

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

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

**For the quarterly period ended August 25, 2024**

or

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**1-13666  
Commission File Number**

**DARDEN RESTAURANTS, INC.**

(Exact name of registrant as specified in its charter)

**Florida**  
(State or other jurisdiction of  
incorporation or organization)  
**1000 Darden Center Drive**  
**Orlando, Florida**  
(Address of principal executive offices)

**59-3305930**  
(I.R.S. Employer  
Identification No.)

**32837**  
(Zip Code)

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

**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>
<b>Common Stock, without par value</b>	<b>DRI</b>	<b>New York Stock Exchange</b>

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

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

Number of shares of common stock outstanding as of September 16, 2024: 117,500,476.

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**Cautionary Statement Regarding Forward-Looking Statements**

Statements set forth in or incorporated into this report that are not historical facts, including without limitation statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of Darden Restaurants, Inc. and its subsidiaries that are preceded by, followed by or that include words such as “may,” “will,” “expect,” “intend,” “anticipate,” “continue,” “estimate,” “project,” “believe,” “plan”, “outlook” or similar expressions, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This statement is included for purposes of complying with the safe harbor provisions of that Act. Any forward-looking statements speak only as of the date on which such statements are made, and we undertake no obligation to update such statements for any reason to reflect events or circumstances arising after such date. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by such forward-looking statements. The most significant of these uncertainties are described in Darden’s Form 10-K, Form 10-Q (including this report) and Form 8-K reports.

**PART I**  
**FINANCIAL INFORMATION**

**Item 1. Financial Statements (Unaudited)**

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

	<b>Three Months Ended</b>	
	<b>August 25, 2024</b>	<b>August 27, 2023</b>
Sales	\$ 2,757.0	\$ 2,730.6
Costs and expenses:		
Food and beverage	846.7	851.0
Restaurant labor	889.3	875.3
Restaurant expenses	458.2	446.6
Marketing expenses	44.7	38.6
General and administrative expenses	126.4	153.3
Depreciation and amortization	121.5	109.8
Impairments and disposal of assets, net	1.0	3.1
Total operating costs and expenses	<u>\$ 2,487.8</u>	<u>\$ 2,477.7</u>
Operating income	269.2	252.9
Interest, net	37.1	29.7
Earnings before income taxes	232.1	223.2
Income tax expense	24.5	28.4
Earnings from continuing operations	<u>\$ 207.6</u>	<u>\$ 194.8</u>
Losses from discontinued operations, net of tax benefit of \$0.4 and \$0.1, respectively	<u>(0.4)</u>	<u>(0.3)</u>
Net earnings	<u><u>\$ 207.2</u></u>	<u><u>\$ 194.5</u></u>
Basic net earnings per share:		
Earnings from continuing operations	\$ 1.75	\$ 1.61
Losses from discontinued operations	—	—
Net earnings	<u>\$ 1.75</u>	<u>\$ 1.61</u>
Diluted net earnings per share:		
Earnings from continuing operations	\$ 1.74	\$ 1.60
Losses from discontinued operations	—	(0.01)
Net earnings	<u>\$ 1.74</u>	<u>\$ 1.59</u>
Average number of common shares outstanding:		
Basic	118.5	120.9
Diluted	119.2	122.0

See accompanying notes to our unaudited consolidated financial statements.

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

	Three Months Ended	
	August 25, 2024	August 27, 2023
Net earnings	\$ 207.2	\$ 194.5
Change in fair value of derivatives and amortization of unrecognized gains and losses on derivatives, net of taxes of \$0.5 and \$5.4, respectively	0.2	12.6
Net unamortized gain (loss) arising during the period, including amortization of unrecognized net actuarial gain (loss), net of taxes of \$0.1 and \$0.0, respectively, related to pension and other post-employment benefits	0.1	0.2
Other comprehensive income	\$ 0.3	\$ 12.8
Total comprehensive income	\$ 207.5	\$ 207.3

See accompanying notes to our unaudited consolidated financial statements.

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

	<u>August 25, 2024</u>	<u>May 26, 2024</u>
	<u>(Unaudited)</u>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 192.5	\$ 194.8
Receivables, net	63.8	79.1
Inventories	297.7	290.5
Prepaid income taxes	103.6	121.7
Prepaid expenses and other current assets	162.0	136.7
Total current assets	\$ 819.6	\$ 822.8
Land, buildings and equipment, net of accumulated depreciation and amortization of \$3,844.9 and \$3,759.9, respectively	4,272.8	4,184.3
Operating lease right-of-use assets	3,365.5	3,429.3
Goodwill	1,391.0	1,391.0
Trademarks	1,148.0	1,148.0
Other assets	358.6	347.6
Total assets	<u>\$ 11,355.5</u>	<u>\$ 11,323.0</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 401.0	\$ 399.5
Short-term debt	293.9	86.8
Accrued payroll	161.0	190.1
Accrued income taxes	1.7	6.1
Other accrued taxes	81.6	71.0
Unearned revenues	554.7	591.8
Other current liabilities	830.8	847.2
Total current liabilities	\$ 2,324.7	\$ 2,192.5
Long-term debt	1,385.6	1,370.4
Deferred income taxes	236.4	232.0
Operating lease liabilities - non-current	3,636.8	3,704.7
Other liabilities	1,628.3	1,580.9
Total liabilities	<u>\$ 9,211.8</u>	<u>\$ 9,080.5</u>
Stockholders' equity:		
Common stock and surplus	\$ 2,262.3	\$ 2,252.4
Retained earnings (deficit)	(144.5)	(35.5)
Accumulated other comprehensive income	25.9	25.6
Total stockholders' equity	<u>\$ 2,143.7</u>	<u>\$ 2,242.5</u>
Total liabilities and stockholders' equity	<u>\$ 11,355.5</u>	<u>\$ 11,323.0</u>

See accompanying notes to our unaudited consolidated financial statements.

**DARDEN RESTAURANTS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**For the Three Months Ended August 25, 2024 and August 27, 2023**  
**(In millions)**  
**(Unaudited)**

	Common Stock And Surplus		Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount			
Balance at May 26, 2024	118.9	\$ 2,252.4	\$ (35.5)	\$ 25.6	\$ 2,242.5
Net earnings	—	—	207.2	—	207.2
Other comprehensive income (loss)	—	—	—	0.3	0.3
Dividends declared (\$1.40 per share)	—	—	(166.4)	—	(166.4)
Stock option exercises	0.1	6.6	—	—	6.6
Stock-based compensation	—	24.1	—	—	24.1
Repurchases of common stock	(1.2)	(22.6)	(149.8)	—	(172.4)
Issuance of stock under Employee Stock Purchase Plan and other plans	0.2	3.1	—	—	3.1
Other	—	(1.3)	—	—	(1.3)
Balance at August 25, 2024	<u>118.0</u>	<u>\$ 2,262.3</u>	<u>\$ (144.5)</u>	<u>\$ 25.9</u>	<u>\$ 2,143.7</u>
Balance at May 28, 2023	121.1	\$ 2,230.8	\$ (32.5)	\$ 3.2	\$ 2,201.5
Net earnings	—	—	194.5	—	194.5
Other comprehensive income (loss)	—	—	—	12.8	12.8
Dividends declared (\$1.31 per share)	—	—	(160.1)	—	(160.1)
Stock option exercises	0.2	19.4	—	—	19.4
Stock-based compensation	—	20.6	—	—	20.6
Repurchases of common stock	(0.9)	(16.2)	(126.7)	—	(142.9)
Issuance of stock under Employee Stock Purchase Plan and other plans	0.3	2.9	—	—	2.9
Other	—	(0.7)	—	—	(0.7)
Balance at August 27 2023	<u>120.7</u>	<u>\$ 2,256.8</u>	<u>\$ (124.8)</u>	<u>\$ 16.0</u>	<u>\$ 2,148.0</u>

See accompanying notes to our unaudited consolidated financial statements.

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

	Three Months Ended	
	August 25, 2024	August 27, 2023
Cash flows—operating activities		
Net earnings	\$ 207.2	\$ 194.5
Losses from discontinued operations, net of tax	0.4	0.3
Adjustments to reconcile net earnings from continuing operations to cash flows:		
Depreciation and amortization	121.5	109.8
Impairments and disposal of assets, net	1.0	3.1
Stock-based compensation expense	34.7	30.3
Change in current assets and liabilities	(77.8)	(59.5)
Contributions to pension and postretirement plans	(0.4)	(0.4)
Deferred income taxes	5.0	4.2
Change in other assets and liabilities	(11.0)	(10.4)
Other, net	(7.4)	(2.8)
Net cash provided by operating activities of continuing operations	<u>\$ 273.2</u>	<u>\$ 269.1</u>
Cash flows—investing activities		
Purchases of land, buildings and equipment	(145.2)	(150.9)
Proceeds from disposal of land, buildings and equipment	—	1.6
Cash used in business acquisitions, net of cash acquired	—	(699.9)
Purchases of capitalized software and other assets	(6.3)	(5.2)
Other, net	1.8	0.2
Net cash used in investing activities of continuing operations	<u>\$ (149.7)</u>	<u>\$ (854.2)</u>
Cash flows—financing activities		
Proceeds from issuance of common stock	9.7	22.3
Dividends paid	(166.0)	(158.5)
Repurchases of common stock	(172.4)	(142.9)
Proceeds from the issuance of commercial paper, net	207.1	95.4
Proceeds from issuance of long-term debt	—	600.0
Principal payments on finance leases	(5.1)	(5.5)
Payments of debt issuance costs	—	(1.4)
Net cash (used in) provided by financing activities of continuing operations	<u>\$ (126.7)</u>	<u>\$ 409.4</u>
Cash flows—discontinued operations		
Net cash provided by operating activities of discontinued operations	—	—
Net cash provided by discontinued operations	<u>\$ —</u>	<u>\$ —</u>
Decrease in cash, cash equivalents, and restricted cash	(3.2)	(175.7)
Cash, cash equivalents, and restricted cash - beginning of period	220.1	416.2
Cash, cash equivalents, and restricted cash - end of period	<u>\$ 216.9</u>	<u>\$ 240.5</u>
<b>Reconciliation of cash, cash equivalents, and restricted cash:</b>	<b>August 25, 2024</b>	<b>August 27, 2023</b>
Cash and cash equivalents	\$ 192.5	\$ 192.1
Restricted cash included in prepaid expenses and other current assets	24.4	48.4
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 216.9</u>	<u>\$ 240.5</u>



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

	<b>Three Months Ended</b>	
	<b>August 25, 2024</b>	<b>August 27, 2023</b>
Cash flows from changes in current assets and liabilities		
Receivables, net	15.3	29.5
Inventories	(7.7)	9.4
Prepaid expenses and other current assets	(26.2)	(40.1)
Accounts payable	8.0	(16.0)
Accrued payroll	(29.1)	(13.7)
Prepaid/accrued income taxes	13.7	20.8
Other accrued taxes	10.5	7.8
Unearned revenues	(37.1)	(32.1)
Other current liabilities	(25.2)	(25.1)
Change in current assets and liabilities	<u>\$ (77.8)</u>	<u>\$ (59.5)</u>

See accompanying notes to our unaudited consolidated financial statements.

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

**Note 1. Basis of Presentation**

Darden Restaurants, Inc. (we, our, Darden or the Company) owns and operates full-service dining restaurants in the United States and Canada under the trade names Olive Garden®, LongHorn Steakhouse®, Cheddar’s Scratch Kitchen®, Yard House®, Ruth’s Chris Steak House® (Ruth’s Chris), The Capital Grille®, Seasons 52®, Bahama Breeze®, Eddie V’s Prime Seafood® (Eddie V’s) and The Capital Burger®. As of August 25, 2024, through subsidiaries, we own and operate all of our restaurants in the United States and Canada, except for 2 joint venture restaurants managed by us, 4 managed locations operating under contractual agreements and 91 franchised restaurants. We also have 58 franchised restaurants in operation located in Latin America, the Caribbean, Asia, and the Middle East.

On July 17, 2024, we entered into an agreement to acquire all of the outstanding shares of Chuy’s Holdings, Inc. (Chuy’s Holdings), a Delaware corporation, for \$37.50 per share in an all-cash transaction with an enterprise value of approximately \$605 million. The transaction has been approved by our Board of Directors and is subject to the satisfaction of customary conditions, including, among others, the approval of Chuy’s Holdings shareholders. The acquisition is expected to be completed in the second quarter of fiscal 2025 and we expect to fund the purchase price through the issuance of debt.

We have prepared these consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally presented in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP) have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal recurring nature. We operate on a 52/53-week fiscal year which ends on the last Sunday in May. Our fiscal year ending May 25, 2025 will contain 52 weeks of operation. Operating results for interim periods presented are not necessarily indicative of results that may be expected for the full fiscal year.

These statements should be read in conjunction with the consolidated financial statements and related notes to consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended May 26, 2024. We prepare our consolidated financial statements in conformity with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of sales and costs and expenses during the reporting period. Actual results could differ from those estimates.

We have reclassified certain amounts in prior-period financial statements to conform to the current period’s presentation.

**Recently Issued Accounting Standards**

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. Management is currently evaluating this ASU to determine its impact on the Company’s disclosures. We plan to adopt in the fourth quarter of fiscal 2025.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which updates income tax disclosures related to the rate reconciliation and requires disclosure of income taxes paid by jurisdiction. The amendments also provide further disclosure comparability. The amendments are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied prospectively; however, retrospective application is permitted. Management is currently evaluating this ASU to determine its impact on the Company’s disclosures. We plan to adopt in fiscal 2026.

In March 2024, the SEC adopted its final rules intended to enhance and standardize climate-related disclosures in registration statements and annual reports. The new rules will require disclosure of material climate-related risks, including disclosure of the Board of Directors’ oversight and risk management activities, the material impacts of these risks to the Company and the quantification of material impacts to the Company as a result of severe weather events and other natural conditions. The rules also require disclosure of material greenhouse gas emissions and any material climate-related targets and goals. The new rules will be effective for annual reporting periods beginning in fiscal year 2026, except for the greenhouse gas emissions disclosures which will be effective for annual reporting periods beginning in fiscal year 2027. On April 4, 2024, the

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

SEC issued a voluntary stay on its final rules pending multiple legal challenges. The Company is currently evaluating the impact of these new rules.

**Note 2. Revenue Recognition**

Deferred revenue liabilities from contracts with customers included on our accompanying consolidated balance sheets was comprised of the following:

(in millions)	August 25, 2024	May 26, 2024
<b>Unearned revenues</b>		
Deferred gift card revenue	\$ 579.5	\$ 620.6
Deferred gift card discounts	(25.5)	(29.5)
Other	0.7	0.7
<b>Total</b>	<u>\$ 554.7</u>	<u>\$ 591.8</u>
<b>Other liabilities</b>		
Deferred franchise fees - non-current	\$ 4.9	\$ 4.9

The following table presents a rollforward of deferred gift card revenue.

(in millions)	Three Months Ended	
	August 25, 2024	August 27, 2023
Beginning balance	\$ 620.6	\$ 537.0
Acquired deferred gift card revenue	—	61.8
Activations	122.4	130.1
Redemptions and breakage	(163.5)	(165.5)
Ending balance	<u>\$ 579.5</u>	<u>\$ 563.4</u>

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

**Note 3. Additional Financial Information**
**Supplemental Balance Sheet Information**

The components of lease assets and liabilities on the consolidated balance sheet were as follows:

(in millions)	Balance Sheet Classification	August 25, 2024	May 26, 2024
Operating lease right-of-use assets	Operating lease right-of-use assets	\$ 3,365.5	\$ 3,429.3
Finance lease right-of-use assets	Land, buildings and equipment, net	1,160.1	1,106.3
Total lease assets, net		<u>\$ 4,525.6</u>	<u>\$ 4,535.6</u>
Operating lease liabilities - current	Other current liabilities	\$ 200.6	\$ 198.8
Finance lease liabilities - current	Other current liabilities	16.2	15.3
Operating lease liabilities - non-current	Operating lease liabilities - non-current	3,636.8	3,704.7
Finance lease liabilities - non-current	Other liabilities	1,423.9	1,357.1
Total lease liabilities		<u>\$ 5,277.5</u>	<u>\$ 5,275.9</u>

**Supplemental Cash Flow Information**

Cash paid for interest and income taxes were as follows:

(in millions)	Three Months Ended	
	August 25, 2024	August 27, 2023
Interest, net of amounts capitalized	\$ 36.3	\$ 34.3
Income taxes, net of refunds	4.6	2.0

Non-cash investing and financing activities were as follows:

(in millions)	Three Months Ended	
	August 25, 2024	August 27, 2023
Increase in land, buildings and equipment through accrued purchases	\$ 33.8	\$ 64.0
Right-of-use assets obtained in exchange for new operating lease liabilities <sup>(1)</sup>	7.1	298.0
Right-of-use assets obtained in exchange for new finance lease liabilities	35.8	45.3
Net change in right-of-use assets mainly due to lease modifications resulting in reclassification of leases from operating to finance	19.9	2.1

(1) Right-of-use assets obtained in fiscal 2024 includes \$291.6 million from the acquisition of Ruth's Chris.

We had restricted cash of \$24.4 million as of August 25, 2024 and \$25.3 million as of May 26, 2024, which represents cash held as security for a standby letter of credit. Restricted cash is included in Prepaid Expenses and Other Current Assets on our consolidated balance sheet. See Note 12, Commitments and Contingencies, for further details around standby letters of credit.

**Note 4. Income Taxes**

The effective income tax rate for continuing operations for the three months ended August 25, 2024 was 10.6 percent compared to an effective income tax rate for the three months ended August 27, 2023 of 12.7 percent. The decrease in the tax rate is primarily driven by the release of federal tax reserves and the favorable impact of mark to market hedges.

Included in our remaining balance of unrecognized tax benefits is \$1.7 million related to tax positions for which it is reasonably possible that the total amounts could change within the next 12 months based on the outcome of examinations or as a result of the expiration of the statute of limitations for specific jurisdictions.

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

**Note 5. Net Earnings per Share**

Outstanding stock options, restricted stock and equity-settled performance stock units granted by us represent the only dilutive effect reflected in diluted weighted average shares outstanding, none of which impact the numerator of the diluted net earnings per share computation. Stock options, restricted stock and equity-settled performance stock units excluded from the calculation of diluted net earnings per share because the effect would have been anti-dilutive, were as follows:

(in millions)	Three Months Ended	
	August 25, 2024	August 27, 2023
Anti-dilutive stock-based compensation awards	0.3	—

**Note 6. Segment Information**

We manage our restaurant brands, Olive Garden, LongHorn Steakhouse, Cheddar's Scratch Kitchen, Yard House, Ruth's Chris, The Capital Grille, Seasons 52, Bahama Breeze, Eddie V's, and The Capital Burger in North America as operating segments. The brands operate principally in the U.S. within full-service dining. We aggregate our operating segments into reportable segments based on a combination of the size, economic characteristics and sub-segment of full-service dining within which each brand operates. We have four reportable segments: (1) Olive Garden, (2) LongHorn Steakhouse, (3) Fine Dining and (4) Other Business.

The Olive Garden segment includes the results of our company-owned Olive Garden restaurants in the U.S. and Canada. The LongHorn Steakhouse segment includes the results of our company-owned LongHorn Steakhouse restaurants in the U.S. The Fine Dining segment aggregates our premium brands that operate within the fine-dining sub-segment of full-service dining and includes the results of our company-owned Ruth's Chris, The Capital Grille and Eddie V's restaurants in the U.S. The Other Business segment aggregates our remaining brands and includes the results of our company-owned Cheddar's Scratch Kitchen, Yard House, Seasons 52, Bahama Breeze and The Capital Burger restaurants in the U.S. and results from our franchise operations.

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

Our management uses segment profit as the measure for assessing performance of our segments. Segment profit includes revenues and expenses directly attributable to restaurant-level results of operations (sometimes referred to as restaurant-level earnings). These expenses include food and beverage costs, restaurant labor costs, restaurant expenses and marketing expenses (collectively "restaurant and marketing expenses"). Non-cash lease-related expenses included in restaurant expenses (which is a component of segment profit) and lease-related depreciation and amortization are reported at the corporate level as these are expenses for which our operating segments are not being evaluated. Additionally, our lease-related right-of-use assets are not managed or evaluated at the operating segment level, but rather at the corporate level.

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

The following tables reconcile our segment results to our consolidated results reported in accordance with GAAP.

(in millions)

For the three months ended August 25, 2024	Olive Garden	LongHorn Steakhouse	Fine Dining	Other Business	Corporate	Consolidated
Sales	\$ 1,209.1	\$ 713.5	\$ 278.9	\$ 555.5	\$ —	\$ 2,757.0
Restaurant and marketing expenses	960.1	585.9	241.3	471.8	(20.2)	2,238.9
Segment profit	\$ 249.0	\$ 127.6	\$ 37.6	\$ 83.7	\$ 20.2	\$ 518.1
Depreciation and amortization	\$ 45.3	\$ 20.3	\$ 16.8	\$ 25.7	\$ 13.4	\$ 121.5
Impairments and disposal of assets, net	—	—	—	—	1.0	1.0
Purchases of land, buildings and equipment	55.7	36.0	26.6	27.0	(0.1)	145.2

(in millions)

For the three months ended August 27, 2023	Olive Garden	LongHorn Steakhouse	Fine Dining <sup>1</sup>	Other Business	Corporate	Consolidated
Sales	\$ 1,227.9	\$ 669.8	\$ 273.5	\$ 559.4	\$ —	\$ 2,730.6
Restaurant and marketing expenses	965.6	552.4	233.8	475.1	(15.4)	2,211.5
Segment profit	\$ 262.3	\$ 117.4	\$ 39.7	\$ 84.3	\$ 15.4	\$ 519.1
Depreciation and amortization	\$ 39.6	\$ 18.2	\$ 15.6	\$ 25.1	\$ 11.3	\$ 109.8
Impairments and disposal of assets, net	0.2	—	—	—	2.9	3.1
Purchases of land, buildings and equipment	65.8	34.5	23.5	26.6	0.5	150.9

<sup>1</sup> Includes Ruth's Chris results from the date of acquisition (June 14, 2023) forward.

A reconciliation of segment profit to earnings from continuing operations before income taxes is below.

(in millions)	Three Months Ended	
	August 25, 2024	August 27, 2023
Segment profit	\$ 518.1	\$ 519.1
Less general and administrative expenses	(126.4)	(153.3)
Less depreciation and amortization	(121.5)	(109.8)
Less impairments and disposal of assets, net	(1.0)	(3.1)
Less interest, net	(37.1)	(29.7)
Earnings before income taxes	<u>\$ 232.1</u>	<u>\$ 223.2</u>

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

**Note 7. Impairments and Disposal of Assets, Net**

Impairments and disposal of assets, net, in our accompanying consolidated statements of earnings were comprised of the following:

(in millions)	Three Months Ended	
	August 25, 2024	August 27, 2023
Restaurant impairments	\$ —	\$ 0.3
Disposal (gains) losses	0.1	4.9
Other	0.9	(2.1)
Impairments and disposal of assets, net	<u>\$ 1.0</u>	<u>\$ 3.1</u>

Disposal (gains) losses for the quarter ended August 25, 2024 were related to previously impaired locations. Restaurant impairments and disposal (gains) losses for the quarter ended August 27, 2023 were related to the decision to close four locations. Other impacts for the quarter ended August 25, 2024 were related to right-of-use asset adjustments on early lease terminations and product loss from a facility fire in our distribution network. Other impacts for the quarter ended August 27, 2023 were related to right-of-use asset adjustments on early lease terminations.

**Note 8. Stockholders' Equity**
**Accumulated Other Comprehensive Income (AOCI)**

The components of AOCI, net of tax, for the quarter ended August 25, 2024 were as follows:

(in millions)	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Derivatives	Benefit Plan Funding Position	Accumulated Other Comprehensive Income
Balance at May 26, 2024	\$ 4.6	\$ 24.5	\$ (3.5)	\$ 25.6
Gain (loss)	—	0.4	—	0.4
Reclassification realized in net earnings	—	(0.2)	0.1	(0.1)
Balance at August 25, 2024	<u>\$ 4.6</u>	<u>\$ 24.7</u>	<u>\$ (3.4)</u>	<u>\$ 25.9</u>

The components of AOCI, net of tax, for the quarter ended August 27, 2023 were as follows:

(in millions)	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Derivatives	Benefit Plan Funding Position	Accumulated Other Comprehensive Income
Balances at May 28, 2023	\$ 4.5	\$ 3.9	\$ (5.2)	\$ 3.2
Gain (loss)	—	12.5	—	12.5
Reclassification realized in net earnings	—	0.1	0.2	0.3
Balance at August 27 2023	<u>\$ 4.5</u>	<u>\$ 16.5</u>	<u>\$ (5.0)</u>	<u>\$ 16.0</u>

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

The following table presents the amounts and line items in our consolidated statements of earnings where adjustments reclassified from AOCI into net earnings were recorded.

(in millions) AOCI Components	Location of Gain (Loss) Recognized in Earnings	Amount Reclassified from AOCI into Net Earnings	
		Three Months Ended	
		August 25, 2024	August 27, 2023
<b>Derivatives</b>			
Commodity contracts	(1)	\$ (0.4)	\$ (1.9)
Equity contracts	(2)	(0.1)	1.3
Interest rate contracts	(3)	0.9	—
Total before tax		\$ 0.4	\$ (0.6)
Tax (expense) benefit		(0.2)	0.5
Net of tax		\$ 0.2	\$ (0.1)
<b>Benefit plan funding position</b>			
Recognized net actuarial gain (loss) - other plans	(4)	(0.2)	(0.2)
Total before tax		\$ (0.2)	\$ (0.2)
Tax (expense) benefit		0.1	—
Net of tax		\$ (0.1)	\$ (0.2)

(1) Primarily included in food and beverage costs and restaurant expenses. See Note 10 for additional details.

(2) Included in general and administrative expenses. See Note 10 for additional details.

(3) Included in interest, net on our consolidated statement of earnings.

(4) Included in the computation of net periodic benefit costs, which is a component of general and administrative expenses.

**Note 9. Stock-Based Compensation**

We grant stock options for a fixed number of shares to certain employees with an exercise price equal to the fair value of the shares at the date of grant. We also grant restricted stock, restricted stock units and performance stock units with a fair value generally determined based on our closing stock price on the date of grant. In addition, we grant cash-settled stock units (Darden stock units) which are classified as liabilities and are marked to market as of the end of each period.

The weighted-average fair value of non-qualified stock options and the related assumptions used in the Black-Scholes option pricing model for options granted during the periods presented, were as follows:

	Three Months Ended	
	August 25, 2024	August 27, 2023
Weighted-average fair value	\$ 44.79	\$ 55.56
Dividend yield	3.6 %	3.4 %
Expected volatility of stock	40.8 %	42.2 %
Risk-free interest rate	4.1 %	4.0 %
Expected option life (in years)	6.3	5.9
Weighted-average exercise price per share	\$ 139.43	\$ 169.02



**DARDEN RESTAURANTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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The weighted-average grant date fair value of market-based performance stock units and the related assumptions used in the Monte Carlo simulation to record stock-based compensation for units granted during the periods presented, were as follows:

	Three Months Ended	
	August 25, 2024	August 27, 2023
Dividend yield (1)	0.0 %	0.0 %
Expected volatility of stock	26.5 %	32.3 %
Risk-free interest rate	4.2 %	4.5 %
Expected life (in years)	2.9	2.9
Weighted-average grant date fair value per unit	\$ 181.65	\$ 217.11

(1) Assumes a reinvestment of dividends.

The following table presents a summary of our stock-based compensation activity for the three months ended August 25, 2024.

(in millions)	Stock Options	Restricted Stock/ Restricted Stock Units	Equity-Settled Performance Stock Units	Cash-Settled Darden Stock Units
Outstanding beginning of period	1.34	0.26	0.35	0.76
Awards granted	0.17	0.05	0.11	0.17
Awards granted performance impact	—	—	0.02	—
Awards exercised/vested	(0.09)	(0.04)	(0.15)	(0.25)
Awards forfeited	—	—	—	(0.01)
Outstanding end of period	<u>1.42</u>	<u>0.27</u>	<u>0.33</u>	<u>0.67</u>

We recognized expense from stock-based compensation as follows:

(in millions)	Three Months Ended	
	August 25, 2024	August 27, 2023
Stock options	\$ 4.8	\$ 4.2
Restricted stock/restricted stock units	5.5	4.6
Equity-settled performance stock units	12.5	10.5
Cash-settled Darden stock units	10.6	9.7
Employee stock purchase plan	0.8	0.7
Director compensation program/other	0.5	0.6
Total stock-based compensation expense	<u>\$ 34.7</u>	<u>\$ 30.3</u>

**Note 10. Derivative Instruments and Hedging Activities**

We enter into derivative instruments for risk management purposes only, including derivatives designated as hedging instruments as provided by FASB ASC Topic 815, Derivatives and Hedging, and those utilized as economic hedges. We use financial derivatives to manage interest rate, commodity and compensation risks inherent in our business operations. Cash flows related to derivatives are included in operating activities.

By using these instruments, we expose ourselves, from time to time, to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. We minimize this credit risk by entering into transactions with high quality counterparties. Market risk is the adverse effect on the value of a financial instrument that results from a

**DARDEN RESTAURANTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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change in interest rates, commodity prices, or the market price of our common stock. We minimize this market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

We designate commodity contracts and equity forward contracts as cash flow hedging instruments. We have two interest rate swap agreements. One is designated as a fair value hedge of the related debt and the other is designated as a cash flow hedge of the benchmark interest rate on debt expected to be issued in fiscal 2025. Further, we entered into equity forward contracts to hedge the risk of changes in future cash flows associated with recognized, employee-directed investments in our common stock within the non-qualified deferred compensation plan. We did not elect hedge accounting with the expectation that changes in the fair value of the equity forward contracts would offset changes in the fair value of our common stock investments in the non-qualified deferred compensation plan.

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

in millions, except per share data)	Number of Shares Outstanding	Weighted- Average Per Share Forward Rates	Notional Values	Fair Values			
				Derivative Assets (1)		Derivative Liabilities (1)	
				August 25, 2024	May 26, 2024	August 25, 2024	May 26, 2024
<b>Equity forwards:</b>							
Designated	0.3	\$143.26	\$ 37.7	\$ 2.6	\$ —	\$ —	\$ 0.8
Not designated	0.4	135.31	47.7	3.5	—	—	2.4
<b>Total equity forwards (2)</b>				<b>\$ 6.1</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3.2</b>
<b>Commodity contracts:</b>							
Designated	N/A	N/A	\$ 15.8	\$ —	\$ 0.1	\$ 1.6	\$ 0.7
Not designated	N/A	N/A	—	—	—	—	—
<b>Total commodity contracts (3)</b>				<b>\$ —</b>	<b>\$ 0.1</b>	<b>\$ 1.6</b>	<b>\$ 0.7</b>
<b>Interest rate related</b>							
Designated - Fair Value Hedge	N/A	N/A	\$ 300.0	\$ —	\$ —	\$ 37.2	\$ 51.8
Designated - Cash Flow Hedge	N/A	N/A	600.0	—	—	0.3	—
Not designated	N/A	N/A	—	—	—	—	—
<b>Total interest rate related</b>				<b>\$ —</b>	<b>\$ —</b>	<b>\$ 37.5</b>	<b>\$ 51.8</b>
<b>Total derivative contracts</b>				<b>\$ 6.1</b>	<b>\$ 0.1</b>	<b>\$ 39.1</b>	<b>\$ 55.7</b>

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

(2) Designated and undesignated equity forwards extend through July 2028.

(3) Commodity contracts extend through June 2025.

**DARDEN RESTAURANTS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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The effects of derivative instruments accounted for as cash flow hedging instruments in the consolidated statements of earnings were as follows:

(in millions)	Amount of Gain (Loss) Recognized in AOCI		Amount of Gain (Loss) Reclassified from AOCI to Earnings	
	Three Months Ended		Three Months Ended	
	August 25, 2024	August 27, 2023	August 25, 2024	August 27, 2023
Equity (1)	\$ 1.7	\$ (2.2)	\$ (0.1)	\$ 1.3
Commodity (2)	(1.4)	1.7	(0.4)	(1.9)
Interest rate (3)	(0.3)	17.9	0.9	—
Total	\$ —	\$ 17.4	\$ 0.4	\$ (0.6)

- (1) Location of the gain (loss) reclassified from AOCI to earnings is general and administrative expenses.  
(2) Location of the gain (loss) reclassified from AOCI to earnings is food and beverage costs and restaurant expenses.  
(3) Location of the gain (loss) reclassified from AOCI to earnings is interest, net.

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

(in millions)	Amount of Gain (Loss) Recognized in Earnings on Derivatives		Amount of Gain (Loss) Recognized in Earnings on Related Hedged Item	
	Three Months Ended		Three Months Ended	
	August 25, 2024	August 27, 2023	August 25, 2024	August 27, 2023
Interest rate (1)(2)	\$ 14.6	\$ (6.9)	\$ (14.6)	\$ 6.9

- (1) Location of the gain (loss) recognized in earnings on derivatives and related hedged item is interest, net.  
(2) Hedged item in fair value hedge relationship is debt.

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

(in millions)	Amount of Gain (Loss) Recognized in Earnings	
	Three Months Ended	
	August 25, 2024	August 27, 2023
Location of Gain (Loss) Recognized in Earnings on Derivatives		
General and administrative expenses	2.5	(0.1)

Based on the fair value of our derivative instruments designated as cash flow hedges as of August 25, 2024, we expect to reclassify \$3.1 million of net gains on derivative instruments from AOCI to earnings during the next 12 months based on the maturity of our contracts. However, the amounts ultimately realized in earnings may change and will be dependent on the fair value of the contracts on the respective settlement dates.

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

**Note 11. Fair Value Measurements**

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

The following tables summarize the fair values of financial instruments measured at fair value on a recurring basis as of August 25, 2024 and May 26, 2024.

Items Measured at Fair Value at August 25, 2024

(in millions)		Fair value of assets (liabilities)	Quoted prices in active market for identical assets (liabilities) (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Derivatives:</b>					
Commodities futures, swaps & options	(1)	\$ (1.6)	\$ —	\$ (1.6)	\$ —
Equity forwards	(2)	6.1	—	6.1	—
Interest rate swaps - fair value hedge	(3)	(37.2)	—	(37.2)	—
Interest rate swaps - cash flow hedge	(3)	(0.3)	—	(0.3)	—
<b>Total</b>		<b>\$ (33.0)</b>	<b>\$ —</b>	<b>\$ (33.0)</b>	<b>\$ —</b>

Items Measured at Fair Value at May 26, 2024

(in millions)		Fair value of assets (liabilities)	Quoted prices in active market for identical assets (liabilities) (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Derivatives:</b>					
Commodities futures, swaps & options	(1)	\$ (0.6)	\$ —	\$ (0.6)	\$ —
Equity forwards	(2)	(3.2)	—	(3.2)	—
Interest rate swaps - fair value hedge	(3)	(51.8)	—	(51.8)	—
<b>Total</b>		<b>\$ (55.6)</b>	<b>\$ —</b>	<b>\$ (55.6)</b>	<b>\$ —</b>

- (1) The fair value of our commodities futures, swaps and options is based on closing market prices of the contracts, inclusive of the risk of nonperformance.
- (2) The fair value of equity forwards is based on the closing market value of Darden stock, inclusive of the risk of nonperformance.
- (3) The fair value of our interest rate swap agreements is based on current and expected market interest rates, inclusive of the risk of nonperformance.

The carrying value and fair value of long-term debt as of August 25, 2024, was \$1.39 billion and \$1.43 billion, respectively. The carrying value and fair value of long-term debt as of May 26, 2024, was \$1.37 billion. The fair value of long-term debt, classified as Level 2 in the fair value hierarchy, is determined based on market prices or, if market prices are not available, the present value of the underlying cash flows discounted at our incremental borrowing rates.

The fair value of non-financial assets measured at fair value on a non-recurring basis, classified as Level 2 in the fair value hierarchy, is determined based on third-party market appraisals. As of August 25, 2024 and May 26, 2024, adjustments to the fair values of non-financial assets measured at fair value on a non-recurring basis, classified as Level 2, were not material.

The fair value of non-financial assets measured at fair value on a non-recurring basis, classified as Level 3 in the fair value hierarchy, is determined based on appraisals, sales prices of comparable assets, or estimates of discounted future cash flows. As of August 25, 2024, adjustments to the fair values of non-financial assets, classified as Level 3, were not material. As of May 26, 2024, long-lived assets held and used with a carrying amount of \$4.8 million, primarily related to three underperforming restaurants, were determined to have a fair value of \$1.5 million resulting in an impairment charge of \$3.3 million.

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

**Note 12. Commitments and Contingencies**

As collateral for performance on contracts and as credit guarantees to banks and insurers, we are contingently liable for guarantees of subsidiary obligations under standby letters of credit. As of August 25, 2024 and May 26, 2024, we had \$94.5 million and \$79.5 million, respectively, of standby letters of credit related to workers' compensation and general liabilities accrued in our consolidated financial statements. As of August 25, 2024 and May 26, 2024, we had \$16.1 million and \$16.8 million, respectively, of surety bonds related to other payments. Most surety bonds are renewable annually.

As of August 25, 2024 and May 26, 2024, we had \$69.8 million and \$71.0 million, respectively, of guarantees associated with leased properties that have been assigned to third parties, primarily related to the disposition of Red Lobster in fiscal 2015. These amounts represent the maximum potential amount of future payments under the guarantees. The fair value of the maximum potential future payments discounted at our weighted-average cost of capital as of August 25, 2024 and May 26, 2024, amounted to \$55.6 million and \$57.7 million, respectively. In the event of default by a third party, the indemnity and default clauses in our assignment agreements govern our ability to recover from and pursue the third party for damages incurred as a result of its default. We do not hold any third-party assets as collateral related to these assignment agreements, except to the extent that the assignment allows us to repossess the building and personal property. The liability recorded for our expected credit losses under these leases as of May 26, 2024 was \$10.6 million. These guarantees expire over their respective lease terms, which range from fiscal 2025 through fiscal 2034.

We are subject to private lawsuits, administrative proceedings and claims that arise in the ordinary course of our business. A number of these lawsuits, proceedings and claims may exist at any given time. These matters typically involve claims from guests, employees and others related to operational issues common to the restaurant industry, and can also involve infringement of, or challenges to, our trademarks. While the resolution of a lawsuit, proceeding or claim may have an impact on our financial results for the period in which it is resolved, we believe that the final disposition of the lawsuits, proceedings and claims in which we are currently involved, either individually or in the aggregate, will not have a material adverse effect on our financial position, results of operations or liquidity.

**Note 13. Subsequent Events**

On September 18, 2024, the Board of Directors declared a cash dividend of \$1.40 per share payable on November 1, 2024 to all shareholders of record as of the close of business on October 10, 2024.

On September 16, 2024, the Company entered into Amendment No. 1 (the Amendment) to the Company's existing \$1,250,000,000 Revolving Credit Agreement, dated as of October 23, 2023 (as amended, the Revolving Credit Agreement), with Bank of America, N.A., as administrative agent, the lenders and other agents party thereto. The Amendment replaces the prior financial covenant (which provided for a maximum consolidated total debt to total capitalization ratio) with a new financial covenant requiring the Company to maintain, measured as of the end of each fiscal quarter, a maximum consolidated leverage ratio of 3.50 to 1.00 (which may be temporarily increased to 4.00 to 1.00 upon the election of the Company as a result of a covered acquisition, subject to customary limitations set forth in the Revolving Credit Agreement). All other material terms and conditions of the Revolving Credit Agreement were unchanged.

On September 16, 2024, the Company entered into a senior unsecured \$600 million 2-year Term Loan Credit Agreement (the Term Loan Agreement) with Bank of America, N.A., as administrative agent, the lenders and other agents party thereto, the material terms of which are consistent with the Revolving Credit Agreement, as amended by the Amendment. The Term Loan Agreement provides for a single borrowing on any business day until February 17, 2025 (the Funding Date) and matures on the second anniversary of the Funding Date. The Company has not drawn on the Term Loan as of the date of this filing. The proceeds may be used to finance the Company's anticipated acquisition of Chuy's Holdings.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The discussion and analysis below for the Company, which contains forward-looking statements, should be read in conjunction with the unaudited consolidated financial statements and the notes to such financial statements included elsewhere in this quarterly report on Form 10-Q (Form 10-Q) and the audited consolidated financial statements and the notes thereto included in our Form 10-K for the fiscal year ended May 26, 2024 (Form 10-K). In addition to historical consolidated financial information, this discussion contains forward-looking statements that reflect our plans, estimates, and beliefs and involve numerous risks and uncertainties, including but not limited to those described in the “Item 1A. Risk Factors” section of the Form 10-K. Actual results may differ materially from those contained in any forward-looking statements. You should carefully read “Forward-Looking Statements” included below in this Form 10-Q.

To facilitate review of our discussion and analysis, the following table sets forth our financial results for the periods indicated. All information is derived from the unaudited consolidated statements of earnings for the three months ended August 25, 2024 and August 27, 2023.

(in millions)	Three Months Ended		% Chg
	August 25, 2024	August 27, 2023	
Sales	\$ 2,757.0	\$ 2,730.6	1.0%
Costs and expenses:			
Food and beverage	846.7	851.0	(0.5)
Restaurant labor	889.3	875.3	1.6
Restaurant expenses	458.2	446.6	2.6
Marketing expenses	44.7	38.6	15.8
General and administrative expenses	126.4	153.3	(17.5)
Depreciation and amortization	121.5	109.8	10.7
Impairments and disposal of assets, net	1.0	3.1	(67.7)
Total costs and expenses	\$ 2,487.8	\$ 2,477.7	0.4
Operating income	269.2	252.9	6.4
Interest, net	37.1	29.7	24.9
Earnings before income taxes	\$ 232.1	\$ 223.2	4.0
Income tax expense (1)	24.5	28.4	(13.7)
Earnings from continuing operations	\$ 207.6	\$ 194.8	6.6
Losses from discontinued operations, net of tax	(0.4)	(0.3)	33.3
Net earnings	\$ 207.2	\$ 194.5	6.5%
Diluted net earnings per share:			
Earnings from continuing operations	\$ 1.74	\$ 1.60	8.8%
Losses from discontinued operations	—	(0.01)	(100.0)
Net earnings	\$ 1.74	\$ 1.59	9.4%
(1) Effective tax rate	10.6 %	12.7 %	

NM- Percentage not considered meaningful.

The following table details the number of company-owned restaurants currently reported in continuing operations that were open at the end of the first quarter of fiscal 2025, compared with the number open at the end of fiscal 2024 and the end of the first quarter of fiscal 2024.

	August 25, 2024	May 26, 2024	August 27, 2023
Olive Garden	923	920	906
LongHorn Steakhouse	577	575	562
Cheddar's Scratch Kitchen	181	181	183
Yard House	88	88	86
Ruth's Chris Steak House	82	80	77
The Capital Grille	68	66	64
Seasons 52	44	44	44
Bahama Breeze	44	43	42
Eddie V's	29	30	30
The Capital Burger	4	4	4
Total	2,040	2,031	1,998

## OVERVIEW OF OPERATIONS

### *Financial Highlights - Consolidated*

- Total sales increased 1.0 percent to \$2.76 billion for the first quarter of fiscal 2025 compared to \$2.73 billion for the first quarter of fiscal 2024 driven by sales from 42 net new restaurants, partially offset by a blended same-restaurant sales decrease of (1.1) percent<sup>1</sup>.
- Our net earnings from continuing operations were \$207.6 million for the first quarter of fiscal 2025 compared to \$194.8 million for the first quarter of fiscal 2024.
- Reported diluted net earnings per share from continuing operations were \$1.74 for the first quarter of fiscal 2025 compared to \$1.60 for the first quarter of fiscal 2024.

### *Outlook*

On July 17, 2024, we entered into an agreement to acquire all of the outstanding shares of Chuy's Holdings, Inc. (Chuy's Holdings), a Delaware corporation, for \$37.50 per share in an all-cash transaction with an enterprise value of approximately \$605 million. The transaction has been approved by our Board of Directors and is subject to the satisfaction of customary conditions, including, among others, the approval of Chuy's Holdings shareholders. The acquisition is expected to be completed in the second quarter of fiscal 2025 and expected to be funded through the issuance of debt. The impacts of the planned acquisition of Chuy's Holdings have not been included in our fiscal 2025 outlook below.

During the second quarter of fiscal 2025, we entered into an exclusive multi-year delivery arrangement with Uber Technologies, Inc. (Uber). The agreement will enable our guests to order on-demand delivery via Darden restaurant channels, with delivery handled by Uber Direct, through Uber's national delivery network. An initial pilot of first-party delivery from a limited number of Olive Garden locations will begin in the second quarter of fiscal 2025.

We expect sales for fiscal 2025 to be between \$11.8 and \$11.9 billion, driven by same-restaurant sales growth of 1.0 to 2.0 percent<sup>1</sup> and approximately 45 to 50 new restaurant openings. Additionally, we expect capital expenditures incurred to build new restaurants, remodel and maintain existing restaurants and for technology initiatives to be \$550 to \$600 million.

<sup>1</sup> Same-restaurant sales results excludes Ruth's Chris as they have not yet been owned and operated by Darden for a 16-month period.

## SALES

The following table presents our sales by segment for the periods indicated.

(in millions)	Three Months Ended			
	August 25, 2024	August 27, 2023	% Chg	SRS (1)
Olive Garden	\$ 1,209.1	\$ 1,227.9	(1.5)%	(2.9)%
LongHorn Steakhouse	\$ 713.5	\$ 669.8	6.5 %	3.7 %
Fine Dining	\$ 278.9	\$ 273.5	2.0 %	(6.0)%
Other Business	\$ 555.5	\$ 559.4	(0.7)%	(1.8)%

(1) Same-restaurant sales is a year-over-year comparison of each period's sales volumes for a 52-week year and is limited to restaurants that have been open, and operated by Darden, for at least 16 months. Accordingly, Ruth's Chris results will not be included in this calculation until the second quarter of fiscal 2025.

Olive Garden's sales decrease for the first quarter of fiscal 2025 was primarily driven by same-restaurant sales decreases, offset by revenue from new restaurants. The decrease in U.S. same-restaurant sales for the first quarter of fiscal 2025 resulted from a 5.6 percent decrease in same-restaurant guest count, partially offset by a 2.9 percent increase in average check.

LongHorn Steakhouse's sales increase for the first quarter of fiscal 2025 was primarily driven by same-restaurant sales increases combined with revenue from new restaurants. The increase in same-restaurant sales for the first quarter of fiscal 2025 resulted from a 3.0 percent increase in average check combined with a 0.7 percent increase in same-restaurant guest counts.

Fine Dining's sales increase for the first quarter of fiscal 2025 was primarily driven by the acquisition of Ruth's Chris and revenue from new restaurants, offset by same restaurant sales decreases. The decrease in same-restaurant sales for the first quarter of fiscal 2025 resulted from a 9.3 percent decrease in same-restaurant guest counts offset by a 3.7 percent increase in average check.

Other Business' sales decrease for the first quarter of fiscal 2025 was primarily driven by same-restaurant sales decreases, offset by revenue from new restaurants. The decrease in same-restaurant sales for the first quarter of fiscal 2025 resulted from a 3.9 percent decrease in same-restaurant guest counts, offset by a 2.2 percent increase in average check.

## COSTS AND EXPENSES

The following table sets forth selected operating data as a percent of sales for the periods indicated. All information is derived from the unaudited consolidated statements of earnings for the quarters ended August 25, 2024 and August 27, 2023.

	Three Months Ended	
	August 25, 2024	August 27, 2023
Sales	100.0 %	100.0 %
Costs and expenses:		
Food and beverage	30.7	31.2
Restaurant labor	32.3	32.1
Restaurant expenses	16.6	16.4
Marketing expenses	1.6	1.4
General and administrative expenses	4.6	5.6
Depreciation and amortization	4.4	4.0
Impairments and disposal of assets, net	—	0.1
Total operating costs and expenses	90.2 %	90.7 %
Operating income	9.8	9.3
Interest, net	1.3	1.1
Earnings before income taxes	8.4	8.2
Income tax expense	0.9	1.0
Earnings from continuing operations	7.5 %	7.1 %



*Quarter Ended August 25, 2024 Compared to Quarter Ended August 27, 2023*

- Food and beverage costs decreased as a percent of sales primarily due to a 0.8% impact from pricing leverage and a 0.2% impact from cost savings, partially offset by a 0.6% impact from mix and other.
- Restaurant labor costs increased as a percent of sales primarily due to a 1.2% impact from inflation, partially offset by a 0.3% impact from sales leverage, a 0.6% impact from salary and benefits, and a 0.2% productivity improvement.
- Restaurant expenses increased as a percent of sales primarily due a 0.3% impact from inflation, partially offset by a 0.1% impact related to other.
- Marketing expenses increased as a percent of sales primarily due to increased marketing and media.
- General and administrative expenses decreased as a percent of sales primarily due to a 0.9% impact from Ruth's Chris transaction and integration costs incurred in fiscal 2024 but not in fiscal 2025, a 0.4% impact from incentive pay and a 0.1% impact from sales leverage, partially offset by a 0.2% impact from inflation and a 0.1% impact related to mark to market adjustments.
- Depreciation and amortization expenses increased as a percent of sales primarily due to the acquisition of Ruth's Chris as well as depreciation on brand assets.
- Impairment and disposal of assets, net decreased as a percent of sales primarily due to a decrease in unplanned closures or early lease terminations as compared to prior year.

**INTEREST EXPENSE**

Net interest expense increased as a percent of sales for the first quarter of fiscal 2025 primarily due to financing related to the Ruth's Chris acquisition.

**INCOME TAXES**

The effective income tax rate for continuing operations for the quarter ended August 25, 2024 was 10.6 percent compared to an effective income tax rate for the quarter ended August 27, 2023 of 12.7 percent. The decrease in the tax rate is primarily driven by the release of federal tax reserves and the favorable impact of mark to market hedges.

**LOSSES FROM DISCONTINUED OPERATIONS**

On an after-tax basis, losses from discontinued operations for the first quarter of fiscal 2025 were \$0.4 million (\$0.00 per diluted share) compared with losses from discontinued operations for the first quarter of fiscal 2024 of \$0.3 million (\$0.01 per diluted share).

**SEGMENT RESULTS**

We manage our restaurant brands, Olive Garden, LongHorn Steakhouse, Cheddar's Scratch Kitchen, Yard House, Ruth's Chris, The Capital Grille, Seasons 52, Bahama Breeze, Eddie V's and The Capital Burger in North America as operating segments. We aggregate our operating segments into reportable segments based on a combination of the size, economic characteristics and sub-segment of full-service dining within which each brand operates. Our four reportable segments are: (1) Olive Garden, (2) LongHorn Steakhouse, (3) Fine Dining and (4) Other Business (see Note 6 to our unaudited consolidated financial statements in Part I, Item 1 of Form 10-Q).

Our management uses segment profit as the measure for assessing performance of our segments. The following table presents segment profit margin<sup>1</sup> for the periods indicated.

Segment	Three Months Ended		
	August 25, 2024	August 27, 2023	Change
Olive Garden	20.6%	21.4%	(80) BPS
LongHorn Steakhouse	17.9%	17.5%	40 BPS
Fine Dining	13.5%	14.5%	(100) BPS
Other Business	15.1%	15.1%	— BPS

1 Segment profit margin is calculated as (sales less costs of food & beverage, restaurant labor, restaurant expenses and marketing expenses) / sales.

The decrease in Olive Garden's segment profit margin for the first quarter of fiscal 2025 was driven primarily by negative same-restaurant sales as well as increased restaurant labor costs and restaurant expenses, partially offset by lower food and beverage costs. The increase in Longhorn Steakhouse's segment profit margin for the first quarter of fiscal 2025 was driven

primarily by positive same-restaurant sales as well as decreased food and beverage costs, partially offset by higher restaurant labor and restaurant expenses. The decrease in Fine Dining's segment profit margin for the first quarter of fiscal 2025 was driven primarily by negative same-restaurant sales, higher restaurant labor costs and restaurant expenses, partially offset by lower food and beverage costs. Other Business' segment profit margin for the first quarter of fiscal 2025 remained flat compared to fiscal 2024, primarily due to lower food and beverage costs, offset by negative same-restaurant sales.

## SEASONALITY

Our sales volumes fluctuate seasonally. Typically, our average sales per restaurant are highest in the winter and spring, followed by the summer, and lowest in the fall. Holidays, changes in the economy, severe weather, effects of other conditions may impact sales volumes seasonally in some operating regions. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year.

## LIQUIDITY AND CAPITAL RESOURCES

Typically, cash flows generated from operating activities are our principal source of liquidity, which we use to finance capital expenditures for new restaurants and to remodel and maintain existing restaurants, to pay dividends to our shareholders and to repurchase shares of our common stock. Since substantially all of our sales are for cash and cash equivalents, and accounts payable are generally paid in 5 to 90 days, we are typically able to carry current liabilities in excess of current assets.

We currently manage our business and financial ratios to target an investment-grade bond rating, which has historically allowed flexible access to financing at reasonable costs. Our publicly issued long-term debt currently carries the following ratings:

- Moody's Investors Service "Baa2";
- Standard & Poor's "BBB"; and
- Fitch "BBB".

Our commercial paper has ratings of:

- Moody's Investors Service "P-2";
- Standard & Poor's "A-2"; and
- Fitch "F-2".

These ratings are as of the date of the filing of this Form 10-Q and have been obtained with the understanding that Moody's Investors Service, Standard & Poor's and Fitch will continue to monitor our credit and make future adjustments to these ratings to the extent warranted. The ratings are not a recommendation to buy, sell or hold our securities, may be changed, superseded or withdrawn at any time and should be evaluated independently of any other rating.

On October 23, 2023, we entered into a \$1.25 billion Revolving Credit Agreement (as amended, Revolving Credit Agreement) with Bank of America, N.A. (BOA), as administrative agent, and the lenders and other agents party thereto. The Revolving Credit Agreement replaced our prior \$1.0 billion Revolving Credit Agreement (Prior Revolving Credit Agreement), dated as of September 10, 2021, and the Prior Revolving Credit Agreement was terminated concurrently with our entry into the Revolving Credit Agreement. The Revolving Credit Agreement is a senior unsecured credit commitment to the Company and contains customary representations and affirmative and negative covenants (including limitations on liens and subsidiary debt and, prior to the Amendment (as defined below) a maximum consolidated lease adjusted total debt to total capitalization ratio of 0.75 to 1.00) and events of default usual for credit facilities of this type. As of August 25, 2024, we had no outstanding balances and were in compliance with all covenants under the Revolving Credit Agreement. As of August 25, 2024, \$293.9 million of commercial paper was outstanding in addition to \$0.5 million of letters of credit outstanding, which were both backed by this facility. After consideration of commercial paper and letters of credit backed by the Revolving Credit Agreement, as of August 25, 2024, we had \$955.6 million of credit available under the Revolving Credit Agreement.

Loans under the Revolving Credit Agreement bear interest at a rate of (a) Term SOFR (which is defined, for the applicable interest period, as the Term SOFR Screen Rate two U.S. Government Securities Business Days prior to the commencement of such interest period with a term equivalent to such interest period) plus a Term SOFR adjustment of 0.10 percent plus the relevant margin determined by reference to a ratings-based pricing grid (Applicable Margin), or (b) the base rate (which is defined as the highest of the BOA prime rate, the Federal Funds rate plus 0.500 percent, and the Term SOFR plus 1.00 percent) plus the relevant Applicable Margin. Assuming a "BBB" equivalent credit rating level, the Applicable Margin under the Revolving Credit Agreement is 1.000 percent for Term SOFR loans and 0.000 percent for base rate loans.

The Revolving Credit Agreement matures on October 23, 2028, and the proceeds may be used for working capital and capital expenditures, the refinancing of certain indebtedness, certain acquisitions and general corporate purposes.

On September 16, 2024, we entered into Amendment No. 1 (Amendment) to the Revolving Credit Agreement, which replaced the prior financial covenant (which provided for a maximum consolidated total debt to total capitalization ratio) with a new financial covenant requiring us to maintain, measured as of the end of each fiscal quarter, a maximum consolidated leverage ratio of 3.50 to 1.00 (which may be temporarily increased to 4.00 to 1.00 upon our election as a result of a covered acquisition, subject to customary limitations set forth in the Revolving Credit Agreement). All other material terms and conditions of the Revolving Credit Agreement were unchanged.

On September 16, 2024, the Company entered into a senior unsecured \$600 million 2-year Term Loan Credit Agreement (the Term Loan Agreement) with BOA, as administrative agent, the lenders and other agents party thereto, the material terms of which are consistent with the Revolving Credit Agreement, as amended by the Amendment. The Term Loan Agreement provides for a single borrowing on any business day until February 17, 2025 (the Funding Date) and matures on the second anniversary of the Funding Date. The Company has not drawn on the Term Loan as of the date of this filing. The proceeds may be used to finance our anticipated acquisition of Chuy's Holdings.

As of August 25, 2024, our outstanding long-term debt consisted principally of:

- \$500.0 million of unsecured 3.850 percent senior notes due in May 2027;
- \$500.0 million of unsecured 6.300 senior notes due in October 2033;
- \$96.3 million of unsecured 6.000 percent senior notes due in August 2035;
- \$42.8 million of unsecured 6.800 percent senior notes due in October 2037; and
- \$300.0 million of unsecured 4.550 percent senior notes due in February 2048.

The interest rate on our \$42.8 million senior notes due in October 2037 is subject to adjustment from time to time if the debt rating assigned to such series of notes is downgraded below a certain rating level (or subsequently upgraded). The maximum adjustment is 2.000 percent above the initial interest rate and the interest rate cannot be reduced below the initial interest rate. As of August 25, 2024, no such adjustments are made to this rate.

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

From time to time, we or our affiliates, may repurchase our outstanding debt in privately negotiated transactions, open-market transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

From time to time we enter into interest rate derivative instruments. See Note 10 to our unaudited consolidated financial statements in Part I, Item 1 of this report, which is incorporated by reference.

Net cash flows provided by operating activities from continuing operations increased to \$273.2 million for the first three months of fiscal 2025, from \$269.1 million for the three months of fiscal 2024. Net cash flows provided by operating activities include net earnings from continuing operations of \$207.6 million and \$194.8 million in the first three months of fiscal 2025 and 2024, respectively. Net cash flows provided by operating activities increased in fiscal 2025 primarily due to higher net earnings in fiscal 2025.

Net cash flows used in investing activities from continuing operations were \$149.7 million for the first three months of fiscal 2025, compared to \$854.2 million for the first three months of fiscal 2024. Net cash used in the acquisition of Ruth's Chris was \$701.1 million during fiscal 2024. Capital expenditures decreased to \$145.2 million for the first three months of fiscal 2025 from \$150.9 million for the first three months of fiscal 2024 reflecting a decrease in new restaurant construction and remodel spend during fiscal 2025.

Net cash flows used in financing activities from continuing operations were \$126.7 million for the first three months of fiscal 2025, compared to net cash provided by financing activities of \$409.4 million for the first three months of fiscal 2024. Net cash flows used in financing activities for the first three months of fiscal 2025 included net proceeds from issuance of short term debt of \$207.1 million, dividends paid of \$166.0 million and share repurchases of \$172.4 million. Net cash flows provided by financing activities for the first three months of fiscal 2024 included net proceeds from issuance of short term debt of \$95.4 million and proceeds from the Term Loan Agreement of \$600.0 million, dividends paid of \$158.5 million and share repurchases of \$142.9 million. Dividends declared by our Board of Directors totaled \$1.40 and \$1.31 per share for the first three months of fiscal 2025 and 2024, respectively.

Other than the planned acquisition of Chuy's Holdings, which we intend to fund through one or more long-term debt issuances, we are not aware of any trends or events that would materially affect our capital requirements or liquidity. We believe that our internal cash-generating capabilities, the potential issuance of equity or unsecured debt securities under our shelf registration statement and short-term commercial paper or drawings under our Revolving Credit Agreement should be sufficient to finance our capital expenditures, debt maturities and other operating activities through fiscal 2025.

On March 20, 2024 our Board of Directors authorized a new share repurchase program under which we may repurchase up to \$1 billion of our outstanding common stock. This repurchase program does not have an expiration and replaced the prior share repurchase authorization. During the quarter ended August 25, 2024, we repurchased 1.2 million shares of our common stock compared to 0.9 million shares of our common stock during the quarter ended August 27, 2023.

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, sales, costs or expenses, results of operations, liquidity, capital expenditures or capital resources.

## **FINANCIAL CONDITION**

Our current assets totaled \$819.6 million as of August 25, 2024, compared to \$822.8 million as of May 26, 2024. The decrease was primarily due to a decrease in receivables and prepaid income tax, partially offset by increase in prepaid expenses and other current assets.

Our current liabilities totaled \$2.32 billion as of August 25, 2024, compared to \$2.19 billion as of May 26, 2024. The increase was primarily driven by an increase in short-term debt.

## **CRITICAL ACCOUNTING ESTIMATES**

We prepare our consolidated financial statements in conformity with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales, costs and expenses during the reporting period. Actual results could differ from those estimates. We have discussed the development, selection and disclosure of those estimates with the Audit Committee. Our critical accounting estimates have not changed materially from those previously reported in our Annual Report on Form 10-K for the fiscal year ended May 26, 2024.

## **APPLICATION OF NEW ACCOUNTING STANDARDS**

Information regarding application of new accounting standards is incorporated by reference from Note 1 to our unaudited consolidated financial statements in Part I, Item 1 of this report.

## **FORWARD-LOOKING STATEMENTS**

Statements set forth in or incorporated into this report regarding the expected increase in the number of our restaurants and capital expenditures in fiscal 2025, projections for sales and all other statements that are not historical facts, including without limitation statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of Darden Restaurants, Inc. and its subsidiaries that are preceded by, followed by or that include words such as “may,” “will,” “expect,” “intend,” “anticipate,” “continue,” “estimate,” “project,” “believe,” “plan,” “outlook” or similar expressions, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are included, along with this statement, for purposes of complying with the safe harbor provisions of that Act. Any forward-looking statements speak only as of the date on which such statements are made, and we undertake no obligation to update such statements for any reason to reflect events or circumstances arising after such date. By their nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by such forward-looking statements. In addition to the risks and uncertainties of ordinary business obligations, and those described in information incorporated into this report, the forward-looking statements contained in this report are subject to the risks and uncertainties described in Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended May 26, 2024 and in our Forms 10-Q (including this report), which are summarized as follows:

- A failure to address cost pressures, including rising costs for commodities, labor, health care and utilities used by our restaurants, and a failure to effectively deliver cost management activities and achieve economies of scale in purchasing;
- Economic and business factors and their impacts on the restaurant industry and general macroeconomic factors including unemployment, energy prices and interest rates;

- The inability to hire, train, reward and retain restaurant team members and determine and maintain adequate staffing;
- A failure to recruit, develop and retain effective leaders or the loss or shortage of personnel with key capacities and skills;
- Increases in labor and insurance costs;
- Health concerns arising from food-related pandemics, outbreaks of flu, viruses or other diseases;
- Failures to maintain food safety throughout the supply chain and food-borne illness concerns;
- Insufficient guest or employee facing technology or a failure to maintain a continuous or secure cyber network
- Increased costs related to compliance with privacy and data protection laws and government enforcement, litigation or adverse publicity relating to potential failures thereof;
- A failure to successfully complete our acquisition and integration of Chuy's Holdings operations into our business.
- Insufficient or ineffective response to legislation or government regulation may impact our cost structure, operational efficiencies and talent availability;
- Intense competition, or an insufficient focus on competition and the consumer landscape;
- Changes in consumer preferences that may adversely affect demand for food at our restaurants;
- An inability or failure to recognize, respond to and effectively manage the accelerated impact of social media;
- A failure to identify and execute innovative marketing and guest relationship tactics and ineffective or improper use of other marketing initiatives and increased advertising and marketing costs;
- Impacts of climate change, adverse weather conditions and natural disasters;
- The inability to cancel long-term, non-cancelable leases that we may want to cancel or the inability to renew the leases that we may want to extend at the end of their terms;
- Our inability or failure to execute a comprehensive business continuity plan following a major natural disaster such as a hurricane or manmade disaster, including terrorism;
- The impact of shortages, delay or interruptions in the delivery of food and other products from third-party vendors and suppliers;
- Our failure to drive both short-term and long-term profitable sales growth through brand relevance, operating excellence, opening new restaurants of existing brands and developing or acquiring new dining brands;
- A lack of suitable new restaurant locations or a decline in the quality of the locations of our current restaurants;
- Higher-than-anticipated costs or delays to open, close, relocate or remodel restaurants;
- Risks associated with doing business with franchisees and licensees;
- Risks associated with doing business with business partners and vendors in foreign markets;
- Volatility in the market value of derivatives we may use to hedge commodity and broader market prices;
- Volatility in the United States equity markets that may affect our ability to efficiently hedge exposures to our market risk related to equity-based compensation awards;
- Failure to protect our service marks or other intellectual property;
- Environmental, social and governance risk, including disclosure expectations and the impact of third party ratings,
- Litigation, including allegations of illegal, unfair or inconsistent employment practices;
- Unfavorable publicity, or a failure to respond effectively to adverse publicity;
- Disruptions in the financial markets that may impact consumer spending patterns, affect the availability and cost of credit;
- Impairment of the carrying value of our goodwill or other intangible assets;
- Changes in tax laws or treaties and unanticipated tax liabilities; and
- A failure of our internal controls over financial reporting and future changes in accounting standards.

Any of the risks described above or elsewhere in this report or our other filings with the SEC could have a material impact on our business, financial condition or results of operations. It is not possible to predict or identify all risk factors. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. Therefore, the above is not intended to be a complete discussion of all potential risks or uncertainties.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to a variety of market risks, including fluctuations in interest rates, foreign currency exchange rates, compensation and commodity prices. To manage this exposure, we periodically enter into interest rate, foreign currency exchange rate, equity forward and commodity derivative instruments for other than trading purposes (see Note 10 to our unaudited consolidated financial statements in Part I, Item 1 of this report).

We use the variance/covariance method to measure value at risk, over time horizons ranging from one week to one year, at the 95 percent confidence level. As of August 25, 2024, our potential losses in future net earnings resulting from changes in equity forwards, commodity instruments, floating rate and fixed rate debt interest rate exposures were approximately \$86.9 million over a period of one year. The value at risk from an increase in the fair value of all of our long-term fixed-rate debt, over a period of one year, was approximately \$92.8 million. The fair value of our long-term fixed-rate debt outstanding as of August 25, 2024, averaged \$1.39 billion, with a high of \$1.43 billion and a low of \$1.37 billion during the three months of fiscal 2025. Our interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows by targeting an appropriate mix of variable and fixed-rate debt.

#### **Item 4. Controls and Procedures**

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of August 25, 2024, the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of August 25, 2024.

During the fiscal quarter ended August 25, 2024, there was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II**  
**OTHER INFORMATION**

**Item 1. Legal Proceedings**

See the discussion of legal proceedings contained in the third paragraph of Note 12 to our unaudited consolidated financial statements in Part I, Item 1 of this report, which is incorporated herein by reference.

**Item 1A. Risk Factors**

There have been no material changes to the risk factors contained in Item 1A of our Annual Report on Form 10-K for the year ended May 26, 2024.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

The table below provides information concerning our repurchase of shares of our common stock during the quarter ended August 25, 2024.

(Dollars in millions, except per share data)	Total Number of Shares Purchased (1) (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (3)
May 27, 2024 through June 30, 2024	310,291	\$ 148.91	310,291	\$ 869.2
July 1, 2024 through July 28, 2024	310,054	\$ 141.91	310,054	\$ 825.2
July 29, 2024 through August 25, 2024	557,501	\$ 147.46	557,501	\$ 743.0
Quarter-to-Date	1,177,846	\$ 146.38	1,177,846	\$ 743.0

- (1) All of the shares purchased during the quarter ended August 25, 2024 were purchased as part of our repurchase program. On March 20, 2024 our Board of Directors authorized a new share repurchase program under which we may repurchase up to \$1 billion of our outstanding common stock. This repurchase program, which was announced publicly in a press release issued on March 21, 2024, does not have an expiration and replaced the prior share repurchase authorization.
- (2) The number of shares purchased includes shares withheld for taxes on vesting of restricted stock, shares delivered or deemed to be delivered to us on tender of stock in payment for the exercise price of options, and shares reacquired pursuant to tax withholding on option exercises. These shares are included as part of our repurchase program and deplete the repurchase authority granted by our Board. The number of shares repurchased excludes shares we reacquired pursuant to forfeiture of restricted stock.
- (3) Repurchases are subject to prevailing market prices, may be made in open market or private transactions, may occur or be discontinued at any time and remain subject to the discretion of our Board of Directors. There can be no assurance that we will repurchase any shares.

**Item 5. Other Information**

During the quarter ended August 25, 2024, no director or officer adopted, modified, or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as such terms are defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits**

Exhibit No.	Exhibit Title
31(a)	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31(b)	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32(a)	<a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32(b)	<a href="#">Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
10.1	<a href="#">Amended and Restated Darden Restaurants, Inc. 2015 Omnibus Incentive Plan.</a>
10.2	<a href="#">Amendment No. 1 to Revolving Credit Agreement among Darden Restaurants, Inc., certain lenders party thereto and Bank of America, N.A., as administrative agent, dated September 16, 2024 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed September 18, 2024).</a>
10.3	<a href="#">Term Loan Agreement among Darden Restaurants, Inc., certain lenders party thereto and Bank of America, N.A., as administrative agent, dated September 16, 2024 (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed September 18, 2024).</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)



**SIGNATURE**

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

DARDEN RESTAURANTS, INC.

Dated: September 27, 2024

By: /s/ Rajesh Vennam

Rajesh Vennam

*Senior Vice President, Chief Financial Officer*

*(Principal financial officer)*

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**AMENDED AND RESTATED DARDEN RESTAURANTS, INC.**  
**2015 OMNIBUS INCENTIVE PLAN**

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(As Amended and Restated Effective September 18, 2024)

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**AMENDED AND RESTATED DARDEN RESTAURANTS, INC.**

**2015 OMNIBUS INCENTIVE PLAN**

**1. ADOPTION; PURPOSE**

The Darden Restaurants, Inc. 2015 Omnibus Incentive Plan (the “Plan”) was initially adopted by the Board of Directors of Darden Restaurants, Inc. (the “Company”) on July 15, 2015, and approved by the stockholders on September 17, 2015. This Plan has been further amended and restated as set forth herein by the Board of Directors on June 18, 2024, subject to approval by the stockholders on September 18, 2024 (the “Restatement Date”). Awards that are outstanding under the Plan immediately prior to the stockholder vote on September 18, 2024 shall be subject to the terms of the Plan in effect prior to the Restatement Date.

The Plan is intended to (a) provide eligible individuals with an incentive to contribute to the success of the Company and to operate and manage the Company’s business in a manner that will provide for the Company’s long-term growth and profitability and that will benefit its stockholders and other important stakeholders, including its employees and customers, and (b) provide a means of recruiting, rewarding, and retaining key personnel. To this end, the Plan provides for the grant of Awards of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Unrestricted Stock, Dividend Equivalent Rights, Performance Shares and other Performance-Based Awards, Other Equity-Based Awards, and cash bonus awards. Any of these Awards may, but need not, be made as performance incentives to reward the holders of such Awards for the achievement of performance goals in accordance with the terms of the Plan. Options granted under the Plan may be Nonqualified Stock Options or Incentive Stock Options, as provided herein.

**2. DEFINITIONS**

For purposes of interpreting the Plan documents, including the Plan and Award Agreements, the following capitalized terms shall have the meanings specified below, unless the context clearly indicates otherwise:

**2.1 “Accounting Firm”** shall mean a nationally recognized accounting firm, or actuarial, benefits or compensation consulting firm (with experience in performing the calculations regarding the applicability of Code Section 280G and of the tax imposed by Code Section 4999) selected by the Company immediately prior to a Change in Control.

**2.2 “Affiliate”** shall mean any Person that controls, is controlled by, or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including any Subsidiary. For purposes of grants of Options or Stock Appreciation Rights, an entity may not be considered an Affiliate unless the Company holds a Controlling Interest in such entity.

**2.3 “Applicable Laws”** shall mean the legal requirements relating to the Plan and the Awards under (a) applicable provisions of the Code, the Securities Act, the Exchange Act, any rules or regulations thereunder, and any other laws, rules, regulations, and government orders of any jurisdiction applicable to the Company or its Affiliates, (b) applicable provisions of the corporate, securities, tax, and other laws, rules, regulations, and government orders of any jurisdiction applicable to Awards granted to residents thereof, and (c) the rules of any Stock Exchange or Securities Market on which the Stock is listed or publicly traded.

**2.4 “Award”** shall mean a grant under the Plan of an Option, a Stock Appreciation Right, Restricted Stock, a Restricted Stock Unit, a Deferred Stock Unit, Unrestricted Stock, a Dividend Equivalent Right, a Performance Share or other Performance-Based Award, an Other Equity-Based Award, or cash.

**2.5 “Award Agreement”** shall mean the written agreement, in such written, electronic, or other form as determined by the Committee, between the Company and a Grantee that evidences and sets forth the terms and conditions of an Award.

**2.6 “Beneficial Owner”** shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

**2.7 “Board”** shall mean the Board of Directors of the Company.

**2.8 “Cause”** shall have the meaning set forth in an applicable agreement between a Grantee and the Company or an Affiliate, and in the absence of any such agreement, shall mean, with respect to any Grantee and as determined by the Committee, (a) an act or acts of fraud or misappropriation on the Grantee’s part which result in or are intended to result in the Grantee’s personal enrichment at the expense of the Company and which constitute a criminal offense under state or federal laws, (ii) the Grantee’s continued failure to substantially perform the Grantee’s duties with the Company (other than any such failure resulting from the Grantee’s incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Grantee by the Committee, which demand specifically identifies the manner in which the Committee believes that the Grantee has not substantially performed the Grantee’s duties; (iii) the Grantee’s willful engagement in conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise; or (iv) the Grantee’s conviction of, or entering into a plea of either guilty or nolo contendere to, any felony, including, but not limited to, a felony involving moral turpitude, embezzlement, theft or similar act that occurred during or in the course of the Grantee’s employment with the Company. For purposes of the Plan, an act, or failure to act, shall not be deemed to be “willful” unless it is done, or omitted to be done, by the Grantee in bad faith or without a reasonable belief that the action or omission was in the best interests of the Company.

**2.9 “Capital Stock”** shall mean, with respect to any Person, any and all shares, interests, participations, or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Effective Date or issued thereafter, including, without limitation, all shares of Stock.

**2.10 “Change in Control”** shall mean, subject to **Section 18.10**, the occurrence of any of the following:

(a) Any individual, entity or group (within the meaning of Section 13d(3) or 14(d)(2) of the Exchange Act) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty percent 30% or more of either (i) the then-outstanding shares of Stock (the “**Outstanding Company Common Stock**”) or (ii) the combined voting power of the then-outstanding Voting Stock of the Company (the “**Outstanding Company Voting Securities**”); provided, however, that, for purposes of this **Section 2.10(a)**, the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any company controlled by, controlling or under common control with the Company or (D) any acquisition pursuant to a transaction that complies with **Sections 2.10(b)(i), (ii) and (iii)**;



(b) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (each, a “**Business Combination**”), in each case unless, following such Business Combination, (i) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no individual, entity or group (within the meaning of Section 13d(3) or 14(d)(2) of the Exchange Act) (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, thirty percent 30% or more of, respectively, the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

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

The Board shall have full and final authority, in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control, and any incidental matters relating thereto.

**2.11** “**Code**” shall mean the Internal Revenue Code of 1986, as amended, as now in effect or as hereafter amended, and any successor thereto. References in the Plan to any Code Section shall be deemed to include, as applicable, regulations and guidance promulgated under such Code Section.

**2.12** “**Committee**” shall mean a committee of, and designated from time to time by resolution of, the Board, which shall be constituted as provided in **Section 3.1.2** and **Section 3.1.3** (or, if no Committee has been so designated, the Board).

**2.13** “**Company**” shall mean Darden Restaurants, Inc. and any successor thereto.

**2.14** “**Controlling Interest**” shall have the meaning set forth in Treasury Regulation Section 1.414(c)-2(b)(2)(i); provided that (a) except as specified in clause (b) below, an interest of “at least 50 percent” shall be used instead of an interest of “at least 80 percent” in each case where “at least 80 percent” appears in

Treasury Regulation Section 1.414(c)-2(b)(2)(i) and (b) where a grant of Options or Stock Appreciation Rights is based upon a legitimate business criterion, an interest of “at least 20 percent” shall be used instead of an interest of “at least 80 percent” in each case where “at least 80 percent” appears in Treasury Regulation Section 1.414(c)-2(b)(2)(i).

**2.15 “Deferred Stock Unit”** shall mean a Restricted Stock Unit, the terms of which provide for delivery of the underlying shares of Stock, cash, or a combination thereof subsequent to the date of vesting, at a time or times consistent with the requirements of Code Section 409A.

**2.16 “Dividend Equivalent Right”** shall mean a right, granted to a Grantee pursuant to **Section 12**, entitling the Grantee thereof to receive, or to receive credits for the future payment of, cash, Stock, other Awards, or other property equal in value to dividend payments or distributions, or other periodic payments, declared or paid with respect to a number of shares of Stock specified in such Dividend Equivalent Right (or other Award to which such Dividend Equivalent Right relates) as if such shares of Stock had been issued to and held by the Grantee of such Dividend Equivalent Right as of the record date.

**2.17 “Effective Date”** shall mean September 17, 2015.

**2.18 “Employee”** shall mean, as of any date of determination, an employee (including an officer) of the Company or an Affiliate.

**2.19 “Exchange Act”** shall mean the Securities Exchange Act of 1934, as amended, as now in effect or as hereafter amended, and any successor thereto.

**2.20 “Excise Tax”** shall mean, collectively, (i) the tax imposed by Section 4999 of the Code, (ii) any similar tax imposed by state or local law, and (iii) any interest or penalties with respect to any tax described in clause (i) or (ii).

**2.21 “Executive Officer”** shall mean an officer of the Company as defined in Rule 16a-1(f) under the Exchange Act.

**2.22 “Fair Market Value”** shall mean the fair market value of a share of Stock for purposes of the Plan, which shall be, as of any date of determination:

(a) If on such date the shares of Stock are listed on a Stock Exchange, or are publicly traded on another Securities Market, the Fair Market Value of a share of Stock shall be the closing price of the Stock as reported on such Stock Exchange or such Securities Market (provided that, if there is more than one such Stock Exchange or Securities Market, the Committee shall designate the appropriate Stock Exchange or Securities Market for purposes of the Fair Market Value determination). If there is no such reported closing price on such date, the Fair Market Value of a share of Stock shall be the closing price of the Stock on the next preceding day on which any sale of Stock shall have been reported on such Stock Exchange or such Securities Market.

(b) If on such date the shares of Stock are not listed on a Stock Exchange or publicly traded on a Securities Market, the Fair Market Value of a share of Stock shall be the value of the Stock as determined by the Committee by the reasonable application of a reasonable valuation method, in a manner consistent with Code Section 409A.

Notwithstanding this **Section 2.22** or **Section 18.3**, for purposes of determining taxable income and the amount of the related tax withholding obligation pursuant to **Section 18.3**, the Fair Market Value will be determined by the Committee in good faith using any reasonable method as it deems appropriate, to be applied consistently with respect to Grantees; provided, further, that the Committee shall determine the Fair Market Value of shares of Stock for tax withholding obligations due in connection with sales, by or on behalf of a Grantee, of such shares of Stock subject to an Award to pay the Option Price, SAR Price, and/or any tax withholding obligation on the same date on which such shares may first be sold pursuant to the terms of the applicable Award Agreement (including broker-assisted cashless exercises of Options and Stock Appreciation Rights, as described in **Section 14.3**, and sell-to-cover transactions) in any manner consistent with applicable provisions of the Code, including but not limited to using the sale price of such shares on such date (or if sales of such shares are effectuated at more than one sale price, the weighted average sale price of such shares on such date) as the Fair Market Value of such shares, so long as such Grantee has provided the Company, or its designee or agent, with advance written notice of such sale.

**2.23 “Family Member”** shall mean, with respect to any Grantee as of any date of determination, (a) a Person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of such Grantee, (b) any Person sharing such Grantee’s household (other than a tenant or employee), (c) a trust in which any one or more of the Persons specified in clauses (a) and (b) above (and such Grantee) own more than fifty percent (50%) of the beneficial interest, (d) a foundation in which any one or more of the Persons specified in clauses (a) and (b) above (and such Grantee) control the management of assets, and (e) any other entity in which one or more of the Persons specified in clauses (a) and (b) above (and such Grantee) own more than fifty percent (50%) of the voting interests.

**2.24 “Grant Date”** shall mean, as determined by the Committee, the latest to occur of (a) the date as of which the Committee approves the Award, (b) the date on which the recipient of an Award first becomes eligible to receive an Award under **Section 6** hereof (e.g., in the case of a new hire, the first date on which such new hire performs any Service), or (c) such subsequent date specified by the Committee in the corporate action approving the Award.

**2.25 “Grantee”** shall mean a Person who receives or holds an Award under the Plan.

**2.26 “Group”** shall have the meaning set forth in Sections 13(d) and 14(d)(2) of the Exchange Act.

**2.27 “Incentive Stock Option”** shall mean an “incentive stock option” within the meaning of Code Section 422.

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

**2.29 “Nonqualified Stock Option”** shall mean an Option that is not an Incentive Stock Option.

- 2.30** “**Non-Employee Director**” shall have the meaning set forth in Rule 16b-3 under the Exchange Act.
- 2.31** “**Option**” shall mean an option to purchase one or more shares of Stock at a specified Option Price awarded to a Grantee pursuant to Section 8.
- 2.32** “**Option Price**” shall mean the per share exercise price for shares of Stock subject to an Option.
- 2.33** “**Other Equity-Based Award**” shall mean an Award representing a right or other interest that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to Stock, other than an Option, a Stock Appreciation Right, Restricted Stock, a Restricted Stock Unit, a Deferred Stock Unit, Unrestricted Stock, a Dividend Equivalent Right, or a Performance Share or other Performance-Based Award.
- 2.34** “**Reduced Amount**” shall mean \$1,000.00 less than the greatest amount of Payments that can be paid that would not result in the imposition of the excise tax under Section 4999 of the Code if the Accounting Firm determines to reduce Payments pursuant to Section 17.
- 2.35** “**Performance-Based Award**” shall mean an Award of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Performance Shares, Other Equity-Based Awards, or cash made subject to the achievement of performance goals (as provided in **Section 13**) over a Performance Period specified by the Committee.
- 2.36** “**Performance Period**” shall mean the period of time, up to ten (10) years, during or over which the performance goals under Performance-Based Awards must be met in order to determine the degree of payout and/or vesting with respect to any such Performance-Based Awards.
- 2.37** “**Performance Shares**” shall mean a Performance-Based Award representing a right or other interest that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to Stock, made subject to the achievement of performance goals (as provided in **Section 13**) over a Performance Period of up to ten (10) years.
- 2.38** “**Person**” shall mean an individual, a corporation, a partnership, a limited liability company, an association, a trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.
- 2.39** “**Plan**” shall mean this Darden Restaurants, Inc. 2015 Omnibus Incentive Plan, as amended from time to time.
- 2.40** “**Prior Plan**” shall mean the Darden Restaurants, Inc. 2002 Stock Incentive Plan, as amended from time to time.
- 2.41** “**Restricted Period**” shall mean a period of time established by the Committee during which an Award of Restricted Stock, Restricted Stock Units, or Deferred Stock Units is subject to restrictions.
- 2.42** “**Restricted Stock**” shall mean shares of Stock awarded to a Grantee pursuant to **Section 10**.

**2.43** “**Restricted Stock Unit**” shall mean a bookkeeping entry representing the equivalent of one (1) share of Stock awarded to a Grantee pursuant to **Section 10** that may be settled, subject to the terms and conditions of the applicable Award Agreement, in shares of Stock, cash, or a combination thereof.

**2.44** “**SAR Price**” shall mean the per share exercise price of a SAR.

**2.45** “**Securities Act**” shall mean the Securities Act of 1933, as amended, as now in effect or as hereafter amended, and any successor thereto.

**2.46** “**Securities Market**” shall mean an established securities market.

**2.47** “**Separation from Service**” shall have the meaning set forth in Code Section 409A.

**2.48** “**Service**” shall mean service qualifying a Grantee as a Service Provider to the Company or an Affiliate. Unless otherwise provided in the applicable Award Agreement, a Grantee’s change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate. Subject to the preceding sentence, any determination by the Committee whether a termination of Service shall have occurred for purposes of the Plan shall be final, binding, and conclusive. If a Service Provider’s employment or other Service relationship is with an Affiliate and the applicable entity ceases to be an Affiliate, a termination of Service shall be deemed to have occurred when such entity ceases to be an Affiliate unless the Service Provider transfers his or her employment or other Service relationship to the Company or any other Affiliate.

**2.49** “**Service Provider**” shall mean (a) an Employee or director of the Company or an Affiliate, or (b) a consultant or adviser to the Company or an Affiliate (i) who is a natural person, (ii) who is currently providing bona fide services to the Company or an Affiliate, and (iii) whose services are not in connection with the Company’s sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company’s Capital Stock.

**2.50** “**Service Recipient Stock**” shall have the meaning set forth in Code Section 409A.

**2.51** “**Share Limit**” shall have the meaning set forth in **Section 4.1**.

**2.52** “**Short-Term Deferral Period**” shall have the meaning set forth in Code Section 409A.

**2.53** “**Stock**” shall mean the common stock, without par value, of the Company, or any security into which shares of Stock may be changed or for which shares of Stock may be exchanged as provided in **Section 16.1**.

**2.54** “**Stock Appreciation Right**” or “**SAR**” shall mean a right granted to a Grantee pursuant to Section 9.

**2.55** “**Stock Exchange**” shall mean the New York Stock Exchange, the NASDAQ Capital Market, the NASDAQ Global Market, the NASDAQ Global Select Market, or another established national or regional stock exchange.

**2.56** “**Subsidiary**” shall mean any corporation (other than the Company) or non-corporate entity with respect to which the Company owns, directly or indirectly, fifty percent (50%) or more of the total combined voting power of all classes of Voting Stock. In addition, any other entity may be designated by the Committee as a Subsidiary, provided that (a) such entity could be considered as a subsidiary according to

generally accepted accounting principles in the United States of America and (b) in the case of an Award of Options or Stock Appreciation Rights, such Award would be considered to be granted in respect of Service Recipient Stock under Code Section 409A.

**2.57 “Substitute Award”** shall mean an Award granted upon assumption of, or in substitution for, outstanding awards previously granted under a compensatory plan of the Company, an Affiliate, or a business entity acquired or to be acquired by the Company or an Affiliate or with which the Company or an Affiliate has combined or will combine.

**2.58 “Ten Percent Stockholder”** shall mean a natural Person who owns more than ten percent (10%) of the total combined voting power of all classes of Voting Stock of the Company, the Company’s parent (if any), or any of the Company’s Subsidiaries. In determining stock ownership, the attribution rules of Code Section 424(d) shall be applied.

**2.59 “Unrestricted Stock”** shall mean Stock that is free of any restrictions.

**2.60 “Voting Stock”** shall mean, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers, or other voting members of the governing body of such Person.

### **3. ADMINISTRATION OF THE PLAN**

#### **3.1 Committee.**

**3.1.1 Powers and Authorities.** The Committee shall administer the Plan and shall have such powers and authorities related to the administration of the Plan as are consistent with the Company’s articles of incorporation and bylaws and Applicable Laws. Without limiting the generality of the foregoing, the Committee shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award, or any Award Agreement and shall have full power and authority to take all such other actions and to make all such other determinations not inconsistent with the specific terms and provisions of the Plan which the Committee deems to be necessary or appropriate to the administration of the Plan, any Award, or any Award Agreement. All such actions and determinations shall be made by (a) the affirmative vote of a majority of the members of the Committee present at a meeting at which a quorum is present, or (b) the unanimous consent of the members of the Committee executed in writing or evidenced by electronic transmission in accordance with the Company’s articles of incorporation and bylaws and Applicable Laws. Unless otherwise expressly determined by the Board, the Committee shall have the authority to interpret and construe all provisions of the Plan, any Award, and any Award Agreement, and any such interpretation or construction, and any other determination contemplated to be made under the Plan or any Award Agreement, by the Committee shall be final, binding, and conclusive on all Persons, whether or not expressly provided for in any provision of the Plan, such Award, or such Award Agreement.

In the event that the Plan, any Award, or any Award Agreement provides for any action to be taken by the Board or any determination to be made by the Board, such action may be taken or such determination may be made by the Committee constituted in accordance with this **Section 3.1** if the Board has delegated the power and authority to do so to such Committee.

**3.1.2 Composition of the Committee.** The Committee shall be a committee composed of not fewer than two (2) directors of the Company designated by the Board to administer the Plan. Each member of the Committee shall be a Non-Employee Director and an independent director in accordance with the rules

of any Stock Exchange on which the Stock is listed; provided that any action taken by the Committee shall be valid and effective whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this **Section 3.1.2** or otherwise provided in any charter of the Committee. Without limiting the generality of the foregoing, the Committee may be the Compensation Committee of the Board or a subcommittee thereof if the Compensation Committee of the Board or such subcommittee satisfies the foregoing requirements.

**3.1.3 Other Committees.** The Board also may appoint one or more committees of the Board, each composed of one or more directors of the Company, which (a) may administer the Plan with respect to Grantees who are not Executive Officers or directors of the Company, (b) may grant Awards under the Plan to such Grantees, and (c) may determine all terms of such Awards, in each case.

**3.1.4 Delegation by Committee.** To the extent permitted by Applicable Laws, the Committee may, by resolution, delegate some or all of its authority with respect to the Plan and Awards to the Chief Executive Officer of the Company and/or any other officer of the Company designated by the Committee, provided that the Committee may not delegate its authority hereunder to a delegatee for the purpose of (a) making Awards to directors of the Company, (b) making Awards to Employees who are Executive Officers, or (c) interpreting the Plan, any Award, or any Award Agreement with respect to any person described in (b) above. For the avoidance of doubt, under no circumstances shall a delegatee have authority under the Plan to take any action with respect to his or her own Awards, and nothing shall prohibit an Award from being made under a delegation of authority under the Plan to another individual who has been delegated authority with respect to other routine administrative matters under the Plan. Any delegation hereunder will be subject to the restrictions and limits that the Committee specifies at the time of such delegation or thereafter. Nothing in the Plan will be construed as obligating the Committee to delegate authority to any officer of the Company, and the Committee may at any time rescind the authority delegated to an officer of the Company appointed hereunder and delegate authority to one or more other officers of the Company. At all times, an officer of the Company delegated authority pursuant to this **Section 3.1.4** will serve in such capacity at the pleasure of the Committee. Any action undertaken by any such officer of the Company in accordance with the Committee's delegation of authority will have the same force and effect as if undertaken directly by the Committee, and any reference in the Plan to the "Committee" will, to the extent consistent with the terms and limitations of such delegation, be deemed to include a reference to each such officer.

**3.2 Board.** The Board, from time to time, may exercise any or all of the powers and authorities related to the administration and implementation of the Plan, as set forth in Section 3.1 and other applicable provisions of the Plan, as the Board shall determine, consistent with the Company's articles of incorporation and bylaws and Applicable Laws.

### **3.3 Terms of Awards.**

**3.3.1 Committee Authority.** Subject to the other terms and conditions of the Plan, the Committee shall have full and final authority to:

- (a) designate Grantees;
- (b) determine the type or types of Awards to be made to a Grantee;

(c) determine the number of shares of Stock to be subject to an Award or to which an Award relates;

(d) establish the terms and conditions of each Award (including the Option Price, the SAR Price, and the purchase price for applicable Awards; the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the shares of Stock subject thereto; the treatment of an Award in the event of a Change in Control (subject to applicable agreements); and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options);

(e) prescribe the form of each Award Agreement evidencing an Award;

(f) subject to the limitation on repricing in **Section 3.4**, amend, modify, or supplement the terms of any outstanding Award, which authority shall include the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to make Awards or to modify outstanding Awards made to eligible natural Persons who are foreign nationals or are natural Persons who are employed outside the United States to reflect differences in local law, tax policy, or custom; provided that, notwithstanding the foregoing, no amendment, modification, or supplement of the terms of any outstanding Award shall, without the consent of the Grantee thereof, impair such Grantee's rights under such Award; and

(g) make Substitute Awards.

**3.3.2 Forfeiture; Recoupment.** The Committee may reserve the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee with respect to an Award thereunder on account of actions taken by, or failed to be taken by, such Grantee in violation or breach of, or in conflict with, any (a) employment agreement, (b) non-competition agreement, (c) agreement prohibiting solicitation of Employees or clients of the Company or an Affiliate, (d) confidentiality obligation with respect to the Company or an Affiliate, (e) Company or Affiliate policy or procedure, (f) other agreement, or (g) other obligation of such Grantee to the Company or an Affiliate, as and to the extent specified in such Award Agreement. If the Grantee of an outstanding Award is an Employee of the Company or an Affiliate and such Grantee's Service is terminated for Cause, the Committee may annul such Grantee's outstanding Award as of the date of the Grantee's termination of Service for Cause.

Any Award granted pursuant to the Plan shall be subject to mandatory repayment by the Grantee to the Company (x) to the extent set forth in this Plan or an Award Agreement or (y) to the extent the Grantee is, or in the future becomes, subject to (1) any Company or Affiliate "clawback" or recoupment policy that is adopted to comply with the requirements of any Applicable Laws, or (2) any Applicable Laws which impose mandatory recoupment, under circumstances set forth in such Applicable Laws.

**3.4 No Repricing Without Stockholder Approval.** Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, distribution (whether in the form of cash, shares of Stock, other securities, or other property), stock split, extraordinary dividend, recapitalization, Change in Control, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares of Stock, or other securities or similar transaction), the Company may not take any action, directly or indirectly, that is treated as a "repricing" for purposes of generally accepted accounting principles or the stockholder approval rules of the applicable securities exchange or inter-dealer quotation service on which the Stock is listed or quoted, including but not limited to: (a) amending the terms of



outstanding Options or SARs to reduce the Option Price or SAR Price, as applicable, of such outstanding Options or SARs; (b) cancelling outstanding Options or SARs in exchange for or substitution of Options or SARs with an Option Price or SAR Price, as applicable, that is less than the Option Price or SAR Price, as applicable, of the original Options or SARs, other Awards covering the same or a different number of shares of Stock, cash or other valuable consideration; or (c) cancelling outstanding Options or SARs with an Option Price or SAR Price, as applicable, above the current Fair Market Value in exchange for cash or other securities, in each case, unless such action is subject to and approved by the Company's stockholders.

**3.5 Deferral Arrangement.** The Committee may permit or require the deferral of any payment pursuant to any Award into a deferred compensation arrangement, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or Dividend Equivalent Rights and, in connection therewith, provisions for converting such credits into Deferred Stock Units and for restricting deferrals to comply with hardship distribution rules affecting tax-qualified retirement plans subject to Code Section 401(k)(2)(B)(IV); provided that no Dividend Equivalent Rights may be granted in connection with, or related to, an Award of Options or SARs. Any such deferrals shall be made in a manner that complies with Code Section 409A, including, if applicable, with respect to when a Separation from Service occurs.

**3.6 Registration; Share Certificates.** Notwithstanding any provision of the Plan to the contrary, the ownership of the shares of Stock issued under the Plan may be evidenced in such a manner as the Committee, in its sole discretion, deems appropriate, including by book-entry or direct registration (including transaction advices) or the issuance of one or more share certificates.

#### **4. STOCK SUBJECT TO THE PLAN**

**4.1 Number of Shares of Stock Available for Awards.** Subject to such additional shares of Stock as shall be available for issuance under the Plan pursuant to Section 4.2, and subject to adjustment pursuant to Section 16, the maximum number of shares of Stock reserved for issuance under the Plan shall be equal to the sum of (i) three million five hundred thousand (3,500,000 shares of Stock, plus (ii) the number of shares of Stock available for future awards under the Prior Plan as of the Effective Date, plus (iii) the number of shares of Stock related to awards outstanding under the Prior Plan as of the Effective Date that thereafter terminate by expiration or forfeiture, cancellation, or otherwise without the issuance of such shares of Stock (the "Share Limit"). Such shares of Stock may be authorized and unissued shares of Stock, treasury shares of Stock, or any combination of the foregoing, as may be determined from time to time by the Board or by the Committee. Any of the shares of Stock reserved and available for issuance under the Plan may be used for any type of Award under the Plan, and any or all of the shares of Stock reserved for issuance under the Plan shall be available for issuance pursuant to the Incentive Stock Options.

**4.2 Adjustments in Authorized Shares of Stock.** In connection with mergers, reorganizations, separations, or other transactions to which Code Section 424(a) applies, the Committee shall have the right to cause the Company to assume awards previously granted under a compensatory plan of another business entity that is a party to such transaction and to grant Substitute Awards under the Plan for such awards. The Share Limit pursuant to Section 4.1 shall be increased by the number of shares of Stock subject to any such assumed awards and Substitute Awards. Shares available for issuance under a stockholder-approved plan of a business entity that is a party to such transaction (as appropriately adjusted, if necessary, to reflect such transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Stock otherwise available for issuance under the Plan, subject to applicable rules of any Stock Exchange or Securities Market on which the Stock is listed or publicly traded. This Section 4.2 shall be interpreted consistent with the requirements under Section 303.08A of the New York Stock Exchange Listed Company Manual.

### 4.3 Share Usage.

(a) Shares of Stock covered by an Award shall be counted as used as of the Grant Date for purposes of calculating the number of shares of Stock available for issuance under **Section 4.1**.

(b) Any shares of Stock that are subject to Awards, including shares of Stock acquired through dividend reinvestment pursuant to **Section 10**, will be counted against the Share Limit set forth in **Section 4.1** as one (1) share of Stock for every one (1) share of Stock subject to an Award. The number of shares of Stock subject to an Award of SARs will be counted against the Share Limit set forth in **Section 4.1** as one (1) share of Stock for every one (1) share of Stock subject to such Award regardless of the number of shares of Stock actually issued to settle such SARs upon the exercise of the SARs. The target number of shares issuable under a Performance Share grant shall be counted against the Share Limit set forth in **Section 4.1** as of the Grant Date, but such number shall be adjusted to equal the actual number of shares issued upon settlement of the Performance Shares to the extent different from such target number of shares. Awards that do not entitle the Grantee thereof to receive or purchase shares of Stock and Awards that are settled in cash shall not be counted against the Share Limit set forth in **Section 4.1**.

(c) If any shares of Stock covered by an Award are not purchased or are forfeited or expire or if an Award otherwise terminates without delivery of any Stock subject thereto or is settled in cash in lieu of shares, then the number of shares of Stock counted against the Share Limit with respect to such Award shall, to the extent of any such forfeiture, termination, expiration, or settlement, again be available for making Awards under the Plan.

(d) The number of shares of Stock available for issuance under the Plan will not be increased by the number of shares of Stock (i) tendered, withheld, or subject to an Award granted under the Plan surrendered in connection with the purchase of shares of Stock upon exercise of an Option, (ii) that were not issued upon the net settlement or net exercise of a Stock-settled SAR granted under the Plan, (iii) deducted or delivered from payment of an Award granted under the Plan in connection with the Company's tax withholding obligations as provided in **Section 18.3**, or (iv) purchased by the Company with proceeds from Option exercises.

## 5. TERM; AMENDMENT AND TERMINATION

**5.1 Term.** The Plan shall become effective as of the Effective Date. The Plan shall terminate on the first to occur of (a) the tenth (10th) anniversary of the Restatement Date, (b) the date determined in accordance with Section 5.2, and (c) the date determined in accordance with Section 16.3. Upon such termination of the Plan, all outstanding Awards shall continue to have full force and effect in accordance with the provisions of the terminated Plan and the applicable Award Agreement (or other documents evidencing such Awards).

**5.2 Amendment, Suspension, and Termination.** The Board may, at any time and from time to time, amend, suspend, or terminate the Plan; provided that, with respect to Awards theretofore granted under the Plan, no amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, impair the rights or obligations under any such Award. The effectiveness of any amendment to the Plan shall be contingent on approval of such amendment by the Company's stockholders to the extent provided by the Board or required by Applicable Laws. Notwithstanding the foregoing, nothing in this **Section 5.2** shall prohibit the Board from amending the Plan without the Grantee's consent as determined by the Board to be necessary or appropriate to comply with changes in applicable law or exchange listing requirements. The

Board may delegate its authority under this **Section 5.2** to amend the Plan to the Committee as permitted under the Committee's charter.

## **6. AWARD ELIGIBILITY AND LIMITATIONS**

**6.1 Eligible Grantees.** Subject to this Section 6, Awards may be made under the Plan to (a) any Service Provider, as the Committee shall determine and designate from time to time, and (b) any other individual whose participation in the Plan is determined to be in the best interests of the Company by the Committee.

**6.2 Limitation on Shares of Stock Subject to Awards and Cash Awards.** During any time when the Company has any class of common equity securities registered under Section 12 of the Exchange Act, but subject to adjustment as provided in Section 16:

(a) The maximum number of shares of Stock that may be granted under the Plan, pursuant to Options or SARs, in a fiscal year to any Person eligible for an Award under **Section 6.1**, other than a Non-Employee Director of the Company, is one million (1,000,000) shares;

(b) The maximum number of shares of Stock that may be granted under the Plan, pursuant to Awards other than Options or SARs that are Stock-denominated and are either Stock- or cash-settled, in a fiscal year to any Person eligible for an Award under **Section 6.1**, other than a Non-Employee Director of the Company, is two hundred thousand (200,000) shares;

(c) The maximum Fair Market Value of shares of Stock that may be granted under the Plan, pursuant to Awards, in a fiscal year to any Non-Employee Director of the Company is six hundred thousand dollars (\$600,000); and

(d) The maximum amount that may be paid as a cash-denominated Performance-Based Award (whether or not cash-settled) for a Performance Period to any Person eligible for an Award under **Section 6.1** shall be ten million dollars (\$10,000,000).

For purposes of the limitation in (c) above, any Deferred Stock Units or other Awards that (i) are elected by a Grantee in writing in lieu of cash compensation and (ii) result in the issuance of shares under the Plan at a later time shall not count towards the \$600,000 annual limit.

**6.3 Stand-Alone, Additional, Tandem, and Substitute Awards.** Subject to Section 3.4, Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, (a) any other Award, (b) any award granted under another plan of the Company, an Affiliate, or any business entity that has been a party to a transaction with the Company or an Affiliate, or (c) any other right of a Grantee to receive payment from the Company or an Affiliate. Such additional, tandem, exchange, or Substitute Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award, or for an award granted under another plan of the Company, an Affiliate, or any business entity that has been a party to a transaction with the Company or an Affiliate, the Committee shall require the surrender of such other Award or award under such other plan in consideration for the grant of such exchange or Substitute Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash payments under other plans of the Company or an Affiliate. Notwithstanding **Section 8.1** and **Section 9.1**, but subject to **Section 3.4**, the Option Price of an Option or the SAR Price of a SAR that is a Substitute Award may be less than one hundred percent (100%) of the Fair

Market Value of a share of Stock on the original Grant Date; provided that such Option Price or SAR Price is determined in accordance with the principles of Code Section 424 for any Incentive Stock Option and consistent with Code Section 409A for any other Option or SAR.

**6.4 Minimum Vesting Period.** Except with respect to a maximum of five percent (5%) of the Share Limit, as may be adjusted pursuant to **Section 4.2**, and except as otherwise provided in **Section 16**, no Award shall provide for vesting which is any more rapid than vesting on the one (1) year anniversary of the Grant Date or, with respect to Awards that vest upon the attainment of performance goals, a Performance Period that is less than twelve (12) months.

## **7. AWARD AGREEMENT**

Each Award granted pursuant to the Plan shall be evidenced by an Award Agreement, which shall be in such form or forms as the Committee shall from time to time determine. Award Agreements utilized under the Plan from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing an Award of Options shall specify whether such Options are intended to be Nonqualified Stock Options or Incentive Stock Options, and, in the absence of such specification, such Options shall be deemed to constitute Nonqualified Stock Options. In the event of any inconsistency between the Plan and an Award Agreement, the provisions of the Plan shall control.

## **8. TERMS AND CONDITIONS OF OPTIONS**

**8.1 Option Price.** The Option Price of each Option shall be fixed by the Committee and stated in the Award Agreement evidencing such Option. Except in the case of Substitute Awards, the Option Price of each Option shall be at least the Fair Market Value of one (1) share of Stock on the Grant Date; provided that, in the event that a Grantee is a Ten Percent Stockholder, the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than one hundred ten percent (110%) of the Fair Market Value of one (1) share of Stock on the Grant Date. In no case shall the Option Price of any Option be less than the par value of one (1) share of Stock.

**8.2 Vesting and Exercisability.** Subject to **Sections 8.3** and **16.3**, each Option granted under the Plan shall become vested and/or exercisable at such times and under such conditions as shall be determined by the Committee and stated in the Award Agreement, in another agreement with the Grantee, or otherwise in writing.

**8.3 Term.** Each Option granted under the Plan shall terminate, and all rights to purchase shares of Stock thereunder shall cease, on the tenth (10th) anniversary of the Grant Date of such Option, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Committee and stated in the Award Agreement relating to such Option; provided that, in the event that the Grantee is a Ten Percent Stockholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option shall not be exercisable after the fifth (5th) anniversary of the Grant Date of such Option; and provided, further, that, to the extent deemed necessary or appropriate by the Committee to reflect differences in local law, tax policy, or custom with respect to any Option granted to a Grantee who is a foreign national or is a natural Person who is employed outside the United States, such Option may terminate, and all rights to purchase shares of Stock thereunder may cease, upon the expiration of a period longer than ten (10) years from the Grant Date of such Option as the Committee shall determine.

**8.4 Termination of Service.** Each Award Agreement with respect to the grant of an Option shall set forth the extent to which the Grantee thereof, if at all, shall have the right to exercise such Option following termination of such Grantee's Service. Such provisions shall be determined in the sole discretion of the

Committee, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

**8.5 Limitations on Exercise of Option.** Notwithstanding any provision of the Plan to the contrary, in no event may any Option be exercised, in whole or in part, after the occurrence of an event referred to in Section 16 which results in the termination of such Option.

**8.6 Method of Exercise.** Subject to the terms of **Section 14** and **Section 18.3**, an Option that is exercisable may be exercised by the Grantee's delivery to the Company or its designee or agent of notice of exercise on any business day, at the Company's principal office or the office of such designee or agent, on the form specified by the Company and in accordance with any additional procedures specified by the Committee. Such notice shall specify the number of shares of Stock with respect to which such Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares of Stock for which such Option is being exercised, plus the amount (if any) of federal and/or other taxes which the Company may, in its judgment, be required to withhold with respect to the exercise of such Option.

**8.7 Rights of Holders of Options.** Unless otherwise stated in the applicable Award Agreement, a Grantee or other Person holding or exercising an Option shall have none of the rights of a stockholder of the Company (for example, the right to receive cash or dividend payments or distributions attributable to the shares of Stock subject to such Option, to direct the voting of the shares of Stock subject to such Option, or to receive notice of any meeting of the Company's stockholders) until the shares of Stock subject thereto are fully paid and issued to such Grantee or other Person. Except as provided in **Section 16**, no adjustment shall be made for dividends, distributions, or other rights with respect to any shares of Stock subject to an Option for which the record date is prior to the date of issuance of such shares of Stock.

**8.8 Delivery of Stock.** Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price with respect thereto, such Grantee shall be entitled to receive such evidence of such Grantee's ownership of the shares of Stock subject to such Option as shall be consistent with **Section 3.6**.

**8.9 Transferability of Options.** Except as provided in **Section 8.10**, during the lifetime of a Grantee of an Option, only such Grantee (or, in the event of such Grantee's legal incapacity or incompetency, such Grantee's guardian or legal representative) may exercise such Option. Except as provided in **Section 8.10**, no Option shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

**8.10 Family Transfers.** If authorized in the applicable Award Agreement and by the Committee, in its sole discretion, a Grantee may transfer, not for value, all or part of an Option which is not an Incentive Stock Option to any Family Member. For the purpose of this **Section 8.10**, a transfer "not for value" is a transfer which is (a) a gift, (b) a transfer under a domestic relations order in settlement of marital property rights, or (c) unless Applicable Laws do not permit such transfer, a transfer to an entity in which more than fifty percent (50%) of the voting interests are owned by Family Members (and/or the Grantee) in exchange for an interest in such entity. Following a transfer under this **Section 8.10**, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to such transfer. Subsequent transfers of transferred Options shall be prohibited except to Family Members of the original Grantee in accordance with this **Section 8.10** or by will or the laws of descent and distribution. The provisions of **Section 8.4** relating to termination of Service shall continue to be applied with respect to the original Grantee of the Option, following which such Option shall be exercisable by the transferee only to the extent, and for the periods specified, in **Section 8.4**.

**8.11 Limitations on Incentive Stock Options.** An Option shall constitute an Incentive Stock Option only (a) if the Grantee of such Option is an Employee of the Company or any corporate Subsidiary, (b) to the extent specifically provided in the related Award Agreement, and (c) to the extent that the aggregate Fair Market Value (determined at the time such Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Company and its Affiliates) does not exceed one hundred thousand dollars (\$100,000). Except to the extent provided in the regulations under Code Section 422, this limitation shall be applied by taking Options into account in the order in which they were granted.

**8.12 Notice of Disqualifying Disposition.** If any Grantee shall make any disposition of shares of Stock issued pursuant to the exercise of an Incentive Stock Option under the circumstances provided in Code Section 421(b) (relating to certain disqualifying dispositions), such Grantee shall notify the Company of such disposition immediately but in no event later than ten (10) days thereafter.

## **9. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS**

**9.1 Right to Payment and SAR Price.** A SAR shall confer on the Grantee to whom it is granted a right to receive, upon exercise thereof, the excess of (a) the Fair Market Value of one (1) share of Stock on the date of exercise, over (b) the SAR Price as determined by the Committee. The Award Agreement for a SAR shall specify the SAR Price, which shall be no less than the Fair Market Value of one (1) share of Stock on the Grant Date of such SAR. SARs may be granted in tandem with all or part of an Option granted under the Plan or at any subsequent time during the term of such Option, in combination with all or any part of any other Award, or without regard to any Option or other Award; provided that a SAR that is granted in tandem with all or part of an Option will have the same term, and expire at the same time, as the related Option; provided, further, that a SAR that is granted subsequent to the Grant Date of a related Option must have a SAR Price that is no less than the Fair Market Value of one (1) share of Stock on the Grant Date of such SAR.

**9.2 Other Terms.** The Committee shall determine, on the Grant Date or thereafter, the time or times at which, and the circumstances under which, a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future Service requirements); the time or times at which SARs shall cease to be or become exercisable following termination of Service or upon other conditions; the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which shares of Stock shall be delivered or deemed to be delivered to Grantees, whether or not a SAR shall be granted in tandem or in combination with any other Award; and any and all other terms and conditions of any SAR.

**9.3 Term.** Each SAR granted under the Plan shall terminate, and all rights thereunder shall cease, on the tenth (10th) anniversary of the Grant Date of such SAR or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Committee and stated in the Award Agreement relating to such SAR.

**9.4 Rights of Holders of SARs.** Unless otherwise stated in the applicable Award Agreement, a Grantee or other Person holding or exercising a SAR shall have none of the rights of a stockholder of the Company (for example, the right to receive cash or dividend payments or distributions attributable to the shares of Stock underlying such SAR, to direct the voting of the shares of Stock underlying such SAR, or to receive notice of any meeting of the Company's stockholders) until the shares of Stock underlying such SAR, if any, are issued to such Grantee or other Person. Except as provided in **Section 16**, no adjustment shall be made for dividends, distributions, or other rights with respect to any shares of Stock underlying a SAR for which the record date is prior to the date of issuance of such shares of Stock, if any.

**9.5 Transferability of SARs.** Except as provided in **Section 9.6**, during the lifetime of a Grantee of a SAR, only the Grantee (or, in the event of such Grantee's legal incapacity or incompetency, such Grantee's guardian or legal representative) may exercise such SAR. Except as provided in Section 9.6, no SAR shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

**9.6 Family Transfers.** If authorized in the applicable Award Agreement and by the Committee, in its sole discretion, a Grantee may transfer, not for value, all or part of a SAR to any Family Member. For the purpose of this Section 9.6, a transfer "not for value" is a transfer which is (a) a gift, (b) a transfer under a domestic relations order in settlement of marital property rights, or (c) unless Applicable Laws do not permit such transfer, a transfer to an entity in which more than fifty percent (50%) of the voting interests are owned by Family Members (and/or the Grantee) in exchange for an interest in such entity. Following a transfer under this Section 9.6, any such SAR shall continue to be subject to the same terms and conditions as were in effect immediately prior to such transfer. Subsequent transfers of transferred SARs shall be prohibited except to Family Members of the original Grantee in accordance with this **Section 9.6** or by will or the laws of descent and distribution.

## **10. TERMS AND CONDITIONS OF RESTRICTED STOCK, RESTRICTED STOCK UNITS, AND DEFERRED STOCK UNITS**

**10.1 Grant of Restricted Stock, Restricted Stock Units, and Deferred Stock Units.** Awards of Restricted Stock, Restricted Stock Units, and Deferred Stock Units may be made for consideration or for no consideration, other than the par value of the shares of Stock, which shall be deemed paid by past Service or, if so provided in the related Award Agreement or a separate agreement, the promise by the Grantee to perform future Service to the Company or an Affiliate.

**10.2 Restrictions.** At the time a grant of Restricted Stock, Restricted Stock Units, or Deferred Stock Units is made, the Committee may, in its sole discretion, (a) establish a Restricted Period applicable to such Restricted Stock, Restricted Stock Units, or Deferred Stock Units and (b) prescribe restrictions in addition to or other than the expiration of the Restricted Period, including the achievement of corporate or individual performance goals, which may be applicable to all or any portion of such Restricted Stock, Restricted Stock Units, or Deferred Stock Units as provided in Section 13. Awards of Restricted Stock, Restricted Stock Units, and Deferred Stock Units may not be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of during the Restricted Period or prior to the satisfaction of any other restrictions prescribed by the Committee with respect to such Awards.

**10.3 Registration; Restricted Stock Certificates.** Pursuant to **Section 3.6**, to the extent that ownership of Restricted Stock is evidenced by a book-entry registration or direct registration (including transaction advices), such registration shall be notated to evidence the restrictions imposed on such Award of Restricted Stock under the Plan and the applicable Award Agreement. Subject to Section 3.6 and the immediately following sentence, the Company may issue, in the name of each Grantee to whom Restricted Stock has been granted, certificates representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date of such Restricted Stock. The Committee may provide in an Award Agreement with respect to an Award of Restricted Stock that either (a) the Secretary of the Company shall hold such certificates for such Grantee's benefit until such time as such shares of Restricted Stock are forfeited to the Company or the restrictions applicable thereto lapse and such Grantee shall deliver a stock power to the Company with respect to each certificate, or (b) such certificates shall be delivered to such Grantee, provided that such certificates shall bear legends that comply with Applicable Laws and make

appropriate reference to the restrictions imposed on such Award of Restricted Stock under the Plan and such Award Agreement.

**10.4 Rights of Holders of Restricted Stock.** Unless the Committee provides otherwise in an Award Agreement and subject to the restrictions set forth in the Plan, any applicable Company program, and the applicable Award Agreement, holders of Restricted Stock shall have the right to vote such shares of Restricted Stock and the right to receive any dividend payments or distributions declared or paid with respect to such shares of Restricted Stock. The Committee may provide in an Award Agreement evidencing a grant of Restricted Stock that (a) any cash dividend payments or distributions paid on Restricted Stock shall be reinvested in shares of Stock, which may or may not be subject to the same vesting conditions and restrictions as applicable to such underlying shares of Restricted Stock or (b) any dividend payments or distributions declared or paid on shares of Restricted Stock shall only be made or paid upon satisfaction of the vesting conditions and restrictions applicable to such shares of Restricted Stock. Dividend payments or distributions declared or paid on shares of Restricted Stock which vest or are earned based upon the achievement of performance goals shall not vest unless such performance goals for such shares of Restricted Stock are achieved, and if such performance goals are not achieved, the Grantee of such shares of Restricted Stock shall promptly forfeit and, to the extent already paid or distributed, repay to the Company such dividend payments or distributions. All stock dividend payments or distributions, if any, received by a Grantee with respect to shares of Restricted Stock as a result of any stock split, stock dividend, combination of stock, or other similar transaction shall be subject to the same vesting conditions and restrictions as applicable to such underlying shares of Restricted Stock.

**10.5 Rights of Holders of Restricted Stock Units and Deferred Stock Units.**

**10.5.1 Voting and Dividend Rights.** Holders of Restricted Stock Units and Deferred Stock Units shall have no rights as stockholders of the Company (for example, the right to receive dividend payments or distributions attributable to the shares of Stock underlying such Restricted Stock Units and Deferred Stock Units, to direct the voting of the shares of Stock underlying such Restricted Stock Units and Deferred Stock Units, or to receive notice of any meeting of the Company's stockholders).

**10.5.2 Creditor's Rights.** A holder of Restricted Stock Units or Deferred Stock Units shall have no rights other than those of a general unsecured creditor of the Company. Restricted Stock Units and Deferred Stock Units represent unfunded and unsecured obligations of the Company, subject to the terms and conditions of the applicable Award Agreement.

**10.6 Termination of Service.** Unless the Committee provides otherwise in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, but prior to termination of the Grantee's Service, upon the termination of such Grantee's Service, any Restricted Stock, Restricted Stock Units, or Deferred Stock Units held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of such Restricted Stock, Restricted Stock Units, or Deferred Stock Units, the Grantee thereof shall have no further rights with respect thereto, including any right to vote such Restricted Stock or any right to receive dividends or Dividend Equivalent Rights, as applicable, with respect to such Restricted Stock, Restricted Stock Units, or Deferred Stock Units.

**10.7 Purchase of Restricted Stock and Shares of Stock Subject to Restricted Stock Units and Deferred Stock Units.** The Grantee of an Award of Restricted Stock, vested Restricted Stock Units, or vested Deferred Stock Units shall be required, to the extent required by Applicable Laws, to purchase such Restricted Stock or the shares of Stock subject to such vested Restricted Stock Units or Deferred Stock Units from the



Company at a purchase price equal to the greater of (x) the aggregate par value of the shares of Stock represented by such Restricted Stock or such vested Restricted Stock Units or Deferred Stock Units or (y) the purchase price, if any, specified in the Award Agreement relating to such Restricted Stock or such vested Restricted Stock Units or Deferred Stock Units. Such purchase price shall be payable in a form provided in **Section 14** or, in the sole discretion of the Committee, in consideration for Service rendered or to be rendered by the Grantee to the Company or an Affiliate.

**10.8 Delivery of Shares of Stock.** Upon the expiration or termination of any Restricted Period and the satisfaction of any other conditions prescribed by the Committee, including, without limitation, any performance goals or delayed delivery period, the restrictions applicable to Restricted Stock, Restricted Stock Units, or Deferred Stock Units settled in shares of Stock shall lapse, and, unless otherwise provided in the applicable Award Agreement, a book-entry or direct registration (including transaction advices) or a certificate evidencing ownership of such shares of Stock shall, consistent with **Section 3.6**, be issued, free of all such restrictions, to the Grantee thereof or such Grantee's beneficiary or estate, as the case may be. Neither the Grantee, nor the Grantee's beneficiary or estate, shall have any further rights with regard to a Restricted Stock Unit or Deferred Stock Unit once the shares of Stock represented by such Restricted Stock Unit or Deferred Stock Unit have been delivered in accordance with this **Section 10.8**.

## **11. TERMS AND CONDITIONS OF UNRESTRICTED STOCK AWARDS AND OTHER EQUITY-BASED AWARDS**

**11.1 Unrestricted Stock Awards.** Subject to **Section 6.4**, the Committee may, in its sole discretion, grant (or sell at the par value of a share of Stock or at such other higher purchase price as shall be determined by the Committee) an Award to any Grantee pursuant to which such Grantee may receive shares of Unrestricted Stock under the Plan. Awards of Unrestricted Stock may be granted or sold to any Grantee as provided in the immediately preceding sentence in respect of Service rendered or, if so provided in the related Award Agreement or a separate agreement, to be rendered by the Grantee to the Company or an Affiliate or other valid consideration, in lieu of or in addition to any cash compensation due to such Grantee.

**11.2 Other Equity-Based Awards.** The Committee may, in its sole discretion, grant Awards in the form of Other Equity-Based Awards, as deemed by the Committee to be consistent with the purposes of the Plan. Awards granted pursuant to this **Section 11.2** may be granted with vesting, value, and/or payment contingent upon the achievement of one or more performance goals. The Committee shall determine the terms and conditions of Other Equity-Based Awards on the Grant Date or thereafter. Unless the Committee provides otherwise in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, but prior to termination of the Grantee's Service, upon the termination of the Grantee's Service, any Other Equity-Based Awards held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of any Other Equity-Based Award, the Grantee thereof shall have no further rights with respect to such Other Equity-Based Award.

## **12. TERMS AND CONDITIONS OF DIVIDEND EQUIVALENT RIGHTS**

**12.1 Dividend Equivalent Rights.** A Dividend Equivalent Right may be granted hereunder, provided that no Dividend Equivalent Rights may be granted in connection with, or related to, an Award of Options or SARs. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award Agreement therefor. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently (with or without being subject to forfeiture or a repayment obligation) or may be deemed to be reinvested in additional shares of Stock or Awards, which may thereafter accrue additional Dividend

Equivalent Rights (with or without being subject to forfeiture or a repayment obligation). Any such reinvestment shall be at the Fair Market Value thereof on the date of such reinvestment. Dividend Equivalent Rights may be settled in cash, shares of Stock, or a combination thereof, in a single installment or in multiple installments, all as determined in the sole discretion of the Committee. A Dividend Equivalent Right granted as a component of another Award shall provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other Award and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other Award. For the avoidance of doubt, Dividend Equivalent Rights credited pursuant to a Dividend Equivalent Right granted as a component of another Award shall not vest unless all applicable performance and vesting conditions for such underlying Award are achieved, and if such conditions are not achieved, the Grantee of such Dividend Equivalent Rights shall promptly forfeit and, to the extent already paid or distributed, repay to the Company payments or distributions made in connection with such Dividend Equivalent Rights.

**12.2 Termination of Service.** Unless the Committee provides otherwise in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, a Grantee's rights in all Dividend Equivalent Rights shall automatically terminate upon such Grantee's termination of Service for any reason.

### **13. TERMS AND CONDITIONS OF PERFORMANCE-BASED AWARDS**

**13.1 Grant of Performance-Based Awards.** Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Performance-Based Awards in such amounts and upon such terms as the Committee shall determine.

**13.2 Value of Performance-Based Awards.** Each grant of a Performance-Based Award shall have an initial cash value or an actual or target number of shares of Stock that is established by the Committee as of the Grant Date. The Committee shall set performance goals in its discretion which, depending on the extent to which they are achieved, shall determine the value and/or number of shares of Stock subject to a Performance-Based Award that will be paid out to the Grantee thereof.

**13.3 Earning of Performance-Based Awards.** Subject to the terms of the Plan, in particular **Section 13.6.3**, after the applicable Performance Period has ended, the Grantee of a Performance-Based Award shall be entitled to receive a payout of the value earned under such Performance-Based Award by such Grantee over such Performance Period.

**13.4 Form and Timing of Payment of Performance-Based Awards.** Payment of the value earned under Performance-Based Awards shall be made, as determined by the Committee, in the form, at the time, and in the manner described in the applicable Award Agreement. Subject to the terms of the Plan, the Committee, in its sole discretion, (i) may pay the value earned under Performance-Based Awards in the form of cash, shares of Stock, other Awards, or a combination thereof, including shares of Stock and/or Awards that are subject to any restrictions deemed appropriate by the Committee, and (ii) shall pay the value earned under Performance-Based Awards at the close of the applicable Performance Period, or as soon as reasonably practicable after the Committee has determined that the performance goal or goals relating thereto have been achieved; provided that, unless specifically provided in the Award Agreement for such Performance-Based Awards, such payment shall occur no later than the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) month following the end of the calendar year in which such Performance Period ends.

**13.5 Performance Conditions.** The right of a Grantee to exercise or to receive a grant or settlement of any Performance-Based Award, and the timing thereof, may be subject to such performance

conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions.

#### **14. FORMS OF PAYMENT**

**14.1 General Rule.** Payment of the Option Price for the shares of Stock purchased pursuant to the exercise of an Option or the purchase price, if any, for Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units shall be made in cash or in cash equivalents acceptable to the Company.

**14.2 Surrender of Shares of Stock.** To the extent that the applicable Award Agreement so provides, payment of the Option Price for shares of Stock purchased pursuant to the exercise of an Option or the purchase price, if any, for Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units may be made all or in part through the tender or attestation to the Company of shares of Stock, which shall be valued, for purposes of determining the extent to which such Option Price or purchase price has been paid thereby, at their Fair Market Value on the date of such tender or attestation.

**14.3 Cashless Exercise.** To the extent permitted by Applicable Laws and to the extent the Award Agreement so provides, payment of the Option Price for shares of Stock purchased pursuant to the exercise of an Option may be made all or in part by delivery (on a form acceptable to the Committee) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Stock and to deliver all or part of the proceeds of such sale to the Company in payment of such Option Price and/or any withholding taxes described in Section 18.3.

**14.4 Other Forms of Payment.** To the extent that the applicable Award Agreement so provides and/or unless otherwise specified in an Award Agreement, payment of the Option Price for shares of Stock purchased pursuant to exercise of an Option or the purchase price, if any, for Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units may be made in any other form that is consistent with Applicable Laws, including (a) with respect to Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units only, Service rendered or to be rendered by the Grantee thereof to the Company or an Affiliate and (b) with the consent of the Company, by withholding the number of shares of Stock that would otherwise vest or be issuable in an amount equal in value to the Option Price or purchase price and/or the required tax withholding amount.

#### **15. REQUIREMENTS OF LAW**

**15.1 General.** The Company shall not be required to offer, sell, or issue any shares of Stock under any Award, whether pursuant to the exercise of an Option, a SAR, or otherwise, if the offer, sale, or issuance of such shares of Stock would constitute a violation by the Grantee, the Company, an Affiliate, or any other Person of any provision of the Company's articles of incorporation or bylaws or of Applicable Laws, including any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration, or qualification of any shares of Stock subject to an Award upon any Stock Exchange or Securities Market or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the offering, sale, issuance, or purchase of shares of Stock in connection with any Award, no shares of Stock may be offered, sold, or issued to the Grantee or any other Person under such Award, whether pursuant to the exercise of an Option, a SAR, or otherwise, unless such listing, registration, or qualification shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of such Award. Without limiting the generality of the foregoing, upon the exercise of any Option or any SAR that may be settled in shares of Stock or the delivery of any shares of Stock underlying an Award, unless a registration statement

under the Securities Act is in effect with respect to the shares of Stock subject to such Award, the Company shall not be required to offer, sell, or issue such shares of Stock unless the Committee shall have received evidence satisfactory to it that the Grantee or any other Person exercising such Option or SAR or accepting delivery of such shares may acquire such shares of Stock pursuant to an exemption from registration under the Securities Act. Any determination by the Committee in connection with the foregoing shall be final, binding, and conclusive. The Company may register, but shall in no event be obligated to register, any shares of Stock or other securities issuable pursuant to the Plan pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or a SAR or the issuance of shares of Stock or other securities issuable pursuant to the Plan or any Award to comply with any Applicable Laws. As to any jurisdiction that expressly imposes the requirement that an Option or SAR that may be settled in shares of Stock shall not be exercisable until the shares of Stock subject to such Option or SAR are registered under the securities laws thereof or are exempt from such registration, the exercise of such Option or SAR under circumstances in which the laws of such jurisdiction apply shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

**15.2 Rule 16b-3.** During any time when the Company has any class of common equity securities registered under Section 12 of the Exchange Act, it is the intention of the Company that Awards pursuant to the Plan and the exercise of Options and SARs granted hereunder that would otherwise be subject to Section 16(b) of the Exchange Act shall qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Committee does not comply with the requirements of such Rule 16b-3, such provision or action shall be deemed inoperative with respect to such Awards to the extent permitted by Applicable Laws and deemed advisable by the Committee and shall not affect the validity of the Plan. In the event that such Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify the Plan in any respect necessary or advisable in its judgment to satisfy the requirements of, or to permit the Company to avail itself of the benefits of, the revised exemption or its replacement.

## **16. EFFECT OF CHANGES IN CAPITALIZATION**

**16.1 Changes in Stock.** If the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number of shares or kind of Capital Stock or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse stock split, spin-off, combination of stock, exchange of stock, stock dividend or other distribution payable in capital stock, or other increase or decrease in shares of Stock effected without receipt of consideration by the Company occurring after the Effective Date, the number and kinds of shares of Capital Stock for which grants of Options and other Awards may be made under the Plan, including the Share Limit set forth in Section 4.1 and the individual share limitations set forth in Section 6.2, shall be adjusted proportionately and accordingly by the Committee. In addition, the number and kind of shares of Capital Stock for which Awards are outstanding shall be adjusted proportionately and accordingly by the Committee so that the proportionate interest of the Grantee therein immediately following such event shall, to the extent practicable, be the same as immediately before such event. Any such adjustment in outstanding Options or SARs shall not change the aggregate Option Price or SAR Price payable with respect to shares that are subject to the unexercised portion of such outstanding Options or SARs, as applicable, but shall include a corresponding proportionate adjustment in the per share Option Price or SAR Price, as the case may be. The conversion of any convertible securities of the Company shall not be treated as an increase in shares effected without receipt of consideration. Notwithstanding the foregoing, in the event of any distribution to the Company's stockholders of securities of any other entity or other assets (including an extraordinary dividend, but excluding a non-extraordinary dividend, declared and paid by the Company) without receipt of consideration by the Company, the Board or the Committee constituted pursuant to Section 3.1.2 shall, in such manner as the Board or the Committee deems appropriate, adjust (a) the number and kind of shares of Capital Stock subject to outstanding Awards

and/or (b) the aggregate and per share Option Price of outstanding Options and the aggregate and per share SAR Price of outstanding SARs as required to reflect such distribution.

**16.2 Reorganization in Which the Company Is the Surviving Entity Which Does not Constitute a Change in Control.** Subject to Section 16.3, if the Company shall be the surviving entity in any reorganization, merger, or consolidation of the Company with one or more other entities which does not constitute a Change in Control, any Award theretofore granted pursuant to the Plan shall pertain to and apply to the Capital Stock to which a holder of the number of shares of Stock subject to such Award would have been entitled immediately following such reorganization, merger, or consolidation, with a corresponding proportionate adjustment of the per share Option Price or SAR Price of any outstanding Option or SAR so that the aggregate Option Price or SAR Price thereafter shall be the same as the aggregate Option Price or SAR Price of the shares of Stock remaining subject to the Option or SAR as in effect immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement, in another agreement with the Grantee, or as otherwise set forth in writing, any restrictions applicable to such Award shall apply as well to any replacement shares of Capital Stock subject to such Award, or received by the Grantee, as a result of such reorganization, merger, or consolidation. In the event of any reorganization, merger, or consolidation of the Company referred to in this Section 16.2, Performance-Based Awards shall be adjusted so as to apply to the Capital Stock that a holder of the number of shares of Stock subject to the Performance-Based Awards would have been entitled to receive immediately following such reorganization, merger, or consolidation.

**16.3 Change in Control in which Awards are not Assumed.** Except as otherwise provided in the applicable Award Agreement, in another agreement with the Grantee, or as otherwise set forth in writing, upon the occurrence of a Change in Control in which outstanding Awards are not being assumed or continued, the following provisions shall apply to such Award, to the extent not assumed or continued:

(a) Immediately prior to the occurrence of such Change in Control, in each case with the exception of Performance-Based Awards, all outstanding shares of Restricted Stock, and all Restricted Stock Units, Deferred Stock Units, and Dividend Equivalent Rights shall be deemed to have vested, and all shares of Stock and/or cash subject to such Awards shall be delivered; and one or both of the two (2) actions described below in **Sections 16.3(a)(i)** and **(ii)** shall be taken:

(i) At least fifteen (15) days prior to the scheduled consummation of such Change in Control, all Options and SARs outstanding hereunder shall become immediately exercisable and shall remain exercisable for a period of fifteen (15) days. Any exercise of an Option or SAR during this fifteen (15)-day period shall be conditioned upon the consummation of the applicable Change in Control and shall be effective only immediately before the consummation thereof, and upon consummation of such Change in Control, the Plan and all outstanding but unexercised Options and SARs shall terminate, with or without consideration (including, without limitation, consideration in accordance with clause (ii) below) as determined by the Committee in its sole discretion. The Committee shall send notice of an event that shall result in such a termination to all Persons who hold Options and SARs not later than the time at which the Company gives notice thereof to its stockholders.

(ii) The Committee may elect, in its sole discretion, to cancel any outstanding Awards of Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, and/or Dividend Equivalent Rights and pay or deliver, or cause to be paid or delivered, to the holder thereof an amount in cash or Capital Stock having a value (as determined by the

Committee acting in good faith), in the case of Restricted Stock, Restricted Stock Units, Deferred Stock Units, and Dividend Equivalent Rights (for shares of Stock subject thereto), equal to the formula or fixed price per share paid to holders of shares of Stock pursuant to such Change in Control and, in the case of Options or SARs, equal to the product of the number of shares of Stock subject to such Options or SARs multiplied by the amount, if any, by which (x) the formula or fixed price per share paid to holders of shares of Stock pursuant to such transaction exceeds (y) the Option Price or SAR Price applicable to such Options or SARs. For the avoidance of doubt, if the formula or fixed price per share paid to holders of shares of Stock pursuant to such transaction is equal to or less than the Option Price or SAR Price applicable to a given Option or SAR, then such Option or SAR may be cancelled without payment therefore.

(b) Performance-Based Awards shall be treated as though target performance has been achieved. After application of this **Section 16.3(b)**, if any Awards arise from application of this **Section 16**, such Awards shall be settled under the applicable provision of **Section 16.3(a)**.

(c) Other Equity-Based Awards shall be governed by the terms of the applicable Award Agreement.

**16.4 Change in Control in which Awards are Assumed.** Except as otherwise provided in the applicable Award Agreement, in another agreement with the Grantee, or as otherwise set forth in writing, upon the occurrence of a Change in Control in which outstanding Awards are being assumed or continued, the following provisions shall apply to such Award, to the extent assumed or continued:

The Plan and the Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights, and Other Equity-Based Awards granted under the Plan shall continue in the manner and under the terms so provided in the event of any Change in Control to the extent that provision is made in writing in connection with such Change in Control for the assumption or continuation of such Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights, and Other Equity-Based Awards, or for the substitution for such Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights, and Other Equity-Based Awards of new stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, dividend equivalent rights, and other equity-based awards relating to the Capital Stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number of shares (disregarding any consideration that is not common stock) and exercise prices of options and stock appreciation rights.

**16.5 Adjustments.** Adjustments under this Section 16 related to shares of Stock or other Capital Stock of the Company shall be made by the Committee, whose determination in that respect shall be final, binding, and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share. The Committee may provide in the applicable Award Agreement as of the Grant Date, in another agreement with the Grantee, or otherwise in writing at any time thereafter with the consent of the Grantee, for different provisions to apply to an Award in place of those provided in Sections 16.1, 16.2, 16.3, and 16.4. This Section 16 shall not limit the Committee's ability to provide for alternative treatment of Awards outstanding under the Plan in the event of a change in control event involving the Company that is not a Change in Control.

**16.6 No Limitations on Company.** The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets (including all or any part of the business or assets of any Subsidiary or other Affiliate) or to engage in any other transaction or activity.

## 17. PARACHUTE LIMITATIONS

The provisions of this **Section 17** shall apply to all Grantees, unless, with respect to a Grantee, there is a conflict between the provisions of this **Section 17** and the provisions set forth in an agreement between the Grantee and the Company or an Affiliate, in which case the provisions of such agreement shall apply to such Grantee. Each Grantee shall bear all expense of, and be solely responsible for, any Excise Tax imposed on the Grantee; provided, however, in the event that the Accounting Firm shall determine that receipt of all payments or distributions in the nature of compensation to or for the benefit of the Grantee, whether paid or payable pursuant to the Plan or otherwise (the “**Payments**”) would subject the Grantee to tax under Section 4999 of the Code, the Accounting Firm shall determine whether the Payments shall be reduced (but not below zero) to meet the definition of Reduced Amount. The Payments shall be reduced to the Reduced Amount only if the Accounting Firm determines that the Net After-Tax Receipt of unreduced aggregate Payments would be equal to or less than one-hundred ten percent (110%) of the Net After-Tax Receipt of the aggregate Payments if the Payments were reduced to the Reduced Amount.

If the Accounting Firm determines that aggregate Payments should be reduced to the Reduced Amount, the Company shall promptly give the Grantee notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this **Section 17** shall be binding upon the Company and the Grantee and shall be made as soon as reasonably practicable and in no event later than five (5) business days following the effective date of the applicable Change in Control, or such later date on which there has been a Payment. The reduction of the Payments, if applicable, shall be made in the order that would provide the Grantee with the largest amount of after-tax proceeds (with such order, to the extent permitted by Code Sections 280G and 409A designated by the Grantee, or otherwise determined by the Accounting Firm). All fees and expenses of the Accounting Firm in implementing the provisions of this **Section 17** shall be borne by the Company.

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

The Company and the Grantee shall provide the Accounting Firm access to and copies of any books, records, and documents in their possession as reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determinations and calculations contemplated by this **Section 17**. For purposes of making the calculations required by this **Section 17**, the Accounting Firm may rely on reasonable, good faith interpretations concerning the application of Code Sections 280G and 4999.

## **18. GENERAL PROVISIONS**

**18.1 Disclaimer of Rights.** No provision in the Plan, any Award, or any Award Agreement shall be construed (a) to confer upon any individual the right to remain in the Service of the Company or an Affiliate, (b) to interfere in any way with any contractual or other right or authority of the Company or an Affiliate either to increase or decrease the compensation or other payments to any Person at any time, or (c) to terminate any Service or other relationship between any Person and the Company or an Affiliate. In addition, notwithstanding any provision of the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, in another agreement with the Grantee, or otherwise in writing, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee thereof, so long as such Grantee continues to provide Service. The obligation of the Company to pay any benefits pursuant to the Plan shall be interpreted as a contractual obligation to pay only those amounts provided herein, in the manner and under the conditions prescribed herein. The Plan and Awards shall in no way be interpreted to require the Company to transfer any amounts to a third-party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

**18.2 Nonexclusivity of the Plan.** Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board or the Committee to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board or the Committee in their discretion determine desirable.

**18.3 Withholding Taxes.** The Company or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state, or local taxes of any kind required by Applicable Laws to be withheld with respect to the vesting of or other lapse of restrictions applicable to an Award or upon the issuance of any shares of Stock upon the exercise of an Option or pursuant to any other Award. At the time of such vesting, lapse, or exercise, the Grantee shall pay in cash to the Company or an Affiliate, as the case may be, any amount that the Company or such Affiliate may reasonably determine to be necessary to satisfy such withholding obligation; provided that if there is a same-day sale of shares of Stock subject to an Award, the Grantee shall pay such withholding obligation on the day on which such same-day sale is completed. Subject to the prior approval of the Company or an Affiliate, which may be withheld by the Company or such Affiliate, as the case may be, in its sole discretion, the Grantee may elect to satisfy such withholding obligation, in whole or in part, (a) by causing the Company or such Affiliate to withhold shares of Stock otherwise issuable to the Grantee or (b) by delivering to the Company or such Affiliate shares of Stock already owned by the Grantee. The shares of Stock so withheld or delivered shall have an aggregate Fair Market Value equal to such withholding obligation. The Fair Market Value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Company or such Affiliate as of the date on which the amount of tax to be withheld is to be determined. A Grantee who has made an election pursuant to this Section 18.3 may satisfy such Grantee's withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements. The maximum number of shares of Stock that may be withheld from any Award to satisfy any



federal, state, or local tax withholding requirements upon the exercise, vesting, or lapse of restrictions applicable to any Award or payment of shares of Stock pursuant to such Award, as applicable, may not exceed such number of shares of Stock having a Fair Market Value equal to the minimum statutory amount required by the Company or the applicable Affiliate to be withheld and paid to any such federal, state, or local taxing authority with respect to such exercise, vesting, lapse of restrictions, or payment of shares of Stock, or such greater amount as may be permitted under applicable accounting standards.

**18.4 Captions.** The use of captions in the Plan or any Award Agreement is for convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

**18.5 Construction.** Unless the context otherwise requires, all references in the Plan to “including” shall mean “including without limitation.”

**18.6 Other Provisions.** Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Committee, in its sole discretion.

**18.7 Number and Gender.** With respect to words used in the Plan, the singular form shall include the plural form, and the masculine gender shall include the feminine gender, as the context requires.

**18.8 Severability.** If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

**18.9 Governing Law.** The validity and construction of the Plan and the instruments evidencing the Awards hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Florida, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan and the instruments evidencing the Awards granted hereunder to the substantive laws of any other jurisdiction.

**18.10 Section 409A of the Code.** The Plan is intended to comply with Code Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan will be interpreted and administered to be in compliance with Code Section 409A. Any payments described in the Plan that are due within the Short-Term Deferral Period will not be treated as deferred compensation unless Applicable Laws require otherwise. Notwithstanding any provision of the Plan to the contrary, to the extent required to avoid accelerated taxation and tax penalties under Code Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6)-month period immediately following the Grantee’s Separation from Service will instead be paid on the first payroll date after the six (6)-month anniversary of the Grantee’s Separation from Service (or the Grantee’s death, if earlier).

Furthermore, notwithstanding anything in the Plan to the contrary, in the case of an Award that is characterized as deferred compensation under Code Section 409A, and pursuant to which settlement and delivery of the cash or shares of Stock subject to the Award is triggered based on a Change in Control, in no event will a Change in Control be deemed to have occurred for purposes of such settlement and delivery of cash or shares of Stock if the transaction is not also a “change in the ownership or effective control of” the Company or “a change in the ownership of a substantial portion of the assets of” the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder). If an Award characterized as deferred compensation under Code Section 409A is not settled and delivered on

account of the provision of the preceding sentence, the settlement and delivery shall occur on the next succeeding settlement and delivery triggering event that is a permissible triggering event under Code Section 409A. No provision of this paragraph shall in any way affect the determination of a Change in Control for purposes of vesting in an Award that is characterized as deferred compensation under Code Section 409A.

Notwithstanding the foregoing, neither the Company nor the Committee will have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Grantee under Code Section 409A, and neither the Company or an Affiliate nor the Board or the Committee will have any liability to any Grantee for such tax or penalty.

**18.11 Limitation on Liability.** No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan, any Award, or any Award Agreement. Notwithstanding any provision of the Plan to the contrary, neither the Company, an Affiliate, the Board, the Committee, nor any person acting on behalf of the Company, an Affiliate, the Board, or the Committee will be liable to any Grantee or to the estate or beneficiary of any Grantee or to any other holder of an Award under the Plan by reason of any acceleration of income, or any additional tax (including any interest and penalties), asserted by reason of the failure of an Award to satisfy the requirements of Code Section 422 or Code Section 409A or by reason of Code Section 4999, or otherwise asserted with respect to the Award; provided, that this Section 18.11 shall not affect any of the rights or obligations set forth in an applicable agreement between the Grantee and the Company or an Affiliate.

**CERTIFICATION PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Ricardo Cardenas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Darden Restaurants, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

September 27, 2024

/s/ Ricardo Cardenas

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Ricardo Cardenas  
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Rajesh Vennam, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Darden Restaurants, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

September 27, 2024

/s/ Rajesh Vennam

Rajesh Vennam

Senior Vice President, Chief Financial Officer

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Darden Restaurants, Inc. (Company) on Form 10-Q for the quarter ended August 25, 2024, as filed with the Securities and Exchange Commission (Report), I, Ricardo Cardenas, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

September 27, 2024

/s/ Ricardo Cardenas

Ricardo Cardenas  
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Darden Restaurants, Inc. (Company) on Form 10-Q for the quarter ended August 25, 2024, as filed with the Securities and Exchange Commission (Report), I, Rajesh Vennam, Senior Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

September 27, 2024

/s/ Rajesh Vennam

Rajesh Vennam

Senior Vice President, Chief Financial Officer