UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** For the fiscal year ended May 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** For the transition period from __ to __

Commission File Number: 1-13666

DARDEN RESTAURANTS, INC.

(Exact name of Registrant as specified in its charter)

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

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

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

Title of each class	Name of each exchange on which registered
Common Stock, without par value and Preferred Share Purchase Rights	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark if 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 definition 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 ☐ Smaller reporting company ☐

(Do not check if a smaller reporting company)

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

The aggregate market value of Common Stock held by non-affiliates of the Registrant based on the closing price of $55.85 per share as reported on the New York Stock Exchange on November 21, 2014, was approximately: $6,326,916,000.

Number of shares of Common Stock outstanding as of May 31, 2015 : 126,668,976 (excluding 1,270,694 shares held in the Company's treasury).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for its Annual Meeting of Shareholders on September 17, 2015 , to be filed with the Securities and Exchange Commission no later than 120 days after May 31, 2015 , are incorporated by reference into Part III of this Report, and portions of the Registrant's Annual Report to Shareholders for the fiscal year ended May 31, 2015 are incorporated by reference into Parts I and II of this Report.

DARDEN RESTAURANTS, INC.
FORM 10-K
FISCAL YEAR ENDED MAY 31, 2015

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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 2016 , 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 and are included, along with this statement, for purposes of complying with the safe harbor provisions of that Act. Any forward-looking statements speak only as of the date on which such statements are made, and we undertake no obligation to update such statements for any reason to reflect events or circumstances arising after such date. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by such forward-looking statements. In addition to the risks and uncertainties of ordinary business obligations, and those described in information incorporated into this report, the forward-looking statements contained in this report are subject to the risks and uncertainties described in Item 1A below under the heading “Risk Factors.”

PART I

Item 1. BUSINESS

Introduction

Darden Restaurants, Inc. is a full-service restaurant company, and as of May 31, 2015 , we owned and operated 1,534 restaurants through subsidiaries in the United States and Canada under the Olive Garden ®, LongHorn Steakhouse ®, The Capital Grille ®, Yard House ®, Seasons 52 ®, Bahama Breeze ®, and Eddie V's Prime Seafood ® and Wildfish Seafood Grille ® (collectively "Eddie V's") trademarks. We served over 352 million meals in fiscal 2015 . As of May 31, 2015 , we also had 34 restaurants operated by independent third parties pursuant to area development and franchise agreements. The following table details the number of Darden owned and operated restaurants, as well as those operated under franchise agreements, as of May 31, 2015.

Number of restaurants	Olive Garden	LongHorn Steakhouse	The Capital Grille	Bahama Breeze	Seasons 52	Eddie V's (2)	Yard House	Total Restaurants
Owned and operated:								
United States (1)	840	480	54	36	43	16	59	1,528
Canada	6	—	—	—	—	—	—	6
Total	846	480	54	36	43	16	59	1,534
Franchised:								
U.S. Airports	—	2	—	—	—	—	—	2
Puerto Rico	1	7	—	—	—	—	—	8
Middle East	5	2	—	—	—	—	—	7
Central and South America	13	1	1	—	—	—	—	15
Malaysia	1	1	—	—	—	—	—	2
Total	20	13	1	—	—	—	—	34

(1) Includes three restaurants located in Central Florida and three restaurants in California that are owned jointly by us and third parties, and managed by us.

(2) Includes 13 Eddie V's and 3 Wildfish restaurants.

Darden Restaurants, Inc. is a Florida corporation incorporated in March 1995, and is the parent company of GMRI, Inc., also a Florida corporation. GMRI, Inc. and certain other of our subsidiaries own and operate our restaurants. GMRI, Inc. was originally incorporated in March 1968 as Red Lobster Inns of America, Inc. We were acquired by General Mills, Inc. in 1970 and became a separate publicly held company in 1995 when General Mills distributed all of our outstanding stock to the stockholders of General Mills. Our principal executive offices and restaurant support center are located at 1000 Darden Center Drive, Orlando, Florida 32837, telephone (407) 245-4000. Our corporate website address is www.darden.com . We make our reports on Forms 10-K, 10-Q and 8-K, and Section 16 reports on Forms 3, 4 and 5, and all amendments to those reports available free of charge on our website the same day as the reports are filed with or furnished to the Securities and Exchange Commission. Information on our website is not deemed to be incorporated by reference into this Form 10-K. Unless the context indicates otherwise, all references to “Darden,” “we,” “our” or “us” include Darden Restaurants, Inc., GMRI, Inc. and our respective subsidiaries.

On May 15, 2014, we entered into an agreement to sell Red Lobster and certain related assets and associated liabilities. Additionally, in the fourth quarter of fiscal 2014, in connection with the anticipated sale of Red Lobster, we closed two company-owned restaurants that housed both a Red Lobster and an Olive Garden in the same building ("synergy restaurants"). On July 28, 2014, we closed on the sale of 705 Red Lobster restaurants. We have classified the results of operations and impairment charges of the Red Lobster business and the two closed company-owned synergy restaurants as discontinued operations in our consolidated statements of earnings and cash flows for all periods presented.

We have a 52/53 week fiscal year ending the last Sunday in May, which for fiscal 2015 was May 31, 2015. Accordingly, fiscal 2015 consisted of 53 weeks. Fiscal 2014 and 2013 , which ended May 25, 2014 and May 26, 2013 , respectively, each consisted of 52 weeks of operation.

The following description of our business should be read in conjunction with the information in our Management’s Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference in Item 7 of this Form 10-K and our consolidated financial statements incorporated by reference in Item 8 of this Form 10-K.

Segment Information

We manage our restaurant brands in North America as operating segments. The brands operate principally in the U.S. within full-service dining. We aggregate our operating segments into reportable segments based on a combination of the size, economic characteristics and sub-segment of full-service dining within which each brand operates. We have four reportable segments: 1) Olive Garden, 2) LongHorn Steakhouse, 3) Fine Dining (which includes The Capital Grille and Eddie V's) and 4) Other Business (which includes Yard House, Seasons 52, Bahama Breeze, consumer-packaged goods and franchise revenues). External sales are derived principally from food and beverage sales, we do not rely on any major customers as a source of sales and the customers and long-lived assets of our reportable segments are predominantly in the U.S. There were no material transactions among reportable segments. Additional information about our segments, including financial information, is included in Note 6 “Segment Information” under Notes to Consolidated Financial Statements in our 2015 Annual Report to Shareholders, which is incorporated herein by reference.

Restaurant Brands

Olive Garden

Olive Garden is an internally-developed brand and is the largest full-service dining Italian restaurant operator in the United States. Olive Garden offers a variety of Italian foods featuring fresh ingredients presented simply with a focus on flavor and quality, and a broad selection of imported Italian wines. In fiscal 1983, Olive Garden opened its first restaurant in Orlando, Florida.

Olive Garden's updated menu includes new better-for-you Italian fare as well as classic Tuscan favorites, including flatbreads and other appetizers; soups, salad and garlic breadsticks; baked pastas; sautéed specialties with chicken, seafood and fresh vegetables; grilled meats; and a variety of desserts. Olive Garden also uses coffee imported from Italy for its espresso and cappuccino.

Most dinner menu entrée prices range f rom $10.00 to $20.00, and most lunch menu entrée prices range from $7.00 to $15.00. The price of each entrée includes as much fresh salad or soup and breadsticks as a guest desires. During fiscal 2015 , the average check per person was approximately $17.00, with alcoholic beverages accounting for 6.7 percent of Olive Garden’s sales. Olive Garden maintains different menus for dinner and lunch and dif ferent menus across its trade areas to reflect geographic differences in consumer preferences, prices and selections, as well as a smaller portioned, lower-priced children’s menu.

LongHorn Steakhouse

LongHorn Steakhouse is a full-service steakhouse restaurant with locations primarily in the eastern United States, operating in an atmosphere inspired by the American West. We acquired LongHorn Steakhouse in October 2007 as part of the RARE Hospitality International, Inc. (“RARE”) acquisition. LongHorn Steakhouse restaurants feature a variety of menu items including signature fresh steaks and chicken, as well as salmon, shrimp, ribs, pork chops, burgers and prime rib.

Most dinner menu entrée prices range fr om $12.00 to $25.00, and most lunch menu entrée prices range from $7.50 to $15.50. The price of most entrées includes a side and/or salad and as much freshly baked bread as a guest desires. During fiscal 2015 , the average check per person was approximately $20.00, with alcoholic beverages accounting for 9.7 percent of LongHorn Steakhouse’s sales. LongHorn Steakhouse maintains different menus f or dinner and lunch and different menus across its trade areas to reflect geographic differences in consumer preferences, prices and selections, as well as a smaller portioned, lower-priced children’s menu.

The Capital Grille

The Capital Grille is a full-service restaurant with locations in major metropolitan cities in the United States and features relaxed elegance and style. We acquired The Capital Grille in October 2007 as part of the RARE acquisition. Nationally acclaimed for dry aging steaks on the premises, The Capital Grille is also known for fresh seafood flown in daily and culinary specials created by its chefs. The restaurants feature an award-winning wine list offering over 350 selections, personalized service, comfortable club-like atmosphere, and premiere private dining rooms.

Most dinner menu entrée prices range from $16.00 to $59.00 a nd most lunch menu entrée prices range fro m $12.00 to $39.00 . During fiscal 2015 , the average check per person was approximate ly $75.00, with al coholic beverages accounting for 29.6 percent of The Capital Grille’s sales. The Capital Grille offers different menus for dinner and lunch and varies its wine list to reflect geographic differences in consumer preferences, prices and selections.

Eddie V's

Eddie V's is a full-service restaurant with locations in major metropolitan cities in the United States with a sophisticated and contemporary ambiance, featuring live nightly music in the V-Lounge. The menu is inspired by the great classic restaurants of New Orleans, San Francisco and Boston, with an emphasis on prime seafood creations, USDA prime beef and chops, and fresh oyster bar selections. The atmosphere provides a comfortable dining experience "where your pleasure is our sole intention." Wildfish Seafood Grille is a full-service restaurant providing a dining experience focused on comfort and excitement with fresh seafood daily and high quality USDA steaks. We acquired eight Eddie V's Prime Seafood restaurants and three Wildfish Seafood Grille restaurants in November 2011.

Most dinner menu entrée prices at Eddie V's range from $18.00 to $61.00. During fiscal 2015 , the average check per person was approximately $90.00, with alcoholic beverages accounting for 32.5 percent of Eddie V's sales. Eddie V's maintains different menus for dinner and varies its wine list to reflect geographic differences in consumer preferences, prices and selections.

Bahama Breeze

Bahama Breeze is an internally-developed full-service restaurant brand operating primarily in the eastern United States, that offers guests the feeling of a Caribbean escape, with food, drinks and atmosphere found in the islands. The menu features distinctive, Caribbean-inspired fresh seafood, chicken and steaks as well as handcrafted tropical cocktails. In fiscal 1996, Bahama Breeze opened its first restaurant in Orlando, Florida.

Most dinner menu entrée prices at Bahama Breeze range f rom $9.00 to $30.00, and most lunch entrée prices range fro m $7.00 to $21.00. During fiscal 2015 , the average check per person was approximately $26.00, with alcoholic beverages acc ounting for 23.1 percent of Bahama Breeze's sales. Bahama Breeze maintains different menus across its trade areas to reflect geographic differences in consumer preferences, prices and selections, as well as a smaller portioned, lower-priced children's menu.

Seasons 52

Seasons 52 is an internally-developed full-service restaurant brand operating primarily in the eastern United States, with a casually sophisticated, fresh grill and wine bar that offers a seasonally changing menu inspired by the appeal of a local farmer's market. The menu includes an international collection of more than 100 wines, with 52 available by the glass, along with exceptional signature handcrafted cocktails. In fiscal 2003, Seasons 52 opened its first restaurant in Orlando, Florida.

Most dinner menu entrée prices at Seasons 52 range from $11.00 to $31.00, and most lunch entrée prices range from $8.00 to $31.00. During fiscal 2015 , the average check per person was approximately $45.00, with alcoholic beverages accounting for 26.6 percent of Seasons 52's sales. Seasons 52 maintains different menus for dinner and lunc h and different menus across its trade areas to reflect geographic differences in consumer preferences, prices and selections.

Yard House

Yard House is a full-service restaurant operating in metropolitan areas across the United States and is known for great food, classic rock and features over 100 draft beer offerings. The American menu includes more than 100 chef driven items with a wide range of appetizers, snacks, natural burgers and steaks, street tacos, salads, sandwiches, fresh fish and a generous selection of vegetarian dishes. Yard House opened its first restaurant in 1996 and we acquired Yard House in August 2012.

Yard House design elements create a contemporary, yet casual, "come as you are" environment. Most lunch and dinner menu entrée prices at Yard House range from $7.00 to $32.00. During fiscal 2015 , the average check per person was approximately $31.00, with alcoholic beverages accounting for 38.3 percent of Yard House's sales. Yard House maintains different menus and selections of craft beers across its trade areas to reflect geographic differences in consumer preferences, prices and selections, as well as a smaller portioned, lower-priced children's menu.

Our Specialty Restaurant Group was formed at the time of the RARE acquisition to provide a more efficient operational support structure for The Capital Grille, Seasons 52 and Bahama Breeze brands. We incorporated Eddie V's and Yard House into this support structure upon their acquisition.

The following table shows our growth and lists the number of restaurants owned and operated by each of our brands for the fiscal years indicated. The table excludes our restaurants operated by independent third parties pursuant to area development and franchise agreements. The final column in the table lists our total sales from continuing operations for the fiscal years indicated.

Fiscal Year	Olive Garden	LongHorn Steakhouse	The Capital Grille	Bahama Breeze	Seasons 52	Eddie V's	Yard House	Total Restaurants (1)(2)	Total Sales (in Millions)
1995	477							477	$1,172.6
1996	487			1				488	$1,240.9
1997	477			2				479	$1,285.2
1998	466			3				469	$1,386.9
1999	464			6				470	$1,490.2
2000	469			11				480	$1,615.7
2001	477			16				493	$1,780.0
2002	496			22				518	$1,966.1
2003	524			25	1			550	$2,097.5
2004	543			23	1			567	$2,359.3
2005	563			23	3			589	$2,542.4
2006	582			23	5			610	$2,775.8
2007	614			23	7			644	$2,965.2
2008	653	305	32	23	7			1,020	$3,997.5
2009	691	321	37	24	8			1,081	$4,593.1
2010	723	331	40	25	11			1,130	$4,626.8
2011	754	354	44	26	17			1,196	$4,980.3
2012	792	386	46	30	23	11		1,289	$5,327.1
2013	828	430	49	33	31	12	44	1,431	$5,921.0
2014	837	464	54	37	38	15	52	1,501	$6,285.6
2015	846	480	54	36	43	16	59	1,534	$6,764.0

(1) Includes only restaurants included in continuing operations. Excludes other restaurant brands operated by us in these years that are no longer owned by us, and restaurants that were classified as discontinued operations.

(2) Includes company-owned synergy restaurants as follows: one in fiscal 2011, one in fiscal 2012, four in fiscal 2013, and four in fiscal 2014. We converted the four remaining synergy restaurants to Olive Garden restaurants in the first quarter of fiscal 2015.

Strategy

We believe that capable operators of strong multi-unit brands have the opportunity to increase their share of the restaurant industry's full-service segment. Generally, the restaurant industry is considered to be comprised of three segments: quick service, fast casual, and full service. All of our restaurants fall within the full-service segment, which is highly fragmented and includes many independent operators and small chains. We believe we have strong brands, and that the breadth and depth of our experience and expertise sets us apart in the full-service restaurant industry. This collective capability is the product of investments over many years in areas that are critical to success in our business, including brand management excellence, restaurant operations excellence, supply chain, talent management and information technology, among other things.

During fiscal 2016, our operating philosophy is focused on improving the core operational fundamentals of the business by providing an outstanding guest experience rooted in culinary innovation, attentive service, engaging atmosphere, and integrated marketing. Darden enables each brand to reach its full potential by leveraging its scale, insight, and experience in a way that protects uniqueness and competitive advantages. Additionally, brands can capitalize on insights to deliver customized one-to-one customer relationship marketing. We hold ourselves accountable for operating our restaurants with a sense of urgency to achieve our commitments to all of our stakeholders.

Our established, long-time brand, Olive Garden, has identified several critical initiatives to further revitalize the brand. Olive Garden plans to improve quality and intensify the focus on the guest. In addition, the brand expects to capitalize on the convenience trend of the restaurant industry and utilize an integrated communication platform. The introduction of the Cucina Mia Menu, which allows our guests to select from popular elements of our menu, has reduced the need for constant deep discounted price pointed promotions and has allowed for greater flexibility within menu choices. Olive Garden has also seen strong results by the capitalization on guests' need for convenience through ToGo ordering. The restaurant menus reflect a focus on the guest and expand both choices and variety to further enrich the convenience trend.

LongHorn plans to continue to differentiate the guest experience through culinary innovation and improvements in marketing. LongHorn utilizes current food trends usually developed at independent and fine-dining restaurants, and utilizes seasonal menu items to strengthen quality and freshness perceptions. Individually portioned appetizers are also available.

The main focus of our smaller brands is on obtaining greater penetration within new regions of the country and opening new, successful restaurant locations. Additionally, we are focusing on regaining same-restaurant sales momentum, particularly at Yard House and Seasons 52. Darden's emphasis within Yard House is on expanding late night occasions, as well as accelerating beverage and culinary innovation. Seasons 52 is working on perfecting the seasonal and regional menu strategy as well as evolving operations excellence and increasing brand awareness throughout new markets.

Recent and Planned Restaurant Growth

During fiscal 2015 , we opened 33 net new company-owned restaurants in the United States and Canada. Our fiscal 2015 actual restaurant openings and closings and fiscal 2016 projected openings by brand are shown below.

	Actual - Fiscal 2015		**Projected - Fiscal 2016**
	New Restaurant Openings	Restaurant Closings	New Restaurant Openings
Olive Garden (2)	13	4	1 - 2
LongHorn Steakhouse	17	1	8 - 10
The Capital Grille	1	1	1 - 2
Bahama Breeze	—	1	1 - 2
Seasons 52	5	—	0 - 1
Eddie V's	1	—	0 - 1
Yard House	7	—	6 - 8
Other (1)(2)	—	4	—
Totals	44	11	18 - 22

(1) Represents company-owned synergy restaurants.

(2) The 13 Olive Garden new restaurant openings in fiscal 2015 include the conversions of the 4 remaining company-owned synergy restaurants into stand-alone Olive Garden restaurants during the first quarter of fiscal 2015.

The actual number of openings for each of our brands will depend on many factors, including our ability to locate appropriate sites, negotiate acceptable purchase or lease terms, obtain necessary local governmental permits, complete construction, and recruit and train restaurant management and hourly personnel. Our objective is to continue to expand all of our restaurant brands.

We consider location to be a critical factor in determining a restaurant's long-term success, and we devote significant effort to the site selection process. Prior to entering a market, we conduct a thorough study to determine the optimal number and placement of restaurants. Our site selection process incorporates a variety of analytical techniques to evaluate key factors. These factors include trade area demographics, such as target population density and household income levels; competitive influences in the trade area; the site's visibility, accessibility and traffic volume; and proximity to activity centers such as shopping malls, hotel/motel complexes, offices and universities. Members of senior management evaluate, inspect and approve each restaurant site prior to its acquisition. Constructing and opening a new restaurant typically takes approximately 180 days on average after permits are obtained and the site is acquired.

The following table illustrates the approximate average capital investment, square footage and dining capacity of the Olive Garden restaurants and LongHorn Steakhouse restaurants opened during the three-year period ending fiscal 2015 and Yard House restaurants opened during the two-year period ending fiscal 2015 . The table excludes any rebuilt restaurants.

	Number of Restaurants	Capital Investment(1)	Square Feet(2)	Dining Seats(3)	Dining Tables(4)
Olive Garden	58	$4,706,000	7,807	238	58
LongHorn Steakhouse	99	$3,620,000	6,343	228	49
Yard House	15	$8,682,000	12,652	355	75

(1) Estimated final cost includes net present value of lease obligations and working capital credit, but excludes internal overhead.

(2) Includes all space under the roof, including the coolers and freezers.

(3) Includes bar dining seats and patio seating, but excludes bar stools.

(4) Includes patio dining tables.

We systematically review the performance of our restaurants to ensure that each one meets our standards. When a restaurant falls below minimum standards, we conduct a thorough analysis to determine the causes, and implement marketing and operational plans to improve that restaurant’s performance. If performance does not improve to acceptable levels, the restaurant is evaluated for relocation, closing or conversion to one of our other brands. Permanent closures are typically due to economic changes in trade areas, the expiration of lease agreements, or site concerns. Accordingly, we continue to evaluate our site locations in order to minimize the risk of future closures or asset impairment charges.

Restaurant Operations

We believe that high-quality restaurant management is critical to our long-term success. Our restaurant management structure varies by brand and restaurant size. We issue detailed operations manuals covering all aspects of restaurant operations, as well as food and beverage manuals which detail the preparation procedures of our recipes. The restaurant management teams are responsible for the day-to-day operation of each restaurant and for ensuring compliance with our operating standards.

Each typical Olive Garden restaurant is led by a general manager, and each LongHorn Steakhouse restaurant is led by a managing partner. Each also has two to five additional managers, depending on the operating complexity and sales volume of the restaurant. In addition, each restaurant typically employs an average of 50 to 120 hourly employees, most of whom work part-time. Restaurant general managers or managing partners report to a director of operations who is responsible for approximately six to ten restaurants. Each director of operations of Olive Garden and LongHorn Steakhouse reports to a Senior Vice President of Operations who is responsible for up to one hundred restaurants. Restaurants are visited regularly by operations management, including officer level executives, to help ensure strict adherence to all aspects of our standards.

Each Bahama Breeze and Yard House restaurant is led by a general manager, and each The Capital Grille, Seasons 52 and Eddie V's restaurant is led by a managing partner. Each also has one to six managers. Each The Capital Grille, Seasons 52 and Eddie V's restaurant has one to three executive chefs, and each Bahama Breeze and Yard House restaurant has one to three culinary managers. In addition, each restaurant typically employs an average of 65 to 150 hourly employees, most of whom work part-time. The general manager or managing partner of each restaurant reports directly to a director of operations, who has operational responsibility for approximately three to ten restaurants. Restaurants are visited regularly by operations management, including officer level executives, to help ensure strict adherence to all aspects of our standards.

Our Learning Center of Excellence in partnership with each brand’s head of training, together with senior operations executives, is responsible for developing and maintaining our operations training programs. These efforts include an 11 to 12-week training program for management trainees (seven to nine weeks in the case of internal promotions) and continuing development programs for managers, supervisors and directors. The emphasis of the training and development programs varies by restaurant brand, but includes leadership, restaurant business management and culinary skills. We also use a highly structured training program to open new restaurants, including deploying training teams experienced in all aspects of restaurant operations. The opening training teams typically begin work one and a half weeks prior to opening and remain at the new restaurant for up to three weeks after the opening. They are re-deployed as appropriate to enable a smooth transition to the restaurant’s operating staff.

We maintain performance measurement and incentive compensation programs for our management-level employees. We believe that our leadership position, strong success-oriented culture and various short-term and long-term incentive programs, including stock and stock-based compensation, help attract and retain highly motivated restaurant managers.

Quality Assurance

Our Total Quality Department helps ensure that all restaurants provide safe, high-quality food in a clean and safe environment. Through rigorous supplier and risk based product evaluations, we purchase only products that meet or exceed our product specifications. We rely on independent third parties to inspect and evaluate our suppliers and distributors. Suppliers that produce “high-risk” products are subject to a food safety evaluation by Darden personnel at least annually. We require our suppliers to maintain sound manufacturing practices and operate with the comprehensive Hazard Analysis and Critical Control Point

("HACCP") food safety programs and risk based preventative controls adopted by the U.S. Food and Drug Administration. These programs focus on preventing hazards that could cause food-borne illnesses by applying scientifically-based controls to analyze hazards, identify and monitor critical control points, and establish corrective actions when monitoring shows that a critical limit has not been met. We require routine microbiological testing of high risk products. In addition, our total quality managers and third party auditors visit each restaurant periodically throughout the year to review food handling and to provide education and training in food safety and sanitation. The total quality managers also serve as a liaison to regulatory agencies on issues relating to food safety.

Purchasing and Distribution

Our ability to ensure a consistent supply of high-quality food and supplies at competitive prices to all of our restaurant brands depends on reliable sources of procurement. Our purchasing staff sources, negotiates and purchases food and supplies from more than 1,700 suppliers whose products originate in more than 10 countries. Suppliers must meet our requirements and strict quality control standards in the development, harvest, catch and production of food products. Competitive bids, long-term contracts and strategic supplier relationships are routinely used to manage availability and cost of products.

We believe that our purchasing capabilities are a significant competitive advantage. Our purchasing staff travels routinely within the United States and internationally to source top-quality food products at competitive prices. We believe that we have established excellent long-term relationships with key suppliers and usually source our product directly from producers (not brokers or middlemen). We actively support several national minority supplier organizations to ensure that Darden incorporates women- and minority-owned businesses in all of its purchasing decisions.

We continue to progress in automating our supply chain allowing our suppliers, logistics partners and distributors to improve optimization with information visibility. Through our subsidiary, Darden Direct Distribution, Inc. ("Darden Direct"), and long-term agreements with our third party national distribution companies, we maintain inventory ownership of food and supplies in warehouses primarily dedicated to Darden where practical to do so. Darden Direct further enables our purchasing staff to integrate demand forecasts into long-term agreements driving efficiencies in production economics when we collaborate with vendors. Because of the relatively rapid turnover of perishable food products, inventories in the restaurants have a modest aggregate dollar value in relation to sales.

Advertising and Marketing

Our size enables us to be a leading advertiser in the full-service dining segment of the restaurant industry. Olive Garden leverages the efficiency of national network television advertising. Olive Garden supplements this with cable, local television and digital advertising. LongHorn Steakhouse uses local television and digital advertising to build engagement and loyalty by market. The Capital Grille, Yard House, Bahama Breeze, Seasons 52 and Eddie V's do not use television advertising, but rely on local and digital marketing. Our restaurants appeal to a broad spectrum of consumers and we use advertising to create awareness and to attract guests. We implement periodic promotions as appropriate to maintain and increase our sales and profits, as well as strengthen our brands. We also rely on outdoor billboard, direct mail and email advertising, as well as radio, newspapers, digital coupons, search engine marketing and social media such as Facebook ® and Twitter ® , as appropriate, to attract and retain guests. We have developed and consistently use sophisticated consumer marketing research techniques to monitor guest satisfaction and evolving expectations.

In fiscal 2014, we began efforts to consolidate our brands into a single digital technology platform, strengthen brand relevance and drive longer-term sales growth. The new digital platform will enable our brands to tailor marketing programs to enhance consumer relevance and strengthen brand loyalty. We also developed and tested a new online ordering system for Olive Garden, which was implemented nationwide in fiscal 2015. In addition, during fiscal 2015, we began exploring brand loyalty and customer relationship management programs for our brands to increase the frequency of visits and offer our guests flexibility when making dining out decisions. We expect that these new marketing programs, along with other guest facing technology platforms, will be implemented during fiscal 2016. In fiscal 2015, Olive Garden continued to develop Spanish language advertising to increase awareness and visits from Hispanic consumers.

Employees

At the end of fiscal 2015 , we employed approximately 150,000 people in the United States and Canada. Of these employees, approximately 140,000 were hourly restaurant personnel. The remainder were restaurant management personnel located in the restaurants or in the field, or were located at one of our restaurant support center facilities in Orlando, Florida or Irvine, California. The decrease of approximately 56,000 employees compared to the end of fiscal 2014 primarily reflects the disposition of Red Lobster in fiscal 2015. Our executives have an average of 16 years of experience with us. The restaurant general managers and managing partners average 11 years with us. We believe that we provide working conditions and compensation that compare favorably with those of our competitors. Most employees, other than restaurant management and corporate management, are paid on an hourly basis. None of our employees are covered by a collective bargaining agreement. We consider our employee relations to be good.

Consistent with one of our core values of diversity, we are committed to attracting, retaining, engaging and developing a workforce that mirrors the diversity of our guests. Approximately 48 percent of our restaurant team member employees are minorities and over 52 percent are female. According to the People Report's Human Capital Intelligence Report for April 2015, the diversity of our operations leadership teams exceed the industry averages by 4 percentage points for minority and 4 percentage points for female representation. 23 percent of our leaders at the vice president and above level are minorities and 30 percent are female. The percentages of minority and female leaders at the vice president and above level rank above average in our industry. In addition, we achieved a 100 percent score on the Human Rights Campaign's Corporate Equality Index for our business practices and policies toward our lesbian, gay, bisexual and transgender employees.

Consistent with our core values of respect and caring and teamwork, in fiscal 1999 we established a program called Darden Dimes to help fellow Darden colleagues in need. Darden Dimes has helped employees weather the after-effects of hurricanes and other natural disasters, severe medical problems and other personal difficulties. Participating employees donate at least 10 cents from each paycheck to the Darden Dimes fund, which raises more than $1.5 million annually.

Information Technology

We strive for leadership in the restaurant business by using technology as a competitive advantage and as an enabler of our strategy. Since 1975, computers located in the restaurants have been used to assist in the management of the restaurants. We have implemented technology-enabled business solutions targeted at improved financial control, cost management, enhanced guest service and improved employee effectiveness. These solutions are designed to be used across restaurant brands, yet are flexible enough to meet the unique needs of each restaurant brand. Our strategy is to fully integrate systems to drive operational efficiencies and enable restaurant teams to focus on restaurant operations excellence.

In fiscal 2015, we continued a multi-year effort to implement new technology platforms that will allow us to digitally engage with our guests and employees and strengthen our marketing and analytics capabilities in this increasingly connected society. These technology platforms will be leveraged across all brands to build guest loyalty and employee engagement. Ultimately this multi-year effort will be integrated into all guest touch points including restaurant operating systems to enable compelling personalized guest experiences.

Restaurant hardware and software support for all of our restaurant brands is provided or coordinated from the restaurant support center facility in Orlando, Florida. A high-speed data network sends and receives critical business data to and from the restaurants throughout the day and night, providing timely and extensive information on business activity in every location. Our data center contains sufficient computing power to process information from all restaurants quickly and efficiently. Our information is processed in a secure environment to protect both the actual data and the physical assets. We guard against business interruption by maintaining a disaster recovery plan, which includes storing critical business information off-site, testing the disaster recovery plan at a host-site facility and providing on-site power backup via a large diesel generator. We use internally developed proprietary software, as well as purchased software, with proven, non-proprietary hardware. This allows processing power to be distributed effectively to each of our restaurants.

Our management believes that our current systems and practice of implementing regular updates will position us well to support current needs and future growth. We use a strategic information systems planning process that involves senior management and is integrated into our overall business planning. Information systems projects are prioritized based upon strategic, financial, regulatory and other business advantage criteria.

Competition

The restaurant industry is intensely competitive with respect to the type and quality of food, price, service, restaurant location, personnel, brand, attractiveness of facilities, and effectiveness of advertising and marketing. The restaurant business is often affected by changes in consumer tastes; national, regional or local economic conditions; demographic trends; traffic patterns; the type, number and location of competing restaurants; and consumers' discretionary purchasing power. We compete within each market with national and regional chains and locally-owned restaurants for guests, management and hourly personnel and suitable real estate sites. We also face growing competition from the supermarket industry, which offers "convenient meals" in the form of improved entrées and side dishes from the deli section. In addition, improving product offerings at fast casual restaurants and quick-service restaurants, together with negative economic conditions, could cause consumers to choose less expensive alternatives. We expect intense competition to continue in all of these areas.

Other factors pertaining to our competitive position in the industry are addressed under the sections entitled "Purchasing and Distribution," "Advertising and Marketing" and "Information Technology" in this Item 1 and in our Risk Factors in Item 1A of this Form 10-K.

Trademarks and Service Marks

We regard our Darden ®, Darden Restaurants ®, Olive Garden ®, LongHorn Steakhouse ®, The Capital Grille ®, Yard House ®, Bahama Breeze ®, Seasons 52 ®, Eddie V's Prime Seafood ® and Wildfish Seafood Grille ® service marks, and other service marks and trademarks related to our restaurant businesses, as having significant value and as being important to our marketing efforts. Our policy is to pursue registration of our important service marks and trademarks and to oppose vigorously any infringement of them. Generally, with appropriate renewal and use, the registration of our service marks and trademarks will continue indefinitely.

Franchises, Joint Ventures and New Business Development

As of May 31, 2015 , we operated 1,534 restaurants through subsidiaries in the United States and Canada all of which are owned by us, except three restaurants located in Central Florida and three restaurants in California. The three restaurants located in Florida and three restaurants located in California are owned by joint ventures managed by us. The joint ventures pay management fees to us, and we control the joint ventures' use of our service marks. In fiscal 2014, we entered into a license agreement with respect to an Atlanta, Georgia airport location and we entered into a license agreement in fiscal 2015 with respect to a Detroit, Michigan airport location. Seven LongHorn Steakhouse restaurants in Puerto Rico are franchised to an unaffiliated franchisee as part of an agreement that was executed prior to our fiscal 2007 acquisition of RARE. In April 2012, we entered into a new area development agreement with this same franchisee to develop and operate our Olive Garden and LongHorn Steakhouse brands in Puerto Rico and during fiscal 2015 the franchisee opened one Olive Garden restaurant. In January 2013, we amended the new area development agreement which now calls for the franchisee to initially develop a minimum of eight Olive Garden restaurants and three additional LongHorn Steakhouse restaurants in Puerto Rico by 2017.

Our restaurant operations outside of the United States and Canada are conducted through area development and franchise agreements. In October 2010, we entered into a formal agreement with an unaffiliated operator to develop and operate Olive Garden and LongHorn Steakhouse restaurants in the Middle East. The agreement calls for the operator to develop a minimum of 35 restaurants in Bahrain, Egypt, Kuwait, Lebanon, Qatar, Saudi Arabia and the United Arab Emirates over the next five years. As of May 31, 2015 , we have 7 restaurants in the region (two Olive Garden restaurants in United Arab Emirates, three Olive Garden restaurants in Kuwait, a LongHorn Steakhouse restaurant in Saudi Arabia and a LongHorn Steakhouse restaurant in Qatar), open under this agreement. In August 2011, we entered into an agreement with an unaffiliated operator to develop and operate Olive Garden and The Capital Grille brands in Mexico. The agreement calls for the operator to initially develop a minimum of 29 restaurants in Mexico over the next five years. As of May 31, 2015, ten Olive Garden restaurants and one The Capital Grille restaurant had been opened in Mexico under this agreement. In February 2013, we entered into a formal agreement with an unaffiliated operator to develop and operate Olive Garden and LongHorn Steakhouse brands in Central and South America. The agreement calls for the operator to develop a minimum of 30 restaurants in Brazil, Colombia, the Dominican Republic and Panama. As of May 31, 2015, one Olive Garden restaurant has been opened in Brazil under this agreement, and the rights to develop the Panama territory have been sold to the operator of our restaurant locations in Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica. In July 2013, we entered into separate formal agreements with two unaffiliated operators to develop and operate Olive Garden and LongHorn Steakhouse restaurants in Central America and South America. One agreement calls for the operator to develop 21 restaurants in Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica (and, as amended, Panama). The other agreement calls for the second unaffiliated operator to develop 11 restaurants in Peru. As of May 31, 2015, one Olive Garden restaurant has been opened in Peru, one Olive Garden restaurant has been opened in El Salvador and one LongHorn Steakhouse restaurant has been opened in El Salvador. In September 2013, we entered into a formal agreement with an unaffiliated operator to develop and operate Olive Garden and LongHorn Steakhouse restaurants in Malaysia. As of May 31, 2015 one Olive Garden restaurant and one LongHorn Steakhouse restaurant have been opened in Malaysia. In July 2014, we entered into a formal agreement with an unaffiliated operator to develop and operate Olive Garden and LongHorn Steakhouse restaurants in Ecuador, where no restaurants have opened to date. We do not have an ownership interest in any of these franchisees, but we receive royalty income under the area development and franchise agreements. The amount of income we derive from our joint venture and franchise arrangements is not material to our consolidated financial statements.

During fiscal 2013, and continuing through fiscal 2015, we achieved distribution for several items at Walmart, including Olive Garden regular and light salad dressing, salad croutons, extra virgin olive oil, two sizes of Balsamic vinegar, LongHorn Steakhouse seasoning and Olive Garden seasoning. We have expanded Olive Garden salad dressing into broad distribution channels including most major grocery chains.

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.

Government Regulation

We are subject to various federal, state, local and international laws affecting our business. Each of our restaurants must comply with licensing requirements and regulations by a number of governmental authorities, which include health, safety and fire agencies in the state or municipality in which the restaurant is located. The development and operation of restaurants depend on selecting and acquiring suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations. To date, we have not been significantly affected by any difficulty, delay or failure to obtain required licenses or approvals.

During fiscal 2015 , 12.2 percent of our sales were attributable to the sale of alcoholic beverages. Regulations governing their sale require licensure by each site (in most cases, on an annual basis), and licenses may be revoked or suspended for cause at any time. These regulations relate to many aspects of restaurant operation, including the minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling, and storage and dispensing of alcoholic beverages. The failure of a restaurant to obtain or retain these licenses would adversely affect the restaurant's operations. We also are subject in certain states to "dram-shop" statutes, which generally provide an injured party with recourse against an establishment that serves alcoholic beverages to an intoxicated person who then causes injury to himself or a third party. We carry liquor liability coverage as part of our comprehensive general liability insurance.

We also are subject to federal and state minimum wage laws and other laws governing such matters as overtime, tip credits, working conditions, safety standards, and hiring and employment practices. Changes in these laws during fiscal 2015 have not had a material effect on our operations.

We currently are operating under a Tip Rate Alternative Commitment ("TRAC") agreement with the Internal Revenue Service. Through increased educational and other efforts in the restaurants, the TRAC agreement reduces the likelihood of potential chain-wide employer-only FICA tax assessments for unreported cash tips.

We are subject to federal and state environmental regulations, but these rules have not had a material effect on our operations. During fiscal 2015 , there were no material capital expenditures for environmental control facilities and no material expenditures for this purpose are anticipated.

Our facilities must comply with the applicable requirements of the Americans with Disabilities Act of 1990 ("ADA") and related state accessibility statutes. Under the ADA and related state laws, we must provide equivalent service to disabled persons and make reasonable accommodation for their employment, and when constructing or undertaking significant remodeling of our restaurants, we must make those facilities accessible.

We continue to review the health care reform law enacted by Congress in March of 2010 ("Affordable Care Act") and related rules and regulations. As part of that review, we evaluate the potential impacts of this law on our business, and accommodate various parts of the law as they take effect.

We are subject to laws and regulations relating to the preparation and sale of food, including regulations regarding product safety, nutritional content and menu labeling. We are or may become subject to laws and regulations requiring disclosure of calorie, fat, trans fat, salt and allergen content. The Affordable Care Act requires restaurant companies such as ours to disclose calorie information on their menus. The Food and Drug Administration has proposed rules to implement this provision that would require restaurants to post the number of calories for most items on menus or menu boards and to make available more detailed nutrition information upon request.

We are subject to laws relating to information security, privacy, cashless payments and consumer credit, protection and fraud. An increasing number of governments and industry groups worldwide have established data privacy laws and standards for the protection of personal information, including social security numbers, financial information (including credit card numbers), and health information.

See Item 1A "Risk Factors" below for a discussion of risks relating to federal, state and local regulation of our business, including in the areas of health care reform, data privacy and environmental matters.

Sustainability

Darden's commitment to sustainability is embedded as a key component of providing great service and food to our guests. It is an element that separates us from our competitors, and a contributor to our business success. Our approach is both integrated and strategic and spans the enterprise from the commodities we source to the operation of our restaurants. Conservation is a competitive advantage - it will lower our operating costs over time, insulate our supply chain, and help us attract and retain best the most qualified employees - all increasing the success of our business.

More information about our sustainability strategy, how we are implementing that strategy and our progress to date is available through our sustainability report available on our website at www.darden.com/sustainability.

Health and Wellness

In September 2011, we announced a comprehensive health and wellness commitment to reduce our calorie and sodium footprints and to provide greater choice and variety on our children's menus. Across our brands, we are working toward a 10 percent reduction of calories and sodium over five years and a 20 percent reduction of calories and sodium over 10 years. Additionally, we have established nutrition criteria for children's meals, including serving fruit or vegetables with every meal.

Darden Foundation and Community Affairs

We are recognized for a culture that rewards caring for and responding to people. That defines service for Darden. The Darden Restaurants, Inc. Foundation ("Foundation") works to bring to life this spirit of service through its philanthropic support of charitable organizations across the country as well as the volunteer involvement of our employees. The Foundation does this by focusing its philanthropic efforts on the following key program areas: access to postsecondary education; preservation of natural resources; and good neighbor grants.

In April 2015, the Foundation announced it was awarding more than $1.1 million to nearly 800 nonprofit organizations in communities across the U.S. and Canada as part of its Darden Restaurants Community Grants Program. The local grants program is intended to help support nonprofit organizations in the hundreds of communities we serve. Each of our restaurants had the opportunity to help award a $1,000 grant to a nonprofit organization in its local community.

In fiscal 2015, we also awarded approximately $1.5 million in grants through the Foundation. We awarded grants to organizations such as the Boys & Girls Clubs of America and the National Restaurant Association Education Foundation. These organizations provide service to the public through education, community engagement, and the promotion of career opportunities.

In 2003, we began the Darden Harvest program as a mechanism for getting fresh and healthy food to people who need it. Each day, across every one of our 1,500 restaurants, we collect surplus, wholesome food that isn't served to guests and, rather than discarding the food, we prepare it for donation to local nonprofit feeding partners. In fiscal 2015, Darden contributed approximately 8.3 million pounds of food which is enough to feed almost 1,900 families of four, three meals a day for an entire year. As an added benefit of the Darden Harvest program, we are able to divert millions of pounds of surplus food from waste streams every year, making the Darden Harvest program a key part of our goal to one day send zero waste to landfills.

More information about the Foundation and its efforts to enhance the quality of life in the communities where we do business, including its annual Community Service Report, is available on our website at www.darden.com.

Executive Officers of the Registrant

Our executive officers as of the date of this report are listed below.

Eugene I. (Gene) Lee, Jr., age 54, has been our President and Chief Executive Officer since February 2015. Prior to that, Mr. Lee served as President and Interim Chief Executive Officer since October 2014, and as President and Chief Operating Officer of the Company from September 2013 to October 2014. He served as President of our Specialty Restaurant Group since our acquisition of RARE on October 1, 2007. Prior to the acquisition, he served as RARE's President and Chief Operating Officer from January 2001 to October 2007. From January 1999 until January 2001, he served as RARE's Executive Vice President and Chief Operating Officer.

Jeffrey A. Davis, age 52, has been our Senior Vice President and Chief Financial Officer since July 16, 2015. Prior to that, he served as Executive Vice President and Chief Financial Officer for the Walmart U.S. segment of Wal-Mart Stores, Inc. (“Walmart”), a multinational retail corporation. Mr. Davis joined Walmart in 2006 as Vice President of Finance for the Walmart U.S. specialty division. He held additional roles of increasing importance, including Executive Vice President and Treasurer for

Walmart globally, prior to assuming the top financial post in Walmart's largest business segment, a position he held until May 2015.

David C. George, age 59, has been our President of Olive Garden since January 2013. He served as our President of LongHorn Steakhouse from October 2007, when we acquired RARE Hospitality International, Inc. (RARE), until January 2013. Prior to the acquisition, he served as RARE's President of LongHorn Steakhouse from May 2003 until October 2007. From October 2001 until May 2003, he was RARE's Senior Vice President of Operations for LongHorn Steakhouse and from May 2000 until October 2001 was RARE's Vice President of Operations for The Capital Grille.

Harald E. Herrmann, age 49, was named our President of Darden's Specialty Restaurant Group (SRG) in January 2014. He previously served as our President of Yard House, a brand he helped launch in 1996, since we acquired the company in August 2012. Prior to the acquisition, he served as President of Yard House from May 2002 to January 2014.

Valerie L. Insignares, age 47, has been our President of LongHorn Steakhouse since January 2013. She served as our Chief Restaurant Operations Officer (CROO) from March 2011 to January 2013 and our Executive Vice President of Olive Garden from October 2004 until March 2011. She joined us in January 1997 as Director of Food and Smallwares for the commodities purchasing department and held progressively more responsible positions including Senior Vice President of Operations for Olive Garden's Dallas division prior to becoming Executive Vice President of Olive Garden in 2004.

Danielle L. Kirgan, age 39, has been our Senior Vice President, Chief Human Resources Officer since January 2015. From February 2014 to January 2015, she was our Senior Vice President, Human Resources, Specialty Restaurants Group and Total Rewards. She joined us in May 2010 as Senior Vice President, Total Rewards & HR Shared Services. Prior to joining us, she was the Head of Human Resources with ACI Worldwide from January 2009 to December 2009. From 2004 to 2008 she was Vice President, Human Resources for the Consumer Foods Division at ConAgra Foods.

David R. Lothrop, age 54, has been our Senior Vice President and Corporate Controller since May 2012, and was our Senior Vice President of Finance and Strategy from June 2010 until May 2012. He was Senior Vice President, Finance for Olive Garden from 2006 until June 2010. He joined Darden in 1984 as a corporate accountant. He joined the Olive Garden team in 1986 as a Senior Operations Analyst, and was promoted to Assistant Controller in 1991. After several years in a variety of finance roles at Darden, Red Lobster and Smokey Bones Barbeque & Grill, he was promoted to Senior Vice President, Finance and Controller for Olive Garden in 2006.

C. Bradford (Brad) Richmond, age 56, has been our Senior Vice President, Finance Transition, since July 16, 2015 and will retire from the Company on July 28, 2015. Prior to this, Mr. Richmond had been our Senior Vice President and Chief Financial Officer since December 2006. From August 2005 to December 2006, he served as our Senior Vice President and Corporate Controller. He served as Senior Vice President Finance, Strategic Planning and Controller of Red Lobster from January 2003 to August 2005, and previously was Senior Vice President, Finance and Controller at Olive Garden from August 1998 to January 2003. He joined us in 1982 as a food and beverage analyst for Casa Gallardo, a restaurant concept formerly owned and operated by us, and from June 1985 to August 1998 held progressively more responsible finance and marketing analysis positions with our York Steak House, Red Lobster and Olive Garden operating companies in both the United States and Canada.

Item 1A. RISK FACTORS

Various risks and uncertainties could affect our business. Any of the risks described below or elsewhere in this report or our other filings with the Securities and Exchange Commission 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.

Our strategic real estate plan which includes the transfer of a portion of our real estate assets to a new real estate investment trust ("REIT") that will be separated by a spin-off, split-off or similar transaction, resulting in the REIT becoming an independent, publicly-traded company (the "REIT Transaction") may not be completed or may not deliver its intended results, which could adversely affect our business.

On June 23, 2015, we announced the REIT Transaction. The completion of the REIT Transaction is subject to a number of implementation and operational complexities including the separation of some of our real estate assets into a REIT. There can be no assurances that the REIT Transaction will be completed and there are a number of risks and uncertainties related to the REIT Transaction, including:

- whether we will be able to separate some of our real estate assets into a REIT;
- whether we are able to obtain required regulatory approvals for the REIT Transaction or the timing of such approvals;

- whether the new, independent, publicly-traded company will qualify as a REIT which involves the application of highly technical and complex provisions of the Internal Revenue Code of 1986, as amended, as well as various factual determinations not entirely within our control;
- whether changes in legislation, the Treasury regulations, or Internal Revenue Service interpretations may adversely impact our ability to separate our real estate assets into a REIT or whether shareholders will benefit from being a REIT;
- whether we are able to complete financings and/or refinancing related to the REIT Transaction within an acceptable timeframe and on acceptable terms, if at all;
- whether we and the REIT may be able to conduct and expand our respective businesses following the REIT Transaction due to circumstances beyond our control; and
- whether there could be legal or other challenges to the REIT Transaction, including changes in legal, regulatory, market and other circumstances which could lead our Board to decide not to pursue the REIT Transaction.

We have the right to terminate the transaction, even if all of the conditions have been satisfied, if the Board determines, in its sole and absolute discretion, that the REIT Transaction is not in the best interests of the Company and its shareholders or that market conditions or other circumstances are such that the REIT Transaction is no longer advisable at that time. While we have considered a variety of strategies, including alternative financings, capital and tax strategies, designed to maximize long-term shareholder value, there can be no assurances that the REIT Transaction will be the most beneficial alternative considered.

In connection with our strategic real estate plan, we may be locked into long-term and non-cancelable leases that we may want to cancel, and may be unable to renew the leases that we may want to extend at the end of their terms.

Under the strategic real estate plan being pursued, we will transfer approximately 430 of our owned restaurant properties to the REIT, with substantially all of the REIT’s initial assets being leased back to us. In addition, we have been marketing selected properties for individual sale leasebacks. To date, we have listed approximately 75 properties including our Orlando Restaurant Support Center property and buildings. The initial terms for the leases for these properties is 15 years except in a few cases, and have fixed rent escalations for the initial term and multiple renewal options at our discretion. If we close a restaurant, we may remain committed to perform our obligations under the applicable lease, which would include, among other things, payment of the base rent for the balance of the lease term. Additionally, the potential losses associated with our inability to cancel leases may result in our keeping open restaurant locations that are performing significantly below targeted levels. As a result, ongoing lease obligations at closed or underperforming restaurant locations could impair our results of operations. In addition, at the end of the lease term and expiration of all renewal periods, we may be unable to renew the lease without substantial additional cost, if at all. As a result, we may be required to close or relocate a restaurant, which could subject us to construction and other costs and risks, and may have an adverse effect on our operating performance.

A failure to maintain food safety throughout the supply chain and food-borne illness concerns may have an adverse effect on our business.

Food safety is a top priority, and we dedicate substantial resources to ensuring that our guests enjoy safe, quality food products. However, food safety issues could be caused at the point of source or by food suppliers or distributors and, as a result, be out of our control. In addition, regardless of the source or cause, any report of food-borne illnesses such as E. coli, hepatitis A, trichinosis or salmonella, and other food safety issues including food tampering or contamination, at one of our restaurants could adversely affect the reputation of our brands and have a negative impact on our sales. Even instances of food-borne illness, food tampering or food contamination occurring solely at restaurants of our competitors could result in negative publicity about the food service industry generally and adversely impact our sales. The occurrence of food-borne illnesses or food safety issues could also adversely affect the price and availability of affected ingredients, resulting in higher costs and lower margins.

Litigation, including allegations of illegal, unfair or inconsistent employment practices, may adversely affect our business, financial condition and results of operations.

Our business is subject to the risk of litigation by employees, guests, suppliers, shareholders, government agencies or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. These actions and proceedings may involve allegations of illegal, unfair or inconsistent employment practices, including wage and hour violations and employment discrimination; guest discrimination; food safety issues including poor food quality, food-borne illness, food tampering, food contamination, and adverse health effects from consumption of various food products or high-calorie foods (including obesity); other personal injury; violation of “dram shop” laws (providing an injured party with recourse against an establishment that serves alcoholic beverages to an intoxicated party who then causes injury to himself or a third party); trademark infringement; violation of the federal securities laws; or other concerns. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend litigation may be significant. There may also be adverse publicity associated with litigation that could decrease guest acceptance of our brands, regardless of whether the allegations are valid or we ultimately are found liable. Litigation could impact our operations in other ways as well. Allegations of illegal, unfair or inconsistent employment practices, for example, could adversely affect employee acquisition and retention. As a result, litigation may adversely affect our business, financial condition and results of operations.

Unfavorable publicity, or a failure to respond effectively to adverse publicity, could harm our reputation and adversely impact our guest counts and sales.

The good reputation of our restaurant brands is a key factor in the success of our business. Actual or alleged incidents at any of our restaurants could result in negative publicity that could harm our brands. Even incidents occurring at restaurants operated by our competitors or in the supply chain generally could result in negative publicity that could harm the restaurant industry overall and, indirectly, our own brands. Negative publicity may result from allegations of illegal, unfair or inconsistent employment practices, employee dissatisfaction, guest discrimination, illness, injury, or any of the other matters discussed above that could give rise to litigation. Regardless of whether the allegations or complaints are valid, unfavorable publicity relating to a limited number of our restaurants, or only to a single restaurant, could adversely affect public perception of the entire brand. Negative publicity also may result from health concerns including food safety and flu outbreaks, publication of government or industry findings concerning food products, environmental disasters, crime incidents, data privacy breaches, scandals involving our employees, or operational problems at our restaurants, all of which could make our brands and menu offerings less appealing to our guests and negatively impact our guest counts and sales. Adverse publicity and its effect on overall consumer perceptions of our brands, or our failure to respond effectively to adverse publicity, could have a material adverse effect on our business.

We are subject to a number of risks relating to public policy changes and federal, state and local regulation of our business, including in the areas of health care reform, environmental matters, minimum wage, unionization, data privacy, menu labeling, immigration requirements and taxes, and an insufficient or ineffective response to government regulation may impact our cost structure, operational efficiencies and talent availability.

The restaurant industry is subject to extensive federal, state, local and international laws and regulations. The development and operation of restaurants depend to a significant extent on the selection and acquisition of suitable sites, which are subject to building, zoning, land use, environmental, traffic and other regulations and requirements. We are subject to licensing and regulation by state and local authorities relating to health, sanitation, safety and fire standards and the sale of alcoholic beverages. We are subject to laws and regulations relating to the preparation and sale of food, including regulations regarding product safety, nutritional content and menu labeling. We are subject to federal and state laws governing minimum wages, unionization and other labor issues. These include the Fair Labor Standards Act of 1938 and requirements concerning overtime, paid or family leave, tip credits, working conditions and safety standards. They also include the Immigration Reform and Control Act of 1986, which requires among other things the preparation of Form I-9 to verify that employees are authorized to accept employment in the United States.

We also are subject to federal and state laws which prohibit discrimination and other laws regulating the design and operation of facilities, such as the ADA. Compliance with these laws and regulations can be costly and increase our exposure to litigation and governmental proceedings, and a failure or perceived failure to comply with these laws could result in negative publicity that could harm our reputation. New or changing laws and regulations relating to union organizing rights and activities may impact our operations at the restaurant level and increase our labor costs.

The Affordable Care Act was enacted in March 2010. We have continued to evaluate the potential impacts of this law on our business, and accommodate various parts of the law and related rules and regulations as they take effect. There are no assurances that a combination of cost management and price increases can accommodate all of the costs associated with compliance. We did not receive tax-free subsidies for providing prescription drugs to retirees under Medicare Part D. Therefore, we have no deferred tax assets associated with our retiree medical plan that would be impacted by this law. The Affordable Care Act also requires restaurant companies such as ours to disclose calorie information on their menus. Although the FDA published proposed regulations to implement the nutritional menu labeling provisions, it has delayed release of final regulations. We do not expect to incur any material costs from compliance with this provision, but cannot anticipate any changes in guest behavior resulting from the implementation of this portion of the law, which could have an adverse effect on our sales or results of operations. We are also reviewing the potential impacts of new laws associated with health care passed by various state and local governments.

We are subject to a variety of federal, state and local laws and regulations relating to the use, storage, discharge, emission and disposal of hazardous materials. There also has been increasing focus by United States and overseas governmental authorities on other environmental matters, such as climate change, the reduction of greenhouse gases and water consumption. This increased focus may lead to new initiatives directed at regulating a yet to be specified array of environmental matters, such as the emission of greenhouse gases, where “cap and trade” initiatives could effectively impose a tax on carbon emissions. Legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in the cost of raw materials, taxes, transportation and utilities, which could decrease our operating profits and necessitate future investments in facilities and equipment.

We are subject to laws relating to information security, privacy, cashless payments and consumer credit, protection and fraud. An increasing number of governments and industry groups worldwide have established data privacy laws and standards for the protection of personal information, including social security numbers, financial information (including credit card numbers), and health information. Compliance with these laws and regulations can be costly, and any failure or perceived failure to comply with those laws could harm our reputation or lead to litigation, which could adversely affect our financial condition.

The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, or an insufficient or ineffective response to significant regulatory or public policy issues, could increase our cost structure, operational efficiencies and talent availability, and therefore have an adverse effect on our results of operations. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings.

We may be subject to increased labor and insurance costs.

Our restaurant operations are subject to United States and Canadian federal and state laws governing such matters as minimum wages, working conditions, overtime and tip credits. As federal and state minimum wage rates increase, we may need to increase not only the wages of our minimum wage employees, but also the wages paid to employees at wage rates that are above minimum wage. Labor shortages, increased employee turnover and health care mandates could also increase our labor costs. This in turn could lead us to increase prices which could impact our sales. Conversely, if competitive pressures or other factors prevent us from offsetting increased labor costs by increases in prices, our profitability may decline. In addition, the current premiums that we pay for our insurance (including workers’ compensation, general liability, property, health, and directors’ and officers’ liability) may increase at any time, thereby further increasing our costs. The dollar amount of claims that we actually experience under our workers’ compensation and general liability insurance, for which we carry high per-claim deductibles, may also increase at any time, thereby further increasing our costs. Further, the decreased availability of property and liability insurance has the potential to negatively impact the cost of premiums and the magnitude of uninsured losses.

We rely heavily on information technology in our operations, and 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 could harm our ability to effectively operate our business and/or result in the loss of respected relationships with our guests or employees.

We rely heavily on information systems across our operations, including for marketing programs, employee engagement, management of our supply chain, point-of-sale processing system in our restaurants, and various other processes and transactions. Our ability to effectively manage our business and coordinate the production, distribution and sale of our products depends significantly on the reliability and capacity of these systems. In addition, we must effectively respond to changing guest expectations and new technological developments. Disruptions, failures or other performance issues with these guest facing technology systems could impair the benefits that they provide to our business and negatively affect our relationship with our guest. The failure of these systems to operate effectively, problems with transitioning to upgraded or replacement systems, a material network breach in the security of these systems as a result of a cyber attack, or any other failure to maintain a continuous and secure cyber network could result in substantial harm or inconvenience to us or an individual. This could include the theft of our intellectual property or trade secrets, or the improper use of personal information or other “identity theft.” Each of these situations or data privacy breaches may cause delays in guest service, reduce efficiency in our operations, require significant capital investments to remediate the problem, result in customer or advertiser dissatisfaction or otherwise result in negative publicity that could harm our reputation and we could be subjected to litigation, regulatory investigations or the imposition of penalties. As privacy and information security laws and regulations change and cyber risks evolve, we may incur additional costs to ensure we remain in compliance.

Our inability or failure to execute on a comprehensive business continuity plan following a major natural disaster such as a hurricane or manmade disaster, including terrorism, at our corporate facility could have a materially adverse impact on our business.

Many of our corporate systems and processes and corporate support for our restaurant operations are centralized at one Florida location. We have disaster recovery procedures and business continuity plans in place to address most events of a crisis nature, including hurricanes and other natural disasters, and back up and off-site locations for recovery of electronic and other forms of data and information. However, if we are unable to fully implement our disaster recovery plans, we may experience delays in recovery of data, inability to perform vital corporate functions, tardiness in required reporting and compliance, failures to adequately support field operations and other breakdowns in normal communication and operating procedures that could have a material adverse effect on our financial condition, results of operation and exposure to administrative and other legal claims.

Health concerns arising from food-related pandemics, outbreaks of flu viruses or other diseases may have an adverse effect on our business.

The United States and other countries have experienced, or may experience in the future, outbreaks of viruses, such as norovirus, avian flu or "SARS," and H1N1 or "swine flu," or other diseases such as bovine spongiform encephalopathy, commonly known as "mad cow disease." To the extent that a virus or disease is food-borne, or perceived to be food-borne, future outbreaks may adversely affect the price and availability of certain food products and cause our guests to eat less of a product, or could reduce public confidence in food handling and/or public assembly. For example, health concerns relating to the consumption of beef or to specific events such as an outbreak of "mad cow disease" may adversely impact sales at LongHorn Steakhouse and The Capital Grille restaurants that offer beef as a primary menu item. In addition, public concern over avian flu may cause fear about the consumption of chicken, eggs and other products derived from poultry. The inability to serve beef or poultry-based products would restrict our ability to provide a variety of menu items to our guests. If we change a restaurant menu in response to such concerns, we may lose guests who do not prefer the new menu, and we may not be able to attract a sufficient new guest base to produce the sales needed to make the restaurant profitable. We also may have different or additional competitors for our intended guests as a result of such a change and may not be able to successfully compete against such competitors. If a virus is transmitted by human contact, our employees or guests could become infected, or could choose, or be advised, to avoid gathering in public places, any of which could adversely affect our restaurant guest traffic, and our ability to adequately staff our restaurants, receive deliveries on a timely basis or perform functions at the corporate level. We also could be adversely affected if jurisdictions in which we have restaurants impose mandatory closures, seek voluntary closures or impose restrictions on operations. Even if such measures are not implemented and a virus or other disease does not spread significantly, the perceived risk of infection or significant health risk may adversely affect our business.

We face intense competition, and if we have an insufficient focus on competition and the consumer landscape, our business, financial condition and results of operations would be adversely affected.

The full-service dining sector of the restaurant industry is intensely competitive with respect to pricing, service, location, personnel and type and quality of food, and there are many well-established competitors. We compete within each market with national and regional restaurant chains and locally-owned restaurants. We also face growing competition as a result of the trend toward convergence in grocery, deli and restaurant services, particularly in the supermarket industry which offers "convenient meals" in the form of improved entrées and side dishes from the deli section. We compete primarily on the quality, variety and value perception of menu items. The number and location of restaurants, type of brand, quality and efficiency of service, attractiveness of facilities and effectiveness of advertising and marketing programs are also important factors. We anticipate that intense competition will continue with respect to all of these factors. If we are unable to continue to compete effectively, our business, financial condition and results of operations would be adversely affected.

Our failure to drive both short-term and long-term profitable sales growth through brand relevance, operating excellence, and opening new restaurants of existing brands, and developing new dining brands could result in poor financial performance.

As part of our business strategy, we intend to drive profitable sales growth by increasing same-restaurant sales at existing restaurants, continuing to expand our current portfolio of restaurant brands, and developing additional brands that can be expanded profitably. This strategy involves numerous risks, and we may not be able to achieve our growth objectives.

At existing brands, we may not be able to maintain brand relevance and restaurant operating excellence to achieve sustainable same-restaurant sales growth and warrant new unit growth. Existing brand short-term sales growth could be impacted if we are unable to drive near term guest count and sales growth, and long-term sales growth could be impacted if we fail to extend our existing brands in ways that are relevant to our guests. A failure to innovate and extend our existing brands in ways that are relevant to guests and occasions in order to generate sustainable same-restaurant traffic growth and produce non-traditional sales and earnings growth opportunities, insufficient focus on our competition, or failure to adequately address the decline of the casual dining industry, could have an adverse effect on our results of operations. In addition, we may not be able to support sustained new unit growth or open all of our planned new restaurants, and the new restaurants that we open may not be profitable or as profitable as our existing restaurants. New restaurants typically experience an adjustment period before sales levels and operating margins normalize, and even sales at successful newly-opened restaurants generally do not make a significant contribution to profitability in their initial months of operation. The opening of new restaurants can also have an adverse effect on sales levels at existing restaurants.

The ability to open and profitably operate restaurants is subject to various risks, such as the identification and availability of suitable and economically viable locations, the negotiation of acceptable lease or purchase terms for new locations, the need to obtain all required governmental permits (including zoning approvals and liquor licenses) on a timely basis, the need to comply with other regulatory requirements, the availability of necessary contractors and subcontractors, the ability to meet construction schedules and budgets, the ability to manage union activities such as picketing or hand billing which could delay construction, increases in labor and building material costs, the availability of financing at acceptable rates and terms, changes in weather or other acts of God that could result in construction delays and adversely affect the results of one or more restaurants for an indeterminate amount of time, our ability to hire and train qualified management personnel and general economic and business conditions. At each potential location, we compete with other restaurants and retail businesses for desirable development sites, construction contractors, management personnel, hourly employees and other resources. If we are unable to successfully manage these risks, we could face increased costs and lower than anticipated sales and earnings in future periods.

We also may not be able to identify and integrate additional brands or develop new business opportunities that are as profitable as our existing restaurants.

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, may not be successful, which could require us to make substantial further investments in those brands and new business ventures and result in losses and impairments.

While each of our restaurant brands, as well as each of our individual restaurants, are subject to the risks and uncertainties described above, there is an enhanced level of risk and uncertainty related to the operation and expansion of our smaller brands such as Bahama Breeze, Seasons 52 and Eddie V's. These brands and new business ventures have not yet proven their long-term viability or growth potential. We have made substantial investments in the development and expansion of each of these brands and further investment is required. While we have implemented a number of changes to operations at Bahama Breeze, and believe we have improved the guest experience and unit economics sufficiently to restart modest unit growth, there can be no assurance that these changes will continue to be successful or that additional new unit growth will occur. Seasons 52 and Eddie V's also are in the early stages of their development and will require additional resources to support further growth. Our other new business initiatives such as the sale of consumer packaged goods have not yet proved their long-term viability and may not be successful.

In each case, these brands and business initiatives will continue to be subject to the risks and uncertainties that accompany any emerging restaurant brand or new business initiative.

A lack of availability of suitable locations for new restaurants or a decline in the quality of the locations of our current restaurants may adversely affect our sales and results of operations.

The success of our restaurants depends in large part on their locations. As demographic and economic patterns change, current locations may not continue to be attractive or profitable. Possible declines in neighborhoods where our restaurants are located or adverse economic conditions in areas surrounding those neighborhoods could result in reduced sales in those locations. In addition, desirable locations for new restaurant openings or for the relocation of existing restaurants may not be available at an acceptable cost when we identify a particular opportunity for a new restaurant or relocation. The occurrence of one or more of these events could have a significant adverse effect on our sales and results of operations.

We may experience higher-than-anticipated costs associated with the opening of new restaurants or with the closing, relocating and remodeling of existing restaurants, which may adversely affect our results of operations.

Our sales and expenses can be impacted significantly by the number and timing of the opening of new restaurants and the closing, relocating and remodeling of existing restaurants. We incur substantial pre-opening expenses each time we open a new restaurant and other expenses when we close, relocate or remodel existing restaurants. The expenses of opening, closing, relocating or remodeling any of our restaurants may be higher than anticipated. An increase in such expenses could have an adverse effect on our results of operations.

A failure to identify and execute innovative marketing and guest relationship tactics, ineffective or improper use of other marketing initiatives, and increased advertising and marketing costs, could adversely affect our results of operations.

If our competitors increase their spending on advertising and promotions, if our advertising, media or marketing expenses increase, or if our advertising and promotions become less effective than those of our competitors, or if we do not adequately leverage technology and data analytic capabilities needed to generate concise competitive insight, we could experience a material adverse effect on our results of operations. A failure to sufficiently innovate, develop guest relationship initiatives, or maintain adequate and effective advertising could inhibit our ability to maintain brand relevance and drive increased sales.

As part of our marketing efforts, we rely on search engine marketing and social media platforms to attract and retain guests, and will begin efforts to consolidate our brands into a single digital technology platform. These initiatives may not be successful, and pose a variety of other risks, as discussed below under the heading: "Our inability or failure to recognize, respond to and effectively manage the accelerated impact of social media could materially adversely impact our business."

A failure to recruit, develop and retain effective leaders, the loss or shortage of personnel with key capacities and skills, or an inability to adequately monitor and proactively respond to employee dissatisfaction could impact our strategic direction and jeopardize our ability to meet our growth targets.

Our future growth depends substantially on the contributions and abilities of key executives and other employees. Our future growth also depends substantially on our ability to recruit and retain high-quality employees to work in and manage our restaurants. We must continue to recruit, retain and motivate management and other employees in order to maintain our current business and support our projected growth. Changes in senior management could expose us to significant changes in strategic direction and initiatives. A failure to maintain appropriate organizational capacity and capability to support leadership excellence (adequate resources, innovative skill sets and expectations) and build adequate bench strength required for growth, a loss of key employees or a significant shortage of high-quality restaurant employees, and an inability to adequately monitor and proactively respond to employee dissatisfaction which could lead to poor guest satisfaction, higher turnover, litigation and unionization which could jeopardize our ability to meet our growth targets.

A failure to address cost pressures, including rising costs for commodities, labor, health care and utilities used by our restaurants, and a failure to effectively deliver cost management activities and achieve economies of scale in purchasing, could compress our margins and adversely affect our sales and results of operations.

Our results of operations depend significantly on our ability to anticipate and react to changes in the price and availability of food, ingredients, labor, health care, utilities and other related costs over which we may have little control. Operating margins for our restaurants are subject to changes in the price and availability of food commodities, including shrimp, lobster, crab and other seafood, as well as beef, pork, chicken, cheese and produce. The introduction of or changes to tariffs on imported food products, such as shrimp, could increase our costs and possibly impact the supply of those products. We cannot predict whether we will be able to anticipate and react to changing food costs by adjusting our purchasing practices and menu prices, and a failure to do so could adversely affect our operating results. We attempt to leverage our size to achieve economies of scale in purchasing, but there can be no assurances that we can always do so effectively. We are subject to the general risks of inflation.

Increases in minimum wage, health care and other benefit costs may have a material adverse effect on our labor costs. We operate in many states and localities, where the minimum wage is significantly higher than the federal minimum wage. Increases in minimum wage may also result in increases in the wage rates paid for non-minimum wage positions

Our restaurants' operating margins are also affected by fluctuations in the price of utilities such as electricity and natural gas, whether as a result of inflation or otherwise, on which the restaurants depend for their energy supply. In addition, interruptions to the availability of gas, electric, water or other utilities, whether due to aging infrastructure, weather conditions, fire, animal damage, trees, digging accidents or other reasons largely out of our control, may adversely affect our operations. Our inability to anticipate and respond effectively to an adverse change in any of these factors could have a significant adverse effect on our sales and results of operations.

We may lose sales or incur increased costs if our restaurants experience shortages or interruptions in the delivery of food and other products from our third party vendors and suppliers.

Shortages or interruptions in the supply of food items and other supplies to our restaurants may be caused by inclement weather; natural disasters such as hurricanes, tornadoes, floods, droughts and earthquakes; the inability of our vendors to obtain credit in a tightened credit market or remain solvent given disruptions in the financial markets; or other conditions beyond our control. Such shortages or interruptions could adversely affect the availability, quality and cost of the items we buy and the operations of our restaurants. We may have a limited number of suppliers for certain of our products. Supply chain risk could increase our costs and limit the availability of products that are critical to our restaurant operations. If we raise prices as a result of increased food costs or shortages, it may negatively impact our sales. If we temporarily close a restaurant or remove popular items from a restaurant's menu, that restaurant may experience a significant reduction in sales during the time affected by the shortage or thereafter as a result of our guests changing their dining habits.

Adverse weather conditions and natural disasters could adversely affect our restaurant sales.

Adverse weather conditions can impact guest traffic at our restaurants, cause the temporary underutilization of outdoor patio seating and, in more severe cases such as hurricanes, tornadoes or other natural disasters, cause temporary closures, sometimes for prolonged periods, which would negatively impact our restaurant sales. Changes in weather could result in construction delays, interruptions to the availability of utilities, and shortages or interruptions in the supply of food items and other supplies, which could increase our costs. Some climatologists predict that the long-term effects of climate change and global warming may result in more severe, volatile weather or extended droughts, which could increase the frequency and duration of weather impacts on our operations.

Volatility in the market value of derivatives we use to hedge exposures to fluctuations in commodity prices may cause volatility in our gross margins and net earnings.

We use or may use derivatives to hedge price risk for some of our principal ingredient and energy costs, including but not limited to coffee, butter, wheat, soybean oil, pork, beef, diesel fuel, gasoline and natural gas. Changes in the values of these derivatives are recorded in earnings currently, resulting in volatility in both gross margin and net earnings. These gains and losses are reported as a component of cost of sales in our Consolidated Statements of Earnings included in our consolidated financial statements. We may experience volatile earnings as a result of these market factors.

Certain economic and business factors specific to the restaurant industry and other general macroeconomic factors including unemployment, energy prices and interest rates that are largely beyond our control may adversely affect consumer behavior and our results of operations.

Our business results depend on a number of industry-specific and general economic factors, many of which are beyond our control. The full-service dining sector of the restaurant industry is affected by changes in international, national, regional and local economic conditions, seasonal fluctuation of sales volumes, consumer spending patterns and consumer preferences, including changes in consumer tastes and dietary habits, and the level of consumer acceptance of our restaurant brands. The performance of individual restaurants may also be adversely affected by factors such as demographic trends, severe weather including hurricanes, traffic patterns and the type, number and location of competing restaurants.

General economic conditions may also adversely affect our results of operations. Recessionary economic cycles, a protracted economic slowdown, a worsening economy, increased unemployment, increased energy prices, rising interest rates, a downgrade of the U.S. government's long-term credit rating, the European debt crisis, or other industry-wide cost pressures could affect consumer behavior and spending for restaurant dining occasions and lead to a decline in sales and earnings. Job losses, foreclosures, bankruptcies and falling home prices could cause guests to make fewer discretionary purchases, and any significant decrease in our guest traffic or average profit per transaction will negatively impact our financial performance. In addition, if gasoline, natural gas, electricity and other energy costs increase, and credit card, home mortgage and other borrowing costs increase with rising interest rates, our guests may have lower disposable income and reduce the frequency with which they dine out, may spend less on each dining out occasion, or may choose more inexpensive restaurants.

Furthermore, we cannot predict the effects that actual or threatened armed conflicts, terrorist attacks, efforts to combat terrorism, heightened security requirements, or a failure to protect information systems for critical infrastructure, such as the electrical grid and telecommunications systems, could have on our operations, the economy or consumer confidence generally. Any of these events could affect consumer spending patterns or result in increased costs for us due to security measures.

Unfavorable changes in the above factors or in other business and economic conditions affecting our guests could increase our costs, reduce traffic in some or all of our restaurants or impose practical limits on pricing, any of which could lower our profit margins and have a material adverse effect on our financial condition and results of operations.

Disruptions in the financial and credit markets may adversely impact consumer spending patterns, affect the availability and cost of credit and increase pension plan expenses.

Our ability to make scheduled payments or to refinance our debt and to obtain financing for acquisitions or other general corporate and commercial purposes will depend on our operating and financial performance, which in turn is subject to prevailing economic conditions and to financial, business and other factors beyond our control. Global credit markets and the financial services industry have been experiencing a period of unprecedented turmoil over the last few years, characterized by the bankruptcy, failure or sale of various financial institutions and an unprecedented level of intervention from the United States and other governments. These events may adversely impact the availability of credit already arranged, and the availability and cost of credit in the future. There can be no assurances that we will be able to arrange credit on terms we believe are acceptable or that permit us to finance our business with historical margins. The lack of credit, along with the macroeconomic factors previously discussed, may have an adverse impact on certain of our suppliers, landlords and other tenants in retail centers in which we are located. If these issues continue or worsen, they could further materially impact these parties, which in turn could negatively affect our financial results. Any new or continuing disruptions in the financial markets may also adversely affect the U.S. and world economy, which could negatively impact consumer spending patterns. There can be no assurances as to how or when this period of turmoil will be resolved. Changes in the capital markets could also have significant effects on our pension plan. Our pension income or expense is affected by factors including the market performance of the assets in the master pension trust maintained for the pension plans for some of our employees, the weighted average asset allocation and long-term rate of return of our pension plan assets, the discount rate used to determine the service and interest cost components of our net periodic pension cost and assumed rates of increase in our employees’ future compensation. If our pension plan assets do not achieve positive rates of return, or if our estimates and assumed rates are not accurate, our earnings may decrease because net periodic pension costs would rise and we could be required to provide additional funds to cover our obligations to employees under the pension plan.

We face a variety of risks associated with doing business with franchisees, business partners and vendors in foreign markets.

Our expansion into international markets could create risks to our brands and reputation. We believe that we have selected high-caliber international operating partners and franchisees with significant experience in restaurant operations, and are providing them with training and support. However, the probability of opening, ultimate success and quality of any franchise restaurant rests with the franchisee. If the franchisee does not successfully open or operate its restaurants in a manner consistent with our standards, or guests have negative experiences due to issues with food quality or operational execution, our brand values could suffer, which could have an adverse effect on our business.

There also is no assurance that international operations will be profitable or that international growth will continue. Our international operations are subject to all of the same risks associated with our domestic operations, as well as a number of additional risks. These include, among other things, international economic and political conditions, foreign currency fluctuations, and differing cultures and consumer preferences.

We also are subject to governmental regulations throughout the world that impact the way we do business with our international franchisees and vendors. These include antitrust and tax requirements, anti-boycott regulations, import/export/customs regulations and other international trade regulations, the USA Patriot Act, the Foreign Corrupt Practices Act, and applicable local law. Failure to comply with any such legal requirements could subject us to monetary liabilities and other sanctions, which could harm our business, results of operations and financial condition.

Failure to protect our service marks or other intellectual property could harm our business.

We regard our Darden ®, Darden Restaurants ®, Olive Garden ®, LongHorn Steakhouse ®, The Capital Grille ®, Yard House ®, Bahama Breeze ®, Seasons 52 ®, Eddie V's Prime Seafood ® and Wildfish Seafood Grille ® service marks, and other service marks and trademarks related to our restaurant businesses, as having significant value and being important to our marketing efforts. We rely on a combination of protections provided by contracts, copyrights, patents, trademarks, service marks and other common law rights, such as trade secret and unfair competition laws, to protect our restaurants and services from infringement. We have registered certain trademarks and service marks in the United States and foreign jurisdictions. However, we are aware of names and marks identical or similar to our service marks being used from time to time by other persons. Although our policy is to oppose any such infringement, further or unknown unauthorized uses or other misappropriation of our trademarks or service marks could diminish the value of our brands and adversely affect our business. In addition, effective intellectual property protection may not be available in every country in which we have or intend to open or franchise a restaurant. Although we believe we have taken appropriate measures to protect our intellectual property, there can be no assurance that these protections will be adequate, and defending or enforcing our service marks and other intellectual property could result in the expenditure of significant resources.

Impairment of the carrying value of our goodwill or other intangible assets could adversely affect our financial condition and consolidated results of operations.

Goodwill represents the difference between the purchase price of acquired companies and the related fair values of net assets acquired. We test goodwill for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. We compare the carrying value of a reporting unit, including goodwill, to the fair value of the unit. Carrying value is based on the assets and liabilities associated with the operations of that reporting unit. If the carrying value is less than the fair value, no impairment exists. If the carrying value is higher than the fair value, there is an indication of impairment. A significant amount of judgment is involved in determining if an indication of impairment exists. Factors may include, among others: a significant decline in our expected future cash flows; a sustained, significant decline in our stock price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated competition; the testing for recoverability of a significant asset group within a reporting unit; and slower growth rates. Any adverse change in these factors would have a significant impact on the recoverability of these assets and negatively affect our financial condition and consolidated results of operations. We compute the amount of impairment by comparing the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. We are required to record a non-cash impairment charge if the testing performed indicates that goodwill has been impaired.

We evaluate the useful lives of our other intangible assets, primarily the LongHorn Steakhouse ®, The Capital Grille ®, Yard House ® and Eddie V's Prime Seafood ® trademarks, to determine if they are definite or indefinite-lived. Reaching a determination on useful life requires significant judgments and assumptions regarding the future effects of obsolescence, demand, competition, other economic factors (such as the stability of the industry, legislative action that results in an uncertain or changing regulatory environment, and expected changes in distribution channels), the level of required maintenance expenditures, and the expected lives of other related groups of assets.

As with goodwill, we test our indefinite-lived intangible assets (primarily trademarks) for impairment annually and whenever events or changes in circumstances indicate that their carrying value may not be recoverable. We estimate the fair value of the trademarks based on an income valuation model using the relief from royalty method, which requires assumptions related to projected sales from our annual long-range plan, assumed royalty rates that could be payable if we did not own the trademarks and a discount rate.

We cannot accurately predict the amount and timing of any impairment of assets. Should the value of goodwill or other intangible assets become impaired, there could be an adverse effect on our financial condition and consolidated results of operations.

Failure of our internal controls over financial reporting and future changes in accounting standards may cause adverse unexpected operating results, affect our reported results of operations or otherwise harm our business and financial results.

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Our growth and acquisition of other restaurant companies with procedures not identical to our own could place significant additional pressure on our system of internal control over financial reporting. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. A significant financial reporting failure or material weakness in internal control over financial reporting could cause a loss of investor confidence and decline in the market price of our common stock.

A change in accounting standards can have a significant effect on our reported results and may affect our reporting of transactions before the change is effective. New pronouncements and varying interpretations of pronouncements have occurred and may occur in the future. Changes to existing accounting rules or the questioning of current accounting practices may adversely affect our reported financial results. Additionally, our assumptions, estimates and judgments related to complex accounting matters could significantly affect our financial results. Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to, revenue recognition, fair value of investments, impairment of long-lived assets, leases and related economic transactions, derivatives, pension and post-retirement benefits, intangibles, self-insurance, income taxes, property and equipment, unclaimed property laws and litigation, and stock-based compensation are highly complex and involve many subjective assumptions, estimates and judgments by us. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by us could significantly change our reported or expected financial performance.

Our inability or failure to recognize, respond to and effectively manage the accelerated impact of social media could materially adversely impact our business.

There has been a marked increase in the use of social media platforms and similar devices which allow individuals access to a broad audience of consumers and other interested persons. Many social media platforms immediately publish the content their subscribers and participants can post, often without filters or checks on accuracy of the content posted. Information posted on such platforms at any time may be adverse to our interests or may be inaccurate, each of which may harm our performance, prospects, or business. The harm may be immediate without affording us an opportunity for redress or correction. The dissemination of information online could harm our business, prospects, financial condition, and results of operations, regardless of the information's accuracy.

Many of our competitors are expanding their use of social media and new social media platforms are rapidly being developed, potentially making more traditional social media platforms obsolete. As a result, we need to continuously innovate and develop our social media strategies in order to maintain broad appeal with guests and brand relevance. As part of our marketing efforts, we rely on search engine marketing and social media platforms to attract and retain guests. We have initiated a multi-year effort to implement new technology platforms that will allow us to digitally engage with our guests and employees and strengthen our marketing and analytics capabilities in this increasingly connected society. These initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues, increased employee engagement or brand recognition. In addition, a variety of risks are associated with the use of social media, including the improper disclosure of proprietary information, negative comments about us, exposure of personally identifiable information, fraud, or out-of-date information. The inappropriate use of social media vehicles by our guests or employees could increase our costs, lead to litigation or result in negative publicity that could damage our reputation.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

Restaurant Properties – Continuing Operations

As of May 31, 2015 , we operated 1,534 restaurants in the United States and Canada (consisting of 846 Olive Garden, 480 LongHorn Steakhouse, 54 The Capital Grille, 59 Yard House, 43 Seasons 52, 36 Bahama Breeze, and 16 Eddie V's), in the following locations:

Alabama (31)	Illinois (51)	Montana (2)	Rhode Island (3)
Alaska (2)	Indiana (34)	Nebraska (6)	South Carolina (30)
Arkansas (12)	Iowa (12)	Nevada (15)	South Dakota (3)
Arizona (39)	Kansas (20)	New Hampshire (10)	Tennessee (44)
California (101)	Kentucky (18)	New Jersey (48)	Texas (134)
Colorado (22)	Louisiana (17)	New Mexico (7)	Utah (15)
Connecticut (15)	Maine (9)	New York (49)	Vermont (2)
Delaware (5)	Maryland (32)	North Carolina (53)	Virginia (46)
District of Columbia (1)	Massachusetts (41)	North Dakota (6)	Washington (21)
Florida (175)	Michigan (33)	Ohio (71)	West Virginia (9)
Georgia (97)	Minnesota (15)	Oklahoma (13)	Wisconsin (19)
Hawaii (1)	Mississippi (13)	Oregon (10)	Wyoming (2)
Idaho (5)	Missouri (35)	Pennsylvania (74)	Canada (6)

Of these 1,534 restaurants open on May 31, 2015 , 555 were located on owned sites and 979 were located on leased sites. The leases are classified as follows:

Land-Only Leases (we own buildings and equipment)	707
Ground and Building Leases	79
Space/In-Line/Other Leases	193
Total	979

Properties – General

In connection with the sale leaseback of our former Restaurant Support Center buildings, we purchased several adjacent parcels of vacant land in Orange County, Florida, and relocated our headquarters to this site during the second quarter of fiscal 2010. The site includes a main headquarters building, data center and parking deck. The Restaurant Support Center campus at this new location offers a more collaborative and unified environment. We became a landlord of a ground lease with an unaffiliated third party on a parcel of land adjacent to our Restaurant Support Center buildings and during fiscal 2015 the third party completed construction of a 128-room hotel. The hotel may be utilized by Darden as lodging for those attending training sessions at our Restaurant Support Center.

Except in limited instances, our present restaurant sites and other facilities are not subject to mortgages or encumbrances securing money borrowed by us from outside sources. In our opinion, our current buildings and equipment generally are in good condition, suitable for their purposes and adequate for our current needs. See also Note 5 “Land, Buildings and Equipment, Net” and Note 14 “Leases” under Notes to Consolidated Financial Statements in our 2015 Annual Report to Shareholders, which is incorporated herein by reference.

Item 3. LEGAL PROCEEDINGS

See the discussion of legal proceedings contained in the third, fourth and fifth paragraphs of Note 19 “Commitments and Contingencies” under Notes to Consolidated Financial Statements in our 2015 Annual Report to Shareholders, which is incorporated herein by reference.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The principal United States market on which our common shares are traded is the New York Stock Exchange, where our shares are traded under the symbol DRI. As of June 30, 2015, there were approximately 37,176 registered holders of record of our common shares. The information concerning the dividends and high and low intraday sales prices for our common shares traded on the New York Stock Exchange for each full quarterly period during fiscal 2015 and 2014 contained in Note 21 "Quarterly Data (Unaudited)" under Notes to Consolidated Financial Statements in our 2015 Annual Report to Shareholders is incorporated herein by reference. We have not sold any equity securities during the last fiscal year that were not registered under the Securities Act of 1933, as amended.

Since commencing our common share repurchase program in December 1995, we have repurchased a total of 182.0 million shares through May 31, 2015 under authorizations from our Board of Directors to repurchase an aggregate of 187.4 million shares. No shares were repurchased during the quarter ended May 31, 2015 . The most recent authority for our repurchase program was announced in a press release issued on December 20, 2010. There is no expiration date for our program.

Period	Total Number of Shares Purchased	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 (1)
February 23, 2015 through March 29, 2015	—	—	—	5,431,124
March 30, 2015 through April 26, 2015	—	—	—	5,431,124
April 27, 2015 through May 31, 2015	—	—	—	5,431,124
Total	—	—	—	5,431,124

(1) 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 additional shares.

Item 6. SELECTED FINANCIAL DATA

The information for fiscal 2010 through 2015 contained in the Five-Year Financial Summary in our 2015 Annual Report to Shareholders is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information set forth in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2015 Annual Report to Shareholders is incorporated herein by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth in the section entitled "Quantitative and Qualitative Disclosures About Market Risk" contained within "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2015 Annual Report to Shareholders is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Report of Management Responsibilities, Management's Report on Internal Control Over Financial Reporting, Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting, Report of Independent Registered

Public Accounting Firm, Consolidated Statements of Earnings, Consolidated Statements of Comprehensive Income, Consolidated Balance Sheets, Consolidated Statements of Changes in Stockholders' Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements in our 2015 Annual Report to Shareholders are incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in or disagreements with accountants on accounting and financial disclosure requiring disclosure under this Item.

Item 9A. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of May 31, 2015 , the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of May 31, 2015 .

During the fiscal quarter ended May 31, 2015 , 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.

The annual report of our management on internal control over financial reporting, and the audit report of KPMG LLP, our independent registered public accounting firm, regarding our internal control over financial reporting included in our 2015 Annual Report to Shareholders, are incorporated herein by reference.

Item 9B. OTHER INFORMATION

Entry into Change in Control Agreement with Chief Financial Officer

On July 23, 2015, the Company and Jeffrey A. Davis, the Senior Vice President and Chief Financial Officer of the Company, entered into a Change in Control Agreement (the "CIC Agreement") in the standard form for eligible executives of the Company, including the Company's named executive officers. Pursuant to the CIC Agreement, if Mr. Davis' employment is terminated by the Company other than for "cause" or by reason of Mr. Davis' death or "disability", or by Mr. Davis for "good reason", in either case within two years of a "change in control" of the Company (each term as defined in the CIC Agreement), he will receive:

- the accrued and unpaid annual base salary through the date of termination, payable in a lump sum in cash within 30 days after the date of termination; and
- an aggregate of the following amounts, payable in a lump sum in cash within 60 days after the date of termination, subject to Mr. Davis' execution and non-revocation of a release of claims and compliance with the restrictive covenants contained in the CIC Agreement:
    - an amount equal to 1.5 times the sum of Mr. Davis' annual base salary and his target annual cash incentive in effect for the fiscal year of termination; and
    - an amount equal to 18 times the monthly COBRA charge for the type of Company-provided group health plan coverage in effect for Mr. Davis on the date of termination less the monthly active employee charge for such coverage.

In the event that any payment or benefit due to Mr. Davis would be subject to the excise tax under Section 4999 of the Internal Revenue Code (the "Code") or any similar tax imposed by state or local law, he will bear all expense of, and be solely responsible for, any such excise tax. However, the Company will reduce the amounts payable to Mr. Davis in connection with a "change in control" of the Company, pursuant to the CIC Agreement or otherwise, so as to not trigger the excise tax under certain circumstances.

The foregoing description of the CIC Agreement does not purport to be complete and is qualified in its entirety by reference to the Form of Change in Control Agreement, a copy of which is filed as Exhibit 10(gg) hereto and incorporated by reference herein.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information contained in the sections entitled "Proposal 1 – Election of Directors," "Meetings of the Board of Directors and Its Committees," "Corporate Governance and Board Administration" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our definitive Proxy Statement for our 2015 Annual Meeting of Shareholders is incorporated herein by reference. Information regarding executive officers is contained in Part I above under the heading "Executive Officers of the Registrant."

All of our employees are subject to our Code of Business Conduct and Ethics. Appendix A to the Code provides a special Code of Ethics with additional provisions that apply to our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions (the "Senior Financial Officers"). Appendix B to the Code provides a Code of Business Conduct and Ethics for members of our Board of Directors. These documents are posted on our internet website at www.darden.com and are available in print free of charge to any shareholder who requests them. We will disclose any amendments to or waivers of these Codes for directors, executive officers or Senior Financial Officers on our website.

We also have adopted a set of Corporate Governance Guidelines and charters for all of our Board committees: the Audit Committee, which was established in accordance with Section 5(a)(58)(A) of the Exchange Act, Compensation Committee, Nominating and Governance Committee and Finance and Real Estate Committee. The Corporate Governance Guidelines and committee charters are available on our website at www.darden.com under the Investors - Corporate Governance tab and in print free of charge to any shareholder who requests them. Written requests for our Code of Business Conduct and Ethics, Corporate Governance Guidelines and committee charters should be addressed to Darden Restaurants, Inc., 1000 Darden Center Drive, Orlando, Florida 32837, Attention: Corporate Secretary.

Item 11. EXECUTIVE COMPENSATION

The information contained in the sections entitled "Director Compensation," "Executive Compensation," "Compensation Discussion and Analysis," "Compensation Committee Report" and "Corporate Governance and Board Administration" in our definitive Proxy Statement for our 2015 Annual Meeting of Shareholders is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information contained in the sections entitled "Stock Ownership of Principal Shareholders," "Stock Ownership of Management" and "Equity Compensation Plan Information" in our definitive Proxy Statement for our 2015 Annual Meeting of Shareholders is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information contained in the sections entitled "Related Party Transactions," "Meetings of the Board of Directors and Its Committees" and "Corporate Governance and Board Administration" in our definitive Proxy Statement for our 2015 Annual Meeting of Shareholders is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information contained in the section entitled "Independent Registered Public Accounting Firm Fees and Services" in our definitive Proxy Statement for our 2015 Annual Meeting of Shareholders is incorporated herein by reference.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements:

Report of Management Responsibilities.

Management's Report on Internal Control over Financial Reporting.

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting.

Report of Independent Registered Public Accounting Firm.

Consolidated Statements of Earnings for the fiscal years ended May 31, 2015, May 25, 2014 and May 26, 2013.

Consolidated Statements of Comprehensive Income for the fiscal years ended May 31, 2015, May 25, 2014 and May 26, 2013.

Consolidated Balance Sheets at May 31, 2015 and May 25, 2014.

Consolidated Statements of Changes in Stockholders' Equity for the fiscal years ended May 31, 2015, May 25, 2014 and May 26, 2013.

Consolidated Statements of Cash Flows for the fiscal years ended May 31, 2015, May 25, 2014 and May 26, 2013.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules:

Not applicable.

3. Exhibits:

The exhibits listed in the accompanying Exhibit Index are filed as part of this Form 10-K and incorporated herein by reference. Pursuant to Item 601(b)(4)(iii) of Regulation S-K, copies of certain instruments defining the rights of holders of certain of our long-term debt are not filed, and in lieu thereof, we agree to furnish copies thereof to the Securities and Exchange Commission upon request. The Exhibit Index specifically identifies with an asterisk each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K. We will furnish copies of any exhibit listed on the Exhibit Index upon request upon the payment of a reasonable fee to cover our expenses in furnishing such exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: July 24, 2015

DARDEN RESTAURANTS, INC.

By: /s/ Eugene I. Lee, Jr.
Eugene I. Lee, Jr., President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Eugene I. Lee, Jr. Eugene I. Lee, Jr.	Director, President and Chief Executive Officer (Principal executive officer)	July 24, 2015
/s/ C. Bradford Richmond C. Bradford Richmond	Senior Vice President, Finance Transition (Principal financial and accounting officer)	July 24, 2015
/s/ Betsy S. Atkins* Betsy S. Atkins	Director	
/s/ Margaret Shan Atkins* Margaret Shan Atkins	Director	
/s/ Jean M. Birch* Jean M. Birch	Director	
/s/ Bradley D. Blum* Bradley D. Blum	Director	
/s/ Peter A. Feld* Peter A. Feld	Director	
/s/ James P. Fogarty* James P. Fogarty	Director	
/s/ Cynthia T. Jamison* Cynthia T. Jamison	Director	
/s/ William H. Lenehan* William H. Lenehan	Director	
/s/ Lionel L. Nowell III* Lionel L. Nowell III	Director	
/s/ William S. Simon* William S. Simon	Director	
/s/ Jeffrey C. Smith* Jeffrey C. Smith	Chairman of the Board and Director	

/s/ Charles M. Sonsteby*	Director
Charles M. Sonsteby	
/s/ Alan N. Stillman*	Director
Alan N. Stillman	

*By: /s/ Anthony G. Morrow
Anthony G. Morrow, Attorney-In-Fact
July 24, 2015

EXHIBIT INDEX

Exhibit Number	Title
2(a)	Asset and Stock Purchase Agreement, dated as of May 15, 2014, by and between Darden Restaurants, Inc. and RL Acquisition LLC (incorporated herein by reference to Exhibit 2.1 to our Current Report on Form 8-K/A filed May 23, 2014).
3(a)	Articles of Incorporation as amended on May 26, 2005 (incorporated by reference to Exhibit 3(a) to our Annual Report on Form 10-K (Commission File No. 000-19924) for the fiscal year ended May 29, 2005 filed July 29, 2005).
3(b)	Form of Certificate of Amendment (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed November 13, 2014).
3(c)	Articles of Amendment to the Articles of Incorporation, as amended on June 23, 2015 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed June 23, 2015).
3(d)	Bylaws as amended effective November 11, 2014 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed November 13, 2014).
4(a)	Rights Agreement dated as of May 16, 2005, by and between Darden Restaurants, Inc. and Wachovia Bank, National Association, as Rights Agent (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed May 16, 2005).
4(b)	Amendment to Rights Agreement dated as of June 2, 2006, by and between Darden Restaurants, Inc., Wachovia Bank, National Association and Wells Fargo Bank, National Association, as successor Rights Agent (incorporated by reference to Exhibit 4 to our Current Report on Form 8-K filed June 5, 2006).
4(c)	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).
4(d)	Rights Agreement, dated as of June 23, 2015, between the Company and Wells Fargo Bank, N.A., as Rights Agent (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed June 23, 2015).
4(e)	Indenture dated as of January 1, 1996, between Darden Restaurants, Inc. and Wells Fargo Bank, National Association (as successor to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association) (incorporated by reference to Exhibit 4.1 to our Registration Statement on Form S-3 (Commission File No. 333-146582) filed October 9, 2007).
4(f)	Officers' Certificate and Authentication Order, dated August 9, 2005, for the 6.000% Senior Notes due 2035 (which includes the form of Note) issued pursuant to the Indenture dated as of January 1, 1996, between Darden Restaurants, Inc. and Wells Fargo Bank, National Association (as successor to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association), as Trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed August 11, 2005).
4(g)	Officers' Certificate and Authentication Order, dated October 10, 2007, for the 6.200% Senior Notes due 2017 (which includes the form of Note) issued pursuant to the Indenture dated as of January 1, 1996, between Darden Restaurants, Inc. and Wells Fargo Bank, National Association (as successor to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association), as Trustee (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed October 16, 2007).
4(h)	Officers' Certificate and Authentication Order, dated October 10, 2007, for the 6.800% Senior Notes due 2037 (which includes the form of Note) issued pursuant to the Indenture dated as of January 1, 1996, between Darden Restaurants, Inc. and Wells Fargo Bank, National Association (as successor to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association), as Trustee (incorporated by reference to Exhibit 4.3 to our

Current Report on Form 8-K filed October 16, 2007).

4(i) Officers’ Certificate and Authentication Order, dated October 5, 2011, for the 4.50% Senior Notes due 2021 (which includes the form of Note) issued pursuant to the Indenture dated as of January 1, 1996, between Darden Restaurants, Inc. and Wells Fargo Bank. National Association (as successor to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association), as Trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed October 11, 2011).

4(j) Officers’ Certificate and Authentication Order, dated October 4, 2012, for the 3.350% Senior Notes due 2022 (which includes the form of Note) issued pursuant to the Indenture dated as of January 1, 1996, between Darden Restaurants, Inc. and Wells Fargo Bank, National Association (as successor to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association), as Trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed October 4, 2012).

4(k)	Note Purchase Agreement dated June 18, 2012, between Darden Restaurants, Inc. and the purchasers named therein (incorporated herein by reference to Exhibit 4.1 to our Current Report on Form 8-K filed June 20, 2012).
*10(a)	Darden Restaurants, Inc. Stock Option and Long-Term Incentive Plan of 1995, as amended March 19, 2003 (incorporated herein by reference to Exhibit 10(b) to our Quarterly Report on Form 10-Q (Commission File No. 000-19924) for the fiscal quarter ended February 23, 2003).
*10(b)	Darden Restaurants, Inc. FlexComp Plan, as amended (incorporated herein by reference to Exhibit 10(a) to our Quarterly Report on Form 10-Q (Commission File No. 000-19924) for the quarter ended November 23, 2008).
*10(c)	Darden Restaurants, Inc. Stock Plan for Directors, as amended (incorporated by reference to Exhibit 10(c) to our Quarterly Report on Form 10-Q (Commission File No. 000-19924) for the fiscal quarter ended November 23, 2008).
*10(d)	Darden Restaurants, Inc. Management and Professional Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(e) to our Annual Report on Form 10-K (Commission File No. 000-19924) for the fiscal year ended May 31, 2009, filed July 24, 2009).
*10(e)	Amended and Restated Darden Restaurants, Inc. Benefits Trust Agreement dated as of March 23, 2011, between Darden Restaurants, Inc. and Wells Fargo Bank, National Association (as successor to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association) (incorporated herein by reference to Exhibit 10 to our Quarterly Report on Form 10-Q (Commission File No. 000-19924) for the quarter ended February 27, 2011).
*10(f)	Form of Amended and Restated Management Continuity Agreement between Darden Restaurants, Inc. and our executive officers (incorporated herein by reference to Exhibit 10(i) to our Annual Report on Form 10-K (Commission File No. 000-19924) for the fiscal year ended May 31, 2009, filed July 24, 2009).
*10(g)	Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10 to our Current Report on Form 8-K filed September 20, 2013).
10(h)	Credit Agreement, dated as of October 3, 2011, among Darden Restaurants, Inc., certain lenders party thereto and Bank of America, N.A., as administrative agent (incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed October 3, 2011).
10(i)	First Amendment to Credit Agreement, dated as of October 24, 2013, among Darden Restaurants, Inc., certain lenders party thereto and Bank of America, N.A., as administrative agent (incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed October 30, 2013).
*10(j)	Form of Non-Qualified Stock Option Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(o) to our Annual Report on Form 10-K (Commission File No. 000-19924) for the fiscal year ended May 31, 2009, filed July 24, 2009).
*10(k)	Form of fiscal 2010 Performance Stock Units Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(p) to our Annual Report on Form 10-K (Commission File No. 000-19924) for the fiscal year ended May 31, 2009, filed July 24, 2009).
*10(l)	Form of fiscal 2014 Performance Stock Units Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended (United States) (incorporated herein by reference to Exhibit 10(n) to our Annual Report on Form 10-K (Commission File No. 000-19924) for the fiscal year ended May 26, 2013, filed July 19, 2013).
*10(m)	Form of Amendment to Exhibit A to the form of fiscal 2009 Performance Stock Unit Award Agreements under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(t) to our Annual Report on Form 10-K (Commission File No. 000-19924) for the fiscal year ended May 31, 2009, filed July 24, 2009).
*10(n)	Employment Agreement dated April 28, 2003 between RARE Hospitality International, Inc. and Eugene I. Lee, Jr. (incorporated herein by reference from Exhibit 10.2 of the RARE Hospitality International, Inc. Quarterly Report on

Form 10-Q (Commission File No. 000-19924) for the fiscal quarter ended June 29, 2003).

*10(o)	First Amendment of Employment Agreement dated October 27, 2004 between RARE Hospitality International, Inc. and Eugene I. Lee, Jr. (incorporated herein by reference from Exhibit 10.2 of the RARE Hospitality International, Inc. Quarterly Report on Form 10-Q (Commission File No. 000-19924) for the fiscal quarter ended September 26, 2004).
*10(p)	Second Amendment of Employment Agreement, dated October 27, 2005 between RARE Hospitality International, Inc. and Eugene I. Lee, Jr. (incorporated herein by reference from Exhibit 10.2 of the RARE Hospitality International, Inc. Quarterly Report on Form 10-Q (Commission File No. 000-19924) for the fiscal quarter ended September 25, 2005).

*10(q)	Third Amendment of Employment Agreement, dated October 27, 2006 between RARE Hospitality International, Inc. and Eugene I. Lee, Jr. (incorporated herein by reference from Exhibit 10.2 of the RARE Hospitality International, Inc. Quarterly Report on Form 10-Q (Commission File No. 000-19924) for the fiscal quarter ended October 1, 2006).
*10(r)	Fourth Amendment of Employment Agreement, dated December 15, 2006 between RARE Hospitality International, Inc. and Eugene I. Lee, Jr. (incorporated herein by reference from Exhibit 10(24) of the RARE Hospitality International, Inc. Annual Report filed on Form 10-K (Commission File No. 000-19924) for fiscal year ended December 31, 2006).
*10(s)	Letter Agreement, dated August 16, 2007, between us and Eugene I. Lee, Jr. (incorporated herein by reference from Exhibit (e)(22) of the RARE Hospitality International, Inc. Schedule 14D-9 (Commission File No. 000-19924) filed August 31, 2007).
*10(t)	RARE Hospitality International, Inc. Amended and Restated 2002 Long-Term Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(aa) to our Annual Report on Form 10-K (Commission File No. 000-19924) for the fiscal year ended May 31, 2009, filed July 24, 2009).
*10(u)	Form of Non-Qualified Stock Option Award Agreement under the RARE Hospitality International, Inc. Amended and Restated 2002 Long-Term Incentive Plan, as amended (incorporated herein by reference to Exhibit 10(bb) to our Annual Report on Form 10-K (Commission File No. 000-19924) for the fiscal year ended May 31, 2009, filed July 24, 2009).
10(v)	Term Loan Agreement, dated as of August 22, 2012, among Darden Restaurants, Inc. and certain lenders parties thereto and Bank of America, N.A., as administrative agent (incorporated herein by reference to Exhibit 99 to our Current Report on Form 8-K filed August 28, 2012).
*10(w)	Agreement, dated November 22, 2013, between Darden Restaurants, Inc. and Andrew H. Madsen (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed November 27, 2013).
*10(x)	Letter Agreement, dated December 18, 2013, between Darden Restaurants, Inc. and C. Bradford Richmond (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed December 24, 2013).
*10(y)	Agreement, dated May 23, 2014, between Darden Restaurants, Inc. and David T. Pickens (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed May 30, 2014).
*10(z)	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(aa)	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(bb)	Amended and Restated Master Confirmation, by Goldman Sachs & Co. to Darden Restaurants, Inc., dated September 23, 2014 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q (Commission File No. 000-13666) for the quarter ended August 24, 2014).
10(cc)	Amended and Restated Master Confirmation, by Wells Fargo Bank, National Association to Darden Restaurants, Inc., dated September 23, 2014 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q (Commission File No. 000-13666) for the quarter ended August 24, 2014).
10(dd)	Amended and Restated Supplemental Confirmation, by Goldman Sachs & Co. to Darden Restaurants, Inc., dated September 23, 2014 (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q (Commission File No. 000-13666 for the quarter ended August 24, 2014).
10(ee)	Amended and Restated Supplemental Confirmation, by Wells Fargo Bank, National Association to Darden Restaurants, Inc., dated September 23, 2014 (incorporated by reference to Exhibit 10. 4 to our Quarterly Report on Form 10-Q (Commission File No. 000-13666) for the quarter ended August 24, 2014).
*10(ff)	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(gg)	Restricted Stock Unit Award Agreement, dated October 13, 2014, between Darden Restaurants, Inc. and Eugene I. Lee, Jr. (incorporated by reference to Exhibit 10. 4 to our Quarterly Report on Form 10-Q (Commission File No. 000-13666) for the quarter ended November 23, 2014).
*10(hh)	Restricted Stock Unit Award Agreement, dated October 13, 2014, between Darden Restaurants, Inc. and Eugene I. Lee, Jr. (incorporated by reference to Exhibit 10. 5 to our Quarterly Report on Form 10-Q (Commission File No. 000-13666) for the quarter ended November 23, 2014).
*10(ii)	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).

*10(jj)	Agreement, dated November 25, 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 December 1, 2014).
*10(kk)	Form of Performance Stock Units Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended.
*10(ll)	Form of Performance Stock Units Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended.
*10(mm)	Form of annual Non-employee Director Restricted Stock Units Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended.
*10(nn)	Form of initial Non-employee Director Restricted Stock Units Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended.
*10(oo)	Form of quarterly Non-employee Director Restricted Stock Units Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended.
*10(pp)	Form of annual Non-employee Director Stock Option Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended.
*10(qq)	Form of initial Non-employee Director Stock Option Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended.
*10(rr)	Form of Change in Control Agreement.
*10(ss)	Form of Restricted Stock Units Award Agreement under the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended.
12	Computation of Ratio of Consolidated Earnings to Fixed Charges.
13	Portions of 2015 Annual Report to Shareholders.
21	Subsidiaries of Darden Restaurants, Inc.
23	Consent of Independent Registered Public Accounting Firm.
24	Powers of Attorney.
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

* Items marked with an asterisk are management contracts or compensatory plans or arrangements required to be filed as an exhibit pursuant to Item 15 of Form 10-K and Item 601(b)(10)(iii)(A) of Regulation S-K.

DARDEN RESTAURANTS, INC.
2002 STOCK INCENTIVE PLAN

FY ______ PERFORMANCE STOCK UNITS AWARD AGREEMENT
(United States)

This Performance Stock Units Award Agreement is between Darden Restaurants, Inc., a Florida corporation (the “Company” or “Corporation”), and you, a person notified by the Company, and identified in the Company’s records, as the recipient of an Award of Performance Stock Units during the Company’s fiscal year _____. This Agreement is effective as of the date of grant communicated to you and set forth in the Company’s records (the “Grant Date”).

The Company wishes to award to you Performance Stock Units representing the opportunity to earn a cash payment in lieu of the Company’s Common Stock, subject to the terms and conditions set forth 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 Performance Stock Units.

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

2. Rights with Respect to the Performance Stock Units.

The Performance Stock Units granted hereunder do not and shall not give you any of the rights and privileges of a shareholder of Common Stock. Your rights with respect to the Performance Stock Units 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 Performance Stock Units lapse, in accordance with Section 3, 4 or 5 hereof. Your right to receive cash payments with respect to the Performance Stock Units is more particularly described in Section 8 hereof.

3. Vesting.

(a) Subject to the terms and conditions of this Agreement, the Performance Stock Units shall vest, and the restrictions with respect to the Performance Stock Units shall lapse, on the date and in the amount set forth in this Agreement if you remain continuously employed by the Company or an Affiliate of the Company until the date you become vested in accordance with the terms and conditions of this Agreement.

(b) One hundred percent (100%) of the total number of Performance Stock Units shall be targeted for vesting on the vesting date communicated to you and set forth in the Company’s records (the “Vesting Date”).

(c) The number of Performance Stock Units in which you actually vest, if any, following the end of the three fiscal years preceding the Vesting Date (the "Performance Period") shall be determined by multiplying the Performance Stock Units by the Vesting Percentage, calculated as set forth in Exhibit A to this Agreement, and may range from zero to one hundred fifty percent (165%) of the Performance Stock Units.

(d) The calculations under this Section 3 shall be made on or before the Vesting Date and any vesting resulting from such calculations shall be effective as of the Vesting Date. Any Performance Stock Units that do not vest on the Vesting Date pursuant to the terms of Section 3 or 5 shall be immediately and irrevocably forfeited, including the right to receive cash payments pursuant to Section 8 hereof, as of the Vesting Date.

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

4. Change of Control.

For the purpose of this Agreement, a "Change of Control" shall mean:

(a) Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then-outstanding shares of common stock of the Corporation (the "Outstanding Corporation Common Stock") or (ii) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding Corporation Voting Securities"); provided , however , that, for purposes of this Section 4(a), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Corporation, (B) any acquisition by the Corporation, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any company controlled by, controlling or under common control with the Corporation (an "Affiliated Company") or (D) any acquisition pursuant to a transaction that complies with Sections 4(c)(i), 4(c)(ii) and 4(c)(iii);

(b) Individuals who, as of the date hereof, constitute the Board of Directors of the Corporation (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors of the Corporation (the "Board"); provided , however , that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) 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 Corporation Common Stock and 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, (ii) no Person (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, and (iii) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

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

(e) With respect to Section 5 hereof, the following definitions shall apply:

(1) 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.

(2) 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(e)(2), 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.

5. Forfeiture; Change of Control; Retirement.

(a) If you cease to be employed by the Company or an Affiliate of the Company prior to the vesting or forfeiture of the Performance Stock Units pursuant to Section 3 or 4 hereof, your rights to all of the Performance Stock Units shall be immediately and irrevocably forfeited, including the right to receive cash payments pursuant to Section 8 hereof, except that:

(i) If, within two years after the date of a Change of Control, the Company terminates your employment for any reason other than for Cause (as defined in Section 4(e)(1) above), death or Disability (as defined in Section 5(a)(vi) below) or you terminate employment for Good Reason, you shall become immediately and unconditionally vested in all of the Performance Stock Units. The restrictions with respect to such vested Performance Stock Units shall lapse. If a Change of Control occurs during the first fiscal year of the Performance Period, the Vesting Percentage shall be one hundred percent (100%). If a Change of Control occurs during the second fiscal year of the Performance Period, the Vesting Percentage shall be the greater of one hundred percent (100%) or the amount determined pursuant to Section 3(c), provided, however, that the PSU Rating and PSU Rating Average will only contain MIP Ratings from the first fiscal year of the Performance Period. If a Change of Control occurs during the third fiscal year of the Performance Period, the Vesting Percentage shall be the greater of one hundred percent (100%) or the amount determined pursuant to Section 3(c), provided, however, that the PSU Rating and PSU Rating Average will only contain MIP Ratings from the first and second fiscal years of the Performance Period. If you are a person otherwise described in this Section 5(a)(i) but you are also described in Section 5(a)(ii), 5(a)(iii) or 5(a)(vi), then you shall be entitled to vested Performance Stock Units as described in this Section 5(a)(i) in lieu of the amounts otherwise described in Section 5(a)(ii), 5(a)(iii) or 5(a)(vi). If you are otherwise described in Section 5(a)(ii), 5(a)(iii) or 5(a)(vi) and you voluntarily separate from service for a reason other than Good Reason within two years after the date of a Change of Control, then you shall be entitled to vested Performance Stock Units as described in Section 5(a)(ii), 5(a)(iii) or 5(a)(vi), as applicable, with the Vested Percentage described under this Section 5(a)(i).

(ii) Except as otherwise provided in Section 5(a)(i) above, 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 or forfeiture of the Performance Stock Units pursuant to Section 3 hereof, you shall become immediately and unconditionally vested in all of the Performance Stock Units. The restrictions with respect to such vested Performance Stock Units shall lapse, and the Vesting Percentage shall be the amount determined pursuant to Section 3(c).

(iii) Except as otherwise provided in Section 5(a)(i) above, 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) (“Early Retirement”) prior to the vesting or forfeiture of the Performance Stock Units pursuant to Section 3 hereof, you shall become immediately and unconditionally vested in a pro rata portion of the Performance Stock Units based on your period of employment between the Grant Date and the date of your Early Retirement hereunder. The restrictions with respect to such vested Performance

Stock Units shall lapse, and the Vesting Percentage shall be the amount determined pursuant to Section 3 (c).

(iv) Except as otherwise provided in Section 5(a)(i) above, if your age and service with the Company or an Affiliate of the Company (pursuant to the method for crediting service under the Darden Savings Plan) is equal to or greater than 70 on the date your employment is involuntarily terminated without Cause ("Involuntary Termination") prior to the vesting or forfeiture of the Performance Stock Units pursuant to Section 3 hereof, you shall become immediately and unconditionally vested in a pro rata portion of the Performance Stock Units based on your period of employment between the Grant Date and the date of your Involuntary Termination hereunder. The restrictions with respect to such vested Performance Stock Units shall lapse, and the Vesting Percentage shall be the amount determined pursuant to Section 3(c).

(v) If you die prior to the vesting or forfeiture of the Performance Stock Units pursuant to Section 3 or 4 hereof, you shall become immediately and unconditionally vested in all of the Performance Stock Units. The restrictions with respect to such Performance Stock Units shall lapse and the Vesting Percentage shall be one hundred percent (100%).

(vi) Except as otherwise provided in Section 5(a)(i) above, if you become Disabled (as defined below) prior to the vesting or forfeiture of the Performance Stock Units pursuant to Section 3 hereof, you shall become immediately and unconditionally vested in a pro rata portion of the Performance Stock Units based on your period of employment between the Grant Date and the date of your Disability hereunder. The restrictions with respect to such vested Performance Stock Units shall lapse, and the Vesting Percentage shall be the amount determined pursuant to Section 3(c). For purposes of this Agreement, "Disabled" or "Disability" 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.

(b) If you are an executive officer of the Company and filing reports with the Securities and Exchange Commission pursuant to Section 16 of the Securities Exchange Act of 1934, as amended, then this Performance Stock Units Award has been awarded subject to the Darden Restaurants, Inc. Management and Professional Incentive Plan (the "MIP"), and this Performance Stock Units Award shall be cancelled, forfeited and returned to the Company unless all of the requirements set forth in the MIP for the year to which the grant of this Performance Stock Units Award relates are satisfied.

6. <u>Restriction on Transfer.</u>

None of the Performance Stock Units may be sold, assigned, transferred, pledged, attached or otherwise encumbered, and no attempt to transfer the Performance Stock Units, 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 Performance Stock Units.

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, 5 and 8 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 cash payments received by you or your personal representative under this Agreement 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 you rights to Performance Stock Units 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. Payment of Performance Stock Units.

(a) Except as described in Section 5(a)(v) (when the Performance Stock Units vest as a result of your death) or in Section 8(c) below, the Company shall make a cash payment to you promptly after the Vesting Date in an amount equal to the Fair Market Value of one share of Common Stock for each vested Performance Stock Unit (as adjusted by the Vested Percentage), subject to the payment of applicable withholding taxes pursuant to Section 10 hereof. The Company will pay the Fair Market Value of any fractional share of Common Stock relating to any vested Performance Stock Unit. In the event of your death after your retirement or termination of employment and before payment, the amount otherwise payable under this Section 8(a) shall be paid to your beneficiary or, if none, your estate as soon as practicable after your death.

(b) If the Performance Stock Units vest as a result of your death, your beneficiary or, if none, your estate shall be paid as soon as practicable after your death the amount described in Section 8(a) above. No transfer by will or the applicable laws of descent and distribution of any Performance Stock Units 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.

(c) In the event of a Change in Control, the following payment provisions shall apply:

(i) Code Section 409A Change in Control . If you are a person described in Section 5(a)(i) and the Change in Control is a transaction described in Code Section 409A(a)(2)(A)(v) and the regulations and other guidance thereunder (i.e., a "Code Section 409A Change in Control"), or you are a person described in Sections 5(a)(ii), (iii), or (vi) and you separate from service (as determined in accordance with Code Section 409A and the regulations and other guidance thereunder) within two years of a Code Section 409A Change in Control, the Company shall make a cash payment to you as soon as practicable following your separation from service the amount specified in Section 8(a) above; provided, however, that any distribution to any "specified employee," as determined in accordance with procedures adopted by the Company that reflect the requirements of Code Section 409A(a)(2)(B)(i) (and any applicable guidance thereunder), shall be made as soon as practicable after the first day of the seventh month following such separation from service (or, if earlier, the date of the specified employee's death).

(ii) Non-Code Section 409A Change in Control . If you are a person described in Section 5(a)(i) and the Change in Control is not a Code Section 409A Change in Control, the Company shall make a cash payment to you of the amount specified in Section 8(a) above promptly after the Vesting Date. In the event of your death after your separation from service and before payment, the amount otherwise payable under this Section 8(c) shall be paid to your beneficiary or, if none, estate as soon as practicable after your death.

(d) On the date amounts under this Section 8 are paid to you (or your beneficiary or, if none, your estate in the event of your death after having vested in Performance Stock Units), the Company shall also make a cash payment to you equal to the amount of cash dividends that the Company paid per share of Common Stock to holders generally during the Performance Period, multiplied by (i) the number of Performance Stock Units and (ii) the Vesting Percentage, without interest, and less any tax withholding amount applicable to such payment. To the extent that the Performance Stock Units relating to the Performance Period are forfeited prior to vesting, such cash payment shall also be forfeited. If the Performance Stock Units vest as a result of your death, the Company shall make a cash payment to your beneficiary or, if none, your estate equivalent to the cash dividends that the Company paid per share of Common Stock to holders generally from the Grant Date to the date of your death, multiplied by the number of Performance Stock Units.

9. Adjustments.

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

10. Taxes.

(a) You acknowledge that you will consult with your personal tax advisor regarding the income tax consequences of the grant of the Performance Stock Units, the receipt of cash payments pursuant to Section 8 hereof, the vesting of the Performance Stock Units and the receipt of cash upon the vesting of the Performance Stock Units, and any other matters related to this Agreement. In order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are your sole and absolute responsibility, are withheld or collected from you.

(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 vesting of the Performance Stock Units and the corresponding receipt of cash by (i) delivering cash (including check, draft, money order or wire transfer made payable to the order of the Company), (ii) delivering to the Company shares of Common Stock having a Fair Market Value equal to the amount of such taxes, or (iii) having the Company withhold a portion of the cash payment otherwise to be delivered pursuant to Section. 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. To the extent that any Award granted by the Company is subject to Code Section 409A, such Award shall be subject to terms and conditions that comply with the requirements of Code Section 409A to avoid adverse tax consequences under Code Section 409A.

(b) No Right to Employment. Nothing in this Agreement or the Plan shall be construed as giving you the right to be retained as an employee of the Company or any Affiliate 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) Reservation of Shares. The Company shall at all times prior to the vesting of the Performance Stock Units reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of this Agreement.

(d) 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.

(e) 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.

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

(g) 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.

(h) 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

(i) Award Agreement and Related Documents. This Performance Stock Unit 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 Performance Stock Unit 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 EXCUTE THIS AGREEMENT ELECTRONICALLY WILL PRECLUDE YOU FROM RECEIVING YOUR PERFORMANCE STOCK UNIT GRANT.** In connection with your Performance 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.

FY15 PSU AWARD AGREEMENT – EXHIBIT A

VESTING OF PERFORMANCE STOCK UNITS

The Performance Stock Units that shall vest, if any, following the end of the Performance Period shall be determined by multiplying the number of Performance Stock Units granted by the "Final Vesting Percentage," as determined below, provided that the maximum Final Vesting Percentage for the Performance Period shall be 165%.

The PSU Achievement percentage for each of the three fiscal years covered by the Performance Period shall be determined by Sales, weighted 50%, and Free Cash Flow, weighted 50% with the specific Sales and Free Cash Flow targets set by the Committee each year. Free Cash Flow (FCF) is defined as operating cash flow (net income plus depreciation plus change in working capital plus non-cash items, including but not limited to stock compensation and asset write-downs, less capital expenditures).

The Final Vesting Percentages shall be determined according to the following grid:

PSU Rating	Preliminary Vesting Percentage	TSR Adjustment	Final Vesting Percentage
0	0%	0.9	0.0%
		1.0	0.0%
		1.1	0.0%
0.5	25%	0.9	22.5%
		1.0	25.0%
		1.1	27.5%
1.0	50%	0.9	45.0%
		1.0	50.0%
		1.1	55.0%
1.4	100%	0.9	90.0%
		1.0	100.0%
		1.1	110.0%
1.6	125%	0.9	112.5%
		1.0	125.0%
		1.1	137.5%
1.8 or Greater	150%	0.9	135.0%
		1.0	150.0%
		1.1	165.0%

The Preliminary Vesting Percentage Average shall be a simple average of the PSU Achievement percentages for the three fiscal years covered by the Performance Period.

As demonstrated above, at the end of the Performance Period, the Preliminary Vesting Percentage shall be increased or decreased by a maximum of 10% based on Darden's total shareholder return (TSR) performance relative to the S&P 500 to calculate the Final Vesting Percentage as follows:

- If, over the three-year performance period, Darden's TSR is at or above the 75th percentile of the S&P 500, then the Final Vesting Percentage shall be calculated as the Preliminary Vesting Percentage multiplied by 1.10.
- If, over the three-year performance period, Darden's TSR is at or below the 25th percentile of the S&P 500, then the Final Vesting Percentage shall be calculated as the Preliminary Vesting Percentage multiplied by 0.90.
- If, over the three-year performance period, Darden's TSR is above the 25th percentile and below the 75th percentile of the S&P 500, then the Final Vesting Percentage shall be calculated as the Preliminary Vesting Percentage multiplied by 1.0.

TSR performance shall be determined by the average TSR for the S&P 500 over the first month and the last month in the 3-year performance period.
The MIP Ratings and Vesting Percentages shall be as determined by the Committee in its discretion.

The number of Performance Stock Units that vest pursuant to the Final Vesting Percentage shall be rounded to the nearest whole number, with 0.5% being rounded up.

DARDEN RESTAURANTS, INC.
2002 STOCK INCENTIVE PLAN

FY ________ PERFORMANCE STOCK UNIT AWARD AGREEMENT
(United States)

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

The Company wishes to award to you Performance Stock Units representing the opportunity to earn a cash payment in lieu of the Company's Common Stock, subject to the terms and conditions set forth 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 Performance Stock Units.

The Company hereby grants to you, effective as of the Grant Date, an Award of Performance Stock Units for that number of Performance Stock Units communicated to you and set forth in the Company's records (the "PSUs"), on the terms and conditions set forth in such communication, this Agreement and the Plan.

2. Rights with Respect to the PSUs.

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

3. Vesting.

(a) Subject to the terms and conditions of this Agreement, the PSUs shall vest, and the restrictions with respect to the PSUs shall lapse, on the date and in the amount set forth in this Agreement if you remain continuously employed by the Company or an Affiliate of the Company until the date you become vested in accordance with the terms and conditions of this Agreement.

(b) One hundred percent (100%) of the total number of PSUs shall be targeted for vesting on the vesting date communicated to you and set forth in the Company's records (the "Vesting Date").

(c) The number of PSUs in which you actually vest, if any, following the end of the three fiscal years preceding the Vesting Date (the "Performance Period") shall be determined by multiplying the PSUs by the Vesting Percentage, calculated as set forth in Exhibit A to this Agreement, and may range from zero to one hundred sixty-five percent (165%) of the PSUs.

(d) The calculations under this Section 3 shall be made on or before the Vesting Date and any vesting resulting from such calculations shall be effective as of the Vesting Date. Any PSUs that do not vest on the Vesting Date pursuant to the terms of Section 3 or 4 shall be immediately and irrevocably forfeited, including the right to receive cash payments pursuant to Section 7 hereof, as of the Vesting Date.

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

4. Forfeiture; Early Vesting.

(a) If you cease to be employed by the Company or an Affiliate of the Company prior to the vesting or forfeiture of the PSUs pursuant to Section 3 hereof, your rights to all of the PSUs shall be immediately and irrevocably forfeited, including the right to receive cash payments pursuant to Section 7 hereof, except that:

(i) 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 or forfeiture of the PSUs pursuant to Section 3 hereof, you shall become immediately and unconditionally vested in all of the PSUs. The restrictions with respect to such vested PSUs shall lapse, and the Vesting Percentage shall be the amount determined pursuant to Section 3(c).

(ii) 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) ("Early Retirement") prior to the vesting or forfeiture of the PSUs pursuant to Section 3 hereof, you shall become immediately and unconditionally vested in a pro rata portion of the PSUs based on your period of employment between the Grant Date and the date of your Early Retirement hereunder. The restrictions with respect to such vested PSUs shall lapse, and the Vesting Percentage shall be the amount determined pursuant to Section 3(c).

(iii) If your age and service with the Company or an Affiliate of the Company (pursuant to the method for crediting service under the Darden Savings Plan) is equal to or greater than 70 on the date your employment is involuntarily terminated without Cause (as defined below) ("Involuntary Termination") prior to the vesting or forfeiture of the PSUs pursuant to Section 3 hereof, you shall become immediately and unconditionally vested in a pro rata portion of the PSUs based on your period of employment between the Grant Date and the date of your Involuntary Termination hereunder. The restrictions with respect to such vested PSUs shall lapse, and the Vesting Percentage shall be the amount determined pursuant to Section 3(c).

(iv) If you die prior to the vesting or forfeiture of the PSUs pursuant to Section 3, you shall become immediately and unconditionally vested in all of the PSUs. The restrictions with respect to such PSUs shall lapse and the Vesting Percentage shall be one hundred percent (100%).

(v) If you become Disabled (as defined below) prior to the vesting or forfeiture of the PSUs pursuant to Section 3 hereof, you shall become immediately and unconditionally vested in a pro rata portion of the PSUs based on your period of employment between the Grant Date and the date of your Disability hereunder. The restrictions with respect to such vested PSUs shall lapse, and the Vesting Percentage shall be the amount determined pursuant to Section 3(c). For purposes of this Agreement, "Disabled" or "Disability" 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.

(b) If you are an executive officer of the Company and filing reports with the Securities and Exchange Commission pursuant to Section 16 of the Securities Exchange Act of 1934, as amended, then this PSU Award has been awarded subject to the Darden Restaurants, Inc. Management and Professional Incentive Plan (the "MIP"), and this PSU Award shall be cancelled, forfeited and returned to the Company unless all of the requirements set forth in the MIP for the year to which the grant of this PSU Award relates are satisfied.

(c) 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.

5. <u>Restriction on Transfer.</u>

None of the PSUs may be sold, assigned, transferred, pledged, attached or otherwise encumbered, and no attempt to transfer the PSUs, whether voluntary or involuntary, by operation of law or otherwise, shall vest the transferee with any interest or right in or with respect to the PSUs.

6. 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, 4, and 7 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 cash payments received by you or your personal representative under this Agreement 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 you rights to PSUs 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. Payment of PSUs.

(a) Except as described in Section 4(a)(iv) (when PSUs vest as a result of your death), the Company shall make a cash payment to you promptly after the Vesting Date in an amount equal to the Fair Market Value of one share of Common Stock for each vested PSU (as adjusted by the Vested Percentage), subject to the payment of applicable withholding taxes pursuant to Section 9 hereof; provided, however, that any distribution to any "specified employee," as determined in accordance with procedures adopted by the Company that reflect the requirements of Code Section 409A(a)(2)(B)(i) (and any applicable guidance thereunder), that constitutes "deferred compensation" under Code Section 409A and is on account of such employee's separation from service shall be made as soon as practicable after the first day of the seventh month following such separation from service (or, if earlier, the date of the specified employee's death). The Company will pay the Fair Market Value of any fractional share of Common Stock relating to any vested PSU. In the event of your death after your retirement or termination of employment and before payment, the amount otherwise payable under this Section 7(a) shall be paid to your beneficiary or, if none, your estate as soon as practicable after your death.

(b) If the PSUs vest as a result of your death, your beneficiary or, if none, your estate shall be paid as soon as practicable after your death the amount described in Section 7(a) above. No transfer by will or the applicable laws of descent and distribution of any PSUs which vest by reason of your death shall be effective to bind the Company unless the Committee administering the Plan shall have been furnished with written notice of such transfer and a copy of the will or such other evidence as the Committee may deem necessary to establish the validity of the transfer.

(c) On the date amounts under this Section 7 are paid to you (or your beneficiary or, if none, your estate in the event of your death after having vested in PSUs), the Company shall also make a cash payment to you equal to the amount of cash dividends that the

Company paid per share of Common Stock to holders generally during the Performance Period, multiplied by (i) the number of PSUs and (ii) the Vesting Percentage, without interest, and less any tax withholding amount applicable to such payment. To the extent that the PSUs relating to the Performance Period are forfeited prior to vesting, such cash payment shall also be forfeited. If the PSUs vest as a result of your death, the Company shall make a cash payment to your beneficiary or, if none, your estate equivalent to the cash dividends that the Company paid per share of Common Stock to holders generally from the Grant Date to the date of your death, multiplied by the number of PSUs.

8. Adjustments.

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

9. Taxes.

(a) You acknowledge that you will consult with your personal tax advisor regarding the income tax consequences of the grant of the PSUs, the receipt of cash payments pursuant to Section 7 hereof, the vesting of the PSUs and the receipt of cash upon the vesting of the PSUs, and any other matters related to this Agreement. In order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are your sole and absolute responsibility, are withheld or collected from you.

(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 vesting of the PSUs and the corresponding receipt of cash by (i) delivering cash (including check, draft, money order or wire transfer made payable to the order of the Company), (ii) delivering to the Company shares of Common Stock having a Fair Market Value equal to the amount of such taxes, or (iii) having the Company withhold a portion of the cash payment otherwise to be delivered pursuant to Section 7. 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. To the extent that any Award granted by the Company is subject to Code Section 409A, such Award shall be subject to terms and conditions that comply with the requirements of Code Section 409A to avoid adverse tax consequences under Code Section 409A.

(b) No Right to Employment . Nothing in this Agreement or the Plan shall be construed as giving you the right to be retained as an employee of the Company or any Affiliate 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) Reservation of Shares. The Company shall at all times prior to the vesting of the PSUs reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of this Agreement.

(d) 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.

(e) 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.

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

(g) 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.

(h) 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

(i) Award Agreement and Related Documents. This PSU Agreement shall have no force or effect unless you have been notified by the Company, and identified in the Company's records, as the recipient of a PSU grant. **YOU MUST REVIEW AND ACKNOWLEDGE ACCEPTANCE OF THE TERMS OF THIS AGREEMENT, INCLUDING SPECIFICALLY THE RESTRICTIVE COVENANTS, 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 EXCUTE THIS AGREEMENT ELECTRONICALLY WILL PRECLUDE YOU FROM RECEIVING YOUR PSU GRANT.** In connection with your PSU 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.

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The PSU Achievement percentage for each of the three fiscal years covered by the Performance Period shall be determined by Sales, weighted 50%, and Free Cash Flow, weighted 50% with the specific Sales and Free Cash Flow targets set by the Committee each year. Free Cash Flow (FCF) is defined as operating cash flow (net income plus depreciation plus change in working capital plus non-cash items, including but not limited to stock compensation and asset write-downs, less capital expenditures).

The Final Vesting Percentages shall be determined according to the following grid:

PSU Rating	Preliminary Vesting Percentage	TSR Adjustment	Final Vesting Percentage
0	0%	0.9	0.0%
		1.0	0.0%
		1.1	0.0%
0.5	25%	0.9	22.5%
		1.0	25.0%
		1.1	27.5%
1.0	50%	0.9	45.0%
		1.0	50.0%
		1.1	55.0%
1.4	100%	0.9	90.0%
		1.0	100.0%
		1.1	110.0%
1.6	125%	0.9	112.5%
		1.0	125.0%
		1.1	137.5%
1.8 or Greater	150%	0.9	135.0%
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The Preliminary Vesting Percentage Average shall be a simple average of the PSU Achievement percentages for the three fiscal years covered by the Performance Period.

As demonstrated above, at the end of the Performance Period, the Preliminary Vesting Percentage shall be increased or decreased by a maximum of 10% based on Darden’s total shareholder return (TSR) performance relative to the S&P 500 to calculate the Final Vesting Percentage as follows:

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- If, over the three-year performance period, Darden's TSR is at or above the 75 th percentile of the S&P 500, then the Final Vesting Percentage shall be calculated as the Preliminary Vesting Percentage multiplied by 1.10.
- If, over the three-year performance period, Darden's TSR is at or below the 25 th percentile of the S&P 500, then the Final Vesting Percentage shall be calculated as the Preliminary Vesting Percentage multiplied by 0.90.
- If, over the three-year performance period, Darden's TSR is above the 25 th percentile and below the 75 th percentile of the S&P 500, then the Final Vesting Percentage shall be calculated as the Preliminary Vesting Percentage multiplied by 1.0.

TSR performance shall be determined by the average TSR for the S&P 500 over the first month and the last month in the 3-year performance period.
The MIP Ratings and Vesting Percentages shall be as determined by the Committee in its discretion.

The number of PSUs that vest pursuant to the Final Vesting Percentage shall be rounded to the nearest whole number, with 0.5% being rounded up.

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DARDEN RESTAURANTS, INC.
2002 STOCK INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR NON-EMPLOYEE DIRECTORS (ANNUAL EQUITY GRANT)

This Restricted Stock Unit Award Agreement (the "Agreement") is between Darden Restaurants, Inc., a Florida corporation (the "Company" or "Corporation"), and you (**[** Name **]**), 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 ____. This Agreement is effective as of ________, 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. <u>Award of Restricted Stock Units.</u>

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 communicated to you and set forth in the Company's records (the "RSUs"), on the terms and conditions set forth in such communication, this Agreement and the Plan. Each RSU represents the right to receive, subject to the vesting provisions set forth below, one share of the Company's Common Stock, no par value (the "Common Stock").

2. <u>Rights with Respect to the RSUs.</u>

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 7(b) and 7(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. <u>Vesting.</u>

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, subject to Section 4 of this Agreement.

(a) The grant of RSUs under Section 1 above shall vest on the earlier of (i) the one-year anniversary of the Grant Date and (ii) the date of the Company's next annual meeting of shareholders.

4. Early Vesting; Forfeiture.

(a) If your service on the Board terminates other than by reason of your death or Disability (as defined below) 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.

(b) If you die prior to the vesting of the RSUs pursuant to Section 3 hereof, then 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.

(c) If you become Disabled (as defined below) prior to the vesting of the RSUs pursuant to Section 3 hereof, then 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.

5. Restriction on Transfer.

Except as contemplated by Section 4(b) 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. 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 7(b) and (c) hereof. Notwithstanding the foregoing, you may elect to defer the settlement of the RSUs (and any accumulated distributions) beyond the vesting date of the RSUs. Any deferral election must be made in compliance with such rules and procedures as may be established by the Committee administering the Plan. Following payment of the applicable withholding taxes pursuant to Section 8 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.

7. 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 6 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 settlement 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 6 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.

8. 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.

9. 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 Board Service. Nothing in this Agreement or the Plan shall be construed as giving you the right to continue to serve on the Board.

(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 submitted to binding arbitration in Orlando, Florida.

(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). You agree that the state and federal courts of Florida shall have jurisdiction over any litigation between you and the Company regarding this Agreement, and you expressly submit to the exclusive jurisdiction and venue of the federal and state courts sitting in Orange County, Florida.

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

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

(h) 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 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.

DARDEN RESTAURANTS, INC.
2002 STOCK INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR NON-EMPLOYEE DIRECTORS (INITIAL EQUITY GRANT)

This Restricted Stock Unit Award Agreement (the “Agreement”) is between Darden Restaurants, Inc., a Florida corporation (the “Company” or “Corporation”), and you (**[** Name **]**), 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 ____. This Agreement is effective as of ____________, 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 communicated to you and set forth in the Company’s records (the “RSUs”), on the terms and conditions set forth in such communication, this Agreement and the Plan. Each RSU represents the right to receive, subject to the vesting provisions set forth below, one share of the Company’s Common Stock, no par value (the “Common Stock”).

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 7(b) and 7(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, subject to Section 4 of this Agreement.

(a) The grant of RSUs under Section 1 above shall vest on the earlier of (i) the one-year anniversary of the Grant Date and (ii) the date of the Company’s next annual meeting of shareholders.

4. Early Vesting; Forfeiture.

(a) If your service on the Board terminates other than by reason of your death or Disability (as defined below) 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.

(b) If you die prior to the vesting of the RSUs pursuant to Section 3 hereof, then 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.

(c) If you become Disabled (as defined below) prior to the vesting of the RSUs pursuant to Section 3 hereof, then 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.

5. Restriction on Transfer.

Except as contemplated by Section 4(b) 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. 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 7(b) and (c) hereof. Notwithstanding the foregoing, you may elect to defer the settlement of the RSUs (and any accumulated distributions) beyond the vesting date of the RSUs. Any deferral election must be made in compliance with such rules and procedures as may be established by the Committee administering the Plan. Following payment of the applicable withholding taxes pursuant to Section 8 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.

7. 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 6 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 settlement 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 6 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.

8. 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.

9. 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 Board Service. Nothing in this Agreement or the Plan shall be construed as giving you the right to continue to serve on the Board.

(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 submitted to binding arbitration in Orlando, Florida.

(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). You agree that the state and federal courts of Florida shall have jurisdiction over any litigation between you and the Company regarding this Agreement, and you expressly submit to the exclusive jurisdiction and venue of the federal and state courts sitting in Orange County, Florida.

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

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

(h) 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 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(oo)

DARDEN RESTAURANTS, INC.
2002 STOCK INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR NON-EMPLOYEE DIRECTORS (QUARTERLY GRANT IN LIEU OF CASH RETAINER)

This Restricted Stock Unit Award Agreement (the "Agreement") is between Darden Restaurants, Inc., a Florida corporation (the "Company" or "Corporation"), and you ([Name]), 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 ____. This Agreement is effective as of [Date], 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 communicated to you and set forth in the Company's records (the "RSUs"), on the terms and conditions set forth in such communication, this Agreement and the Plan. Each RSU represents the right to receive one share of the Company's Common Stock, no par value (the "Common Stock").

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 6(b) and 6(c) hereof.

3. Vesting.

The RSUs shall be fully vested on the Grant Date.

4. Restriction on Transfer.

No transfer by will or the applicable laws of descent and distribution of any RSUs 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. Except as contemplated by the preceding sentence, 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.

5. Settlement of RSUs.

The Company shall promptly, but no later than 30 days following the Grant 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 6(b) and (c) hereof. Notwithstanding the foregoing, you may elect to defer the settlement of the RSUs (and any accumulated distributions) beyond the Grant Date. Any deferral election must be made in compliance with such rules and procedures as may be established by the Committee administering the Plan. Following payment of the applicable withholding taxes pursuant to Section 7 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.

6. Distributions and Adjustments.

(a) If any RSUs settle 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 settlement the number and type of securities or other consideration which you would have received if such RSUs had settled 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 settle 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 5 hereof.

(c) Any cash dividends or other cash distributions payable with respect to the shares of Common Stock underlying the RSUs prior to the settlement of the RSUs shall be distributed to you upon the settlement 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 5 hereof.

7. 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.

9. 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 Board Service. Nothing in this Agreement or the Plan shall be construed as giving you the right to continue to serve on the Board.

(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 submitted to binding arbitration in Orlando, Florida.

(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). You agree that the state and federal courts of Florida shall have jurisdiction over any litigation between you and the Company regarding this Agreement, and you expressly submit to the exclusive jurisdiction and venue of the federal and state courts sitting in Orange County, Florida.

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

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

(h) 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 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.

DARDEN RESTAURANTS, INC.
2002 STOCK INCENTIVE PLAN

FY ______ NON-QUALIFIED STOCK OPTION AGREEMENT FOR NON-EMPLOYEE DIRECTORS (ANNUAL EQUITY GRANT)

This Non-Qualified Stock Option Agreement (the “Agreement”) is between Darden Restaurants, Inc., a Florida corporation (the “Company” or “Corporation”), and you, a person notified by the Company and identified in the Company’s records, as the recipient of a Non-Qualified Stock Option Grant during the Company’s fiscal year _____. This Agreement is effective as of the date of grant communicated to you and set forth in the Company’s records (the “Grant Date”).

The Company desires to provide you with an opportunity to purchase shares of the Company’s Common Stock, no par value (the “Common Stock”), 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. Grant of Option.

The Company hereby grants to you, effective as of the Grant Date, the right and option (the “Option”) to purchase all or any part of the aggregate number of shares of Common Stock communicated to you and set forth in the Company’s records, on the terms and conditions contained in such communication, this Agreement and the Plan. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”).

2. Exercise Price.

The per share purchase price of the shares subject to the Option shall be the purchase price per share communicated to you and set forth in the Company’s records.

3. Term of Option and Exercisability. The term of the Option shall be for a period of ten years from the Grant Date, terminating at the close of business on the expiration date communicated to you and set forth in the Company’s records (the “Expiration Date”) or such shorter period as is prescribed in Section 4 of this Agreement. The Option shall become exercisable, or vest, on the date or dates communicated to you and set forth in the Company’s records, subject to the provisions of Section 4 of this Agreement. To the extent the Option is exercisable, you may exercise it in whole or in part, at any time, or from time to time, prior to the termination of the Option.

4. Effect of End of Board Service.

(a) If your service on the Board terminates other than by reason of your death or Disability (as defined below), any portion of the Option that was not vested on your last day of Board service shall be forfeited and any portion of the Option that was vested on your last day of Board service may be exercised until the earlier of (x) the Expiration Date and (y) the date that is one year after your last day of Board service.

(b) If you die while serving on the Board, the Option shall become immediately exercisable in full as of the date of your death and may be exercised until the earlier of (x) the Expiration Date and (y) the date that is one year after the date of your death. The Option may be exercised by your personal representative or the administrators of your estate or by any Person or Persons to whom the Option has been transferred by will or the applicable laws of descent and distribution.

(c) If you become Disabled (as defined below) while serving on the Board, the Option shall become immediately exercisable in full as of the Disability Date (as defined below) and may be exercised until the earlier of (x) the Expiration Date and (y) the date that is one year after the date on which the Committee administering the Plan makes the determination that you are Disabled (the "Disability Date"). The Option may be exercised by your personal representative. For purposes of this Agreement, "Disabled" or "Disability" 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.

5. Method of Exercising Option .

(a) Subject to the terms and conditions of this Agreement, you may exercise your Option by following the procedures established by the Company from time to time. In addition, you may exercise your Option by written notice to the Company as provided in Section 8 of this Agreement that states (i) your election to exercise the Option, (ii) the Grant Date of the Option, (iii) the purchase price of the shares, (iv) the number of shares as to which the Option is being exercised, (v) the manner of payment and (vi) the manner of payment for any income tax withholding amount. The notice shall be signed by you or the Person or Persons exercising the Option. The notice shall be accompanied by payment in full of the exercise price for all shares designated in the notice. To the extent that the Option is exercised after your death or the Disability Date, the notice of exercise shall also be accompanied by appropriate proof of the right of such Person or Persons to exercise the Option.

(b) Payment of the exercise price shall be made to the Company through one or a combination of the following methods:

(i) cash, in United States currency (including check, draft, money order or wire transfer made payable to the Company); or

(ii) delivery (either actual delivery or by attestation) of shares of Common Stock acquired by you more than six months prior to the date of exercise having a Fair Market Value on the date of exercise equal to the Option exercise price. You shall represent and warrant in writing that you are the owner of the shares so delivered, free and clear of all liens, encumbrances, security interests and restrictions, and you shall duly endorse in blank all certificates delivered to the Company.

6. Taxes .

(a) You acknowledge that you will consult with your personal tax adviser regarding the income tax consequences of exercising the Option or any other matters related to this Agreement. If you are employed by the Company or an Affiliate of the Company, in order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are your sole and absolute responsibility, are withheld or collected from you.

(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 exercise of the Option 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 otherwise to be delivered upon exercise of the Option 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. Your election must be made on or before the date that the amount of tax to be withheld is determined.

7. Adjustments.

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

8. 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 Rights as a Shareholder. Neither you nor your legal representatives shall have any of the rights and privileges of a shareholder of the Company with respect to the shares of Common Stock subject to the Option unless and until such shares are issued upon exercise of the Option.

(c) No Right to Board Service. Nothing in this Agreement or the Plan shall be construed as giving you the right to continue to serve on the Board.

(d) Option Not Transferable. Except as otherwise provided by the Plan or by the Committee administering the Plan, the Option shall not be transferable other than by will or by the laws of descent and distribution and the Option shall be exercisable during your lifetime only by you or, if permissible under applicable law, by your guardian or legal representative. The Option may not be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance of the Option shall be void and unenforceable against the Company or any Affiliate of the Company.

(e) Reservation of Shares. The Company shall at all times during the term of the Option reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of this Agreement.

(f) 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.

(g) 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.

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

(i) 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.

(j) 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

(k) Award Agreement and Related Documents. This Non-Qualified Stock Option 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 Non-Qualified Stock Option grant. YOU MUST REVIEW AND ACKNOWLEDGE ACCEPTANCE OF THE TERMS OF THIS AGREEMENT BY EXECUTING THIS AGREEMENT ELECTRONICALLY VIA YOUR ESTABLISHED ACCOUNT ON THE MORGAN STANLEY SMITH BARNEY WEBSITE. FAILURE TO ACCEPT THE REFERENCED TERMS AND TO EXCUTE THIS AGREEMENT ELECTRONICALLY WILL PRECLUDE YOU FROM RECEIVING YOUR STOCK OPTION GRANT. In connection with your Non-Qualified Stock Option 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(qq)

DARDEN RESTAURANTS, INC.
2002 STOCK INCENTIVE PLAN

FY ____ NON-QUALIFIED STOCK OPTION AGREEMENT FOR NON-EMPLOYEE DIRECTORS (INITIAL EQUITY GRANT)

This Non-Qualified Stock Option Agreement (the "Agreement") is between Darden Restaurants, Inc., a Florida corporation (the "Company" or "Corporation"), and you, a person notified by the Company and identified in the Company's records, as the recipient of a Non-Qualified Stock Option Grant during the Company's fiscal year _____. This Agreement is effective as of the date of grant communicated to you and set forth in the Company's records (the "Grant Date").

The Company desires to provide you with an opportunity to purchase shares of the Company's Common Stock, no par value (the "Common Stock"), 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. Grant of Option.

The Company hereby grants to you, effective as of the Grant Date, the right and option (the "Option") to purchase all or any part of the aggregate number of shares of Common Stock communicated to you and set forth in the Company's records, on the terms and conditions contained in such communication, this Agreement and the Plan. The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Exercise Price.

The per share purchase price of the shares subject to the Option shall be the purchase price per share communicated to you and set forth in the Company's records.

3. Term of Option and Exercisability. The term of the Option shall be for a period of ten years from the Grant Date, terminating at the close of business on the expiration date communicated to you and set forth in the Company's records (the "Expiration Date") or such shorter period as is prescribed in Section 4 of this Agreement. The Option shall become exercisable, or vest, on the date or dates communicated to you and set forth in the Company's records, subject to the provisions of Section 4 of this Agreement. To the extent the Option is exercisable, you may exercise it in whole or in part, at any time, or from time to time, prior to the termination of the Option.

4. Effect of End of Board Service.

(a) If your service on the Board terminates other than by reason of your death or Disability (as defined below), any portion of the Option that was not vested on your last day of Board service shall be forfeited and any portion of the Option that was vested on your last day of Board service may be exercised until the earlier of (x) the Expiration Date and (y) the date that is one year after your last day of Board service.

(b) If you die while serving on the Board, the Option shall become immediately exercisable in full as of the date of your death and may be exercised until the earlier of (x) the Expiration Date and (y) the date that is one year after the date of your death. The Option may be exercised by your personal representative or the administrators of your estate or by any Person or Persons to whom the Option has been transferred by will or the applicable laws of descent and distribution.

(c) If you become Disabled (as defined below) while serving on the Board, the Option shall become immediately exercisable in full as of the Disability Date (as defined below) and may be exercised until the earlier of (x) the Expiration Date and (y) the date that is one year after the date on which the Committee administering the Plan makes the determination that you are Disabled (the "Disability Date"). The Option may be exercised by your personal representative. For purposes of this Agreement, "Disabled" or "Disability" 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.

5. Method of Exercising Option .

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(b) Payment of the exercise price shall be made to the Company through one or a combination of the following methods:

(i) cash, in United States currency (including check, draft, money order or wire transfer made payable to the Company); or

(ii) delivery (either actual delivery or by attestation) of shares of Common Stock acquired by you more than six months prior to the date of exercise having a Fair Market Value on the date of exercise equal to the Option exercise price. You shall represent and warrant in writing that you are the owner of the shares so delivered, free and clear of all liens, encumbrances, security interests and restrictions, and you shall duly endorse in blank all certificates delivered to the Company.

6. Taxes .

(a) You acknowledge that you will consult with your personal tax adviser regarding the income tax consequences of exercising the Option or any other matters related to this Agreement. If you are employed by the Company or an Affiliate of the Company, in order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are your sole and absolute responsibility, are withheld or collected from you.

(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 exercise of the Option 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 otherwise to be delivered upon exercise of the Option 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. Your election must be made on or before the date that the amount of tax to be withheld is determined.

7. Adjustments .

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

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(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 Rights as a Shareholder . Neither you nor your legal representatives shall have any of the rights and privileges of a shareholder of the Company with respect to the shares of Common Stock subject to the Option unless and until such shares are issued upon exercise of the Option.

(c) No Right to Board Service . Nothing in this Agreement or the Plan shall be construed as giving you the right to continue to serve on the Board.

(d) Option Not Transferable . Except as otherwise provided by the Plan or by the Committee administering the Plan, the Option shall not be transferable other than by will or by the laws of descent and distribution and the Option shall be exercisable during your lifetime only by you or, if permissible under applicable law, by your guardian or legal representative. The Option may not be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance of the Option shall be void and unenforceable against the Company or any Affiliate of the Company.

(e) Reservation of Shares. The Company shall at all times during the term of the Option reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of this Agreement.

(f) 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.

(g) 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.

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

(i) 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.

(j) 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

(k) Award Agreement and Related Documents. This Non-Qualified Stock Option 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 Non-Qualified Stock Option grant. YOU MUST REVIEW AND ACKNOWLEDGE ACCEPTANCE OF THE TERMS OF THIS AGREEMENT BY EXECUTING THIS AGREEMENT ELECTRONICALLY VIA YOUR ESTABLISHED ACCOUNT ON THE MORGAN STANLEY SMITH BARNEY WEBSITE. FAILURE TO ACCEPT THE REFERENCED TERMS AND TO EXCUTE THIS AGREEMENT ELECTRONICALLY WILL PRECLUDE YOU FROM RECEIVING YOUR STOCK OPTION GRANT. In connection with your Non-Qualified Stock Option 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(rr)

DARDEN RESTAURANTS, INC.

CHANGE IN CONTROL AGREEMENT

THIS CHANGE IN CONTROL AGREEMENT (the "Agreement") between Darden Restaurants, Inc., a Florida corporation (the "Company"), and **[** NAME OF EXECUTIVE **]** (the "Executive") is hereby entered into as of the date this Agreement is signed by the Executive.

WHEREAS, the Company considers it essential to foster the continuous employment of the Executive and recognizes that the possibility of a Change in Control (as hereinafter defined) of the Company exists and that such possibility, and the uncertainty that it may cause, may result in the departure or distraction of the Executive, to the detriment of the Company and its stockholders; and

WHEREAS, the Company desires to encourage the continued employment of the Executive by the Company and wants assurance that it shall have the continued dedication, loyalty and service of, and the availability of objective advice and counsel from, the Executive notwithstanding the possibility, threat or occurrence of a Change in Control.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Executive and the Company hereby agree as follows:

1. <u>Certain Definitions</u> . In addition to those terms elsewhere defined herein, when used herein, the following capitalized terms shall have the meanings indicated below in this Section 1.

(a) " <u>Accounting Firm</u> " means a nationally recognized accounting firm, or actuarial, benefits or compensation consulting firm (with experience in performing the calculations regarding the applicability of Code Section 280G and of the tax imposed by Code Section 4999) selected by the Company immediately prior to a Change in Control.

(b) " <u>Base Salary</u> " means the Executive's annual base salary at the rate in effect at the time the Notice of Termination was given without giving effect to any reduction thereof that would constitute grounds for a resignation for Good Reason.

(c) " <u>Board</u> " means the Board of Directors of the Company.

(d) " <u>Cause</u> " means (i) an act or acts of fraud or misappropriation on the Executive's part which result in or are intended to result in the Executive's personal enrichment at the expense of the Company and which constitute a criminal offense under State or Federal laws, (ii) the Executive's continued failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by **[** for the CEO: the Applicable Board (as defined below) / for other executives: the Chief Executive Officer of the Company **]** , which demand specifically identifies the manner in which **[** for the CEO: the Applicable Board / for other executives: the Chief Executive Officer of the Company **]** believes that the Executive has not substantially performed the Executive's duties; (iii) the Executive's willful engagement in conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise; or (iv) the

Executive's conviction of, or entering into a plea of either guilty or nolo contendere to, any felony, including, but not limited to, a felony involving moral turpitude, embezzlement, theft or similar act that occurred during or in the course of the Executive's employment with the Company.

The Executive's termination of employment shall not be deemed to be for "Cause" unless and until the Company delivers to the Executive a copy of a resolution duly adopted by the affirmative vote of a majority of the Board, or if the Company is not the ultimate parent corporation of the Affiliated Companies (as defined below) and is not publicly-traded, the board of directors of the ultimate parent of the Company (the "Applicable Board") (excluding the Executive, if the Executive is a member of the Applicable Board), finding that the Executive is guilty of the conduct described in any of clauses (i)-(iv) above, after having afforded the Executive a reasonable opportunity to appear in person together with counsel before the Applicable Board and to present such evidence as the Executive deemed appropriate. For purposes of this Agreement, an act, or failure to act, shall not be deemed to be "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without a reasonable belief that the action or omission was in the best interests of the Company.

(e) " Change in Control " means:

i. Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (x) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (y) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section 1(e), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any company controlled by, controlling or under common control with the Company (an "Affiliated Company") or (D) any acquisition pursuant to a transaction that complies with Sections 1(e)(ii)(x), (y) and (z);

ii. Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (x) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company 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 Company or all or substantially all of the Company'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 Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (y) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 30% 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, and (z) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

iii. Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(f) " Code " means the Internal Revenue Code of 1986, as amended.

(g) " Date of Termination " means (i) if the Executive's employment is terminated by the Company for Cause, the date of receipt of the Notice of Termination for Cause or any later date specified therein (which date shall be not more than thirty (30) days after giving such notice), as the case may be, (ii) if the Executive's employment is terminated by the Executive for Good Reason, the 30th day following receipt by the Company of the Notice of Termination for Good Reason if the Company fails to cure the condition giving rise to Good Reason during the 30-day cure period, or any later date specified therein, as the case may be, provided that such date may not be more than sixty (60) days following the Company's receipt of the Notice of Termination, (iii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies the Executive of such termination, (iv) if the Executive's employment is terminated by reason of death or Disability, the date of death of the Executive or the date on which it is determined that the Executive has a Disability, as the case may be, and (v) if the Executive's employment is terminated by the Executive without Good Reason (and not due to Disability), the date of receipt of the Notice of Termination or any later date specified therein (which date shall be not more than thirty (30) days after giving such notice), as the case may be. Notwithstanding the foregoing, in no event shall the Date of Termination occur until the Executive experiences a "separation from service" within the meaning of Section 409A of the Code, and the date on which such separation from service takes place shall be the "Date of Termination."

(h) " Disability " means a physical or mental disability which materially interferes with the capacity of the Executive in fulfilling the Executive's responsibilities and which shall qualify the Executive for disability benefits under the Company-sponsored plan in which the Executive participates.

(i) " Effective Date " means the first date during the Contract Period (as defined in Section 2 hereof) on which a Change in Control occurs.

(j) " Excise Tax " means, collectively, (i) the tax imposed by Section 4999 of the Code, (ii) any similar tax imposed by state or local law, and (iii) any interest or penalties with respect to any tax described in clause (i) or (ii).

(k) " Good Reason " means:

i. without the express written consent of the Executive (A) the assignment to the Executive of any duties inconsistent in any substantial respect with the Executive's position, authority or responsibilities as in effect during the 90-day period immediately preceding the Effective Date or (B) any other substantial adverse change in such position (including titles), authority or responsibilities;

ii. a material reduction in the Executive's base salary, target annual bonus opportunity, long-term incentive opportunity or aggregate employee benefits as in effect immediately prior to the Effective Date, other than (A) an inadvertent failure remedied by the Company promptly after receipt of notice thereof given by the Executive or (B) with respect to aggregate employee benefits only, any such failure resulting from an across-the-board reduction in employee benefits applicable to all similarly situated employees of the Company generally; or

iii. any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Section 9(e).

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

(l) " Notice of Termination " means a written notice of termination of employment for Cause given by the Company to the Executive or a written notice of termination of employment for Good Reason or otherwise given by the Executive to the Company, in either case in the manner specified in Section 9(k), which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) specifies the Date of Termination.

(m) " Qualifying Termination " means the Executive's termination of employment initiated by the Company other than for Cause or by reason of the Executive's death or Disability, or initiated by the Executive for Good Reason, in either case during the time period commencing on the Effective Date and continuing until the earlier of (i) the two-year anniversary of such date and (ii) the date of the Executive's termination of employment by reason of death or Disability.

(n) " Release " means an agreement under which the Executive provides a release of claims against the Company in a form provided to the Executive by the Company in connection with the payment of the severance benefits under this Agreement.

(o) " Release Consideration Period " means the period of time specified by the Release, not to exceed forty-five (45) days, during which the Executive is permitted to consider whether or not to sign the Release.

(p) " Release Revocation Period " means the period of time specified by the Release, not to exceed seven (7) days, during which the Executive is permitted to revoke the executed Release.

(q) "Target Bonus" means the Executive's target annual cash incentive in effect for the fiscal year in which the Date of Termination occurs.

2. Contract Period. The "Contract Period" is the period commencing on the date this Agreement is signed by the Executive and ending on the next December 31 after such date; provided that, on such December 31, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Contract Period shall be automatically extended for one additional year, unless at least thirty (30) days prior to any Renewal Date, the Company shall give notice to the Executive that the Contract Period shall not be so extended, in which case this Agreement shall terminate on such next December 31 (the "Expiration Date"). Notwithstanding the foregoing, in the event that a Change in Control occurs prior to the Expiration Date, this Agreement shall remain effective indefinitely thereafter with respect to any and all consequences flowing from that Change in Control under the terms of this Agreement. However, after a Change in Control, the Company may terminate this Agreement with respect to any further Change in Control that might occur after a future Renewal Date by giving a notice of non-renewal to the Executive as contemplated above in this Section 2.

3. Obligations of the Company upon Qualifying Termination. Upon a Qualifying Termination, the Executive shall be entitled to receive the payments described in this Section 3, subject to the Release requirement specified below. Within seven (7) days following the Date of Termination, the Company shall provide the Executive with a Release substantially in the form of the Release attached hereto as Exhibit A. As a condition of receiving the severance payment described in Section 3(b) below, the Executive must execute and deliver the Release to the Company within the Release Consideration Period, the Release Revocation Period must expire without revocation of the Release by the Executive, and the Executive must comply with the restrictive covenants set out in Section 6 hereof. In the event the Executive breaches one or more of such restrictive covenants, the Executive shall forfeit or repay to the Company, as applicable, the amount of such severance payment.

(a) The Company shall pay to the Executive, in a lump sum in cash within thirty (30) days after the Date of Termination, the Executive's Base Salary through the Date of Termination if not theretofore paid (the "Accrued Base Salary").

(b) The Company shall pay to the Executive, in a lump sum in cash within sixty (60) days after the Date of Termination (except as provided in Section 7 hereof), the aggregate of the following amounts:

i. an amount equal to **[** for the CEO: two (2) times / for other executives: one and one-half (1.5) times **]** the sum of (i) the Base Salary and (ii) the Target Bonus; and

ii. an amount equal to **[** for the CEO: twenty-four (24) / for other executives: eighteen (18) **]** times the monthly COBRA charge in effect on the Date of Termination for the type of Company-provided group health plan coverage in effect for the Executive (e.g., family coverage) on the Date of Termination less the monthly active employee charge for such coverage in effect on the Date of Termination.

Notwithstanding the foregoing, if the sixty (60) day period referenced above in this Section 3(b) will end during a different taxable year of the Executive than the Executive's taxable year in which the Date of Termination occurs, then, to the extent that the severance payment provided for in this Section 3(b) constitutes nonqualified deferred compensation subject to Section 409A of the Code, the severance payment shall not be made earlier than the first business day of the later of such taxable years.

4. Termination of Employment due to Death or Disability. If, within two (2) years after the Effective Date, the Executive's employment is terminated by reason of the Executive's death or Disability, the Company shall pay to the Executive with the Accrued Base Salary within thirty (30) days of the Date of Termination, and shall have no other severance obligations under this Agreement.

5. Termination of Employment by the Executive other than for Good Reason or by the Company for Cause. If, within two years after the Effective Date, (x) the Executive's employment is terminated by the Company for Cause or (y) the Executive voluntary terminates the Executive's employment other than for Good Reason, the Company shall pay to the Executive the Accrued Base Salary within thirty (30) days of the Date of Termination, and shall have no other severance obligations under this Agreement.

6. Restrictive Covenants.

(a) Non-Disparagement. The Executive agrees that the Company's reputation and goodwill in the marketplace is of utmost importance and value to the Company. The Executive further agrees not to make, publish or cause to be published any public or private statement or comments disparaging or defaming the Company, its subsidiaries or affiliates, the Board or the management of those companies. The Executive acknowledges and agrees that this prohibition extends to statements, written or verbal, made to anyone, including but not limited to, the news media, competitors, vendors, and employees (past and present). The Executive further understands and agrees that this Section is a material provision of this Agreement and that any breach of this Section shall be a material breach of this Agreement, and that the Company would be irreparably harmed by violation of this provision.

(b) No Reemployment. The Executive agrees that the Executive is not eligible for reemployment or independent contractor status with the Company and hereby waives any claim of right to reemployment by the Company, including any of its subsidiaries or affiliates. The Executive also agree that the Executive is not now seeking and shall not in the future seek employment or independent contractor status with the Company. The Executive agrees that if, for some reason, the Executive is reemployed by the Company in any capacity, such employment shall be immediately terminated upon the Company's discovery of such employment. The Executive further agrees that upon the Company's termination of such employment, the Executive shall make no claim whatsoever as a result of such termination.

(c) Cooperation. The Executive agrees that after the Date of Termination, the Executive shall make the Executive available at reasonable times, intervals and places for interviews, consultations, internal investigations and/or testimony during which the Executive shall provide to the Company, or its designated attorneys or agents, any and all information known to the Executive regarding or relating to the Company or the Executive's activities on behalf of the Company pertaining to the subject matter on which the Executive's cooperation is sought. The Executive agrees to remain involved for so long as any such matters shall be pending. The Executive further agrees that if the Executive is ever subpoenaed or otherwise required by law to provide any statement or other assistance to a party to a dispute or litigation with the Company, other than the Company, then the Executive shall provide written notice of the circumstances requiring such statement or other assistance, including where applicable a copy of the subpoena or other legal writ, in such a manner and at such a time that allows the Company to timely respond. Nothing herein shall prevent the Executive from cooperating with co-defendants in litigation or with inquiry in a government investigation without a need to obtain prior consent or approval from the Company; provided, however, the Executive shall provide prompt notice of any voluntary giving of oral or written statements to such parties, and provide to the Company a copy of any written statement so given or a summary of any oral statement provided.

(d) Non-Disclosure .

i. During the course of the Executive's employment, the Executive has received 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 you in furtherance of your duties with the Company; (3) compilations of data concerning Company products, services, customers, and end users including but not limited to compilations concerning projected sales, new project timelines, inventory reports, sales, and cost and expense reports; (4) compilations of information about the Company's employees and independent contracting consultants; (5) the Company's financial information, including, without limitation, amounts charged to customers and amounts charged to the Company by its vendors, suppliers, and service providers; (6) proposals submitted to the Company's customers, potential customers, wholesalers, distributors, vendors, suppliers and service providers; (7) the Company's marketing strategies and compilations of marketing data; (8) compilations of data or information concerning, and communications and agreements with, vendors, suppliers and licensors to the Company and other sources of technology, products, services or components used in the Company's business; (9) the Company's research and development records and data; and (10) any summary, extract or analysis of such information together with information that has been received or disclosed to the Company by any third party as to which the Company has an obligation to treat as confidential (all of which constitutes "Confidential Information"). "Business Opportunities" means all ideas, concepts or information received or developed (in whatever form) by the Executive 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 shall remain the sole and exclusive property of the Company. For a period of five (5) years following the date on which the Executive's employment with the Company terminates, the Executive agrees that the Executive 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 the Executive may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, in which event the Executive shall promptly notify the Company of such order or subpoena to provide the Company an opportunity to protect its interests.

iii. As of the date on which the Executive's employment with the Company terminates, the Executive agrees to promptly deliver to the Company 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 , computers, phones, personal digital assistants, books, records, videos, cards, keys, Company credit cards and other documents (including but not limited to all such data and documents in electronic form) supplied to or created by the Executive in connection with the Executive's employment with the Company (including all copies of the foregoing) in the Executive's possession or control, and all of the Company's equipment and other materials in the Executive's possession or control (collectively "Company Property"). The Executive agrees 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 the Executive's 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 the Executive's duties under the applicable law relating to Trade Secrets.

(e) Non-Competition . The Executive agrees that for a period of twenty-four (24) months following the Date of Termination (the "Restricted Period"), the Executive shall not provide or perform the same or substantially similar services that the Executive 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. Nothing in this provision shall divest the Executive 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.

(f) Non-Solicitation . The Executive agrees that the Executive shall not at any time during the Restricted Period, on behalf of the Executive 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 the Executive has had Material Contact during the last two years of the Executive's employment, to cease doing business with the Company or to do business with a Direct Competitor. "Material Contact" means contact between the Executive and a Person: (1) with whom or which the Executive dealt on behalf of the Company; (2) whose dealings with the Company were coordinated or supervised by the Executive; (3) about whom the Executive obtained Confidential Information in the ordinary course of business as a result of the Executive's 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 the Executive within two (2) years prior to the Date of Termination. "Person" means any individual, firm, partnership, association, corporation, limited liability entity, trust, venture or other business organization, entity or enterprise.

(g) Non-Recruitment . The Executive agrees that during the Restricted Period, the Executive shall not, on behalf of the Executive 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 the Executive has 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 shall. The provisions of this Section 6(g) shall only apply to those individuals employed by the Company at the time of solicitation or attempted solicitation.

(h) Acknowledgements. The Executive acknowledges 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. The Executive therefore acknowledges that the Territory in which the Company's business is conducted is, at the very least, throughout the United States. The Executive further acknowledges and agrees that it is fair and reasonable for the Company to take steps to protect its Confidential Information, Trade Secrets, good shall, business relationships, employees, economic advantages, and/or other legitimate business interests from the risk of misappropriation of or harm to its Confidential Information, Trade Secrets, goodwill, business relationships, employees, economic advantages, and/or other legitimate business interests. The Executive acknowledges that the consideration, including this Agreement and the Confidential Information and Trade Secrets provided to the Executive, gives rise to the Company's interest in restraining the Executive 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 shall, business relationships, employees, economic advantages, and/or other legitimate business interests, and shall not prevent the Executive from earning a livelihood.

(i) Survival of Covenants. The provisions and restrictive covenants in this Section 6 shall survive the expiration or termination of this Agreement for any reason. The Executive agrees not to challenge the enforceability or scope of the provisions and restrictive covenants in this Section 6. The Executive further agrees to notify all future persons, or businesses, with which the Executive becomes affiliated or employed by, of the provisions and restrictions set forth in this Section 6, prior to the commencement of any such affiliation or employment.

(j) Injunctive Relief. The Executive acknowledges that if the Executive breaches or threatens to breach any of the provisions of this Agreement, the Executive's actions shall cause irreparable harm and damage to the Company which cannot be compensated by damages alone. Accordingly, if the Executive breaches or threatens 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. The Executive hereby waives 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 the Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the Executive's agreements under this Agreement.

(k) Extinguishment of Rights and Return of Consideration. Upon the Company's good faith determination of a violation by the Executive of any of the terms of this Section 6, the Executive understands and agrees that, in addition to the Company's rights to obtain injunctive relief and damages for such violation, any and all rights to any payments or benefits under this Agreement, whether vested or unvested, shall be extinguished, and that the Executive shall be obligated to return any consideration paid to the Executive in exchange for the promises contained herein.

7. Section 409A. It is the intent of the Company that this Agreement comply with the requirements of Section 409A of the Code and all guidance issued thereunder by the U.S. Internal Revenue Service ("Section

409A”) with respect to any nonqualified deferred compensation subject to Section 409A. This Agreement shall be interpreted and administered to maximize the exemptions from Section 409A and, to the extent this Agreement provides for deferred compensation subject to Section 409A, to comply with Section 409A and to avoid the imposition of tax, interest and/or penalties upon the Executive under Section 409A. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A. In no event may the Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on the Executive under Section 409A or any damages for failing to comply with Section 409A. If the Executive dies following the Date of Termination and prior to the payment of any amounts delayed on account of Section 409A, such amounts shall be paid to the personal representative of the Executive’s estate within sixty (60) days after the date of the Executive’s death. To the extent any reimbursements or in-kind benefits due to the Executive under this Agreement constitute nonqualified deferred compensation subject to Section 409A, any such reimbursements or in-kind benefits shall be paid or provided in accordance with the requirements of Section 409A, including, without limitation, (a) in no event shall reimbursements by the Company under this Agreement be made later than the last day of the calendar year next following the calendar year in which the expense was incurred, provided that the Executive shall have submitted an invoice for such fees and expenses at least ten (10) days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; (b) the amount of any reimbursement (other than medical reimbursements described in Treas. Reg. § 1.409A-3(i)(1)(iv)(B)) or in-kind benefits that the Company is obligated to pay or provide during a given calendar year shall not affect the amount of reimbursement or in-kind benefits that the Company is obligated to pay or provide in any other calendar year; and (c) the Executive’s right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit. In the event that the Executive is a “specified employee” within the meaning of Section 409A of the Code (as determined in accordance with the methodology established by the Company as in effect on the Date of Termination, amounts and benefits that constitute nonqualified deferred compensation subject to Section 409A that would otherwise be payable or provided during the six-month period immediately following the Date of Termination shall instead be paid or provided on the first business day after the date that is six (6) months following the Executive’s Date of Termination (or, if earlier, on the date of the Executive’s death).

8. Section 280G .

(a) The Executive shall bear all expense of, and be solely responsible for, any Excise Tax; provided, however, in the event that the Accounting Firm shall determine that receipt of all payments or distributions in the nature of compensation to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the “Payments”) would subject the Executive to tax under Section 4999 of the Code, the Accounting Firm shall determine whether the Payments shall be reduced (but not below zero) to meet the definition of Reduced Amount (as defined below). The Payments shall be reduced to the Reduced Amount only if the Accounting Firm determines that the Net After-Tax Receipt (as defined below) of unreduced aggregate Payments would be equal to or less than one-hundred ten percent (110%) of the Net After-Tax Receipt of the aggregate Payments if the Payments were reduced to the Reduced Amount.

(b) If the Accounting Firm determines that aggregate Payments should be reduced to the Reduced Amount, the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 8 shall be binding upon the Company and the Executive and shall be made as soon as reasonably practicable and in no event later than five (5) business days following the Effective Date, or such later date on which there has been a Payment. The reduction of the Payments, if applicable, shall be made in the order that would provide the Executive with the largest amount of after-tax proceeds (with such order, to the extent permitted by Code Sections 280G and 409A designated by the Executive, or otherwise determined by the Accounting Firm). All fees and expenses of the Accounting Firm in implementing the provisions of this Section 8 shall be borne by the Company. To the extent requested by the Executive, the Company shall cooperate with the Executive in good faith in valuing services provided or to be provided by the Executive (including without limitation, the Executive's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant) before, on or after the date of a change in ownership or control of the Corporation (within the meaning of Q&A-2(b) of Section 280G of the Code), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of Section 280G of the Code and/or exempt from the definition of the term "parachute payment" within the meaning of Q&A-2(a) of Section 280G of the Code in accordance with Q&A-5(a) of Section 280G of the Code.

(c) As a result of the uncertainty in the application of Section 4999 of the Code, at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts shall have been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement which should not have been so paid or distributed ("Overpayment") or that additional amounts which shall have not been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement could have been so paid or distributed ("Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Executive which the Accounting Firm believes has a high probability of success determines that an Overpayment has been made, the Executive shall pay any such Overpayment to the Company, without interest; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent such payment would not either reduce the amount on which the Executive is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be paid promptly (and in no event later than sixty (60) days following the date on which the Underpayment is determined) by the Company to or for the benefit of the Executive, without interest.

(d) For purposes of this Section 8, the following terms have the meanings set forth below:

i. "Reduced Amount" shall mean $1000.00 less than the greatest amount of Payments that can be paid that would not result in the imposition of the excise tax under Section 4999 of the Code if the Accounting Firm determines to reduce Payments pursuant to this Section 8, and

ii. "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on the Executive with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to the Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Executive certifies, in the Executive's sole discretion, as likely to apply to the Executive in the relevant tax year(s).

(e) The parties hereto shall provide the Accounting Firm access to and copies of any books, records, and documents in their possession as reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determinations and calculations contemplated by this Section 8. For purposes of making the calculations required by this Section 8, the Accounting Firm may rely on reasonable, good faith interpretations concerning the application of Code Sections 280G and 4999.

9. Miscellaneous .

(a) Non-exclusivity of Rights . Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive deferred compensation or other plan or program provided by the Company or any of its Affiliated Companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any employment, stock option, performance stock units or other agreements with the Company or any of its Affiliated Companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan or program of the Company or any of its Affiliated Companies at or subsequent to the Date of Termination shall be payable in accordance with such plan or program, except as explicitly modified by this Agreement, and shall not in any manner be included in the determination of benefits calculated under Section 3 hereof. Without limiting the generality of the foregoing, the Executive's resignation under this Agreement with or without Good Reason shall in no way affect the Executive's ability to terminate employment by reason of the Executive's "retirement" under, or to be eligible to receive benefits under, any compensation and benefits plans, programs or arrangements of the Company or the Affiliated Companies, including without limitation any retirement or pension plans or arrangements or substitute plans adopted by the Company, the Affiliated Companies or their respective successors, and any termination which otherwise qualifies as Good Reason shall be treated as such even if it is also a "retirement" for purposes of any such plan. Notwithstanding the foregoing, if the Executive receives a severance payment pursuant to Section 3(b) hereof, the Executive shall not be entitled to any severance pay or benefits under any severance plan, program or policy of the Company and the Affiliated Companies, unless otherwise specifically provided therein in a specific reference to this Agreement.

(b) Entire Agreement . This Agreement contains the entire understanding with the Executive with respect to the subject matter hereof, and from and after the Effective Date, except as specifically provided herein, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof in effect immediately prior to the execution of this Agreement.

(c) Amendment . This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(d) Full Settlement . The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any setoff, counterclaim, recoupment, defense or other right which the Company may have against the Executive or others or by any amounts received by Executive from others. In no event shall the Executive be obligated to seek other employment by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and except as specifically provided in Section 8, such amounts shall not be reduced whether or not the Executive obtains other employment.

(e) Successors . This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. This Agreement shall bind any successor of or to the Company, its assets or its businesses (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Company would be obligated under this Agreement if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Agreement, the Company shall require such successor expressly and unconditionally to assume and agree to perform the Company's obligations under this Agreement, in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. All rights under this Agreement are personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive otherwise than by shall or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable in the event of the Executive's death or Disability by the Executive's legal representatives, heirs and legatees.

(f) Withholding of Taxes . The Company may withhold from any amount payable or benefit provided under this Agreement such Federal, state, local, foreign and other taxes as are required to be withheld pursuant to any applicable law or regulation.

(g) No Right to Employment . The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of Executive by the Company is "at will" and may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. Nothing contained in the Agreement shall affect such rights to terminate, provided, however, that nothing in this Section 9(g) shall prevent the Executive from receiving any amounts payable pursuant to Sections 3, 4 or 5 of this Agreement in the event of a termination described in such Sections.

(h) Alternate Dispute Resolution . In the event of a dispute arising from or relating to this Agreement, the parties hereto agree to attempt to resolve the dispute through mediation by submitting the dispute to a sole mediator selected by the parties hereto or, at the option of a party, to mediation by the American Arbitration Association ("AAA"). Any such mediation will be held in Orange County, Florida. Each party shall bear an equal share of the mediator's fees and expenses. All defenses based on passage of time shall be suspended pending the termination of the mediation. Nothing in this Section 9(h) shall be construed to preclude any party from seeking injunctive relief in order to protect its rights pending mediation. In the event mediation is unsuccessful, the parties hereto agree to submit the matter for binding arbitration by AAA and in accordance with the applicable AAA rules. Any such arbitration will be conducted in Orange County, Florida. Each party shall bear an equal share of the arbitrator's fees and expenses, any costs for the hearing facility and any costs of AAA arbitration service. Any other fees and expenses incurred by a party during the mediation or arbitration of a dispute are the party's responsibility subject to remedies awarded by the arbitrator in accordance with applicable law.

(i) Governing Law . This Agreement shall be construed and enforced according to the laws of the State of Florida, without giving effect to the conflict of laws principles thereof.

(j) Severability . Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(k) Notices . Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or when sent by express U.S. mail or overnight delivery through a national delivery service (or an international delivery service in the case of an address outside the U.S.) with signature required. Notice to the Company shall be directed to the attention of **[** for the SVP, CHRO: the Chief Executive Officer / for all other executives: the Chief Human Resources Officer **]** of the

Company at the address of the Company’s headquarters, and notice to the Executive shall be directed to the Executive at the Executive’s most recent personal residence on file with the Company.

(l) Captions. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(m) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date written below.

EXECUTIVE

____

[Name of Executive **]**
Date:

DARDEN RESTAURANTS, INC.

____

By:
Date:

EXHIBIT A

Release

You, for yourself, your spouse and your agents, successors, heirs, executors, administrators and assigns, hereby irrevocably and unconditionally forever releases and discharges the Company, its parents, divisions, subsidiaries and affiliates and its and their current and former owners, directors, officers, shareholders, insurers, benefit plans, representatives, agents and employees, and each of their predecessors, successors, and assigns (collectively, the "Releasees"), from any and all actual or potential claims or liabilities of any kind or nature, including, but not limited to, any claims arising out of or related to your employment and separation from employment with the Company and any services that you provided to the Company; any claims for salary, commissions, bonuses, other severance pay, vacation pay, allowances or other compensation, or for any benefits under the Employee Retirement Income Security Act (except for vested ERISA benefits); any claims for discrimination, harassment or retaliation of any kind or based upon any legally protected classification or activity; any claims under Title VII of the Civil Rights Acts of 1964, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Americans with Disabilities Act, 42 U.S.C. §1981, 42 U.S.C. § 1983, the Family Medical Leave Act and any similar state law, the Fair Credit Reporting Act and any similar state law, the Equal Pay Act and any similar state law, including the Florida Civil Rights Act, the Florida Whistleblower Act, the Florida Minimum Wage Act, Florida Statute §448.08 (and any other claim for unpaid wages or other compensation under Florida law), as well as any amendments to any such laws; any claims for any violation of any federal or state constitutions or executive orders; any claims for wrongful or constructive discharge, violation of public policy, breach of contract or promise (oral, written, express or implied), personal injury not covered by workers' compensation benefits, misrepresentation, negligence, fraud, estoppel, defamation, infliction of emotional distress, contribution and any claims under any other federal, state or local law, including those not specifically listed in this Release, that you, your heirs, executors, administrators, successors, and assigns now have, ever had or may hereafter have, whether known or unknown, suspected or unsuspected, up to and including the date of your execution of this Release.

For the purpose of implementing a full and complete release and discharge of the Releasees as set forth above, you acknowledge that this Release is intended to include in its effect, without limitation, all claims known or unknown that you have or may have against the Releasees which arise out of or relate to your employment, including but not limited to compensation, performance or termination of employment with the Company, except for, and notwithstanding anything in this Release to the contrary, claims which cannot be released solely by private agreement. This Release also excludes any claim for workers' compensation benefits and any rights you may have to indemnification or directors' and officers' liability insurance under the Company's bylaws or certificate of incorporation, any indemnification agreement to which you are a party or beneficiary or applicable law, as a result of having served as an officer, director or employee of the Company or any of its affiliates. You further acknowledge and agree that you have received all leave, compensation and reinstatement benefits to which you were entitled through the date of your execution of this Release, and that you were not subjected to any improper treatment, conduct or actions as a result of a request for leave, compensation or reinstatement.

You affirm, by signing this Release, that you have not suffered any unreported injury or illness arising from your employment, and that you have not filed, with any federal, state, or local court or agency, any actions or charges against the Releasees relating to or arising out of your employment with or separation from the Company. You further agree that while this Release does not preclude you from filing a charge with the National Labor Relations Board ("NLRB"), the Equal Employment Opportunity Commission ("EEOC") or a similar state or local agency, or from participating in any investigation or proceeding with them, you do waive your right to personally recover monies or reinstatement as a result of any complaint or charge filed against the Company with the NLRB, EEOC or any federal, state or local court or agency, except as to any action to enforce or challenge this Release, to recover any vested benefits under ERISA, or to recover workers' compensation benefits.

You acknowledge:

(a) That you were provided **[** twenty-one (21) / forty-five (45) **]** full days during which to consider whether to sign this Release. If you have signed this Agreement prior to the expiration of the **[** 21-day / 45-day **]** period, you have voluntarily elected to forego the remainder of that period.

(b) That you have carefully read and fully understand all of the terms of this Release **[** , including its Attachment A **]** .

(c) That you understand that by signing this Release, you are waiving your rights under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, 29 U.S.C. § 621, et seq., and that you are not waiving any rights arising after the date that this Release is signed.

(d) That you have been given an opportunity to consult with anyone you choose, including an attorney, about this Release.

(e) That you understand fully the terms and effect of this Release and know of no claim that has not been released by this Release. And, you further acknowledge that you are not aware of, or that you have fully disclosed to the Company, any matters for which you are responsible or which has come to your attention as an employee of the Company that might give rise to, evidence, or support any claim of illegal conduct, regulatory violation, unlawful discrimination, or other cause of action against the Company.

(f) That these terms are final and binding on you.

(g) That you have signed this Release voluntarily, and not in reliance on any representations or statements made to you by any employee or officer of the Company or any of its subsidiaries.

PLEASE READ CAREFULLY. THIS RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

ACKNOWLEDGED AND AGREED

—

[Name of Executive **]** Date

EXHIBIT 10(ss)

DARDEN RESTAURANTS, INC.
2002 STOCK INCENTIVE PLAN

FY ____ RESTRICTED STOCK UNIT AWARD AGREEMENT
(United States)

This Restricted Stock Unit Award Agreement (the “Agreement”) is between Darden Restaurants, Inc., a Florida corporation (the “Company” or “Corporation”), and you, 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 ____. This Agreement is effective as of the date of grant 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 communicated to you and set forth in the Company’s records (the “RSUs”), on the terms and conditions set forth in such communications, 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”).

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. 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 5 hereof. Your right to receive cash payments with respect to the RSUs is more particularly described in Section 8(b) 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 if you remain continuously employed by the Company or an Affiliate of the Company until the respective vesting dates.

4. Definitions of Change in Control, Cause and Good Reason.

(a) Change in Control . For purposes of this Agreement, a “Change in Control” shall mean:

(i) Any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (x) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (y) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that, for purposes of this Section 4(a)(i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any company controlled by, controlling or under common control with the Company or (D) any acquisition pursuant to a transaction that complies with Sections 4(a)(ii)(x), (y) and (z);

(ii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (x) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company 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 Company or all or substantially all of the Company’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 Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (y) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 30% 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, and (z) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iii) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(b) 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 deemed 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 Company and which constitute a criminal offense under State or Federal laws, (ii) your continued failure to substantially perform your duties with the Company (other than any such failure resulting from your incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to you by the Committee, which demand specifically identifies the manner in which the Committee believes that you have not substantially performed your duties; (iii) your willful engagement in conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise; or (iv) your conviction of, or entering into a plea of either guilty or nolo contendere to, any felony, including, but not limited to, a felony involving moral turpitude, embezzlement, theft or similar act that occurred during or in the course of your employment with the Company. For purposes of this Agreement, an act, or failure to act, shall not be deemed to be "willful" unless it is done, or omitted to be done, by you in bad faith or without a reasonable belief that the action or omission was in the best interests of the Company.

(c) Good Reason. For purposes of this Agreement, "Good Reason" means:

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

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

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

5. Early Vesting; Forfeiture .

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, including the right to receive cash payments pursuant to Section 8(b) hereof, except that:

(a) Notwithstanding the vesting provisions contained in Section 3 above, but subject to the other terms and conditions contained in this Agreement, if, within two years after the date of the consummation of a Change in Control that occurs after the Grant Date, the Company terminates your employment for any reason other than for Cause, death or Disability, or you terminate employment for Good Reason, you shall become immediately and unconditionally vested in all RSUs and the restrictions with respect to all of the RSUs shall lapse.

(b) If (i) 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 Section 3 hereof, (ii) 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 (iii) 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;

(c) 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 Section 3 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;

(d) 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;

(e) If you die prior to the vesting of the RSUs pursuant to Section 3 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

(f) If you become Disabled (as defined below) prior to the vesting of the RSUs pursuant to Section 3 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" or "Disability" 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.

If you have met the age and service conditions set forth in Sections 5(c) or 5(d) at the time of becoming Disabled, then such disability shall only accelerate the payment of (and the lapse of restrictions with respect to) RSUs which are no longer subject to a substantial risk of forfeiture if the disability constitutes a "disability" within the meaning of Code Section 409A (and the guidance issued thereunder) (a "Section 409A Disability"). If the disability does not qualify as a Section 409A Disability, and you have met the foregoing age and service conditions, this Section 5(f) shall not apply to you and the RSUs shall be paid (and the restrictions with respect thereto shall lapse) at the time otherwise provided for under this Agreement.

6. Restriction on Transfer .

Except as contemplated by Section 5(e) 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, 5 and 8 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, repay to the Company any cash payments received by you or your personal representative pursuant to Section 8(b) of this Agreement, return to the Company any shares of Common Stock received by you or your personal representative from the payment of the RSUs pursuant to Section 8 of this Agreement and pay to the Company in cash the amount of any proceeds received by you or your personal representative from the disposition or transfer of, and any dividends and other distributions of cash or property received by you or your personal representative with respect to, any shares of Common Stock received by you or your personal representative from the payment of the RSUs pursuant to Section 8 of this Agreement, 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, including the right to receive cash payments on such RSUs pursuant to Section 8(b) of this Agreement. 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. Payment of RSUs; Issuance of Common Stock .

(a) No shares of Common Stock shall be issued to you prior to the date on which the applicable RSUs vest, in accordance with the terms and conditions communicated to you and set forth in the Company’s records. After any RSUs vest pursuant to Sections 3 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. 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; provided, however, that any distribution (including any distribution of amounts otherwise described in Section 8(b) below) to any “specified employee” as determined in accordance with procedures adopted by the Company that reflect the requirements of Code Section 409A(a)(2)(B)(i) (and any applicable guidance thereunder) on account of a separation from service shall be made as soon as practicable after the first day of the seventh month following such separation from service (or, if earlier, the date of the specified employee’s death). 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.

(b) Upon the vesting of the RSUs, the Company shall make a cash payment to you (subject to the delay for specified employees in Section 7(a)) equal to the amount of cash dividends that the Company paid per share of Common Stock to holders generally during the period prior to the vesting of the RSUs, multiplied by the number of RSUs, without interest, and less any tax withholding amount applicable to such payment. If the RSUs are forfeited prior to vesting, such cash payment in respect of the RSUs shall also be forfeited.

9. Adjustments .

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

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 receipt of cash payments pursuant to Section 8(b) hereof, the vesting of the RSUs and 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, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are your sole and absolute responsibility, are withheld or collected from you.

(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 vesting of the RSUs and the corresponding receipt of shares of Common Stock and cash payments by (i) delivering cash (including check, draft, money order or wire transfer made payable to the order of the Company), (ii) having the Company withhold a portion of the shares of Common Stock or cash 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. General Provisions.

(a) Interpretations. This Agreement is subject in all respects to the terms of the Plan. A copy of the Plan is available upon your request. Terms used herein which are defined in the Plan shall have the respective meanings given to such terms in the Plan, unless otherwise defined herein. In the event that any provision of this Agreement is inconsistent with the terms of the Plan, the terms of the Plan shall govern. Any question of administration or interpretation arising under this Agreement shall be determined by the Committee administering the Plan, and such determination shall be final, conclusive and binding upon all parties in interest. To the extent that any Award granted by the Company is subject to Code Section 409A, such Award shall be subject to terms and conditions that comply with the requirements of Code Section 409A to avoid adverse tax consequences under Code Section 409A.

(b) No Right to Employment. Nothing in this Agreement or the Plan shall be construed as giving you the right to be retained as an employee of the Company or any Affiliate 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) Reservation of Shares. The Company shall at all times prior to the vesting of the RSUs reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of this Agreement.

(d) 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.

(e) 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.

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

(g) 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.

(h) 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

(i) Award Agreement and Related Documents. This RSU 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 RSU Grant. You are not required to execute this Agreement, but you will have ten days from the Grant Date to notify the Company of any issues regarding the terms and conditions of this Agreement; otherwise, you will be deemed to agree with them. In connection with your RSU 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)

	Fiscal Year Ended				
	May 31, 2015	May 25, 2014	May 26, 2013	May 27, 2012	May 29, 2011
Consolidated earnings from continuing operations before income taxes	$ 175.3	$ 174.6	$ 274.0	$ 355.1	$ 341.1
Plus fixed charges:					
Gross interest expense [1]	194.2	137.5	129.8	106.4	97.5
40% of restaurant and equipment minimum rent expense	66.8	58.6	50.3	40.2	36.4
Total fixed charges	261.0	196.1	180.1	146.6	133.9
Less capitalized interest	(1.3)	(2.6)	(2.9)	(3.4)	(2.6)
Consolidated earnings from continuing operations before income taxes available to cover fixed charges	$ 435.0	$ 368.1	$ 451.2	$ 498.3	$ 472.4
Ratio of consolidated earnings from continuing operations to fixed charges	1.7	1.9	2.5	3.4	3.5

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

Exhibit 13

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis below for Darden Restaurants, Inc. (Darden, the Company, we, us or our) should be read in conjunction with our consolidated financial statements and related financial statement notes found elsewhere in this report. We operate on a 52/53 week fiscal year, which ends on the last Sunday in May, which for fiscal 2015 was May 31, 2015. Accordingly, fiscal 2015 consisted of 53 weeks of operation. Fiscal 2014 and 2013 , which ended May 25, 2014 and May 26, 2013 , respectively, each consisted of 52 weeks of operation.

OVERVIEW OF OPERATIONS

Our business operates in the full-service dining segment of the restaurant industry. At May 31, 2015 , we operated 1,534 restaurants through subsidiaries in the United States and Canada under the Olive Garden ®, LongHorn Steakhouse ®, The Capital Grille ®, Yard House ®, Bahama Breeze ®, Seasons 52 ®, and Eddie V's Prime Seafood ® and Wildfish Seafood Grille ® (collectively, Eddie V's) trademarks. We own and operate all of our restaurants in the United States and Canada, except for three restaurants located in Central Florida and three restaurants in California that are owned jointly by us and third parties, and managed by us, one franchised restaurant in Atlanta, one franchised restaurant in Detroit and eight franchised restaurants in Puerto Rico. We also have area development and franchise agreements with unaffiliated operators to develop and operate our brands in Asia, the Middle East and Latin America. Pursuant to these agreements, as of May 31, 2015 , 24 franchised restaurants were in operation in the Middle East, Mexico, Brazil, Peru, El Salvador and Malaysia. All significant inter-company balances and transactions have been eliminated in consolidation.

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 May 31, 2015 , 9 of the properties remain subject to landlord consents and satisfaction of other contractual requirements. The remaining consents and contractual requirements are expected to be satisfied within the next six 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 May 31, 2015 , we had received $2.08 billion in cash proceeds, net of transaction-related costs of approximately $29.3 million . During fiscal 2015 , we recognized a pre-tax gain on the sale of Red Lobster of $837.0 million , which is included in 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 company-owned synergy restaurants to stand-alone Olive Garden restaurants. See Note 2 to our consolidated financial statements in Part II, Item 8 of this report, incorporated herein by reference.

We believe that capable operators of strong, multi-unit brands have the opportunity to increase their share of the restaurant industry's full-service segment. Generally, the restaurant industry is considered to be comprised of three segments: quick service, fast casual, and full service. All of our restaurants fall within the full-service segment, which is highly fragmented and includes many independent operators and small chains. We believe we have strong brands, and that the breadth and depth of our experience and expertise sets us apart in the full-service segment of the restaurant industry. This collective capability is the product of investments over many years in areas that are critical to success in our business, including restaurant operations excellence, brand management excellence, supply chain, talent management and information technology, among other things.

With a focus on growing same restaurant sales, we've implemented a "Back-to-Basics" approach rooted in strong operating fundamentals. We're focused on improving culinary innovation and execution inside each of our brands, delivering attentive service to each and every one of our guests, and creating an inviting and engaging atmosphere inside our restaurants. We support these priorities with smart and relevant integrated marketing programs that resonate with our guests. By delivering on these operational and brand building imperatives, we expect to increase our market share through same-restaurant sales growth and deliver best-in-class profitability.

The Darden support structure enables our brands to achieve their ultimate potential by: 1) driving advantages in supply chain and general and administrative support; 2) applying insights collected from our significant guest and transactional databases to enhance guest relationships and identify new opportunities to drive sales growth; and 3) relentlessly driving operating efficiencies and continuous improvement, operating with a sense of urgency and inspiring a performance-driven culture.

We seek to increase profits by leveraging our fixed and semi-fixed costs with sales from new restaurants and increased guest traffic and sales at existing restaurants. To evaluate our operations and assess our financial performance, we monitor a number of operating measures, with a special focus on two key factors:

- Same-restaurant sales – which is a year-over-year 52-week comparison of each period’s sales volumes for restaurants open at least 16 months, including recently acquired restaurants, regardless of when the restaurants were acquired; and
- Restaurant-level earnings – which is restaurant sales, less food and beverage costs, restaurant labor costs, restaurant expenses and marketing expenses.

Increasing same-restaurant sales can improve restaurant earnings because these incremental sales provide better leverage of our fixed and semi-fixed restaurant-level costs. A restaurant brand can generate same-restaurant sales increases through increases in guest traffic, increases in the average guest check, or a combination of the two. The average guest check can be impacted by menu price changes and by the mix of menu items sold. For each restaurant brand, we gather daily sales data and regularly analyze the guest traffic counts and the mix of menu items sold to aid in developing menu pricing, product offerings and promotional strategies. We focus on balancing our pricing and product offerings with other initiatives to produce sustainable same-restaurant sales growth.

We compute same-restaurant sales using restaurants open at least 16 months because this period is generally required for new restaurant sales levels to normalize. Sales at newly opened restaurants generally do not make a significant contribution to profitability in their initial months of operation due to operating inefficiencies. Our sales and expenses can be impacted significantly by the number and timing of new restaurant openings and closings, relocations and remodeling of existing restaurants. Pre-opening expenses each period reflect the costs associated with opening new restaurants in current and future periods.

Fiscal 2015 Financial Highlights

Our sales from continuing operations were $6.76 billion in fiscal 2015 compared to $6.29 billion in fiscal 2014 . The 7.6 percent increase in sales from continuing operations was driven by the addition of 33 net new company-owned restaurants and a combined Darden same-restaurant sales increase of a 2.4 percent on a 52-week basis. Excluding the impact of the 53 rd week in fiscal 2015 , sales from continuing operations increased approximately 5.6 percent.

Net earnings from continuing operations for fiscal 2015 were $196.4 million ($1.51 per diluted share) compared with net earnings from continuing operations for fiscal 2014 of $183.2 million ($1.38 per diluted share). Net earnings from continuing operations for fiscal 2015 increased 7.2 percent and diluted net earnings per share from continuing operations increased 9.4 percent compared with fiscal 2014 . Excluding the impact of the 53 rd week in fiscal 2015 , diluted net earnings per share from continuing operations increased approximately 4.3 percent.

Our net earnings from discontinued operations were $513.1 million ($3.96 per diluted share) for fiscal 2015 , compared with net earnings from discontinued operations of $103.0 million ($0.77 per diluted share) for fiscal 2014 . When combined with results from continuing operations, our diluted net earnings per share were $5.47 and $2.15 for fiscal 2015 and 2014 , respectively.

Proposed REIT Transaction

On June 23, 2015, our Board of Directors announced approval of a strategic real estate plan to pursue transfer of approximately 430 of our owned restaurant properties into a real estate investment trust (REIT), with substantially all of the REIT’s initial assets being leased back to Darden. We expect to complete the REIT transaction during fiscal 2016. The REIT supplements the previously announced sale-leaseback transactions of approximately 75 restaurant properties and our corporate headquarters that were listed during the fourth quarter of fiscal 2015. We expect to utilize the proceeds generated from these transactions to pay down our long-term debt. We have conducted substantial analysis of the feasibility of implementing a REIT transaction, however, a significant amount of work remains and there can be no assurance we will be able to successfully complete the transaction and establish a REIT. See the subsection entitled "Liquidity and Capital Resources" for further details.

Outlook

We expect combined Darden same-restaurant sales increase in fiscal 2016 to range between 2.0 and 2.5 percent, with an increase in Olive Garden same-restaurant sales between 1.5 percent and 2.5 percent, an increase in LongHorn Steakhouse same-restaurant sales between 2.5 percent and 3.5 percent, and a blended same-restaurant sales increase for The Capital Grille, Bahama Breeze, Seasons 52, Eddie V's and Yard House of approximately 3.0 percent. Based on fiscal 2015 sales of $6.76 billion , we expect fiscal 2016 sales from continuing operations to increase between 2.0 percent and 2.5 percent. We expect diluted net earnings per share from continuing operations for fiscal 2016 to be above fiscal 2015 by between 20.0 percent and 25.0 percent, excluding the impacts of the contemplated real estate transactions. In fiscal 2016 , we expect to add approximately 18 - 22 new restaurants, and we expect capital expenditures incurred to build new restaurants and remodel and maintain existing restaurants to be between $230.0 million and $255.0 million.

In June 2015 , we announced a quarterly dividend of $0.55 per share, payable on August 3, 2015 . Based on the $0.55 quarterly dividend declaration, our expected annual dividend is $2.20 per share, which is consistent with our fiscal 2015 annual dividend.

Dividends are subject to the approval of our Board of Directors and, accordingly, the timing and amount of our dividends are subject to change.

There are significant risks and challenges that could impact our operations and ability to increase sales and earnings. The restaurant industry is intensely competitive and sensitive to economic cycles and other business factors, including changes in consumer tastes and dietary habits. Other risks and uncertainties are discussed and referenced in the subsection below entitled "Forward-Looking Statements."

RESULTS OF OPERATIONS FOR FISCAL 2015 , 2014 AND 2013

To facilitate review of our results of operations, the following table sets forth our financial results for the periods indicated. All information is derived from the consolidated statements of earnings for the fiscal years ended May 31, 2015 , May 25, 2014 and May 26, 2013 . This information and the following analysis have been presented with the results of operations, costs incurred in connection with the sale and related gain on the sale of Red Lobster and results for the two closed company-owned synergy restaurants classified as discontinued operations for all periods presented.

				Percent Change	
	May 31, 2015	May 25, 2014	May 26, 2013	2015 vs 2014	2014 vs 2013
Sales	$ 6,764.0	$ 6,285.6	$ 5,921.0	7.6 %	6.2 %
Costs and expenses:					
Food and beverage	2,085.1	1,892.2	1,743.6	10.2 %	8.5 %
Restaurant labor	2,135.6	2,017.6	1,892.6	5.8 %	6.6 %
Restaurant expenses	1,120.8	1,080.7	980.4	3.7 %	10.2 %
Marketing expenses	243.3	252.3	241.1	(3.6)%	4.6 %
General and administrative expenses	430.2	413.1	384.1	4.1 %	7.6 %
Depreciation and amortization	319.3	304.4	278.3	4.9 %	9.4 %
Impairments and disposal of assets, net	62.1	16.4	0.9	278.7 %	NM
Total operating costs and expenses	$ 6,396.4	$ 5,976.7	$ 5,521.0	7.0 %	8.3 %
Operating income	367.6	308.9	400.0	19.0 %	(22.8)%
Interest, net	192.3	134.3	126.0	43.2 %	6.6 %
Earnings before income taxes	175.3	174.6	274.0	0.4 %	(36.3)%
Income tax (benefit) expense (1)	(21.1)	(8.6)	36.7	145.3 %	(123.4)%
Earnings from continuing operations	$ 196.4	$ 183.2	$ 237.3	7.2 %	(22.8)%
Earnings from discontinued operations, net of tax	513.1	103.0	174.6	398.2 %	(41.0)%
Net earnings	$ 709.5	$ 286.2	$ 411.9	147.9 %	(30.5)%
(1) Effective tax rate	(12.0)%	(4.9)%	13.4%		

The following table details the number of company-owned restaurants currently reported in continuing operations, compared with the number open at the end of fiscal 2014 and the end of fiscal 2013 .

	May 31, 2015	May 25, 2014	May 26, 2013
Olive Garden (1)	846	837	828
LongHorn Steakhouse	480	464	430
The Capital Grille	54	54	49
Bahama Breeze	36	37	33
Seasons 52	43	38	31
Eddie V's	16	15	12
Yard House	59	52	44
Other (2)	—	4	4
Total	1,534	1,501	1,431

(1) Includes six locations in Canada for all periods presented.

(2) Represents company-owned 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.

SALES

The following table presents our sales and U.S. same-restaurant sales (SRS) by brand for the periods indicated.

	Fiscal Years			Percent Change		SRS (1)	
(in millions)	2015	2014	2013	2015 vs 2014	2014 vs 2013	2015 vs 2014	2014 vs 2013
Olive Garden	$ 3,789.6	$ 3,643.1	$ 3,684.8	4.0%	(1.1)%	1.3%	(3.4)%
LongHorn Steakhouse	$ 1,544.7	$ 1,383.9	$ 1,231.2	11.6%	12.4 %	4.4%	2.7 %
Yard House	$ 469.9	$ 395.4	$ 258.3	18.8%	53.1 %	3.8%	0.3 %
The Capital Grille	$ 403.3	$ 363.2	$ 331.5	11.0%	9.6 %	4.8%	3.4 %
Bahama Breeze	$ 209.2	$ 201.5	$ 173.7	3.8%	16.0 %	1.8%	4.1 %
Seasons 52	$ 238.6	$ 196.3	$ 158.0	21.5%	24.2 %	2.3%	(2.2)%
Eddie V's	$ 96.9	$ 78.4	$ 64.9	23.6%	20.8 %	5.4%	1.1 %

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

The following table presents our average annual sales per restaurant for the periods indicated. Average annual sales are calculated as net sales divided by total restaurant operating weeks multiplied by 52 weeks.

(in millions)	May 31, 2015	May 25, 2014	May 26, 2013
Olive Garden	$ 4.4	$ 4.4	$ 4.6
LongHorn Steakhouse	$ 3.2	$ 3.1	$ 3.0
The Capital Grille	$ 7.2	$ 7.1	$ 7.0
Bahama Breeze	$ 5.7	$ 5.6	$ 5.5
Seasons 52	$ 5.7	$ 5.7	$ 6.2
Eddie V's	$ 6.3	$ 6.0	$ 5.8
Yard House	$ 8.3	$ 8.2	$ 8.2

Olive Garden’s sales increase for fiscal 2015 was driven by revenue from nine net new restaurants combined with a U.S. same-restaurant sales increase and the impact of the 53 rd week. The increase in U.S. same-restaurant sales in fiscal 2015 resulted from a 2.9 percent increase in average check partially offset by a 1.6 percent decrease in same-restaurant guest counts. Olive Garden’s sales decrease for fiscal 2014 was driven by a U.S. same-restaurant sales decrease partially offset by revenue from nine net new restaurants. The decrease in U.S. same-restaurant sales in fiscal 2014 resulted from a 4.2 percent decrease in same-restaurant guest counts partially offset by a 0.8 percent increase in average check.

LongHorn Steakhouse's sales increase for fiscal 2015 was driven by revenue from 16 net new restaurants combined with a same-restaurant sales increase and the impact of the 53 rd week. The increase in same-restaurant sales in fiscal 2015 resulted from a 0.8 percent increase in same-restaurant guest counts combined with a 3.6 percent increase in average check. LongHorn Steakhouse's sales increase for fiscal 2014 was driven by revenue from 34 net new restaurants combined with same-restaurant sales increases. The increase in same-restaurant sales in fiscal 2014 resulted from a 0.3 percent increase in same-restaurant guest counts combined with a 2.4 percent increase in average check.

In total, The Capital Grille, Bahama Breeze, Seasons 52, Eddie V's and Yard House generated sales of $1.42 billion and $1.23 billion in fiscal 2015 and 2014 , which were 14.8 percent and 25.2 percent above fiscal 2014 and fiscal 2013 , respectively. The sales increases for fiscal 2015 were primarily driven by the incremental sales from 12 net new restaurants since the end of fiscal 2014 and the impact of the 53 rd week. The sales increases for fiscal 2014 were primarily driven by incremental sales from 27 net new restaurants since the end of fiscal 2013 . Sales growth also reflected same-restaurant sales increases at all five brands in fiscal 2015 , and increases at all brands, except Seasons 52, in fiscal 2014 .

COSTS AND EXPENSES

The following table sets forth selected operating data as a percent of sales from continuing operations for the fiscal years ended May 31, 2015 , May 25, 2014 and May 26, 2013 . This information is derived from the consolidated statements of earnings found elsewhere in this report. Additionally, this information and the following analysis have been presented with the results of operations, costs incurred in connection with the sale of Red Lobster and the closure of two company-owned synergy restaurants classified as discontinued operations for all periods presented.

	Fiscal Years		
	2015	2014	2013
Sales	100.0 %	100.0 %	100.0%
Costs and expenses:			
Food and beverage	30.8	30.1	29.4
Restaurant labor	31.6	32.1	32.0
Restaurant expenses	16.6	17.2	16.6
Marketing expenses	3.6	4.0	4.1
General and administrative expenses	6.4	6.6	6.5
Depreciation and amortization	4.7	4.8	4.7
Impairments and disposal of assets, net	0.9	0.3	—
Total operating costs and expenses	94.6 %	95.1 %	93.3%
Operating income	5.4	4.9	6.7
Interest, net	2.8	2.1	2.1
Earnings before income taxes	2.6	2.8	4.6
Income tax (benefit) expense	(0.3)	(0.1)	0.6
Earnings from continuing operations	2.9	2.9	4.0
Earnings from discontinued operations, net of taxes	7.6	1.7	3.0
Net earnings	10.5 %	4.6 %	7.0%

Total operating costs and expenses from continuing operations were $6.40 billion in fiscal 2015 , $5.98 billion in fiscal 2014 and $5.52 billion in fiscal 2013 . As a percent of sales, total costs and expenses from continuing operations were 94.6 percent in fiscal 2015 , 95.1 percent in fiscal 2014 and 93.3 percent in fiscal 2013 .

Fiscal 2015 Compared to Fiscal 2014 :

- Food and beverage costs increased as percent of sales 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 decreased as a percent of sales primarily as a result of sales leverage.

- Restaurant expenses (which include utilities, repairs and maintenance, credit card, lease, property tax, workers' compensation, new restaurant pre-opening, rent expense and other restaurant-level operating expenses) decreased as a percent of sales, primarily as a result of sales leverage and lower new restaurant pre-opening expenses.
- Marketing expenses decreased as a percent of sales, primarily as a result of sales leverage and reduced media costs.
- General and administrative expenses decreased as a percent of sales, 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 as a percent of sales decreased primarily due to lower net new restaurants and remodel activities as compared to the prior year.
- Net interest expense increased as a percent of sales primarily due to $91.3 million of debt breakage costs related to the retirement of $1.01 billion in principal of long-term debt.

Fiscal 2014 *Compared to Fiscal* 2013 :

- Food and beverage costs increased as percent of sales primarily as a result of food cost inflation partially offset by pricing.
- Restaurant labor costs increased as a percent of sales primarily as a result of wage-rate inflation and decreased labor efficiency, partially offset by sales leverage.
- Restaurant expenses (which include utilities, repairs and maintenance, credit card, lease, property tax, workers' compensation, new restaurant pre-opening, rent expense and other restaurant-level operating expenses) increased as a percent of sales, primarily due to an increase in rent expense and higher repairs and maintenance expenses.
- Marketing expenses decreased as a percent of sales, primarily as a result of sales leverage.
- General and administrative expenses increased as a percent of sales primarily as a result of the costs related to implementation of the strategic action plan and workforce reductions, partially offset by sales leverage.
- Depreciation and amortization expense as a percent of sales increased primarily due to an increase in depreciable assets related to new restaurants and remodel activities.
- Net interest expense as a percent of sales was essentially flat.

INCOME TAXES

The effective income tax rates for fiscal 2015 , 2014 and 2013 for continuing operations were (12.0) percent , (4.9) percent and 13.4 percent , respectively. Our effective tax rate from continuing operations was negative in both fiscal 2015 and fiscal 2014 primarily due to the impact of certain tax credits on lower earnings before income taxes. The decrease in our effective tax rate for fiscal 2015 compared to fiscal 2014 is primarily attributable to the impact of the favorable resolution of prior-year tax matters. The decrease in our effective rate for fiscal 2014 compared to fiscal 2013 is primarily due to an increase in the impact of certain tax credits on lower earnings before income taxes and a favorable adjustment related to the deduction of ESOP dividends for the current and prior years, partially offset by the impact of market-driven changes in the value of our trust-owned life insurance that are excluded for tax purposes.

The effective income tax rates for fiscal 2015 , 2014 and 2013 for discontinued operations were 40.2 percent , 23.9 percent and 29.4 percent , respectively. The increase in the effective rate for fiscal 2015 compared to fiscal 2014 was driven by the gain on the sale of Red Lobster of $837.0 million , which is included in earnings from discontinued operations in our consolidated statement of earnings. The decrease in the effective rate for fiscal 2014 compared to fiscal 2013 is primarily due to an increase in the impact of certain tax credits on lower earnings before income taxes.

NET EARNINGS AND NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS

Net earnings from continuing operations for fiscal 2015 were $196.4 million ($1.51 per diluted share) compared with net earnings from continuing operations for fiscal 2014 of $183.2 million ($1.38 per diluted share) and net earnings from continuing operations for fiscal 2013 of $237.3 million ($1.80 per diluted share).

Net earnings from continuing operations for fiscal 2015 increased 7.2 percent and diluted net earnings per share from continuing operations increased 9.4 percent compared with fiscal 2014 , primarily due to increased sales and a lower effective income tax rate and lower restaurant labor expenses, restaurant expenses and marketing expenses as a percent of sales, partially offset by higher food and beverage costs, general and administrative expenses and impairments and disposal of assets, net as a percent of sales. Our diluted net earnings per share from continuing operations for fiscal 2015 were adversely impacted by approximately $1.10, comprised of

- Approximately $0.42 due to debt breakage costs related to the retirement of $1.01 billion in principal of long-term debt;
- Approximately $0.33 due to corporate and restaurant-related asset impairments and impairment of assets (net of related tax benefits) associated with our lobster aquaculture project;

- Approximately $0.20 due to severance and other costs associated with the support expense reduction efforts announced in the second quarter; and
- Approximately $0.15 due to legal, financial advisory and other costs related to strategic action plan costs and associated actions in the proxy contest.

Net earnings from continuing operations for fiscal 2014 decreased 22.8 percent and diluted net earnings per share from continuing operations decreased 23.3 percent compared with fiscal 2013 primarily due to higher food and beverage costs and restaurant expenses as a percent of sales, partially offset by increased sales and a lower effective income tax rate. Our diluted net earnings per share from continuing operations for fiscal 2014 were adversely impacted by approximately $0.23, comprised of:

- Approximately $0.10 due to legal, financial advisory and other costs related to implementation of the strategic action plan announced in December 2013;
- Approximately $0.08 due to asset impairment charges; and
- Approximately $0.05 due to costs associated with our September 2013 workforce reduction.

EARNINGS FROM DISCONTINUED OPERATIONS

On an after-tax basis, earnings from discontinued operations for fiscal 2015 were $513.1 million ($3.96 per diluted share) compared with earnings from discontinued operations for fiscal 2014 of $103.0 million ($0.77 per diluted share) and fiscal 2013 of $174.6 million ($1.33 per diluted share). In fiscal 2015 , we recorded a pre-tax gain of $837.0 million on the sale of Red Lobster as described above. The decrease in earnings from discontinued operations in fiscal 2014 was primarily driven by a decrease in sales and overall performance at Red Lobster in addition to separation-related costs (approximately $0.10 per diluted share) and impairments recorded for the two closed company-owned synergy locations (approximately $0.04 per diluted share).

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.

IMPACT OF INFLATION

We attempt to minimize the annual effects of inflation through appropriate planning, operating practices and menu price increases. We experienced higher than normal inflationary costs during fiscal 2015 and fiscal 2014 and were able to partially reduce the annual impact utilizing these strategies. We do not believe inflation had a significant overall effect on our annual results of operations during fiscal 2013 .

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

Our significant accounting policies are more fully described in Note 1 to the consolidated financial statements. However, certain of our accounting policies that are considered critical are those we believe are both most important to the portrayal of our financial condition and operating results and require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. We consider the following policies to be most critical in understanding the judgments that are involved in preparing our consolidated financial statements.

Land, Buildings and Equipment, Net

Land, buildings and equipment are recorded at cost less accumulated depreciation. Building components are depreciated over estimated useful lives ranging from 7 to 40 years using the straight-line method. Leasehold improvements, which are reflected on our consolidated balance sheets as a component of buildings in land, buildings and equipment, net, are amortized over the lesser of the expected lease term, including cancelable option periods, or the estimated useful lives of the related assets using the straight-line method. Equipment is depreciated over estimated useful lives ranging from 2 to 15 years, also using the straight-line method.

Our accounting policies regarding land, buildings and equipment, including leasehold improvements, include our judgments regarding the estimated useful lives of these assets, the residual values to which the assets are depreciated or amortized, the determination of what constitutes expected lease term and the determination as to what constitutes enhancing the value of or increasing the life of existing assets. These judgments and estimates may produce materially different amounts of reported depreciation and amortization expense if different assumptions were used. As discussed further below, these judgments may also impact our need to recognize an impairment charge on the carrying amount of these assets as the cash flows associated with the assets are realized, or as our expectations of estimated future cash flows change.

Leases

We are obligated under various lease agreements for certain restaurants. For operating leases, we recognize rent expense on a straight-line basis over the expected lease term, including option periods as described below. Capital leases are recorded as an asset and an obligation at an amount equal to the present value of the minimum lease payments during the lease term. Sale leasebacks are transactions through which we sell assets (such as restaurant properties) at fair value and subsequently lease them back. The resulting leases generally qualify and are accounted for as operating leases. Financing leases are generally the product of a failed sale-leaseback transaction and result in retention of the "sold" assets within land, building and equipment with a financing lease obligation equal to the amount of proceeds received recorded as a component of other liabilities on our consolidated balance sheets.

Within the provisions of certain of our leases, there are rent holidays and escalations in payments over the base lease term, as well as renewal periods. The effects of the holidays and escalations have been reflected in rent expense on a straight-line basis over the expected lease term, which includes cancelable option periods we are reasonably assured to exercise because failure to exercise such options would result in an economic penalty to the Company. The lease term commences on the date when we have the right to control the use of the leased property, which is typically before rent payments are due under the terms of the lease. The leasehold improvements and property held under capital leases for each restaurant facility are amortized on the straight-line method over the shorter of the estimated life of the asset or the same expected lease term used for lease accounting purposes. Many of our leases have renewal periods totaling 5 to 20 years, exercisable at our option, and require payment of property taxes, insurance and maintenance costs in addition to the rent payments. The consolidated financial statements reflect the same lease term for amortizing leasehold improvements as we use to determine capital versus operating lease classifications and in calculating straight-line rent expense for each restaurant. Percentage rent expense is generally based upon sales levels and is accrued when we determine that it is probable that such sales levels will be achieved. Landlord allowances are recorded based on contractual terms and are included in accounts receivable, net and as a deferred rent liability and amortized as a reduction of rent expense on a straight-line basis over the expected lease term.

Our judgments related to the probable term for each restaurant affect the classification and accounting for leases as capital versus operating, the rent holidays and escalation in payments that are included in the calculation of straight-line rent and the term over which leasehold improvements for each restaurant facility are amortized. These judgments may produce materially different amounts of depreciation, amortization and rent expense than would be reported if different assumed lease terms were used.

Impairment or Disposal of Long-Lived Assets

Land, buildings and equipment and certain other assets, including definite-lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future undiscounted net cash flows expected to be generated by the assets. Identifiable cash flows are measured at the lowest level for which they are largely independent of the cash flows of other groups of assets and liabilities, generally at the restaurant level. If these assets are determined to be impaired, the amount of impairment recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value. Fair value is generally determined by appraisals or sales prices of comparable assets. Restaurant sites and certain other assets to be disposed of are reported at the lower of their carrying amount or fair value, less estimated costs to sell. Restaurant sites and certain other assets to be disposed of are included in assets held for sale when certain criteria are met. These criteria include the requirement that the likelihood of disposing of these assets within one year is probable. Assets whose disposal is not probable within one year remain in land, buildings and equipment until their disposal within one year is probable. Disposals of assets that have a major effect on our operations and financial results or that represent a strategic shift in our operating businesses are reviewed to determine whether those assets would also meet the requirements to be reported as discontinued operations.

We account for exit or disposal activities, including restaurant closures, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 420, Exit or Disposal Cost Obligations. Such costs include the cost of disposing of the assets as well as other facility-related expenses from previously closed restaurants. These costs are generally expensed as incurred. Additionally, at the date we cease using a property under an operating lease, we record a liability for the net present value of any remaining lease obligations, net of estimated sublease income. Any subsequent adjustments to that liability as a result of lease termination or changes in estimates of sublease income are recorded in the period incurred. Upon disposal of the assets, primarily land, associated with a closed restaurant, any gain or loss is recorded in the same caption within our consolidated statements of earnings as the original impairment.

The judgments we make related to the expected useful lives of long-lived assets and our ability to realize undiscounted cash flows in excess of the carrying amounts of these assets are affected by factors such as the ongoing maintenance and improvements of the assets, changes in economic conditions, changes in usage or operating performance, desirability of the restaurant sites and other factors, such as our ability to sell our assets held for sale. As we assess the ongoing expected cash flows and carrying amounts of our long-lived assets, significant adverse changes in these factors could cause us to realize a material impairment loss. During fiscal 2015 , 2014 and 2013 we recognized long-lived asset impairment and disposal charges of $62.1 million ($40.3 million net of tax), $16.4 million ($10.1 million net of tax) and $0.9 million ($0.6 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 impairments and disposal of assets, net as a component of earnings from continuing operations in the accompanying consolidated statements of earnings for fiscal 2015 , 2014 and 2013 . Impairment charges were measured based on the amount by which the carrying amount of these assets exceeded their fair value.

Valuation and Recoverability of Goodwill and Trademarks

We review our goodwill and trademarks for impairment annually, as of the first day of our fiscal fourth quarter, or more frequently if indicators of impairment exist. Goodwill and trademarks are not subject to amortization and have been assigned to reporting units for purposes of impairment testing. The reporting units are our restaurant brands. At May 31, 2015 and May 25, 2014 , we had goodwill of $872.4 million and $872.5 million , respectively. We had trademarks of $574.6 million at May 31, 2015 and May 25, 2014 .

A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include, among others: a significant decline in our expected future cash flows; a sustained, significant decline in our stock price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated competition; the testing for recoverability of a significant asset group within a reporting unit; and slower growth rates. Any adverse change in these factors could have a significant impact on the recoverability of these assets and could have a material impact on our consolidated financial statements.

The goodwill impairment test involves a two-step process. The first step is a comparison of each reporting unit’s fair value to its carrying value. We estimate fair value using the best information available, including market information and discounted cash flow projections (also referred to as the income approach). The income approach uses a reporting unit’s projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions. The projection uses management’s best estimates of economic and market conditions over the projected period including growth rates in sales, costs and number of units, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, future estimates of capital expenditures and changes in future working capital requirements. We validate our estimates of fair value under the income approach by comparing the values to fair value estimates using a market approach. A market approach estimates fair value by applying cash flow and sales multiples to the reporting unit’s operating performance. The multiples are derived from comparable publicly traded companies with similar operating and investment characteristics of the reporting units.

If the fair value of the reporting unit is higher than its carrying value, goodwill is deemed not to be impaired, and no further testing is required. If the carrying value of the reporting unit is higher than its fair value, there is an indication that impairment may exist and the second step must be performed to measure the amount of impairment loss. The amount of impairment is determined by comparing the implied fair value of reporting unit goodwill to the carrying value of the goodwill in the same manner as if the reporting unit was being acquired in a business combination. Specifically, fair value is allocated to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that would calculate the implied fair value of goodwill. If the implied fair value of goodwill is less than the recorded goodwill, we would record an impairment loss for the difference.

Consistent with our accounting policy for goodwill and trademarks, we performed our annual impairment test of our goodwill and trademarks as of the first day of our fiscal fourth quarter. As of the beginning of our fiscal fourth quarter, we had seven reporting units, five of which had goodwill: Olive Garden, LongHorn Steakhouse, The Capital Grille, Eddie V's, and Yard House. As part of our process for performing the step one impairment test of goodwill, we estimated the fair value of our reporting units utilizing the income and market approaches described above to derive an enterprise value of the Company. We reconciled the enterprise value to our overall estimated market capitalization. The estimated market capitalization considers recent trends in our market capitalization and an expected control premium, based on comparable recent and historical transactions. Based on the results of the step one impairment test, no impairment of goodwill was indicated.

Given the significance of goodwill relative to the size of the LongHorn Steakhouse ($49.3 million), The Capital Grille ($401.7 million), Eddie V's ($22.0 million) and Yard House ($369.2 million) reporting units, we also performed sensitivity analyses on our estimated fair value of these reporting units using the income approach. A key assumption in our fair value estimate is the weighted-average cost of capital utilized for discounting our cash flow estimates in our income approach. We selected a weighted-average cost of capital of 10.5 percent for LongHorn Steakhouse and The Capital Grille, 16.0 percent for Eddie V's and 13.5 percent for Yard House. A 100 basis point increase in the weighted-average cost of capital would decrease the estimated fair value by approximately $458.9 million, $64.8 million, $32.1 million and $160.9 million for LongHorn Steakhouse, The Capital Grille, Eddie V's and Yard House, respectively. The estimated fair values of LongHorn Steakhouse, The Capital Grille, Eddie V's and Yard House exceeded their carrying values by approximately 160 percent, 23 percent, 101 percent and 34 percent, respectively.

The fair value of trademarks are estimated and compared to the carrying value. We estimate the fair value of trademarks using the relief-from-royalty method, which requires assumptions related to projected sales from our annual long-range plan; assumed royalty rates that could be payable if we did not own the trademarks; and a discount rate. We recognize an impairment loss when the estimated fair value of the trademarks is less than the carrying value. We completed our impairment test and concluded as of the date of the test, there was no impairment of the trademarks for LongHorn Steakhouse, The Capital Grille, Eddie V's and Yard House. The estimated fair value of LongHorn Steakhouse's trademark exceeded its carrying value of $307.8 million by approximately 103 percent. The estimated fair value of The Capital Grille's trademark exceeded its carrying value of $147.0 million by approximately 22 percent. The estimated fair value of Eddie V's trademark exceeded its carrying value of $10.5 million by approximately 238 percent. The estimated fair value of Yard House trademark exceeded its carrying value of $109.3 million by approximately 68 percent. A key assumption in our fair value estimate is the discount rate utilized in the relief-from-royalty method. We selected a discount rate of 11.5 percent for LongHorn Steakhouse and The Capital Grille, 17.0 percent for Eddie V's and 14.5 percent for Yard House. A 100 basis point increase in the discount rate would decrease the estimated fair value by approximately $69.3 million, $20.2 million, $3.3 million and $17.3 million for LongHorn Steakhouse, The Capital Grille, Eddie V's and Yard House, respectively.

We determined that there was no goodwill or trademark impairment as of the first day of our fiscal 2015 fourth quarter and no additional indicators of impairment were identified through the end of our fiscal fourth quarter that would require us to test further for impairment. However, declines in our market capitalization (reflected in our stock price) as well as in the market capitalization of other companies in the restaurant industry, declines in sales at our restaurants, and significant adverse changes in the operating environment for the restaurant industry may result in a future impairment loss.

Changes in circumstances, existing at the measurement date or at other times in the future, or in the numerous estimates associated with management’s judgments and assumptions 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. A leverage ratio exceeding the maximum permitted under our credit agreement would be a default under our credit agreement. At May 31, 2015 , a write-down of goodwill, other indefinite-lived intangible assets, or any other assets in excess of approximately $1.4 billion would have been required to cause our leverage ratio to exceed the permitted maximum. As our leverage ratio is determined on a quarterly basis and due to the seasonal nature of our business, a lesser amount of impairment in future quarters could cause our leverage ratio to exceed the permitted maximum.

We evaluate the useful lives of our other intangible assets, primarily intangible assets associated with our acquisitions, to determine if they are definite or indefinite-lived. Reaching a determination on useful life requires significant judgments and assumptions regarding the future effects of obsolescence, demand, competition, other economic factors (such as the stability of the industry, legislative action that results in an uncertain or changing regulatory environment, and expected changes in distribution channels), the level of required maintenance expenditures, and the expected lives of other related groups of assets.

Insurance Accruals

Through the use of insurance program deductibles and self-insurance, we retain a significant portion of expected losses under our workers' compensation, certain employee medical and general liability programs. However, we carry insurance for individual workers' compensation and general liability claims that exceed $0.5 million . Accrued liabilities have been recorded based on our estimates of the anticipated ultimate costs to settle all claims, both reported and not yet reported.

Our accounting policies regarding these insurance programs include our judgments and independent actuarial assumptions about economic conditions, the frequency or severity of claims and claim development patterns and claim reserve, management and settlement practices. Unanticipated changes in these factors may produce materially different amounts of reported expense under these programs.

Unearned Revenues

Unearned revenues represent our liability for gift cards that have been sold but not yet redeemed. We recognize sales from our gift cards when the gift card is redeemed by the customer. Although there are no expiration dates or dormancy fees for our gift cards, based on our analysis of our historical gift card redemption patterns, we can reasonably estimate the amount of gift cards for which redemption is remote, which is referred to as "breakage." We recognize breakage within sales for unused gift card amounts in proportion to actual gift card redemptions, which is also referred to as the "redemption recognition" method. The estimated value of gift cards expected to remain unused is recognized over the expected period of redemption as the remaining gift card values are redeemed, generally over a period of 10 years. Utilizing this method, we estimate both the amount of breakage and the time period of redemption. If actual redemption patterns vary from our estimates, actual gift card breakage income may differ from the amounts recorded. We update our estimates of our redemption period and our breakage rate periodically and apply that rate to gift card redemptions. Changing our breakage-rate assumption on unredeemed gift cards by 25 basis points would result in an adjustment in our unearned revenues of approximately $17.0 million.

Income Taxes

We estimate certain components of our provision for income taxes. These estimates include, among other items, depreciation and amortization expense allowable for tax purposes, allowable tax credits for items such as taxes paid on reported employee tip income, effective rates for state and local income taxes and the tax deductibility of certain other items. We adjust our annual effective income tax rate as additional information on outcomes or events becomes available.

FASB ASC Topic 740, Income Taxes, requires that a position taken or expected to be taken in a tax return be recognized (or derecognized) in the financial statements when it is more likely than not (i.e., a likelihood of more than 50 percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement.

We provide for federal and state income taxes currently payable as well as for those deferred because of temporary differences between reporting income and expenses for financial statement purposes versus tax purposes. Federal income tax credits are recorded as a reduction of income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. Interest recognized on reserves for uncertain tax positions is included in interest, net in our consolidated statements of earnings. A corresponding liability for accrued interest is included as a component of other current liabilities on our consolidated balance sheets. Penalties, when incurred, are recognized in general and administrative expenses.

We base our estimates on the best available information at the time that we prepare the provision. We generally file our annual income tax returns several months after our fiscal year end. For U.S. federal income tax purposes, we participate in the Internal Revenue Service's (IRS) Compliance Assurance Process (CAP) whereby our U.S. federal income tax returns are reviewed by the IRS both prior to and after their filing. Income tax returns are subject to audit by state and local governments, generally years after the returns are filed. These returns could be subject to material adjustments or differing interpretations of the tax laws. The major jurisdictions in which the Company files income tax returns include the U.S. federal jurisdiction, Canada, and all states in the U.S. that have an income tax. With a few exceptions, the Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before fiscal 2014, and state and local, or non-U.S. income tax examinations by tax authorities for years before fiscal 2011.

Included in the balance of unrecognized tax benefits at May 31, 2015 is $0.7 million related to tax positions for which it is reasonably possible that the total amounts could change during the next 12 months based on the outcome of examinations. The $0.7 million relates to items that would impact our effective income tax rate.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows generated from operating activities are our principal source of liquidity, which we use to fund the construction of new restaurants and to remodel and maintain existing restaurants, to pay dividends to our shareholders and to repurchase shares of our common stock. Since substantially all of our sales are for cash and cash equivalents, and accounts payable are generally 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 annual report 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 May 31, 2015 , 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 May 31, 2015 , we had no outstanding balances under the Revolving Credit Agreement.

During fiscal 2015 , primarily utilizing proceeds from the sale of Red Lobster, we retired approximately $1.01 billion aggregate principal of long-term debt, comprised of $278.1 million aggregate principal of our 4.500 percent senior notes due 2021 , $338.9 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 .

In fiscal 2015, we recorded approximately $91.3 million of expenses associated with the retirement. These expenses included cash components for repurchase premiums and make-whole amounts of approximately $44.0 million and non-cash charges associated with hedge and loan cost write-offs of approximately $47.3 million . These amounts were recorded in interest, net in our consolidated statements of earnings.

At May 31, 2015 , 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;
- $111.1 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 have $15.0 million included in current liabilities as current portion of long-term debt associated with the term loan, which reflects the annual principal amortization payment due in August 2015.

The interest rates on our $500.0 million 6.200 percent senior notes due October 2017 and $300.0 million 6.800 percent senior notes due 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 annual interest expense increased by $ 2.0 million as a result of these rate adjustments.

Through our shelf registration statement on file with the SEC, depending on conditions prevailing in the public capital markets, we may issue unsecured debt securities from time to time in one or more series, which may consist of notes, debentures or other evidences of indebtedness in one or more offerings.

From time to time, we may 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.

During fiscal 2015, we conducted a comprehensive evaluation of a wide range of options for the potential monetization of our real estate portfolio. As a result of this evaluation, we undertook the following strategies:

- We listed approximately 75 properties for sale-leaseback transactions, 14 of which were completed in fiscal 2015 with the remaining properties expected to be completed in fiscal 2016. The 14 completed transactions generated proceeds of $44.9 million;
- We listed our corporate headquarters to explore different monetizing structures, including a sale leaseback; and
- In June 2015, our Board of Directors approved a plan to transfer approximately 430 of our owned restaurant properties into a REIT, with substantially all of the REIT’s initial assets being leased back to Darden. We expect to complete the REIT transaction during fiscal 2016.

We expect to utilize the proceeds generated from these transactions to pay down our long-term debt. While we have conducted substantial analysis of the feasibility of implementing a REIT transaction, a significant amount of work remains and there can be no assurance we will be able to successfully complete the transaction and establish a REIT.

From time to time, we enter into interest rate derivative instruments to manage interest rate risk inherent in our operations. See Note 10 to our consolidated financial statements in Part II, Item 8 of this report, incorporated herein by reference.

A summary of our contractual obligations and commercial commitments at May 31, 2015 , is as follows:

(in millions)	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Long-term debt (1)	$ 2,299.0	$ 92.5	$ 904.6	$ 79.6	$ 1,222.3
Operating leases (2)	1,324.5	196.4	359.3	290.1	478.7
Purchase obligations (3)	328.7	314.0	14.7	—	—
Capital lease obligations (4)	84.8	5.7	11.9	12.2	55.0
Benefit obligations (5)	372.2	27.8	64.4	75.4	204.6
Unrecognized income tax benefits (6)	14.4	0.8	5.5	8.1	—
Total contractual obligations	$ 4,423.6	$ 637.2	$ 1,360.4	$ 465.4	$ 1,960.6

(in millions)	Amount of Commitment Expiration per Period				
Other Commercial Commitments	**Total Amounts Committed**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Standby letters of credit (7)	$ 138.2	$ 138.2	$ —	$ —	$ —
Guarantees (8)	147.7	34.0	54.4	32.5	26.8
Total commercial commitments	$ 285.9	$ 172.2	$ 54.4	$ 32.5	$ 26.8

(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 discount and issuance costs of $14.3 million .

(2) Includes financing lease obligations and associated imputed interest of $76.9 million over the life of the obligations.

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

(4) Includes total imputed interest of $30.3 million over the life of the capital lease 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 $0.7 million , $0.1 million of which relates to contingencies expected to be resolved within one year.

(7) Includes letters of credit for $124.2 million of 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 $13.7 million .

(8) Consists solely of guarantees associated with leased properties that have been assigned to third parties and are primarily related to the disposition of Red Lobster. 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.

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). The ASR program provided 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. In 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. Upon receipt, the repurchased shares were retired and restored to authorized but unissued shares of common stock.

Our fixed-charge coverage ratio, which measures the number of times each year that we earn enough to cover our fixed charges, amounted to 1.7 times and 1.9 times, on a continuing operations basis, for the fiscal years ended May 31, 2015 and May 25, 2014 , respectively. Our adjusted debt to adjusted total capital ratio (which includes 6.25 times the total annual minimum rent on a consolidated basis of $ 182.1 million and $ 186.4 million for the fiscal years ended May 31, 2015 and May 25, 2014 , respectively, as components of adjusted debt and adjusted total capital) was 55 percent and 65 percent as of May 31, 2015 and May 25, 2014 , respectively. We include the lease-debt equivalent and contractual lease guarantees in our adjusted debt to adjusted total capital ratio reported to shareholders, as we believe its inclusion better represents the optimal capital structure that we target from period to period and because it is consistent with the calculation of the covenant under our Revolving Credit Agreement.

Based on these ratios, we believe our financial condition is strong. The composition of our capital structure is shown in the following table.

(In millions, except ratios)	May 31, 2015	May 25, 2014
CAPITAL STRUCTURE		
Short-term debt	$ —	$ 207.6
Current portion long-term debt	15.0	15.0
Long-term debt, excluding unamortized discount and issuance costs	1,466.6	2,486.6
Capital lease obligations	54.5	54.3
Total debt	$ 1,536.1	$ 2,763.5
Stockholders' equity	2,333.5	2,156.9
Total capital	$ 3,869.6	$ 4,920.4
CALCULATION OF ADJUSTED CAPITAL		
Total debt	$ 1,536.1	$ 2,763.5
Lease-debt equivalent	1,138.1	1,165.0
Guarantees	147.7	3.4
Adjusted debt	$ 2,821.9	$ 3,931.9
Stockholders' equity	2,333.5	2,156.9
Adjusted total capital	$ 5,155.4	$ 6,088.8
CAPITAL STRUCTURE RATIOS		
Debt to total capital ratio	40%	56%
Adjusted debt to adjusted total capital ratio	55%	65%

Net cash flows provided by operating activities from continuing operations were $874.3 million , $555.4 million and $594.4 million in fiscal 2015 , 2014 and 2013 , respectively. Net cash flows provided by operating activities include net earnings from continuing operations of $196.4 million , $183.2 million and $237.3 million in fiscal 2015 , 2014 and 2013 , respectively. Net cash flows provided by operating activities from continuing operations increased in fiscal 2015 primarily due to higher net earnings, a reduction in current period continuing operations income taxes paid and the timing of inventory purchases.

Net cash flows used in investing activities from continuing operations were $235.1 million , $436.3 million and $1.11 billion in fiscal 2015 , 2014 and 2013 , respectively. Net cash flows used in investing activities from continuing operations included capital expenditures incurred principally for building new restaurants, remodeling existing restaurants, replacing equipment, and technology initiatives. Capital expenditures related to continuing operations were $296.5 million in fiscal 2015 , compared to $414.8 million in fiscal 2014 and $510.1 million in fiscal 2013 . The decreasing trend of expenditures from fiscal 2013 to fiscal 2015 results primarily from decreases in remodel and new restaurant activity. Proceeds from the disposal of land, buildings and equipment were $67.9 million , $4.4 million and $0.3 million , in fiscal 2015 , 2014 and 2013 , respectively. In fiscal 2015 , proceeds reflect the impact of closed sale-leaseback transactions. Additionally, net cash used in the acquisition of Yard House in fiscal 2013 was $577.4 million .

Net cash flows used in financing activities from continuing operations were $1.78 billion in fiscal 2015 , compared to $179.2 million in fiscal 2014 and net cash flows provided by financing activities from continuing operations of $355.4 million in fiscal 2013 . Including repurchase premiums and make-whole provisions, cash used to repay long-term debt was $1.07 billion , $0.0 million and $355.9 million in fiscal 2015 , 2014 and 2013 , respectively. Net cash flows provided by financing activities from continuing operations for fiscal 2013 also reflected $1.05 billion in proceeds from the issuance of long-term debt. Net repayments of short-term debt were $207.6 million in fiscal 2015 and $98.1 million in fiscal 2013 while net proceeds from the issuance of short-term debt were $43.1 million in fiscal 2014 . Net cash flows used in financing activities included our repurchase of common stock of $502.3 million , $0.5 million and $52.4 million in fiscal 2015 , 2014 and 2013 , respectively. As of May 31, 2015 , our

Board of Directors had authorized us to repurchase up to 187.4 million shares of our common stock and a total of 182.0 million shares had been repurchased under the authorization. The repurchased common stock reduces stockholders' equity. As of May 31, 2015 , our unused authorization was 5.4 million shares. We received proceeds primarily from the issuance of common stock upon the exercise of stock options of $159.7 million , $58.1 million and $64.4 million in fiscal 2015 , 2014 and 2013 , respectively. Net cash flows used in financing activities also included dividends paid to stockholders of $278.9 million , $288.3 million and $258.2 million in fiscal 2015 , 2014 and 2013 , respectively. In June 2015 , our Board of Directors approved a quarterly dividend of $0.55 per share payable on August 3, 2015 , which indicates an annual dividend of $2.20 per share in fiscal 2016 .

Our defined benefit and other postretirement benefit costs and liabilities are determined using various actuarial assumptions and methodologies prescribed under FASB ASC Topic 715, Compensation - Retirement Benefits and Topic 712, Compensation - Nonretirement Postemployment Benefits. We use certain assumptions including, but not limited to, the selection of a discount rate, expected long-term rate of return on plan assets and expected health care cost trend rates. We set the discount rate assumption annually for each plan at its valuation date to reflect the yield of high-quality fixed-income debt instruments, with lives that approximate the maturity of the plan benefits. At May 31, 2015 , our discount rate was 4.4 percent and 4.2 percent , respectively, for our defined benefit and postretirement benefit plans. The expected long-term rate of return on plan assets and health care cost trend rates are based upon several factors, including our historical assumptions compared with actual results, an analysis of current market conditions, asset allocations and the views of leading financial advisers and economists. Our expected long-term rate of return on plan assets for our defined benefit plan was 7.0 percent for fiscal year 2015, 8.0 percent for fiscal year 2014 and 9.0 percent for fiscal years 2013. We made plan contributions of approximately $0.4 million , $0.4 million and $2.4 million in fiscal years 2015 , 2014 and 2013 , respectively.

In the current year, we reduced our expected rate of return for investment of pension plan assets from 8.0 percent to 7.0 percent in connection with our current expectations for long-term returns and target asset fund allocation. The expected long-term rate of return on plan assets component of our net periodic benefit cost is calculated based on the market-related value of plan assets. Currently, our target asset fund allocation is 41.0 percent U.S. equities, 40.0 percent high-quality, long-duration fixed-income securities, 16.0 percent international equities and 3.0 percent real estate securities. We monitor our actual asset fund allocation to ensure that it approximates our target allocation and believe that our long-term asset fund allocation will continue to approximate our target allocation. In developing our expected rate of return assumption, we have evaluated the actual historical performance and long-term return projections of the plan assets, which give consideration to the asset mix and the anticipated timing of the pension plan outflows. We employ a total return investment approach whereby a mix of equity and fixed income investments are used to maximize the long-term return of plan assets for what we consider a prudent level of risk. Our historical 10-year, 15-year and 20-year rates of return on plan assets, calculated using the geometric method average of returns, are approximately 8.3 percent , 7.8 percent and 9.6 percent , respectively, as of May 31, 2015 .

We have a recognized net loss of $68.7 million (net of tax) and a recognized net gain of $5.9 million (net of tax) as components of accumulated other comprehensive income (loss) for the defined benefit plans and postretirement benefit plan, respectively, as of May 31, 2015 . These net gains and losses represent changes in the amount of the projected benefit obligation and plan assets resulting from differences in the assumptions used and actual experience. The amortization of the net loss component of our fiscal 2016 net periodic benefit cost for the defined benefit plans is expected to be approximately $2.8 million . The amortization of the net gain component of our fiscal 2016 net periodic benefit cost for the postretirement benefit plan is expected to be approximately $3.8 million .

We believe our defined benefit and postretirement benefit plan assumptions are appropriate based upon the factors discussed above. However, other assumptions could also be reasonably applied that could differ from the assumptions used. A quarter-percentage point change in the defined benefit plans' discount rate and the expected long-term rate of return on plan assets would increase or decrease earnings before income taxes by $0.0 million and $0.5 million , respectively. A quarter-percentage point change in our postretirement benefit plan discount rate would increase or decrease earnings before income taxes by $0.1 million. These changes in assumptions would not significantly impact our funding requirements. Additionally, as a result of changing our postretirement benefit plan from a self-insured plan to a retiree health exchange with a subsidy to eligible participants through a Health Reimbursement Account (HRA) during fiscal 2015, health care cost trend rates no longer effect the accumulated postretirement benefit obligation (APBO) and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost. We expect to contribute approximately $0.4 million to our defined benefit pension plans and approximately $1.1 million to our postretirement benefit plan during fiscal 2016 .

We are not aware of any trends or events that would materially affect our capital requirements or liquidity. We believe that our internal cash-generating capabilities, the potential issuance of unsecured debt securities under our shelf registration statement and short-term commercial paper should be sufficient to finance our capital expenditures, debt maturities, stock repurchase program and other operating activities through fiscal 2016 .

OFF-BALANCE SHEET ARRANGEMENTS

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 or expenses, results of operations, liquidity, capital expenditures or capital resources.

FINANCIAL CONDITION

Our total current assets were $1.06 billion at May 31, 2015 , compared with $1.98 billion at May 25, 2014 . The decrease was primarily due the decrease in assets held for sale associated with the sale of Red Lobster partially offset by an increase in cash and cash equivalents.

Our total current liabilities were $1.20 billion at May 31, 2015 , compared with $1.62 billion at 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.

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 and foreign currency exchange instruments, equity forwards and commodity instruments for other than trading purposes (see Notes 1 and 10 to our consolidated financial statements, in Part II, Item 8 of this report, incorporated herein by reference).

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. At May 31, 2015 , our potential losses in future net earnings resulting from changes in foreign currency exchange rate instruments, commodity instruments, equity forwards and floating rate debt interest rate exposures were approximately $38.2 million over a period of one year (including the impact of the interest rate swap agreements discussed in Note 10 to our consolidated financial statements in Part II, Item 8 of this report, incorporated herein by reference). 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 $93.6 million. The fair value of our long-term debt during fiscal 2015 averaged $1.77 billion, with a high of $2.63 billion and a low of $1.54 billion. Excluding debt that was extinguished during the year, the fair value of all of our long-term debt during fiscal 2015 averaged $1.57 billion, with a high of $1.62 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.

APPLICATION OF NEW ACCOUNTING STANDARDS

In May 2014, the FASB issued Accounting Standards Update 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 was originally effective for annual and interim periods beginning after December 15, 2016, which would have required us to adopt these provisions in the first quarter of fiscal 2018. In July 2015, the FASB affirmed its proposal for a one-year deferral of the effective date. Early application is now permitted, but not before the original effective date. 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.

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 2016 , 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 and are included, along with this statement, for purposes of complying with the safe harbor provisions of that Act. Any forward-looking statements speak only as of the date on which such statements are made, and we undertake no obligation to update such statements for any reason to reflect events or circumstances arising after such date. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by such forward-looking statements. In addition to the risks and uncertainties of ordinary business obligations, and those described in information incorporated into this report, the forward-looking statements contained in this report are subject to the risks and uncertainties described in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended May 31, 2015 , which are summarized as follows:

- Our ability to complete our strategic real estate plan, including risks related to our lease of certain restaurant properties;
- 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 guest 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.

REPORT OF MANAGEMENT'S RESPONSIBILITIES

The management of Darden Restaurants, Inc. is responsible for the fairness and accuracy of the consolidated financial statements. The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, using management's best estimates and judgments where appropriate. The financial information throughout this report is consistent with our consolidated financial statements.

Management has established a system of internal controls over financial reporting that provides reasonable assurance that assets are adequately safeguarded and transactions are recorded accurately, in all material respects, in accordance with management's authorization. Our internal controls provide for appropriate segregation of duties and responsibilities and there are documented policies regarding utilization of our assets and proper financial reporting. These formally stated and regularly communicated policies set high standards of ethical conduct for all employees. We also maintain a strong audit program that independently evaluates the adequacy of the design and effectiveness of these internal controls.

The Audit Committee of the Board of Directors meets at least quarterly to determine that management, internal auditors and the independent registered public accounting firm are properly discharging their duties regarding internal control and financial reporting. The independent registered public accounting firm, internal auditors and employees have full and free access to the Audit Committee at any time.

KPMG LLP, an independent registered public accounting firm, is retained to audit our consolidated financial statements and the effectiveness of our internal control over financial reporting. Their reports follow.

/s/ Eugene I. Lee, Jr.
Eugene I. Lee, Jr.
President and Chief Executive Officer

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of May 31, 2015 . In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)* . Management has concluded that, as of May 31, 2015 , the Company's internal control over financial reporting was effective based on these criteria.

The Company's independent registered public accounting firm KPMG LLP, has issued an audit report on the effectiveness of our internal control over financial reporting, which follows.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Darden Restaurants, Inc.:

We have audited Darden Restaurants, Inc.'s internal control over financial reporting as of May 31, 2015 , based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Darden Restaurants, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Darden Restaurants, Inc. maintained, in all material respects, effective internal control over financial reporting as of May 31, 2015 , based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Darden Restaurants, Inc. and subsidiaries as of May 31, 2015 and May 25, 2014 , and the related consolidated statements of earnings, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended May 31, 2015 , and our report dated July 24, 2015 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Orlando, Florida
July 24, 2015
Certified Public Accountants

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Darden Restaurants, Inc.:

We have audited the accompanying consolidated balance sheets of Darden Restaurants, Inc. and subsidiaries as of May 31, 2015 and May 25, 2014 , and the related consolidated statements of earnings, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended May 31, 2015 . These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Darden Restaurants, Inc. and subsidiaries as of May 31, 2015 and May 25, 2014 , and the results of their operations and their cash flows for each of the years in the three-year period ended May 31, 2015 , in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Darden Restaurants, Inc.'s internal control over financial reporting as of May 31, 2015 , based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated July 24, 2015 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Orlando, Florida
July 24, 2015
Certified Public Accountants

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

	May 31, 2015	May 25, 2014	May 26, 2013
Sales	$ 6,764.0	$ 6,285.6	$ 5,921.0
Costs and expenses:			
Food and beverage	2,085.1	1,892.2	1,743.6
Restaurant labor	2,135.6	2,017.6	1,892.6
Restaurant expenses	1,120.8	1,080.7	980.4
Marketing expenses	243.3	252.3	241.1
General and administrative expenses	430.2	413.1	384.1
Depreciation and amortization	319.3	304.4	278.3
Impairments and disposal of assets, net	62.1	16.4	0.9
Total operating costs and expenses	$ 6,396.4	$ 5,976.7	$ 5,521.0
Operating income	367.6	308.9	400.0
Interest, net	192.3	134.3	126.0
Earnings before income taxes	175.3	174.6	274.0
Income tax (benefit) expense	(21.1)	(8.6)	36.7
Earnings from continuing operations	$ 196.4	$ 183.2	$ 237.3
Earnings from discontinued operations, net of tax expense of $344.8, $32.3 and $72.7, respectively	513.1	103.0	174.6
Net earnings	$ 709.5	$ 286.2	$ 411.9
Basic net earnings per share:			
Earnings from continuing operations	$ 1.54	$ 1.40	$ 1.84
Earnings from discontinued operations	4.02	0.78	1.35
Net earnings	$ 5.56	$ 2.18	$ 3.19
Diluted net earnings per share:			
Earnings from continuing operations	$ 1.51	$ 1.38	$ 1.80
Earnings from discontinued operations	3.96	0.77	1.33
Net earnings	$ 5.47	$ 2.15	$ 3.13
Average number of common shares outstanding:			
Basic	127.7	131.0	129.0
Diluted	129.7	133.2	131.6
Dividends declared per common share	$ 2.20	$ 2.20	$ 2.00

See accompanying notes to consolidated financial statements.

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

	May 31, 2015	May 25, 2014	May 26, 2013
Net earnings	$ 709.5	$ 286.2	$ 411.9
Other comprehensive income (loss):			
Foreign currency adjustment	3.0	(2.9)	(0.2)
Change in fair value of marketable securities, net of taxes of $0.0, $0.0 and $(0.1), respectively	—	(0.1)	(0.2)
Change in fair value of derivatives and amortization of unrecognized gains and losses on derivatives, net of taxes of $17.4, $3.9 and $(0.6), respectively	31.3	3.4	(4.1)
Net unamortized gain arising during period, including amortization of unrecognized net actuarial loss, net of taxes of $4.8, $2.9 and $11.3, respectively	7.2	4.3	18.3
Other comprehensive income	$ 41.5	$ 4.7	$ 13.8
Total comprehensive income	$ 751.0	$ 290.9	$ 425.7

See accompanying notes to consolidated financial statements.

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

	May 31, 2015	May 25, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 535.9	$ 98.3
Receivables, net	78.0	83.8
Inventories	163.9	196.8
Prepaid income taxes	18.9	10.9
Prepaid expenses and other current assets	69.4	71.7
Deferred income taxes	157.4	124.0
Assets held for sale	32.9	1,390.3
Total current assets	$ 1,056.4	$ 1,975.8
Land, buildings and equipment, net	3,215.8	3,381.0
Goodwill	872.4	872.5
Trademarks	574.6	574.6
Other assets	275.5	278.8
Total assets	$ 5,994.7	$ 7,082.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 198.8	$ 233.1
Short-term debt	—	207.6
Accrued payroll	141.1	125.7
Accrued income taxes	12.6	—
Other accrued taxes	51.5	64.5
Unearned revenues	328.6	299.7
Current portion of long-term debt	15.0	15.0
Other current liabilities	449.1	457.4
Liabilities associated with assets held for sale	—	215.5
Total current liabilities	$ 1,196.7	$ 1,618.5
Long-term debt, less current portion	1,452.3	2,463.4
Deferred income taxes	341.8	286.1
Deferred rent	225.9	206.2
Other liabilities	444.5	351.6
Total liabilities	$ 3,661.2	$ 4,925.8
Stockholders' equity:		
Common stock and surplus, no par value. Authorized 500.0 shares; issued 127.9 and 133.6 shares, respectively; outstanding 126.7 and 132.3 shares, respectively	1,405.9	1,302.2
Preferred stock, no par value. Authorized 25.0 shares; none issued and outstanding	—	—
Retained earnings	1,026.0	995.8
Treasury stock, 1.3 and 1.3 shares, at cost, respectively	(7.8)	(7.8)
Accumulated other comprehensive income (loss)	(86.6)	(128.1)
Unearned compensation	(4.0)	(5.2)
Total stockholders' equity	$ 2,333.5	$ 2,156.9
Total liabilities and stockholders' equity	$ 5,994.7	$ 7,082.7

See accompanying notes to consolidated financial statements.

DARDEN RESTAURANTS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In millions, except per share data)

	Common Stock And Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Unearned Compensation	Total Stockholders' Equity
Balances at May 27, 2012	$ 2,518.8	$ 3,172.8	$ (3,695.8)	$ (146.6)	$ (7.2)	$ 1,842.0
Net earnings	—	411.9	—	—	—	411.9
Other comprehensive income	—	—	—	13.8	—	13.8
Dividends declared ($2.00 per share)	—	(259.6)	—	—	—	(259.6)
Stock option exercises (2.0 shares)	55.2	—	1.8	—	—	57.0
Stock-based compensation	24.3	—	—	—	—	24.3
ESOP note receivable repayments	—	—	—	—	1.1	1.1
Income tax benefits credited to equity	13.6	—	—	—	—	13.6
Repurchases of common stock (1.0 shares)	—	(0.1)	(52.3)	—	—	(52.4)
Issuance of stock under Employee Stock Purchase Plan and other plans (0.2 shares)	7.1	—	0.7	—	—	7.8
Treasury shares retirement (159.3 shares)	(1,411.4)	(2,326.1)	3,737.5	—	—	—
Balances at May 26, 2013	$ 1,207.6	$ 998.9	$ (8.1)	$ (132.8)	$ (6.1)	$ 2,059.5
Net earnings	—	286.2	—	—	—	286.2
Other comprehensive income	—	—	—	4.7	—	4.7
Dividends declared ($2.20 per share)	—	(288.9)	—	—	—	(288.9)
Stock option exercises (1.8 shares)	50.6	—	0.3	—	—	50.9
Stock-based compensation	26.0	—	—	—	—	26.0
ESOP note receivable repayments	—	—	—	—	0.9	0.9
Income tax benefits credited to equity	10.9	—	—	—	—	10.9
Repurchases of common stock (0.0 shares)	(0.1)	(0.4)	—	—	—	(0.5)
Issuance of stock under Employee Stock Purchase Plan and other plans (0.2 shares)	7.2	—	—	—	—	7.2
Balances at May 25, 2014	$ 1,302.2	$ 995.8	$ (7.8)	$ (128.1)	$ (5.2)	$ 2,156.9
Net earnings	—	709.5	—	—	—	709.5
Other comprehensive income	—	—	—	41.5	—	41.5
Dividends declared ($2.20 per share)	—	(279.5)	—	—	—	(279.5)
Stock option exercises (4.2 shares)	154.6	—	—	—	—	154.6
Stock-based compensation	26.4	—	—	—	—	26.4
ESOP note receivable repayments	—	—	—	—	1.2	1.2
Income tax benefits credited to equity	18.4	—	—	—	—	18.4
Repurchases of common stock (10.0 shares)	(102.5)	(399.8)	—	—	—	(502.3)
Issuance of stock under Employee Stock Purchase Plan and other plans (0.1 shares)	6.8	—	—	—	—	6.8
Balances at May 31, 2015	$ 1,405.9	$ 1,026.0	$ (7.8)	$ (86.6)	$ (4.0)	$ 2,333.5

See accompanying notes to consolidated financial statements.

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

	Fiscal Year Ended		
	May 31, 2015	May 25, 2014	May 26, 2013
Cash flows - operating activities			
Net earnings	$ 709.5	$ 286.2	$ 411.9
Earnings from discontinued operations, net of tax	(513.1)	(103.0)	(174.6)
Adjustments to reconcile net earnings from continuing operations to cash flows:			
Depreciation and amortization	319.3	304.4	278.3
Impairments and disposal of assets, net	62.1	16.4	0.9
Amortization of loan costs and losses on interest-rate related derivatives	8.6	13.8	13.0
Stock-based compensation expense	53.7	38.7	40.0
Change in current assets and liabilities	76.3	0.6	(18.0)
Contributions to pension and postretirement plans	(1.5)	(1.4)	(3.2)
Change in cash surrender value of trust-owned life insurance	(6.5)	(12.2)	(16.8)
Deferred income taxes	42.0	(44.9)	(0.4)
Change in deferred rent	22.0	29.5	25.6
Change in other assets and liabilities	3.8	18.9	24.0
Loss on extinguishment of debt	91.3	—	—
Income tax benefits from exercise of stock-based compensation credited to goodwill	0.1	0.2	0.1
Other, net	6.7	8.2	13.6
Net cash provided by operating activities of continuing operations	$ 874.3	$ 555.4	$ 594.4
Cash flows - investing activities			
Purchases of land, buildings and equipment	(296.5)	(414.8)	(510.1)
Proceeds from disposal of land, buildings and equipment	67.9	4.4	0.3
Purchases of marketable securities	—	(3.0)	(12.9)
Proceeds from sale of marketable securities	9.7	8.7	26.0
Cash used in business acquisitions, net of cash acquired	—	—	(577.4)
Increase in other assets	(16.2)	(31.6)	(40.5)
Net cash used in investing activities of continuing operations	$ (235.1)	$ (436.3)	$ (1,114.6)
Cash flows - financing activities			
Proceeds from issuance of common stock	159.7	58.1	64.4
Income tax benefits credited to equity	18.4	10.9	13.6
Dividends paid	(278.9)	(288.3)	(258.2)
Repurchases of common stock	(502.3)	(0.5)	(52.4)
ESOP note receivable repayments	1.2	0.9	1.1
Proceeds from issuance of short-term debt	397.4	2,616.3	2,670.3
Repayments of short-term debt	(605.0)	(2,573.2)	(2,768.4)
Repayments of long-term debt	(1,065.9)	—	(355.9)
Proceeds from issuance of long-term debt	—	—	1,050.0
Payment of debt issuance costs	—	(1.4)	(7.4)
Principal payments on capital leases	(2.2)	(2.0)	(1.7)
Proceeds from financing lease obligation	93.1	—	—
Net cash (used in) provided by financing activities of continuing operations	$ (1,784.5)	$ (179.2)	$ 355.4
Cash flows - discontinued operations			
Net cash (used in) provided by operating activities of discontinued operations	(403.3)	214.7	354.9
Net cash provided by (used) in investing activities of discontinued operations	1,986.2	(144.5)	(172.4)
Net cash provided by discontinued operations	$ 1,582.9	$ 70.2	$ 182.5
Increase in cash and cash equivalents	437.6	10.1	17.7
Cash and cash equivalents - beginning of year	98.3	88.2	70.5

Cash and cash equivalents - end of year	$	535.9	$	98.3	$	88.2

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

	Fiscal Year Ended		
	May 31, 2015	May 25, 2014	May 26, 2013
Cash flows from changes in current assets and liabilities			
Receivables, net	$ 7.8	$ (1.5)	$ (11.1)
Inventories	64.5	(25.6)	(1.8)
Prepaid expenses and other current assets	2.9	0.5	(11.1)
Accounts payable	(20.9)	27.2	4.4
Accrued payroll	23.4	7.5	(5.9)
Prepaid/accrued income taxes	(13.8)	(21.0)	22.5
Other accrued taxes	2.2	—	7.7
Unearned revenues	34.9	28.8	33.9
Other current liabilities	(24.7)	(15.3)	(56.6)
Change in current assets and liabilities	$ 76.3	$ 0.6	$ (18.0)
Supplemental schedule of noncash investing activities:			
Increase in land, buildings and equipment through accrued purchases	$ 11.1	$ 24.4	$ 42.2

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations and Principles of Consolidation

The accompanying consolidated financial statements include the operations of Darden Restaurants, Inc. and its wholly owned subsidiaries (Darden, the Company, we, us or our). We own and operate the Olive Garden ®, LongHorn Steakhouse ®, The Capital Grille ®, Yard House ®, Bahama Breeze ®, Seasons 52 ®, and Eddie V's Prime Seafood ® and Wildfish Seafood Grille ® (collectively, "Eddie V's") restaurant brands located in the United States and Canada. Through subsidiaries, we own and operate all of our restaurants in the United States and Canada, except for three restaurants located in Central Florida and three restaurants in California that we manage, but are jointly owned with third parties, two franchised U.S. airport restaurants and eight franchised restaurants in Puerto Rico. We also have area development and franchise agreements with unaffiliated operators to develop and operate our brands primarily in Asia, the Middle East and Latin America. Pursuant to these agreements, as of May 31, 2015 , 24 franchised restaurants were in operation in the Middle East, Mexico, Brazil, Peru, El Salvador and Malaysia. All significant inter-company balances and transactions have been eliminated in consolidation.

Basis of Presentation

On May 15, 2014, we entered into an agreement to sell Red Lobster and certain related assets and associated liabilities and closed the sale on July 28, 2014. During fiscal 2007 and 2008, we closed or sold all of our Smokey Bones Barbeque & Grill (Smokey Bones) and Rocky River Grillhouse restaurants and we closed nine Bahama Breeze restaurants. For fiscal 2015 , 2014 and 2013 all gains and losses on disposition, impairment charges and disposal costs, along with the sales, costs and expenses and income taxes attributable to the discontinued locations, have been aggregated in a single caption entitled “Earnings from discontinued operations, net of tax expense” in our consolidated statements of earnings for all periods presented. See Note 2 - Dispositions for additional information.

Unless otherwise noted, amounts and disclosures throughout these notes to consolidated financial statements relate to our continuing operations.

Fiscal Year

We operate on a 52/53 week fiscal year, which ends on the last Sunday in May, which for fiscal 2015 was May 31, 2015. Accordingly, fiscal 2015 consisted of 53 weeks of operation. Fiscal 2014 and 2013 , which ended May 25, 2014 and May 26, 2013 , respectively, each consisted of 52 weeks of operation.

Use of Estimates

We prepare our consolidated financial statements in conformity with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

We have reclassified certain amounts in prior-period financial statements to conform to the current period's presentation. Included among these, in our consolidated statements of earnings, we revised the categories in our costs and expenses as follows: marketing expenses and general and administrative expenses, previously reported as components of selling, general and administrative expenses, are now reported as separate line items. Additionally, gains and losses on disposals of assets, previously reported as a component of selling, general and administrative expenses are now reported in impairments and disposal of assets, net. On our consolidated balance sheets, we have reclassified our obligations under capital leases, net of current installments to be included in other liabilities. Additionally, in connection with the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2015-03, Interest - Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs, we have reclassified debt issuance costs associated with our long-term debt from other assets to long-term debt, less current portion (see Note 9 - Debt).

Cash and Cash Equivalents

Cash equivalents include highly liquid investments such as U.S. Treasury bills, taxable municipal bonds and money market funds that have an original maturity of three months or less. Amounts receivable from credit card companies are also considered cash equivalents because they are both short term and highly liquid in nature and are typically converted to cash within three days of the sales transaction.

The components of cash and cash equivalents are as follows:

(in millions)	May 31, 2015	May 25, 2014
Short-term investments	$ 455.5	$ 0.5
Credit card receivables	77.8	92.0
Depository accounts	2.6	5.8
Total Cash and Cash Equivalents	$ 535.9	$ 98.3

As of May 31, 2015 , and May 25, 2014 , we had cash and cash equivalent accounts in excess of insured limits. We manage the credit risk of our positions through utilizing multiple financial institutions and monitoring the credit quality of those financial institutions that hold our cash and cash equivalents.

Receivables, Net

Receivables, net of the allowance for doubtful accounts, represent their estimated net realizable value. Provisions for doubtful accounts are recorded based on historical collection experience and the age of the receivables. Receivables are written off when they are deemed uncollectible. See Note 3 – Receivables, Net for additional information.

Inventories

Inventories consist of food and beverages and are valued at the lower of weighted-average cost or market.

Marketable Securities

Available-for-sale securities are carried at fair value. Classification of marketable securities as current or noncurrent is dependent upon management's intended holding period, the security's maturity date, or both. Unrealized gains and losses, net of tax, on available-for-sale securities are carried in accumulated other comprehensive income (loss) within the consolidated financial statements and are reclassified into earnings when the securities mature or are sold.

Land, Buildings and Equipment, Net

Land, buildings and equipment are recorded at cost less accumulated depreciation. Building components are depreciated over estimated useful lives ranging from 7 to 40 years using the straight-line method. Leasehold improvements, which are reflected on our consolidated balance sheets as a component of buildings in land, buildings and equipment, net, are amortized over the lesser of the expected lease term, including cancelable option periods, or the estimated useful lives of the related assets using the straight-line method. Equipment is depreciated over estimated useful lives ranging from 2 to 15 years also using the straight-line method. See Note 5 – Land, Buildings and Equipment, Net for additional information. Gains and losses on the disposal of land, buildings and equipment are included in impairments and disposal of assets, net while the write-off of undepreciated book value associated with the replacement of equipment in the normal course of business is recorded as a component of restaurant expenses in our accompanying consolidated statements of earnings. Depreciation and amortization expense from continuing operations associated with buildings and equipment and losses on replacement of equipment were as follows:

(in millions)	Fiscal Year		
	2015	2014	2013
Depreciation and amortization on buildings and equipment	$ 305.0	$ 296.3	$ 271.0
Losses on replacement of equipment	5.5	4.4	4.6

Capitalized Software Costs and Other Definite-Lived Intangibles

Capitalized software, which is a component of other assets, is recorded at cost less accumulated amortization. Capitalized software is amortized using the straight-line method over estimated useful lives ranging from 3 to 10 years. The cost of capitalized software and related accumulated amortization was as follows:

(in millions)	May 31, 2015	May 25, 2014
Capitalized software	$ 148.0	$ 132.6
Accumulated amortization	(80.4)	(70.9)
Capitalized software, net of accumulated amortization	$ 67.6	$ 61.7

We have other definite-lived intangible assets, including assets related to the value of below-market leases resulting from our acquisitions, that are included as a component of other assets on our consolidated balance sheets. We also have definite-lived intangible liabilities related to the value of above-market leases resulting from our acquisitions, that are included in other liabilities on our consolidated balance sheets. Definite-lived intangibles are amortized on a straight-line basis over estimated useful lives of 1 to 20 years. The cost and related accumulated amortization was as follows:

(in millions)	May 31, 2015	May 25, 2014
Other definite-lived intangibles	$ 15.1	$ 15.5
Accumulated amortization	(7.3)	(6.3)
Other definite-lived intangible assets, net of accumulated amortization	$ 7.8	$ 9.2
Below-market leases	$ 29.2	$ 29.2
Accumulated amortization	(11.5)	(9.6)
Below-market leases, net of accumulated amortization	$ 17.7	$ 19.6
Above-market leases	$ (21.4)	$ (21.4)
Accumulated amortization	6.4	4.9
Above-market leases, net of accumulated amortization	$ (15.0)	$ (16.5)

Amortization expense from continuing operations associated with capitalized software and other definite-lived intangibles included in depreciation and amortization in our accompanying consolidated statements of earnings was as follows:

(in millions)	Fiscal Year		
	2015	2014	2013
Amortization expense - capitalized software	$ 13.3	$ 7.0	$ 6.3
Amortization expense - other definite-lived intangibles	1.0	1.1	1.0

Amortization expense from continuing operations associated with above- and-below-market leases included in restaurant expenses as a component of rent expense in our consolidated statements of earnings was as follows:

(in millions)	Fiscal Year		
	2015	2014	2013
Restaurant expense - below-market leases	$ 1.8	$ 1.8	$ 1.8
Restaurant expense - above-market leases	(1.4)	(1.4)	(1.2)

Amortization of capitalized software and other definite-lived intangible assets will be approximately $16.1 million annually for fiscal 2016 through 2020 .

Trust-Owned Life Insurance

We have a trust that purchased life insurance policies covering certain of our officers and other key employees (trust-owned life insurance or TOLI). The trust is the owner and sole beneficiary of the TOLI policies. The policies were purchased to offset a portion of our obligations under our non-qualified deferred compensation plan. The cash surrender value for each policy is included in other assets while changes in cash surrender values are included in general and administrative expenses.

Liquor Licenses

The costs of obtaining non-transferable liquor licenses that are directly issued by local government agencies for nominal fees are expensed as incurred. The costs of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses are capitalized as indefinite-lived intangible assets and included in other assets. Liquor licenses are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Annual liquor license renewal fees are expensed over the renewal term.

Goodwill and Trademarks

We review our goodwill and trademarks for impairment annually, as of the first day of our fourth fiscal quarter or more frequently if indicators of impairment exist. Goodwill and trademarks are not subject to amortization and have been assigned to reporting units for purposes of impairment testing. The reporting units are our restaurant brands. Our goodwill and trademark balances are allocated as follows:

(in millions)		May 31, 2015		May 25, 2014
Goodwill:				
The Capital Grille	$	401.7	$	401.7
LongHorn Steakhouse		49.3		49.4
Olive Garden (1)		30.2		30.2
Eddie V's		22.0		22.0
Yard House		369.2		369.2
Total Goodwill	$	872.4	$	872.5
Trademarks:				
The Capital Grille	$	147.0	$	147.0
LongHorn Steakhouse		307.8		307.8
Eddie V's		10.5		10.5
Yard House		109.3		109.3
Total Trademarks	$	574.6	$	574.6

(1) Goodwill related to Olive Garden is associated with the RARE Hospitality International, Inc. (RARE) acquisition and the direct benefits derived by Olive Garden as a result of the RARE acquisition.

A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include, among others: a significant decline in our expected future cash flows; a sustained, significant decline in our stock price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated competition; the testing for recoverability of a significant asset group within a reporting unit; and slower growth rates. Any adverse change in these factors could have a significant impact on the recoverability of these assets and could have a material impact on our consolidated financial statements.

The goodwill impairment test involves a two-step process. The first step is a comparison of each reporting unit’s fair value to its carrying value. We estimate fair value using the best information available, including market information and discounted cash flow projections (also referred to as the income approach). The income approach uses a reporting unit’s projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions. The projection uses management’s best estimates of economic and market conditions over the projected period including growth rates in sales, costs and number of units, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, future estimates of capital expenditures and changes in future working capital requirements. We validate our estimates of fair value under the income approach by comparing the values to fair value estimates using a market approach. A market approach estimates fair value by applying cash flow and sales multiples to the reporting unit’s operating performance. The multiples are derived from comparable publicly traded companies with similar operating and investment characteristics of the reporting units. If the fair value of the reporting unit is higher than its carrying value, goodwill is deemed not to be impaired, and no further testing is required. If the carrying value of the reporting unit is higher than its fair value, there is an indication that impairment may exist and the second step must be performed to measure the amount of impairment loss. The amount of impairment is determined by comparing the implied fair value of reporting unit goodwill to the carrying value of the goodwill in the same manner as if the reporting unit was being acquired in a business combination. Specifically, fair value is allocated to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that would calculate the implied fair value of goodwill. If the implied fair value of goodwill is less than the recorded goodwill, we would record an impairment loss for the difference.

Consistent with our accounting policy for goodwill and trademarks we performed our annual impairment test of our goodwill and trademarks as of the first day of our fiscal 2015 fourth quarter. As of the beginning of our fiscal fourth quarter, we had seven reporting units, five of which had goodwill: Olive Garden, LongHorn Steakhouse, The Capital Grille, Eddie V's and Yard House. As part of our process for performing the step one impairment test of goodwill, we estimated the fair value of our reporting units utilizing the income and market approaches described above to derive an enterprise value of the Company. We reconciled the enterprise value to our overall estimated market capitalization. The estimated market capitalization considers recent trends in our market capitalization and an expected control premium, based on comparable recent and historical transactions. Based on the results of the step one impairment test, no impairment of goodwill was indicated for any of our brands.

The fair value of trademarks are estimated and compared to the carrying value. We estimate the fair value of trademarks using the relief-from-royalty method, which requires assumptions related to projected sales from our annual long-range plan; assumed royalty rates that could be payable if we did not own the trademarks; and a discount rate. We recognize an impairment loss when the estimated fair value of the trademarks is less than carrying value. We completed our impairment test and concluded as of the date of the test, there was no impairment of the trademarks for LongHorn Steakhouse, The Capital Grille, Eddie V's and Yard House.

We determined that there was no goodwill or trademark impairment as of the first day of our fourth fiscal quarter and no additional indicators of impairment were identified through the end of our fourth fiscal quarter that would require us to test further for impairment. However, declines in our market capitalization (reflected in our stock price) as well as in the market capitalization of other companies in the restaurant industry, declines in sales at our restaurants, and significant adverse changes in the operating environment for the restaurant industry may result in future impairment.

Changes in circumstances, existing at the measurement date or at other times in the future, or in the numerous estimates associated with management's judgments and assumptions 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. A leverage ratio exceeding the maximum permitted under our credit agreement would be a default under our credit agreement. At May 31, 2015 , a write down of goodwill, other indefinite-lived intangible assets, or any other assets in excess of approximately $1.40 billion would have been required to cause our leverage ratio to exceed the permitted maximum. As our leverage ratio is determined on a quarterly basis and due to the seasonal nature of our business, a lesser amount of impairment in future quarters could cause our leverage ratio to exceed the permitted maximum.

We evaluate the useful lives of our other intangible assets, to determine if they are definite or indefinite-lived. A determination on useful life requires significant judgments and assumptions regarding the future effects of obsolescence, demand, competition, other economic factors (such as the stability of the industry, legislative action that results in an uncertain or changing regulatory environment, and expected changes in distribution channels), the level of required maintenance expenditures, and the expected lives of other related groups of assets.

Impairment or Disposal of Long-Lived Assets
Land, buildings and equipment and certain other assets, including definite-lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future undiscounted net cash flows expected to be generated by the assets. Identifiable cash flows are measured at the lowest level for which they are largely independent of the cash flows of other groups of assets and liabilities, generally at the restaurant level. If such assets are determined to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value. Fair value is generally determined based on appraisals or sales prices of comparable assets. Restaurant sites and certain other assets to be disposed of are reported at the lower of their carrying amount or fair value, less estimated costs to sell. Restaurant sites and certain other assets to be disposed of are included in assets held for sale on our consolidated balance sheets when certain criteria are met. These criteria include the requirement that the likelihood of disposing of these assets within one year is probable. Assets not meeting the "held for sale" criteria remain in land, buildings and equipment until their disposal is probable within one year.

We account for exit or disposal activities, including restaurant closures, in accordance with FASB Accounting Standards Codification (ASC) Topic 420, Exit or Disposal Cost Obligations. Such costs include the cost of disposing of the assets as well as other facility-related expenses from previously closed restaurants. These costs are generally expensed as incurred. Additionally, at the date we cease using a property under an operating lease, we record a liability for the net present value of any remaining lease obligations, net of estimated sublease income. Any subsequent adjustments to that liability as a result of lease termination or changes in estimates of sublease income are recorded in the period incurred. Upon disposal of the assets, primarily land, associated with a closed restaurant, any gain or loss is recorded in the same caption within our consolidated statements of earnings as the original impairment.

Insurance Accruals
Through the use of insurance program deductibles and self-insurance, we retain a significant portion of expected losses under our workers' compensation, certain employee medical and general liability programs. However, we carry insurance for individual workers' compensation and general liability claims that exceed $0.5 million . Accrued liabilities have been recorded based on our estimates of the anticipated ultimate costs to settle all claims, both reported and not yet reported.

Revenue Recognition
Sales, as presented in our consolidated statements of earnings, represents food and beverage product sold and is presented net of discounts, coupons, employee meals, and complimentary meals. Revenue from restaurant sales is recognized when food and beverage products are sold. Sales taxes collected from customers and remitted to governmental authorities are presented on a net basis within sales in our consolidated statements of earnings.

Revenue from the sale of franchises is recognized as income when substantially all of our material obligations under the franchise agreement have been performed. Continuing royalties, which are a percentage of net sales of franchised restaurants, are accrued as income when earned. Revenue from the sale of consumer packaged goods includes ongoing royalty fees based on a percentage of licensed retail product sales and is recognized upon the sale of product by our licensed manufacturers to retail outlets.

Unearned Revenues
Unearned revenues represent our liability for gift cards that have been sold but not yet redeemed. We recognize sales from our gift cards when the gift card is redeemed by the customer. Although there are no expiration dates or dormancy fees for our gift cards, based on our analysis of our historical gift card redemption patterns, we can reasonably estimate the amount of gift cards for which redemption is remote, which is referred to as "breakage." We recognize breakage within sales for unused gift card amounts in proportion to actual gift card redemptions, which is also referred to as the "redemption recognition" method. The estimated value of gift cards expected to remain unused is recognized over the expected period of redemption as the remaining gift card values are redeemed, generally over a period of 10 years. Utilizing this method, we estimate both the amount of breakage and the time period of redemption. If actual redemption patterns vary from our estimates, actual gift card breakage income may differ from the amounts recorded. We update our estimates of our redemption period and our breakage rate periodically and apply that rate to gift card redemptions.

Food and Beverage Costs
Food and beverage costs include inventory, warehousing, related purchasing and distribution costs and gains and losses on certain commodity derivative contracts. Vendor allowances received in connection with the purchase of a vendor's products are recognized as a reduction of the related food and beverage costs as earned. Advance payments are made by the vendors based on estimates of volume to be purchased from the vendors and the terms of the agreement. As we make purchases from the vendors each period, we recognize the pro rata portion of allowances earned as a reduction of food and beverage costs for that period. Differences between estimated and actual purchases are settled in accordance with the terms of the agreements. Vendor agreements are generally for a period of one year or more and payments received are initially recorded as long-term liabilities. Amounts expected to be earned within one year are recorded as current liabilities.

Income Taxes
We provide for federal and state income taxes currently payable as well as for those deferred because of temporary differences between reporting income and expenses for financial statement purposes versus tax purposes. Federal income tax credits are recorded as a reduction of income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. Interest recognized on reserves for uncertain tax positions is included in interest, net in our consolidated statements of earnings. A corresponding liability for accrued interest is included as a component of other current liabilities on our consolidated balance sheets. Penalties, when incurred, are recognized in general and administrative expenses.

ASC Topic 740, Income Taxes, requires that a position taken or expected to be taken in a tax return be recognized (or derecognized) in the financial statements when it is more likely than not (i.e., a likelihood of more than 50 percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. See Note 16 - Income Taxes for additional information.

Income tax benefits credited to equity relate to tax benefits associated with amounts that are deductible for income tax purposes but do not affect earnings. These benefits are principally generated from employee exercises of non-qualified stock options and vesting of employee restricted stock awards.

Derivative Instruments and Hedging Activities

We enter into derivative instruments for risk management purposes only, including derivatives designated as hedging instruments as required by FASB ASC Topic 815, Derivatives and Hedging, and those utilized as economic hedges. We use financial and commodities derivatives to manage interest rate, compensation, commodities pricing and foreign currency exchange rate risks inherent in our business operations. Our use of derivative instruments is currently limited to interest rate hedges; and equity forwards contracts. These instruments are generally structured as hedges of the variability of cash flows related to forecasted transactions (cash flow hedges). However, we do at times enter into instruments designated as fair value hedges to reduce our exposure to changes in fair value of the related hedged item. We do not enter into derivative instruments for trading or speculative purposes, where changes in the cash flows or fair value of the derivative are not expected to offset changes in cash flows or fair value of the hedged item. However, we have entered into equity forwards to economically hedge changes in the fair value of employee investments in our non-qualified deferred compensation plan. All derivatives are recognized on the balance sheet at fair value. For those derivative instruments for which we intend to elect hedge accounting, on the date the derivative contract is entered into, we document all relationships between hedging instruments and hedged items, as well as our risk-management objective and strategy for undertaking the various hedge transactions. This process includes linking all derivatives designated as cash flow hedges to specific assets and liabilities on the consolidated balance sheet or to specific forecasted transactions. We also formally assess, both at the hedge’s inception and on an ongoing basis, whether the derivatives used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

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 Topic 815 of the FASB ASC, changes in the derivatives’ fair value are not included in current earnings but are included in accumulated other comprehensive income (loss), net of tax. These changes in fair value will be reclassified into earnings at the time of the forecasted transaction. 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 Topic 815 of the FASB ASC, 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. Cash flows related to derivatives are included in operating activities. See Note 10 – Derivative Instruments and Hedging Activities for additional information.

Leases

For operating leases, we recognize rent expense on a straight-line basis over the expected lease term, including cancelable option periods where failure to exercise the options would result in an economic penalty to the Company. Differences between amounts paid and amounts expensed are recorded as deferred rent. Capital leases are recorded as an asset and an obligation at an amount equal to the present value of the minimum lease payments during the lease term. Sale leasebacks are transactions through which we sell assets (such as restaurant properties) at fair value and subsequently lease them back. The resulting leases generally qualify and are accounted for as operating leases. Financing leases are generally the product of a failed sale-leaseback transaction and result in retention of the "sold" assets within land, building and equipment with a financing lease obligation equal to the amount of proceeds received recorded as a component of other liabilities on our consolidated balance sheets.

Within the provisions of certain of our leases, there are rent holidays and escalations in payments over the base lease term, as well as renewal periods. The effects of the holidays and escalations have been reflected in rent expense on a straight-line basis over the expected lease term, which includes cancelable option periods where failure to exercise such options would result in an economic penalty to the Company. The lease term commences on the date when we have the right to control the use of the leased property, which is typically before rent payments are due under the terms of the lease. Many of our leases have renewal periods totaling 5 to 20 years, exercisable at our option and require payment of property taxes, insurance and maintenance costs in addition to the rent payments. The consolidated financial statements reflect the same lease term for amortizing leasehold improvements as we use to determine capital versus operating lease classifications and in calculating straight-line rent expense for each restaurant. Percentage rent expense is generally based on sales levels and is accrued at the point in time we determine that it is probable that such sales levels will be achieved. Amortization expense related to capital leases is included in depreciation and amortization expense in our consolidated statements of earnings. Landlord allowances are recorded based on contractual terms and are included in accounts receivable, net and as a deferred rent liability and amortized as a reduction of rent expense on a straight-line basis over the expected lease term.

Pre-Opening Expenses
Non-capital expenditures associated with opening new restaurants are expensed as incurred.

Advertising
Production costs of commercials are charged to operations in the fiscal period the advertising is first aired. The costs of programming and other advertising, promotion and marketing programs are charged to operations in the fiscal period incurred and reported as marketing expenses on our consolidated statements of earnings.

Stock-Based Compensation
We recognize the cost of employee service received in exchange for awards of equity instruments based on the grant date fair value of those awards. We utilize the Black-Scholes option pricing model to estimate the fair value of stock option awards. We recognize compensation expense on a straight-line basis over the employee service period for awards granted. The dividend yield has been estimated based upon our historical results and expectations for changes in dividend rates. The expected volatility was determined using historical stock prices. The risk-free interest rate was the rate available on zero coupon U.S. government obligations with a term approximating the expected life of each grant. The expected life was estimated based on the exercise history of previous grants, taking into consideration the remaining contractual period for outstanding awards. The weighted-average fair value of non-qualified stock options and the related assumptions used in the Black-Scholes model to record stock-based compensation are as follows:

	Stock Options Granted in Fiscal Year		
	2015	2014	2013
Weighted-average fair value	$ 10.59	$ 12.06	$ 12.22
Dividend yield	4.5%	4.4%	4.0%
Expected volatility of stock	37.3%	39.6%	39.7%
Risk-free interest rate	2.1%	1.9%	0.8%
Expected option life (in years)	6.5	6.4	6.5

Net Earnings per Share
Basic net earnings per share are computed by dividing net earnings by the weighted-average number of common shares outstanding for the reporting period. Diluted net earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Outstanding stock options and restricted stock granted by us represent the only dilutive effect reflected in diluted weighted-average shares outstanding. These stock-based compensation instruments do not impact the numerator of the diluted net earnings per share computation.

The following table presents the computation of basic and diluted net earnings per common share:

(in millions, except per share data)	Fiscal Year		
	2015	2014	2013
Earnings from continuing operations	$ 196.4	$ 183.2	$ 237.3
Earnings from discontinued operations	513.1	103.0	174.6
Net earnings	$ 709.5	$ 286.2	$ 411.9
Average common shares outstanding – Basic	127.7	131.0	129.0
Effect of dilutive stock-based compensation	2.0	2.2	2.6
Average common shares outstanding – Diluted	129.7	133.2	131.6
Basic net earnings per share:			
Earnings from continuing operations	$ 1.54	$ 1.40	$ 1.84
Earnings from discontinued operations	4.02	0.78	1.35
Net earnings	$ 5.56	$ 2.18	$ 3.19
Diluted net earnings per share:			
Earnings from continuing operations	$ 1.51	$ 1.38	$ 1.80
Earnings from discontinued operations	3.96	0.77	1.33
Net earnings	$ 5.47	$ 2.15	$ 3.13

Restricted stock and options to purchase shares of our common stock excluded from the calculation of diluted net earnings per share because the effect would have been anti-dilutive, are as follows:

(in millions)	Fiscal Year Ended		
	May 31, 2015	May 25, 2014	May 26, 2013
Anti-dilutive restricted stock and options	0.1	4.2	2.8

Comprehensive Income
Comprehensive income includes net earnings and other comprehensive income (loss) items that are excluded from net earnings under U.S. generally accepted accounting principles. Other comprehensive income (loss) items include foreign currency translation adjustments, the effective unrealized portion of changes in the fair value of cash flow hedges, unrealized gains and losses on our marketable securities classified as held for sale and recognition of the funded status related to our pension and other postretirement plans. See Note 13 - Stockholders' Equity for additional information.

Foreign Currency
The Canadian dollar is the functional currency for our Canadian restaurant operations and the Malaysian ringgit is the functional currency for our franchises based in Malaysia. Assets and liabilities denominated in foreign currencies are translated into U.S. dollars using the exchange rates in effect at the balance sheet date. Results of operations are translated using the average exchange rates prevailing throughout the period. Translation gains and losses are reported as a separate component of other comprehensive income (loss). Aggregate cumulative translation losses were $1.7 million and $4.7 million at May 31, 2015 and May 25, 2014 , respectively. Net losses from foreign currency transactions recognized in our consolidated statements of earnings were $1.4 million for fiscal 2015 and were not significant for fiscal 2014 or 2013 .

Application of New Accounting Standards

In May 2014, the FASB issued 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 was originally effective for annual and interim periods beginning after December 15, 2016, which would have required us to adopt these provisions in the first quarter of fiscal 2018. In July 2015, the FASB affirmed its proposal for a one-year deferral of the effective date. Early application is now permitted, but not before the original effective date. 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.

NOTE 2 – DISPOSITIONS

On July 28, 2014, we closed on the sale of 705 Red Lobster restaurants; however, as of May 31, 2015 , 9 of the properties remain subject to landlord consents and satisfaction of other contractual requirements. 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 $31.5 million associated with the remaining landlord consents are classified as other current liabilities on our consolidated balance sheet as of May 31, 2015 . As the landlord consents and remaining contractual requirements are satisfied, which we expect to occur within the next six months, we will derecognize the related assets and record the commensurate gain on the transaction. All direct cash flows related to operating these businesses were eliminated at the date of sale. Our continuing involvement has been limited to a transition service agreement for up to two years from the date of sale with minimal impact to our cash flows. 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 company-owned synergy restaurants to stand-alone Olive Garden restaurants.

As of May 31, 2015 , we received $2.08 billion in cash proceeds, net of transaction-related costs of approximately $29.3 million . During fiscal 2015 , we recognized a pre-tax gain on the sale of Red Lobster of $837.0 million , which is included in earnings from discontinued operations in our consolidated statement of earnings.

For fiscal 2015 , 2014 and 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 “Earnings from discontinued operations, net of tax 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 sale on our accompanying consolidated balance sheets. In April 2014, the FASB issued ASU 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 a 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. We elected to early adopt these provisions in the third quarter of fiscal 2015.

Earnings from discontinued operations, net of taxes in our accompanying consolidated statements of earnings are comprised of the following:

(in millions)	Fiscal Year		
	May 31, 2015	May 25, 2014	May 26, 2013
Sales	$ 400.4	$ 2,472.1	$ 2,630.9
Restaurant and marketing expenses	353.0	2,134.1	2,212.4
Depreciation and amortization	0.2	124.6	116.4
Other costs and expenses (1)	(810.7)	78.1	54.8
Earnings before income taxes	857.9	135.3	247.3
Income tax expense	344.8	32.3	72.7
Earnings from discontinued operations, net of tax	$ 513.1	$ 103.0	$ 174.6

(1) Amounts for fiscal year ended May 31, 2015 include the gain recognized on the sale of Red Lobster.

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)	May 31, 2015	May 25, 2014
Current assets	$ —	$ 241.0
Land, buildings and equipment, net	32.9	1,084.8
Other assets	—	64.5
Total assets	$ 32.9	$ 1,390.3
Current liabilities	$ —	$ 130.6
Other liabilities	—	84.9
Total liabilities	$ —	$ 215.5

During the third quarter of fiscal 2015 , we divested all of our interest in our lobster aquaculture activities and we have no further commitments or obligations with respect to such activities. This divestiture did not represent a strategic shift in our operations, and, accordingly, it did not meet the definition to be reported as a discontinued operation.

NOTE 3 - RECEIVABLES, NET

Receivables from the sale of gift cards in national retail outlets, allowances due from landlords based on lease terms, miscellaneous receivables and our overall allowance for doubtful accounts are as follows:

(in millions)	May 31, 2015	May 25, 2014
Retail outlet gift card sales	$ 47.1	$ 39.6
Landlord allowances due	12.9	22.5
Miscellaneous	18.9	22.0
Allowance for doubtful accounts	(0.9)	(0.3)
Receivables, net	$ 78.0	$ 83.8

NOTE 4 –IMPAIRMENTS AND DISPOSAL OF ASSETS, NET

During fiscal 2015 , 2014 and 2013 , we recognized net long-lived asset impairment and disposal charges of $62.1 million ($40.3 million net of tax), $16.4 million ($10.1 million net of tax) and $0.9 million ($0.6 million net of tax), respectively. During fiscal 2015 , management identified nine 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. Of the total impairments in fiscal 2015 , $34.1 million related to these restaurant impairments. In addition, during fiscal 2015 we began marketing selected restaurant assets for individual sale leasebacks. During fiscal 2015 , we recorded impairment charges of $15.2 million related to the restaurant assets involved in sale-leaseback arrangements which either closed in fiscal 2015 or are expected to close in fiscal 2016. 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. We also recognized impairments of assets related to the expected disposal of excess land parcels, our lobster aquaculture project and a corporate airplane in connection with the closure of our aviation department during fiscal 2015 . These costs are included in impairments and disposal of assets, net as a component of earnings from continuing operations in the accompanying consolidated statements of earnings for fiscal 2015 , 2014 and 2013 .

NOTE 5 - LAND, BUILDINGS AND EQUIPMENT, NET

The components of land, buildings and equipment, net, are as follows:

(in millions)	May 31, 2015	May 25, 2014
Land	$ 633.5	$ 659.7
Buildings	3,338.9	3,234.5
Equipment	1,439.1	1,378.4
Assets under capital leases	72.0	69.5
Construction in progress	36.9	89.1
Total land, buildings and equipment	$ 5,520.4	$ 5,431.2
Less accumulated depreciation and amortization	(2,277.7)	(2,027.0)
Less amortization associated with assets under capital leases	(26.9)	(23.2)
Land, buildings and equipment, net	$ 3,215.8	$ 3,381.0

During fiscal 2015 , we announced a plan to pursue sale-leaseback transactions of approximately 75 restaurant properties and our corporate headquarters. Of the 75 properties listed for sale-leaseback transactions, 14 were completed during fiscal 2015 generating proceeds of $44.9 million , resulting in a deferred gain of $6.7 million which will be amortized over the leaseback period on a straight-line basis. Subsequent to our fiscal 2015 year end, we completed an additional 15 individual restaurant sale-leaseback transactions, generating proceeds of approximately $63.6 million . We expect to complete the remainder of the sale-leaseback transactions during fiscal 2016.

NOTE 6 - SEGMENT INFORMATION

We manage our restaurant brands, Olive Garden, LongHorn Steakhouse, The Capital Grille, Yard House, Bahama Breeze, Seasons 52 and Eddie V's in North America as operating segments. The brands operate principally in the U.S. within full-service dining. We aggregate our operating segments into reportable segments based on a combination of the size, economic characteristics and sub-segment of full-service dining within which each brand operates. We have four reportable segments: 1) Olive Garden, 2) LongHorn Steakhouse, 3) Fine Dining and 4) Other Business. Prior to fiscal 2015 , we aggregated all of our operating segments into one reportable segment. However, we believe disaggregating our one segment into these four
reportable segments provides more beneficial information for our financial statement users.

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

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

Our management uses segment profit as the measure for assessing performance of our segments. Segment profit includes revenues and expenses directly attributable to restaurant-level results of operations (sometimes referred to as restaurant-level earnings). These expenses include food and beverage costs, restaurant labor costs, restaurant expenses and marketing expenses.The following tables reconcile our segment results to our consolidated results reported in accordance with GAAP:

(in millions) At May 31, 2015 and for the year ended	Olive Garden	LongHorn Steakhouse	Fine Dining	Other Business	Corporate	Consolidated
Sales	$ 3,789.6	$ 1,544.7	$ 500.1	$ 929.6	$ —	$ 6,764.0
Restaurant and marketing expenses	3,089.1	1,304.8	405.2	785.7	—	5,584.8
Segment profit	$ 700.5	$ 239.9	$ 94.9	$ 143.9	$ —	$ 1,179.2
Depreciation and amortization	$ 149.8	$ 71.6	$ 26.4	$ 47.3	$ 24.2	$ 319.3
Impairments and disposal of assets, net	28.2	0.4	—	21.0	12.5	62.1
Segment assets	1,625.1	1,261.1	865.6	1,054.6	1,188.3	5,994.7
Capital expenditures	118.9	67.4	22.9	83.4	3.9	296.5

(in millions) At May 25, 2014 and for the year ended	Olive Garden	LongHorn Steakhouse	Fine Dining	Other Business	Corporate	Consolidated
Sales	$ 3,643.1	$ 1,383.9	$ 441.6	$ 817.0	$ —	$ 6,285.6
Restaurant and marketing expenses	2,995.1	1,179.6	360.2	707.9	—	5,242.8
Segment profit	$ 648.0	$ 204.3	$ 81.4	$ 109.1	$ —	$ 1,042.8
Depreciation and amortization	$ 149.6	$ 66.7	$ 24.3	$ 42.7	$ 21.1	$ 304.4
Impairments and disposal of assets, net	3.3	0.8	4.8	3.7	3.8	16.4
Segment assets	1,717.3	1,280.3	871.6	1,087.3	2,126.2	7,082.7
Capital expenditures	131.9	114.4	42.3	123.1	3.1	414.8

(in millions) At May 26, 2013 and for the year ended	Olive Garden	LongHorn Steakhouse	Fine Dining	Other Business	Corporate	Consolidated
Sales	$ 3,684.8	$ 1,231.2	$ 396.4	$ 608.6	$ —	$ 5,921.0
Restaurant and marketing expenses	2,977.6	1,043.2	320.3	516.6	—	4,857.7
Segment profit	$ 707.2	$ 188.0	$ 76.1	$ 92.0	$ —	$ 1,063.3
Depreciation and amortization	$ 144.5	$ 60.1	$ 21.8	$ 32.0	$ 19.9	$ 278.3
Impairments and disposal of assets, net	0.2	0.5	—	—	0.2	0.9
Capital expenditures	214.4	151.9	34.4	103.3	6.1	510.1

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

	Fiscal Year		
(in millions)	May 31, 2015	May 25, 2014	May 26, 2013
Segment profit	$ 1,179.2	$ 1,042.8	$ 1,063.3
Less general and administrative expenses	(430.2)	(413.1)	(384.1)
Less depreciation and amortization	(319.3)	(304.4)	(278.3)
Less impairments and disposal of assets, net	(62.1)	(16.4)	(0.9)
Less interest, net	(192.3)	(134.3)	(126.0)
Earnings before income taxes	$ 175.3	$ 174.6	$ 274.0

NOTE 7 - WORKFORCE REDUCTION

During fiscal 2014 and 2015 , we performed 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), November 2014 (November 2014 Plan) and May 2015 (May 2015 Plan). In accordance with these actions, we incurred employee termination benefits costs and other costs which are included in general and administrative expenses in our consolidated statements of earnings as follows:

(in millions)	Fiscal Year	
	2015	2014
Employee termination benefits (1)	$ 37.4	$ 17.2
Other (2)	0.5	0.9
Total	$ 37.9	$ 18.1

(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 May 31, 2015 :

(in millions)	September 2013 Plan	January 2014 Plan	May 2014 Plan	November 2014 Plan	May 2015 Plan	Payments	Adjustments	Balance at May 31, 2015
Employee termination benefits (1)	$ 7.7	$ 0.7	$ 5.0	$ 17.2	$ 7.0	$ (23.4)	$ 0.7	$ 14.9
Other	0.8	0.1	0.2	0.4	0.2	(1.1)	(0.2)	0.4
Total	$ 8.5	$ 0.8	$ 5.2	$ 17.6	$ 7.2	$ (24.5)	$ 0.5	$ 15.3

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

We expect the remaining liability to be paid by the second quarter of fiscal 2017.

NOTE 8 - OTHER CURRENT LIABILITIES

The components of other current liabilities are as follows:

(in millions)	May 31, 2015	May 25, 2014
Non-qualified deferred compensation plan	$ 209.6	$ 228.8
Sales and other taxes	63.9	70.4
Insurance-related	37.4	35.8
Employee benefits	34.3	47.4
Contingent proceeds - Red Lobster disposition	31.5	—
Derivative liabilities	—	1.7
Accrued interest	11.4	19.9
Miscellaneous	61.0	53.4
Total other current liabilities	$ 449.1	$ 457.4

NOTE 9 - DEBT

The components of long-term debt are as follows:

(in millions)	May 31, 2015	May 25, 2014
7.125% debentures due February 2016	$ —	$ 100.0
Variable-rate term loan (1.68% at May 31, 2015) due August 2017	285.0	300.0
6.200% senior notes due October 2017	500.0	500.0
3.790% senior notes due August 2019	—	80.0
4.500% senior notes due October 2021	121.9	400.0
3.350% senior notes due November 2022	111.1	450.0
4.520% senior notes due August 2024	10.0	220.0
6.000% senior notes due August 2035	150.0	150.0
6.800% senior notes due October 2037	300.0	300.0
Total long-term debt	$ 1,478.0	$ 2,500.0
Fair value hedge	3.6	1.6
Less unamortized discount and issuance costs	(14.3)	(23.2)
Total long-term debt less unamortized discount and issuance costs	$ 1,467.3	$ 2,478.4
Less current portion	(15.0)	(15.0)
Long-term debt, excluding current portion	$ 1,452.3	$ 2,463.4

During fiscal 2015 , with proceeds from the disposition of Red Lobster, we retired approximately $1.01 billion aggregate principal of long-term debt, comprised of $278.1 million aggregate principal of our 4.500 percent senior notes due 2021 , $338.9 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 .

In fiscal 2015 , we recorded approximately $91.3 million of expenses associated with the retirement. These expenses included cash components for repurchase premiums and make-whole amounts of approximately $44.0 million and non-cash charges associated with hedge and loan cost write-offs of approximately $47.3 million . These amounts were recorded in interest, net in our consolidated statements of earnings.

The interest rates on our $500.0 million 6.200 percent senior notes due October 2017 and $300.0 million 6.800 percent senior notes due 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 annual interest expense increased by $ 2.0 million as a result of these rate adjustments.

In April 2015, the FASB issued ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs. This update requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying amount of the related debt. This guidance is effective for us in the first quarter of fiscal 2017, however, we elected to early adopt this guidance in the fourth quarter of fiscal 2015 . As of May 31, 2015 , we have reclassified debt issuance costs associated with our long-term debt from other assets to long-term debt, less current portion. Prior year amounts have been reclassified to conform to the current year classification resulting in an adjustment to long-term debt of $18.0 million for the year ended May 25, 2014 .

The aggregate contractual maturities of long-term debt for each of the five fiscal years subsequent to May 31, 2015 , and thereafter are as follows:

(in millions)

Fiscal Year	Amount
2016	$ 15.0
2017	15.0
2018	755.0
2019	—
2020	—
Thereafter	693.0
Long-term debt	$ 1,478.0

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 May 31, 2015 , 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.

The components of short-term debt are as follows:

(in millions)	May 31, 2015	May 25, 2014
Commercial paper	$ —	$ 207.6

The weighted-average interest rate on commercial paper borrowings as of May 25, 2014 was 0.80 percent .

NOTE 10 – DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

We use financial and commodities derivatives to manage interest rate, equity-based compensation and commodities pricing and foreign currency exchange rate risks inherent in our business operations. 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 May 31, 2015 , if counterparties to the derivative instruments failed completely to perform, would approximate the values of derivative instruments currently recognized as assets on our consolidated balance sheet. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates, commodity prices, or the market price of our common stock. We minimize this market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

We 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 fiscal 2015 , 2014 and 2013 , $3.6 million , $2.9 million and $3.0 million , respectively, was recorded as a reduction to interest expense related to 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 May 31, 2015 , we were party to equity forward contracts that were indexed to 0.8 million shares of our common stock, at varying forward rates between $41.46 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 or received.

We entered into equity forward contracts to hedge the risk of changes in future cash flows associated with recognized, 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 general and administrative expenses in our consolidated statements of earnings.

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

(in millions)	Notional Values		Balance Sheet Location	Fair Values			
				Derivative Assets		Derivative Liabilities	
	May 31, 2015	May 25, 2014		May 31, 2015	May 25, 2014	May 31, 2015	May 25, 2014
Derivative contracts designated as hedging instruments							
Commodity contracts	$ —	$ 0.9	(1)	$ —	$ —	$ —	$ —
Equity forwards	11.4	20.6	(1)	0.4	—	—	(0.5)
Interest rate related	200.0	200.0	(1)	3.6	1.6	—	—
Foreign currency forwards	—	0.3	(1)	—	0.1	—	—
				$ 4.0	$ 1.7	$ —	$ (0.5)
Derivative contracts not designated as hedging instruments							
Commodity contracts	$ —	$ —	(1)	$ —	$ —	$ —	$ —
Equity forwards	51.7	47.4	(1)	1.3	—	—	(1.2)
				$ 1.3	$ —	$ —	$ (1.2)
Total derivative contracts				$ 5.3	$ 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)		
	Fiscal Year				Fiscal Year				Fiscal Year		
	2015	2014	2013		2015	2014	2013		2015	2014	2013
Commodity	$ —	$ 0.6	$ 0.7	(2)	$ —	$ 0.4	$ 0.4	(2)	$ —	$ —	$ —
Equity	2.1	(3.5)	(2.8)	(3)	(1.0)	(0.8)	0.2	(3)	1.1	1.4	1.1
Interest rate	—	—	(10.1)	Interest, net	(45.7)	(10.3)	(8.3)	Interest, net	—	—	—
Foreign currency	—	0.5	(0.5)	(4)	—	1.0	—	(4)	—	—	—
	$ 2.1	$ (2.4)	$ (12.7)		$ (46.7)	$ (9.7)	$ (7.7)		$ 1.1	$ 1.4	$ 1.1

(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.

(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 and 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 and 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
	Fiscal Year					Fiscal Year			
	2015	2014	2013			2015	2014	2013	
Interest rate	$ 2.0	$ (0.3)	$ (1.3)	Interest, net	Debt	$ (2.0)	$ 0.3	$ 1.3	Interest, net

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

(in millions)	Location of Gain (Loss) Recognized in Earnings	Amount of Gain (Loss) Recognized in Earnings		
		Fiscal Year		
		2015	2014	2013
Commodity contracts	Food and beverage costs and restaurant expenses	$ —	$ —	$ (0.1)
Equity forwards	Restaurant labor expenses	4.0	(0.5)	1.6
Equity forwards	General and administrative expenses	9.2	(1.3)	1.4
		$ 13.2	$ (1.8)	$ 2.9

Based on the fair value of our derivative instruments designated as cash flow hedges as of May 31, 2015 , we expect to reclassify $4.9 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 equity forwards and the 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 11 – FAIR VALUE MEASUREMENTS

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

The following tables summarize the fair values of financial instruments measured at fair value on a recurring basis at May 31, 2015 and May 25, 2014 :

Items Measured at Fair Value at May 31, 2015

(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)	$ 2.2	$ —	$ 2.2	$ —
U.S. Treasury securities	(2)	5.0	5.0	—	—
Mortgage-backed securities	(1)	1.6	—	1.6	—
Derivatives:					
Equity forwards	(3)	1.7	—	1.7	—
Interest rate swaps	(4)	3.6	—	3.6	—
Total		$ 14.1	$ 5.0	$ 9.1	$ —

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 May 31, 2015 , was $1.47 billion and $1.57 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 $2.48 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.

The fair value of non-financial assets measured at fair value on a non-recurring basis as of May 31, 2015 was approximately $55.4 million . Adjustments to the fair values of these non-financial assets as of May 31, 2015 are discussed in Note 4 - Impairments and Disposal of Assets, Net. The fair value of non-financial assets measured at fair value on a non-recurring basis, which is classified as Level 3 in the fair value hierarchy, is determined based on appraisals or sales prices of comparable assets and estimates of future cash flows. Adjustments to the fair values of non-financial assets measured at fair value on a non-recurring basis as of May 25, 2014 were generally related to impairments of property to be disposed of and were not material.

NOTE 12 - FINANCIAL INSTRUMENTS

Marketable securities are carried at fair value and consist of available-for-sale securities related to insurance funding requirements for our workers' compensation and general liability claims. The following table summarizes cost and market value for our securities that qualify as available-for-sale as of May 31, 2015 :

(in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Available-for-sale securities	$ 8.8	$ —	$ —	$ 8.8

Earnings include insignificant realized gains and loss from sales of available-for-sale securities. At May 31, 2015 , the scheduled maturities of our available-for-sale securities are as follows:

(in millions)	Cost	Market Value
Less than 1 year	$ 1.7	$ 1.7
1 to 3 years	6.4	6.4
3 to 5 years	0.7	0.7
Total	$ 8.8	$ 8.8

NOTE 13 - STOCKHOLDERS’ EQUITY

Share Repurchase Program

Repurchased common stock has historically been reflected as a reduction of stockholders’ equity. On December 17, 2010, our Board of Directors authorized an additional share repurchase authorization totaling 25.0 million shares in addition to the previous authorization of 162.4 million shares. Share repurchase authorizations and cumulative share repurchases under these authorizations, are as follows:

(in millions)	May 31, 2015
Share repurchase authorizations	187.4
Cumulative shares repurchased	182.0

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). The ASR program provided 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. In 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. Upon receipt, the repurchased shares were retired and restored to authorized but unissued shares of common stock.

The total shares and related cost of our common stock we repurchased was as follows:

(in millions)	Fiscal Year					
	2015		2014		2013	
	Shares	Cost	Shares	Cost	Shares	Cost
Repurchases of common stock	10.0	$ 502.3	—	$ 0.5	1.0	$ 52.4

As of May 31, 2015 , of the 182.0 million cumulative shares repurchased, 169.3 million shares were retired and restored to authorized but unissued shares of common stock. We expect that all shares of common stock acquired in the future will also be restored to authorized but unissued shares of common stock.

Stockholders' Rights Plan

In connection with the announced REIT transaction, our Board approved a Rights Agreement dated June 23, 2015 , to deter any person from acquiring ownership of more than 9.8 percent of our common stock during the period leading up to the REIT transaction. Under the Rights Agreement, each share of our common stock has associated with it one right to purchase one thousandth of a share of our Series A Junior Participating Cumulative Preferred Stock at a purchase price of $156.26 per share, subject to adjustment under certain circumstances to prevent dilution. The rights are exercisable when, and are not transferable apart from our common stock until, a person or group has acquired 9.8 percent or more, or makes a tender offer for 9.8 percent or more, of our common stock. If the specified percentage of our common stock is then acquired, each right will entitle the holder (other than the acquiring company) to receive, upon exercise, common stock having a value equal to two times the exercise price of the right. The rights are redeemable by our Board of Directors under certain circumstances and expire on June 23, 2016 . The Rights Plan will not prohibit tender or exchange offers for all of the stock of the Company, as if no rights plan existed.

Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss), net of tax, 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)
Balances at May 26, 2013	$ (1.8)	$ 0.2	$ (53.8)	$ (77.4)	$ (132.8)
Gain (loss)	(2.9)	(0.1)	(2.9)	(1.7)	(7.6)
Reclassification realized in net earnings	—	—	6.3	6.0	12.3
Balances at May 25, 2014	$ (4.7)	$ 0.1	$ (50.4)	$ (73.1)	$ (128.1)
Gain (loss)	(4.3)	—	2.1	3.1	0.9
Reclassification realized in net earnings	7.3	—	29.2	4.1	40.6
Balances at May 31, 2015	$ (1.7)	$ 0.1	$ (19.1)	$ (65.9)	$ (86.6)

Reclassifications related to foreign currency translation primarily relate to the disposition of Red Lobster and are included in earnings from discontinued operations, net of tax expense in our consolidated statement of earnings. The following table presents the amounts and line items in our consolidated statements of earnings where other adjustments reclassified from AOCI into net earnings were recorded:

(in millions) AOCI Components	Location of Gain (Loss) Recognized in Earnings	Fiscal Year May 31, 2015	 May 25, 2014
Derivatives			
Commodity contracts	(1)	$ —	$ 0.4
Equity contracts	(2)	(1.0)	(0.8)
Interest rate contracts	Interest, net	(45.7)	(10.3)
Foreign currency contracts	(2)	—	1.0
	Total before tax	$ (46.7)	$ (9.7)
	Tax benefit	17.5	3.4
	Net of tax	$ (29.2)	$ (6.3)
Benefit plan funding position			
Pension/postretirement plans			
Actuarial losses	(3)	$ (2.6)	$ (9.0)
Prior service costs	(3)	—	(0.1)
Settlement (loss)/curtailment gain	(3)	(6.1)	0.5
Total - pension/postretirement plans		$ (8.7)	$ (8.6)
Recognized net actuarial gain/(loss) - other plans	(4)	1.8	(1.4)
	Total before tax	$ (6.9)	$ (10.0)
	Tax benefit	2.8	4.0
	Net of tax	$ (4.1)	$ (6.0)

(1) Primarily included in food and beverage costs and restaurant expenses. See Note 10 for additional details.

(2) Primarily included in restaurant labor costs and general and administrative expenses. See Note 10 for additional details.

(3) Included in the computation of net periodic benefit costs - pension and postretirement plans, which is a component of restaurant labor expenses and general and administrative expenses. See Note 17 for additional details.

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

NOTE 14 – LEASES

An analysis of rent expense incurred related to restaurants in continuing operations is as follows:

(in millions)	Fiscal Year		
	2015	2014	2013
Restaurant minimum rent	$ 167.0	$ 146.4	$ 125.8
Restaurant rent averaging expense	16.7	26.9	24.2
Restaurant percentage rent	7.7	6.6	6.0
Other	3.5	5.5	5.6
Total rent expense	$ 194.9	$ 185.4	$ 161.6

Total rent expense included in discontinued operations was $6.2 million , $36.2 million and $34.6 million for fiscal 2015, 2014 and 2013, respectively. These amounts include restaurant minimum rent of $5.8 million , $33.0 million and $31.8 million for fiscal 2015, 2014 and 2013, respectively.

The annual future lease commitments under capital lease obligations and noncancelable operating and financing leases, including those related to restaurants reported as discontinued operations, for each of the five fiscal years subsequent to May 31, 2015 and thereafter is as follows:

(in millions)			
Fiscal Year	Capital	Financing	Operating
2016	$ 5.7	$ 6.6	$ 189.8
2017	5.9	6.8	180.1
2018	6.0	6.9	165.6
2019	6.1	7.0	147.2
2020	6.1	7.2	128.7
Thereafter	55.0	117.7	360.9
Total future lease commitments	$ 84.8	$ 152.2	$ 1,172.3
Less imputed interest (at 6.5%), (various)	(30.3)	(76.9)	
Present value of future lease commitments	$ 54.5	$ 75.3	
Less current maturities	(2.4)	(1.2)	
Obligations under capital and financing leases, net of current maturities	$ 52.1	$ 74.1	

During fiscal 2015 we began marketing selected properties for individual sale-leaseback transactions through which we sell the assets at fair value and subsequently lease them back. The resulting leases generally qualify and are accounted for as operating leases. The operating leases that resulted from the completed transactions are included in the above table.

NOTE 15 - INTEREST, NET

The components of interest, net are as follows:

(in millions)	Fiscal Year		
	2015	2014	2013
Interest expense (1)	$ 186.2	$ 134.0	$ 126.2
Imputed interest on capital and financing leases	8.0	3.5	3.6
Capitalized interest	(1.3)	(2.6)	(2.9)
Interest income	(0.6)	(0.6)	(0.9)
Interest, net	$ 192.3	$ 134.3	$ 126.0

(1) Interest expense in fiscal 2015 includes approximately $91.3 million of expenses associated with the retirement of long-term debt. See Note 9 - Debt.

Capitalized interest was computed using our average borrowing rate. Interest paid, net of amounts capitalized was as follows:

(in millions)	Fiscal Year		
	2015	2014	2013
Interest paid, net of amounts capitalized (1)	$ 142.8	$ 117.5	$ 112.6

(1) Interest paid in fiscal 2015 includes approximately $44.0 million of payments associated with the retirement of long-term debt. See Note 9 - Debt.

NOTE 16 - INCOME TAXES

Total income tax expense was allocated as follows:

(in millions)	Fiscal Year		
	2015	2014	2013
Earnings from continuing operations	$ (21.1)	$ (8.6)	$ 36.7
Earnings from discontinued operations	344.8	32.3	72.7
Total consolidated income tax expense	$ 323.7	$ 23.7	$ 109.4

The components of earnings from continuing operations before income taxes and the provision for income taxes thereon are as follows:

(in millions)	Fiscal Year		
	2015	2014	2013
Earnings from continuing operations before income taxes:			
U.S.	$ 172.5	$ 189.2	$ 278.0
Foreign	2.8	(14.6)	(4.0)
Earnings from continuing operations before income taxes	$ 175.3	$ 174.6	$ 274.0
Income taxes:			
Current:			
Federal	$ (12.7)	$ 39.5	$ 26.1
State and local	(15.4)	5.4	7.9
Foreign	6.9	3.0	3.5
Total current	$ (21.2)	$ 47.9	$ 37.5
Deferred (principally U.S.):			
Federal	—	(43.7)	6.9
State and local	0.1	(12.8)	(7.7)
Total deferred	$ 0.1	$ (56.5)	$ (0.8)
Total income taxes	$ (21.1)	$ (8.6)	$ 36.7

Income taxes paid on a consolidated basis were as follows:

(in millions)	Fiscal Year		
	2015	2014	2013
Income taxes paid (1)	$ 290.7	$ 90.0	$ 98.5

(1) Income taxes paid in fiscal 2015 were higher primarily as a result of the gain recognized on the sale of Red Lobster.

The following table is a reconciliation of the U.S. statutory income tax rate to the effective income tax rate from continuing operations included in the accompanying consolidated statements of earnings:

	Fiscal Year		
	2015	2014	2013
U.S. statutory rate	35.0 %	35.0 %	35.0 %
State and local income taxes, net of federal tax benefits	(6.6)	(2.7)	—
Benefit of federal income tax credits	(34.0)	(30.3)	(18.1)
Other, net	(6.4)	(6.9)	(3.5)
Effective income tax rate	(12.0)%	(4.9)%	13.4 %

As of May 31, 2015 , we had estimated current prepaid state income taxes of $18.9 million which is included on our accompanying consolidated balance sheets as prepaid income taxes, and estimated current federal income taxes payable of $12.6 million , which is included on our accompanying consolidated balance sheets as accrued income taxes.

As of May 31, 2015 , we had unrecognized tax benefits of $13.7 million , which represents the aggregate tax effect of the differences between tax return positions and benefits recognized in our consolidated financial statements, all of which would favorably affect the effective tax rate if resolved in our favor.

In the fourth quarter of 2015, we reached a settlement with the IRS Appeals Division on a previous claim reported on either originally filed or amended tax returns for the 2009 through 2012 fiscal tax years. As a result of this settlement, we recognized a favorable tax benefit of $9.9 million and a reduction in our unrecognized tax benefit of $29.7 million .

A reconciliation of the beginning and ending amount of unrecognized tax benefits follows:

(in millions)		
Balances at May 25, 2014	$	38.1
Additions related to current-year tax positions		4.1
Additions related to prior-year tax positions		10.2
Reductions due to settlements with taxing authorities		(37.2)
Reductions to tax positions due to statute expiration		(1.5)
Balances at May 31, 2015	$	13.7

We recognize accrued interest related to unrecognized tax benefits in income tax expense. Penalties, when incurred, are recognized in general and administrative expense. Interest expense associated with unrecognized tax benefits, excluding the release of accrued interest related to prior year matters due to settlement or the lapse of the statute of limitations was as follows:

(in millions)		Fiscal Year	
	2015	2014	2013
Interest expense on unrecognized tax benefits	$ 1.1	$ 0.4	$ 0.5

At May 31, 2015 , we had $0.7 million accrued for the payment of interest associated with unrecognized tax benefits.

For U.S. federal income tax purposes, we participate in the Internal Revenue Service's (IRS) Compliance Assurance Process (CAP) whereby our U.S. federal income tax returns are reviewed by the IRS both prior to and after their filing. Income tax returns are subject to audit by state and local governments, generally years after the returns are filed. These returns could be subject to material adjustments or differing interpretations of the tax laws. The major jurisdictions in which the Company files income tax returns include the U.S. federal jurisdiction, Canada, and all states in the U.S. that have an income tax. With a few exceptions, the Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before fiscal 2014, and state and local, or non-U.S. income tax examinations by tax authorities for years before fiscal 2011.

Included in the balance of unrecognized tax benefits at May 31, 2015 is $0.7 million related to tax positions for which it is reasonably possible that the total amounts could change during the next 12 months based on the outcome of examinations. The $0.7 million relates to items that would impact our effective income tax rate.

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are as follows:

(in millions)	May 31, 2015	May 25, 2014
Accrued liabilities	$ 104.9	$ 111.0
Compensation and employee benefits	186.6	216.3
Deferred rent and interest income	88.9	102.2
Net operating loss, credit and charitable contribution carryforwards	50.1	57.3
Other	6.5	7.9
Gross deferred tax assets	$ 437.0	$ 494.7
Valuation allowance	(13.5)	(16.5)
Deferred tax assets, net of valuation allowance	$ 423.5	$ 478.2
Trademarks and other acquisition related intangibles	(220.6)	(209.4)
Buildings and equipment	(337.1)	(396.1)
Capitalized software and other assets	(28.1)	(26.6)
Other	(22.1)	(8.2)
Gross deferred tax liabilities	$ (607.9)	$ (640.3)
Net deferred tax liabilities	$ (184.4)	$ (162.1)

Net operating loss, credit and charitable contribution carryforwards have the potential to expire. We have taken current and potential future expirations into consideration when evaluating the need for valuation allowances against these deferred tax assets. A valuation allowance for deferred tax assets is provided when it is more likely than not that some portion or all of the deferred

tax assets will not be realized. Realization is dependent upon the generation of future taxable income or the reversal of deferred tax liabilities during the periods in which those temporary differences become deductible. We consider the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which our deferred tax assets are deductible, we believe it is more-likely-than-not that we will realize the benefits of these deductible differences, net of the existing valuation allowances at May 31, 2015 .

NOTE 17 - RETIREMENT PLANS

Defined Benefit Plans and Postretirement Benefit Plan

Certain of our employees are eligible to participate in a retirement plan. We sponsor non-contributory defined benefit pension plans, which have been frozen, for a group of salaried employees in the United States, in which benefits are based on various formulas that include years of service and compensation factors; and for a group of hourly employees in the United States, in which a fixed level of benefits is provided. Pension plan assets are primarily invested in U.S. and International equities as well as long-duration bonds and real estate investments. Our policy is to fund, at a minimum, the amount necessary on an actuarial basis to provide for benefits in accordance with the requirements of the Employee Retirement Income Security Act of 1974, as amended and the Internal Revenue Code (IRC), as amended by the Pension Protection Act of 2006. We also sponsor a non-contributory postretirement benefit plan that provides health care benefits to our salaried retirees.
Fundings related to the defined benefit pension plans and postretirement benefit plans, which are funded on a pay-as-you-go basis, were as follows:

(in millions)	Fiscal Year		
	2015	2014	2013
Defined benefit pension plans funding	$ 0.4	$ 0.4	$ 2.4
Postretirement benefit plan funding	1.1	0.9	0.8

We expect to contribute approximately $0.4 million to our defined benefit pension plans and approximately $1.1 million to our postretirement benefit plan during fiscal 2016 .

We are required to recognize the over-or-under-funded status of the plans as an asset or liability as measured by the difference between the fair value of the plan assets and the benefit obligation and any unrecognized prior service costs and actuarial gains and losses as a component of accumulated other comprehensive income (loss), net of tax.

During the second quarter of fiscal 2015, the postretirement benefit 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 .

Additionally, during the fourth quarter of fiscal 2015, the defined benefit pension plan recognized $6.1 million of unrecognized loss in net periodic benefit cost due to a settlement charge triggered by lump sum payouts during the fiscal year exceeding the sum of service and interest costs.

The following provides a reconciliation of the changes in the plan benefit obligation, fair value of plan assets and the funded status of the plans as of May 31, 2015 and May 25, 2014 :

(in millions)	Defined Benefit Plans		Postretirement Benefit Plan	
	2015	2014	2015	2014
Change in Benefit Obligation:				
Benefit obligation at beginning of period	$ 283.9	$ 276.8	$ 38.5	$ 29.9
Service cost	1.1	4.4	0.5	0.7
Interest cost	10.0	10.2	1.0	1.4
Plan amendments	—	(0.6)	(26.9)	—
Plan curtailments	—	(6.4)	—	(4.8)
Plan settlements	(15.8)	—	—	—
Participant contributions	—	—	0.4	0.5
Benefits paid	(8.6)	(13.3)	(1.5)	(1.4)
Actuarial loss	17.8	12.8	6.0	12.2
Benefit obligation at end of period	$ 288.4	$ 283.9	$ 18.0	$ 38.5
Change in Plan Assets:				
Fair value at beginning of period	$ 243.9	$ 234.1	$ —	$ —
Actual return on plan assets	16.7	22.7	—	—
Employer contributions	0.4	0.4	1.1	0.9
Plan settlements	(15.8)	—	—	—
Participant contributions	—	—	0.4	0.5
Benefits paid	(8.6)	(13.3)	(1.5)	(1.4)
Fair value at end of period	$ 236.6	$ 243.9	$ —	$ —
Reconciliation of the Plans' Funded Status:				
Unfunded status at end of period	$ (51.8)	$ (40.0)	$ (18.0)	$ (38.5)

The following is a detail of the balance sheet components of each of our plans and a reconciliation of the amounts included in accumulated other comprehensive income (loss):

(in millions)	Defined Benefit Plans		Postretirement Benefit Plan	
	May 31, 2015	May 25, 2014	May 31, 2015	May 25, 2014
Components of the Consolidated Balance Sheets:				
Current liabilities	$ —	$ —	$ 1.1	$ 1.1
Non-current liabilities	51.8	40.0	16.9	37.4
Net amounts recognized	$ 51.8	$ 40.0	$ 18.0	$ 38.5
Amounts Recognized in Accumulated Other Comprehensive Income (Loss), net of tax:				
Prior service (cost) credit	$ —	$ —	$ 14.9	$ —
Net actuarial gain (loss)	(68.7)	(64.0)	(9.0)	(5.8)
Net amounts recognized	$ (68.7)	$ (64.0)	$ 5.9	$ (5.8)

The following is a summary of our accumulated and projected benefit obligations for our defined benefit plans:

(in millions)	May 31, 2015	May 25, 2014
Accumulated benefit obligation for all defined benefit plans	$ 288.4	$ 283.3
Pension plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligation	288.4	283.3
Fair value of plan assets	236.6	243.9
Projected benefit obligations for all plans with projected benefit obligations in excess of plan assets	288.4	283.9

The following table presents the weighted-average assumptions used to determine benefit obligations and net expense:

	Defined Benefit Plans		Postretirement Benefit Plan	
	2015	2014	2015	2014
Weighted-average assumptions used to determine benefit obligations at May 31 and May 25 (1)				
Discount rate	4.43%	4.41%	4.22%	4.45%
Rate of future compensation increases	N/A	3.86%	N/A	N/A
Weighted-average assumptions used to determine net expense for fiscal years ended May 31 and May 25 (2)				
Discount rate	4.41%	4.60%	4.26%	4.74%
Expected long-term rate of return on plan assets	7.00%	8.00%	N/A	N/A
Rate of future compensation increases	3.86%	4.04%	N/A	N/A

(1) Determined as of the end of fiscal year.

(2) Determined as of the beginning of fiscal year.

We set the discount rate assumption annually for each of the plans at their valuation dates to reflect the yield of high-quality fixed-income debt instruments, with lives that approximate the maturity of the plan benefits. Additionally, for our mortality assumption as of fiscal year end, we selected the most recent RP-2014 mortality tables and MP-2014 mortality improvement scale to measure the benefit obligations. The expected long-term rate of return on plan assets is based upon several factors, including our historical assumptions compared with actual results, an analysis of current market conditions, asset fund allocations and the views of leading financial advisers and economists.

We reduced our expected long-term rate of return on plan assets for our defined benefit plan from 9.0 percent used in fiscal 2013 to 8.0 percent used in fiscal 2014 and then to 7.0 percent for fiscal 2015 in connection with our current expectations for long-term returns and target asset fund allocation. In developing our expected rate of return assumption, we have evaluated the actual historical performance and long-term return projections of the plan assets, which give consideration to the asset mix and the anticipated timing of the pension plan outflows. We employ a total return investment approach whereby a mix of equity and fixed-income investments are used to maximize the long-term return of plan assets for what we consider a prudent level of risk. Our historical 10-year, 15-year and 20-year rates of return on plan assets, calculated using the geometric method average of returns, are approximately 8.3 percent , 7.8 percent and 9.6 percent , respectively, as of May 31, 2015 . Our Benefit Plans Committee sets the investment policy for the Defined Benefit Plans and oversees the investment allocation, which includes setting long-term strategic targets. Our overall investment strategy is to achieve appropriate diversification through a mix of equity investments, which may include U.S., international, and private equities, as well as long-duration bonds and real estate investments. Currently, our target asset fund allocation is 41.0 percent U.S. equities, 40.0 percent high-quality, long-duration fixed-income securities, 16.0 percent international equities and 3.0 percent real estate securities. The investment policy establishes a re-balancing band around the established targets within which the asset class weight is allowed to vary. Equity securities, international equities and fixed-income securities include investments in various industry sectors. Investments in real estate securities follow different strategies designed to maximize returns, allow for diversification and provide a hedge against inflation. Our current positioning is neutral on investment style between value and growth companies and large and small cap companies. We monitor our actual asset fund allocation to ensure that it approximates our target allocation and believe that our long-term asset fund allocation will continue to approximate our target allocation. Investments held in the U.S. commingled fund, U.S. corporate securities, an international commingled fund, U.S. government fixed-income securities, a global fixed income commingled fund, public sector utility securities, and an emerging markets commingled and represented approximately 32.0 percent , 17.5 percent , 10.8 percent , 10.6 percent , 10.2 percent , 6.1 percent and 5.6 percent , respectively, of total plan assets and represents the only significant concentrations of risk related to a single entity, sector, country, commodity or investment fund. No other single sector concentration of assets exceeded 5.0 percent of total plan assets.

The discount rate and expected return on plan assets assumptions have a significant effect on amounts reported for defined benefit pension plans. A quarter percentage point change in the defined benefit plans' discount rate and the expected long-term rate of return on plan assets would increase or decrease earnings before income taxes by $0.0 million and $0.5 million , respectively.

Due to the fiscal 2015 postretirement benefit plan changes, health care cost trend rates no longer significantly effects the amounts reported for the plan. As result, the only assumption that has a significant effect on the amounts reported for the postretirement benefit plan is the discount rate. A quarter percentage point change in the postretirement benefit plan's discount rate would increase or decrease earnings before income taxes by $0.1 million .

Components of net periodic benefit cost included in continuing operations are as follows:

(in millions)	Defined Benefit Plans			Postretirement Benefit Plan		
	2015	2014	2013	2015	2014	2013
Service cost	$ 1.1	$ 4.4	$ 4.7	$ 0.5	$ 0.7	$ 0.8
Interest cost	10.0	10.2	9.9	1.0	1.4	1.3
Expected return on plan assets	(15.2)	(17.1)	(19.4)	—	—	—
Amortization of unrecognized prior service cost	—	0.1	0.1	(2.8)	(0.1)	(0.1)
Recognized net actuarial loss	2.6	9.0	8.8	0.8	—	—
Settlement loss recognized	6.1	—	—	—	—	—
Curtailment gain recognized	—	(0.5)	—	—	—	—
Net pension and postretirement cost (benefit)	$ 4.6	$ 6.1	$ 4.1	$ (0.5)	$ 2.0	$ 2.0

The amortization of the net actuarial gain (loss) component of our fiscal 2016 net periodic benefit cost for the defined benefit plans and postretirement benefit plan is expected to be approximately $(2.8) million and $3.8 million , respectively.

The fair values of the defined benefit pension plans assets at their measurement dates of May 31, 2015 and May 25, 2014 , are as follows:

		Items Measured at Fair Value at May 31, 2015			
(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)
Equity:					
U.S. Commingled Funds	(1)	$ 75.8	$ —	$ 75.8	$ —
International Commingled Funds	(2)	25.7	—	25.7	—
Emerging Market Commingled Funds	(3)	13.1	—	13.1	—
Real Estate Commingled Funds	(4)	6.9	—	6.9	—
Fixed-Income:					
U.S. Treasuries	(5)	25.1	25.1	—	—
U.S. Corporate Securities	(5)	41.4	—	41.4	—
International Securities	(5)	8.3	—	8.3	—
Public Sector Utility Securities	(5)	14.5	—	14.5	—
Global Fixed Income Commingled Fund	(6)	24.0	—	24.0	—
Cash & Accruals		1.8	1.8	—	—
Total		$ 236.6	$ 26.9	$ 209.7	$ —

(in millions)		Items Measured at Fair Value at May 25, 2014 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)
Equity:					
U.S. Commingled Funds	(1)	$ 87.5	$ —	$ 87.5	$ —
International Commingled Funds	(2)	31.2	—	31.2	—
Emerging Market Commingled Funds	(3)	13.3	—	13.3	—
Real Estate Commingled Funds	(4)	10.5	—	10.5	—
Fixed-Income:					
U.S. Treasuries	(5)	27.6	27.6	—	—
U.S. Corporate Securities	(5)	48.0	—	48.0	—
International Securities	(5)	10.0	—	10.0	—
Public Sector Utility Securities	(5)	13.1	—	13.1	—
Cash & Accruals		2.7	2.7	—	—
Total		$ 243.9	$ 30.3	$ 213.6	$ —

(1) U.S. commingled funds are comprised of investments in funds that purchase publicly traded U.S. common stock for total return purposes. Investments are valued using a unit price or net asset value (NAV) based on the fair value of the underlying investments of the funds. There are no redemption restrictions associated with these funds.
(2) International commingled funds are comprised of investments in funds that purchase publicly traded non-U.S. common stock for total return purposes. Investments are valued using a unit price or net asset value (NAV) based on the fair value of the underlying investments of the funds. There are no redemption restrictions associated with these funds.
(3) Emerging market commingled funds and developed market securities are comprised of investments in funds that purchase publicly traded common stock of non-U.S. companies for total return purposes. Funds are valued using a unit price or net asset value (NAV) based on the fair value of the underlying investments of the funds. There are no redemption restrictions associated with these funds.
(4) Real estate commingled funds are comprised of investments in funds that purchase publicly traded common stock of real estate securities for purposes of total return. These investments are valued using a unit price or net asset value (NAV) based on the fair value of the underlying investments of the funds. There are no redemption restrictions associated with these funds.
(5) Fixed-income securities are comprised of investments in government and corporate debt securities. These securities are valued by the trustee at closing prices from national exchanges or pricing vendors on the valuation date.
(6) Global fixed income commingled fund is comprised of investments in U.S. and non-U.S. government fixed income securities. Investments are valued using a unit price or net asset value (NAV) based on the fair value of the underlying investments of the fund. There are no redemption restrictions associated with these funds.

The following benefit payments are expected to be paid between fiscal 2016 and fiscal 2025 :

(in millions)	Defined Benefit Plans	Postretirement Benefit Plan
2016	$ 10.2	$ 1.1
2017	10.7	1.1
2018	11.0	1.0
2019	11.5	1.0
2020	12.3	1.0
2021-2025	72.5	4.7

Postemployment Severance Plan

We accrue for postemployment severance costs in our consolidated financial statements and recognize actuarial gains and losses related to our postemployment severance accrual as a component of accumulated other comprehensive income (loss). As of

May 31, 2015 and May 25, 2014 , $2.5 million and $3.1 million , respectively, of unrecognized actuarial losses related to our postemployment severance plan were included in accumulated other comprehensive income (loss) on a net of tax basis.

Defined Contribution Plan

We have a defined contribution (401(k)) plan covering most employees age 21 and older. We match contributions for participants with at least one year of service up to 6 percent of compensation, based on our performance. The match ranges from a minimum of $0.25 to $1.20 for each dollar contributed by the participant. The plan had net assets of $610.9 million at May 31, 2015 and $729.1 million at May 25, 2014 . Expense recognized in fiscal 2015 , 2014 and 2013 was $0.6 million , $0.7 million and $0.9 million , respectively. Employees classified as “highly compensated” under the IRC are not eligible to participate in this plan. Instead, highly compensated employees are eligible to participate in a separate non-qualified deferred compensation (FlexComp) plan. This plan allows eligible employees to defer the payment of part of their annual salary and all or part of their annual bonus and provides for awards that approximate the matching contributions and other amounts that participants would have received had they been eligible to participate in our defined contribution and defined benefit plans. Amounts payable to highly compensated employees under the FlexComp plan totaled $209.6 million and $228.8 million at May 31, 2015 and May 25, 2014 , respectively. These amounts are included in other current liabilities.

The defined contribution plan includes an Employee Stock Ownership Plan (ESOP). The ESOP borrowed $16.9 million from us at a variable rate of interest in July 1996. At May 31, 2015 , the ESOP’s original debt to us had a balance of $3.0 million with a variable rate of interest of 0.18 percent and is due to be repaid no later than December 2019 . At the end of fiscal 2005, the ESOP borrowed an additional $1.6 million (Additional Loan) from us at a variable interest rate and acquired an additional 0.05 million shares of our common stock, which were held in suspense within the ESOP at that time. At May 31, 2015 , the Additional Loan had a balance of $1.3 million with a variable interest rate of 0.28 percent and is due to be repaid no later than December 2018. Compensation expense is recognized as contributions are accrued. Fluctuations in our stock price impact the amount of expense to be recognized. Contributions to the plan, plus the dividends accumulated on unallocated shares held by the ESOP, are used to pay principal, interest and expenses of the plan. As loan payments are made, common stock is allocated to ESOP participants. In each of the fiscal years 2015 , 2014 and 2013 , the ESOP used dividends received of $1.1 million , $0.9 million and $1.0 million , respectively, and contributions received from us of $0.0 million , $0.0 million and $0.1 million , respectively, to pay principal and interest on our debt.

ESOP shares are included in weighted-average common shares outstanding for purposes of calculating net earnings per share with the exception of those shares acquired under the Additional Loan which are accounted for in accordance with FASB ASC Subtopic 718-40, Employee Stock Ownership Plans. Fluctuations in our stock price are recognized as adjustments to common stock and surplus when the shares are committed to be released. The ESOP shares acquired under the Additional Loan are not considered outstanding until they are committed to be released and, therefore, unreleased shares have been excluded for purposes of calculating basic and diluted net earnings per share. As of May 31, 2015 , the ESOP shares included in the basic and diluted net earnings per share calculation totaled 3.0 million shares, representing 2.4 million allocated shares and 0.6 million suspense shares.

NOTE 18 - STOCK-BASED COMPENSATION

We maintain two active stock option and stock grant plans under which new awards may still be issued, known as the Darden Restaurants, Inc. 2002 Stock Incentive Plan (2002 Plan) and the RARE Hospitality International, Inc. Amended and Restated 2002 Long-Term Incentive Plan (RARE Plan). We also have four other stock option and stock grant plans under which we no longer can grant new awards, although awards outstanding under the plans may still vest and be exercised in accordance with their terms: the Stock Plan for Directors (Director Stock Plan); the Director Compensation Plan; the Stock Option and Long-Term Incentive Plan of 1995 (1995 Plan) and the Restaurant Management and Employee Stock Plan of 2000 (2000 Plan). All of the plans are administered by the Compensation Committee of the Board of Directors. The 2002 Plan provides for the issuance of up to 25.1 million common shares in connection with the granting of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units (RSUs), stock awards and other stock-based awards including performance stock units and Darden stock units to key employees and non-employee directors. The RARE Plan provides for the issuance of up to 3.9 million common shares in connection with the granting of non-qualified stock options, incentive stock options and restricted stock to employees. Awards under the RARE Plan are only permitted to be granted to employees who were employed by RARE as of the date of acquisition and continued their employment with the Company. The Director Stock Plan provided for the issuance of up to 0.375 million common shares out of our treasury in connection with the granting of non-qualified stock options, restricted stock and RSUs to non-employee directors. No new awards could be granted under the Director Stock Plan after September 30, 2000. The Director Compensation Plan provided for the issuance of 0.1 million common shares out of our treasury to non-employee directors. No new awards could be granted under the Director Compensation Plan after September 30, 2005. The 1995 Plan provided for the issuance of up to 33.3 million common shares in connection with the granting of non-qualified stock options, restricted stock or RSUs to key employees. The 2000 Plan provided for the issuance of up to 5.4 million shares of common stock out of our treasury as non-qualified stock options, restricted stock or RSUs. Under all of these plans, stock options are granted at a price equal to the fair value of the shares at the date of grant for terms not exceeding 10 years and have various vesting periods at the discretion of the Compensation Committee. Outstanding options generally vest over one to four years. Restricted stock and RSUs granted under the 1995 Plan, the 2000 Plan and the 2002 Plan generally vest over periods ranging from three to five years and no sooner than one year from the date of grant. Performance Stock Units granted under the 2002 Plan generally vest over a three -year period, and vested amounts may range from 0.0 to 150.0 percent of targeted amounts depending on the achievement of certain sales, free cash flow and earnings metrics. Darden stock units granted under the 2002 Plan generally vest over a five -year period, with no performance vesting feature.

The Director Compensation Program provides for payments to non-employee directors of: (a) an annual retainer; (b) an additional annual retainer for the committee chairs and members; and (c) an annual equity grant upon election or re-election to the Board, which will be paid 75 percent in the form of RSUs and 25 percent in the form of stock options. The annual cash retainers are due and paid quarterly, unless the director elects to defer the payment. Directors may elect to receive, in lieu of their cash compensation, RSUs to be of equal value to the foregone cash fees.

Stock-based compensation expense included in continuing operations was as follows:

(in millions)	Fiscal Year		
	2015	2014	2013
Stock options	$ 20.9	$ 19.3	$ 16.3
Restricted stock/restricted stock units	2.0	0.9	2.1
Darden stock units	13.3	12.3	13.6
Performance stock units (1)	14.5	2.5	4.7
Employee stock purchase plan	1.3	1.8	1.8
Director compensation program/other	1.7	1.9	1.5
	$ 53.7	$ 38.7	$ 40.0

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(1) The increase for fiscal 2015 is primarily attributable to the workforce reduction efforts (see Note 7 - Workforce Reduction) and the impact of improved financial performance.

The following table presents a summary of our stock option activity as of and for the year ended May 31, 2015 :

	Options (in millions)	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (Yrs)	Aggregate Intrinsic Value (in millions)
Outstanding beginning of period	11.23	$41.66	5.57	$91.0
Options granted	1.15	45.51		
Options exercised	(4.16)	37.20		
Options canceled	(0.51)	48.47		
Outstanding end of period	7.71	$44.18	6.08	$164.6
Exercisable	4.97	$42.15	5.00	$116.2

The total intrinsic value of options exercised during fiscal 2015 , 2014 and 2013 was $90.2 million , $39.9 million and $47.1 million , respectively. Cash received from option exercises during fiscal 2015 , 2014 and 2013 was $154.6 million , $50.9 million and $57.0 million , respectively. Stock options have a maximum contractual period of 10 years from the date of grant. We settle employee stock option exercises with authorized but unissued shares of Darden common stock or treasury shares we have acquired through our ongoing share repurchase program.

As of May 31, 2015 , there was $11.7 million of unrecognized compensation cost related to unvested stock options granted under our stock plans. This cost is expected to be recognized over a weighted-average period of 1.3 years. The total fair value of stock options that vested during fiscal 2015 was $22.7 million .

Restricted stock and RSUs are granted at a value equal to the market price of our common stock on the date of grant. Restrictions lapse with regard to restricted stock, and RSUs are settled in shares, at the end of their vesting periods, which is generally four years.

The following table presents a summary of our restricted stock and RSU activity as of and for the fiscal year ended May 31, 2015 :

	Shares (in millions)	Weighted-Average Grant Date Fair Value Per Share
Outstanding beginning of period	0.23	$39.04
Shares granted	0.04	54.20
Shares vested	(0.14)	33.57
Shares canceled	(0.03)	47.02
Outstanding end of period	0.10	$51.19

As of May 31, 2015 , there was $2.7 million of unrecognized compensation cost related to unvested restricted stock and RSUs granted under our stock plans. This cost is expected to be recognized over a weighted-average period of 2.4 years. The total fair value of restricted stock and RSUs that vested during fiscal 2015 , 2014 and 2013 was $4.8 million , $2.3 million and $5.5 million , respectively.

Darden stock units are granted at a value equal to the market price of our common stock on the date of grant and will be settled in cash at the end of their vesting periods, which range between four and five years, at the then market price of our common stock. Compensation expense is measured based on the market price of our common stock each period, is amortized over the vesting period and the vested portion is carried as a liability on our accompanying consolidated balance sheets. We also entered into equity forward contracts to hedge the risk of changes in future cash flows associated with the unvested, unrecognized Darden stock units granted (see Note 10 – Derivative Instruments and Hedging Activities for additional information).

The following table presents a summary of our Darden stock unit activity as of and for the fiscal year ended May 31, 2015 :

(All units settled in cash)	Units (in millions)	Weighted-Average Fair Value Per Unit
Outstanding beginning of period	2.14	$49.55
Units granted	0.43	45.54
Units vested	(0.44)	48.51
Units canceled	(0.76)	46.31
Outstanding end of period	1.37	$65.54

As of May 31, 2015 , our total Darden stock unit liability was $46.1 million , including $16.2 million recorded in other current liabilities and $29.9 million recorded in other liabilities on our consolidated balance sheets. As of May 25, 2014 , our total Darden stock unit liability was $57.3 million , including $32.8 million recorded in other current liabilities and $24.5 million recorded in other liabilities on our consolidated balance sheets.

Based on the value of our common stock as of May 31, 2015 , there was $34.0 million of unrecognized compensation cost related to Darden stock units granted under our incentive plans. This cost is expected to be recognized over a weighted-average period of 3.0 years. The total fair value of Darden stock units that vested during fiscal 2015 was $21.5 million .

The following table presents a summary of our performance stock unit activity as of and for the fiscal year ended May 31, 2015 :

(All units settled in cash)	Units (in millions)	Weighted-Average Fair Value Per Unit
Outstanding beginning of period	0.31	$49.55
Units granted	0.14	44.95
Units vested	(0.21)	48.35
Units canceled	(0.24)	47.86
Performance unit adjustment	0.38	49.26
Outstanding end of period	0.38	$65.54

As of May 31, 2015 , our total performance stock unit liability was $15.9 million , including $11.2 million recorded in other current liabilities and $4.7 million recorded in other liabilities on our consolidated balance sheets. As of May 25, 2014 , our total performance stock unit liability was $9.5 million , including $5.3 million recorded in other current liabilities and $4.2 million recorded in other liabilities on our consolidated balance sheets.

Performance stock units cliff vest three years from the date of grant, where 0.0 percent to 150.0 percent of the entire grant is earned or forfeited at the end of three years. The number of units that actually vests will be determined for each year based on the achievement of Company performance criteria set forth in the award agreement and may range from 0.0 percent to 150.0 percent of the annual target. All awards will be settled in cash. The awards are measured based on the market price of our common stock each period, are amortized over the service period and the vested portion is carried as a liability in our accompanying consolidated balance sheets. As of May 31, 2015 , there was $3.9 million of unrecognized compensation cost related to unvested performance stock units granted under our stock plans. This cost is expected to be recognized over a weighted-average period of 1.7 years. The total fair value of performance stock units that vested in fiscal 2015 was $10.2 million .

We maintain an Employee Stock Purchase Plan to provide eligible employees who have completed one year of service (excluding senior officers subject to Section 16(b) of the Securities Exchange Act of 1934, and certain other employees who are employed less than full time or own 5 percent or more of our capital stock or that of any subsidiary) an opportunity to invest up to $5.0 thousand per calendar quarter to purchase shares of our common stock, subject to certain limitations. Under the plan, up to an aggregate of 3.6 million shares are available for purchase by employees at a purchase price that is 85.0 percent of the fair market value of our common stock on either the first or last trading day of each calendar quarter, whichever is lower. Cash received from employees pursuant to the plan during fiscal 2015 , 2014 and 2013 was $5.2 million , $7.2 million and $7.3 million , respectively.

NOTE 19 - COMMITMENTS AND CONTINGENCIES

As collateral for performance on contracts and as credit guarantees to banks and insurers, we were contingently liable for guarantees of subsidiary obligations under standby letters of credit. At May 31, 2015 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. At May 31, 2015 and May 25, 2014 , we had $14.0 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.

At May 31, 2015 and May 25, 2014 , we had $147.7 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 these potential payments discounted at our weighted-average cost of capital at May 31, 2015 and May 25, 2014 , amounted to $113.4 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. These guarantees expire over their respective lease terms, which range from fiscal 2015 through fiscal 2021 .

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

NOTE 20 – SUBSEQUENT EVENT

On June 17, 2015 , the Board of Directors declared a cash dividend of $0.55 per share to be paid August 3, 2015 to all shareholders of record as of the close of business on July 10, 2015 .

On June 23, 2015, our Board of Directors announced approval of a strategic real estate plan to pursue transfer of approximately 430 of our owned restaurant properties into a real estate investment trust (REIT), with substantially all of the REIT's initial assets being leased back to Darden. We expect to complete the REIT transaction during fiscal 2016. The REIT supplements the previously announced sale-leaseback transactions of approximately 75 restaurant properties and our corporate headquarters that were listed during the fourth quarter of fiscal 2015. We expect to utilize the proceeds generated from these transactions to pay down our long-term debt. We have conducted substantial analysis of the feasibility of implementing a REIT transaction, however, a significant amount of work remains and there can be no assurance we will be able to successfully complete the transaction and establish a REIT.

NOTE 21 - QUARTERLY DATA (UNAUDITED)

The following table summarizes unaudited quarterly data for fiscal 2015 and fiscal 2014 :

	Fiscal 2015 - Quarters Ended				
(in millions, except per share data)	Aug. 24	Nov. 23	Feb. 22	May 31 (1)	Total (2)
Sales	$ 1,595.8	$ 1,559.0	$ 1,730.9	$ 1,878.3	$ 6,764.0
(Loss) earnings before income taxes	(43.7)	(54.6)	147.1	126.5	175.3
(Loss) earnings from continuing operations	(19.3)	(30.8)	128.4	118.1	196.4
(Loss) earnings from discontinued operations, net of tax	522.5	(2.0)	5.4	(12.8)	513.1
Net (loss) earnings	503.2	(32.8)	133.8	105.3	709.5
Basic net earnings per share:					
(Loss) earnings from continuing operations	(0.14)	(0.24)	1.03	0.94	1.54
(Loss) earnings from discontinued operations	3.95	(0.02)	0.04	(0.11)	4.02
Net (loss) earnings	3.81	(0.26)	1.07	0.83	5.56
Diluted net earnings per share:					
(Loss) earnings from continuing operations	(0.14)	(0.24)	1.01	0.92	1.51
(Loss) earnings from discontinued operations	3.95	(0.02)	0.04	(0.10)	3.96
Net (loss) earnings	3.81	(0.26)	1.05	0.82	5.47
Dividends paid per share	0.55	0.55	0.55	0.55	2.20
Stock price:					
High	51.21	56.85	62.65	70.38	70.38
Low	43.56	46.70	54.96	61.31	43.56

	Fiscal 2014 - Quarters Ended				
(in millions, except per share data)	Aug. 25	Nov. 24	Feb. 23	May 25	Total
Sales	$ 1,531.5	$ 1,485.6	$ 1,618.5	$ 1,650.1	$ 6,285.6
Earnings before income taxes	49.8	1.8	89.1	33.9	174.6
Earnings from continuing operations	42.2	6.0	86.6	48.4	183.2
Earnings from discontinued operations, net of tax	28.0	13.8	23.1	38.1	103.0
Net earnings	70.2	19.8	109.7	86.5	286.2
Basic net earnings per share:					
Earnings from continuing operations	0.32	0.05	0.66	0.37	1.40
Earnings from discontinued operations	0.22	0.10	0.18	0.29	0.78
Net earnings	0.54	0.15	0.84	0.66	2.18
Diluted net earnings per share:					
Earnings from continuing operations	0.32	0.05	0.65	0.36	1.38
Earnings from discontinued operations	0.21	0.10	0.17	0.29	0.77
Net earnings	0.53	0.15	0.82	0.65	2.15
Dividends paid per share	0.55	0.55	0.55	0.55	2.20
Stock price:					
High	55.25	53.99	54.89	52.50	55.25
Low	46.62	44.78	47.05	47.83	44.78

(1) The quarter ended May 31, 2015 consisted of 14 weeks while all other quarters consisted of 13 weeks.

(2) The year ended May 31, 2015 consisted of 53 weeks while the year ended May 25, 2014 consisted of 52 weeks.

Five-Year Financial Summary

Financial Review 2015

(Dollars in millions, except per share data)	Fiscal Year Ended May 31, 2015 (2)	May 25, 2014	May 26, 2013	May 27, 2012	May 29, 2011
Operating Results (1)					
Sales	$ 6,764.0	$ 6,285.6	$ 5,921.0	$ 5,327.1	$ 4,980.3
Costs and expenses:					
Food and beverage	2,085.1	1,892.2	1,743.6	1,553.7	1,393.4
Restaurant labor	2,135.6	2,017.6	1,892.6	1,683.6	1,600.6
Restaurant expenses	1,120.8	1,080.7	980.4	851.0	791.9
Marketing expenses	243.3	252.3	241.1	215.6	205.4
General and administrative	430.2	413.1	384.1	324.9	334.4
Depreciation and amortization	319.3	304.4	278.3	241.3	218.6
Impairments and disposal of assets, net	62.1	16.4	0.9	(0.2)	0.9
Total operating costs and expenses	$ 6,396.4	$ 5,976.7	$ 5,521.0	$ 4,869.9	$ 4,545.2
Operating Income	367.6	308.9	400.0	457.2	435.1
Interest, net	192.3	134.3	126.0	102.1	94.0
Earnings before income taxes	175.3	174.6	274.0	355.1	341.1
Income tax (benefit) expense	(21.1)	(8.6)	36.7	75.9	71.2
Earnings from continuing operations	$ 196.4	$ 183.2	$ 237.3	$ 279.2	$ 269.9
Earnings from discontinued operations, net of tax expense of $344.8, $32.3, $72.7, $84.9 and $96.2	513.1	103.0	174.6	196.3	206.4
Net earnings	$ 709.5	$ 286.2	$ 411.9	$ 475.5	$ 476.3
Basic net earnings per share:					
Earnings from continuing operations	$ 1.54	$ 1.40	$ 1.84	$ 2.15	$ 1.97
Earnings from discontinued operations	$ 4.02	$ 0.78	$ 1.35	$ 1.50	$ 1.51
Net earnings	$ 5.56	$ 2.18	$ 3.19	$ 3.65	$ 3.48
Diluted net earnings per share:					
Earnings from continuing operations	$ 1.51	$ 1.38	$ 1.80	$ 2.10	$ 1.92
Earnings from discontinued operations	$ 3.96	$ 0.77	$ 1.33	$ 1.47	$ 1.47
Net earnings	$ 5.47	$ 2.15	$ 3.13	$ 3.57	$ 3.39
Average number of common shares outstanding:					
Basic	127.7	131.0	129.0	130.1	136.8
Diluted	129.7	133.2	131.6	133.2	140.3
Financial Position					
Total assets	$ 5,994.7	$ 7,082.7	$ 6,917.3	$ 5,928.3	$ 5,454.1
Land, buildings and equipment, net	$ 3,215.8	$ 3,381.0	$ 4,391.1	$ 3,951.3	$ 3,622.0
Working capital (deficit)	$ (140.3)	$ 357.3	$ (652.0)	$ (1,017.2)	$ (623.3)
Long-term debt, less current portion	$ 1,452.3	$ 2,463.4	$ 2,476.6	$ 1,437.8	$ 1,394.8
Stockholders' equity	$ 2,333.5	$ 2,156.9	$ 2,059.5	$ 1,842.0	$ 1,936.2
Stockholders' equity per outstanding share	$ 18.42	$ 16.30	$ 15.81	$ 14.28	$ 14.38

Five-Year Financial Summary (continued)

(Dollars in millions, except per share data)	Fiscal Year Ended May 31, 2015 (2)	May 25, 2014	May 26, 2013	May 27, 2012	May 29, 2011
Other Statistics					
Cash flows from operations (1)	$ 874.3	$ 555.4	$ 594.4	$ 513.5	$ 591.3
Capital expenditures (1)	$ 296.5	$ 414.8	$ 510.1	$ 457.6	$ 397.7
Dividends paid	$ 278.9	$ 288.3	$ 258.2	$ 223.9	$ 175.5
Dividends paid per share	$ 2.20	$ 2.20	$ 2.00	$ 1.72	$ 1.28
Advertising expense (1)	$ 243.3	$ 252.3	$ 241.1	$ 215.6	$ 205.4
Stock price:					
High	$ 70.38	$ 55.25	$ 57.93	$ 55.84	$ 52.12
Low	$ 43.56	$ 44.78	$ 44.11	$ 40.69	$ 37.08
Close	$ 65.54	$ 49.55	$ 52.83	$ 53.06	$ 50.92
Number of employees	148,892	206,489	206,578	181,468	178,380
Number of restaurants (1)	1,534	1,501	1,431	1,289	1,196

(1) Consistent with our consolidated financial statements, information has been presented on a continuing operations basis. Accordingly, the activities related to Red Lobster, two closed company-owned synergy restaurants, Smokey Bones, Rocky River Grillhouse and the nine Bahama Breeze restaurants closed or sold in fiscal 2007 and 2008 have been excluded.

(2) Fiscal year 2015 consisted of 53 weeks while all other fiscal years consisted of 52 weeks.

EXHIBIT 21

SUBSIDIARIES OF DARDEN RESTAURANTS, INC.

As of May 31, 2015, we had seven "significant subsidiaries", as defined in Regulation S-X, Rule 1-02(w), identified as follows:

1. GMRI, Inc., a Florida corporation, doing business as Olive Garden, Bahama Breeze and Seasons 52.

2. RARE Hospitality International, Inc., a Georgia corporation, doing business as Olive Garden, LongHorn Steakhouse and The Capital Grille.

3. N and D Restaurants, Inc., a Florida corporation, doing business as Olive Garden, Bahama Breeze, Seasons 52, Eddie V's Prime Seafood and Wildfish Seafood Grille.

4. Darden SW, LLC, a Florida limited liability company, doing business as Olive Garden, Seasons 52, Eddie V's Prime Seafood and Wildfish Seafood Grille.

5. Florida SE, Inc., a Florida corporation, doing business as Olive Garden, LongHorn Steakhouse, Bahama Breeze, Seasons 52, Eddie V's Prime Seafood.

6. Yard House USA, Inc., a Delaware corporation, doing business as Yard House.

7. RARE Hospitality Management, Inc., a Delaware corporation, doing business as LongHorn Steakhouse and The Capital Grille. (a)

In addition, we also had the following subsidiaries:

8. Darden Corporation, a Florida corporation.

(a) One wholly-owned subsidiary operating in the same line of business in the United States has been omitted.

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Darden Restaurants, Inc.:

We consent to the incorporation by reference in the registration statements on Form S-3 (Nos. 333-191491 and 333-169789) and on Form S-8 (Nos. 333-191490, 333-178876, 333-57410, 333-91579, 333-105056, 333-124363, 333-122560, 333-148260, 333-146464, 333-156557 and 333-169788) of Darden Restaurants, Inc. of our reports dated July 24, 2015, with respect to the consolidated balance sheets of Darden Restaurants, Inc. and subsidiaries as of May 31, 2015 and May 25, 2014 , and the related consolidated statements of earnings, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended May 31, 2015 , and the effectiveness of internal control over financial reporting as of May 31, 2015 , which reports are included in the 2015 Annual Report to Shareholders included as an exhibit to the annual report on Form 10-K of Darden Restaurants, Inc.

/s/ KPMG LLP

Orlando, Florida
July 24, 2015
Certified Public Accountants

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that the undersigned constitutes and appoints Ricardo Cardenas, Anthony G. Morrow and Bruce A. Brown, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for and in his or her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K for the fiscal year ended May 31, 2015 and any and all amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully to all intents and purposes as might or could be done in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, this Power of Attorney has been signed effective as of the 17th day of June, 2015, by the following persons.

By: /s/ Betsy S. Atkins
Betsy S. Atkins

By: /s/ Margaret Shan Atkins
Margaret Shan Atkins

By: /s/ Jean M. Birch
Jean M. Birch

By: /s/ Bradley D. Blum
Bradley D. Blum

By: /s/ Peter A. Feld
Peter A. Feld

By: /s/ James P. Fogarty
James P. Fogarty

By: /s/ Cynthia T. Jamison
Cynthia T. Jamison

By: /s/ Eugene I. Lee, Jr.
Eugene I. Lee, Jr.

By: /s/ William H. Lenehan
William H. Lenehan

By: /s/ Lionel L. Nowell III
Lionel L. Nowell III

By: /s/ William S. Simon
William S. Simon

By: /s/ Jeffrey C. Smith
Jeffrey C. Smith

By: /s/ Charles M. Sonsteby
Charles M. Sonsteby

By: /s/ Alan N. Stillman
Alan N. Stillman

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 Annual Report on Form 10-K 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 this 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.

/s/ Eugene I. Lee, Jr.

Eugene I. Lee, Jr.
President and Chief Executive Officer
(Principal executive officer)
July 24, 2015

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 Annual Report on Form 10-K 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 this 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.

/s/ C. Bradford Richmond

C. Bradford Richmond
Senior Vice President, Finance Transition
(Principal financial officer)
July 24, 2015

EXHIBIT 32(a)

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

In connection with the Annual Report of Darden Restaurants, Inc. (“Company”) on Form 10-K for the year ended May 31, 2015 , as filed with the Securities and Exchange Commission (“Report”), I, Eugene I. Lee, Jr., President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Eugene I. Lee, Jr.

Eugene I. Lee, Jr.
President and Chief Executive Officer
(Principal executive officer)
July 24, 2015

EXHIBIT 32(b)

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

In connection with the Annual Report of Darden Restaurants, Inc. (“Company”) on Form 10-K for the year ended May 31, 2015 , as filed with the Securities and Exchange Commission (“Report”), I, C. Bradford Richmond, Senior Vice President, Finance Transition 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.

/s/ C. Bradford Richmond

C. Bradford Richmond
Senior Vice President, Finance Transition
(Principal financial officer)
July 24, 2015