public disclosure has been made by you without authorization from the Company; (2) which has been independently developed and disclosed by others; or (3) which has otherwise entered the public domain through lawful means.

(ii) All Confidential Information, Trade Secrets, and all physical and electronic embodiments thereof are confidential and are and will remain the sole and exclusive property of the Company. During the term of your employment with the Company and for a period of five (5) years following the termination of your employment with the Company for any reason, with or without Cause, and upon the initiative of either you or the Company, you agree that you shall protect any such Confidential Information and Trade Secrets and shall not, except in connection with the performance of your remaining duties for the Company, use, disclose or otherwise copy, reproduce, distribute or otherwise disseminate any such Confidential

Information or Trade Secrets, or any physical or electronic embodiments thereof, to any third party; provided, however, that you may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, in which event you will promptly notify the Company of such order or subpoena to provide the Company an opportunity to protect its interests.

(iii) Upon request by the Company and, in any event, upon termination of your employment with the Company for any reason, you will promptly deliver to the Company (within twenty-four (24) hours) all property belonging to the Company, including but without limitation, all Confidential Information, Trade Secrets and all electronic and physical embodiments thereof, all Company files, customer lists, management reports, memoranda, research, Company forms, financial data and reports and other documents (including but not limited to all such data and documents in electronic form) supplied to or created by you in connection with your employment with the Company (including all copies of the foregoing) in your possession or control, and all of the Company's equipment and other materials in your possession or control. You agree to allow the Company, at its request, to verify return of Company property and documents and information and/or permanent deletion of the same, through inspection of personal computers, personal storage media, third party websites, third party e-mail systems, personal digital assistant devices, cell phones and/or social networking sites on which Company information was stored during your employment with the Company.

(iv) Nothing contained herein shall be in derogation or a limitation of the rights of the Company to enforce its rights or your duties under the Applicable Law relating to Trade Secrets.

(b) Non-Competition. You agree that, while employed by the Company and for a period of twenty-four (24) months following the termination of your employment with the Company for any reason, with or without Cause, whether upon the initiative of either you or the Company (the "Restricted Period"), you will not provide or perform the same or substantially similar services, that you provided to the Company, on behalf of any Direct Competitor (as defined below), directly (i.e., as an officer or employee) or indirectly (i.e., as an independent contractor, consultant, advisor, board member, agent, shareholder, investor, joint venturer, or partner), anywhere within the United States of America (the "Territory"). "Direct Competitor" means any individual, partnership, corporation, limited liability company, association, or other group, however organized, who competes with the Company in the full service restaurant business.

(i) If you are a resident of California and subject to its laws, the restrictions set forth in this Section 11(b) above shall not apply to you.

(ii) Nothing in this provision shall divest you from the right to acquire as a passive investor (with no involvement in the operations or management of the business) up to 1% of any class of securities which is: (i) issued by any Direct

Competitor, and (ii) publicly traded on a national securities exchange or over-the-counter market.

(c) Non-Solicitation. You agree that you shall not at any time during your employment with the Company and during the Restricted Period, on behalf of yourself or any other Person, directly or by assisting others, solicit, induce, encourage or cause any of the Company's vendors, suppliers, licensees, or other Persons with whom the Company has a contractual relationship and with whom you have had Material Contact (as defined below) during the last two years of your employment with the Company, to cease doing business with the Company or to do business with a Direct Competitor. "Material Contact" means contact between you and a Person: (1) with whom or which you dealt on behalf of the Company; (2) whose dealings with the Company were coordinated or supervised by you; (3) about whom you obtained Confidential Information in the ordinary course of business as a result of your association with the Company; or (4) who receives products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commission, or earnings for you within two years prior to the date of the termination of your employment with the Company.

(d) Non-Recruitment. You agree that during the course of your employment with the Company and during the Restricted Period, you will not, on behalf of yourself or any other Person, directly or by assisting others, solicit, induce, persuade, or encourage, or attempt to solicit, induce, persuade, or encourage, any individual employed by the Company, with whom you have worked, to terminate such employee's position with the Company, whether or not such employee is a full-time or temporary employee of the Company and whether or not such employment is pursuant to a written agreement, for a determined period, or at will. The provisions of this Section 11(d) shall only apply to those individuals employed by the Company at the time of solicitation or attempted solicitation. If you are a resident of California and subject to its laws, the restrictions set forth in Section 11(c) above and this Section 11(d) shall be limited to apply only where you use or disclose Confidential Information or Trade Secrets when engaging in the restricted activities.

(e) Acknowledgements. You acknowledge that the Company is in the business of marketing, developing and establishing its restaurant brands and concepts on a nationwide basis and that the Company makes substantial investments and has established substantial goodwill associated with its restaurant brands and concepts, supplier relationships and marketing programs throughout the United States. You therefore acknowledge that the Territory in which the Company's Business is conducted is, at the very least, throughout the United States. You further acknowledge and agree that it is fair and reasonable for the Company to take steps to protect its Confidential Information, Trade Secrets, goodwill, business relationships, employees, economic advantages, and/or other legitimate business interests from the risk of misappropriation of or harm to its Confidential Information, Trade Secrets, goodwill, business relationships, employees, economic advantages, and/or other legitimate business interests. You acknowledge that the consideration, including this Agreement, continued employment, specialized training, and the Confidential Information and Trade Secrets provided to you, gives rise to the Company's interest in restraining you

from competing with the Company and that any limitations as to time, geographic scope and scope of activity to be restrained are reasonable and do not impose a greater restraint than is necessary to protect Company's Confidential Information, Trade Secrets, good will, business relationships, employees, economic advantages, and/or other legitimate business interests, and will not prevent you from earning a livelihood. By accepting this Agreement, you specifically recognize and affirm that strict compliance with terms of the covenants set forth in this Section 11 is required in order to vest in the PSUs and receive any Earned PSUs. You agree that should all or any part or application of this Section 11 be held or found invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction in an action between you and the Company, you nevertheless shall not vest in any PSUs nor receive any of shares of Stock if you violated any of the terms of any of the covenants set forth in this Section 11.

(f) Survival of Covenants. The provisions and restrictive covenants in this Section 11 of this Agreement shall survive the expiration or termination of this Agreement for any reason. You agree not to challenge the enforceability or scope of the provisions and restrictive covenants in this Section 11. You further agree to notify all future persons, or businesses, with which you become affiliated or employed by, of the provisions and restrictions set forth in this Section 11, prior to the commencement of any such affiliation or employment.

(g) Injunctive Relief. You acknowledge that if you breach or threaten to breach any of the provisions of this Agreement, your actions will cause irreparable harm and damage to the Company which cannot be compensated by damages alone. Accordingly, if you breach or threaten to breach any of the provisions of this Agreement, the Company shall be entitled to injunctive relief, in addition to any other rights or remedies the Company may have. You hereby waive the requirement for a bond by the Company as a condition to seeking injunctive relief. The existence of any claim or cause of action by you against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of your agreements under this Agreement.

(h) Clawback and Forfeiture due to Violating Section 11. In the event that you violate any of the terms of this Section 11, you understand and agree that in addition to the Company's rights to obtain injunctive relief and damages for such violation, (i) you shall return to the Company any shares of Stock received by you or your personal representative from the payment of any PSUs that vested on or after any such violation or pursuant to Section 4 of this Agreement and pay to the Company in cash the amount of any proceeds received by you or your personal representative from the disposition or transfer of any such PSUs, and (ii) your unvested PSUs shall be immediately and irrevocably forfeited.]

12. General Provisions.

(a) Interpretations. This Agreement is subject in all respects to the terms of the Plan. A copy of the Plan is available upon your request. Terms used herein which are defined in the Plan shall have the respective meanings given to such terms in the Plan, unless otherwise defined herein. In the event that any provision of this Agreement is inconsistent

with the terms of the Plan, the terms of the Plan shall govern. Any question of administration or interpretation arising under this Agreement shall be determined by the Committee administering the Plan, and such determination shall be final, conclusive and binding upon all parties in interest. To the extent that any Award granted by the Company is subject to Code Section 409A, such Award shall be subject to terms and conditions that comply with the requirements of Code Section 409A to avoid adverse tax consequences under Code Section 409A.

(b) No Right to Employment. Nothing in this Agreement or the Plan shall be construed as giving you the right to be retained as an employee of the Company or any Affiliate. In addition, the Company or an Affiliate may at any time dismiss you from employment, free from any liability or any claim under this Agreement, unless otherwise expressly provided in this Agreement.

(a) Reservation of Shares. The Company shall at all times prior to the vesting of the PSUs reserve and keep available such number of shares of Stock as will be sufficient to satisfy the requirements of this Agreement.

(b) Securities Matters. The Company shall not be required to deliver any shares of Stock until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(c) Headings. Headings are given to the sections and subsections of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

(d) Sections. Sections (if any) that are referenced but “intentionally omitted” from this Agreement shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

(e) Arbitration. Except for injunctive relief as set forth herein, the parties agree that any dispute between the parties regarding this Agreement shall be submitted to binding arbitration in Orlando, Florida pursuant to the Darden dispute resolution program.

(f) Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Florida (without giving effect to the conflict of law principles thereof). Subject to Section 12(g) hereof, you agree that the state and federal courts of Florida shall have jurisdiction over any litigation between you and the Company regarding this Agreement, and you expressly submit to the exclusive jurisdiction and venue of the federal and state courts sitting in Orange County, Florida.

(g) Notices. You should send all written notices regarding this Agreement or the Plan to the Company at the following address:

Darden Restaurants, Inc.
Supervisor, Stock Compensation Plans
1000 Darden Center Drive
Orlando, FL 32837

(h) Offset. Any severance or other payment or benefits to you under the Company's plans and agreements may be reduced in the Company's discretion, by any amounts that you owe the Company under Section 6 or Section 11 of this Agreement, provided that any such offset occurs at a time so that it does not violate Section 409A of the Code and is permitted under Applicable Laws.

(i) Award Agreement and Related Documents. This PSU Agreement shall have no force or effect unless you have been notified by the Company, and identified in the Company's records, as the recipient of a PSU grant. **YOU MUST REVIEW AND ACKNOWLEDGE ACCEPTANCE OF THE TERMS OF THIS AGREEMENT, INCLUDING SPECIFICALLY THE RESTRICTIVE COVENANTS, THE CLAWBACK AND FORFEITURE PROVISIONS UNDER SECTION 6 AND SECTION 11 OF THIS AGREEMENT AND THE COMPANY'S OFFSET PROVISIONS, BY EXECUTING THIS AGREEMENT ELECTRONICALLY VIA YOUR ESTABLISHED ACCOUNT ON THE MORGAN STANLEY SMITH BARNEY WEBSITE WITHIN 60 DAYS OF THE DATE OF GRANT; PROVIDED, HOWEVER, THAT THE COMMITTEE MAY, AT ITS DISCRETION, EXTEND THIS DATE. FAILURE TO ACCEPT THE REFERENCED TERMS AND TO EXECUTE THIS AGREEMENT ELECTRONICALLY WILL PRECLUDE YOU FROM RECEIVING YOUR PSU GRANT.** In connection with your PSU grant and this Agreement, the following additional documents were made available to you electronically, and paper copies are available on request directed to the Company's Compensation Department: (i) the Plan; and (ii) a Prospectus relating to the Plan.

PERFORMANCE STOCK UNIT AWARD AGREEMENT – EXHIBIT A

RESTAURANT OPENINGS PERFORMANCE GOAL

- Tranche 1: Fifty percent (50%) of the PSUs subject to this Agreement shall become Earned PSUs upon the fourth (4th) Opening of a Capital Burger location during the Performance Period.
- Tranche 2: The remaining fifty percent (50%) of the PSUs subject to this Agreement shall become Earned PSUs upon the seventh (7th) Opening of a Capital Burger location during the Performance Period.

An “Opening” of a Capital Burger location for purposes of this Agreement means the first business day on which a Capital Burger location generates at least \$1,000 of revenue (as defined by the Company’s current accounting practices) from the sale of food and beverages on its premises; provided, however, that (i) there shall be no Opening until all licenses and regulatory approvals for operating a Capital Burger location have been properly secured, and (ii) if a Capital Burger location subsequently closes, the Opening of that location shall be disregarded for purposes of determining whether the restaurant opening performance goal set forth above is met on and after the date of such closing.

A “Capital Burger location” shall include a restaurant that is operated under the Capital Burger brand.

DARDEN RESTAURANTS, INC.
ANNUAL INCENTIVE PLAN

Effective as of June 1, 2020

1. **Purpose.** The purposes of the Plan are to (a) provide incentives to a select group of employees of the Company and its Subsidiaries to enhance efficiency and profitability by providing such employees with an opportunity to earn financial rewards in the form of annual incentive payments based on achieving certain performance objectives, and (b) promote the interests of the Company and its Subsidiaries and its stockholders by strengthening the ability of the Company and its Subsidiaries to attract and retain key members of the executive management team and key employees.

2. **Definitions.** Where the context of the Plan permits, words in the masculine gender shall include the feminine gender, the plural form of a word shall include the singular form, and the singular form of a word shall include the plural form. Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

(a) **Administrator** means: (i) with respect to Participants who are not Section 16 Officers, the Chief Executive Officer, or (ii) with respect to Participants who are Section 16 Officers other than the Chief Executive Officer, the Compensation Committee of the Board, or (iii) with respect to the Chief Executive Officer of the Company, the independent directors on the Board.

(b) **Award Period** means the Company's fiscal year.

(c) **Base Salary** means the annual base salary each Participant actually earns during the Award Period as an Eligible Employee (including any adjustments to such annual base salary during the Award Period), excluding, without limitation, incentives, bonuses, overtime pay, severance pay or other non-eligible post-employment pay, reimbursement of relocation and other expenses, auto allowances and employee and fringe benefits; provided, however, that the Base Salary of certain executives of non-U.S. Subsidiaries may include additional forms of remuneration determined by the Administrator.

(d) **Board** means the board of directors of the Company.

(e) **Company** means Darden Restaurants, Inc. or any successor thereto.

(f) **Disability** means a Participant's termination from the Company or any Subsidiary due to an illness or injury which is expected to be permanent in nature and which prevents him or her from performing the material duties required by his or her regular occupation.

(g) **Eligible Employee** means an employee of the Company or a Subsidiary who is designated in writing as an "Eligible Employee" by the Administrator. Only an individual who is a common law employee may be designated as an Eligible Employee under the Plan.

(h) **Incentive Award** means the incentive compensation award made to an Eligible Employee under the Plan.

(i) **Participant** means an Eligible Employee who is notified of eligibility for an Incentive Award pursuant to Section 3.

(j) **Performance Objectives** means the performance objectives for the Award Period established by the Administrator pursuant to Section 4(b) of the Plan.

(k) **Plan** means this Darden Annual Incentive Plan.

(l) **Retirement** means a Participant's termination of employment with the Company and its Subsidiaries, other than for Cause (as defined under the Darden Restaurants, Inc. 2015 Omnibus Incentive Plan), on or after having attained at least age 55 with ten years of service with the Company or a Subsidiary (pursuant to the method for crediting service under the Darden Savings Plan) or with age and service with the Company or a Subsidiary (pursuant to the method for crediting service under the Darden Savings Plan) equal to or greater than 75 at the time of Retirement.

(m) **Section 16 Officer** means any officer of the Company whom the Board has determined is subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934, as amended.

(n) **Section 409A** means Section 409A of the U. S. Internal Revenue Code and the applicable guidance issued thereunder.

(o) **Subsidiary** means any corporation (other than the Company) or non-corporate entity of which the Company owns, directly or indirectly, at least 50% of the total combined voting power or in which it has at least a 50% economic interest. In addition, any other entity may be designated by the Administrator as a Subsidiary, provided that such entity could be considered as a subsidiary according to generally accepted accounting principles.

(p) **Target Award Opportunity** means the amount of the Incentive Award expressed as a percentage of a Participant's Base Salary or an amount that a Participant will be eligible to receive if the relevant Performance Objectives have been attained at designated target performance levels.

3. Eligibility and Participation.

(a) **Designation of Eligible Employees.** The Administrator shall determine the Eligible Employees selected for participation in the Plan for each Award Period. The Administrator shall make such determination prior to the beginning of the Award Period or as soon as practicable thereafter. An Eligible Employee shall not be entitled to participate in the Plan for an Award Period solely because such Eligible Employee was selected to participate in the Plan for any prior Award Period.

(b) **Newly Eligible Employees.** An individual who is hired by the Company or a Subsidiary into a position designated by the Administrator as eligible to participate in the Plan during an Award Period shall be eligible to receive an Incentive Award for such period prorated on a daily basis based on the Eligible Employee's number of days of employed by the Company or a Subsidiary over the number of days in such Award Period.

(c) **Change of Employment.** Unless otherwise determined by the Administrator, the following rules shall apply in the event of a change of employment during an Award Period:

(i) An employee whose position is changed into a position designated by the Administrator as an Eligible Employee shall be eligible to receive an Incentive Award prorated for the remaining portion of the Award Period following such change in employment.

(ii) A Participant whose position with the Company or a Subsidiary changes during an Award Period such that he would no longer be considered an Eligible Employee shall remain eligible to receive payment under an Incentive Award under the Plan only with respect to such Award Period that the Participant provided services as an Eligible Employee.

(iii) A Participant whose position with the Company or a Subsidiary is transferred between brands during an Award Period in a manner such that he is considered an Eligible Employee for multiple brands during such Award Period shall be eligible to receive an Incentive Award prorated based on days spent in an eligible position in each brand. Notwithstanding the foregoing, if a Participant transfers employment between brands at any time during the Award Period beginning on June 1, 2020, the amount payable under the Plan with respect to such period shall remain the same.

(d) ***Paid Leaves of Absence.*** A Participant on a Company-paid leave of absence during an Award Period will remain eligible for an Incentive Award while on paid time off or short-term disability. A Participant who begins an unpaid leave of absence or long-term disability during an Award Period will not remain an Eligible Employee, and his or her Incentive Award will be prorated and paid based on the days spent as an Eligible Employee.

(e) ***Terminations of Employment.*** Any Participant who terminates from the Company or a Subsidiary during an Award Period for any reason other than Retirement, death, or Disability will forfeit his or her entire Incentive Award. Participants who terminate during an Award Period for Retirement, death, or Disability will receive a prorated award. In addition, any Participant whose employment is terminated for “Cause” (as defined under the Darden Restaurants, Inc. 2015 Omnibus Incentive Plan) after the end of an Award Period will forfeit his or her entire Incentive Award.

4. **Incentive Awards.**

(a) ***Target Award Opportunities.*** Each Award Period, the Administrator shall establish Target Award Opportunities that will apply to Participants for such Award Period, either by individual or by position. In the event that a Participant is promoted during the Award Period, unless otherwise determined by the Administrator, the Participant shall be eligible to receive an Incentive Award under the Plan equal to (i) the Target Award Opportunity prior to such promotion multiplied by the Participant’s Base Salary prior to such promotion (or, in the case of a Target Award Opportunity that is expressed as dollar amount, the Target Award Opportunity prior to such promotion multiplied by a fraction, the number of days employed during such Award Period prior to the promotion divided by 365); plus (ii) the Target Award Opportunity following such promotion multiplied by the Participant’s Base Salary following such promotion (or, in the case of a Target Award Opportunity that is expressed as dollar amount, the Target Award Opportunity on and after such promotion multiplied by a fraction, the number of days employed during such Award Period on and after the promotion divided by 365).

(b) ***Performance Objectives.*** The payment of Incentive Awards to Participants under the Plan shall be determined by the extent to which designated Performance Objectives have been attained with respect to an Award Period. For the Award Period that corresponds to the Company’s 2021 fiscal year, the Incentive Awards shall be determined according to the Performance Objectives outlined in Exhibit A. With respect to any later Award Period, the Administrator will establish specific Performance Objectives for the payment of Incentive Awards within the first 90 days of that Award Period. The Performance Objectives shall consist of one or more subjective and/or objective business criteria determined and applied by the Administrator in its sole discretion, including, but not limited to, any of the performance criteria set forth in

the Darden Restaurants, Inc. 2015 Omnibus Incentive Plan as of the date hereof, or as amended from time to time.

The Administrator shall specify, for each position and/or location of Participants, or for individual Participants where appropriate, the categories of Performance Objectives, the target, minimum, and maximum levels of performance for each Performance Objective, where appropriate, and the relative weight to be attributed to each Performance Objective. The Administrator may select one or more Performance Objectives and may apply those Performance Objectives on a corporate-wide, brand-wide, division/business segment basis, geographic or other basis. The Administrator may also designate certain qualitative individual Performance Objectives with respect to any Participant.

(c) ***Notification of Incentive Award.*** As soon as reasonably practicable after the determination of Eligible Employees and the establishment of Target Award Opportunities and Performance Objectives are made, the Company shall notify, in writing, Participants of their selection for participation in the Plan for such Award Period, and of the manner in which their Incentive Awards may be earned, including the Target Award Opportunity and Performance Objectives. The Administrator shall determine the manner of providing written notice to Participants in its sole discretion, and the method of written notice need not be the same for each Participant.

(d) ***Evaluation of Performance.*** As soon as practicable following the end of each Award Period, the Administrator shall evaluate the extent to which the Performance Objectives have been met for the Award Period. The Administrator may, in its sole discretion, provide for the exclusion of the impact of an event or occurrence which the Committee determines should appropriately be excluded, including but not limited to: (a) restructurings, discontinued operations, extraordinary items, and other unusual, infrequently occurring or non-recurring charges or events, including the impact of COVID-19, (b) asset write-downs, (c) litigation or claim judgments or settlements, (d) acquisitions or divestitures, (e) reorganization or change in the corporate structure or capital structure of the Company, (f) an event either not directly related to the operations of the Company, Subsidiary, division, business segment or business unit or not within the reasonable control of management, (g) foreign exchange gains and losses, (h) a change in the fiscal year of the Company, (i) the refinancing or repurchase of bank loans or debt securities, (j) unbudgeted capital expenditures, (k) the issuance or repurchase of equity securities and other changes in the number of outstanding shares, (l) any business interruption event, (m) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles, or (n) the effect of changes in other laws or regulatory rules affecting reported results.

(e) ***Vesting and Payment of Incentive Awards.*** Except as set forth in subsection (f) below or otherwise determined by the Administrator, a Participant must be employed by the Company or a Subsidiary and in good standing on the last day of the Award Period to receive payment of an Incentive Award. Incentive Awards that have become vested shall be payable to Participants within two and one-half months after the end of the Award Period for which payment is being made, except to the extent a Participant defers all or a portion of an Incentive Award to a later date pursuant to a deferred compensation arrangement sponsored by the Company or a Subsidiary made in accordance with Section 409A. A Participant's Incentive Award shall be paid in his or her payroll currency, unless otherwise determined in the Administrator's sole discretion.

(f) ***Payment of Incentive Awards Following Certain Terminations of Employment.*** In the event a Participant's employment with the Company or a Subsidiary is terminated during the Award Period due to the Participant's death, Disability, or Retirement, the Participant's (or the Participant's estate, as applicable) Incentive Award will be paid at the same time as Incentive Awards are paid to actively employed Participants, generally, for the Award Period, based on the satisfaction of the applicable Performance

Objectives. The Administrator may, in its sole discretion, for any or no reason, waive the requirement to be employed on the last day of an Award Period to receive payment under an Incentive Award in the event of a Participant's termination employment with the Company and its Subsidiaries other than for Cause (as defined in the Darden Restaurants, Inc. 2015 Omnibus Incentive Plan), either in whole or in part, or a Change in Control (as defined in the Darden Restaurants, Inc. 2015 Omnibus Incentive Plan) on such terms and conditions as it sees fit, including but not limited to signing of a release.

(g) **Administrator Discretion.** The Administrator may exercise discretion in good faith to adjust the amount of any payment under any Incentive Award that would otherwise be made to any Participant or to decide that no payment shall be made consistent with the purposes of the Plan and the business results of the Company and its Subsidiaries.

(h) **Incentive Award Not Included for Purposes of Determining Other Compensation.** Payments and other benefits received by a Participant under an Incentive Award made pursuant to the Plan generally shall not be deemed a part of a Participant's compensation for purposes of determining the amount of a Participant's benefits under any other employee benefit plans or arrangements provided by the Company or a Subsidiary, unless the Administrator expressly provides otherwise in writing or unless expressly provided under such plan.

(i) **Nonduplication of Incentive Award.** In the event that, pursuant to a Company-sponsored severance plan or agreement, or other written agreement, a Participant would be entitled to receive an amount upon termination of employment that represents such Participant's annual incentive compensation for the year of such Participant's termination of employment, the Participant shall receive an amount under such plan or agreement and shall not be entitled to an Incentive Award under this Plan for the Award Period in which such Participant's termination of employment occurred.

5. Administration.

(a) **Administrator's Authority.** The Plan shall be administered by the Administrator, which shall have the sole discretion and authority to interpret, construe and administer the Plan in accordance with the provisions herein set forth and to resolve any issues arising out of, relating to, or resulting from its administration and operation. The Administrator's interpretation and construction hereof, and actions hereunder, or the amount or recipient of the payments to be made herefrom, shall be binding and conclusive on all persons for all purposes, subject to the requirements of any applicable local regulation and/or specific contractual obligations.

(b) **Non-US Employees.** In the event any Incentive Award under this Plan is granted to an employee who is employed or providing services outside the United States and who is not compensated from a payroll maintained in the United States, the Administrator may, in its sole discretion: (i) modify the provisions of the Plan as they pertain to such individuals to comply with applicable law, regulation or accounting rules consistent with the purposes of the Plan; and (ii) cause the Company to enter into an internal accounting transaction with any local branch or affiliate consistent with internal accounting/audit protocols and pursuant to which such branch or affiliate will reimburse the Company for the cost of such incentives.

(c) **Delegation of Authority.** The Administrator may delegate to any other employee of the Company or a Subsidiary some or all of the Administrator's duties and authorities under the Plan with respect to any individual Participant or a class of Participants, in which case such person shall be considered the Administrator for all purposes under the Plan. The Administrator may delegate to any corporation, committee or individual, regardless of whether the individual is an employee of the Company or a Subsidiary, any administrative duties necessary to implement the Plan.

6. **Amendment or Termination.** The Plan may be amended or terminated at any time and for any reason by the Administrator. The Plan is specifically designed to guide the Company in granting Incentive Awards and shall not create any contractual right of any employee to any Incentive Award prior to the payment of such award.

7. **Nontransferability.** No Incentive Award payable hereunder, nor any right to receive any future Incentive Award hereunder, may be assigned, alienated, sold, transferred, anticipated, pledged, encumbered, or subjected to any charge or legal process, and if any such attempt is made, or a person eligible for any Incentive Award hereunder becomes bankrupt, the Incentive Award under the Plan which would otherwise be payable with respect to such person may be terminated by the Administrator which, in its sole discretion, may cause the same to be held or applied for the benefit of one or more of the dependents of such person or make any other disposition of such award that it deems appropriate.

8. **Withholding/Rights of Offset/Recoupment.** The Company shall have the right to deduct and withhold from all Incentive Awards all federal, state, and local taxes as may be required by law. In addition to the foregoing:

(a) **Offsets.** The Company shall have the right to offset against the amount of any Incentive Award which would otherwise be payable hereunder, the amount of any debt, judgment, claim, expense or other obligation owed at such time by the Participant to the Company or any Subsidiaries. By accepting an Incentive Award, a Participant consents to and authorizes the Company to deduct any amounts owed to the Company under this Section from any amounts payable by the Company for any reason. This right of offset is in addition to any other remedies the Company may have.

(b) **Wrongful Conduct.** If a Participant engages in any activity inimical, contrary or harmful to the interests of the Company or any Subsidiary, including but not limited to: (1) without the prior written consent of the Company, counseling or becoming employed by, or otherwise engaging or participating in, or performing consulting services for, any Competing Business (regardless of whether the Participant receives any compensation of any kind), where “Competing Business” means any business that competes with any business that the Company or its Subsidiaries conducted as of the date the Participant’s employment terminates with the Company and its Subsidiaries, (2) violating the Company’s written policies regarding employee conduct, (3) without the prior written consent of the Company, inducing or attempting to induce any employee of the Company or its Subsidiaries to leave the employ of the Company or its Subsidiaries, interfering with the relationship between the Company or its Subsidiaries and any employee or prospective employee thereof, or hiring or causing the hiring of any person who is an employee of the Company or its Subsidiaries, (4) without the prior written consent of the Company, calling on, soliciting or servicing any customer or vendor of the Company or its Subsidiaries in order to induce or attempt to induce such person or entity to cease or reduce doing business with the Company or its Subsidiaries or interfering with the relationship between the Company or its Subsidiaries and any such customer, (5) disclosing or misusing any confidential information regarding the Company or its Subsidiaries, (6) participating in any activity not approved by the Board which could reasonably be foreseen as contributing to or resulting in a Change in Control of the Company, or (7) disparaging, orally or in writing, the business, products, policies, decisions, directors, officers or employees of the Company or its Subsidiaries to any person (all such activities described in (1)-(7) above collectively referred to as “wrongful conduct”), then, to the extent permitted by applicable law, the Participant shall pay to the Company in cash an indemnity amounting to the amount paid with respect to an Incentive Award within the 12-month period immediately preceding such wrongful conduct. Notwithstanding anything in this Plan to the contrary, a Participant shall not be restricted from: (i) disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, the Participant shall provide the

Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by such Participant; or (ii) reporting possible violations of laws of the Participant's country or of United States federal, state or local law or regulation to any governmental agency or entity, or from making other disclosures that are protected under the whistleblower provisions of the laws of the Participant's country or of United States federal, state or local law or regulation. In the event of (ii), the Participant shall not need the prior authorization of the Company to make any such reports or disclosures and shall not be required to notify the Company that the Participant has made such reports or disclosures.

(c) **Other Recoupment Policies.** Any incentive compensation paid to a Participant under the Plan or any other incentive compensation plan maintained by the Company shall be subject to policies established and amended from time to time by the Company from time to time regarding the recovery of erroneously-awarded compensation from current and former employees, including but not limited to the Company's clawback policy as of the date hereof.

(d) **Clawback** Notwithstanding any provision to the contrary, if the Administrator determines that it is required by law to apply a "clawback" or "recoupment" provision to an Incentive Award pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, then such clawback or recoupment provision shall automatically apply to the Incentive Award.

9. **Section 409A.** Where applicable, Incentive Awards paid under this Plan are intended to be "short-term deferrals" within the meaning of Section 409A. To the extent any amounts payable hereunder are deferred compensation within the meaning of Section 409A, the terms of this Plan shall be applied consistent with the requirements of Section 409A.

10. **Claim to Incentive Awards and Employment Rights.** Nothing in this Plan shall require the Company or any Subsidiaries to segregate or set aside any funds or other property for purposes of paying all or any portion of an Incentive Award hereunder. No Participant shall have any right, title or interest in or to any Incentive Award hereunder prior to the actual payment thereof, nor to any property of the Company or any Subsidiaries. Neither the adoption of the Plan nor the continued operation thereof shall confer upon any employee any right to continue in the employ of the Company or any Subsidiaries or shall in any way affect the right and power of the Company or any Subsidiaries to dismiss or otherwise terminate the employment of any employee at any time for any reason, with or without cause (to the extent a termination without cause is permissible under local regulations).

11. **Construction.** Titles and headings of sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. In the event any provision of the Plan shall be held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if such illegal or invalid provisions had never been contained in the Plan.

12. **Governing Law.** All questions pertaining to the construction, validity and effect of the Plan shall be determined in accordance with the laws of the State of Florida without regard to any conflict of laws principles.

13. **Severability.** In the event any provision of this Plan shall be held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if such illegal or invalid provision(s) had never been contained in the Plan.

IN WITNESS WHEREOF, the following duly authorized officer has caused the adoption of the Darden Restaurants, Inc. Annual Incentive Plan effective as of June 1, 2020 as per authorization of the Compensation Committee on June 23, 2020.

DARDEN RESTAURANTS, INC.

By: /s/ Eugene I. Lee, Jr. Dated: August 25, 2020

Name: Eugene I. Lee, Jr.

Title: President and Chief Executive Officer

Exhibit A

Performance Objectives for the Award Period

Beginning June 1, 2020

The Performance Objectives for Incentive Awards granted to Participants with respect to the Award Period beginning on June 1, 2020 (“FY ’21”) shall be the performance of the Company on a consolidated basis in navigating the pandemic, ramping up its operations, positioning itself for future growth, and the Company’s financial performance, each as assessed by the Compensation Committee on such basis and in such manner as it determines to be appropriate in its sole discretion. The Administrator may, but is not required, to establish rules as to how it will measure performance with respect to one or more of these Performance Objectives during FY ’21 in its sole discretion.

**CERTIFICATION PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Eugene I. Lee, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Darden Restaurants, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 6, 2020

/s/ Eugene I. Lee, Jr.

Eugene I. Lee, Jr.

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Ricardo Cardenas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Darden Restaurants, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 6, 2020

/s/ Ricardo Cardenas

Ricardo Cardenas

Senior Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Darden Restaurants, Inc. (Company) on Form 10-Q for the quarter ended August 30, 2020, as filed with the Securities and Exchange Commission (Report), I, Eugene I. Lee, Jr., President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 6, 2020

/s/ Eugene I. Lee, Jr.

Eugene I. Lee, Jr.

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Darden Restaurants, Inc. (Company) on Form 10-Q for the quarter ended August 30, 2020, as filed with the Securities and Exchange Commission (Report), I, Ricardo Cardenas, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 6, 2020

/s/ Ricardo Cardenas

Ricardo Cardenas

Senior Vice President and Chief Financial Officer