



Strategic Action Plan to Enhance Shareholder Value

SPRING 2014



Forward-Looking Statement

During the course of this presentation, Darden Restaurants' officers and employees may make forward-looking statements concerning the Company's expectations, goals or objectives. Forward-looking statements regarding our expected earnings per share and U.S. same-restaurant sales for the fiscal year, new restaurant growth and all other statements that are not historical facts, including without limitation statements concerning our future economic performance, plans or objectives, 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 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 (including all amendments to those reports). These risks and uncertainties include the ability to achieve the strategic plan to enhance shareholder value including the separation of Red Lobster, the high costs in connection with a spin-off which may not be recouped if the spin-off is not consummated, food safety and food-borne illness concerns, litigation, unfavorable publicity, risks relating to public policy changes and federal, state and local regulation of our business including health care reform, labor and insurance costs, technology failures, failure to execute a business continuity plan following a disaster, health concerns including virus outbreaks, intense competition, failure to drive sales growth, failure to successfully integrate the Yard House business and the additional indebtedness incurred to finance the Yard House acquisition, our plans to expand our smaller brands Bahama Breeze, Seasons 52 and Eddie V's, a lack of suitable new restaurant locations, higher-than-anticipated costs to open, close, relocate or remodel restaurants, a failure to execute innovative marketing tactics and increased advertising and marketing costs, a failure to develop and recruit effective leaders, a failure to address cost pressures, shortages or interruptions in the delivery of food and other products, adverse weather conditions and natural disasters, volatility in the market value of derivatives, economic factors specific to the restaurant industry and general macroeconomic factors including unemployment and interest rates, disruptions in the financial markets, risks of doing business with franchisees and vendors in foreign markets, failure to protect our service marks or other intellectual property, impairment in the carrying value of our goodwill or other intangible assets, a failure of our internal controls over financial reporting, or changes in accounting standards, an inability or failure to manage the accelerated impact of social media and other factors and uncertainties discussed from time to time in reports filed by Darden with the Securities and Exchange Commission.

Important Additional Information

The Company, its directors and certain of its executive officers are participants in solicitations of Company stockholders. Information regarding the names of the Company's directors and executive officers and their respective interests in the Company by security holdings or otherwise is set forth in the Company's proxy statement for its 2013 annual meeting of stockholders, filed with the SEC on August 6, 2013. Additional information can be found in the Company's Annual Report on Form 10-K for the year ended May 26, 2013, filed with the SEC on July 19, 2013 and its Quarterly Reports on Form 10-Q for the first two quarters of the fiscal year ended May 25, 2014 filed on September 30, 2013 and January 2, 2014, respectively. To the extent holdings of the Company's securities have changed since the amounts printed in the proxy statement for the 2013 annual meeting of stockholders, such changes have been reflected on Initial Statements of Beneficial Ownership on Form 3 or Statements of Change in Ownership on Form 4 filed with the SEC. These documents are available free of charge at the SEC's website at www.sec.gov.

STOCKHOLDERS ARE ENCOURAGED TO READ ANY COMPANY SOLICITATION STATEMENT (INCLUDING ANY SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT THE COMPANY MAY FILE WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Stockholders will be able to obtain, free of charge, copies of any solicitation statement and any other documents filed by the Company with the SEC at the SEC's website at www.sec.gov. In addition, copies will also be available at no charge at the Investors section of the Company's website at <http://investor.darden.com/investors/investor-relations/default.aspx>.

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I. Darden Overview and Priorities for Value Creation

We Are a Premier Full Service Restaurant Company

PREMIER BRANDS



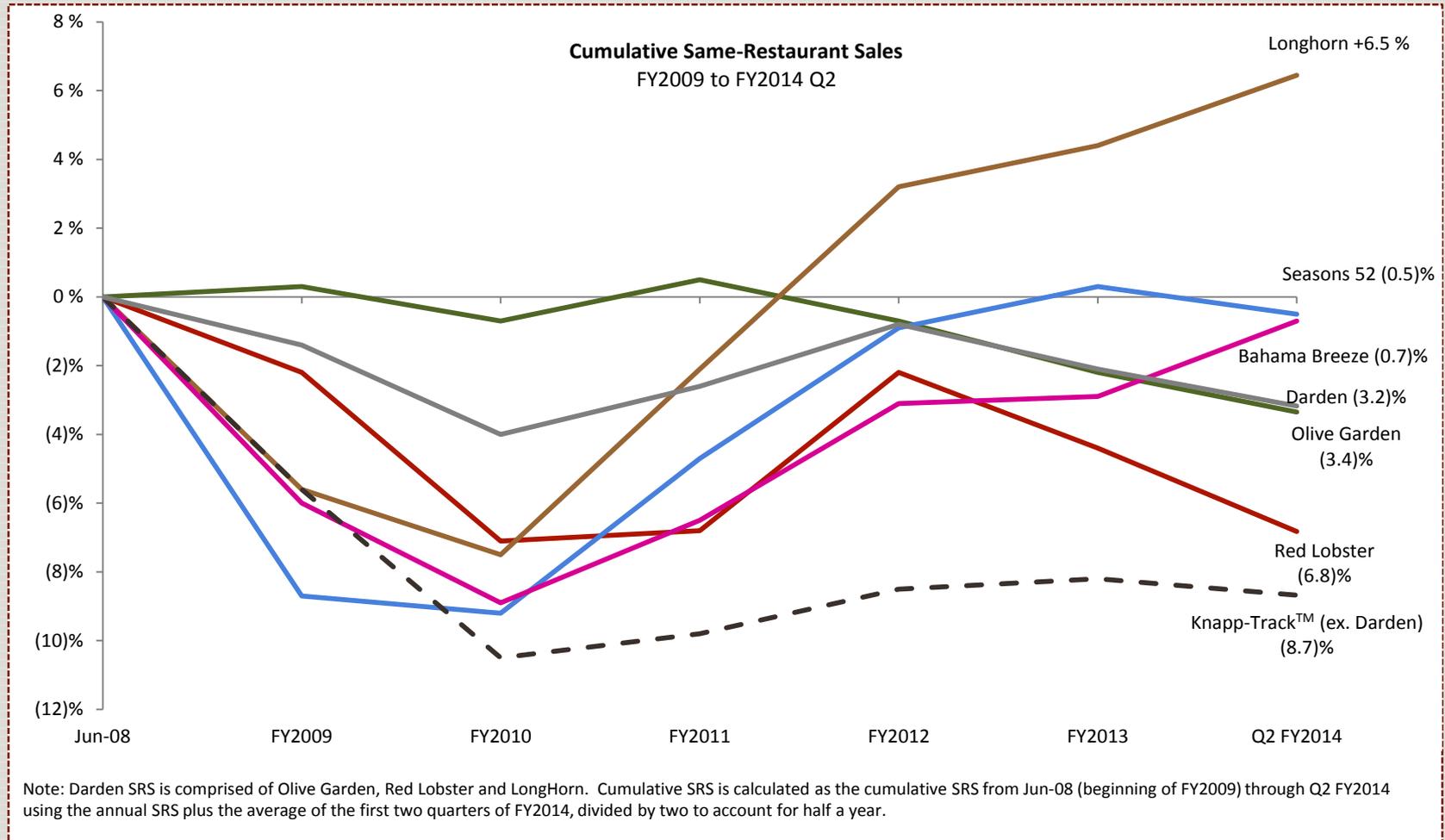
A COMPANY WITH A STRONG FOUNDATION



- Portfolio of unique and differentiated brands
- Industry leading AUVs, margins and restaurant-level returns
- Significant sales and earnings growth over the past decade
- History of robust and durable cash flow generation
- Investment grade credit profile
- Nearly \$4 billion of cash returned to shareholders over the past 10 years

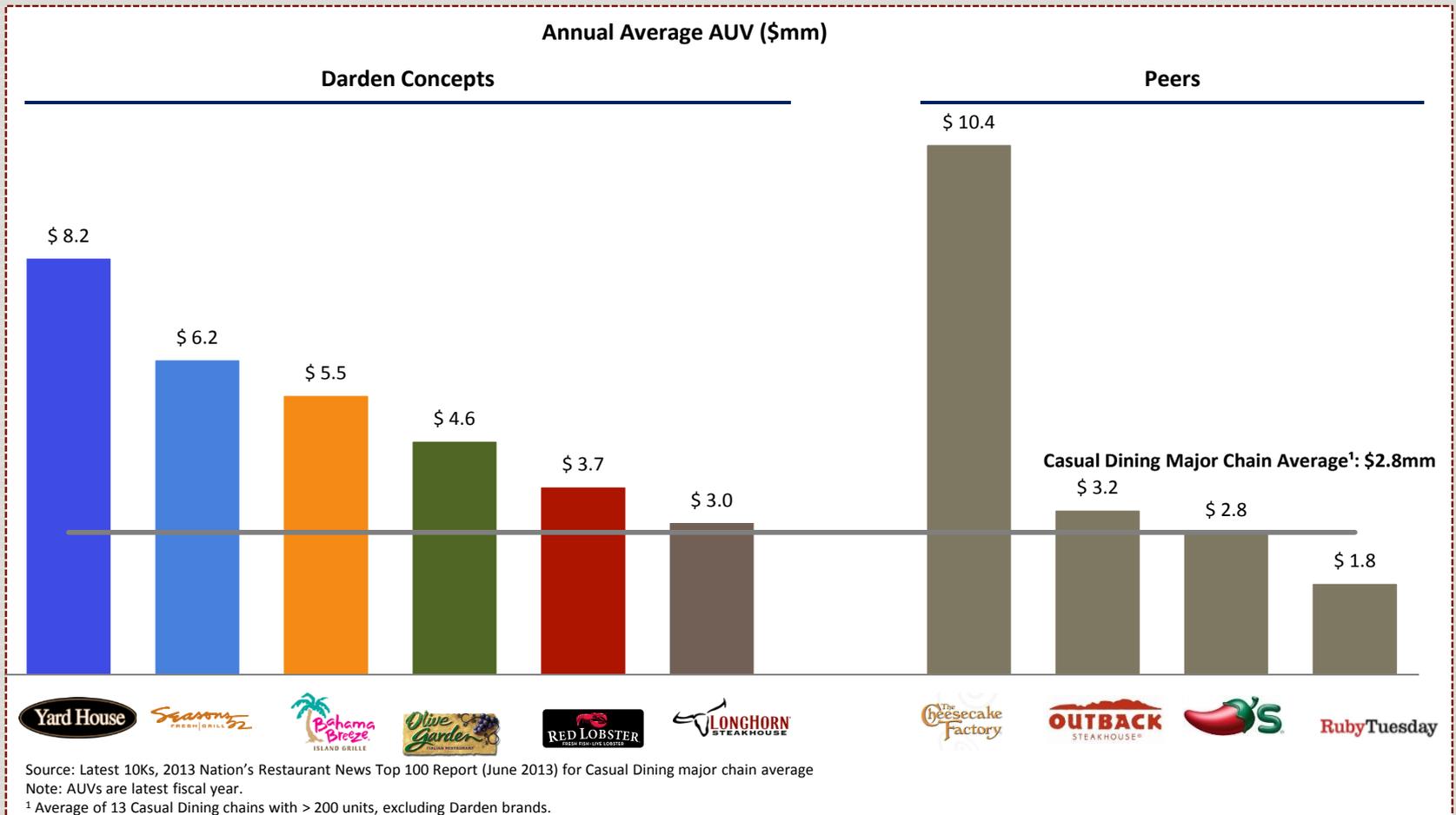
Since the Start of the Great Recession, Darden Has Outperformed

DARDEN CUMULATIVE SAME-RESTAURANT SALES FROM BEGINNING OF FY2009 THROUGH FY2014 Q2 IS 5.5% HIGHER THAN KNAPP-TRACK™



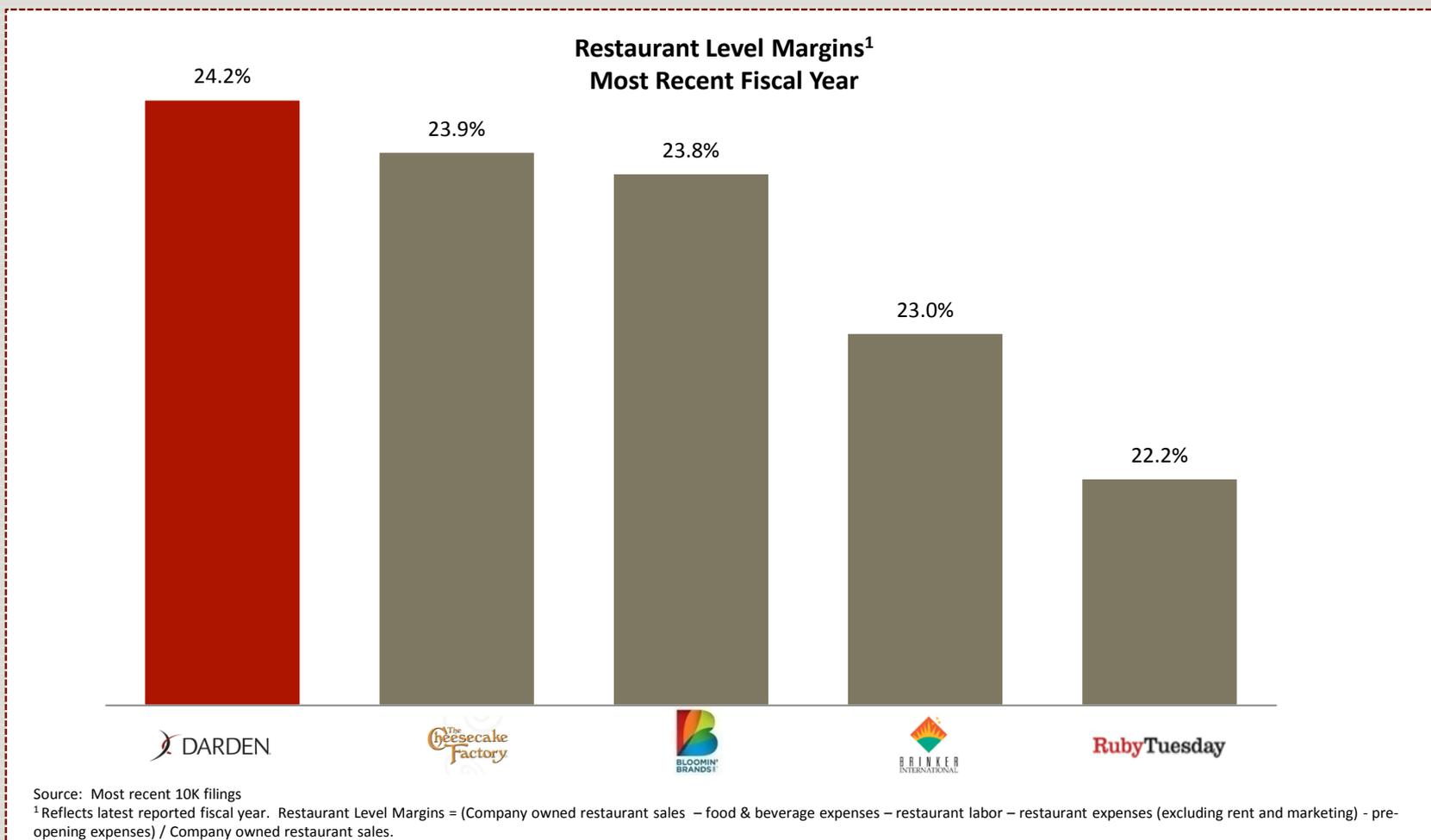
Our Casual Dining Brands Have Strong Average Unit Volumes Compared to Other Chains

ALL OF OUR BRANDS SURPASSED THE CASUAL DINING MAJOR CHAIN AVERAGE AUV OF \$2.8MM IN 2013



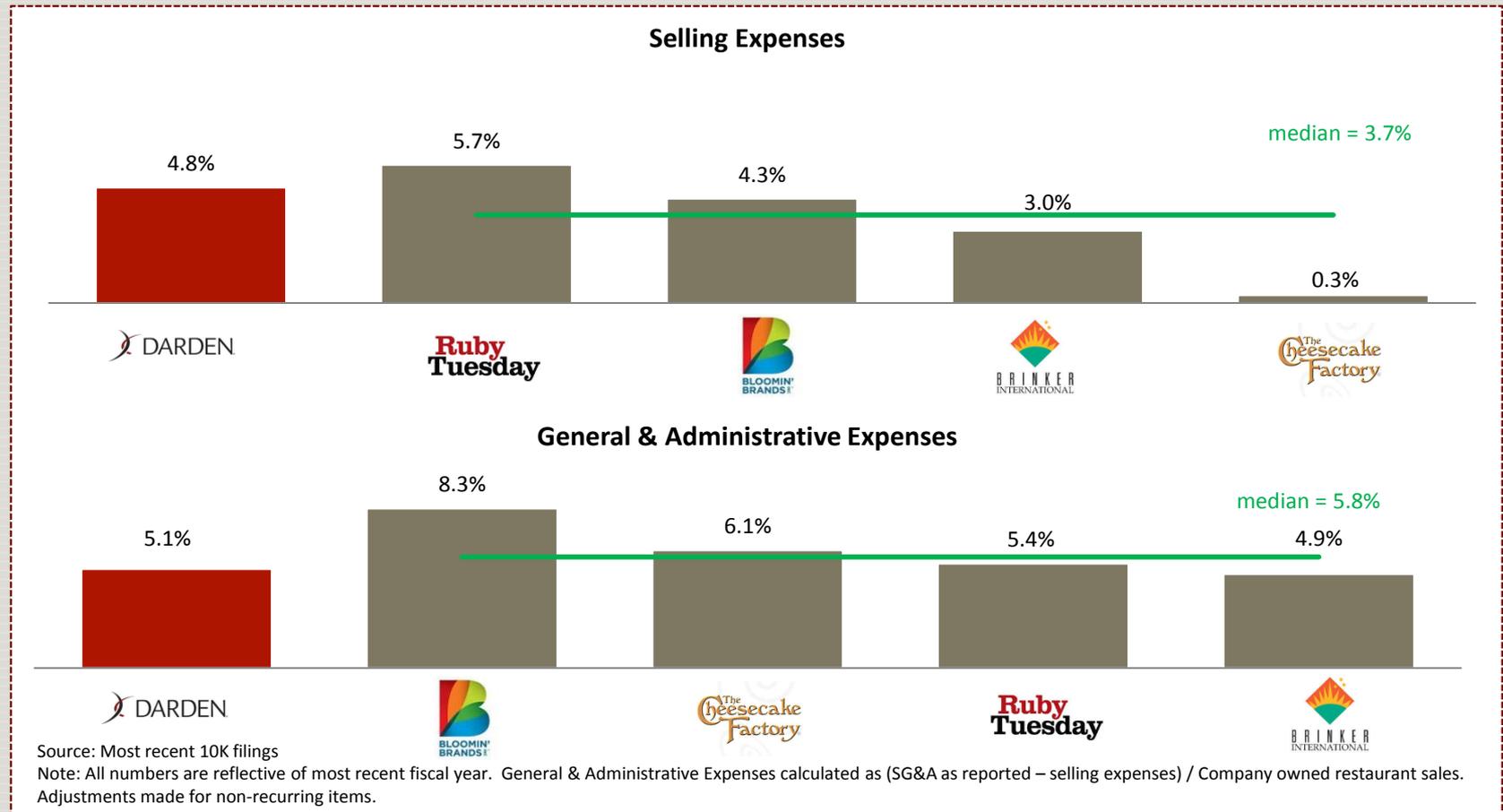
Restaurant Level Margins Are Top Tier

OUR RESTAURANT LEVEL MARGINS ARE STRONG COMPARED TO OTHER MAJOR CHAIN COMPETITORS, EVEN EXCLUDING RENT EXPENSE

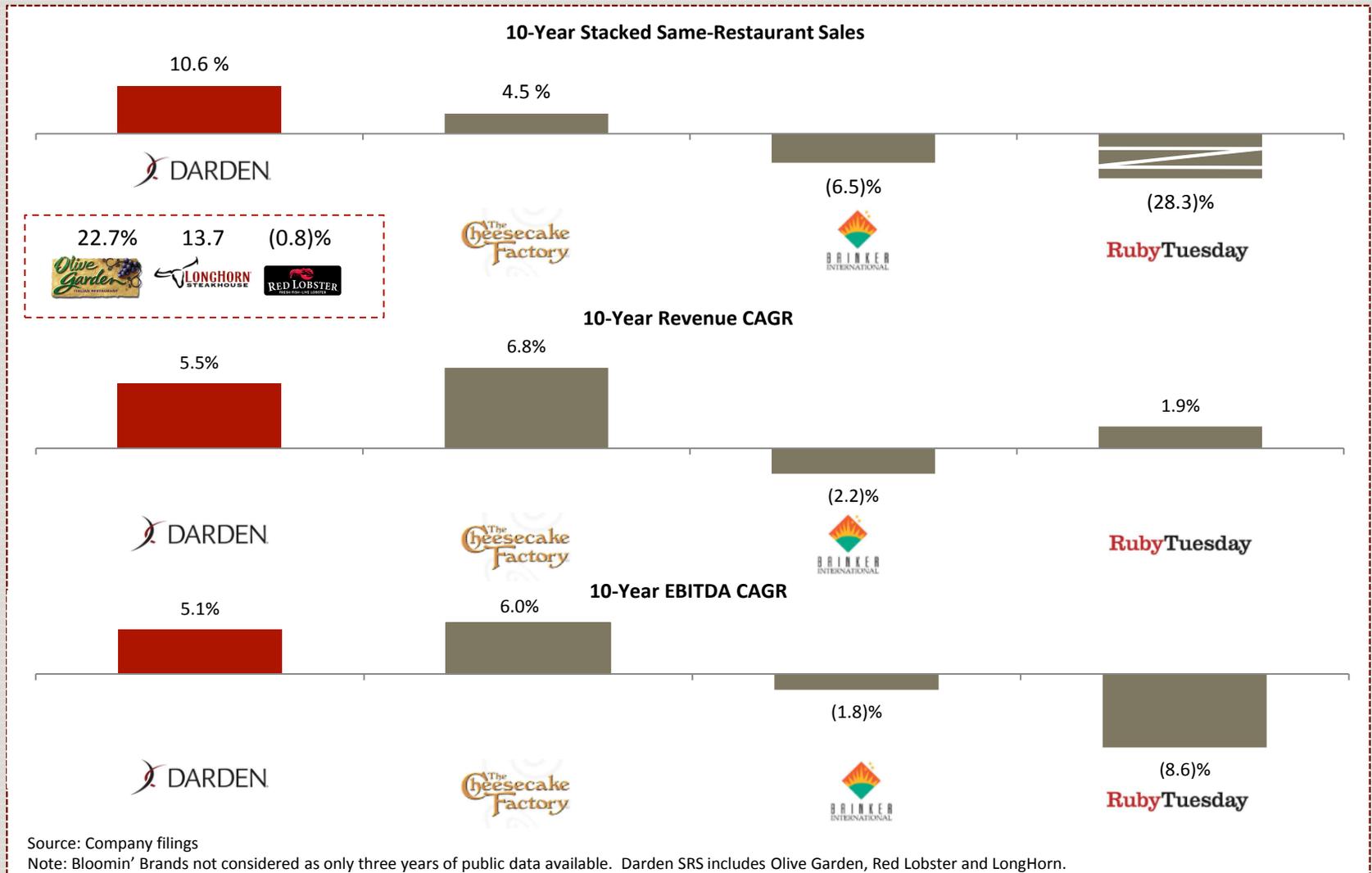


We Also Have a Rigorous Focus on Costs

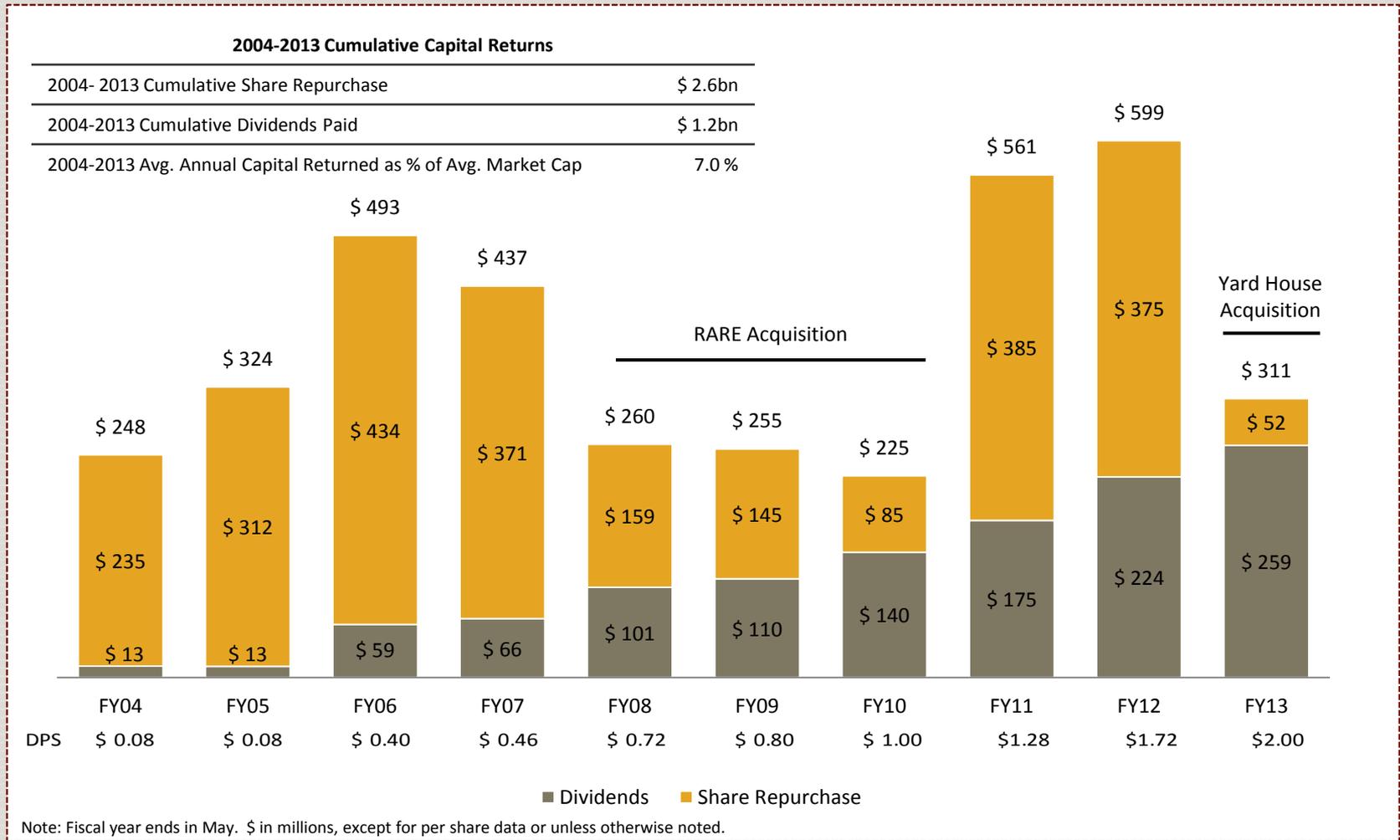
OUR SELLING EXPENSE IS ABOVE INDUSTRY AVERAGE TO DRIVE INDUSTRY LEADING AUVs AND OUR G&A IS IN-LINE, BUT WE DO SEE OPPORTUNITY FOR ADDITIONAL SUPPORT COST OPTIMIZATION



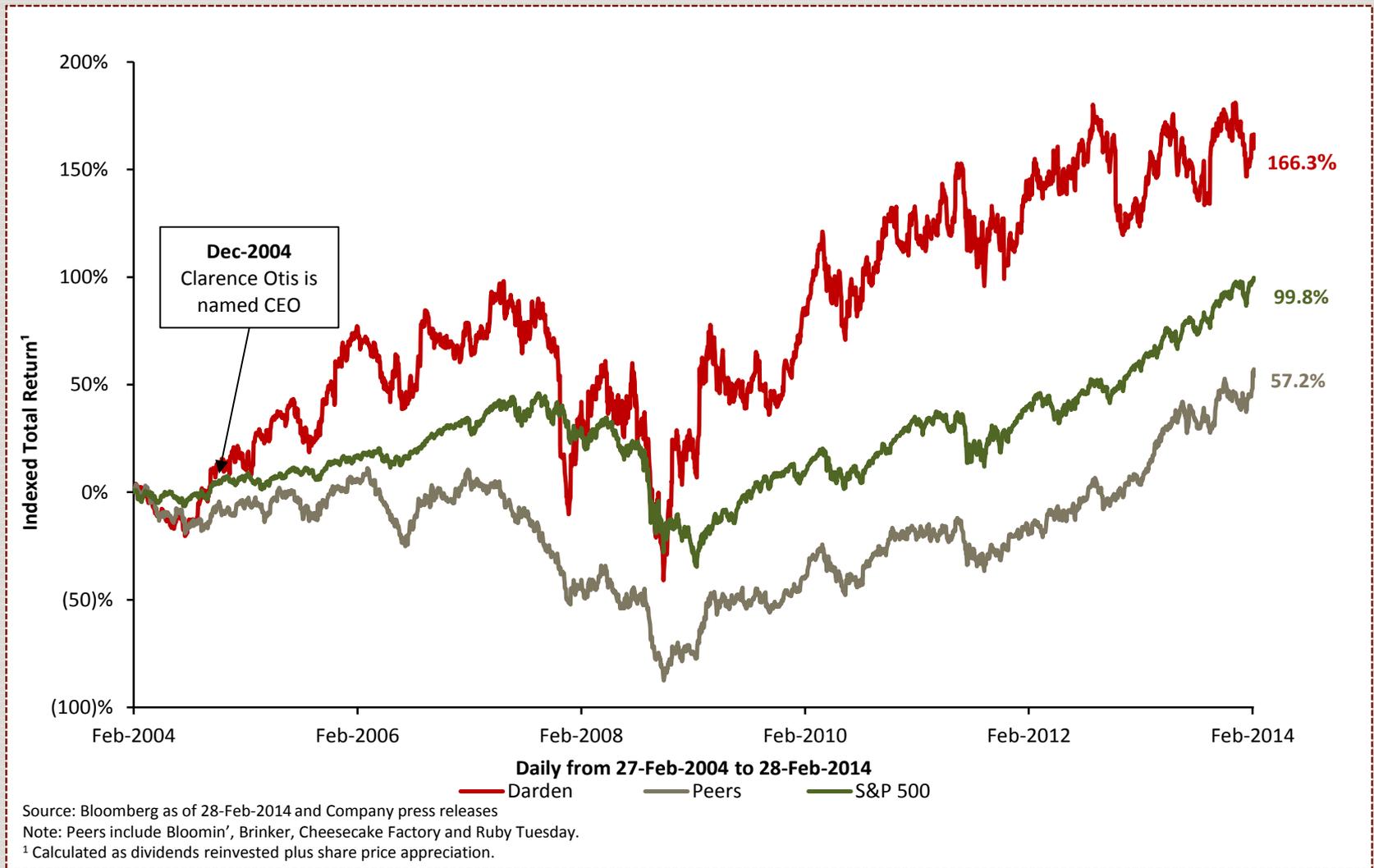
We Have Achieved Significant Growth Over the Past Decade



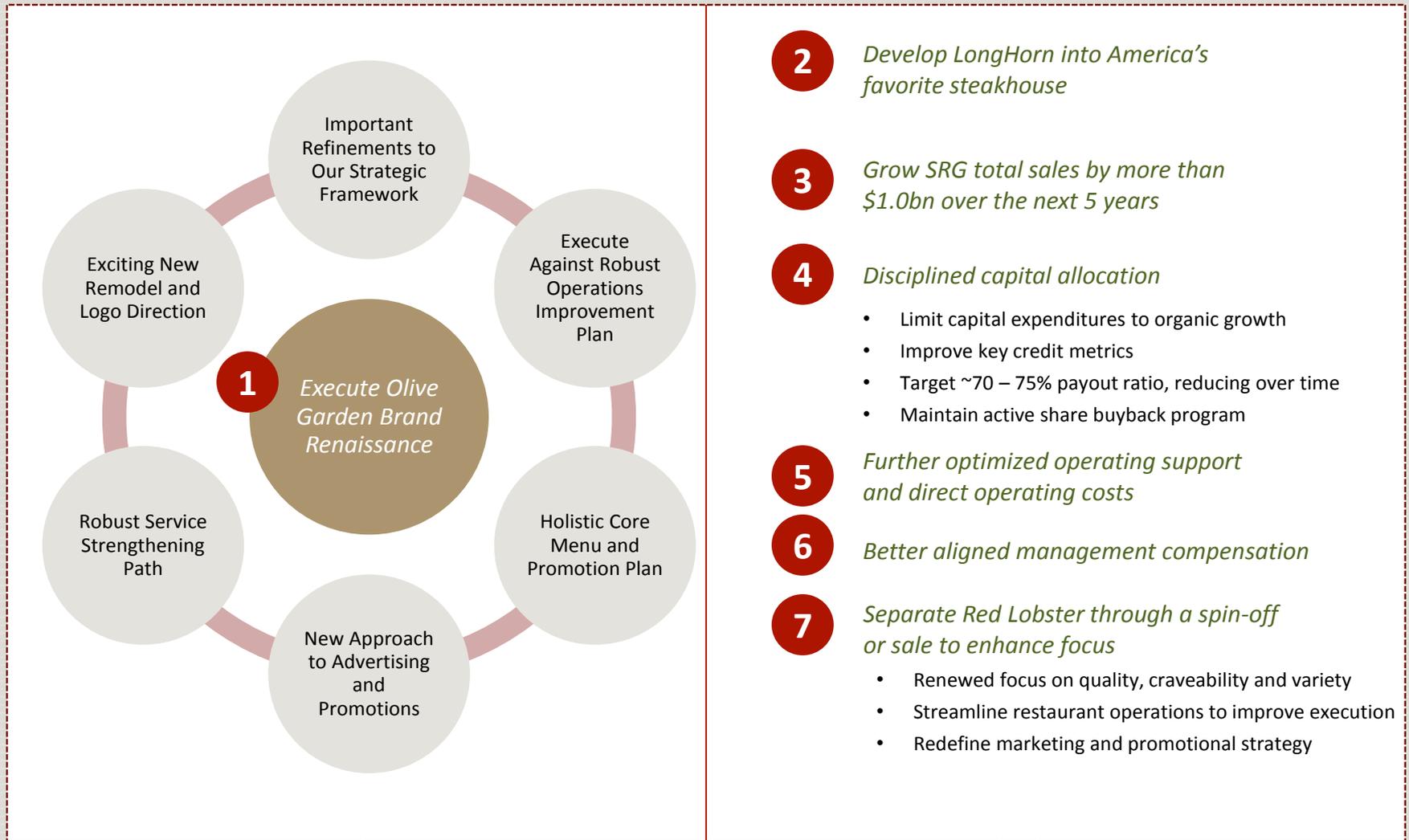
Return of Capital Is Also a Priority, with Nearly \$4 Billion Returned to Shareholders Over the Past Decade



Our Total Shareholder Return Over the Past Decade Has Been Impressive



Priorities for Value Creation

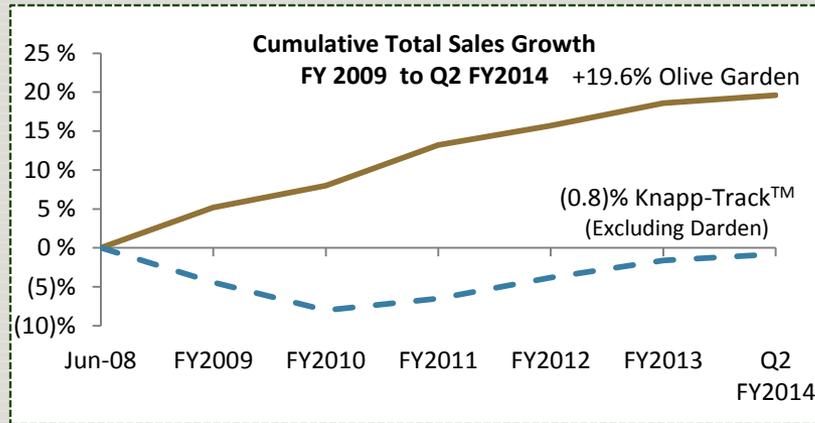


II. Olive Garden Brand Renaissance

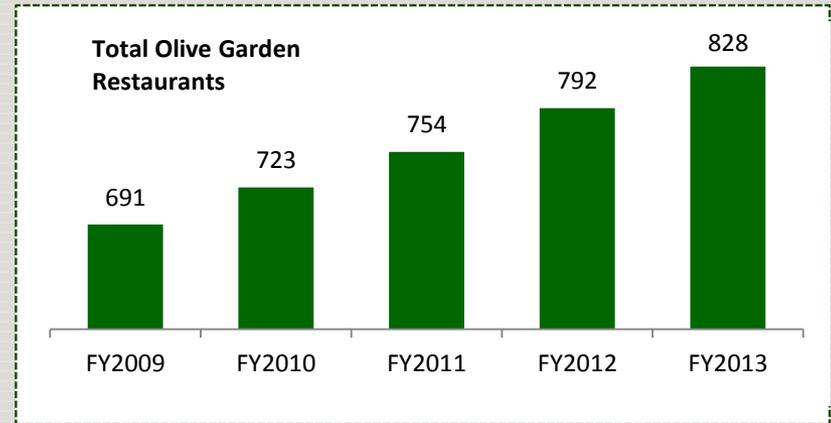


Olive Garden Is a Leading Casual Dining Brand and the #1 Italian Full Service Concept in the U.S...

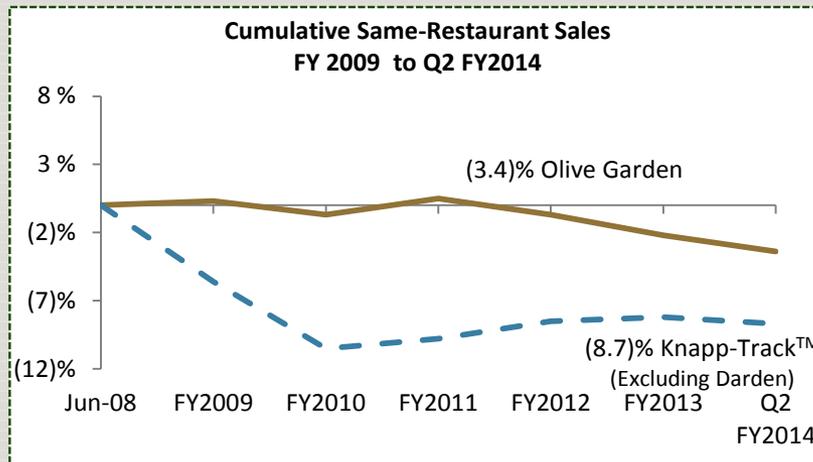
IT IS A BRAND THAT HAS TAKEN SIGNIFICANT MARKET SHARE THE LAST FIVE YEARS...



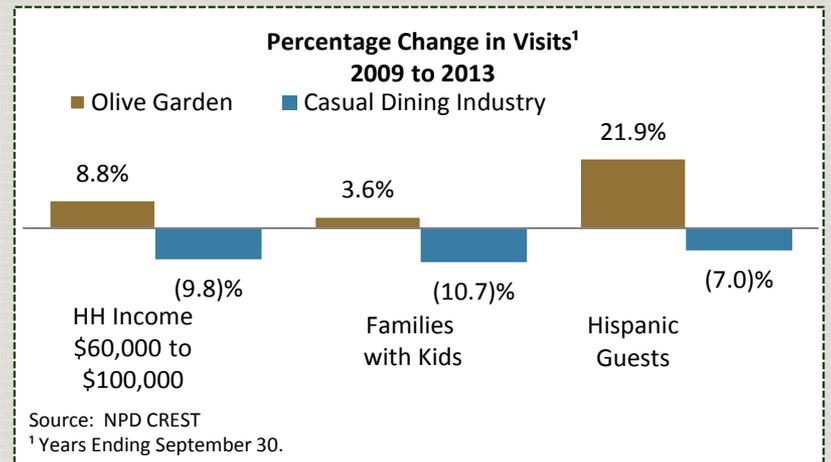
...IN PART BECAUSE OF VALUE CREATING NEW RESTAURANT GROWTH



IT HAS ALSO TAKEN SHARE THROUGH SUSTAINED SAME-RESTAURANT SALES OUTPERFORMANCE VS THE INDUSTRY...



...AND ITS RELATIVE RESULTS ARE BOLSTERED BY ITS SUCCESS WITH KEY GUEST SEGMENTS



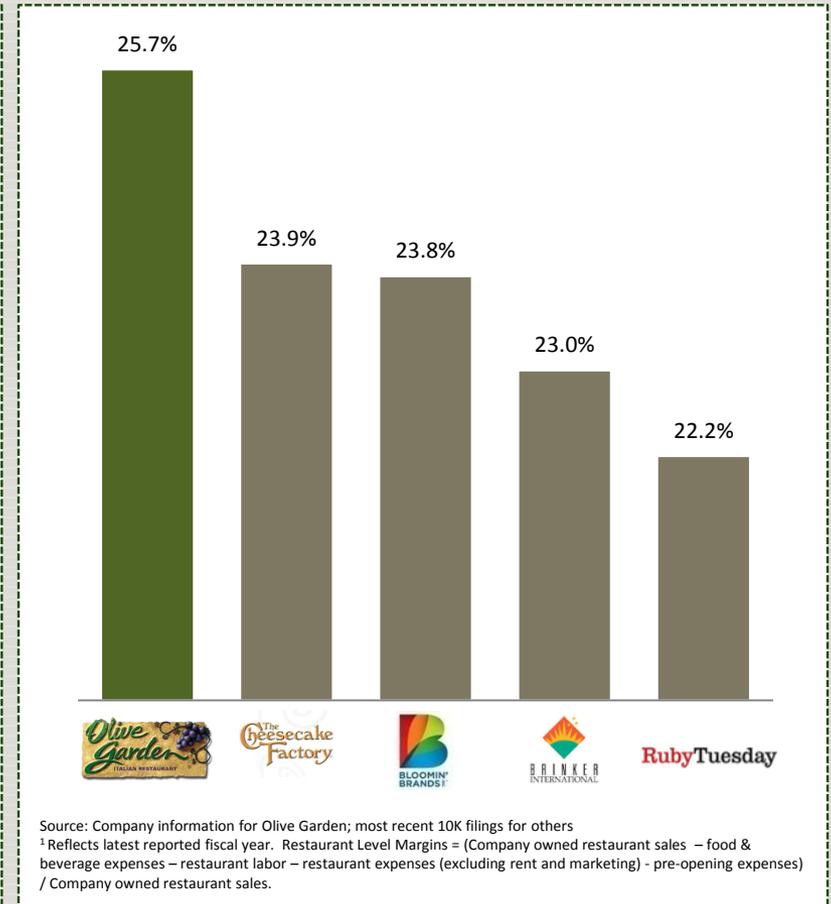
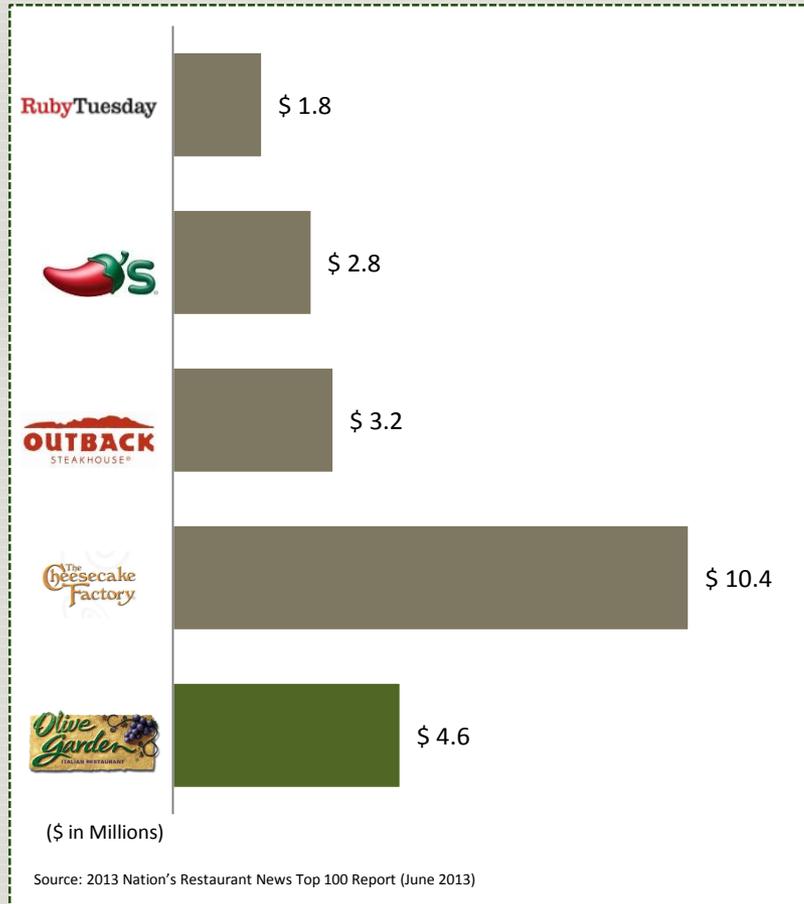
Note: Cumulative SRS and total sales is calculated as the cumulative sales growth from Jun-08 (beginning of FY2009) through Q2 FY2014 using the annual growth rate plus the average of the first two quarters of FY2014, divided by two to account for half a year.



...With Industry Leading Restaurant Economics

OLIVE GARDEN'S COMBINATION OF STRENGTHS RESULTS IN HIGH AVERAGE UNIT VOLUMES...

...AND SOLID RESTAURANT-LEVEL MARGINS¹



Overview of Brand Renaissance Plan

WITH OLIVE GARDEN'S SAME-RESTAURANT SALES LAGGING KNAPP-TRACK™ RECENTLY, WE ARE IMPLEMENTING A COMPREHENSIVE BRAND RENAISSANCE PLAN TO REGAIN MOMENTUM



We Are Building From Our Strong Foundation

- 1 Important refinements to our strategic framework
- 2 Execute against robust operations improvement plan
- 3 Holistic core menu and promotion plan
- 4 New approach to advertising and promotion
- 5 Robust service strengthening path
- 6 Exciting new remodel and logo direction

1 Important Refinements to Our Strategic Framework

Experience Today's Italy

Food is prepared with fresh ingredients, and presented simply with a sense of flair and sophistication that is very Italian

Experience is approachable and genuine so guests can focus on sharing and conversation

Aesthetic is natural, clean and tasteful, while the tone is warm, relaxed and engaging

The end result is a complete dining experience that is casual, yet stylish, creating an atmosphere that promotes togetherness, nurtures relationships and welcomes sharing

2 Robust Operations Improvement Plan Focused on Reducing Culinary Complexity

Phased Approach Resulting in Positive Results

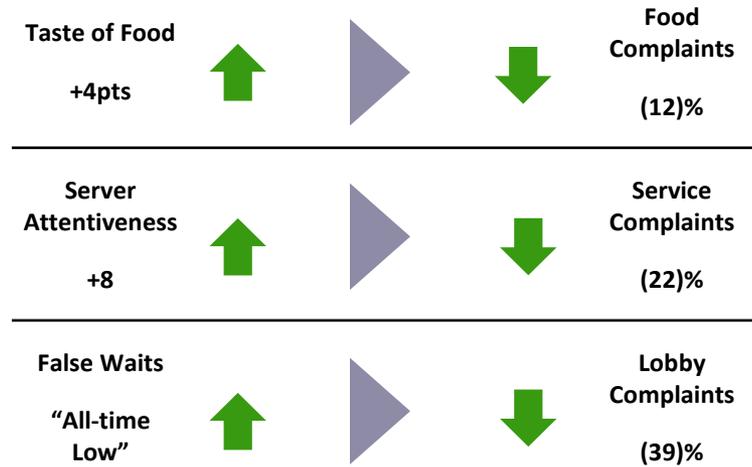
- Phase I completed October 2013
- 91 PARs eliminated (40% reduction)
- Food preparation involves less labor, waste and paper products
- Annualized cost savings impact vs. FY13 of \$19mm



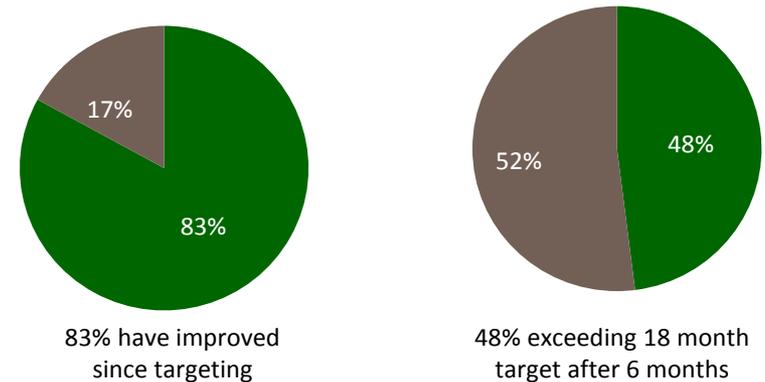
- Reinvesting significant portion of cost savings into higher quality food
- Phase II Implementation March 2014 to January 2015

¹ Source: Darden Guest Satisfaction Survey.

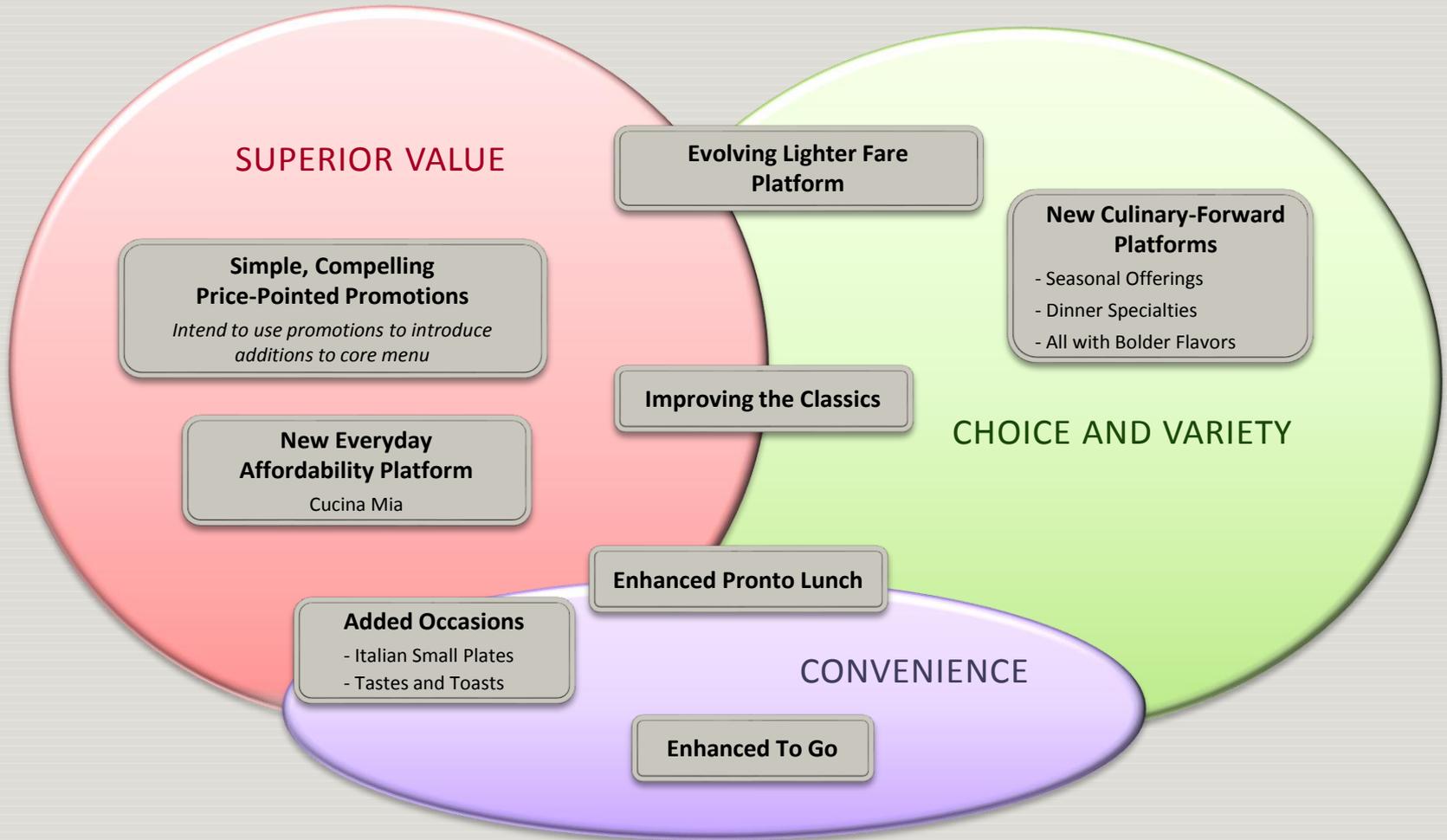
Impact Q2 FY14 vs. Q2 FY13¹



Successfully Targeting Bottom Quartile Multi-Unit Leaders



3 A Holistic Core Menu and Promotion Plan



3 We Are Excited to Be Introducing New Lunch and Dinner Menus...

A NEW LUNCH MENU



FRONT



BACK

A NEW DINNER MENU



Antipasti Topper



Caprese Topper



Smashed Chicken Meatball Sandwich



Salmon Bruschetta



Crab Topped Chicken



Pappardelle Pescatore

Note: Menus launched 24-Feb-2014.



3 ...As Well As Additional Efforts that Broaden Relevance

NEW TASTE AND TOASTS OFFERING
(LAUNCHED DECEMBER 2, 2013)

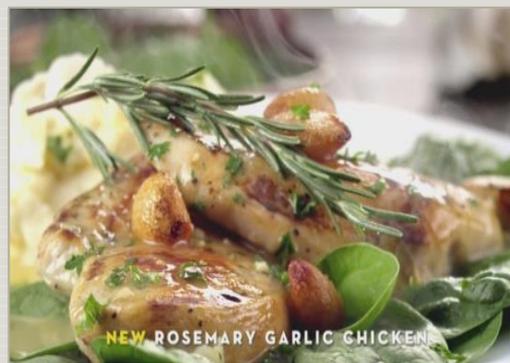


NEW PLATEWARE THAT LETS THE FOOD BE THE STAR (COMING IN FY2015)

BEFORE



AFTER



ENHANCED TO GO! OFFERING

- Take Out Specialists Re-trained
- New Phone System Installed
- On-line Ordering in FY15
- Large Order Delivery Test in FY15
- Carside Delivery Test in FY15



4 New Approach to Advertising and Promotion

CURRENT



- Largely limited time product-at-a-price
- Some offers repeated two to three times a year
- Nearly all 100% national television supported

FUTURE



- Targeted offers that are relevant to different guest occasions
- Introduce news that stays around
- Be in the market with simultaneous targeted messages, using a variety of media

ENHANCED SOCIAL MEDIA ENGAGEMENT

Beginning December 2013

Increased Interactions Per Post

	From: 3.27% engagement rate	To: 6.52%
	From: 240 interactions	To: 468
	From: 282 interactions	To: 339

Enhanced Guest Relations & Recovery...

October: 3 interactions	December: <u>342</u>
November: 7 interactions	January: <u>674</u>
	February ¹ : <u>595</u>

...through active listening and real-time engagement 7 days a week

¹ Through 20-Feb-2014



Robust Service Strengthening Path *Beginning in FY2015*

FROM TRAINING THAT...

- Is perceived to be too procedural and steps based

TO TRAINING THAT...

- Teaches from a guest point of view
- Uses stories from guests to reinforce experiences that matter to guests
- Encourages personalized service delivery



FROM SERVICE SUPPORT THAT...

- Uses traditional hosts and bussers with independent roles
- Lacks food running support

TO SERVICE SUPPORT THAT...

- Has increased server support to make it easier for servers to be consistently great
- Leverages one "Guest Ambassador Team" that flexes duties to align with business needs

Guest Ambassador Team



Shift Assignment:
Clear Tables
Seat Guests
Assist with Refills

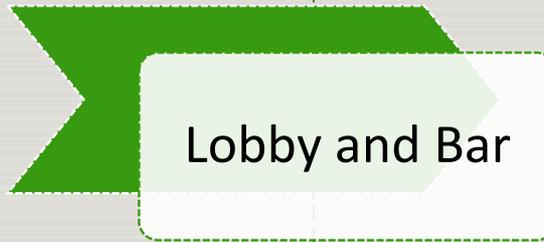


Shift Assignment:
Where Directed
by Manager

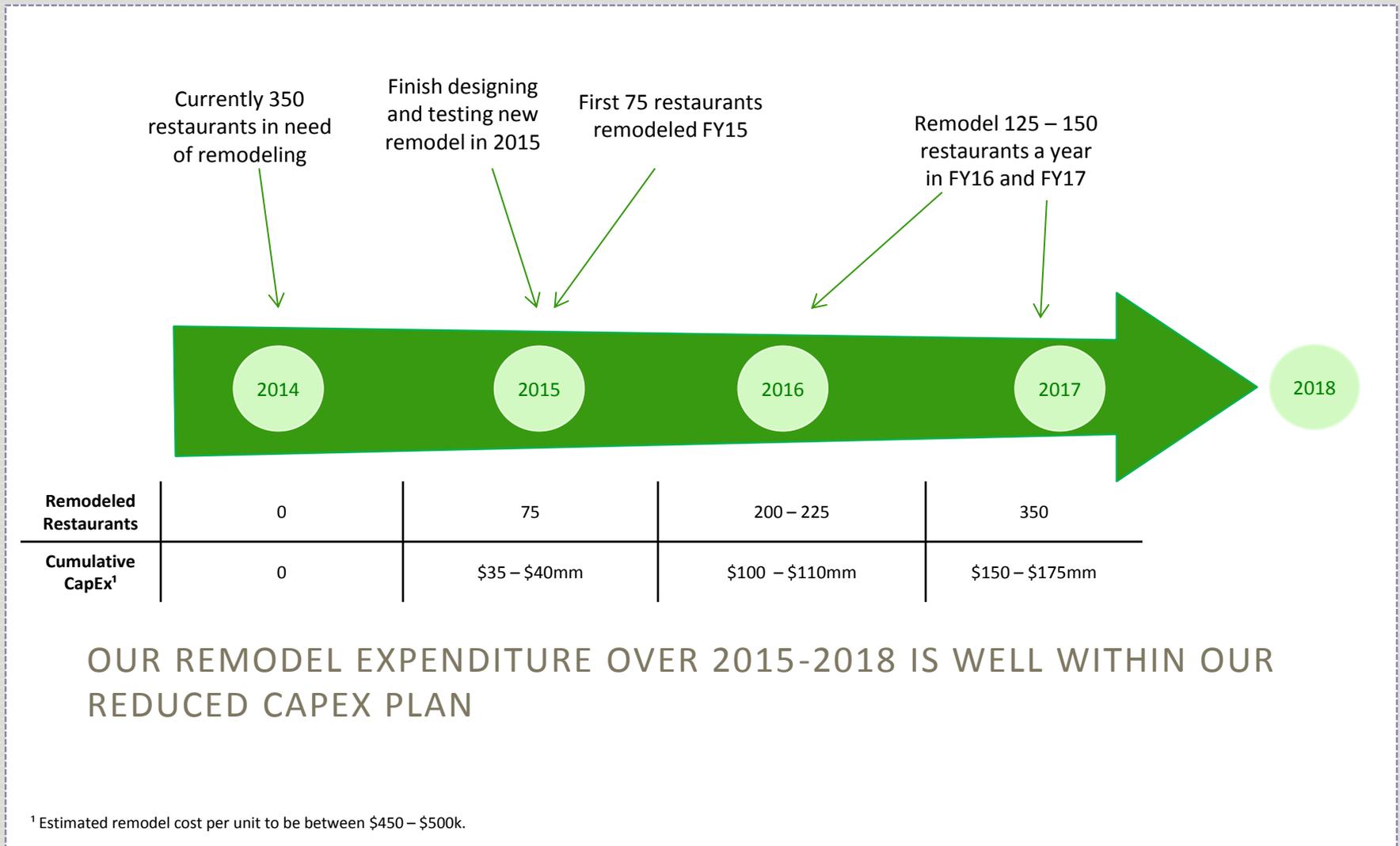


Shift Assignment:
Run Food

6 An Exciting Remodel Direction...



6 ...Set to Drive Strong Sales Momentum



6

Reinvigorated Logo to Represent the Improved Brand

NEW LOGO IS CLEAN, FRESH AND APPEALING

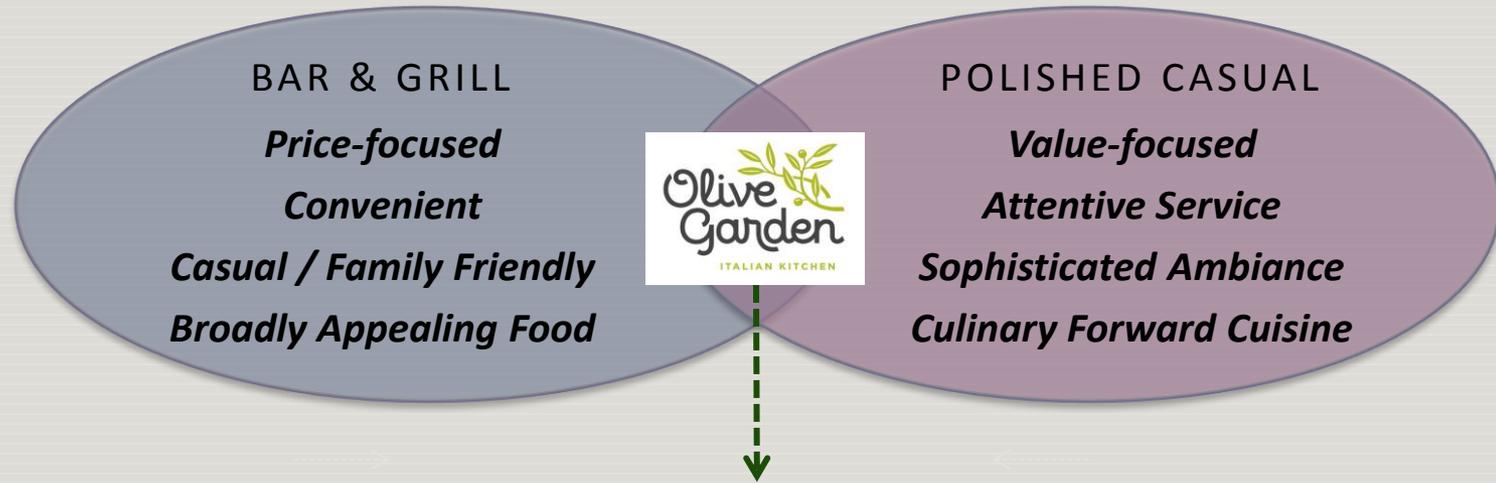


New logo development based on work assisted by Lippincott, a nationally-recognized design firm, that started with the modified brand positioning as the foundation for initial creative design, followed by qualitative research to further shape the design, then validated based on quantitative research to confirm the final design



Business Renaissance Plan Strengthens Olive Garden's Hard Earned Position in the Market

"A NICER PLACE THAN THE PRICE SUGGESTS"



Olive Garden Benefits:

- Differentiated value with a strong balance between what you get and what you pay
- High quality fresh food, soups and sauces made from scratch
- Italian generosity
- Culinary exploration
- Friendly service from engaged, proud team members who make the extra discretionary effort
- Atmosphere designed to foster connection and sharing, with touch of flair

Source: Darden iTracker and Olive Garden Brand Mind-Modeling Research

III. Update on Our Other Strategic Initiatives

LongHorn: Journey to Becoming America's Favorite Steakhouse

Significant Progress Has Been Made Since FY2008 Acquisition...

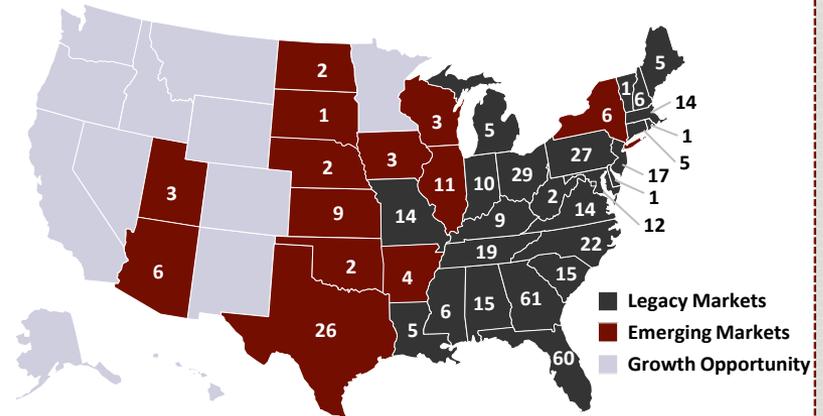
- Leveraged and drove further integration of Darden's restaurant support platform
- Elevated brand marketing capabilities and completed "roadhouse to ranch house" brand positioning
- Invested in increased media
- Completed Steak House remodel
- Launched new dinner and lunch menus

...And We Have a Focused Vision Going Forward

- Further differentiate the brand and guest experience
- Elevate quality and culinary creativity
- Continue journey towards national penetration

National Penetration Opportunity (\$ in millions)

	Current	Ultimate Potential
No. of Restaurants	453	700
AUV	\$3.1	\$3.4
Total Sales	\$1,347	\$2,400
Incremental Profit		+\$150



Note: Numbers on map represent restaurants per state. Potential AUVs and total sales are shown in current dollars. Current AUV and Total Sales are LTM as of Q3 2014.

¹ Incremental Profit is driven by new unit growth contribution of +\$90mm and same-restaurant sales growth of +\$60mm.

SRG: Strong Portfolio of Brands with Unique Differentiation and Significant Growth Opportunity

Key Brand Highlights

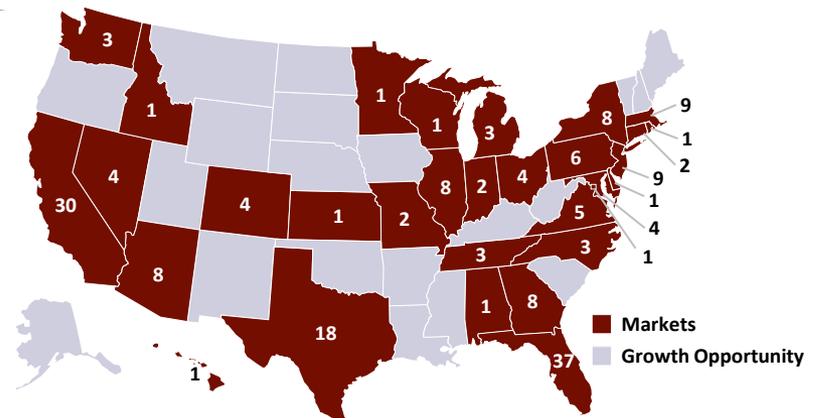
- The Capital Grille is the premier upscale steakhouse chain in the U.S.
- Yard House is one of the fastest growing high volume restaurant concepts in the country
- Seasons 52 is an on-trend leader in the polished casual dining segment
- Bahama Breeze is well positioned as a differentiated next generation Bar and Grill brand
- Eddie V's is a highly differentiated concept offering a modern luxury seafood experience

Plan to Leverage Strong Operating Platform for Future Growth

- Total annual sales growth of 11 – 14%
 - Same-restaurant sales growth of 2 – 4%
 - New restaurant growth of 9 – 10%
- Expanding margins
- Enterprise cash flows support the group's stable and consistent growth

National Penetration Opportunity (\$ in millions)

	Current	Ultimate Potential
No. of Restaurants	189	500
AUV	\$6.8	\$7.5
Total Sales	\$1,187	\$3,700
Incremental Profit ¹		+\$280



Note: Numbers on map represent restaurants per state. Potential AUVs and total sales are shown in current dollars. Current AUV and Total Sales are LTM as of Q3 2014.
¹ Incremental Profit is driven by new unit growth contribution of +\$230mm and same-restaurant sales growth of +\$50mm.

New Unit Growth: Reduced Expansion Allows for More Efficient Capital Allocation and Supports Improved Financial Results

	Previous	Current	Rationale
	<ul style="list-style-type: none"> • ~1% new unit growth • ~10 new units annually 	<ul style="list-style-type: none"> • Hiatus on new unit growth 	<ul style="list-style-type: none"> • Discontinuing new unit growth to increase focus on stabilizing the brand and regaining momentum
	<ul style="list-style-type: none"> • 5 – 6% new unit growth • 30 – 35 new units annually 	<ul style="list-style-type: none"> • 3 – 4% new unit growth • 15 – 20 new units annually 	<ul style="list-style-type: none"> • LongHorn has already reached the scale required to support national cable advertising • Reduced pace of growth ensures that LongHorn will have experienced restaurant management talent
    	<ul style="list-style-type: none"> • 11 – 12% new unit growth • 25 – 30 new units annually 	<ul style="list-style-type: none"> • 9 – 10% new unit growth • 20 – 25 new units annually 	<ul style="list-style-type: none"> • Higher unit growth supported by underlying restaurant economics as the brands continue to grow their guest base • Modest decrease in unit growth to free up cash for capital return

Reducing Costs: We Have Made Significant Progress Towards Our Targets and Continue to Focus on Identifying Additional Opportunities

- Announced operating support cost reductions of \$60 million annually
- Progress this year suggests actions driving those reductions likely to yield higher savings
- Also focused on opportunities for even more streamlined operating support costs as we complete the Red Lobster separation
- Have retained Alvarez & Marsal to assist with efforts to identify additional operating support and direct operating cost savings opportunities as well as potential revenue enhancement opportunities

Better Aligned Management Compensation: Will Ensure Efficient Growth and Strong FCF

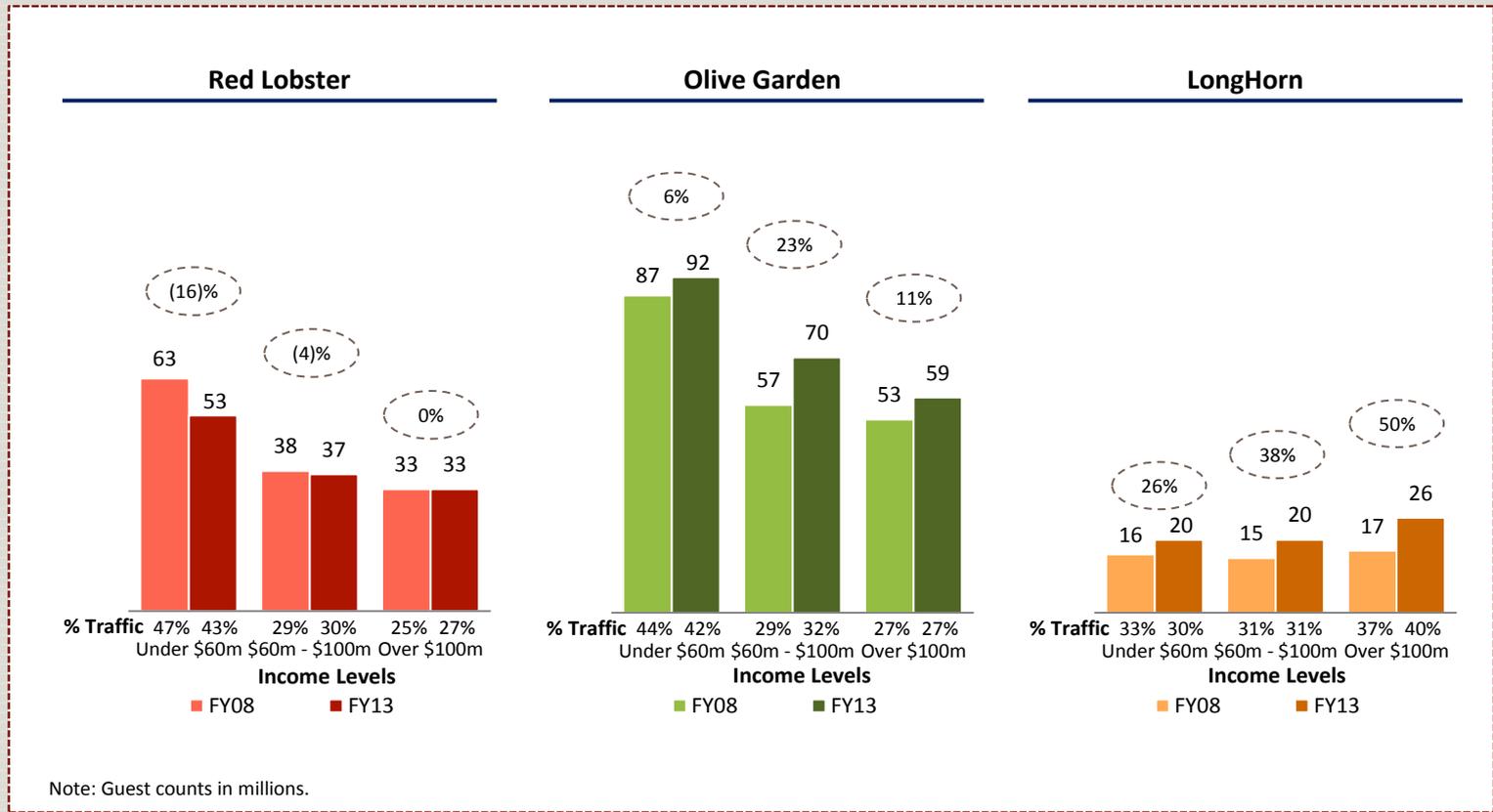
Incentive Program	Current Plan		Proposed Measures Under Consideration
New Darden (FY15)			
Annual Management Incentive Plan	<ul style="list-style-type: none"> • EPS (Darden) or Operating Profit (Business Units): 70% • Sales Growth: 30% 	▶	<ul style="list-style-type: none"> • EPS (Darden) or Operating Profit (Business Units): 60 – 80% • Same Restaurant Sales (SRS): 20 – 40%
Three-Year Performance Share Units	<ul style="list-style-type: none"> • Darden EPS Growth: 50% • Darden Sales Growth: 50% 	▶	<ul style="list-style-type: none"> • Darden EPS Growth: 40 – 60% • Darden Free Cash Flow : 40 – 60% • Darden TSR relative to median S&P500 “adjuster”: +/-10%
New Red Lobster (FY15)			
Annual Management Incentive Plan	<ul style="list-style-type: none"> • Operating Profit: 70% • Sales Growth: 30% 	▶	<ul style="list-style-type: none"> • Operating Cash Flow: 60 – 80% • Same Restaurant Sales (SRS): 20-40%
Three-Year Performance Share Units	<ul style="list-style-type: none"> • Darden EPS Growth: 50% • Darden Sales Growth: 50% 	▶	<ul style="list-style-type: none"> • EPS Growth: 20-40% • Free Cash Flow: 60 – 80% • SRS “adjuster”: +/-10%
			
Higher Same-Restaurant Sales		Increased Free Cash Flow	
			Higher Shareholder Returns

Red Lobster Separation: Strategic Rationale

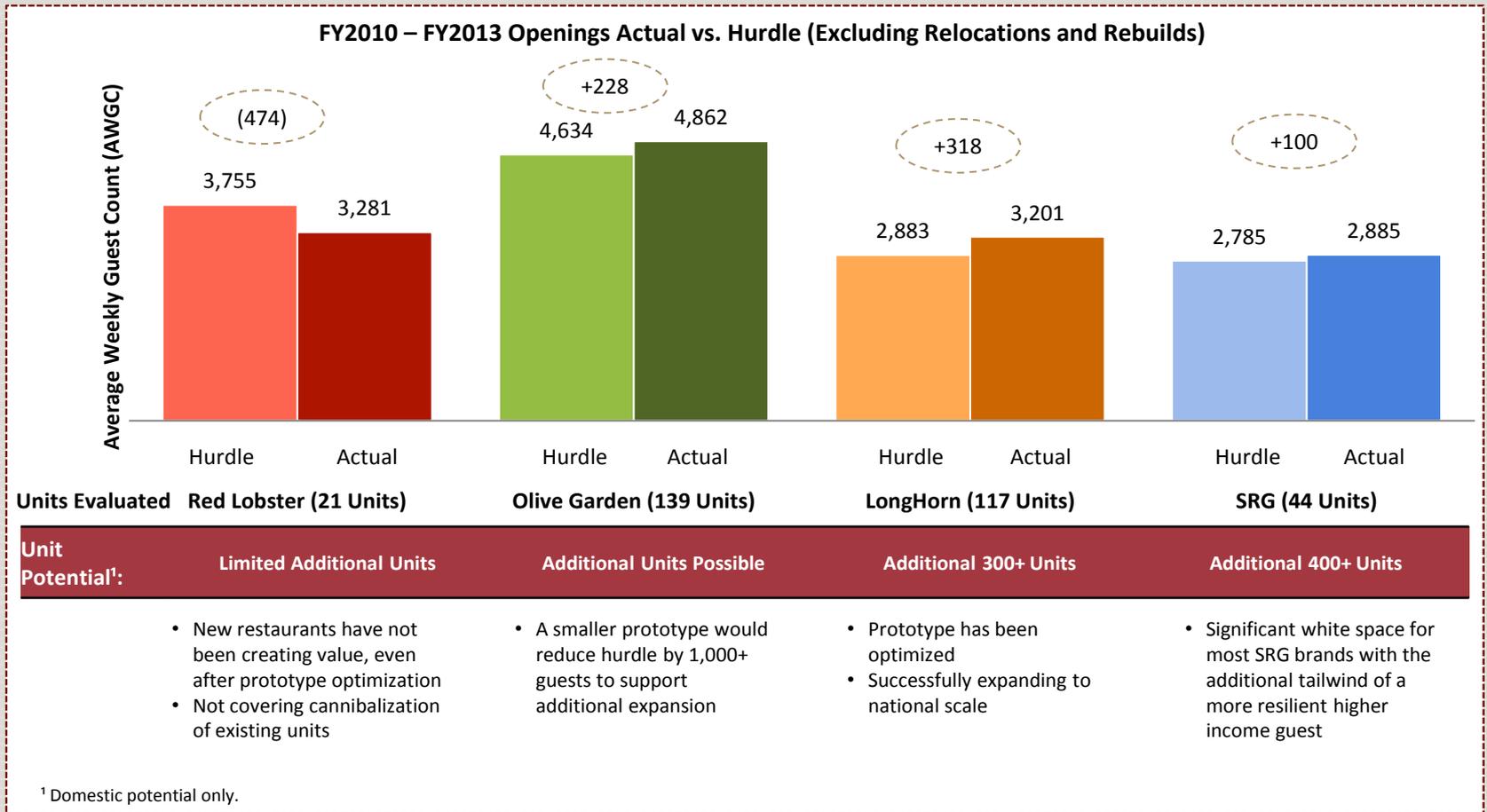
- 1 Separation will allow “New Darden” and “New Red Lobster” to better serve their increasingly divergent guest targets
- 2 Red Lobster and the remainder of the Darden portfolio have a divergent unit growth profile and therefore differing capital priorities
- 3 Red Lobster has more same-restaurant sales volatility which adversely affects Darden’s overall performance
- 4 Focus that works best for Red Lobster would require additional dedicated operating support resources within Darden
- 5 Transaction transforms the portfolio into two independent companies that can each focus on separate and distinct opportunities to drive long-term shareholder value

Red Lobster currently puts downward pressure on Darden’s sales, earnings and margin growth, and an appropriate value creation strategy for Red Lobster would create additional pressure

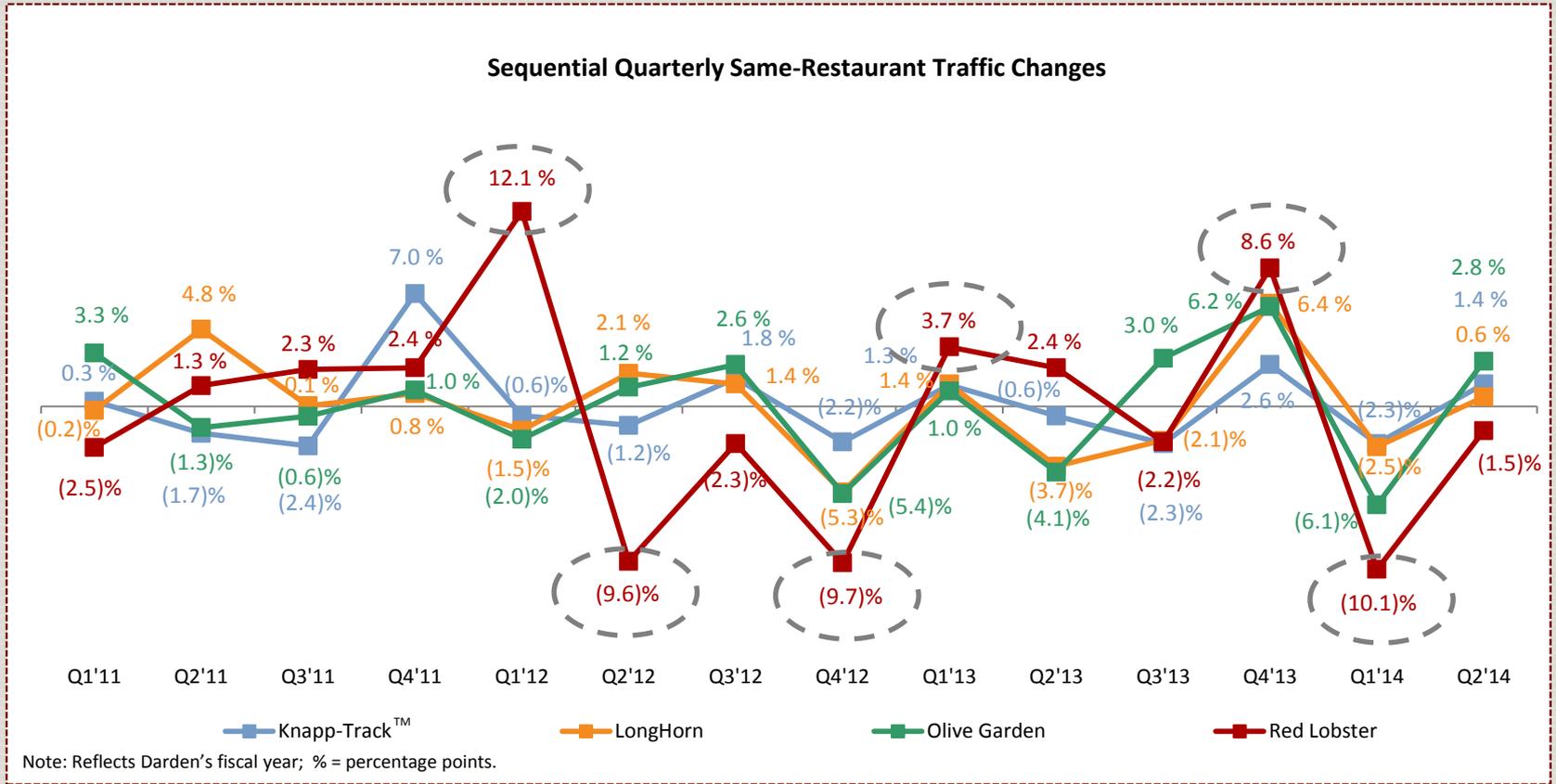
1 Red Lobster's Appropriate Guest Target Is Becoming Increasingly Different from the Rest of Darden's Portfolio



2 Runway for Future Unit Growth at Olive Garden, LongHorn and SRG, But Not For Red Lobster



3 Red Lobster's Same-Restaurant Sales Results Have Increased Darden's Overall Operating Volatility



Red Lobster Transformation Plan Benefits From a Tailored Strategy and Dedicated Management Team

Selected Strong Management Team with a Clearly Defined Vision for the Brand

Three-Pronged Approach and Multi-Year Plan to Drive Sales and Profitability

- Greater focus on seafood quality, craveability and variety
 - Serve the freshest ingredients and deliver delicious tasting seafood
 - Improve product offerings to align with key consumer occasions and local preferences
 - Streamlining restaurant operations to drive efficiency
 - More tailored marketing and promotional strategy that leverages brand equity with core guests
-
- Successful execution would benefit from putting in place dedicated support resources for Red Lobster in key areas that are not easily provided by Darden's integrated support structure
 - Also involves actions that would put downward pressure on Darden's sales, earnings and margin growth
 - Can still drive significant value creation for Red Lobster on a standalone basis

5 Separation Results in Two Independent Companies Each Better Able to Execute On Their Strategic Focus

“New Darden”

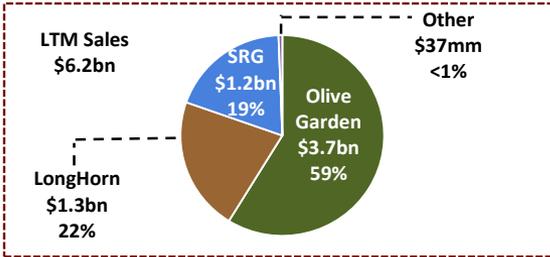
“New Red Lobster”

Strategic Focus

- Retaining core customers and expanding customer base to grow same-restaurant sales
- Selective investment in expanding customer base and new unit growth to drive cash flow growth and increasing return of capital to shareholders

- Retaining core customers to maintain stable same-restaurant sales
- Consistent and stable cash flow generation to support return of capital to shareholders

Revenue Mix¹



LTM Sales
\$2.5bn

Financial Metrics¹

Total Units	1,484	706
Owned Real Estate ² (Units)	585	473
LTM AUV	\$3.1mm – \$8.2mm	\$3.5mm

Financial Strategy

Target Credit Profile	Investment grade	Non-investment grade
Target Capital Structure	Reduced overall debt load with pro forma leverage in-line with or less than current level	Leverage supported by strong FCF profile and in-line with restaurant peers
Initial Payout Ratio	70-75% (expected to be reduced over time)	~75% ongoing

¹ Reflects unaudited LTM figures as of Q3 FY2014. Red Lobster revenue figures exclude consumer products revenue of \$5mm.
² Owned real estate excludes properties subject to land-only leases.

Update and Timeline for Red Lobster Separation

Transaction Structure

- Potential tax free spin-off of Red Lobster, which will result in 100% pro rata distribution of Red Lobster stock
- Sale process also being conducted that may result in greater value

Capital Structure and Allocation

“New Darden”

- Use proceeds from Red Lobster transaction to retire a portion of Darden’s debt
 - Should result in a flat to modest overall improvement in leverage ratios
 - Continue to preserve investment grade rating
- Expect to maintain attractive, consistently growing dividend but gradually reduce payout ratio over time
- Return of capital to shareholders will include increased share repurchase
- In event of sale, excess proceeds after debt reduction to be returned to shareholders via share repurchase

“New Red Lobster”

- Optimize pro forma capital structure to leverage strong cash generation
- Target strong non-investment grade credit rating
- Significant return of capital to shareholders through dividends and share repurchase

Progress to Date

- Preparing Red Lobster for separation (e.g. carve-out audited financials, infrastructure etc.)
- Sales process well underway and on track
- Executive and senior management team for separated Red Lobster appointed
- Ongoing dialogue with credit ratings agencies

Next Steps

- Continue to pursue sale and spin tracks
- For spin, file form 10 and complete review process with SEC
- Board to decide on value-maximizing alternative and give final approval to separation
- Create separate capital structures (if spin path is selected)
- Confirm tax-free status of spin-off (if this path is selected)
- Obtain third party approvals

IV. Board Review of Additional Strategic Options

We Have an Independent Board with the Right Experience to Lead

- **Independent oversight**
 - 11 of 12 directors are independent; annually elected Board
 - Experienced lead independent director
 - Fully independent Finance, Audit, Nominating & Governance and Compensation committees
 - The board conducts an annual review of director independence
- **Right mix**
 - Four of Darden's independent directors have joined the board in the last five years and two new directors added in the last two years
 - Recognized as leaders in their respective fields
- **The right experience for Darden at the right time**
 - Five directors have direct experience in consumer and retail industries
 - Brand building, policy expertise, CEO and CFO experience, operational leadership, real estate
 - Extensive experience leading M&A transactions
- **Active involvement**
 - Robust lead independent director structure alongside combined Chairman/CEO, with Lead Director and Shareholder Communication Procedures in place
 - Board reviews the company's people and talent management strategy at least annually
 - Board assesses major risks facing the Company and reviews options for their mitigation

Darden's Board – Diverse and Proven Leadership with Investor, Financial and Executive Backgrounds

- **Michael W. Barnes**

- CEO of Signet Jewelers
- Experience in consumer marketing and supply chain operations

- **Leonard L. Berry**

- Professor of Marketing and M.B. Zale Chair in Retailing and Marketing Leadership, Mays Business School
- Knowledge of retail operations, consumer marketing/brand building, human resources, health care

- **Christopher J. Fraleigh**

- Chairman and CEO of Shearer's Foods
- Knowledge of consumer marketing/brand building, franchising, and supply chain management and distribution

- **Victoria D. Harker**

- Chief Financial Officer of Gannett
- Knowledge of accounting and financial controls, corporate finance and strategy, technology, and M&A

- **David H. Hughes**

- Director of SunTrust Banks. Previously served as chairman of Hughes Supply
- Knowledge of financial controls, accounting, corporate governance, supply chain and distribution, and M&A

- **Charles A. Ledsinger, Jr. (Lead Independent Director)**

- Chairman and managing director of SunBridge Capital Management and former CEO of Choice Hotels
- Extensive knowledge of consumer marketing, international operations, corporate finance, supply chain, real estate, and M&A

- **William M. Lewis, Jr.**

- Managing director and co- chairman of Investment Banking at Lazard
- Knowledge of corporate finance structure and strategies, operation of the capital markets, real estate, and M&A

- **Connie Mack III**

- Chairman Emeritus of Liberty Partners Group and United States Senator from 1989 to 2000
- Extensive knowledge regarding a wide range of public policy matters and significant public company board experience

- **Clarence Otis, Jr.**

- CEO and Chairman of the Board of Darden
- Nearly 20 years of history with the Company provides in-depth knowledge of the industry and the Company, with previous experience in M&A and corporate and public finance

- **Michael D. Rose**

- Chairman of the Board of Midaro Investments and former Chairman & CEO of Promus Hotels
- Extensive knowledge of hospitality operations, financial accounting and strategy, real estate development, and M&A

- **Maria A. Sastre**

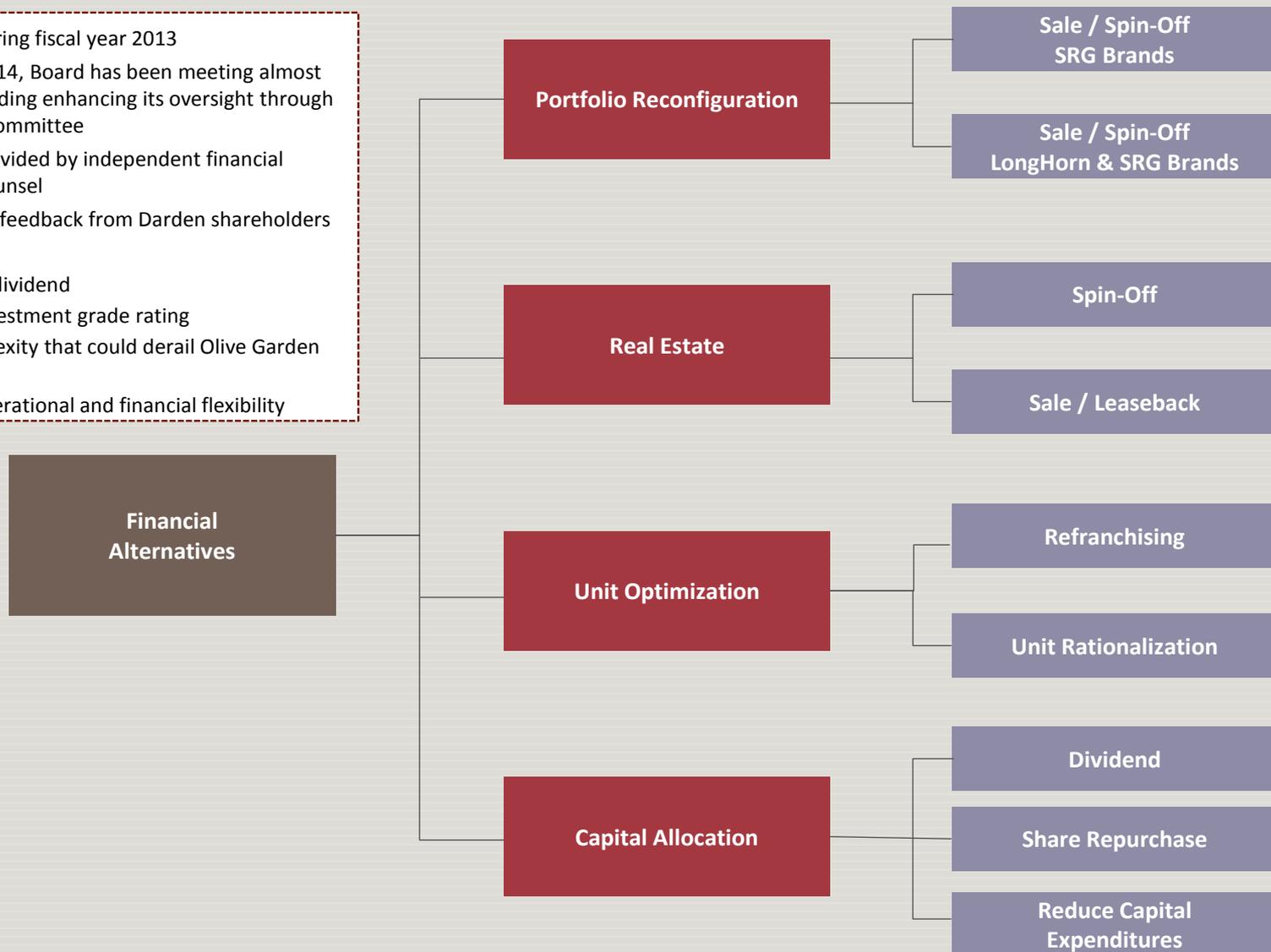
- President and COO of Signature Flight Support
- Extensive knowledge of retail and hospitality operations, international operations, corporate finance, supply chain and distribution, and M&A

- **William S. Simon**

- EVP of Wal-Mart Stores
- Extensive experience in retail operations, food service and restaurants, as well as consumer packaged goods

The Board Regularly Evaluates Alternatives to Enhance Shareholder Value

- 8 board meetings during fiscal year 2013
 - In fiscal year 2014, Board has been meeting almost “monthly” including enhancing its oversight through a Transaction Committee
- Data and analysis provided by independent financial advisors and legal counsel
- Discussions with and feedback from Darden shareholders
- Key considerations:
 - Preserving the dividend
 - Maintaining investment grade rating
 - Avoiding complexity that could derail Olive Garden improvement
 - Maintaining operational and financial flexibility



Review of Other Potential Portfolio Separation Alternatives

THE STRATEGIC RATIONALE FOR THE RED LOBSTER SEPARATION WAS DISCUSSED IN THE PRIOR SLIDES. THE BOARD ALSO CONSIDERED A NUMBER OF FINANCIAL FACTORS WHEN ANALYZING THE OTHER SEPARATION ALTERNATIVES

	SRG	LongHorn / SRG
Cash Flow	<ul style="list-style-type: none"> Removes benefit/synergy of having large balance sheet behind growth business 	<ul style="list-style-type: none"> Weak cash flows expected at SpinCo
Debt Allocation	<ul style="list-style-type: none"> All existing debt would need to sit at RemainCo due to inability to put leverage on SpinCo 	<ul style="list-style-type: none"> Vast majority of existing debt would need to sit at RemainCo due to inability to put leverage on SpinCo
Credit Profile	<ul style="list-style-type: none"> Loss of substantial earnings without commensurate de-leveraging would jeopardize investment grade credit rating 	<ul style="list-style-type: none"> Loss of substantial earnings without commensurate de-leveraging would jeopardize investment grade credit rating
Dividend	<ul style="list-style-type: none"> Likely cut to the dividend in aggregate 	<ul style="list-style-type: none"> Likely cut to the dividend in aggregate

Considerations for Real Estate Separation

Operational

- Significant loss of control
 - Inhibits ability to easily close or relocate underperforming units
- Darden and the landlord may have diverging objectives

Financial

- Rent burden hurts margins and inhibits flexibility
- Diminished capacity to return capital to shareholders and maintain current dividend level
- Significant friction costs
- No longer insulated from rising rent environment

Capital Structure

- Significantly increases leverage
 - Likely loss of investment grade credit rating
- Reduced access to credit markets, especially in an economic downturn, and increased borrowing costs

SPIN-OFF

- Potential downward pressure on Darden's trading multiple given Darden is now likely to be less creditworthy and have diminished operational flexibility
- Darden REIT would likely trade at a meaningful discount to the publicly-traded triple net lease (NNN) REITs
- Uncertainty and complexity associated with ability to undertake tax-free spin-off of REIT

SALE / LEASEBACK

- Darden's expansive real estate portfolio makes it likely that portfolio would be sold off in pieces
 - Would take significant time and involve high execution risk
- Tax leakage from sale
- Sale / leaseback is effectively an expensive form of secured debt financing relative to other financing options available to Darden

Optimizing the value of our significant real estate assets is an ongoing focus for the Company. Based on our analysis, a full real estate separation would introduce significant operational complexity, would remove from Darden an important strategic asset and would likely not create meaningful shareholder value

Review of Darden's Existing Real Estate Portfolio

WHILE A SIGNIFICANT PORTION OF OUR REAL ESTATE IS OWNED, THE MAJORITY IS LEASED AND GROUND LEASED PROPERTIES

	Counts				Total Square Footage (k)			
	Leased	Ground Lease	Owned	Total	Leased	Ground Lease	Owned	Total
Red Lobster	39	184	456	679	335	1,388	3,381	5,104
Olive Garden	65	349	416	830	603	2,820	3,485	6,907
Canada ¹	9	3	21	33	74	25	156	256
SRG	121	47	21	189	1,231	424	211	1,866
LongHorn	41	274	138	453	236	1,640	788	2,664
Other (Synergy Restaurants)	0	0	6	6	0	0	58	58
Total	275	857	1,058	2,190	2,479	6,297	8,078	16,855

Note: As of Q3 FY2014

¹ Red Lobster accounts for 27 locations and Olive Garden accounts for 6 locations in Canada.

A Darden REIT Is Likely to Trade at a Significant Discount

GIVEN THAT A DARDEN REIT WOULD LIKELY LACK THE CHARACTERISTICS OF HIGHLY-VALUED REITS – IN PARTICULAR ITS EXPOSURE TO A SINGLE PROPERTY TYPE AND SINGLE TENANT RISK WITH SPECIFIC USE LIMITATIONS – IT WILL LIKELY TRADE AT, OR BELOW, THE LOW END OF THE TRIPLE NET LEASE (NNN) REIT MULTIPLE TRADING RANGE

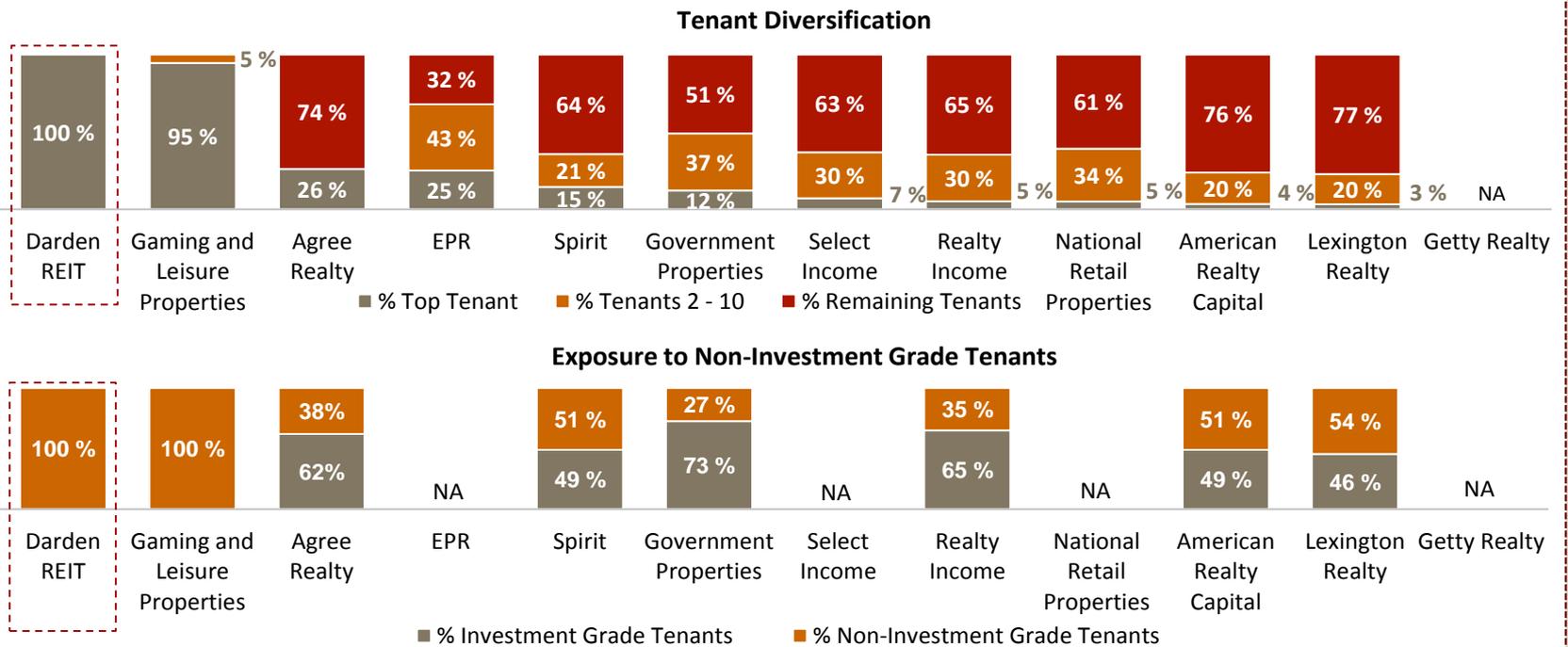
	Highly Valued Public NNN REITs	Darden REIT
Property Portfolio	Diverse Tenant Base	✓
	Nature / Diversity of Portfolio / Property Type	✓
	Low Tenant Switching Costs	✓
	Full Property Control (Owned and Ground Leased)	✓
	Credit Quality of Tenant Base	✓
Key Investor Objectives	Independence	?
	Dividend Track Record (consistency in payout)	?
	Long REIT Track Record	✓
Other Considerations	Low Balance Sheet Leverage	?
	Opportunities For Growth	?
	Size/Scale	✓
	Inclusion in REIT Indices	✓
	Trading Coverage (research coverage, institutional shareholder following)	✓

¹ Darden OpCo likely to be considerably less credit worthy because of the implicit leverage due to incremental rental costs.

How Does Darden Compare?

Tenant Diversification and Credit Quality

- A Darden REIT would initially lack any property-type or tenant diversification as its assets would be leased to a single, non-investment grade credit, and opportunities to expand its tenant base may be limited
- REITs that lease customized real estate to a tenant that experienced recent negative SRS growth is problematic, especially when proposed lease terms have annual rent increases



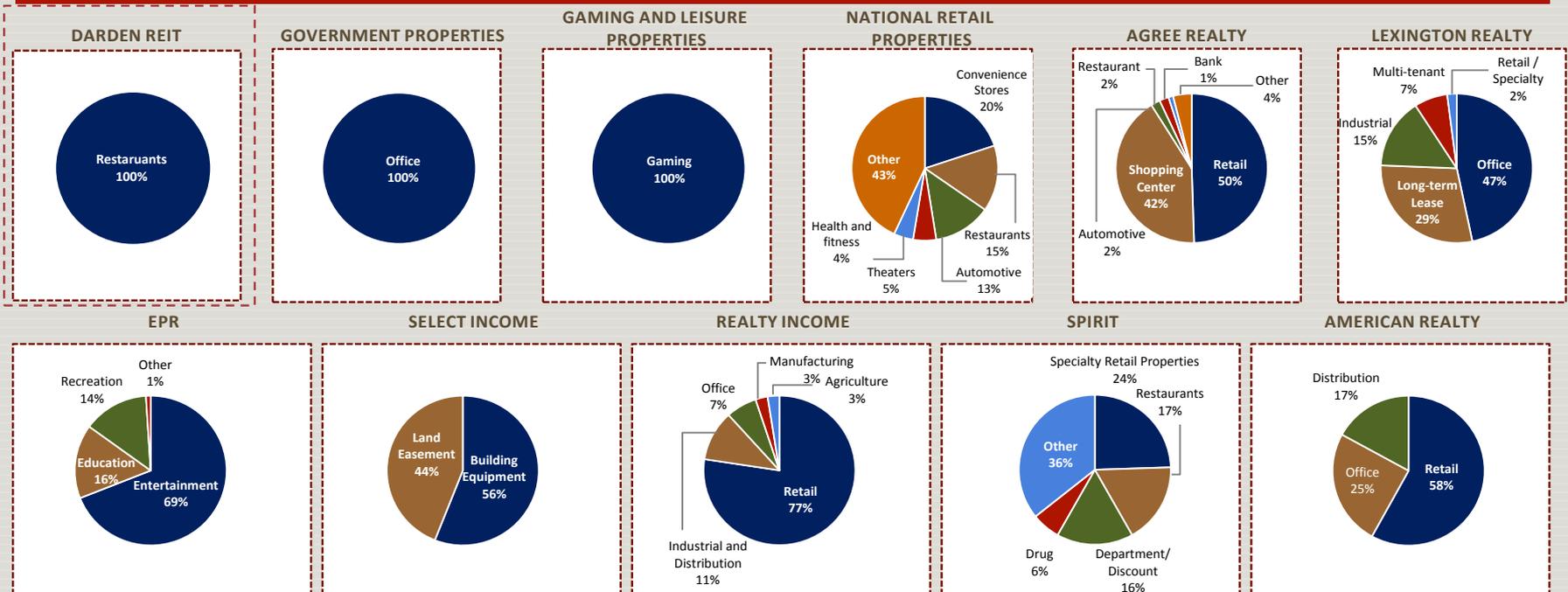
Source: Latest company filings

Note: Getty is NA due to insufficient information. Gaming and Leisure Properties is pro forma for the acquisition of unaffiliated gaming real estate assets (Casino Queen) for \$140mm. % Investment grade tenants for Government Properties reflects percentage of annualized rental income attributable to the U.S. Federal government, state governments and the United Nations. Tenant diversification is based on rental revenue.

How Does Darden Compare?

Review of Property Type and Switching Costs

Darden Property Type Diversification vs. Peers



Casual dining restaurants have high switching costs:

- Switching costs are substantial due to significant exterior and interior brand-specific design element changes and investment required to retrofit the structure for another casual dining brand
- Success of property disproportionately tied to brand

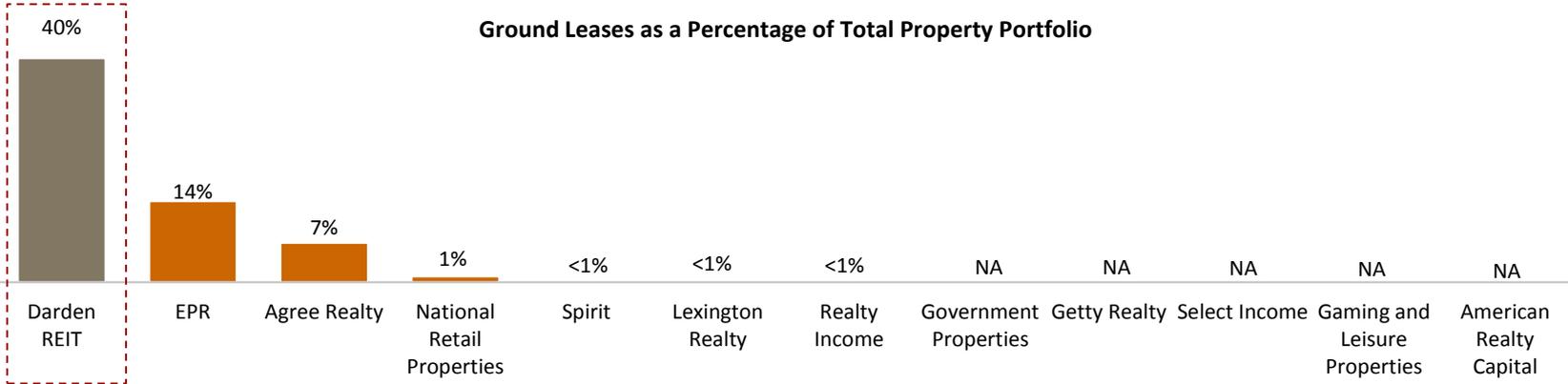
Source: Latest company filings

Note: Getty is NA due to insufficient information. Gaming and Leisure Properties is pro forma for the acquisition of unaffiliated gaming real estate assets (Casino Queen) for \$140mm.

How Does Darden Compare?

Significant Proportion of Ground Leases Is Unattractive

- Darden has a high concentration of ground leased properties instead of fee simple real estate ownership whereas publicly-traded NNN REITs typically own very few or in many cases zero ground leased properties due to the complexities they present
- Properties subject to ground leases with relatively short-term expirations tend to be significantly more difficult to finance
- Public and private investors recognize that ground leases have significantly lower values and higher cap rates than fee simple real estate
- Majority of Darden ground leases expire in less than 15 years



Source: Public filings

Notes: Darden REIT figures based on 857 properties subject to ground leases and 2,190 total properties. EPR assumes 2.1mm sq. ft. out of 14.6mm total sq. ft. is subject to ground leases. Agree Realty assumes 0.2mm sq. ft. out of 3.3mm total sq. ft. is subject to ground leases. National Retail Properties assumes 0.05mm sq. ft. out of 4.1mm total sq. ft. is subject to ground leases. Spirit assumes 8 leasehold interests against a portfolio of 1,122 owned properties. Lexington Realty assumes \$1.2mm of rent expense for leasehold interests against total rental revenue of \$313.1mm. Realty Income assumes \$1.0mm of annual ground lease obligations against total rental revenue of \$778.4mm. American Realty Capital, Gaming and Leisure Properties, Government Properties, Getty Realty, and Select Income do not disclose any ground leases in most recent forms 10-K.

Penn National REIT Is Not Analogous to Darden REIT

Penn National separated its gaming operating assets from its real property assets into two publicly traded companies, one an operating company and one a REIT, called Gaming and Leisure Properties (GLPI)

	Penn National REIT (GLPI)	Proposed Darden REIT
Tenant Switching Costs	<ul style="list-style-type: none"> Casinos are not custom built for a specific tenant/operator If Penn defaults on a lease then GLPI can find another tenant without having to spend a lot of money changing the property Specific provisions in place on how to transfer the gaming license 	<ul style="list-style-type: none"> Special purpose real estate and high switching costs if tenant defaults on the lease Switching costs are substantial due to significant exterior and interior brand-specific design element changes and investment required to retrofit the structure for another casual dining brand
Competition in Acquiring Additional Assets	<ul style="list-style-type: none"> First and only REIT focused on owning and leasing casinos and has a first mover advantage in terms of offering other owner-operators of regional casinos the opportunity to sell their properties to GLPI at a higher price than they may be able to achieve by selling to other C-corp casino companies 	<ul style="list-style-type: none"> There are several diversified triple net REITs trading at attractive multiples that would be competing with Darden REIT for similar acquisitions that Darden REIT would target Darden REIT likely to have more difficult time competing with other NNN REITs given higher cost of capital (i.e., lower multiple)
Debt Breakage Costs	<ul style="list-style-type: none"> PENN had to refinance entire capital structure, but breakage costs were more modest given more freely pre-payable bank capital structure 	<ul style="list-style-type: none"> Would have significant debt breakage costs due to bond-heavy capital structure
Tenant Diversification	<ul style="list-style-type: none"> Single-tenant, but expects to diversify over time through significant M&A (with natural opportunities immediately available) 	<ul style="list-style-type: none"> No existing diversification with limited options for diversification in the future, especially given its likely cost of capital disadvantage (ie, a lower multiple) vs. existing REITs when competing for assets

Potential Friction Costs Overview

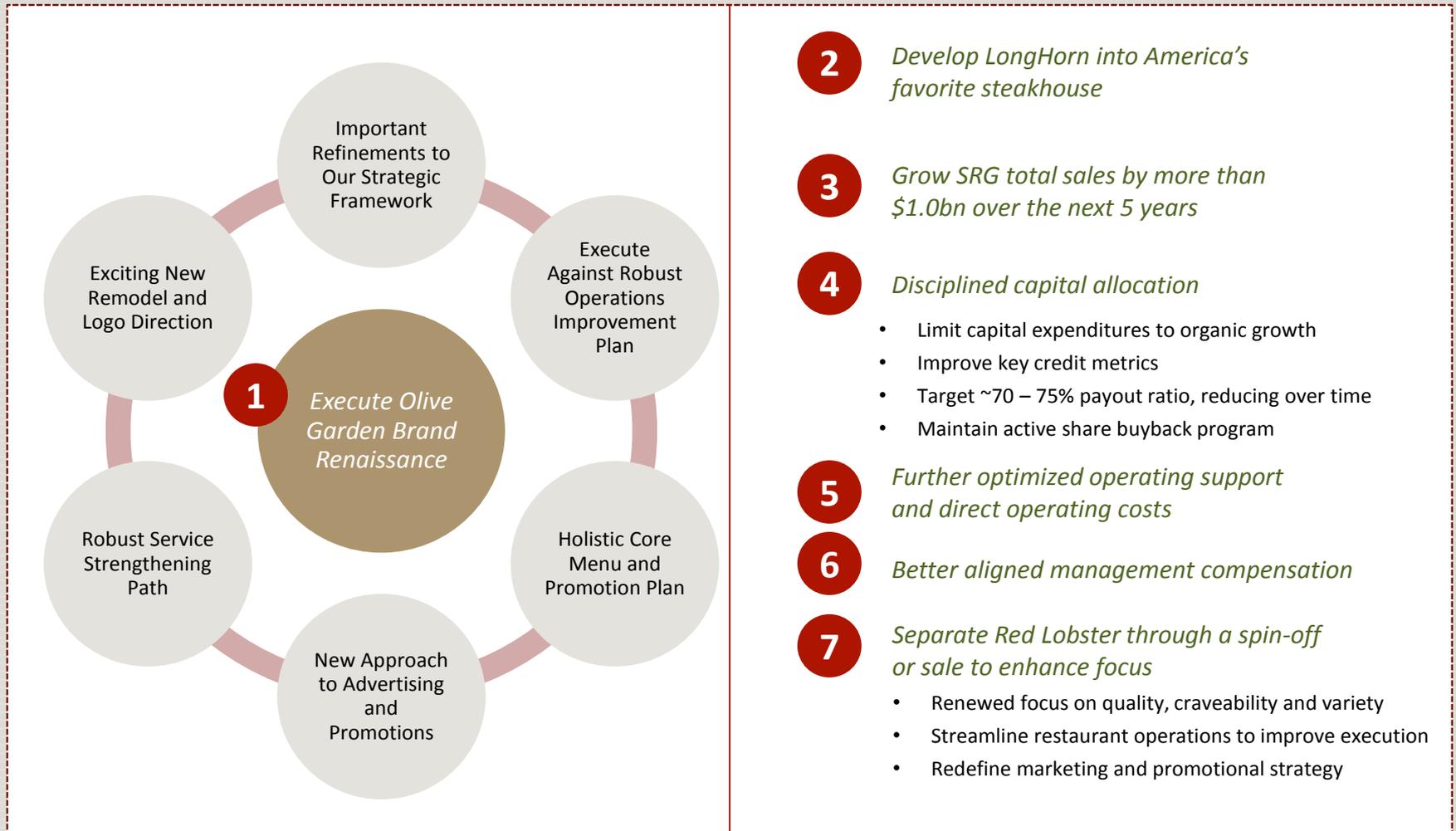
FORMATION OF A REIT WOULD INVOLVE MEANINGFUL FRICTION COSTS, THE MOST SIGNIFICANT BEING THE DEBT BREAKAGE EXPENSE ASSOCIATED WITH THE EXPECTED REFINANCING OF DARDEN'S APPROXIMATELY \$2.5 BILLION IN CURRENT DEBT, WHICH WOULD BE NECESSITATED BY SUCH A TRANSACTION

	Issue		Low	High
Breakage Costs	<ul style="list-style-type: none"> • Make-whole payment for existing debt complex 	▶	\$300	\$400
Transaction Expenses¹	<ul style="list-style-type: none"> • Refinancing expenses • Fees for tax, legal, financial, other advisory 	▶	75	125
Other	<ul style="list-style-type: none"> • Taxable gains (especially in a sale/leaseback transaction) as well as transfer taxes and property tax reassessments • Costs associated with purging the tax "earnings and profits" allocated to the REIT, which would likely further increase leverage at OpCo • Ongoing SG&A costs of a second public company 	▶	+	+

Note: \$ in millions. Figures shown above are pre-tax, though a portion of the total expenses which would be incurred would not be tax-deductible.
¹ Assumes current debt needs to be refinanced and non-investment grade credit rating.

V. Conclusion

Priorities for Value Creation



Darden has in place a comprehensive plan to enhance shareholder value that leverages Darden's position as the premier full service restaurant company

NOURISH & DELIGHT

Everyone We Serve.