

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT**

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

**Date of Report: December 15, 2020
(Date of earliest event reported)**

DARDEN RESTAURANTS, INC.

(Exact name of registrant as specified in its charter)

Commission File Number: 1-13666

Florida
(State or other jurisdiction of incorporation)

59-3305930
(IRS Employer Identification No.)

1000 Darden Center Drive, Orlando, Florida 32837
(Address of principal executive offices, including zip code)

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act (17 CFR 230.405) or Rule 12b-2 of the Exchange Act (17 CFR 240.12b-2).

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On December 18, 2020, Darden Restaurants, Inc. (the Company) issued a news release entitled “Darden Restaurants Reports Fiscal 2021 Second Quarter Results; Announces Quarterly Dividend; And Provides Fiscal 2021 Third Quarter Outlook,” a copy of which is furnished as Exhibit 99.1 to this Current Report on Form 8-K. In addition, the slide presentation accompanying the Company’s conference call will be posted on the Company’s website.

As provided in General Instruction B.2 of Form 8-K, the information in this Item 2.02 in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of that section. The information in this Item 2.02 of this Current Report on Form 8-K shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended (the Securities Act), except as expressly set forth by specific reference in such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Certain Officers

On December 15, 2020, the Board of Directors (the Board) of the Company made the following executive appointments, effective January 4, 2021:

- Eugene I. Lee, Jr., previously the Company’s President and Chief Executive Officer, was appointed Chairman and Chief Executive Officer.
- Ricardo Cardenas, previously the Company’s Senior Vice President, Chief Financial Officer, was appointed President and Chief Operating Officer.

Mr. Cardenas, age 52, had been our Senior Vice President, Chief Financial Officer since 2016. He was Senior Vice President, Chief Strategy Officer of the Company from 2015 to 2016, prior to which he served as Senior Vice President, Finance, Strategy and Technology from 2014 to 2015. He was Executive Vice President of Operations for LongHorn Steakhouse from 2013 to 2014 and Senior Vice President of Operations for LongHorn Steakhouse’s Philadelphia Division from 2012 to 2013. He served as Senior Vice President of Finance for Red Lobster, which the Company previously owned, from 2010 to 2012. Mr. Cardenas originally joined the Company in 1984 as an hourly employee and served in various positions of increasing responsibility, including Vice President of Finance for Olive Garden, prior to the positions described above.

As previously disclosed, on April 23, 2020, the Company completed a public underwritten offering of 9,000,000 shares of the Company’s common stock. Mr. Cardenas purchased \$175,000 in purchase price of the Company’s shares from the underwriters at the same price as the public, \$58.50 per share. The pricing and certain other terms of the offering were approved by an Equity Pricing Committee created by the Board for the offering and comprised of only disinterested directors who did not have or intend to have a financial interest in the offering and were determined by the Board to be “qualified directors” under the Florida Business Corporation Act.

- Rajesh Vennam was appointed Senior Vice President, Chief Financial Officer and Treasurer.

Mr. Vennam, age 46, had been our Senior Vice President, Corporate Finance and Treasurer since September 2020, prior to which he was Senior Vice President, Finance and Analytics since 2016. From 2014 to 2016, he served as Vice President, Financial Planning and Analysis and Investor Relations for The Fresh Market, Inc., a specialty grocery retailer which during the period of Mr. Vennam’s service was publicly traded. From 2013 to 2014, Mr. Vennam served in a variety of roles at Red Lobster, ultimately serving as Senior Vice President of Financial Planning and Analysis and Treasury of Red Lobster Hospitality, LLC, the entity to which the Company sold its Red Lobster restaurants in 2014. From 2010 through 2013, he served as Director of Financial Planning and Analysis for LongHorn Steakhouse. Mr. Vennam joined the Company in 2003 and served in a variety of positions of increasing responsibility, including as a Manager of Treasury, prior to the positions described above.

Additional information about these appointments is included in the Company’s news release dated December 18, 2020 entitled “Darden Board of Directors Elects CEO Eugene I. Lee, Jr. as Chair; Darden Names Ricardo Cardenas as President and

Chief Operating Officer; Rajesh Vennam Named Chief Financial Officer,” a copy of which is filed as Exhibit 99.2 to this Current Report on Form 8-K and incorporated herein by reference.

Compensation Arrangements for President and Chief Operating Officer

On December 15, 2020, in connection with his appointment as President and Chief Operating Officer described above, the Compensation Committee of the Board approved new compensation arrangements for Mr. Cardenas effective January 4, 2021. Mr. Cardenas’ base salary will be \$775,000. Mr. Cardenas’ target annual bonus under the Company’s annual cash incentive program will be unchanged at 100% of his annual base salary. Mr. Cardenas’ target annual equity grant under the Company’s long-term incentive program will have an aggregate value of \$1,750,000.

Compensation Arrangements for Senior Vice President, Chief Financial Officer and Treasurer

On December 15, 2020, in connection with his appointment as Senior Vice President, Chief Financial Officer and Treasurer described above, the Compensation Committee of the Board approved new compensation arrangements for Mr. Vennam effective January 4, 2021. Mr. Vennam’s base salary will be \$500,000. Mr. Vennam’s target annual bonus under the Company’s annual cash incentive program will be 75% of his annual base salary. Mr. Vennam’s target annual equity grant under the Company’s long-term incentive program will have an aggregate value of \$750,000.

Fiscal 2021 Annual Incentive Plan

As previously disclosed, on June 23, 2020, the Compensation Committee of the Board approved a methodology for the annual incentive plan for the fiscal year ended May 30, 2021 for each of our named executive officers except for our Chief Executive Officer (CEO). On June 24, 2020, the Board approved the same methodology for the fiscal 2021 annual incentive plan for our CEO. In light of the continued uncertainty at that time surrounding the timing of and conditions under which our restaurants would be able to fully re-open, the Compensation Committee deferred the final determination of financial performance measures and other performance criteria to be used in the fiscal 2021 annual incentive plan to a later date. On August 25, 2020, the Company adopted the Darden Restaurants, Inc. Annual Incentive Plan (AIP) document effective as of June 1, 2020 and set forth the performance objectives for incentive awards with respect to fiscal 2021, subject to rules as to how the Compensation Committee would measure performance with respect to one or more of those performance objectives.

On December 15, 2020, the Compensation Committee established rules to measure fiscal 2021 performance results for the annual incentive plan for each of our named executive officers except for our CEO. The Compensation Committee determined that performance for the second half of the fiscal year will be determined using a single performance measure, Adjusted Diluted Net Earnings Per Share (Adjusted EPS), and established threshold, target and maximum performance goals for Adjusted EPS. The performance results for the second half of the year may be adjusted up or down by no more than 20% of target amount based on performance results with respect to the first half of fiscal 2021 as determined by the Compensation Committee based on the subjective performance criteria established in the AIP document for fiscal 2021. Pursuant to the Board’s previous action on June 24, 2020, these same rules for measuring fiscal 2021 performance results apply with respect to our CEO.

As previously disclosed, this methodology will result in any payouts under the fiscal 2021 annual incentive plan continuing to be based on financial results against pre-determined goals, but with (a) those goals being set now that there is more visibility into performance expectations and (b) the ability to modify payouts based on an assessment of management’s performance in the first half of fiscal 2021 positioning the Company for success in the second half of the fiscal year and in the long-term.

Item 8.01 Other Events.

On December 15, 2020, the Board elected Eugene I. Lee, Jr., the Chief Executive Officer of the Company, to also serve as Chairman of the Board, effective January 4, 2021. In addition, the independent directors of the Board elected Charles M. Sonstebly, previously the Chairman of the Board, to serve as the Company’s Lead Independent Director, also effective January 4, 2021. Additional information about these appointments is included in the Company’s news release dated December 18, 2020 entitled “Darden Board of Directors Elects CEO Eugene I. Lee, Jr. as Chair; Darden Names Ricardo Cardenas as President and Chief Operating Officer; Rajesh Vennam Named Chief Financial Officer,” a copy of which is filed as Exhibit 99.2 to this Current Report on Form 8-K and incorporated herein by reference.

The Board concluded that it is in the best interests of the Company to combine the roles of Chairman and CEO in order to drive the most efficient execution of its long-term strategy at a time of unprecedented change in the restaurant industry. The

Board recognizes the importance of strong independent leadership on the Board and believes that as the Lead Independent Director, Mr. Sonstebly will continue to provide strong leadership and oversight to the Company. The Board also approved amendments to the Company's Corporate Governance Guidelines to define the duties and responsibilities of the Lead Independent Director. The Corporate Governance Guidelines, as amended, are available at www.darden.com under Investor Relations – Corporate Governance.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description of Exhibit
99.1	<u>News release dated December 18, 2020 entitled "Darden Restaurants Reports Fiscal 2021 Second Quarter Results; Announces Quarterly Dividend; And Provides Fiscal 2021 Third Quarter Outlook."</u>
99.2	<u>News release dated December 18, 2020 entitled "Darden Board of Directors Elects CEO Eugene I. Lee, Jr. as Chair; Darden Names Ricardo Cardenas as President and Chief Operating Officer; Rajesh Vennam Named Chief Financial Officer."</u>

SIGNATURES

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

DARDEN RESTAURANTS, INC.

By: /s/ Ricardo Cardenas

Ricardo Cardenas

Senior Vice President and Chief Financial Officer

Date: December 18, 2020



**Darden Restaurants Reports Fiscal 2021 Second Quarter Results;
Announces Quarterly Dividend;
And Provides Fiscal 2021 Third Quarter Outlook**

ORLANDO, Fla., December 18, 2020 /PRNewswire/ -- Darden Restaurants, Inc., (NYSE:DRI) today reported its financial results for the second quarter ended November 29, 2020.

Second Quarter 2021 Financial Highlights, Comparisons to Second Quarter Last Year

- Total sales of \$1.66 billion, a decrease of 19.4% driven by negative blended same-restaurant sales of 20.6% and partially offset by the addition of 19 net new restaurants
- Same-restaurant sales by segment (Thanksgiving Day shifted to the last week of our second fiscal quarter this year from the first week of our third fiscal quarter last year):

(19.9)% for Olive Garden	(31.0)% for Fine Dining
(11.1)% for LongHorn Steakhouse	(28.6)% for Other Business
- Reported diluted net earnings per share from continuing operations were \$0.74 as compared to last year's reported diluted net earnings per share of \$0.21 and last year's adjusted diluted net earnings per share of \$1.12*
- Reported net earnings from continuing operations of \$97 million
- EBITDA of \$206 million*

* See the "Non-GAAP Information" below for more details

"I was pleased with our ability to once again deliver strong profitability in an unpredictable sales environment," said CEO Gene Lee. "Our restaurant teams continue to demonstrate remarkable flexibility and resilience, while executing at a high level and serving our guests safely. We continue to view this environment as a rare opportunity to meaningfully transform our business for long-term growth. Our brands made additional strides to invest in and strengthen their businesses to ensure they emerge even stronger and better positioned to grow share."

Segment Performance

Segment profit represents sales, less costs for food and beverage, restaurant labor, restaurant expenses and marketing expenses. Segment profit excludes non-cash real estate related expenses.

(\$ in millions)	Q2 Sales			Q2 Segment Profit		
	2021	2020	% Change	2021	2020	% Change
Consolidated Darden	\$1,656.5	\$2,056.4	(19.4)%			
Olive Garden	\$829.5	\$1,023.6	(19.0)%	\$175.1	\$190.3	(8.0)%
LongHorn Steakhouse	\$407.4	\$447.3	(8.9)%	\$66.3	\$71.9	(7.8)%
Fine Dining	\$108.1	\$154.8	(30.2)%	\$20.3	\$30.4	(33.2)%
Other Business	\$311.5	\$430.7	(27.7)%	\$39.3	\$47.7	(17.6)%
(\$ in millions)	YTD Sales			YTD Segment Profit		
	2021	2020	% Change	2021	2020	% Change
Consolidated Darden	\$3,183.9	\$4,190.3	(24.0)%			
Olive Garden	\$1,617.7	\$2,113.8	(23.5)%	\$348.9	\$419.2	(16.8)%
LongHorn Steakhouse	\$784.1	\$897.5	(12.6)%	\$123.3	\$146.4	(15.8)%
Fine Dining	\$191.2	\$291.1	(34.3)%	\$30.2	\$50.7	(40.4)%
Other Business	\$590.9	\$887.9	(33.4)%	\$75.0	\$112.1	(33.1)%

Business Update

Comparable calendar* same-restaurant sales performance for Darden, Olive Garden and LongHorn Steakhouse for the weeks listed below are as follows:

<u>Weeks Ended</u>	<u>11/8/20</u>	<u>11/15/20</u>	<u>11/22/20</u>	<u>11/29/20</u>	<u>12/6/20</u>	<u>12/13/20</u>
Darden	(23.4) %	(23.3) %	(29.1) %	(34.0) %	(33.4) %	(36.9) %
Olive Garden	(21.9) %	(22.5) %	(27.3) %	(34.9) %	(31.1) %	(32.6) %
LongHorn Steakhouse	(12.0) %	(12.1) %	(18.5) %	(22.9) %	(19.5) %	(23.3) %

* Comparable calendar reflects same-restaurant growth for the weeks ended November 8, 2020 through December 13, 2020 compared to weeks ended November 10, 2019 through December 15, 2019

Percentage of restaurants open with at least limited dining room capacity for the entire week:

<u>Weeks Ended</u>	<u>11/8/20</u>	<u>11/15/20</u>	<u>11/22/20</u>	<u>11/29/20</u>	<u>12/6/20</u>	<u>12/13/20</u>
Darden	92.0 %	91.7 %	80.9 %	79.7 %	79.7 %	75.4 %

Sales for Olive Garden and LongHorn Steakhouse restaurants open with at least limited dining room capacity for the entire week, including To Go sales, for the weeks ended November 8, 2020 through December 13, 2020, are as follows:

<u>Weeks Ended</u>	<u>11/8/20</u>	<u>11/15/20</u>	<u>11/22/20</u>	<u>11/29/20</u>	<u>12/6/20</u>	<u>12/13/20</u>
Olive Garden						
Total Sales per Restaurant	\$75,492	\$77,098	\$71,495	\$59,282	\$75,851	\$80,740
To Go Sales as % of Total	34.4 %	34.8 %	36.4 %	34.0 %	36.6 %	36.8 %
Comparable Calendar* Same-Restaurant Sales %	(19.1) %	(19.7) %	(19.8) %	(25.6) %	(21.8) %	(23.3) %
# of Restaurants	792	789	668	652	648	612
LongHorn Steakhouse						
Total Sales per Restaurant	\$62,447	\$63,179	\$58,541	\$46,544	\$60,195	\$63,448
To Go Sales as % of Total	21.8 %	22.1 %	23.6 %	21.5 %	23.6 %	23.5 %
Comparable Calendar* Same-Restaurant Sales %	(10.5) %	(10.6) %	(15.3) %	(18.2) %	(14.7) %	(17.4) %
# of Restaurants	498	498	470	468	467	436

* Comparable calendar reflects same-restaurant growth for the weeks ended November 8, 2020 through December 13, 2020 compared to weeks ended November 10, 2019 through December 15, 2019

Dividend Declared

Darden's Board of Directors declared a quarterly cash dividend of \$0.37 per share on the Company's outstanding common stock. The dividend is payable on February 1, 2021 to shareholders of record at the close of business on January 8, 2021.

Fiscal 2021 Third Quarter Financial Outlook

Based on recent performance trends, uncertainty surrounding further capacity limits and dining room closures, and the duration of these impacts we are providing a broad range of expectations for third quarter performance.

- Total sales between 65% to 70% of prior year
- EBITDA of \$170 to \$210 million*
- Diluted net earnings per share from continuing operations of \$0.50 to \$0.75
- Approximately 132 million weighted average diluted shares outstanding

*See the "Non-GAAP Information" below for more details

The Company is reiterating its full year outlook for 35-40 net new restaurants and total capital spending of \$250 to \$300 million.

Investor Conference Call

The Company will host a conference call and slide presentation on Friday, December 18 at 8:30 am ET to review its recent financial performance. To listen to the call live, please go to <https://www.webcaster4.com/Webcast/>

[Page/1007/38874](#) at least fifteen minutes early to register, download, and install any necessary audio software. Prior to the call, a slide presentation will be posted on the Investor Relations section of our website at: www.darden.com. For those who cannot access the Internet, please dial **1-833-470-0145** and enter passcode 6365427. For those who cannot listen to the live broadcast, a replay will be available shortly after the call.

About Darden

Darden is a restaurant company featuring a portfolio of differentiated brands that include Olive Garden, LongHorn Steakhouse, Cheddar's Scratch Kitchen, Yard House, The Capital Grille, Seasons 52, Bahama Breeze and Eddie V's. For more information, please visit www.darden.com.

Information About Forward-Looking Statements

Forward-looking statements in this communication regarding our expected earnings performance and all other statements that are not historical facts, including without limitation statements concerning our future economic performance, are made under the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Any forward-looking statements speak only as of the date on which such statements are first made, and we undertake no obligation to update such statements to reflect events or circumstances arising after such date. We wish to caution investors not to place undue reliance on any such forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to materially differ from those anticipated in the statements. The most significant of these uncertainties are described in Darden's Form 10-K, Form 10-Q and Form 8-K reports. These risks and uncertainties include the impacts of the novel coronavirus (COVID-19) pandemic on our business and the response of governments and of our Company to the outbreak, health concerns including food-related pandemics or outbreaks of flu or other viruses, technology failures including failure to maintain a secure cyber network, food safety and food-borne illness concerns, the inability to hire, train, reward and retain restaurant team members, a failure to develop and recruit effective leaders, risks relating to public policy changes and federal, state and local regulation of our business, litigation, unfavorable publicity, an inability or failure to manage the accelerated impact of social media, long-term and non-cancelable property leases, labor and insurance costs, failure to execute a business continuity plan following a disaster, intense competition, changing consumer preferences, failure to drive profitable sales growth, a lack of availability of suitable locations for new restaurants, higher-than-anticipated costs to open, close, relocate or remodel restaurants, a failure to execute innovative marketing tactics, a failure to address cost pressures, shortages or interruptions in the delivery of food and other products and services, adverse weather conditions and natural disasters, volatility in the market value of derivatives, volatility leading to the inability to hedge equity compensation market exposure, economic factors specific to the restaurant industry and general macroeconomic factors including interest rates, disruptions in the financial markets, risks of doing business with franchisees, licensees and vendors in foreign markets, failure to protect our intellectual property, impairment in the carrying value of our goodwill or other intangible assets, failure of our internal controls over financial reporting and other factors and uncertainties discussed from time to time in reports filed by Darden with the Securities and Exchange Commission.

Non-GAAP Information

The information in this press release includes financial information determined by methods other than in accordance with U.S. generally accepted accounting principles ("GAAP"), such as adjusted diluted net earnings per share from continuing operations and EBITDA. The Company's management uses these non-GAAP measures in its analysis of the Company's performance. The Company believes that the presentation of certain non-GAAP measures provides useful supplemental information that is essential to a proper understanding of the operating results of the Company's businesses. These non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Reconciliations of these non-GAAP measures are included in this release.

(Analysts) Kevin Kalicak, (407) 245-5870; (Media) Justin Sikora, (407) 245-5219

Fiscal Q2 Reported to Adjusted Earnings Reconciliation

Q2 2020

\$ in millions, except EPS	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Diluted Net Earnings Per Share
Reported Earnings from Continuing Operations	\$(6.2)	\$(31.6)	\$25.4	\$0.21
Adjustments:				
Pension settlement charge ¹	147.1	36.2	110.9	0.90
International structure simplification	6.2	4.1	2.1	0.01
Adjusted Earnings from Continuing Operations	\$147.1	\$8.7	\$138.4	\$1.12

¹In November of fiscal 2020, we settled our benefit obligation to participants in our primary noncontributory defined benefit pension plan as part of our termination of that plan, resulting in a settlement charge.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Reconciliation

\$ in millions	Q2 2021
Reported Earnings from Continuing Operations	\$96.9
Interest	14.6
Income Tax Expense	8.8
Depreciation and Amortization	86.0
EBITDA	\$206.3

Fiscal 2021 Third Quarter EBITDA Outlook Reconciliation

\$ in millions			
Net Earnings	\$66	to	\$99
Interest, net	15		15
Income tax expense	1		8
Depreciation and amortization	88		88
EBITDA	\$170	to	\$210

DARDEN RESTAURANTS, INC.
NUMBER OF COMPANY-OWNED RESTAURANTS

	11/29/20	11/24/19
Olive Garden	874	867
LongHorn Steakhouse	527	518
Cheddar's Scratch Kitchen	168	166
Yard House	81	79
The Capital Grille ¹	60	59
Seasons 52	43	45
Bahama Breeze	41	42
Eddie V's	24	23
Darden Continuing Operations	1,818	1,799

¹Includes two The Capital Burger restaurants in fiscal 2021 and one in fiscal 2020.

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

	Three Months Ended		Six Months Ended	
	11/29/2020	11/24/2019	11/29/2020	11/24/2019
Sales	\$ 1,656.5	\$ 2,056.4	\$ 3,183.9	\$ 4,190.3
Costs and expenses:				
Food and beverage	475.1	583.0	909.6	1,186.3
Restaurant labor	535.5	692.3	1,036.2	1,396.1
Restaurant expenses	330.5	375.6	621.4	748.0
Marketing expenses	18.8	66.3	47.6	135.0
General and administrative expenses	89.9	91.4	218.2	189.4
Depreciation and amortization	86.0	87.6	173.6	173.8
Total operating costs and expenses	<u>\$ 1,535.8</u>	<u>\$ 1,896.2</u>	<u>\$ 3,006.6</u>	<u>\$ 3,828.6</u>
Operating income	120.7	160.2	177.3	361.7
Interest, net	14.6	13.1	31.2	24.2
Other (income) expense, net	0.4	153.3	7.9	153.3
Earnings before income taxes	105.7	(6.2)	138.2	184.2
Income tax expense (benefit)	8.8	(31.6)	4.0	(13.0)
Earnings from continuing operations	<u>\$ 96.9</u>	<u>\$ 25.4</u>	<u>\$ 134.2</u>	<u>\$ 197.2</u>
Losses from discontinued operations, net of tax benefit of \$0.7, \$0.7, \$1.6 and \$0.9 respectively	(0.9)	(0.7)	(2.1)	(1.9)
Net earnings	<u><u>\$ 96.0</u></u>	<u><u>\$ 24.7</u></u>	<u><u>\$ 132.1</u></u>	<u><u>\$ 195.3</u></u>
Basic net earnings per share:				
Earnings from continuing operations	\$ 0.74	\$ 0.21	\$ 1.03	\$ 1.61
Losses from discontinued operations	—	(0.01)	(0.01)	(0.02)
Net earnings	<u>\$ 0.74</u>	<u>\$ 0.20</u>	<u>\$ 1.02</u>	<u>\$ 1.59</u>
Diluted net earnings per share:				
Earnings from continuing operations	\$ 0.74	\$ 0.21	\$ 1.02	\$ 1.59
Losses from discontinued operations	(0.01)	(0.01)	(0.01)	(0.02)
Net earnings	<u>\$ 0.73</u>	<u>\$ 0.20</u>	<u>\$ 1.01</u>	<u>\$ 1.57</u>
Average number of common shares outstanding:				
Basic	130.3	122.2	130.1	122.5
Diluted	131.5	123.7	131.2	124.1

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

	11/29/2020 (Unaudited)	5/31/2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 777.3	\$ 763.3
Receivables, net	46.2	49.8
Inventories	203.0	206.9
Prepaid income taxes	21.8	18.4
Prepaid expenses and other current assets	61.4	63.0
Total current assets	\$ 1,109.7	\$ 1,101.4
Land, buildings and equipment, net	2,776.0	2,756.9
Operating lease right-of-use assets	3,909.8	3,969.2
Goodwill	1,037.4	1,037.4
Trademarks	806.3	805.9
Other assets	288.4	275.3
Total assets	\$ 9,927.6	\$ 9,946.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 235.6	\$ 249.4
Short-term debt	—	270.0
Accrued payroll	130.0	150.0
Accrued income taxes	6.1	6.2
Other accrued taxes	47.6	43.4
Unearned revenues	439.9	467.9
Other current liabilities	686.9	605.9
Total current liabilities	\$ 1,546.1	\$ 1,792.8
Long-term debt	929.4	928.8
Deferred income taxes	45.1	56.1
Operating lease liability - non-current	4,222.8	4,276.3
Other liabilities	729.1	560.9
Total liabilities	\$ 7,472.5	\$ 7,614.9
Stockholders' equity:		
Common stock and surplus	\$ 2,239.0	\$ 2,205.3
Retained earnings	223.2	143.5
Accumulated other comprehensive income (loss)	(7.1)	(17.6)
Total stockholders' equity	\$ 2,455.1	\$ 2,331.2
Total liabilities and stockholders' equity	\$ 9,927.6	\$ 9,946.1

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

	Six Months Ended	
	11/29/2020	11/24/2019
Cash flows—operating activities		
Net earnings	\$ 132.1	\$ 195.3
Losses from discontinued operations, net of tax	2.1	1.9
Adjustments to reconcile net earnings from continuing operations to cash flows:		
Depreciation and amortization	173.6	173.8
Stock-based compensation expense	41.4	28.0
Pension settlement charge	—	147.1
Change in current assets and liabilities and other, net	79.4	(103.0)
Net cash provided by operating activities of continuing operations	<u>\$ 428.6</u>	<u>\$ 443.1</u>
Cash flows—investing activities		
Purchases of land, buildings and equipment	(108.2)	(256.5)
Proceeds from disposal of land, buildings and equipment	5.4	4.3
Cash used in business acquisitions, net of cash acquired	—	(37.0)
Purchases of capitalized software and changes in other assets, net	(6.9)	(20.5)
Net cash used in investing activities of continuing operations	<u>\$ (109.7)</u>	<u>\$ (309.7)</u>
Cash flows—financing activities		
Proceeds from issuance of common stock	10.4	14.8
Dividends paid	(39.1)	(215.7)
Repurchases of common stock	(6.8)	(230.9)
Repayments of short-term debt	(270.0)	—
Principal payments on finance leases	(2.9)	(2.5)
Other, net	—	0.5
Net cash used in financing activities of continuing operations	<u>\$ (308.4)</u>	<u>\$ (433.8)</u>
Cash flows—discontinued operations		
Net cash provided by operating activities of discontinued operations	3.5	0.4
Net cash provided by discontinued operations	<u>\$ 3.5</u>	<u>\$ 0.4</u>
Increase (decrease) in cash and cash equivalents	14.0	(300.0)
Cash and cash equivalents - beginning of period	763.3	457.3
Cash and cash equivalents - end of period	<u>\$ 777.3</u>	<u>\$ 157.3</u>



**Darden Board of Directors Elects CEO Eugene I. Lee, Jr. as Chair;
Darden Names Ricardo Cardenas as President and Chief Operating Officer;
Rajesh Vennam Named Chief Financial Officer**

ORLANDO, Fla., December 18, 2020 /PR Newswire/ -- The Darden Restaurants, Inc. (NYSE:DRI) Board of Directors has elected Chief Executive Officer Eugene (Gene) I. Lee, Jr. as Chairman of the Board, succeeding Charles (Chuck) M. Sonsteby, effective January 4, 2021. Mr. Sonsteby will become the Board's Lead Independent Director.

"At a time of unprecedented change in our industry, the Board concluded that it is in the best interests of the Company to combine the roles of Chairman and CEO in order to drive the most efficient execution of its long-term strategy," said Sonsteby. "Gene is an extraordinary leader with a passion for our business and team members resulting from decades of restaurant operating experience and successful executive leadership. He has delivered significant value for shareholders and we believe this is the right time for him to assume this role."

Mr. Lee became chief executive officer and a member of the board of directors in 2015.

"I am honored to serve as the Chairman of the Board of Directors. I want to thank Chuck for his leadership and mentorship as Chairman. Strong independent leadership on the Board is important and I am confident that as the Lead Independent Director, Chuck will continue to provide strong leadership and oversight to Darden," said Mr. Lee.

Additionally, Ricardo (Rick) Cardenas has been named President and Chief Operating Officer. Mr. Cardenas has served as Darden's Chief Financial Officer since 2016.

Prior to being named CFO, Mr. Cardenas served as Senior Vice President and Chief Strategy Officer. He began his career with Darden as an hourly employee in 1984, before joining the restaurant support center team in 1992 as an Auditor. From there he held increasingly more responsible positions including Director of Corporate Development, Director of Finance and Technology for Seasons 52, Vice President of Finance and Assistant Controller for Olive Garden, Senior Vice President of Finance and Controller for LongHorn Steakhouse, Senior Vice President of Finance and Controller for Red Lobster, and Executive Vice President of Operations for LongHorn Steakhouse.

Finally, the Company has named Rajesh (Raj) Vennam to the role of Chief Financial Officer. Mr. Vennam began his career at Darden in 2003 as a Sr. Business Analyst for Market Development. He went on to work as a Sr. Financial Analyst in Investment Analysis, Olive Garden Marketing Analysis, and Treasury; and eventually as a Manager of Treasury prior to being promoted to Director of Financial Planning & Analysis for LongHorn in 2010. In 2013, Mr. Vennam joined Red Lobster as a Sr. Director and progressed to Senior Vice President of Financial Planning & Analysis and Treasury. He returned to Darden in 2016 as Senior Vice President, Finance & Analytics, assuming additional responsibilities as Treasurer in 2020.

"The organizational changes announced today reflect our intention to provide Rick and Raj a diversity of experience while creating growth opportunities for them. Rick has been a strong partner over the past

five years and this role will provide him the opportunity to oversee new areas of the business while broadening his influence across Darden,” said Lee.

Lee continued, “Raj has done an exceptional job in his current role at Darden. His promotion to CFO recognizes his significant contributions and will allow him to broaden his responsibilities while assuming a more strategic role across Darden.”

These organizational changes will take effect on January 4, 2021.

About Darden

Darden is a restaurant company featuring a portfolio of differentiated brands that include Olive Garden, LongHorn Steakhouse, Cheddar's Scratch Kitchen, Yard House, The Capital Grille, Seasons 52, Bahama Breeze and Eddie V's. For more information, please visit www.darden.com.

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