



Dear Fellow Shareholders:

As I reflect on the past year, I am reminded of what it means to be of service. Our entire industry is built on an unwavering commitment to serving others. Indeed, at Darden, we say that being of service is at the heart of our business.

Fiscal 2021 was a challenging year for our company and the industry overall as we continued to deal with the effects of the pandemic. And our passion for serving others — our team members, our guests, our communities and our valued shareholders — is what enabled us to emerge even stronger.

Serving Our Team Members

Our founder, Bill Darden, said, “The greatest competitive edge our company has is the quality of our employees, evidenced by the excellent job they do every day.” Our team members are what make the difference at Darden, which is why they are at the heart of everything we do.

Over the past year, we strengthened how we serve our team members by investing in their success, providing pathways for growth and ensuring an inclusive and diverse culture.

Investing in Their Success

As we continue to grow and welcome guests back to our restaurants, retaining and attracting the best talent in the industry is critical to our success. That is why we continued to invest in our team members throughout the year.

Today, across all our brands, our hourly team members earn, on average, more than \$18 per hour, which includes tip income. In March, we announced that every hourly restaurant team member will earn at least \$10 per hour, inclusive of tip income. We also committed to raising the amount to \$11 per hour in January 2022 and to \$12 per hour in January 2023.

All Darden Brands	
Job Title	Average Hourly Rate*
Bartender	\$27.75
Server	\$22.47
Culinary	\$15.96
Kitchen Utility	\$14.00
Busser	\$13.25
Host	\$12.78

* As of May 30, 2021, inclusive of tips

These investments also included several programs to help support our team members throughout the pandemic.

Among them:

- Permanent paid sick leave program so team members can stay home if they do not feel well;
- COVID-19 emergency pay and covering insurance payments and benefits deductions for team members who were furloughed when our dining rooms were closed;
- Paid time off to get the COVID-19 vaccine;
- And a one-time bonus for nearly 90,000 of our hourly restaurant team members to thank them for their hard work.

These are just the latest investments we have made in our people, totaling more than \$275 million since fiscal 2018. As we move forward, these investments further strengthen our industry-leading position as the employer of choice.

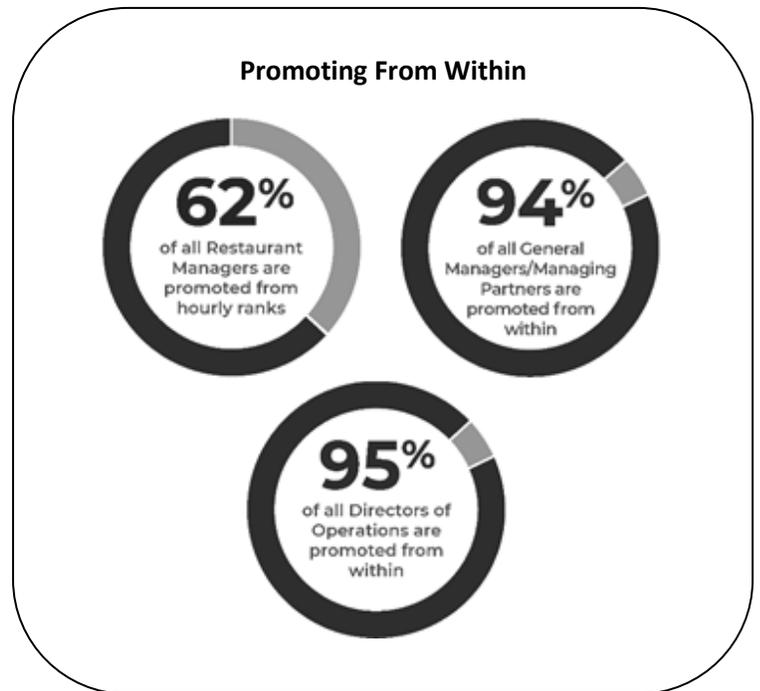


Providing Pathways for Growth

Every year, we teach thousands of people a lifelong skill: how to succeed in the workplace. With more than 1,800 locations and 8,000 leadership positions across our restaurants, we provide a pathway for thousands of individuals across the country to transform an entry-level position into a lifelong career. Helping others realize their potential and achieve their dreams is one of the things that makes our industry special, and that's why a central tenet of our approach to team member development is a commitment to promoting from within.

Ensuring an Inclusive and Diverse Culture

At Darden, we believe everyone is welcome to a seat at our table, and this belief has been the bedrock of our culture since Bill Darden opened his first restaurant, The Green Frog, in 1938.



In the wake of the pandemic and its disproportionate impact on communities of color, we pivoted our giving efforts to help those who needed it most. Our partners at Feeding America quickly saw demand for food drastically increase, and mobile food pantries became an important tool to help their food banks provide access to nutritious food among vulnerable populations. Through a \$500,000 grant from the Darden Foundation and additional support from our partners, Penske Truck Leasing and Lineage Logistics, we helped Feeding America provide 26-foot refrigerated box trucks to serve as mobile food pantries for five member food banks in communities with the greatest need.

Darden is a place that includes everyone, supports everyone and protects everyone. We prioritize our inclusion and diversity efforts not just because it is the right thing to do — more importantly, it makes us all better. It leads to innovation of thought, helps fuel our growth as a company and creates great places to work for our team members. That is why our strategy to uphold our founder's legacy is rooted in advancing workplace diversity, creating an inclusive environment and building on our commitment to make a positive impact. I invite you to learn more about our strategy by visiting [Darden.com/Our-Impact](https://www.darden.com/our-impact).

Serving Our Guests

We value the trust that our guests place in us to provide exceptional dining experiences for their family and friends. We take this seriously, and during the year, we focused on four key priorities to ensure that we were living up to our promise to our guests.

First, we **created a safe, welcoming environment** in our restaurants. As the year began, we welcomed guests back into our dining rooms — all while practicing our enhanced safety protocols and complying with a wide range of restrictions and local requirements that varied by market. We also configured our dining rooms for social distancing and installed booth partitions to maximize allowable capacity.

Second, we **remained laser-focused on our Back-to-Basics Operating Philosophy**. Operating in this environment added another layer of complexity to our restaurant operations, and this focus drove strong restaurant-level execution that created exceptional guest experiences — whether that was in our dining rooms, outdoors on our patios or in their homes.

Third, to support our philosophy, we **continued to streamline our menus and improve our processes and procedures**. Removing complexity from our operations has allowed our restaurant teams to execute more consistently. Our operators continue to deliver great guest experiences by displaying a high level of flexibility, creativity and passion every day, and I am thrilled to see that reflected in our guest satisfaction metrics.

Finally, we **continued to invest in and implement technology** to help meet our guests' growing need for convenience and desire for off-premise experiences. This included providing multiple ways for our guests to order and settle their check inside our restaurants and across our digital storefronts. Additionally, we deployed mobile solutions to make it easier for our guests to let us know when they arrive to dine in or pick up a Curbside To Go order.

I am proud of how our restaurant teams continue to welcome more guests back into our restaurants and create memorable experiences.

Serving Our Communities

For us, being of service also means making a difference in the communities we serve by tackling issues that we are best equipped to help address. As a restaurant company, we are uniquely positioned to help fight hunger. We also recognize that operating more than 1,800 restaurants requires abundant natural resources. That is why we view sourcing food with care and protecting our planet as another way we can make a difference in our communities.

Fighting Hunger

Food insecurity impacts individuals within every community in the United States, and the pandemic made the ongoing hunger crisis even worse. Feeding America estimates that as many as one in eight people may face hunger, amounting to more than 42 million people.

Fighting Hunger in Fiscal 2021

- ✧ **\$2.5 million donated** to Feeding America through the Darden Foundation
- ✧ **5 mobile food trucks** provided to local food banks with exceptionally high need
- ✧ **5.6 million pounds of food** contributed through our Harvest program – amounting to **4.7 million meals**

This reinforces the importance of our 10-year partnership with Feeding America. In fiscal 2021, the Darden Restaurants, Inc. Foundation provided \$2.5 million to support Feeding America's network of nearly 200 food banks across all 50 states, helping provide meals to people in need. This support also helped Feeding America enhance mobile food pantry programs for five local food banks, increasing access to nutritious food in communities of color.

These efforts all go hand-in-hand with our Harvest program. Each day, our restaurants collect surplus, wholesome food that is not served to guests and prepare it for donation to local nonprofit partners.

Sourcing Food with Care

We know that where our ingredients come from and how they are grown are integral to preparing great food for our guests. Darden's Food Principles continue to be our foundation for sourcing food for our guests sustainably. They include commitments around food safety, sustainability, animal welfare and nutritional transparency, and we continually engage with our suppliers to review these values. You can learn more about these commitments and our Food Principles at [Darden.com/Our-Impact](https://www.darden.com/our-impact).

In 2019, we established an Animal Welfare Council, comprised of a cross-functional group of academics and thought leaders in the care of animals in food supply chains. This group guides our efforts to improve animal welfare outcomes and helped us develop a process for working with chicken suppliers on key welfare issues. As a result, we have **committed to purchasing chicken raised without the use of medically important antibiotics by 2023**.

Protecting Our Planet

With more than 1,800 locations, we view conservation efforts at our restaurants as the first line of action in managing climate risks and resource volatility.

Since 2008, we have steadily decreased Greenhouse Gas (GHG) emissions every year. Over the last decade, we have **reduced GHGs by an average of 33% per restaurant** and continue to proactively manage climate risks in our operations.

We also operate some of the most efficient full-service restaurants in the industry and continue to focus on managing energy and water conservation efforts. In fiscal 2020, our restaurants experienced an **8% reduction in energy use and a 7% reduction in water use year-over-year**.

Finally, we continue to make advancements in minimizing food and plastic waste in our restaurants. Our waste diversion rates have more than doubled since 2008, and we regularly analyze and optimize our efforts in our restaurants. While we are dependent on available recycling infrastructure in the communities where we operate, **more than 80% of our restaurants currently have recycling programs in place**.

The single largest component of our waste stream is food waste. In addition to improving our forecasting efforts to minimize food loss, we reduce the amount of waste we send to landfills thanks to our Harvest food donation program. During the year, **more than 5.6 million pounds of unserved food was diverted and donated to local nonprofits**.

While a single company cannot completely change the broad forces at play, we recognize and understand the impact that a company our size can, and must, make.

Serving Our Shareholders

Our mission is to be financially successful through great people consistently delivering outstanding food, drinks and service in an inviting atmosphere, making every guest loyal. And the strategy we developed six years ago enables our success.

As I look back, it is clear to me that our strategy provided a strong foundation to help us navigate a year filled with change and uncertainty.

Our portfolio of iconic brands remained focused on executing our **Back-to-Basics Operating Philosophy**, anchored in providing great food, with outstanding service, in an enjoyable atmosphere, for all of our guests. At the Darden level, we concentrated on leveraging our **Four Competitive Advantages** of Significant Scale, Extensive Data and Insights, Rigorous Strategic Planning, and Our Results-Oriented Culture.

Taking Action Against Climate Risks

Climate change is a significant global challenge. Given our size, and the fact that we own and operate our restaurants, we know that we can do more to make an impact. That is why we are working to take action against climate risks.

To help us manage climate risks, we commit to:

- ✂ Measuring and reporting our Scope 3 emissions by the end of fiscal 2022. This is in addition to Scope 1 & 2, which are already publicly reported.
- ✂ Aligning our climate approach to the Task Force on Climate-related Financial Disclosures (TCFD) by creating a framework that covers Governance, Strategy, Risk Management, and Metrics & Targets.

To help us tackle the climate impacts of our business, we commit to:

- ✂ Creating a strategy to address Scope 1 & 2 GHG emissions with the goal of **achieving 100% renewable energy for our restaurants by 2030**
- ✂ Developing and publicly reporting a Science-based target for both direct operations (Scope 1 & 2) and broader value chain impacts (Scope 3)

Significant Scale

Our Significant Scale enabled us to quickly react to the turbulent operating environment. The depth and breadth of our supply chain relationships ensured that we could adjust our product supply as needed without experiencing any major interruptions.

Our scale also enabled us to drastically accelerate the development of online ordering and several other digital initiatives and cascade them across our brands quickly and effectively. The robust expansion of our digital platform over the past year has also provided us with a richer set of first-party data on new and existing guests.

Extensive Data & Insights

The role of data and insights has never been more relevant than it is today. By leveraging our Extensive Data and Insights, we were able to ensure that we constantly met our guests' expectations and identified pockets of opportunity to improve the guest experience and drive incremental sales. We are also increasing accessibility to our data across the organization — so our leaders can use our rich data as effectively as possible to make the best decisions for our business.

Rigorous Strategic Planning

Our Rigorous Strategic Planning ensures that our brands have the right strategy in place to compete effectively and grow market share. During this unique time, we seized the rare opportunity to transform our business model. First, we focused on adjusting our cost structure in order to generate strong cash flows while making the appropriate investments in our businesses. This provided a stronger foundation for us to build on as sales trends improved throughout the year.

Next, we re-imagined our offerings. This resulted in simplified menus across our portfolio driving high levels of execution and strengthening margins — further positioning our brands for long-term success.

As we streamlined our offerings, we made numerous strategic investments to ensure we were better positioned to grow market share. At the restaurant level, we invested in food quality and portion size to help strengthen long-term value perceptions for each brand. We also invested in technology — particularly within our To Go capabilities — and we further optimized our support structure, which drove G&A efficiencies.

Results-Oriented Culture

Our people are our greatest competitive advantage. As I said, this was a challenging year, and our culture was put to the ultimate test as our team members dealt with the personal and emotional impacts of everything that transpired. That is why we continued to invest in them as we navigated the unprecedented time together. Through it all, our team members demonstrated tremendous passion, innovation and resiliency in caring for our guests and each other. As a result, our culture grew stronger, and with it, so did our company.

The strength of our Four Competitive Advantages and the power of our Back-to-Basics Operating Philosophy allowed us to successfully manage through this past year and emerge even stronger — proving our strategy remains the right one for Darden.

Our Results

Despite the significant challenges we faced, including operating our restaurants with limited dining room capacity throughout the year, we achieved total sales of \$7.2 billion. We also opened 36 new restaurants and closed six, resulting in 30 additional restaurants for the year. Adjusted diluted net earnings per share were \$4.31.¹

The actions we took to transform our business model helped build a solid foundation for recovery and resulted in more than \$1 billion in Adjusted EBITDA¹ and more than \$920 million of free cash flow.¹ As a result, we repaid our term loan, reinstated our dividend and quickly built up our cash position.

These results helped us deliver value-creating returns for our shareholders. Our long-term framework calls for 10% to 15% total shareholder return (TSR), and we achieved an annualized TSR of 15.7% over the 10-year fiscal period that ended May 30, 2021, exceeding the high end of our target. Additionally, we recently declared a quarterly dividend of \$1.10 per share, exceeding our pre-COVID dividend levels.

Confidently Looking Ahead

Darden is well-positioned for future growth. Consumer demand has returned at strong levels, proving the resiliency of the full-service dining segment. Given guest demand and the financial health of the consumer, we believe that our industry can return to pre-pandemic levels — or greater.

As we begin our new fiscal year, our business model is much stronger than before the pandemic thanks to our business transformation work, and we remain focused on driving profitable sales growth. Our restaurants will continue to deliver great food and outstanding service in a welcoming atmosphere, and we will continue to make the right investments in our business to stay competitive in the marketplace.

On behalf of our Board of Directors and all of our team members, thank you for your ongoing support over the past year. We value the trust you have placed in us by investing in our company, and we will work hard to continue earning it.



Eugene I. Lee, Jr.
Chairman & Chief Executive Officer

¹ Represents a Non-GAAP measure. A reconciliation of GAAP to Non-GAAP numbers can be found at the end of this letter.

Forward-Looking Statements

This letter contains forward-looking statements. 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. Additional cautionary and other information with respect to these forward-looking statements is set forth in Item 1A of the Company's Annual Report on Form 10-K under the heading "Risk Factors" which accompanies this letter.

Non-GAAP Information

The information in this letter 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. 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.

Fiscal 2021 Reported to Adjusted Earnings Reconciliation

\$ in millions, except per share amounts	Earnings Before Income Tax	Income Tax Expense (Benefit)	Net Earnings	Diluted Net Earnings Per Share
Reported Earnings from Continuing Operations	\$576.5	\$(55.9)	\$632.4	\$4.80
Adjustments:				
Corporate restructuring ¹	47.8	12.0	35.8	0.27
Income tax benefit ²		99.7	(99.7)	(0.76)
Adjusted Earnings from Continuing Operations	\$624.3	\$55.8	\$568.5	\$4.31
Interest			63.5	
Adjusted Income Tax Expense			55.8	
Depreciation and Amortization			350.9	
Adjusted EBITDA			\$1,038.7	

¹ Includes cash expenses of approximately \$38 million, primarily related to severance and benefits, which will be paid over an 18-month period, and non-cash expenses of approximately \$10 million related to acceleration of equity-settled awards and expense associated with the postretirement benefit plan.

² Primarily relates to our estimated federal net operating loss (NOL) for fiscal year 2021, which we expect to carryback to the preceding five years. A non-recurring income tax benefit is generated due to the difference in the federal tax rates between fiscal year 2021 and the years to which the NOL will be carried back.

Fiscal 2021 Free Cash Flow

\$ in millions	
Net cash provided by operating activities of continuing operations	\$1,193.5
Less: Purchases of land, buildings and equipment	(254.9)
Less: Purchases of capitalized software and other assets	(15.4)
Free Cash Flow	\$923.2