UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended November 23, 2014

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	**59-3305930**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1000 Darden Center Drive Orlando, Florida	**32837**
(Address of principal executive offices)	**(Zip Code)**

407-245-4000
(Registrant's telephone number, including area code)

Not applicable (Former name, former address and former fiscal year, if changed since last report)

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. (Check one):

Large accelerated filer	☒		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐

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 December 15, 2014 : 124,045,968 (excluding 1,286,019 shares held in our treasury).

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Cautionary Statement Regarding Forward-Looking Statements

Statements set forth in or incorporated into this report regarding the expected net increase in the number of our restaurants, U.S. same-restaurant sales, total sales growth, diluted net earnings per share growth, and capital expenditures in fiscal 2015 , 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” 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		Six Months Ended	
	November 23, 2014	November 24, 2013	November 23, 2014	November 24, 2013
Sales	$ 1,559.0	$ 1,485.6	$ 3,154.8	$ 3,017.0
Costs and expenses:				
Cost of sales:				
Food and beverage	485.5	447.0	987.5	901.1
Restaurant labor	506.8	491.6	1,015.1	983.0
Restaurant expenses	277.4	261.9	549.7	524.5
Total cost of sales, excluding restaurant depreciation and amortization of $73.4, $70.1 $146.0 and $139.0, respectively	$ 1,269.7	$ 1,200.5	$ 2,552.3	$ 2,408.6
Selling, general and administrative	190.4	174.7	350.4	340.1
Depreciation and amortization	80.1	75.5	158.8	149.7
Interest, net	33.7	32.9	145.0	65.7
Asset impairment, net	39.7	0.2	46.6	1.2
Total costs and expenses	$ 1,613.6	$ 1,483.8	$ 3,253.1	$ 2,965.3
(Loss) earnings before income taxes	(54.6)	1.8	(98.3)	51.7
Income tax (benefit) expense	(23.8)	(4.2)	(48.2)	3.4
(Loss) earnings from continuing operations	$ (30.8)	$ 6.0	$ (50.1)	$ 48.3
(Loss) earnings from discontinued operations, net of tax (benefit) expense o f $(1.5), $2.5, $319.3 and $13.2 , respectively	(2.0)	13.8	520.5	41.7
Net (loss) earnings	$ (32.8)	$ 19.8	$ 470.4	$ 90.0
Basic net earnings per share:				
(Loss) earnings from continuing operations	$ (0.24)	$ 0.05	$ (0.39)	$ 0.37
(Loss) earnings from discontinued operations	(0.02)	0.10	4.01	0.32
Net (loss) earnings	$ (0.26)	$ 0.15	$ 3.62	$ 0.69
Diluted net earnings per share:				
(Loss) earnings from continuing operations	$ (0.24)	$ 0.05	$ (0.39)	$ 0.36
(Loss) earnings from discontinued operations	(0.02)	0.10	4.01	0.32
Net (loss) earnings	$ (0.26)	$ 0.15	$ 3.62	$ 0.68
Average number of common shares outstanding:				
Basic	127.7	130.6	130.0	130.4
Diluted	127.7	132.8	130.0	132.7
Dividends declared per common share	$ 0.55	$ 0.55	$ 1.10	$ 1.10

See accompanying notes to our unaudited consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	November 23, 2014	November 24, 2013	November 23, 2014	November 24, 2013
Net earnings	$ (32.8)	$ 19.8	$ 470.4	$ 90.0
Other comprehensive income (loss):				
Foreign currency adjustment	4.0	(0.9)	5.5	(1.9)
Change in fair value of marketable securities, net of taxes of $0.0, $0.0, $0.0 and $(0.1), respectively	0.1	—	—	(0.1)
Change in fair value of derivatives and amortization of unrecognized gains and losses on derivatives, net of taxes of $0.5, $3.1, $15.9 and $2.1, respectively	3.5	5.8	27.4	3.7
Net unamortized gain arising during period, including amortization of unrecognized net actuarial loss, net of taxes of $9.3, $1.0, $9.8, and $2.0, respectively	15.1	1.6	15.4	3.2
Other comprehensive income (loss)	$ 22.7	$ 6.5	$ 48.3	$ 4.9
Total comprehensive (loss) income	$ (10.1)	$ 26.3	$ 518.7	$ 94.9

See accompanying notes to our unaudited consolidated financial statements.

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

	November 23, 2014	May 25, 2014
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 157.5	$ 98.3
Receivables, net	66.7	83.8
Inventories	193.5	196.8
Prepaid income taxes	9.2	10.9
Prepaid expenses and other current assets	74.9	72.3
Deferred income taxes	172.7	124.0
Assets held for sale	44.9	1,390.3
Total current assets	$ 719.4	$ 1,976.4
Land, buildings and equipment, net of accumulated depreciation and amortization of $2,209.6 and $2,050.2, respectively	3,338.3	3,381.0
Goodwill	872.5	872.5
Trademarks	574.6	574.6
Other assets	283.1	296.2
Total assets	$ 5,787.9	$ 7,100.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 201.8	$ 233.1
Short-term debt	20.0	207.6
Accrued payroll	104.6	125.7
Accrued income taxes	135.4	—
Other accrued taxes	66.0	64.5
Unearned revenues	265.7	299.7
Current portion of long-term debt	15.0	15.0
Other current liabilities	497.5	457.4
Liabilities associated with assets held for sale	—	215.5
Total current liabilities	$ 1,306.0	$ 1,618.5
Long-term debt, less current portion	1,468.4	2,481.4
Deferred income taxes	279.8	286.1
Deferred rent	218.8	206.2
Obligations under capital leases, net of current installments	50.8	52.0
Other liabilities	358.6	299.6
Total liabilities	$ 3,682.4	$ 4,943.8
Stockholders' equity:		
Common stock and surplus	$ 1,200.7	$ 1,302.2
Retained earnings	997.3	995.8
Treasury stock	(7.8)	(7.8)
Accumulated other comprehensive income (loss)	(79.8)	(128.1)
Unearned compensation	(4.9)	(5.2)
Total stockholders' equity	$ 2,105.5	$ 2,156.9
Total liabilities and stockholders' equity	$ 5,787.9	$ 7,100.7

See accompanying notes to our unaudited consolidated financial statements.

DARDEN RESTAURANTS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the six months ended November 23, 2014 and November 24, 2013
(In millions)
(Unaudited)

	Common Stock And Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Unearned Compensation	Total Stockholders' Equity
Balance at May 25, 2014	$ 1,302.2	$ 995.8	$ (7.8)	$ (128.1)	$ (5.2)	$ 2,156.9
Net earnings	—	470.4	—	—	—	470.4
Other comprehensive income	—	—	—	48.3	—	48.3
Dividends declared	—	(140.9)	—	—	—	(140.9)
Stock option exercises (1.4 shares)	48.0	—	—	—	—	48.0
Stock-based compensation	17.5	—	—	—	—	17.5
ESOP note receivable repayments	—	—	—	—	0.3	0.3
Income tax benefits credited to equity	4.0	—	—	—	—	4.0
Repurchases of common stock (8.7 shares)	(88.3)	(328.0)	—	—	—	(416.3)
Issuance of stock under Employee Stock Purchase Plan and other plans (0.1 shares)	2.9	—	—	—	—	2.9
Accelerated share repurchase program	(85.6)	—	—	—	—	(85.6)
Balance at November 23, 2014	$ 1,200.7	$ 997.3	$ (7.8)	$ (79.8)	$ (4.9)	$ 2,105.5
Balance at May 26, 2013	$ 1,207.6	$ 998.9	$ (8.1)	$ (132.8)	$ (6.1)	$ 2,059.5
Net earnings	—	90.0	—	—	—	90.0
Other comprehensive income	—	—	—	4.9	—	4.9
Dividends declared	—	(143.8)	—	—	—	(143.8)
Stock option exercises (0.8 shares)	23.3	—	0.3	—	—	23.6
Stock-based compensation	16.0	—	—	—	—	16.0
ESOP note receivable repayments	—	—	—	—	0.6	0.6
Income tax benefits credited to equity	5.3	—	—	—	—	5.3
Repurchases of common stock (0.0 shares)	(0.1)	(0.4)	—	—	—	(0.5)
Issuance of stock under Employee Stock Purchase Plan and other plans (0.1 shares)	3.6	—	—	—	—	3.6
Balance at November 24, 2013	$ 1,255.7	$ 944.7	$ (7.8)	$ (127.9)	$ (5.5)	$ 2,059.2

See accompanying notes to our unaudited consolidated financial statements.

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

	Six Months Ended	
	November 23, 2014	**November 24, 2013**
Cash flows—operating activities		
Net earnings	$ 470.4	$ 90.0
Earnings from discontinued operations, net of tax	(520.5)	(41.7)
Adjustments to reconcile net earnings from continuing operations to cash flows:		
Depreciation and amortization	158.8	149.7
Asset impairment charges	46.6	1.2
Amortization of loan costs and losses on interest-rate related derivatives	4.9	6.8
Stock-based compensation expense	29.9	26.9
Change in current assets and liabilities	(68.6)	(29.2)
Contributions to pension and postretirement plans	(0.7)	(0.8)
Loss on disposal of land, buildings and equipment	2.3	1.2
Change in cash surrender value of trust-owned life insurance	(3.9)	(8.4)
Deferred income taxes	(33.9)	(15.1)
Change in deferred rent	13.0	15.3
Change in other assets and liabilities	9.6	17.2
Loss on extinguishment of debt	90.5	—
Income tax benefits from exercise of stock-based compensation credited to goodwill	—	0.1
Other, net	(0.5)	4.7
Net cash provided by operating activities of continuing operations	$ 197.9	$ 217.9
Cash flows—investing activities		
Purchases of land, buildings and equipment	(167.4)	(235.0)
Proceeds from disposal of land, buildings and equipment	10.7	1.6
Proceeds from sale of marketable securities	7.7	3.3
Increase in other assets	(7.4)	(14.1)
Net cash used in investing activities of continuing operations	$ (156.4)	$ (244.2)
Cash flows—financing activities		
Proceeds from issuance of common stock	50.9	27.2
Income tax benefits credited to equity	4.0	5.3
Dividends paid	(140.9)	(143.3)
Repurchases of common stock	(2.0)	(0.5)
ESOP note receivable repayment	0.3	0.6
Proceeds from issuance of short-term debt	397.4	1,173.3
Repayments of short-term debt	(585.0)	(1,013.6)
Repayment of long-term debt	(1,059.4)	—
Payment of debt issuance costs	—	(1.3)
Principal payments on capital leases	(1.2)	(1.0)
Payment for accelerated share repurchase program	(500.0)	—
Proceeds from financing lease obligation	93.1	—
Net cash (used in) provided by financing activities of continuing operations	$ (1,742.8)	$ 46.7
Cash flows—discontinued operations		
Net cash (used in) provided by operating activities of discontinued operations	(223.6)	85.2
Net cash provided by (used in) investing activities of discontinued operations	1,984.1	(109.2)
Net cash provided by (used in) discontinued operations	$ 1,760.5	$ (24.0)
Increase (decrease) in cash and cash equivalents	59.2	(3.6)

Cash and cash equivalents - beginning of period	98.3	88.2
Cash and cash equivalents - end of period	$ 157.5	$ 84.6

See accompanying notes to our unaudited consolidated financial statements.

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

	Six Months Ended	
	November 23, 2014	November 24, 2013
Cash flows from changes in current assets and liabilities		
Receivables, net	16.2	0.8
Inventories	34.9	5.4
Prepaid expenses and other current assets	13.8	(2.6)
Accounts payable	(36.9)	(5.3)
Accrued payroll	(13.2)	1.1
Prepaid/accrued income taxes	(34.0)	(0.1)
Other accrued taxes	8.0	(5.9)
Unearned revenues	(21.6)	(12.9)
Other current liabilities	(35.8)	(9.7)
Change in current assets and liabilities	$ (68.6)	$ (29.2)
Supplemental schedule of noncash investing activities:		
Increase in land, buildings and equipment through accrued purchases	$ 29.5	$ 49.4

See accompanying notes to our unaudited consolidated financial statements.

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®, The Capital Grille®, Yard House®, Bahama Breeze®, Seasons 52®, Eddie V's Prime Seafood® and Wildfish Seafood Grille®. 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 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 and our fiscal year ending May 31, 2015 will contain 53 weeks of operation. Operating results for the quarter ended November 23, 2014 are not necessarily indicative of the results that may be expected for the fiscal year ending May 31, 2015 .

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 25, 2014 . The accounting policies used in preparing these consolidated financial statements are the same as those described in our Form 10-K.

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 and costs and expenses during the reporting period. Actual results could differ from those estimates.

Red Lobster Sale

On May 15, 2014, we entered into an agreement to sell Red Lobster and certain related assets and associated liabilities and closed on the sale on July 28, 2014. For the quarters and six months ended November 23, 2014 and November 24, 2013 , all gains on disposition, impairment charges and disposal costs, along with the sales, costs and expenses and income taxes attributable to Red Lobster and two closed synergy locations, have been aggregated in a single caption entitled “(Loss) earnings from discontinued operations, net of tax (benefit) expense” in our consolidated statements of earnings for all periods presented. See Note 2 - Dispositions for additional information.

Note 2. Dispositions

On July 28, 2014, we closed on the sale of 705 Red Lobster restaurants, however, as of November 23, 2014 , 28 of the properties remain subject to landlord consents and satisfaction of other contractual requirements, which are expected to be satisfied within the next 9 months. Therefore, the assets of these remaining restaurants continue to be classified as held for sale and recognition of the gain on the related proceeds was deferred. The proceeds of approximately $71.6 million associated with landlord consents are classified as other current liabilities on our consolidated balance sheet as of November 23, 2014 . As the landlord consents and remaining contractual requirements are satisfied, we will derecognize the related assets and record the commensurate gain on the transaction. In conjunction with the sale of Red Lobster, there were 19 locations where Red Lobster shared a land parcel with another Darden brand. The land and related buildings for these 19 Darden locations were included in the sale transaction and simultaneously leased back to Darden. The proceeds associated with the sale of these properties are classified as a financing lease obligation on our consolidated balance sheet as a component of other liabilities and the associated lease payments will amortize the obligation over the life of the properties. Additionally, in the fourth quarter of fiscal 2014, in connection with the expected sale of Red Lobster, we closed two of the six restaurants that housed both a Red Lobster and an Olive Garden in the same building (synergy restaurants). In the first quarter of fiscal 2015, we completed the conversion of the four remaining synergy restaurants to stand-alone Olive Garden restaurants.

As of November 23, 2014 , we received $2.08 billion in cash proceeds, net of transaction-related costs of approximately $29.3 million . During the six months ended November 23, 2014 , we recognized a gain on the sale of Red Lobster of $816.6 million , which is included in (loss) earnings from discontinued operations in our consolidated statement of earnings.

For the quarters and six months ended November 23, 2014 and November 24, 2013 , all gains on disposition, impairment charges and disposal costs, along with the sales, costs and expenses and income taxes attributable to these restaurants, have been aggregated in a single caption entitled “(Loss) earnings from discontinued operations, net of tax (benefit) expense” in our consolidated statements of earnings for all periods presented. No amounts for shared general and administrative operating support expense or interest expense were allocated to discontinued operations. Assets associated with those restaurants not yet disposed of, that are considered held for sale, have been segregated from continuing operations and presented as assets held for

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

sale on our accompanying consolidated balance sheets. (Loss) earnings from discontinued operations, net of taxes in our accompanying consolidated statements of earnings are comprised of the following:

	Three Months Ended		Six Months Ended	
(in millions)	November 23, 2014	November 24, 2013	November 23, 2014	November 24, 2013
Sales	$ —	$ 564.3	$ 400.4	$ 1,191.4
(Loss) earnings before income taxes	(3.5)	16.3	839.8	54.9
Income tax (benefit) expense	(1.5)	2.5	319.3	13.2
(Loss) earnings from discontinued operations, net of tax	$ (2.0)	$ 13.8	$ 520.5	$ 41.7

The following table presents the carrying amounts of the major classes of assets and liabilities associated with the restaurants reported as discontinued operations and classified as held for sale on our accompanying consolidated balance sheets:

(in millions)	November 23, 2014	May 25, 2014
Current assets	$ —	$ 241.0
Land, buildings and equipment, net	44.9	1,084.8
Other assets	—	64.5
Total assets	$ 44.9	$ 1,390.3
Current liabilities	$ —	$ 130.6
Other liabilities	—	84.9
Total liabilities	$ —	$ 215.5

Note 3. Supplemental Cash Flow Information

	Six Months Ended	
(in millions)	November 23, 2014	November 24, 2013
Interest paid, net of amounts capitalized	$ 99.9	$ 58.1
Income taxes paid, net of refunds	199.4	36.0

For the six months ended November 23, 2014 , interest paid includes payments associated with the retirement of long-term debt (see Note 14 - Long-Term Debt for further information), of $44.4 million in addition to $12.7 million of interest accrued through the date of the retirement. For the six months ended November 23, 2014 , income taxes paid includes tax payments associated with the gain on the sale of Red Lobster.

Note 4. Stock-Based Compensation

We grant stock options for a fixed number of shares to certain employees and directors 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 determined based on our closing stock price on the date of grant. In addition, we also grant cash settled stock units (Darden Stock Units) and cash settled performance stock units, which are classified as liabilities and are marked to market as of the end of each period.

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

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 Six Months Ended	
	November 23, 2014	November 24, 2013
Weighted-average fair value	$ 10.36	$ 12.05
Dividend yield	4.5%	4.4%
Expected volatility of stock	37.3%	39.6%
Risk-free interest rate	2.1%	1.9%
Expected option life (in years)	6.5	6.4

The following table presents a summary of our stock-based compensation activity for the six months ended November 23, 2014 :

(in millions)	Stock Options	Restricted Stock/ Restricted Stock Units	Darden Stock Units	Performance Stock Units
Outstanding beginning of period	11.2	0.2	2.1	0.3
Awards granted	1.1	—	0.5	0.1
Awards exercised	(1.4)	(0.1)	(0.4)	(0.1)
Awards forfeited	(0.3)	—	(0.7)	(0.2)
Performance unit adjustment	—	—	—	0.4
Outstanding end of period	10.6	0.1	1.5	0.5

We recognized expense from stock-based compensation as follows:

	Three Months Ended		Six Months Ended	
(in millions)	November 23, 2014	November 24, 2013	November 23, 2014	November 24, 2013
Stock options (1)	$ 11.5	$ 7.3	$ 14.7	$ 11.5
Restricted stock/restricted stock units (1)	0.7	0.4	1.1	0.8
Darden stock units	3.5	6.1	4.8	7.9
Performance stock units (1)	7.1	2.3	8.0	4.1
Employee stock purchase plan	0.3	0.4	0.7	0.9
Director compensation program/other	0.6	1.7	0.6	1.7
Total stock-based compensation expense	$ 23.7	$ 18.2	$ 29.9	$ 26.9

(1) The increase for the periods ended November 23, 2014 is primarily attributable to the workforce reduction efforts further discussed in Note 12.

As of the effective date of the Red Lobster sale, all outstanding, unvested stock options, restricted stock and Darden stock units held by Darden employees that transferred to Red Lobster were either vested on a pro-rata basis or canceled. Approximately 23.7 thousand performance stock units remain outstanding and are expected to be settled on a pro-rata basis on the scheduled dates in the first quarter of fiscal 2016 and 2017 when the applicable performance factors are determined.

Our stock plan award agreements in place prior to October 2014 contain a change-in-control provision, where, following a change-in-control, the awards fully vest upon a qualifying termination. Following our 2014 annual meeting of shareholders, qualifying terminations during the 24-month period ending October 2016 will require all unvested awards granted prior to the 2014 annual meeting to be immediately vested.

Note 5. Income Taxes

The effective income tax rate of 43.6 percent for the quarter ended November 23, 2014 reflected a tax benefit of $23.8 million on a loss before income taxes from continuing operations of $54.6 million . The effective income tax rate of (233.3) percent for the quarter ended November 24, 2013 reflected a tax benefit of $4.2 million on earnings before income taxes from continuing operations of $1.8 million . The effective income tax rate of 49.0 percent for the six months ended November 23, 2014 reflected a tax benefit of $48.2 million on a loss before income taxes from continuing operations of $98.3 million . The effective income tax rate of 6.6 percent for the six months ended November 24, 2013 reflected tax expense of $3.4 million on earnings before income taxes from continuing operations of $51.7 million . The change in the effective income tax rates for the periods ended November 23, 2014 as compared to the periods ended November 24, 2013 is primarily attributable an increase in the impact of FICA tax credits for employee reported tips on lower earnings before income taxes resulting from significant charges from debt breakage costs, asset impairments and workforce reduction costs. Excluding the impact of these costs, the related tax benefits and other discrete items, our effective income tax rate for the quarter and six months ended November 23, 2014 would have been approximately 19.0 percent .

Included in our remaining balance of unrecognized tax benefits is $ 26.6 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 6. Net Earnings per Share

Outstanding stock options and restricted stock granted by us represent the only dilutive effect reflected in diluted weighted average shares outstanding. Stock options and restricted stock do not impact the numerator of the diluted net earnings per share computation. Stock options and restricted stock excluded from the calculation of diluted net (loss) earnings per share because the effect would have been anti-dilutive, are as follows:

	Three Months Ended		Six Months Ended	
(in millions)	November 23, 2014	November 24, 2013	November 23, 2014	November 24, 2013
Anti-dilutive stock options and restricted stock	5.6	4.6	6.6	3.9

Note 7. Stockholders' Equity

Share Repurchase Program

In July 2014, as part of the previously authorized share repurchase program, we entered into accelerated share repurchase (ASR) agreements with Goldman, Sachs & Co. and Wells Fargo Bank, National Association (Dealers), which were amended and restated in September 2014 solely to address non-substantive technical clarifications. The ASR program provides for the repurchase of an aggregate of $500.0 million of our common stock. Under the ASR agreements, we paid an aggregate of $500.0 million to the Dealers in August 2014 and received an initial delivery of approximately 8.6 million shares on October 1, 2014. Upon receipt, the repurchased shares were retired and restored to authorized but unissued shares of common stock. After consideration of the provisions of Accounting Standards Codification (ASC) Topic 815, Derivatives and Hedging, and ASC Topic 480, Distinguishing Liabilities from Equity, we concluded that the transaction qualifies for permanent equity classification. Accordingly, the $500.0 million payment was recorded as a reduction to shareholders’ equity. Subsequent to our second fiscal quarter, in early December 2014, the ASR program was completed and we received the final delivery of approximately 1.3 million shares. The total number of shares we purchased in connection with the ASR transactions was based on a combined discounted volume-weighted average price (VWAP) of $50.12 per share which was determined based on the average of the daily VWAP of our common stock over the duration of the program, less an agreed discount.

Accumulated Other Comprehensive Income (Loss) (AOCI)

The components of accumulated other comprehensive income (loss), net of tax, for the quarters ended November 23, 2014 and November 24, 2013 are as follows:

(in millions)	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Marketable Securities	Unrealized Gains (Losses) on Derivatives	Benefit Plan Funding Position	Accumulated Other Comprehensive Income (Loss)
Balance at August 24, 2014	$ (3.2)	$ —	$ (26.5)	$ (72.8)	$ (102.5)
Gain	(0.5)	0.1	2.7	14.6	16.9
Reclassification realized in net earnings	4.5	—	0.8	0.5	5.8
Balance at November 23, 2014	$ 0.8	$ 0.1	$ (23.0)	$ (57.7)	$ (79.8)
Balance at August 25, 2013	$ (2.8)	$ 0.1	$ (55.9)	$ (75.8)	$ (134.4)
Gain (loss)	(0.9)	—	4.0	—	3.1
Reclassification realized in net earnings	—	—	1.8	1.6	3.4
Balance at November 24, 2013	$ (3.7)	$ 0.1	$ (50.1)	$ (74.2)	$ (127.9)

The components of accumulated other comprehensive income (loss), net of tax, for the six months ended November 23, 2014 and November 24, 2013 are as follows:

(in millions)	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Marketable Securities	Unrealized Gains (Losses) on Derivatives	Benefit Plan Funding Position	Accumulated Other Comprehensive Income (Loss)
Balance at May 25, 2014	$ (4.7)	$ 0.1	$ (50.4)	$ (73.1)	$ (128.1)
Gain	(1.8)	—	0.7	14.6	13.5
Reclassification realized in net earnings	7.3	—	26.7	0.8	34.8
Balance at November 23, 2014	$ 0.8	$ 0.1	$ (23.0)	$ (57.7)	$ (79.8)
Balance at May 26, 2013	$ (1.8)	$ 0.2	$ (53.8)	$ (77.4)	$ (132.8)
Gain (loss)	(1.9)	(0.1)	(0.5)	—	(2.5)
Reclassification realized in net earnings	—	—	4.2	3.2	7.4
Balance at November 24, 2013	$ (3.7)	$ 0.1	$ (50.1)	$ (74.2)	$ (127.9)

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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:

		Amount Reclassified from AOCI into Net Earnings			
		Three Months Ended		Six Months Ended	
(in millions) AOCI Components	Location of Gain (Loss) Recognized in Earnings	November 23, 2014	November 24, 2013	November 23, 2014	November 24, 2013
Derivatives					
Commodity contracts	(1)	$ —	$ (0.5)	—	(0.7)
Equity contracts	(2)	—	—	(0.9)	(0.7)
Interest rate contracts	Interest, net	(1.4)	(2.6)	(41.9)	(5.2)
Foreign currency contracts	(2)	—	0.2	—	0.3
	Total before tax	$ (1.4)	$ (2.9)	$ (42.8)	$ (6.3)
	Tax benefit	0.6	1.1	16.1	2.1
	Net of tax	$ (0.8)	$ (1.8)	$ (26.7)	$ (4.2)
Benefit plan funding position					
Recognized net actuarial loss - pension/postretirement plans	(3)	$ (0.7)	$ (2.3)	$ (1.3)	$ (4.6)
Recognized net actuarial loss - other plans	(4)	(0.1)	(0.3)	(0.3)	(0.6)
	Total before tax	$ (0.8)	$ (2.6)	$ (1.6)	$ (5.2)
	Tax benefit	0.3	1.0	0.8	2.0
	Net of tax	$ (0.5)	$ (1.6)	$ (0.8)	$ (3.2)

(1) Primarily included in cost of sales. See Note 9 for additional details.
(2) Primarily included in cost of sales and selling, 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 selling, general and administrative expenses. See Note 8 for additional details.
(4) Included in the computation of net periodic benefit costs - other plans, which is a component of selling, general and administrative expenses.

Note 8. Retirement Plans

Components of net periodic benefit cost are as follows:

	Defined Benefit Plans			
	Three Months Ended		Six Months Ended	
(in millions)	November 23, 2014	November 24, 2013	November 23, 2014	November 24, 2013
Service cost	$ 0.3	$ 1.1	$ 0.5	$ 2.2
Interest cost	2.9	2.6	5.0	5.1
Expected return on plan assets	(4.5)	(4.3)	(7.6)	(8.6)
Recognized net actuarial loss	0.8	2.3	1.3	4.6
Net periodic benefit cost	$ (0.5)	$ 1.7	$ (0.8)	$ 3.3

	Postretirement Benefit Plan			
	Three Months Ended		Six Months Ended	
(in millions)	November 23, 2014	November 24, 2013	November 23, 2014	November 24, 2013
Service cost	$ 0.1	$ 0.2	$ 0.3	$ 0.4
Interest cost	0.4	0.3	0.8	0.6
Recognized net actuarial loss	0.2	—	0.3	—
Net periodic benefit cost	$ 0.7	$ 0.5	$ 1.4	$ 1.0

During the second quarter of fiscal 2015, the retiree health care plan was changed from a self-insured plan to a retiree health exchange with a subsidy to eligible participants through a Health Reimbursement Account (HRA). As a result of these changes, the plan was remeasured resulting in a $23.7 million pre-tax reduction in the accumulated postretirement benefit obligation which is reflected as a prior year service credit. This credit is being amortized into expense over the expected remaining service period of the fully eligible active participant population and is expected to reduce fiscal 2015 expense by $3.4 million .

Note 9. Derivative Instruments and Hedging Activities

We enter into derivative instruments solely for risk management purposes, including derivatives designated as hedging instruments as required by ASC Topic 815, Derivatives and Hedging, and those utilized as economic hedges. We use financial and commodities derivatives to manage interest rate, compensation and commodities pricing and foreign currency exchange rate risks inherent in our business operations. To the extent our derivatives are effective in offsetting the variability of the hedged cash flows, and otherwise meet the cash flow hedge accounting criteria required by ASC Topic 815, 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. Ineffectiveness measured in the hedging relationship is recorded currently in earnings in the period in which it occurs. To the extent our derivatives are effective in mitigating changes in fair value, and otherwise meet the fair value hedge accounting criteria required by ASC Topic 815, gains and losses in the derivatives' fair value are included in current earnings, as are the gains and losses of the related hedged item. To the extent the 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.

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 November 23, 2014 , if counterparties to the derivative instruments failed completely to perform, would approximate the values of derivative instruments currently recognized as assets in 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, currency 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.

The notional values of our derivative contracts are as follows:

	Notional Values	
(in millions)	November 23, 2014	May 25, 2014
Derivative contracts designated as hedging instruments		
Commodities	$ —	$ 0.9
Foreign currency	—	0.3
Interest rate swaps	200.0	200.0
Equity forwards	15.8	20.6
Derivative contracts not designated as hedging instruments		
Equity forwards	$ 47.4	$ 47.4

We are currently party to interest-rate swap agreements with $200.0 million of notional value to limit the risk of changes in fair value of $100.0 million of the $121.9 million 4.500 percent senior notes due October 2021 and $100.0 million of the $500.0 million 6.200 percent senior notes due October 2017 . The swap agreements effectively swap the fixed-rate obligations for floating-rate obligations, thereby mitigating changes in fair value of the related debt prior to maturity. The swap agreements were designated as fair value hedges of the related debt and met the requirements to be accounted for under the short-cut method, resulting in no ineffectiveness in the hedging relationship. During the quarters ended November 23, 2014 and November 24, 2013 , $1.3 million and $0.6 million , respectively, was recorded as a reduction to interest expense related to the net swap settlements. During the six months ended November 23, 2014 and November 24, 2013 , $1.8 million and $1.1 million , respectively, was recorded as a reduction to interest expense related to the net swap settlements.

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 four and five years. 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. As of November 23, 2014 , we were party to equity forward contracts that were indexed to 0.8 million shares of our common stock, at varying forward rates between $31.19 per share and $52.66 per share, extending through August 2018 . The forward contracts can only be net settled in cash. 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 dividends on the underlying shares. These amounts are recognized currently in earnings as they are incurred.

We entered into equity forward contracts to hedge the risk of changes in future cash flows associated with cash-settled performance stock units and employee-directed investments in Darden stock within the non-qualified deferred compensation plan. The equity forward contracts are indexed to 0.2 million shares of our common stock at forward rates between $46.17 and $51.95 per share, can only be net settled in cash and expire between fiscal 2016 and 2019 . 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 the performance stock units and Darden stock investments in the non-qualified deferred compensation plan within selling, general and administrative expenses in our consolidated statements of earnings.

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The fair value of our derivative contracts are as follows:

(in millions)	Balance Sheet Location	Derivative Assets November 23, 2014	Derivative Assets May 25, 2014	Derivative Liabilities November 23, 2014	Derivative Liabilities May 25, 2014
Derivative contracts designated as hedging instruments					
Equity forwards	(1)	0.1	—	—	(0.5)
Interest rate related	(1)	2.1	1.6	—	—
Foreign currency forwards	(1)	—	0.1	—	—
		$ 2.2	$ 1.7	$ —	$ (0.5)
Derivative contracts not designated as hedging instruments					
Equity forwards	(1)	0.3	—	—	(1.2)
		$ 0.3	$ —	$ —	$ (1.2)
Total derivative contracts		$ 2.5	$ 1.7	$ —	$ (1.7)

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

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

(in millions)	Amount of Gain (Loss) Recognized in AOCI (effective portion)		Location of Gain (Loss) Reclassified from AOCI to Earnings	Amount of Gain (Loss) Reclassified from AOCI to Earnings (effective portion)		Location of Gain (Loss) Recognized in Earnings (ineffective portion)	(1) Amount of Gain (Loss) Recognized in Earnings (ineffective portion)	
	Three Months Ended			Three Months Ended			Three Months Ended	
Type of Derivative	November 23, 2014	November 24, 2013		November 23, 2014	November 24, 2013		November 23, 2014	November 24, 2013
Commodity	$ —	$ 0.1	(2)	$ —	$ (0.5)	(2)	$ —	$ —
Equity	2.7	3.9	(3)	—	—	(3)	0.3	0.3
Interest rate	—	—	Interest, net	(1.4)	(2.6)	Interest, net	—	—
Foreign currency	—	—	(4)	—	0.2	(4)	—	—
	$ 2.7	$ 4.0		$ (1.4)	$ (2.9)		$ 0.3	$ 0.3

(in millions)	Amount of Gain (Loss) Recognized in AOCI (effective portion)		Location of Gain (Loss) Reclassified from AOCI to Earnings	Amount of Gain (Loss) Reclassified from AOCI to Earnings (effective portion)		Location of Gain (Loss) Recognized in Earnings (ineffective portion)	(1) Amount of Gain (Loss) Recognized in Earnings (ineffective portion)	
	Six Months Ended			Six Months Ended			Six Months Ended	
Type of Derivative	November 23, 2014	November 24, 2013		November 23, 2014	November 24, 2013		November 23, 2014	November 24, 2013
Commodity	$ —	$ (0.3)	(2)	$ —	$ (0.7)	(2)	$ —	$ —
Equity	0.7	(0.4)	(3)	(0.9)	(0.7)	(3)	0.6	0.6
Interest rate	—	—	Interest, net	(41.9)	(5.2)	Interest, net	—	—
Foreign currency	—	0.2	(4)	—	0.3	(4)	—	—
	$ 0.7	$ (0.5)		$ (42.8)	$ (6.3)		$ 0.6	$ 0.6

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(1) Generally, all of our derivative instruments designated as cash flow hedges have some level of ineffectiveness, which is recognized currently in earnings. However, as these amounts are generally nominal and our consolidated financial statements are presented "in millions," these amounts may appear as zero in this tabular presentation.
(2) Location of the gain (loss) reclassified from AOCI to earnings as well as the gain (loss) recognized in earnings for the ineffective portion of the hedge is food and beverage costs and restaurant expenses, which are components of cost of sales.
(3) Location of the gain (loss) reclassified from AOCI to earnings as well as the gain (loss) recognized in earnings for the ineffective portion of the hedge is restaurant labor expenses, which is a component of cost of sales, and selling, general and administrative expenses.
(4) Location of the gain (loss) reclassified from AOCI to earnings as well as the gain (loss) recognized in earnings for the ineffective portion of the hedge is food and beverage costs, which is a component of cost of sales, and selling, general and administrative expenses.

The effects of derivative instruments in fair value hedging relationships in the consolidated statements of earnings are as follows:

(in millions)	Amount of Gain (Loss) Recognized in Earnings on Derivatives		Location of Gain (Loss) Recognized in Earnings on Derivatives	Hedged Item in Fair Value Hedge Relationship	Amount of Gain (Loss) Recognized in Earnings on Related Hedged Item		Location of Gain (Loss) Recognized in Earnings on Related Hedged Item
	Three Months Ended				Three Months Ended		
	November 23, 2014	November 24, 2013			November 23, 2014	November 24, 2013	
Interest rate	$ (0.2)	$ 3.5	Interest, net	Fixed-rate debt	$ 0.2	$ (3.5)	Interest, net

(in millions)	Amount of Gain (Loss) Recognized in Earnings on Derivatives		Location of Gain (Loss) Recognized in Earnings on Derivatives	Hedged Item in Fair Value Hedge Relationship	Amount of Gain (Loss) Recognized in Earnings on Related Hedged Item		Location of Gain (Loss) Recognized in Earnings on Related Hedged Item
	Six Months Ended				Six Months Ended		
	November 23, 2014	November 24, 2013			November 23, 2014	November 24, 2013	
Interest rate	$ 0.5	$ (1.4)	Interest, net	Fixed-rate debt	$ (0.5)	$ 1.4	Interest, net

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

		Amount of Gain (Loss) Recognized in Earnings			
		Three Months Ended		Six Months Ended	
(in millions)	Location of Gain (Loss) Recognized in Earnings on Derivatives	November 23, 2014	November 24, 2013	November 23, 2014	November 24, 2013
Commodity contracts	Cost of Sales (1)	$ —	$ 0.1	$ —	$ (0.4)
Equity forwards	Cost of Sales (2)	1.8	1.8	1.2	0.3
Equity forwards	Selling, General and Administrative	4.6	5.0	2.8	1.0
		$ 6.4	$ 6.9	$ 4.0	$ 0.9

(1) Location of the gain (loss) recognized in earnings is food and beverage costs and restaurant expenses, which are components of cost of sales.
(2) Location of the gain (loss) recognized in earnings is restaurant labor expenses, which is a component of cost of sales.

Based on the fair value of our derivative instruments designated as cash flow hedges as of November 23, 2014 , we expect to reclassify $4.8 million 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 and amortization of deferred losses

on settled interest-rate related instruments. 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, accounts receivable, 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 reflected on our consolidated balance sheets as of November 23, 2014 and May 25, 2014 :

Items Measured at Fair Value at November 23, 2014

(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)
Fixed-income securities:					
Corporate bonds	(1)	$ 3.1	$ —	$ 3.1	$ —
U.S. Treasury securities	(2)	5.1	5.1	—	—
Mortgage-backed securities	(1)	2.6	—	2.6	—
Derivatives:					
Equity forwards	(3)	0.4	—	0.4	—
Interest rate swaps	(4)	2.1	—	2.1	—
Foreign currency forwards	(5)	—	—	—	—
Total		$ 13.3	$ 5.1	$ 8.2	$ —

Items Measured at Fair Value at May 25, 2014

(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)
Fixed-income securities:					
Corporate bonds	(1)	$ 9.7	$ —	$ 9.7	$ —
U.S. Treasury securities	(2)	6.1	6.1	—	—
Mortgage-backed securities	(1)	2.6	—	2.6	—
Derivatives:					
Equity forwards	(3)	(1.7)	—	(1.7)	—
Interest rate locks & swaps	(4)	1.6	—	1.6	—
Foreign currency forwards	(5)	0.1	—	0.1	—
Total		$ 18.4	$ 6.1	$ 12.3	$ —

(1) The fair value of these securities is based on closing market prices of the investments when applicable, or, alternatively, valuations utilizing market data and other observable inputs, inclusive of the risk of nonperformance.
(2) The fair value of our U.S. Treasury securities is based on closing market prices.
(3) The fair value of our equity forwards is based on the closing market value of Darden stock, inclusive of the risk of nonperformance.
(4) The fair value of our interest rate lock and swap agreements is based on current and expected market interest rates, inclusive of the risk of nonperformance.
(5) The fair value of our foreign currency forward contracts is based on closing forward exchange market prices, inclusive of the risk of nonperformance.

The carrying value and fair value of long-term debt, including the amounts included in current liabilities, as of November 23, 2014 , was

$1.48 billion and $1.55 billion , respectively. The carrying value and fair value of long-term debt, including the amounts included in current liabilities, as of May 25, 2014 , was $2.50 billion and $2.63 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.

Adjustments to the fair values of non-financial assets measured at fair value on a non-recurring basis as of November 23, 2014 are discussed in Note 15 - Asset Impairment, Net. Adjustments to the fair values of non-financial assets measured at fair value on a non-recurring basis as of May 25, 2014 were not material.

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 November 23, 2014 and May 25, 2014 , we had $124.2 million and $113.5 million , respectively, of standby letters of credit related to workers' compensation and general liabilities accrued in our consolidated financial statements. As of November 23, 2014 and May 25, 2014 , we had $13.9 million and $17.8 million , respectively, of standby letters of credit related to contractual operating lease obligations and other payments. All standby letters of credit are renewable annually.

As of November 23, 2014 and May 25, 2014 , we had $139.0 million and $3.4 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 pre-tax cost of capital as of November 23, 2014 and May 25, 2014 , amounted to $106.1 million and $2.7 million , respectively. We did not record a liability for the guarantees, as the likelihood of the third parties defaulting on the assignment agreements was deemed to be remote. 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. Assuming exercise of all option periods, these guarantees expire over their respective lease terms, which range from fiscal 2015 through fiscal 2044 .

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. The following is a brief description of the more significant of these matters.

In September 2012, a collective action under the Fair Labor Standards Act was filed in the United States District Court for the Southern District of Florida, *Alequin v. Darden Restaurants, Inc.*, in which named plaintiffs claim that the Company required or allowed certain employees at Olive Garden, Red Lobster, LongHorn Steakhouse, Bahama Breeze and Seasons 52 to work off the clock and required them to perform tasks unrelated to their tipped duties while taking a tip credit against their hourly rate of pay. The plaintiffs seek an unspecified amount of alleged back wages, liquidated damages, and attorneys' fees. In July 2013, the United States District Court for the Southern District of Florida conditionally certified a nationwide class of servers and bartenders who worked in the aforementioned restaurants at any point from September 6, 2009 through September 6, 2012. Unlike a class action, a collective action requires potential class members to "opt in" rather than "opt out" following the issuance of a notice. Out of the approximately 217,000 opt-in notices distributed, 20,225 were returned. In June 2014, the Company filed a motion seeking to have the class decertified. In September 2014, the Court granted the Company's motion to decertify the class which resulted in the dismissal of all opt-ins. Unless the plaintiffs appeal the Court's decision, only the claims of the original named plaintiffs remain. In October 2014, the Court granted the parties' joint motion to stay the proceedings pending completion of arbitration through the Company's Dispute Resolution Program as to forty-nine of the fifty-four named plaintiffs. In November 2014, the Court dismissed the lawsuit as it pertained to the five remaining named plaintiffs. We believe that our wage and hour policies comply with the law and that we have meritorious defenses to the remaining substantive claims in this matter. An estimate of the possible loss, if any, or the range of loss cannot be made at this stage of the proceeding.

In November, 2011, a lawsuit entitled *ChHab v. Darden Restaurants, Inc.* was filed in the United States District Court for the Southern District of New York alleging a collective action under the Fair Labor Standards Act and a class action under the applicable New York state wage and hour statutes. The named plaintiffs claim that the Company required or allowed certain employees at The Capital Grille to work off the clock, share tips with individuals who polished silverware to assist the plaintiffs, and required the plaintiffs to perform tasks unrelated to their tipped duties while taking a tip credit against their hourly rate of pay. The plaintiffs seek an unspecified amount of alleged back wages, liquidated damages, and attorneys' fees. In September 2013, the United States District Court for the Southern District of New York conditionally certified a nationwide class for the Fair Labor Standards Act claims only of tipped employees who worked in the aforementioned restaurants at any point from November 17, 2008 through September 19, 2013. Potential class members are required to “opt in” rather than “opt out” following the issuance of a notice. Out of the approximately 3,200 opt-in notices distributed, 541 were returned. As with the *Alequin* matter, the Company will have an opportunity to seek to have the class decertified and/or seek to have the case dismissed on its merits. We believe that our wage and hour policies comply with the law and that we have meritorious defenses to the substantive claims in this matter. An estimate of the possible loss, if any, or the range of loss cannot be made at this stage of the proceeding.

Note 12. Workforce Reduction Costs

Beginning in fiscal 2014, we performed comprehensive reviews of our operations and support structure resulting in changes in our growth plans and related support structure needs. As a result, we had workforce reductions and program spending cuts in September 2013 (September 2013 Plan), January 2014 (January 2014 Plan), May 2014 (May 2014 Plan) and November 2014 (November 2014 Plan). In accordance with these actions, we incurred employee termination benefits costs and other costs which are included in selling, general and administrative expenses in our consolidated statements of earnings for the quarters and six months ended November 23, 2014 and November 24, 2013 as follows:

(in millions)	November 23, 2014	November 24, 2013
Employee termination benefits (1)	$ 27.0	$ 10.9
Other (2)	0.4	0.8
Total	$ 27.4	$ 11.7

(1) Includes salary and stock-based compensation expense.
(2) Includes postemployment medical, outplacement and relocation costs.

The following table summarizes the accrued employee termination benefits and other costs which are primarily included in other current liabilities on our consolidated balance sheet as of November 23, 2014 :

(in millions)	September 2013 Plan	January 2014 Plan	May 2014 Plan	November 2014 Plan	Payments	Adjustments	Balance at November 23, 2014
Employee termination benefits (1)	$ 7.7	$ 0.7	$ 5.0	$ 17.2	$ (9.7)	$ (0.4)	$ 20.5
Other	0.8	0.1	0.2	0.4	(0.7)	(0.3)	0.5
Total	$ 8.5	$ 0.8	$ 5.2	$ 17.6	$ (10.4)	$ (0.7)	$ 21.0

(1) Excludes costs associated with stock options and restricted stock that will be settled in shares upon vesting.

We expect approximately $1.5 million of additional costs related to the November 2014 Plan. We expect the remaining liability to be paid by the second quarter of fiscal 2017.

Note 13. Special Charges

For the quarter ended November 23, 2014 , we recognized charges of $12.3 million related to advisory, legal and other professional service fees directly related to addressing shareholder activism and the proxy contest with Starboard Value LP and its affiliates.

Note 14. Long-Term Debt

During the first six months of fiscal 2015, we completed the previously announced $1.00 billion aggregate principal retirement of long-term debt, $900.0 million of which was completed in the first quarter of fiscal 2015 and the remaining $100.0 million was completed in the second quarter of fiscal 2015. The $1.00 billion retirement was comprised of $278.1 million aggregate principal of our 4.500 percent senior notes due 2021 , $331.9 million aggregate principal of our 3.350 percent senior notes due 2022 , $80.0 million aggregate principal amount of our 3.790 percent senior notes due 2019 , $210.0 million aggregate principal amount of our 4.520 percent senior notes due 2024 and $100.0 million aggregate principal amount of our outstanding 7.125 percent debentures due 2016 .

During the first quarter of fiscal 2015, we recorded approximately $80.0 million of expenses associated with the $900.0 million aggregate principal retirement including cash costs of approximately $34.9 million for repurchase premiums and make-whole amounts and non-cash charges of approximately $45.1 million associated with hedge and loan cost write-offs. During the second quarter of fiscal 2015, we incurred an additional $10.5 million of expenses associated with the retirement of the $100.0 million 7.125 percent debentures including cash costs of approximately $9.5 million for repurchase premiums and non-cash charges of approximately $1.0 million associated with loan cost write-offs. These amounts were recorded in interest, net in our consolidated statements of earnings for the quarter and six months ended November 23, 2014 , respectively.

Note 15. Asset Impairment, Net

During the quarter and six months ended November 23, 2014 , we recognized long-lived asset impairment charges of $ 39.7 million ($26.4 million net of tax) and $46.6 million ($30.7 million net of tax), respectively. Impairment charges resulted primarily from the carrying value of restaurant assets exceeding the estimated fair market value, which is based on projected cash flows. Of the total impairments, $28.3 million and $33.8 million for the quarter and six months ended November 23, 2014 , respectively, related to restaurant impairments. During the quarter ended November 23, 2014 , management identified eight Olive Garden locations and three Seasons 52 locations where the estimated useful life was significantly shortened based on a re-evaluation of expected lease renewals, leading to significant decreases in projected cash flows. We also recognized impairments of assets related to our lobster aquaculture project and a corporate airplane in connection with the closure of our aviation department. During the quarter and six months ended November 24, 2013 , we recognized long-lived asset impairment charges of $ 0.2 million ($0.1 million net of tax) and $1.2 million ($0.7 million net of tax), respectively. Impairment charges resulted primarily from the carrying value of restaurant assets exceeding the estimated fair market value, which is based on projected cash flows. These costs are included in asset impairments, net as a component of earnings from continuing operations in the accompanying consolidated statements of earnings. Impairment charges were measured based on the amount by which the carrying amount of these assets exceeded their fair value. Fair value is generally determined based on appraisals or sales prices of comparable assets and estimates of future cash flows.

Note 16. Application of New Accounting Standards

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). This update provides a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. This update is effective for annual and interim periods beginning after December 15, 2016, which will require us to adopt these provisions in the first quarter of fiscal 2018. Early application is not permitted. This update permits the use of either the retrospective or cumulative effect transition method. We are evaluating the effect this guidance will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

In April 2014, the FASB issued ASU No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360), Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This update modifies the requirements for reporting discontinued operations. Under the amendments in ASU 2014-08, the definition of discontinued operation has been modified to only include those disposals of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results. This update also expands the disclosure requirements for disposals that meet the definition of a discontinued operation and requires entities to disclose information about disposals of individually significant components that do not meet the definition of discontinued operations. This update is effective for annual and interim periods beginning after December 15, 2014, which will require us to adopt these provisions in the first quarter of fiscal 2016. We are evaluating the effect this guidance will have on our consolidated financial statements and related disclosures.

Note 17. Subsequent Events

On December 10, 2014 , the Board of Directors declared a cash dividend of $0.55 per share to be paid February 2, 2015 to all shareholders of record as of the close of business on January 9, 2015 .

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.

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 and six months ended November 23, 2014 and November 24, 2013 . Additionally, this information and the following analysis have been presented with the results of operations, costs incurred in connection with the sale and impairment charges for Red Lobster and two closed synergy restaurants classified as discontinued operations for all periods presented.

	Three Months Ended		Six Months Ended	
	November 23, 2014	November 24, 2013	November 23, 2014	November 24, 2013
Sales	100.0 %	100.0 %	100.0 %	100.0%
Costs and expenses:				
Cost of sales:				
Food and beverage	31.1	30.1	31.3	29.9
Restaurant labor	32.5	33.1	32.2	32.6
Restaurant expenses	17.8	17.6	17.4	17.3
Total cost of sales, excluding restaurant depreciation and amortization of 4.7%, 4.7%, 4.6% and 4.6%	81.4 %	80.8 %	80.9 %	79.8%
Selling, general and administrative	12.3	11.8	11.1	11.3
Depreciation and amortization	5.1	5.1	5.0	5.0
Interest, net	2.2	2.2	4.6	2.2
Asset impairment, net	2.5 %	— %	1.5 %	—%
Total costs and expenses	103.5 %	99.9 %	103.1 %	98.3%
(Loss) earnings before income taxes	(3.5)	0.1	(3.1)	1.7
Income taxes	(1.5)	(0.3)	(1.5)	0.1
(Loss) earnings from continuing operations	(2.0)	0.4	(1.6)	1.6
Earnings (losses) from discontinued operations	(0.1)	0.9	16.5	1.4
Net earnings	(2.1)%	1.3 %	14.9 %	3.0%

The following table details the number of company-owned restaurants currently reported in continuing operations that were open at the end of the second quarter of fiscal 2015 , compared with the number open at the end of fiscal 2014 and the end of the second quarter of fiscal 2014 .

	November 23, 2014	May 25, 2014	November 24, 2013
Olive Garden – USA	838	831	828
Olive Garden – Canada	6	6	6
Total Olive Garden	844	837	834
LongHorn Steakhouse	472	464	445
The Capital Grille	55	54	52
Bahama Breeze	36	37	36
Seasons 52	42	38	35
Eddie V's	15	15	13
Yard House	56	52	48
Other (1)	—	4	4
Total - continuing operations	1,520	1,501	1,467

(1) Represents synergy restaurants in operation. We completed the conversion of all remaining synergy restaurants into stand-alone Olive Garden restaurants during the first quarter of fiscal 2015.

OVERVIEW OF OPERATIONS

On May 15, 2014, we entered into an agreement to sell Red Lobster and certain related assets and associated liabilities. On July 28, 2014, we closed on the sale of 705 Red Lobster restaurants, however, as of November 23, 2014 , 28 of the properties remain subject to landlord consents and satisfaction of other contractual requirements, which are expected to be satisfied within the next 9 months. Therefore, the assets of these remaining restaurants continue to be classified as held for sale on our consolidated balance sheet and recognition of the gain on the related proceeds was deferred. As of November 23, 2014 , we had received $2.08 billion in cash proceeds, net of transaction-related costs of approximately $29.3 million . During the six months ended November 23, 2014 , we recognized a gain on the sale of Red Lobster of $816.6 million , which is included in (loss) earnings from discontinued operations in our consolidated statement of earnings. Additionally, in the fourth quarter of fiscal 2014, in connection with the expected sale of Red Lobster, we closed two of the six restaurants that housed both a Red Lobster and an Olive Garden in the same building (synergy restaurants). In the first quarter of fiscal 2015, we completed the conversion of the four remaining synergy restaurants to stand-alone Olive Garden restaurants. See Note 2 to our unaudited consolidated financial statements in Part I, Item 1 of this report, which is incorporated by reference.

For the quarters and six months ended November 23, 2014 and November 24, 2013 , all gains on disposition, impairment charges and disposal costs, along with the sales, costs and expenses and income taxes attributable to these restaurants, have been aggregated in a single caption entitled “(Loss) earnings from discontinued operations, net of tax expense” in our consolidated statements of earnings for all periods presented.

Financial Highlights

Our sales from continuing operations were $1.56 billion and $3.15 billion for the second quarter and the first six months of fiscal 2015 , compared to $1.49 billion and $3.02 billion for the second quarter and the first six months of fiscal 2014 . The increase of 4.9 percent in sales for the second quarter of fiscal 2015 was primarily driven by revenue from the addition of 53 net new company-owned restaurants since the second quarter of fiscal 2014 , a 3.2 percent blended same-restaurant sales increase for The Capital Grille, Bahama Breeze, Seasons 52, Eddie V's and Yard House, a 2.6 percent same-restaurant sales increase for LongHorn Steakhouse and a 0.5 percent U.S. same-restaurant sales increase for Olive Garden. The increase of 4.6 percent in sales for the first six months of fiscal 2015 was primarily driven by revenue from the addition of 53 net new company-owned restaurants mentioned above, and a 2.7 percent blended same-restaurant sales increase for The Capital Grille, Bahama Breeze, Seasons 52, Eddie V's and Yard House, a 2.9 percent same-restaurant sales increase for LongHorn Steakhouse, partially offset by a 0.4 percent U.S. same-restaurant sales decrease for Olive Garden.

For the second quarter of fiscal 2015 , our net loss from continuing operations was $30.8 million compared to net earnings from continuing operations of $6.0 million for the second quarter of fiscal 2014 , and our diluted net loss per share from continuing operations was $0.24 for the second quarter of fiscal 2015 compared to diluted net earnings per share from continuing operations of $0.05 for the second quarter of fiscal 2014 . For the first six months of fiscal 2015 , our net loss from continuing operations was $50.1 million compared to net earnings from continuing operations of $48.3 million for the first six months of fiscal 2014 , and our diluted net loss per share from continuing operations was $0.39 for the first six months of fiscal 2015 compared to diluted net earnings per share from continuing operations of $0.36 for the first six months of fiscal 2014 .

Our diluted per share results from continuing operations for the second quarter of fiscal 2015 were adversely impacted by approximately $0.52 , comprised of:

- Approximately $0.16 due to severance and other costs associated with the support expense reduction efforts announced the second quarter, including the closure of our aviation department;
- Approximately $0.16 due to restaurant-related asset impairments and lease buy-outs;
- Approximately $0.08 due to legal, financial advisory and other costs related to implementation of the strategic action plan announced in December 2013 and associated actions in the proxy contest;
- Approximately $0.07 due to impairment of assets related to our lobster aquaculture project; and
- Approximately $0.05 due to debt breakage costs related to the retirement of $100.0 million in principal of long-term debt.

Our diluted per share results from continuing operations for the first six months of fiscal 2015 were adversely impacted by approximately $0.96 , comprised of:

- Approximately $0.16 due to severance and other costs associated with the support expense reduction efforts announced the second quarter, including the closure of our aviation department;
- Approximately $0.20 due to restaurant-related asset impairments and lease buy-outs;
- Approximately $0.11 due to legal, financial advisory and other costs related to implementation of the strategic action plan announced in December 2013 and associated actions in the proxy contest;
- Approximately $0.07 due to impairment of assets related to our lobster aquaculture project; and
- Approximately $0.42 due to debt breakage costs related to the retirement of $1.00 billion in principal of long-term debt.

Outlook

We expect same-restaurant sales in fiscal 2015 to range from even to an increase of 1.0 percent for Olive Garden and an increase of 2.0 percent to 3.0 percent for LongHorn Steakhouse. We expect a blended same-restaurant sales increase for The Capital Grille, Bahama Breeze, Seasons 52, Eddie V's and Yard House of approximately 2.0 percent to 3.0 percent. Total sales from continuing operations in fiscal 2015 are expected to increase between 5.0 percent and 7.0 percent, including the impact of the 53 rd week in fiscal 2015. We expect food and beverage expenses to be higher as a percent of sales based on our expectations of food cost inflation and we expect restaurant labor expenses to range from flat to slightly lower as a percent of sales. Despite costs we incurred in connection with the Red Lobster separation in fiscal 2015, we expect general and administrative expenses as a percent of sales to be lower than fiscal 2014. This is primarily due to cost savings generated from actions taken as a result of our restaurant support platform review. We expect our remaining expense line items, restaurant expenses and depreciation expense, to be relatively flat as a percent of sales. We expect diluted net earnings per share from continuing operations for fiscal 2015 to be above fiscal 2014 by between 32.0 percent and 35.0 percent, including the impact of the 53 rd operating week. In fiscal 2015, we expect to add approximately 37 net new restaurants, and we expect capital expenditures incurred to build new restaurants and remodel existing restaurants to be approximately $300.0 million.

SALES

Olive Garden’s sales of $881.7 million and $1.80 billion for the second quarter and first six months of fiscal 2015 were 1.4 percent and 0.4 percent above last year’s second fiscal quarter and first six months, respectively, driven by revenue from 10 net new restaurants combined with a U.S. same-restaurant sales increase of 0.5 percent in the second quarter of fiscal 2015 and partially offset for the first six months of fiscal 2015 by a U.S. same-restaurant sales decrease of 0.4 percent . The increase in U.S. same-restaurant sales for the second quarter fiscal 2015 resulted from a 1.8 percent increase in average check partially offset by a 1.3 percent decrease in same-restaurant guest counts. The decrease in U.S. same-restaurant sales for the first six months of fiscal 2015 resulted from a 1.8 percent decrease in same-restaurant guest counts partially offset by a 1.4 percent increase in average check.

LongHorn Steakhouse’s sales of $345.9 million and $702.8 million for the second quarter and first six months of fiscal 2015 were 8.0 percent and 8.9 percent above last fiscal year’s second quarter and first six months, respectively, driven by revenue from 27 net new restaurants combined with same-restaurant sales increases of 2.6 percent and 2.9 percent for the second quarter and first six months of fiscal 2015 . The increase in same-restaurant sales for the second quarter of fiscal 2015 resulted from a 3.7 percent increase in average check partially offset by a 1.1 percent decrease in same-restaurant guest counts. The increase in same-restaurant sales for the first six months of fiscal 2015 resulted from a 3.6 percent increase in average check partially offset by a 0.7 percent decrease in same-restaurant guest counts.

In total, The Capital Grille, Bahama Breeze, Seasons 52, Eddie V's and Yard House generated sales of $328.8 million and $651.0 million for the second quarter and first six months of fiscal 2015 , which were 13.0 percent and 13.7 percent above last fiscal year’s second quarter and first six months, respectively, primarily driven by the incremental sales from 20 net new restaurants added since the second quarter of fiscal 2014 . For the second quarter of fiscal 2015 sales growth also reflected same-restaurant sales increases of 5.0 percent at The Capital Grille, 4.9 percent at Eddie V's, 3.7 percent at Yard House and 1.2 percent at Seasons 52, partially offset by a decrease of 0.6 percent at Bahama Breeze. For the first six months of fiscal 2015 sales growth also reflected same-restaurant sales increases of 4.4 percent at The Capital Grille, 3.8 percent at Eddie V's, 3.1 percent at Yard House, 0.6 percent at Seasons 52 and 0.2 percent at Bahama Breeze.

Same-restaurant sales is a year-over-year comparison of each period’s sales volumes and is limited to restaurants open at least 16 months.

COSTS AND EXPENSES

Quarter Ended November 23, 2014 Compared to Quarter Ended November 24, 2013

Total costs and expenses were $1.61 billion and $1.48 billion for the quarters ended November 23, 2014 and November 24, 2013 , respectively. As a percent of sales, total costs and expenses increased from 99.9 percent for the second quarter of fiscal 2014 to 103.5 percent for the second quarter of fiscal 2015 .

Food and beverage costs were $485.5 million in the second quarter of fiscal 2015 , an increase of $38.5 million , or 8.6 percent , from food and beverage costs of $447.0 million in the second quarter of fiscal 2014 . As a percent of sales, food and beverage costs increased for the second quarter of fiscal 2015 compared to the second quarter of fiscal 2014 , as a result of food cost inflation, primarily dairy and beef, and increased costs for promotional items, partially offset by pricing and favorable menu mix. Restaurant labor costs were $506.8 million in the second quarter of fiscal 2015 , an increase of $15.2 million , or 3.1

percent , from restaurant labor costs of $491.6 million in the second quarter of fiscal 2014 . Restaurant labor costs as a percent of sales decreased for the second quarter of fiscal 2015 compared to the second quarter of fiscal 2014 , primarily as a result of sales leverage partially offset by wage-rate inflation. Restaurant expenses (which include utilities, repairs and maintenance, credit card, lease, property tax, workers' compensation, new restaurant pre-opening and other restaurant-level operating expenses) were $277.4 million in the second quarter of fiscal 2015 , an increase of $15.5 million , or 5.9 percent , from restaurant expenses of $261.9 million in the second quarter of fiscal 2014 . As a percent of sales, restaurant expenses increased in the second quarter of fiscal 2015 primarily as a result of higher rent expense.

Selling, general and administrative expenses were $190.4 million in the second quarter of fiscal 2015 , an increase of $15.7 million , or 9.0 percent , from selling, general and administrative expenses of $174.7 million in the second quarter of fiscal 2014 . As a percent of sales, selling, general and administrative expenses increased for the second quarter of fiscal 2015 compared to the second quarter of fiscal 2014 primarily as a result of severance and other costs (net of related benefits) associated with the support expense reduction efforts and sales leverage.

Depreciation and amortization expense was $80.1 million in the second quarter of fiscal 2015 , an increase of $4.6 million , or 6.1 percent , from depreciation and amortization expense of $75.5 million in the second quarter of fiscal 2014 . As a percent of sales, depreciation and amortization expense was essentially flat for the second quarter of fiscal 2015 compared to the second quarter of fiscal 2014 .

Net interest expense was $33.7 million in the second quarter of fiscal 2015 , an increase of $0.8 million , or 2.4 percent , from net interest expense of $32.9 million in the second quarter of fiscal 2014 . As a percent of sales, net interest expense for the second quarter of fiscal 2015 was essentially flat compared to the second quarter of fiscal 2014 as debt breakage costs related to the retirement of $100.0 million in principal of long-term debt was offset by lower interest due to the paydown of debt.

Six Months Ended November 23, 2014 Compared to Six Months Ended November 24, 2013

Total costs and expenses were $3.25 billion and $2.97 billion for the six months ended November 23, 2014 and November 24, 2013 , respectively. As a percent of sales, total costs and expenses increased from 98.3 percent for the first six months of fiscal 2014 to 103.1 percent for the first six months of fiscal 2015 .

Food and beverage costs were $987.5 million for the first six months of fiscal 2015 , an increase of $86.4 million , or 9.6 percent , from food and beverage costs of $901.1 million for the first six months of fiscal 2014 . As a percent of sales, food and beverage costs increased for the first six months of fiscal 2015 compared to the first six months of fiscal 2014 , as a result of food cost inflation, primarily seafood, dairy and beef, and increased costs for promotional items, partially offset by pricing and favorable menu mix. Restaurant labor costs were $1.02 billion for the first six months of fiscal 2015 , an increase of $32.1 million , or 3.3 percent , from restaurant labor costs of $983.0 million for the first six months of fiscal 2014 . Restaurant labor costs as a percent of sales decreased for the first six months of fiscal 2015 compared to the first six months of fiscal 2014 , primarily as a result of sales leverage partially offset by wage-rate inflation. Restaurant expenses (which include utilities, repairs and maintenance, credit card, lease, property tax, workers' compensation, new restaurant pre-opening and other restaurant-level operating expenses) were $549.7 million for the first six months of fiscal 2015 , an increase of $25.2 million , or 4.8 percent , from restaurant expenses of $524.5 million for the first six months of fiscal 2014 . As a percent of sales, restaurant expenses increased for the first six months of fiscal 2015 primarily as a result of higher rent expense.

Selling, general and administrative expenses were $350.4 million for the first six months of fiscal 2015 , an increase of $10.3 million , or 3.0 percent , from selling, general and administrative expenses of $340.1 million for the first six months of fiscal 2014 . As a percent of sales, selling, general and administrative expenses decreased for the first six months of fiscal 2015 compared to the first six months of fiscal 2014 primarily as a result of sales leverage and support cost savings net of costs related to implementation of the strategic action plan.

Depreciation and amortization expense was $158.8 million for the first six months of fiscal 2015 , an increase of $9.1 million , or 6.1 percent , from depreciation and amortization expense of $149.7 million for the first six months of fiscal 2014 . As a percent of sales, depreciation and amortization expense was essentially flat for the first six months of fiscal 2015 compared to the first six months of fiscal 2014 .

Net interest expense was $145.0 million for the first six months of fiscal 2015 , an increase of $79.3 million , or 120.7 percent , from net interest expense of $65.7 million for the first six months of fiscal 2014 . As a percent of sales, net interest expense for the first six months of fiscal 2015 increased compared to the first six months of fiscal 2014 primarily due to $90.5 million of debt breakage costs related to the retirement of $1.00 billion in principal of long-term debt.

INCOME TAXES

The effective income tax rate of 43.6 percent for the quarter ended November 23, 2014 reflected a tax benefit of $23.8 million on a loss before income taxes from continuing operations of $54.6 million . The effective income tax rate of (233.3) percent for the quarter ended November 24, 2013 reflected a tax benefit of $4.2 million on earnings before income taxes from continuing operations of $1.8 million . The effective income tax rate of 49.0 percent for the six months ended November 23, 2014 reflected a tax benefit of $48.2 million on a loss before income taxes from continuing operations of $98.3 million . The effective income tax rate of 6.6 percent for the six months ended November 24, 2013 reflected tax expense of $3.4 million on earnings before income taxes from continuing operations of $51.7 million . The change in the effective income tax rates for the periods ended November 23, 2014 as compared to the periods ended November 24, 2013 is primarily attributable to an increase in the impact of FICA tax credits for employee reported tips on lower earnings before income taxes resulting from significant charges from debt breakage costs, asset impairments and workforce reduction costs. Excluding the impact of these costs, the related tax benefits and other discrete items, our effective income tax rate for the quarter and six months ended November 23, 2014 would have been approximately 19.0 percent .

(LOSS) EARNINGS FROM DISCONTINUED OPERATIONS

On an after-tax basis, results from discontinued operations for the second quarter and first six months of fiscal 2015 were a net loss $2.0 million ($0.02 per diluted share) and earnings of $520.5 million ($4.01 per diluted share) compared with earnings from discontinued operations for the second quarter and first six months of fiscal 2014 of $13.8 million ($0.10 per diluted share) and $41.7 million ($0.32 per diluted share), respectively. In fiscal 2015 , we recorded a pre-tax gain of $816.6 million on the sale of Red Lobster as described above.

SEASONALITY

Our sales volumes fluctuate seasonally. Typically, our average sales per restaurant are highest in the spring and winter, 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.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows generated from operating activities are our principal source of liquidity, which we use to finance the purchases of land, buildings and equipment for new restaurants and to remodel 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 due in 5 to 30 days, we are able to carry current liabilities in excess of current assets. In addition to cash flows from operations, we use a combination of long-term and short-term borrowings to fund our capital needs.

We currently manage our business and financial ratios to maintain an investment grade bond rating, which has historically allowed flexible access to financing at reasonable costs. Currently, our publicly issued long-term debt carries “Ba1” (Moody’s Investors Service), “BBB-” (Standard & Poor’s) and “BBB-” (Fitch) ratings. Our commercial paper has ratings of “NP” (Moody’s Investors Service), “A-3” (Standard & Poor’s) and “F-3” (Fitch). 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 (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 November 23, 2014 , we were in compliance with all covenants under the Revolving Credit Agreement.

The Revolving Credit Agreement matures on October 24, 2018 and the proceeds may be used for commercial paper back-up, 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, the Federal Funds rate plus 0.500 percent , and the Eurocurrency Rate plus 1.00 percent) plus the Applicable Margin. Assuming a

“BBB-” equivalent credit rating level, the Applicable Margin under the Revolving Credit Agreement will be 1.300 percent for LIBOR loans and 0.300 percent for base rate loans.

As of November 23, 2014 , we had $20.0 million outstanding under the Revolving Credit Agreement. After consideration of commercial paper backed by the Revolving Credit Agreement, as of November 23, 2014 , we had $730.0 million of credit available under the Revolving Credit Agreement.

In the first six months of fiscal 2015, we completed the retirement of the previously announced $1.00 billion aggregate principal retirement of long-term debt, comprised of $278.1 million aggregate principal of our 4.500 percent senior notes due 2021, $331.9 million aggregate principal of our 3.350 percent senior notes due 2022, $80.0 million aggregate principal amount of our 3.790 percent senior notes due 2019, $210.0 million aggregate principal amount of our 4.520 percent senior notes due 2024 and $100.0 million aggregate principal amount of our outstanding 7.125 percent debentures due 2016.

During the first six months of fiscal 2015, we recorded approximately $90.5 million of expenses associated with the $1.00 billion aggregate principal retirement including cash costs of approximately $44.4 million for repurchase premiums and make-whole amounts and non-cash charges of approximately $46.1 million associated with hedge and loan cost write-offs. These amounts were recorded in interest, net in our consolidated statement of earnings. Excluding these one-time retirement costs, we expect these debt retirements to reduce our interest expense by approximately $49.0 million annually.

As of November 23, 2014 , our long-term debt consisted principally of:

- $270.0 million unsecured, variable-rate, amortizing term loan, maturing in August 2017;
- $500.0 million of unsecured 6.200 percent senior notes due in October 2017;
- $121.9 million of unsecured 4.500 percent senior notes due in October 2021;
- $118.1 million of unsecured 3.350 percent senior notes due in November 2022;
- $10.0 million of unsecured 4.520 percent senior notes due in August 2024;
- $150.0 million of unsecured 6.000 percent senior notes due in August 2035; and
- $300.0 million of unsecured 6.800 percent senior notes due in October 2037.

We also had $15.0 million included in current liabilities as current portion of long-term debt as of November 23, 2014 , associated with the term loan, which reflects the annual principal amortization payment due in August 2015.

The interest rates on our $500.0 million senior notes due in October 2017 and $300.0 million senior notes due in October 2037 are 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. In October 2014, Moody's Investor Service downgraded our senior unsecured ratings to "Ba1" from "Baa3" resulting in an increase of 0.250 percent in the interest rates on our senior notes due in October 2017 and October 2037 , effective as of the first day of the interest period during which the ratings change took place. Accordingly, our semi-annual interest paid in October 2014 increased by $1.0 million as a result of these rate adjustments.

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

Effective October 13, 2014, 12 new directors were elected to the Company’s board, replacing the previous 12 directors. At a meeting held on July 24, 2014, the Company’s then current Board of Directors sought to address the potential adverse consequences to the Company from a change in control of the Company’s board, including a potential event of default or acceleration of its indebtedness under the provisions of our Revolving Credit Agreement or other debt agreements. As a result, the then current Board of Directors adopted resolutions approving and nominating the 12 new directors solely for purposes of addressing the provisions in the Revolving Credit Agreement and other debt agreements so that the election of 12 new members to our board did not constitute a change in control triggering an event of default under those agreements. The board's actions do not affect any other agreements that may have change in control triggers.

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.

A summary of our contractual obligations and commercial commitments as of November 23, 2014 is as follows:

(in millions) **Contractual Obligations**	*Payments Due by Period* **Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Short-term debt	$ 20.0	$ 20.0	$ —	$ —	$ —
Long-term debt (1)	2,346.3	90.7	925.8	80.0	1,249.8
Operating Leases (2)	1,230.5	185.9	335.5	268.2	440.9
Purchase obligations (3)	409.8	375.5	34.3	—	—
Capital lease obligations (4)	82.9	5.7	11.7	12.0	53.5
Benefit obligations (5)	429.6	36.5	67.3	76.2	249.6
Unrecognized income tax benefits (6)	20.3	8.2	4.4	7.7	—
Total contractual obligations	$ 4,539.4	$ 722.5	$ 1,379.0	$ 444.1	$ 1,993.8

(in millions) **Other Commercial Commitments**	*Amount of Commitment Expiration per Period* **Total Amounts Committed**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Standby letters of credit (7)	$ 138.1	$ 138.1	$ —	$ —	$ —
Guarantees (8)	139.0	30.8	49.8	30.2	28.2
Total commercial commitments	$ 277.1	$ 168.9	$ 49.8	$ 30.2	$ 28.2

(1) Includes interest payments associated with existing long-term debt, including the current portion. Variable-rate interest payments associated with the term loan were estimated based on an average interest rate of 2.1 percent . Excludes issuance discount of $3.7 million .

(2) Includes financing lease obligations and associated imputed interest of $79.6 million over the life of the obligations.

(3) Includes commitments for food and beverage items, supplies, capital projects and other miscellaneous commitments.

(4) Capital lease obligations include imputed interest of $29.7 million over the life of the obligations.

(5) Includes expected contributions associated with our defined benefit plans and payments associated with our postretirement benefit plan and our non-qualified deferred compensation plan through fiscal 2026 .

(6) Includes interest on unrecognized income tax benefits of $3.1 million , $2.6 million of which relates to contingencies expected to be resolved within one year.

(7) Includes letters of credit for $124.2 million related to workers’ compensation and general liabilities accrued in our consolidated financial statements, letters of credit for $0.3 million of lease payments included in the contractual operating lease obligation payments noted above and other letters of credit totaling $13.6 million .

(8) Consists solely of guarantees associated with leased properties that have been assigned to third parties. We are not aware of any non-performance under these arrangements that would result in our having to perform in accordance with the terms of the guarantees.

Our Board of Directors has authorized us to repurchase up to an aggregate of 187.4 million shares of our common stock. Repurchased common stock has historically been reflected as a reduction of stockholders' equity. During the quarter and six months ended November 23, 2014 , we repurchased 8.7 million shares of our common stock compared to 1.6 thousand and 9.3 thousand shares of our common stock during the quarter and six months ended November 24, 2013 , respectively. As of November 23, 2014 , we have repurchased a total of 180.6 million shares of our common stock, 168.0 million of which have been retired and restored to authorized but unissued shares of common stock.

In July 2014, as part of the previously authorized share repurchase program, we entered into accelerated share repurchase (ASR) agreements with Goldman, Sachs & Co. and Wells Fargo Bank, National Association (Dealers), which were amended and restated in September 2014 solely to address non-substantive technical clarifications. The ASR program provides for the repurchase of an aggregate of $500.0 million of our common stock. Under the ASR agreements, we paid an aggregate of $500.0 million to the Dealers in August 2014 and received an initial delivery of approximately 8.6 million shares on October 1, 2014. Upon receipt, the repurchased shares were retired and restored to authorized but unissued shares of common stock. After consideration of the provisions of Accounting Standards Codification (ASC) Topic 815, Derivatives and Hedging, and ASC Topic 480, Distinguishing Liabilities from Equity, we concluded that the transaction qualifies for permanent equity classification. Accordingly, the $500.0 million payment was recorded as a reduction to shareholders’ equity. Subsequent to our second fiscal quarter, in early December 2014, the ASR program was completed and we received the final delivery of approximately 1.3 million shares. The total number of shares we purchased in connection with the ASR transactions was based on a combined discounted volume-weighted average price (VWAP) of $50.12 per share which was determined based on the average of the daily VWAP of our common stock over the duration of the program, less an agreed discount.

Net cash flows provided by operating activities of continuing operations decreased to $197.9 million for the first six months of fiscal 2015 , from $217.9 million for the first six months of fiscal 2014 . The decrease was primarily due to lower net earnings, current period activity of taxable timing differences and the timing of payments of accounts payable, partially offset by the timing of inventory purchases.

Net cash flows used in investing activities of continuing operations decreased to $156.4 million for the first six months of fiscal 2015 , from $244.2 million for the first six months of fiscal 2014 , and included capital expenditures of $167.4 million for the first six months of fiscal 2015 compared to $235.0 million for the first six months of fiscal 2014 . Capital expenditures for the first six months of fiscal 2015 were lower primarily due to a decrease in new restaurant construction and remodel activity during fiscal 2015 .

Net cash flows used in financing activities of continuing operations were $1.74 billion for the first six months of fiscal 2015 , compared to net cash flows provided by financing activities of $46.7 million for the first six months of fiscal 2014 . Net cash flows used in financing activities for the first six months of fiscal 2015 included net repayments of short-term debt of $187.6 million as compared to net proceeds from the issuance of short-term debt of $159.7 million for the first six months of fiscal 2014 . Net cash flows used in financing activities for the first six months of fiscal 2015 also reflected the retirement of approximately $1.00 billion aggregate principal of long-term debt and a $500.0 million payment associated with the ASR agreements, mentioned above. Net cash flows used in financing activities also included $140.9 million in dividends paid for the first six months of fiscal 2015 , compared to $143.3 million in dividends paid for the first six months of fiscal 2014 . In June 2014, our Board of Directors approved a quarterly dividend of $0.55 per share, which indicates an annual dividend of $2.20 per share in fiscal 2015 which is consistent with our fiscal 2014 dividend.

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. We are not aware of any trends or events that would materially affect our capital requirements or liquidity. We believe that our Revolving Credit Agreement and internal cash generating capabilities will be sufficient to finance our ongoing capital expenditures, dividends, stock repurchase program and other operating activities through fiscal 2015 .

The change in a majority of our Board of Directors may, under certain circumstances, result in a change of control under management continuity agreements we have with our executive management. Pursuant to the agreements, certain payments may be triggered following a change of control, but only upon a qualifying termination that occurs within 24 months of any such change of control.

It is possible that changes in circumstances, existing as of our annual impairment test on the first day of the fourth quarter of fiscal 2014 or at other times in the future, or in the numerous estimates associated with management's judgments, assumptions and estimates made in assessing the fair value of our goodwill, could result in an impairment loss of a portion or all of our goodwill or trademarks. If we recorded an impairment loss, our financial position and results of operations would be adversely affected and our leverage ratio for purposes of our credit agreement would increase. If such leverage ratio were to exceed the maximum permitted under our credit agreement, we would be in default under our credit agreement. As of November 23, 2014 , a write down of goodwill, other indefinite-lived intangible assets, or any other assets in excess of approximately $1.15 billion would have been required to cause our leverage ratio to exceed the permitted maximum. 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 $719.4 million as of November 23, 2014 , compared to $1.98 billion as of May 25, 2014 . The decrease was primarily due the decrease in assets held for sale associated with the sale of Red Lobster.

Our current liabilities totaled $1.31 billion as of November 23, 2014 , compared to $1.62 billion as of May 25, 2014 . The decrease was primarily due to the repayment of short-term debt and the reduction of liabilities associated with assets held for sale partially offset by an increase in accrued income taxes.

CRITICAL ACCOUNTING POLICIES

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 policies have not changed materially from those previously reported in our Annual Report on Form 10-K for the fiscal year ended May 25, 2014 .

APPLICATION OF NEW ACCOUNTING STANDARDS

Information regarding application of new accounting standards is incorporated by reference from Note 16 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 net increase in the number of our restaurants, projections for U.S. same-restaurant sales, total sales, diluted net earnings per share, and capital expenditures in fiscal 2015 , 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” 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 first 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 25, 2014 , Part II, Item 1A in our Quarterly Report on Form 10-Q for the quarter ended August 24, 2014 and Part II, Item 1A of this report, which are summarized as follows:

- Our ability to achieve the strategic plan to enhance shareholder value, including realizing the expected benefits from the sale of Red Lobster;
- Our ongoing Chief Executive Officer transition;
- Food safety and food-borne illness concerns throughout the supply chain;
- Litigation, including allegations of illegal, unfair or inconsistent employment practices;
- Unfavorable publicity, or a failure to respond effectively to adverse publicity;
- Risks relating to public policy changes and federal, state and local regulation of our business, including in the areas of environmental matters, minimum wage, unionization, data privacy, menu labeling, immigration requirements and taxes;
- Labor and insurance costs;
- 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;
- 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;
- Health concerns arising from food-related pandemics, outbreaks of flu viruses or other diseases;
- Intense competition, or an insufficient focus on competition and the consumer landscape;
- 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;
- Our plans to expand our smaller brands Bahama Breeze, Seasons 52 and Eddie V's, and the testing of other new business ventures, that have not yet proven their long-term viability;
- 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 customer relationship tactics and ineffective or improper use of social media or other marketing initiatives;
- A failure to recruit, develop and retain effective leaders or the loss or shortage of key personnel, or an inability to adequately monitor and respond to employee dissatisfaction;

- A failure to address cost pressures, including rising costs for commodities, 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 use to hedge commodity prices;
- 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 and increase pension plan expenses;
- Risks associated with doing business with franchisees, business partners and vendors in foreign markets;
- Failure to protect our intellectual property;
- Impairment of the carrying value of our goodwill or other intangible assets;
- A failure of our internal controls over financial reporting and future changes in accounting standards; and
- An inability or failure to recognize, respond to and effectively manage the accelerated impact of social media.

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 November 23, 2014 , our potential losses in future net earnings resulting from changes in floating rate debt interest rate, interest rate instrument, foreign currency exchange rate, equity forwards and commodity instrument exposures were approximately $34.6 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 $99.5 million. The fair value of our long-term fixed rate debt, including the amounts included in current liabilities, during the first six months of fiscal 2015 averaged $1.96 billion, with a high of $2.63 billion and a low of $1.54 billion. 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 interim 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 November 23, 2014 , the end of the period covered by this report. Based on that evaluation, the interim Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of November 23, 2014 .

During the fiscal quarter ended November 23, 2014 , 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, fourth and fifth paragraphs 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

The risk factor described below updates our risk factors previously described in our Annual Report on Form 10-K for the year ended May 25, 2014 and Form 10-Q for the quarter ended August 24, 2014. Otherwise, there have been no material changes to the risk factors contained in our Annual Report or previous Form 10-Q.

We are undergoing a Chief Executive Officer transition, which could cause disruption to our business.

On October 13, 2014, the Board of Directors appointed Eugene I. Lee, Jr. to the position of Interim Chief Executive Officer. We are in the process of searching for a new Chief Executive Officer. However, there is no guarantee that we will be able to find a permanent replacement on a timely basis. We face significant competition for an executive with the qualifications and experience we are seeking. The prolonged absence of a permanent Chief Executive Officer could adversely impact our business and results of operations.

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 November 23, 2014 . Since commencing repurchases in December 1995, we have repurchased a total of 180.6 million shares through November 23, 2014 under authorizations from our Board of Directors to repurchase an aggregate of 187.4 million shares.

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs (2)
August 25, 2014 through September 28, 2014	—	$ —	—	15,441,760
September 29, 2014 through October 26, 2014	8,667,111	$ 47.97	8,667,111	6,774,649
October 27, 2014 through November 23, 2014	—	$ —	—	6,774,649
Total	8,667,111	$ 47.97	8,667,111	6,774,649 (3)

(1) All of the shares purchased during the quarter ended November 23, 2014 were purchased as part of our repurchase program. On December 17, 2010, our Board of Directors approved an additional share repurchase authorization of 25.0 million shares which was announced publicly in a press release issued on December 20, 2010, bringing the total shares authorized to be repurchased to 187.4 million shares. There is no expiration date for our program. 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.

(2) 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.

(3) In July 2014, as part of the previously authorized repurchase program, we entered into accelerated share repurchase (ASR) agreements. Shares repurchased under the ASR program will reduce the number of remaining shares that are available for repurchase upon delivery. See Note 7 to our unaudited consolidated financial statements in Part I, Item 1 of this report, which is incorporated herein by reference.

Item 6. Exhibits

The exhibits listed in the accompanying Index to Exhibits are filed as part of this Form 10-Q and incorporated herein by reference.

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: December 31, 2014	By: /s/ C. Bradford Richmond
	C. Bradford Richmond
	Senior Vice President and Chief Financial Officer
	(Principal financial officer)

INDEX TO EXHIBITS

Exhibit No.	Exhibit Title
3.1	Bylaws as amended effective November 11, 2014 (incorporated by reference to Exhibit 3 to our Current Report on Form 8-K filed November 13, 2014).
3.2	Form of Certificate of Amendment (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed November 13, 2014).
4.1	Amendment No. 2 to the Rights Agreement, dated as of November 11, 2014, between Darden Restaurants, Inc. and Wells Fargo Bank, National Association, as Rights Agent (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed November 13, 2014).
10.1 *	Agreement, dated August 27, 2014, between Darden Restaurants, Inc. and Clarence Otis, Jr. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed August 28, 2014).
10.2 *	Amendment to Darden Restaurants, Inc. FlexComp Plan, dated September 10, 2014 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed September 15, 2014).
10.3 *	Letter Agreement dated October 14, 2014 between Darden Restaurants, Inc. and Eugene I. Lee, Jr. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed October 16, 2014).
10.4 *	Restricted Stock Unit Award Agreement, dated October 13, 2014, between Darden Restaurants, Inc. and Eugene I. Lee, Jr.
10.5 *	Restricted Stock Unit Award Agreement, dated October 13, 2014, between Darden Restaurants, Inc. and Eugene I. Lee, Jr.
10.6 *	Agreement, dated November 18, 2014, between Darden Restaurants, Inc. and C. Bradford Richmond (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed November 19, 2014).
12	Computation of Ratio of Consolidated Earnings to Fixed Charges.
31(a)	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32(a)	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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

[*] Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 601(b)(10)(iii)(A) of Regulation S-K.

Exhibit 10.4

DARDEN RESTAURANTS, INC.
2002 STOCK INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR EUGENE I. LEE, JR.

This Restricted Stock Unit Award Agreement (the “Agreement”) is between Darden Restaurants, Inc., a Florida corporation (the “Company” or “Corporation”), and you (Eugene I. Lee, Jr.), a person notified by the Company, and identified in the Company’s records, as the recipient of an Award of Restricted Stock Units during the Company’s fiscal year 2015. This Agreement is effective as of October 13, 2014, the date communicated to you and set forth in the Company’s records (the “Grant Date”).

The Company wishes to award to you a number of Restricted Stock Units, subject to certain restrictions as provided in this Agreement, in order to carry out the purpose of the Company’s 2002 Stock 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 Restricted Stock Units.

The Company hereby grants to you, effective as of the Grant Date, an Award of Restricted Stock Units for that number of Restricted Stock Units having an aggregate Fair Market Value equal to the value communicated to you and set forth in the Company’s records and as reflected below (the “RSUs”), on the terms and conditions set forth in such communication, this Agreement and the Plan. Each RSU represents the right to receive, on the vesting date or dates communicated to you and set forth in the Company’s records, one share of the Company’s Common Stock, no par value (the “Common Stock”).

(a) RSUs having an aggregate Fair Market Value on the Grant Date equal to $25,000, based on the closing sales price of the shares of Common Stock on the New York Stock Exchange as reported in the consolidated transaction reporting system on the Grant Date.

2. Rights with Respect to the RSUs.

The RSUs granted hereunder do not and shall not give you any of the rights and privileges of a shareholder of Common Stock, other than the right to receive dividends and other distributions as provided in Sections 9(b) and (c) hereof. Your rights with respect to the RSUs 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 RSUs lapse, in accordance with Sections 3, 4 or 5 hereof.

3. Vesting.

Subject to the terms and conditions of this Agreement, the RSUs shall vest, and the restrictions with respect to the RSUs shall lapse, on the date or dates and in the amount or amounts communicated to you and set forth in the Company’s records and as reflected below if you remain continuously employed by the Company or an Affiliate of the Company until the respective vesting dates.

(a) The grant of RSUs under Section 1(a) above shall vest on the one-year anniversary of the Grant Date, subject to your performance as Interim Chief Executive Officer of the Company, as determined by the Board following the first to occur of the one-year anniversary of the Grant Date and the end of your service as Interim Chief Executive Officer.

4. Change of Control.

Notwithstanding the vesting provisions contained in Section 3 above, but subject to the other terms and conditions in this Agreement, you shall become immediately and unconditionally vested in all RSUs granted hereunder and the restrictions with respect to all such RSUs shall lapse if, within two years after the date of a Change of Control (as defined below) that occurs after the Grant Date, the Company terminates your employment for any reason other than for Cause (as defined in Section 4(c)(i) below) or death or Disability (as defined in Section 5(a)(v) below) or you terminate employment for Good Reason (as defined in Section 4(c)(ii)). For purposes of this Agreement, “Change of Control” shall mean any of the following events:

(a) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Corporation or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or securities of another entity by the Corporation or any of its subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (i) all or substantially all of the individuals and entities that were the beneficial owners of the outstanding shares of common stock of the Corporation (the “Outstanding Corporation Common Stock”) and the combined voting power of the outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the “Outstanding Corporation Voting Securities”) immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Corporation Common Stock and the Outstanding Corporation Voting Securities, as the case may be, and (ii) no individual, entity or group (within the meaning of Sections 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended), excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Corporation or such entity resulting from such Business Combination, beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination; or

(b) Approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation.

(c) For purposes of Sections 4 and 5 hereof, the following definitions shall apply:

(i) Cause. Your employment may be terminated for Cause if the Committee administering the Plan, after you shall have been afforded a reasonable opportunity to appear in person together with counsel before the Committee and to present such evidence as you deem appropriate, determines that Cause exists. For purposes of this Agreement, “Cause” means (i) an act or acts of fraud or misappropriation on your part which result in or are intended to result in your personal enrichment at the expense of the Corporation and which constitute a criminal offense under State or Federal laws or (ii) conviction of a felony.

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

a. without your express written consent (1) 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 a Change of Control or (2) any other substantial adverse change in such position (including titles), authority or responsibilities; or

b. any failure by the Corporation to furnish you with base salary, target annual bonus opportunity, long-term incentive opportunity or aggregate employee benefits at a level equal to or exceeding those received by you from the Corporation during the 90-day period preceding the date of a Change of Control, other than (1) an insubstantial and inadvertent failure remedied by the Corporation promptly after receipt of notice thereof given by you or (2) 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 Corporation generally; or

c. the Corporation's requiring you to be based or to perform services at any office or location more than 30 miles from the office or location at which you were based as of immediately prior to the date of a Change of Control, except for travel reasonably required in the performance of your responsibilities.

For purposes of this Section 4(c)(ii), any determination of "Good Reason" shall be made by the Committee administering the Plan and shall be conclusive. Your mental or physical incapacity following the occurrence of an event described above in clauses (a) through (c) shall not affect your ability to terminate employment for Good Reason and your death following termination for Good Reason shall not affect your estate's entitlement to payments provided hereunder upon a termination of employment for Good Reason. For the avoidance of doubt, your re-appointment as the Company's President and Chief Operating Officer following the end of your service as interim Chief Executive Officer shall not constitute Good Reason.

5. Early Vesting; Forfeiture.

(a) If you cease to be employed by the Company or an Affiliate of the Company prior to the vesting of the RSUs pursuant to Sections 3 or 4 hereof, your rights to all of the unvested RSUs shall be immediately and irrevocably forfeited, except that:

(i) if (A) the Company or an Affiliate of the Company terminates your employment involuntarily and not for Cause prior to the vesting of the RSUs pursuant to Sections 3 or 4 hereof, (B) your combined age and years of service with the Company or an Affiliate of the Company (pursuant to the method for crediting service under the Darden Savings Plan) equal at least 70, and (C) you were not designated as an officer-level employee in the Company payroll system with the Peoplesoft identifier "OFC" or its equivalent on the Grant Date, then the RSUs will vest on a pro rata basis on the date of your termination of employment, based on the number of full months of employment completed from the Grant Date to the date of your termination of employment divided by the number of full months in the vesting period for any unvested RSUs, and your rights to all of the unvested RSUs shall be immediately and irrevocably forfeited;

(ii) if you retire on or after age 65 with five years of service with the Company or an Affiliate of the Company (pursuant to the method for crediting service under the Darden Savings Plan) ("Normal Retirement") prior to the vesting of the RSUs pursuant to Sections 3 or 4 hereof, you shall become immediately and unconditionally vested in all RSUs and the restrictions with respect to all RSUs shall lapse on the date of your Normal Retirement;

(iii) if you retire on or after age 55 with ten years of service with the Company or an Affiliate of the Company (pursuant to the method for crediting service under the Darden Savings Plan) but before Normal Retirement ("Early Retirement") and you were not designated as an officer-level employee in the Company payroll system with the Peoplesoft identifier "OFC" or its equivalent on the Grant Date, the RSUs will vest on a pro rata basis on the date of your Early Retirement, based on the number of full months of employment completed from the Grant Date to the date of your Early Retirement divided by the number of full months in the vesting period for any unvested RSUs, and your rights to all of the unvested RSUs shall be immediately and irrevocably forfeited;

(iv) if you die prior to the vesting of the RSUs pursuant to Sections 3 or 4 hereof, you shall become immediately and unconditionally vested in all RSUs and the restrictions with respect to all RSUs shall lapse on the date of your death. No transfer by will or the applicable laws of descent and distribution of any RSUs 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; or

(v) if you become Disabled (as defined below) prior to the vesting of the RSUs pursuant to Sections 3 or 4 hereof, you shall become immediately and unconditionally vested in all RSUs and the restrictions with respect to all RSUs shall lapse on the date on which the Committee administering the Plan makes the determination that you are Disabled. For purposes of this Agreement, “Disabled” means you have a disability due to illness or injury which is expected to be permanent in nature and which prevents you from performing the material duties required by your regular occupation, all as determined by the Committee administering the Plan.

6. Restriction on Transfer.

Except as contemplated by Section 5(a)(iv) hereof, none of the RSUs may be sold, assigned, transferred, pledged, attached or otherwise encumbered, and no attempt to transfer the RSUs, 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 RSUs.

7. Financial Restatements.

This Section 7 only applies to you if at any time you were or are designated as an officer-level employee in the Company payroll system with the Peoplesoft identifier “OFC” or its equivalent. Notwithstanding the provisions of Sections 3, 4 and 5 of this Agreement, if (a) the Company is required to restate its financial statements due to fraud and (b) the Committee administering the Plan determines that you have knowingly participated in such fraud, then the Committee may, in its sole and absolute discretion, at any time within two years following such restatement, require you to, and you shall immediately upon notice of such Committee determination, return to the Company any shares of Common Stock underlying RSUs that vested under this Agreement and any dividends or other distributions with respect to the vested RSUs received by you or your personal representative 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 shares of Common Stock, in each case during the period commencing two years before the beginning of the restated financial period and ending on the date of such Committee determination. In addition, all of your rights to RSUs that are not vested on the date that the Committee makes such determination shall be immediately and irrevocably forfeited. Notwithstanding anything to the contrary in this Section 7, the Committee shall have the authority and discretion to make any determination regarding the specific implementation of this Section 7 with respect to you.

8. Settlement of RSUs .

No shares of Common Stock shall be issued to you prior to the date on which the RSUs vest, in accordance with the terms and conditions communicated to you and set forth in the Company’s records. After the RSUs vest pursuant to Sections 3, 4 or 5 hereof, the Company shall promptly, but no later than 30 days following the applicable vesting date, cause to be issued in your name one share of Common Stock for each RSU and pay to you any accumulated distributions (less applicable tax withholding) pursuant to Sections 9(b) and (c) hereof. Following payment of the applicable withholding taxes pursuant to Section 10 hereof, the Company shall promptly cause such shares of Common Stock (less any shares withheld to pay taxes) to be delivered, either by book-entry registration or in the form of a stock certificate or certificates, registered in your name or in the names of your legal representatives, beneficiaries or heirs, as the case may be.

9. Distributions and Adjustments.

(a) If any RSUs vest subsequent to any change in the number or character of the Common Stock of the Company (through any stock dividend or other distribution, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or otherwise) occurring after the Grant Date, you shall then receive upon such vesting the number and type of securities or other consideration which you would have received if such RSUs had vested prior to the event changing the number or character of the outstanding Common Stock.

(b) Any additional shares of Common Stock, any other securities of the Company and any other property (except for cash dividends or other cash distributions) distributed with respect to the shares of Common Stock underlying the RSUs prior to the date or dates the RSUs vest shall be subject to the same restrictions, terms and conditions as the RSUs to which they relate and shall be promptly deposited with the Secretary of the Company or a custodian designated by the Secretary. Any such accumulated distributions shall be distributed to you in accordance with Section 8 hereof. If the RSUs are forfeited prior to vesting, any accumulated distributions payable in respect of such RSUs shall also be forfeited.

(c) Any cash dividends or other cash distributions payable with respect to the shares of Common Stock underlying the RSUs prior to the vesting of the RSUs shall be distributed to you upon the vesting of the RSUs in the amount originally declared, without interest. Any such accumulated cash dividends or other cash distributions shall be distributed to you in accordance with Section 8 hereof. If the RSUs are forfeited prior to vesting, any accumulated cash dividends or other cash distributions payable in respect of such RSUs shall also be forfeited.

10. Taxes.

(a) You acknowledge that you will consult with your personal tax advisor regarding the income tax consequences of the grant of the RSUs, the vesting of the RSUs, the receipt of shares of Common Stock upon the vesting of the RSUs and any other matters related to this Agreement. In order to comply with all applicable federal, state or local income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state or local payroll, withholding, income or other taxes, which are your sole and absolute responsibility, are withheld or collected from you.

(b) 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 receipt of, or the lapse of restrictions relating to, the RSUs 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 Common Stock, cash or other property otherwise to be delivered having a Fair Market Value equal to the amount of such taxes, or (iii) delivering to the Company shares of Common Stock having a Fair Market Value equal to the amount of such taxes. The Company will not deliver any fractional share of Common Stock but will pay, in lieu thereof, the Fair Market Value of such fractional share of Common Stock. Your election must be made on or before the date that the amount of tax to be withheld is determined.

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) 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, (2) computer software, hardware, network and internet technology utilized, modified or enhanced by the Company or by employee in furtherance of employee’s 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 ("Confidential Information"). "Business Opportunities" means all ideas, concepts or information received or developed (in whatever form) by employee 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 employment 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 the 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, 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 paragraph (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 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 during the last two years of your employment, 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. "Person" means any individual, firm, partnership, association, corporation, limited liability entity, trust, venture or other business organization, entity or enterprise.

(d) Non-Recruitment. You agree that during the course of employment 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 provision of this paragraph 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 paragraph (c) above and this paragraph (d) shall be limited to apply only where Employee uses or discloses 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, good will, 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, good will, business relationships, employees, economic advantages, and/or other legitimate business interests. You acknowledge that the consideration, including this Award 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.

(f) Survival of Covenants. The provisions and restrictive covenants in this Section 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. 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, 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) Forfeiture. In the event that you violate the terms of this Section, you understand and agree that in addition to the Company's rights to obtain injunctive relief and damages for such violation, any and all rights to any award under this Agreement, whether vested or unvested, shall be forfeited and extinguished.

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.

(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 of the Company. In addition, the Company or an Affiliate of the Company 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.

(c) Securities Matters. The Company shall not be required to deliver any shares of Common 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.

(d) 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.

(e) Arbitration. Except for injunctive relief as set forth herein, the parties agree that any dispute between the parties regarding this Agreement shall be subject to Steps 3 and 4 of the Darden Dispute Resolution Process (the "DRP") and submitted to binding arbitration in Orlando, Florida pursuant to the DRP.

(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). Employee agrees 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) Award Agreement and Related Documents . This Restricted Stock Unit Award 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 Restricted Stock Unit Award grant. **YOU MUST REVIEW AND ACKNOWLEDGE ACCEPTANCE OF THE TERMS OF THIS AGREEMENT, INCLUDING SPECIFICALLY THE RESTRICTIVE COVENANTS, 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 RESTRICTED STOCK UNIT GRANT.** In connection with your Restricted Stock Unit grant and this Award 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.

Exhibit 10.5

DARDEN RESTAURANTS, INC.
2002 STOCK INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR EUGENE I. LEE, JR.

This Restricted Stock Unit Award Agreement (the "Agreement") is between Darden Restaurants, Inc., a Florida corporation (the "Company" or "Corporation"), and you (Eugene I. Lee, Jr.), a person notified by the Company, and identified in the Company's records, as the recipient of an Award of Restricted Stock Units during the Company's fiscal year 2015. This Agreement is effective as of October 13, 2014, the date communicated to you and set forth in the Company's records (the "Grant Date").

The Company wishes to award to you a number of Restricted Stock Units, subject to certain restrictions as provided in this Agreement, in order to carry out the purpose of the Company's 2002 Stock 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 Restricted Stock Units.

The Company hereby grants to you, effective as of the Grant Date, an Award of Restricted Stock Units for that number of Restricted Stock Units having an aggregate Fair Market Value equal to the value communicated to you and set forth in the Company's records and as reflected below (the "RSUs"), on the terms and conditions set forth in such communication, this Agreement and the Plan. Each RSU represents the right to receive, on the vesting date or dates communicated to you and set forth in the Company's records, one share of the Company's Common Stock, no par value (the "Common Stock").

(a) RSUs having an aggregate Fair Market Value on the Grant Date equal to $300,000, based on the closing sales price of the shares of Common Stock on the New York Stock Exchange as reported in the consolidated transaction reporting system on the Grant Date.

2. Rights with Respect to the RSUs.

The RSUs granted hereunder do not and shall not give you any of the rights and privileges of a shareholder of Common Stock, other than the right to receive dividends and other distributions as provided in Sections 8(b) and 8(c) hereof. Your rights with respect to the RSUs 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 RSUs lapse, in accordance with Sections 3 or 4 hereof.

3. Vesting.

Subject to the terms and conditions of this Agreement, the RSUs shall vest, and the restrictions with respect to the RSUs shall lapse, on the date or dates and in the amount or amounts communicated to you and set forth in the Company's records and as reflected below if you remain continuously employed by the Company or an Affiliate of the Company until the respective vesting dates.

(a) The grant of RSUs under Section 1(a) above shall vest on the one-year anniversary of the Grant Date, subject to your performance as Interim Chief Executive Officer of the Company, as determined by the Board following the first to occur of the one-year anniversary of the Grant Date and the end of your service as Interim Chief Executive Officer; provided, that: (i) you remain employed at the Company for a period that extends through 60 days following the hiring of a non-interim Chief Executive Officer even if such non-interim Chief Executive Officer is you, and (ii) if a non-interim Chief Executive Officer is appointed or hired by the

Company prior to the six-month anniversary of the Grant Date, then the RSUs will vest on a pro rata basis on the one-year anniversary of the Grant Date, determined by multiplying the number of RSUs that would otherwise vest on the one-year anniversary of the Grant Date times a fraction, the numerator of which is the number of days you served as Interim Chief Executive Officer beginning on the Grant Date and the denominator of which is 180.

4. Early Vesting; Forfeiture.

(a) If you cease to be employed by the Company or an Affiliate of the Company prior to the vesting of the RSUs pursuant to Section 3 hereof, your rights to all of the unvested RSUs shall be immediately and irrevocably forfeited, except that:

(i) if you die prior to the vesting of the RSUs pursuant to Section 3 hereof, then the RSUs will vest on a pro rata basis on the date of your death, based on the number of full months of employment completed from the Grant Date to the date of your death, divided by the number of full months in the vesting period for any unvested RSUs, and your rights to all of the unvested RSUs shall be immediately and irrevocably forfeited. No transfer by will or the applicable laws of descent and distribution of any RSUs 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; or

(ii) if you become Disabled (as defined below) prior to the vesting of the RSUs pursuant to Section 3 hereof, then the RSUs will vest on a pro rata basis on the date on which the Committee administering the Plan makes the determination that you are Disabled, based on the number of full months of employment completed from the Grant Date to the date on which the Committee administering the Plan makes the determination that you are Disabled, divided by the number of full months in the vesting period for any unvested RSUs, and your rights to all of the unvested RSUs shall be immediately and irrevocably forfeited. For purposes of this Agreement, “Disabled” means you have a disability due to illness or injury which is expected to be permanent in nature and which prevents you from performing the material duties required by your regular occupation, all as determined by the Committee administering the Plan.

Notwithstanding anything to the contrary in this Section 4, if your employment with the Company and its Affiliates terminates prior to the vesting of the RSUs (other than as a result of a termination by the Company for Cause (as defined below)), the RSUs shall vest in full (or to such lesser extent as provided in Section 3(a)(ii) hereof) on the date of your termination if, at the time of your termination, you have satisfied the condition set forth in Section 3(a)(i) hereof. For purposes of this Agreement, “Cause” means (i) an act or acts of fraud or misappropriation on your part which result in or are intended to result in your personal enrichment at the expense of the Company and which constitute a criminal offense under State or Federal laws or (ii) conviction of a felony.

5. Restriction on Transfer.

Except as contemplated by Section 4(a)(i) hereof, none of the RSUs may be sold, assigned, transferred, pledged, attached or otherwise encumbered, and no attempt to transfer the RSUs, 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 RSUs.

6. Financial Restatements.

This Section 6 only applies to you if at any time you were or are designated as an officer-level employee in the Company payroll system with the Peoplesoft identifier “OFC” or its equivalent. Notwithstanding the provisions of Sections 3 and 4 of this Agreement, if (a) the Company is required to restate its financial statements due to fraud and (b) the Committee administering the Plan determines that you have knowingly participated in such fraud, then the Committee may, in its sole and absolute discretion, at any time within two years following such restatement, require you to, and you shall immediately upon notice of such Committee determination, return to the Company any shares of

Common Stock underlying RSUs that vested under this Agreement and any dividends or other distributions with respect to the vested RSUs received by you or your personal representative 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 shares of Common Stock, in each case during the period commencing two years before the beginning of the restated financial period and ending on the date of such Committee determination. In addition, all of your rights to RSUs that are not vested on the date that the Committee makes such determination shall be immediately and irrevocably forfeited. Notwithstanding anything to the contrary in this Section 6, the Committee shall have the authority and discretion to make any determination regarding the specific implementation of this Section 6 with respect to you.

7. Settlement of RSUs.

No shares of Common Stock shall be issued to you prior to the date on which the RSUs vest, in accordance with the terms and conditions communicated to you and set forth in the Company's records. After the RSUs vest pursuant to Sections 3 or 4 hereof, the Company shall promptly, but no later than 30 days following the applicable vesting date, cause to be issued in your name one share of Common Stock for each RSU and pay to you any accumulated distributions (less applicable tax withholding) pursuant to Sections 8(b) and (c) hereof. Following payment of the applicable withholding taxes pursuant to Section 9 hereof, the Company shall promptly cause such shares of Common Stock (less any shares withheld to pay taxes) to be delivered, either by book-entry registration or in the form of a stock certificate or certificates, registered in your name or in the names of your legal representatives, beneficiaries or heirs, as the case may be.

8. Distributions and Adjustments.

(a) If any RSUs vest subsequent to any change in the number or character of the Common Stock of the Company (through any stock dividend or other distribution, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or otherwise) occurring after the Grant Date, you shall then receive upon such vesting the number and type of securities or other consideration which you would have received if such RSUs had vested prior to the event changing the number or character of the outstanding Common Stock.

(b) Any additional shares of Common Stock, any other securities of the Company and any other property (except for cash dividends or other cash distributions) distributed with respect to the shares of Common Stock underlying the RSUs prior to the date or dates the RSUs vest shall be subject to the same restrictions, terms and conditions as the RSUs to which they relate and shall be promptly deposited with the Secretary of the Company or a custodian designated by the Secretary. Any such accumulated distributions shall be distributed to you in accordance with Section 7 hereof. If the RSUs are forfeited prior to vesting, any accumulated distributions payable in respect of such RSUs shall also be forfeited.

(c) Any cash dividends or other cash distributions payable with respect to the shares of Common Stock underlying the RSUs prior to the vesting of the RSUs shall be distributed to you upon the vesting of the RSUs in the amount originally declared, without interest. Any such accumulated cash dividends or other cash distributions shall be distributed to you in accordance with Section 7 hereof. If the RSUs are forfeited prior to vesting, any accumulated cash dividends or other cash distributions payable in respect of such RSUs shall also be forfeited.

9. Taxes.

(a) You acknowledge that you will consult with your personal tax advisor regarding the income tax consequences of the grant of the RSUs, the vesting of the RSUs, the receipt of shares of Common Stock upon the vesting of the RSUs and any other matters related to this Agreement. In order to comply with all applicable federal, state or local income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state or local payroll, withholding, income or other taxes, which are your sole and absolute responsibility, are withheld or collected from you.

(b) 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 receipt of, or the lapse of restrictions relating to, the RSUs 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 Common Stock, cash or other property otherwise to be delivered having a Fair Market Value equal to the amount of such taxes, or (iii) delivering to the Company shares of Common Stock having a Fair Market Value equal to the amount of such taxes. The Company will not deliver any fractional share of Common Stock but will pay, in lieu thereof, the Fair Market Value of such fractional share of Common Stock. Your election must be made on or before the date that the amount of tax to be withheld is determined.

10. 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) 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, (2) computer software, hardware, network and internet technology utilized, modified or enhanced by the Company or by employee in furtherance of employee's 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 ("Confidential Information"). "Business Opportunities" means all ideas, concepts or information received or developed (in whatever form) by employee 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 employment 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 the 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, 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 paragraph (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 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 during the last two years of your employment, 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. "Person" means any individual, firm, partnership, association, corporation, limited liability entity, trust, venture or other business organization, entity or enterprise.

(d) Non-Recruitment. You agree that during the course of employment 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 provision of this paragraph 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 paragraph (c) above and this paragraph (d) shall be limited to apply only where Employee uses or discloses 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, good will, 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, good will, business relationships, employees, economic advantages, and/or other legitimate business interests. You acknowledge that the consideration, including this Award 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.

(f) Survival of Covenants . The provisions and restrictive covenants in this Section 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. 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, 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) Forfeiture . In the event that you violate the terms of this Section, you understand and agree that in addition to the Company's rights to obtain injunctive relief and damages for such violation, any and all rights to any award under this Agreement, whether vested or unvested, shall be forfeited and extinguished.

11. 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.

(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 of the Company. In addition, the

Company or an Affiliate of the Company 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.

(c) Securities Matters. The Company shall not be required to deliver any shares of Common 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.

(d) 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.

(e) Arbitration. Except for injunctive relief as set forth herein, the parties agree that any dispute between the parties regarding this Agreement shall be subject to Steps 3 and 4 of the Darden Dispute Resolution Process (the "DRP") and submitted to binding arbitration in Orlando, Florida pursuant to the DRP.

(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). Employee agrees 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) Award Agreement and Related Documents. This Restricted Stock Unit Award 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 Restricted Stock Unit Award grant. **YOU MUST REVIEW AND ACKNOWLEDGE ACCEPTANCE OF THE TERMS OF THIS AGREEMENT, INCLUDING SPECIFICALLY THE RESTRICTIVE COVENANTS, 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 RESTRICTED STOCK UNIT GRANT.** In connection with your Restricted Stock Unit grant and this Award 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.

EXHIBIT 12

DARDEN RESTAURANTS, INC.
COMPUTATION OF RATIO OF CONSOLIDATED EARNINGS TO FIXED CHARGES
(Dollar amounts in millions)
(Unaudited)

	Three Months Ended		Six Months Ended	
	November 23, 2014	November 24, 2013	November 23, 2014	November 24, 2013
Consolidated earnings from continuing operations before income taxes	$ (54.6)	$ 1.8	$ (98.3)	$ 51.7
Plus fixed charges:				
Gross interest expense (1)	34.7	33.8	146.2	67.6
40% of restaurant and equipment minimum rent expense	16.2	14.5	31.9	28.2
Total fixed charges	50.9	48.3	178.1	95.8
Less capitalized interest	(0.8)	(0.7)	(0.9)	(1.7)
Consolidated earnings from continuing operations before income taxes available to cover fixed charges	$ (4.5)	$ 49.4	$ 78.9	$ 145.8
Ratio of consolidated earnings from continuing operations to fixed charges	(0.1)	1.0	0.4	1.5

(1) Gross interest expense includes interest recognized in connection with our unrecognized income tax benefits

EXHIBIT 31(a)

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.

December 31, 2014

/s/ Eugene I. Lee, Jr.

Eugene I. Lee, Jr.
Interim Chief Executive Officer

EXHIBIT 31(b)

CERTIFICATION PURSUANT TO SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, C. Bradford Richmond, 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.

December 31, 2014

/s/ C. Bradford Richmond

C. Bradford Richmond
Senior Vice President and Chief Financial Officer

EXHIBIT 32(a)

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 November 23, 2014 , as filed with the Securities and Exchange Commission (“Report”), I, Eugene I. Lee, Jr., Interim 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.

December 31, 2014

/s/ Eugene I. Lee, Jr.

Eugene I. Lee, Jr.
Interim Chief Executive Officer

EXHIBIT 32(b)

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 November 23, 2014 , as filed with the Securities and Exchange Commission (“Report”), I, C. Bradford Richmond, 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.

December 31, 2014

/s/ C. Bradford Richmond

C. Bradford Richmond

Senior Vice President and Chief Financial Officer