

DARDEN RESTAURANTS INC

Form 11-K

October 19, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT

PURSUANT TO SECTION 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. [NO FEE REQUIRED].

For the fiscal year ended April 30, 2018.

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. [NO FEE REQUIRED].

For the transition period from _____ to _____

Commission File Number 1-13666

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Darden Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

DARDEN RESTAURANTS, INC.

1000 Darden Center Drive

Orlando, Florida 32837

DARDEN SAVINGS PLAN

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Report of Independent Registered Public Accounting Firm
The Benefit Plans Committee as Administrator of the
Darden Savings Plan:

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Darden Savings Plan (the Plan) as of April 30, 2018 and 2017, the related statements of changes in net assets available for benefits for the years then ended, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of April 30, 2018 and 2017, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Accompanying Supplemental Information

The accompanying Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of April 30, 2018 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ KPMG LLP

We have served as the Plan's auditor since 1997.
Orlando, Florida
October 19, 2018

DARDEN SAVINGS PLAN

Statement of Net Assets Available for Benefits

April 30, 2018

	Participant directed funds	ESOP Funds (Note 7)	Total
Assets:			
Investments:			
Investments, at fair value	\$544,667,044	\$471,614	\$545,138,658
Common stock of Darden Restaurants, Inc. – allocated	71,375,075	179,695,615	251,070,690
Common stock of Darden Restaurants, Inc. – unallocated	—	20,056,831	20,056,831
Total investments	616,042,119	200,224,060	816,266,179
Receivables:			
Employer contributions	2,959,729	—	2,959,729
Accrued dividends and interest	472,886	1,358,245	1,831,131
Notes receivable from Participants	18,634,126	—	18,634,126
Total receivables	22,066,741	1,358,245	23,424,986
Total assets	638,108,860	201,582,305	839,691,165
Liabilities:			
ESOP loans	—	1,852,314	1,852,314
Interest payable	—	1,731	1,731
Total liabilities	—	1,854,045	1,854,045
Net assets available for benefits	\$638,108,860	\$199,728,260	\$837,837,120

See accompanying notes to financial statements.

DARDEN SAVINGS PLAN

Statement of Net Assets Available for Benefits

April 30, 2017

	Participant directed funds	ESOP Funds (Note 7)	Total
Assets:			
Investments:			
Investments, at fair value	\$463,171,104	\$1,243,853	\$464,414,957
Common stock of Darden Restaurants, Inc. – allocated	61,369,087	173,222,875	234,591,962
Common stock of Darden Restaurants, Inc. – unallocated	—	28,123,861	28,123,861
Total investments	524,540,191	202,590,589	727,130,780
Receivables:			
Employer contributions	1,798,740	—	1,798,740
Accrued dividends and interest	404,457	1,339,425	1,743,882
Notes receivable from Participants	16,275,100	—	16,275,100
Total receivables	18,478,297	1,339,425	19,817,722
Total assets	543,018,488	203,930,014	746,948,502
Liabilities:			
ESOP loans	—	2,480,314	2,480,314
Interest payable	—	1,242	1,242
Total liabilities	—	2,481,556	2,481,556
Net assets available for benefits	\$543,018,488	\$201,448,458	\$744,466,946
See accompanying notes to financial statements.			

DARDEN SAVINGS PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended April 30, 2018

	Participant directed funds	ESOP Funds (Note 7)	Total
Additions to net assets attributed to:			
Investment income:			
Net appreciation in fair value of investments	\$44,071,222	\$17,097,579	\$61,168,801
Dividends and interest	12,014,060	5,663,969	17,678,029
Net investment income	56,085,282	22,761,548	78,846,830
Notes receivable from Participants activity during the year:			
Interest	774,008	—	774,008
Total notes receivable from Participants activity	774,008	—	774,008
Contributions:			
Participants	47,172,502	—	47,172,502
Employer	23,824,572	—	23,824,572
Total contributions	70,997,074	—	70,997,074
Receipt of Assets for Cheddar's Merger	9,338,130	—	9,338,130
Total additions	137,194,494	22,761,548	159,956,042
Deductions from net assets attributed to:			
Benefits paid to participants	(52,208,113)	(13,104,361)	(65,312,474)
Interest expense	—	(30,495)	(30,495)
Administrative expenses	(965,106)	(277,793)	(1,242,899)
Transfers between funds	11,069,097	(11,069,097)	—
Total deductions	(42,104,122)	(24,481,746)	(66,585,868)
Net increase (decrease)	\$95,090,372	\$(1,720,198)	\$93,370,174
Net assets available for benefits:			
Beginning of year	543,018,488	201,448,458	744,466,946
End of year	\$638,108,860	\$199,728,260	\$837,837,120
See accompanying notes to financial statements.			

DARDEN SAVINGS PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended April 30, 2017

	Participant directed funds	ESOP Funds (Note 7)	Total
Additions to net assets attributed to:			
Investment income:			
Net appreciation in fair value of investments	\$63,147,325	\$58,149,738	\$121,297,063
Dividends and interest	9,402,643	5,686,939	15,089,582
Net investment income	72,549,968	63,836,677	136,386,645
Notes receivable from Participants activity during the year:			
Interest	643,414	—	643,414
Total notes receivable from Participants activity	643,414	—	643,414
Contributions:			
Participants	39,141,363	—	39,141,363
Employer	12,012,787	—	12,012,787
Total contributions	51,154,150	—	51,154,150
Total additions	124,347,532	63,836,677	188,184,209
Deductions from net assets attributed to:			
Benefits paid to participants	(51,472,760)	(14,908,360)	(66,381,120)
Interest expense	—	(21,013)	(21,013)
Administrative expenses	(1,187,380)	(164,020)	(1,351,400)
Transfers between funds	33,014,603	(33,014,603)	—
Total deductions	(19,645,537)	(48,107,996)	(67,753,533)
Net increase	\$104,701,995	\$15,728,681	\$120,430,676
Net assets available for benefits:			
Beginning of year	438,316,493	185,719,777	624,036,270
End of year	\$543,018,488	\$201,448,458	\$744,466,946
See accompanying notes to financial statements.			

DARDEN SAVINGS PLAN
Notes to Financial Statements
April 30, 2018 and 2017

(1) Description of the Plan

The following description of the Darden Savings Plan (the Plan) provides only general information. Participants should refer to official Plan documents and the summary plan description for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan sponsored by Darden Restaurants, Inc. (Company or Darden). The Plan was originally effective as of June 1, 1973, but was most recently amended and restated effective as of January 1, 2016 and has been subsequently amended. The Plan is subject to applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The assets of the Plan are held and invested through the Darden Savings Plan Trust (the Trust). The Plan covers certain employees of the Company's operating and administrative subsidiaries, and their divisions and affiliates who meet the Plan's age and service requirements.

Participants are permitted to defer into the Plan on both an "after-tax" and "before-tax" basis. The Internal Revenue Code (the Code) limits the amount of before-tax contributions that can be made to the Plan each year. The limit for Plan participants under age 50 was \$18,500 in 2018 and \$18,000 in 2017. Participants who were at least age 50 or older during the year were permitted to make an additional "catch-up contribution" of \$6,000 in 2018 and 2017.

Effective December 31, 2017, the Cheddar's 401(k) Plan was merged into the Plan. All balances transferred from the Cheddar's 401(k) Plan to the Plan were automatically invested in the Plan's Qualified Default Investment Alternative (the applicable Vanguard Target Retirement Fund). Effective January 1, 2018, active participants of the Cheddar's 401(k) Plan were generally eligible to continue participating in the Plan so long as they satisfied the Plan's definition of "Qualified Employee."

Employee Contributions

Qualified employees who are at least 21 years of age may immediately begin making before-tax and after-tax contributions to the Plan upon commencement of employment. Generally, qualified employees may contribute 1% to 25% of eligible compensation to the Plan. Plan participants age 50 or older, who make maximum before-tax contributions to the Plan, may generally make an additional catch-up contribution.

Employer Contributions

Generally, qualified employees who are at least age 21 and complete a year of service are eligible for Company Matching Contributions. The following groups of salaried qualified employees are also generally eligible for a Retirement Plus Contribution (RPC): (i) employees hired on or after June 1, 2008 who are at least age 21 and complete a year of service; (ii) employees hired before June 1, 2008 who made a one-time irrevocable election under the Retirement Income Plan for Darden Restaurants, Inc. (RIP) to forego accruing cash balance benefits as of October 1, 2008; and (iii) employees who were actively accruing benefits under the RIP on December 31, 2014.

Company Matching Contributions

The Company will make a variable matching contribution ranging from 25% to 120% of an employee's contributions, up to the first 6% of eligible compensation contributed to the Plan. Company Matching Contributions are contributed to the Plan on a quarterly basis. Company Matching Contributions can be funded through the ESOP component of the Plan, the non-ESOP component of the Plan, or a combination of both. Company Matching Contributions are invested in Darden common stock through the ESOP portion of the Plan or in accordance with participant investment elections through the non-ESOP portion of the Plan.

DSP Advantage Bonus and DSP Advantage Matching Allocations

Prior to January 1, 2009, the Plan made DSP Advantage Bonus and DSP Advantage Matching Allocations to certain restaurant management and Restaurant Support Center administrative employees that had at least five years of service with the Company. Contributions were made in the form of Darden common stock through the ESOP portion of the Plan.

DSP Retirement Plus Contribution

Eligible employees need not make contributions to the Plan to be eligible to receive RPCs. RPCs are made on a quarterly basis and equal 1.5% of eligible compensation. RPCs can be funded through the ESOP component of the Plan, the non-ESOP component of the Plan, or a combination of both. RPCs are invested in Darden common stock through the ESOP portion of the Plan or in accordance with participant investment elections through the non-ESOP portion of the Plan.

Distributions and In-Service Withdrawals

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Active employees may take regular, hardship and DSP Advantage withdrawals from the Plan, subject to certain limitations prescribed by the Plan.

Upon termination of employment, participants are entitled to receive a distribution of their entire vested account balance. The vested portion of a participant's account will automatically be distributed in a lump sum distribution at termination if the vested balance of a participant's account is \$1,000 or less. Terminated participants who have a vested account balance greater than \$1,000 may elect either to receive a lump sum distribution or to leave their account in the Plan until attainment of age 65. The Plan charges a quarterly fee to terminated participants who leave their accounts in the Plan.

Vesting

Each participant is 100% vested in all employee contributions to the Plan and DSP Advantage Allocations, including earnings on all such amounts. Company Matching Contributions and RPC allocations are vested at a rate of 5% for each fiscal quarter beginning with the participant's fifth quarter of service. An employee is fully vested after completion of 24 fiscal quarters of vesting service (except in the event of retirement, severance, divestiture or death) based on a participant's years of service and is forfeited if a participant leaves prior to completing such vesting service requirements.

Employee Stock Ownership Plan (ESOP) Fund

The Plan purchased Company stock held in the Darden ESOP Fund (Note 7) using the proceeds of the ESOP loans. There are currently two ESOP loans outstanding payable to the Company to fund such purchases. These ESOP loans are secured by a pledge of the purchased Company stock. As ESOP loan repayments are made, the ESOP Trustee releases the leveraged shares. The Plan then uses these released shares to fund certain Company Matching Contributions and certain RPCs, which are then allocated to eligible participants' ESOP accounts.

Dividends are also automatically reinvested in participants' ESOP accounts unless a participant has elected to receive such dividends in cash. Cash dividends on unallocated shares of Company stock can be used to repay promissory notes, pay Plan expenses, or fund the RPCs. Participants are able to immediately transfer ESOP funds credited to their ESOP accounts to any of the Plan's other investment funds. However, amounts may not be transferred from any of the other investment funds into the ESOP Fund.

Plan Administration

Wells Fargo Institutional Retirement and Trust (Trustee), a business unit of Wells Fargo Bank, N.A., serves as trustee and recordkeeper of the Plan. Wells Fargo Bank, N.A. is wholly-owned by Wells Fargo & Company.

Each participant is entitled to exercise voting rights attributable to the common stock of the Company shares allocated to his or her account and is notified prior to the time that such rights are to be exercised. The Trustee will vote any allocated shares for which instructions have not been given by a participant and any unallocated shares in the same proportion as votes received.

Additionally, as of March 19, 2015, Newport Trust (formally known as Evercore Trust) was appointed as the independent fiduciary and investment manager for the Company Stock Fund held in the plan. Newport Trust will act as a fiduciary within the meaning of Section 3(21) of ERISA and an investment manager within the meaning of Section 3(38) of ERISA.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the Plan are prepared under the accrual-basis method of accounting in accordance with U.S. generally accepted accounting principles.

(b) Investments

The Plan's investments include funds that invest in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Plan's financial statements and schedule.

As of April 30, 2018, 33% of the Plan's investments are in the common stock of the Company. Accordingly, changes in the value of the Company's common stock could have a greater effect on the Plan's financial statements than other Plan investments.

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(c)Notes Receivable from Participants

Notes receivable from Participants are recorded at their unpaid principal balance plus any accrued but unpaid interest. Participants may borrow from their vested account as follows: a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000, minus the highest outstanding loan balance in the preceding 12 months even if repaid; 50% of their vested account balance; or the vested balance in the participant's account excluding the Participant's ESOP and RPC accounts. The loan amount may not result in loan repayments that exceed 50% of the participant's 13 week average net take-home pay. Loan repayment terms generally may not exceed 5 years, unless the Participant receives a principal residence loan, in which case the loan repayment term can be up to 15 years. The loans are secured by the balance in the participant's account and bear market rates of interest. Principal and interest are paid through payroll deductions and may be repaid in full at any time without penalty. As of April 30, 2018, interest rates ranged from 4.25% to 9.50% and loans mature through March 28, 2033.

(d)Use of Estimates

The preparation of financial statements, in accordance with U.S. generally accepted accounting principles, requires the Plan administrator to make estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements and the reported amounts of additions to and deductions from those net assets during the reporting period. Actual results could differ from those estimates.

(e) Application of New Accounting Standards

The Plan has not adopted any new accounting standards in the current plan year. Other applicable accounting standards that have been issued by the Financial Accounting Standards Board or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

(3)Forfeitures

Forfeitures of nonvested Company contributions to the Plan can be used in the following order of priority, to: (i) pay Plan expenses, (ii) reinstate previously forfeited amounts to rehired employees, (iii) be applied to Company Matching Contributions, (iv) to correct errors or resolve Plan claims, or (v) be allocated to participants' Plan accounts. During the 2018 and 2017 Plan years, \$689,719 and \$1,032,327, respectively, of forfeitures were used to pay administrative expenses of the Plan. Forfeited funds were not used for any other reason during Plan years 2018 and 2017. Additionally, as of April 30, 2018 and 2017 forfeitures available for future use totaled \$252,461 and \$16,404, respectively.

(4)Choice of Investments

As of April 30, 2018, all contributions except those made through the ESOP component of the Plan may be directed to 19 basic investment alternatives: Columbia Trust Stable Government I-0 Fund, DFA US Small Cap Portfolio, TS&W Collective/International Large Cap Equity Fund, Vanguard Institutional Index Fund, Vanguard Target Retirement 2060 Fund, Vanguard Target Retirement 2055 Fund, Vanguard Target Retirement 2050 Fund, Vanguard Target Retirement 2045 Fund, Vanguard Target Retirement 2040 Fund, Vanguard Target Retirement 2035 Fund, Vanguard Target Retirement 2030 Fund, Vanguard Target Retirement 2025 Fund, Vanguard Target Retirement 2020 Fund, Vanguard Target Retirement 2015 Fund, Vanguard Institutional Target Retirement Income Fund, Vanguard Total Bond Market Index, Vanguard Extended Market Index Fund, Vanguard Total International Stock Index, and Company Common Stock. Certain Company Matching Contributions and certain RPC are automatically invested in the Darden ESOP Fund; however, participants may set up a separate automatic investment fund election to diversify their Company match (or RPC if applicable) to other investment options in the Plan.

(5) Fair Value Measurement

Plan investments are recorded at fair value. Short-term investments are stated at cost, which approximates fair value. Shares of common stock are valued at closing market prices and shares of mutual funds are valued at quoted market prices, which represent the net asset value of shares held by the mutual fund at year end.

Investments in common collective trusts are valued using a Readily Determinable Fair Value (RDFV) based on the fair value of the underlying securities in which the account is invested. The RDFV is used if the fair value per share is determined and published and is the basis for current transactions. There are currently no redemption restrictions or unfunded commitments on these investments.

Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest income, net realized and unrealized gains or losses, and administrative expenses are recorded on the accrual basis. The

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cost of investment securities sold is determined on the weighted average basis. Deposits and withdrawals are made at fair value determined as of the end of the business day of the transaction. The ESOP loan is stated at cost, which approximates fair value because the loan bears interest at rates commensurate with loans of similar credit quality and duration as of year-end. The fair values of receivables and interest payable approximate their carrying amounts due to their short duration.

The following table summarizes the fair values of financial instruments measured at fair value on a recurring basis at April 30, 2018:

	Fair value of assets at April 30, 2018	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Darden common stock	\$271,127,521	\$271,127,521	\$—	\$ —
Short-term investments	1,324,685	1,324,685	—	—
Mutual funds	465,111,406	465,111,406	—	—
Common collective trust	78,702,567	—	78,702,567	—
Total	\$816,266,179	\$737,563,612	\$78,702,567	\$ —

The following table summarizes the fair values of financial instruments measured at fair value on a recurring basis at April 30, 2017:

	Fair value of assets at April 30, 2017	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Darden common stock	\$262,715,823	\$262,715,823	\$—	\$ —
Short-term investments	2,967,626	2,967,626	—	—
Mutual funds	415,532,476	415,532,476	—	—
Common collective trust	45,914,855	—	45,914,855	—
Total	\$727,130,780	\$681,215,925	\$45,914,855	\$ —

For the years ended April 30, 2018 and 2017, there were no investments classified as level 3 nor were there any transfers in or out of levels 1, 2, or 3.

(6) Common Stock of Darden Restaurants, Inc.

At April 30, 2018 and 2017, the fair value of the shares held in non-ESOP Fund participant directed accounts was \$71,375,075 (768,631 shares) and \$61,369,087 (720,379 shares), respectively. For further information on the Company, participants should refer to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

(7) ESOP Funds

The Plan previously entered into several ESOP loan transactions and borrowed money from the Company to purchase shares of Company stock. These ESOP loans are secured by pledges of the purchased Company stock. The ESOP

Trustee holds the purchased shares (also referred to as leveraged shares) in a designated ESOP Fund, along with some cash held in short-term investments. As ESOP loan repayments are made, the ESOP Trustee releases these shares. The Plan may use these released shares to fund Company Matching Contributions and RPCs, which are then allocated to eligible participants' ESOP accounts. Dividends are also automatically reinvested in participants' ESOP accounts unless a participant has elected to receive such dividends in cash. Participants are able to immediately transfer ESOP funds credited to their ESOP accounts to any of the Plan's other investment funds. However, amounts may not be transferred from any of the other investment funds into the ESOP Fund. Shares used to fund Company contributions reduce the net assets of the non-participant directed portion of the ESOP fund and increase the net assets of the participant directed funds. These contributions are included as transfers between funds on the accompanying statements of changes in net assets available for benefits.

At April 30, 2018 and 2017, the Darden ESOP Fund consists of 2,151,114 and 2,363,502 shares, respectively, of Darden's common stock. Of the total shares held by the Darden ESOP Fund, 1,935,124 shares at April 30, 2018 and 2,033,371 shares at

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April 30, 2017 of Darden's common stock have been allocated to individual participant accounts. The remaining 215,990 shares at April 30, 2018 and 330,131 shares at April 30, 2017 of Darden's common stock, which are held by the ESOP Trustee, are unallocated (suspense) shares reserved for future Company Matching Contributions or RPCs. At April 30, 2018, the fair value of the 215,990 unallocated Company shares was \$20,056,831 and the fair value of the 1,935,124 allocated shares was \$179,695,615. At April 30, 2017, the fair value of the 330,131 unallocated Company shares was \$28,123,861 and the fair value of the 2,033,371 allocated shares was \$173,222,875. Cash dividends on unallocated shares of Company stock can be used to repay promissory notes, pay Plan expenses, or fund the RPCs. The Darden ESOP Fund has two promissory notes payable to the Company, with outstanding principal balances of \$896,360 (Original Loan) and \$955,954 (Additional Loan) as of April 30, 2018 and \$1,424,360 and \$1,055,954 as of April 30, 2017. The notes bear interest at variable rates payable on a monthly, bi-monthly, or quarterly basis at the discretion of the Company. As of April 30, 2018, the interest rates on the notes were 1.8956% and 2.3416%, respectively. As of April 30, 2017, the interest rates on the notes were 0.9122% and 1.13122%, respectively. The Original Loan has no required principal payments on the remaining note balance until its maturity date on December 15, 2019. The Additional Loan requires a \$100,000 annual principal payment over three years starting December 15, 2015, a \$200,000 principal payment due on December 15, 2018 and the remaining outstanding balance is due at maturity on December 31, 2018. Any or all of the principal may be prepaid at any time. For the years ended April 30, 2018 and 2017, the Darden ESOP Fund made principal payments of \$628,000 and \$943,540, respectively.

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Notes to Financial Statements
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Information about the net assets and significant components of the changes in net assets relating to the ESOP Funds as of and for the years ended April 30, 2018 and 2017 is presented in the following tables:

ESOP Funds Statement of Net Assets Available for Benefits

April 30, 2018

	Non-participant Directed	Participant Directed	Total
Assets:			
Investments:			
Investments, at fair value	\$ —	\$471,614	\$471,614
Common stock of Darden Restaurants, Inc. – allocated	—	179,695,615	179,695,615
Common stock of Darden Restaurants, Inc. – unallocated	20,056,831	—	20,056,831
Total investments	20,056,831	180,167,229	200,224,060
Receivables:			
Accrued dividends and interest	137,654	1,220,591	1,358,245
Total receivables	137,654	1,220,591	1,358,245
Total assets	20,194,485	181,387,820	201,582,305
Liabilities:			
ESOP loans	1,852,314	—	1,852,314
Interest payable	1,731	—	1,731
Total liabilities	1,854,045	—	1,854,045
Net assets available for benefits	\$ 18,340,440	\$ 181,387,820	\$ 199,728,260

ESOP Funds Statement of Net Assets Available for Benefits

April 30, 2017

	Non-participant Directed	Participant Directed	Total
Assets:			
Investments:			
Investments, at fair value	\$ 188	\$ 1,243,665	\$ 1,243,853
Common stock of Darden Restaurants, Inc. – allocated	—	173,222,875	173,222,875
Common stock of Darden Restaurants, Inc. – unallocated	28,123,861	—	28,123,861
Total investments	28,124,049	174,466,540	202,590,589
Receivables:			
Accrued dividends and interest	184,998	1,154,427	1,339,425
Total receivables	184,998	1,154,427	1,339,425
Total assets	28,309,047	175,620,967	203,930,014
Liabilities:			
ESOP loans	2,480,314	—	2,480,314
Interest payable	1,242	—	1,242
Total liabilities	2,481,556	—	2,481,556
Net assets available for benefits	\$ 25,827,491	\$ 175,620,967	\$ 201,448,458

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ESOP Funds Statement of Changes in Net Assets Available for Benefits
Year ended April 30, 2018

	Non-participant Directed	Participant Directed	Total
Additions to net assets attributed to:			
Net appreciation in fair value of investments	\$ 2,053,891	\$ 15,043,688	\$ 17,097,579
Dividends and interest	698,051	4,965,918	5,663,969
Total additions	2,751,942	20,009,606	22,761,548
Deductions from net assets attributed to:			
Benefits paid to participants	—	(13,104,361)	(13,104,361)
Interest expense	(30,495)	—	(30,495)
Administrative expenses	(219,225)	(58,568)	(277,793)
Transfers between funds	(9,989,273)	(1,079,824)	(11,069,097)
Total deductions	(10,238,993)	(14,242,753)	(24,481,746)
Net (decrease) increase	\$ (7,487,051)	\$ 5,766,853	\$ (1,720,198)
Net assets available for benefits:			
Beginning of year	25,827,491	175,620,967	201,448,458
End of year	\$ 18,340,440	\$ 181,387,820	\$ 199,728,260

ESOP Funds Statement of Changes in Net Assets Available for Benefits
Year ended April 30, 2017

	Non-participant Directed	Participant Directed	Total
Additions to net assets attributed to:			
Net appreciation in fair value of investments	\$ 8,518,456	\$ 49,631,282	\$ 58,149,738
Dividends and interest	984,973	4,701,966	5,686,939
Total additions	9,503,429	54,333,248	63,836,677
Deductions from net assets attributed to:			
Benefits paid to participants	—	(14,908,360)	(14,908,360)
Interest expense	(21,013)	—	(21,013)
Administrative expenses	(19,011)	(145,009)	(164,020)
Transfers between funds	(12,154,303)	(20,860,300)	(33,014,603)
Total deductions	(12,194,327)	(35,913,669)	(48,107,996)
Net (decrease) increase	\$ (2,690,898)	\$ 18,419,579	\$ 15,728,681
Net assets available for benefits:			
Beginning of year	28,518,389	157,201,388	185,719,777
End of year	\$ 25,827,491	\$ 175,620,967	\$ 201,448,458

(8) Party-in-Interest Transactions

Certain Plan investments are in common stock of the Company and money market funds managed by the Trustee, and therefore, these transactions qualify as party-in-interest transactions. However, such transactions qualify for prohibited transaction exemptions. The Company pays the Trustee's administrative and trustee fees. Such fees, inclusive of fees paid by plan forfeitures and fees paid by terminated participants used to cover plan expenses, were \$1,113,374 and

\$1,032,327 for the years ended April 30, 2018 and 2017, respectively.

DARDEN SAVINGS PLAN
Notes to Financial Statements
April 30, 2018 and 2017

Certain Plan assets are loans to participants who are employees of the Company; therefore, these transactions qualify as party-in-interest transactions. However, such transactions qualify for prohibited transaction exemptions. Terminated participants that elect to leave their accounts in the Plan are required to pay quarterly fees; therefore, these transactions also qualify as party-in-interest transactions. However, such transactions qualify for prohibited transaction exemptions. Fees paid by terminated participants were \$276,968 and \$191,345 for the years ended April 30, 2018 and 2017, respectively.

(9) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for plan benefits per the accompanying financial statements to Form 5500:

	2018	2017
Net assets available for benefits per the accompanying financial statements	\$837,837,120	\$744,466,946
Notes receivable from Participants – deemed distributions	(823,754)	(576,629)
Net assets available for benefits per Form 5500	\$837,013,366	\$743,890,317

The following is a reconciliation of total deductions to net assets, net, per the accompanying financial statements to Form 5500:

	2018	2017
Total deductions per the accompanying financial statements	\$66,585,868	\$67,753,533
Deemed distributed notes receivable from Participants offset by total distributions	247,126	43,864
Total deductions per Form 5500	\$66,832,994	\$67,797,397

Amounts allocated to deemed distributions of notes receivable from Participants are recorded as a receivable in the accompanying financial statements and recorded as an expense on Form 5500.

A note receivable from a Participant is deemed distributed during the plan year for the Form 5500 under the provisions of the Code section 72(p) and the Treasury Regulation section 1.72(p) if the note receivable is treated as a note receivable solely of the participant's individual account and the participant has discontinued payment of the note receivable as of the end of the year. However, in accordance with U.S. generally accepted accounting principles, for the accompanying financial statements the note receivable balance is still considered an outstanding note receivable until the note receivable obligation has been satisfied and is not treated as an actual distribution until such time the participant separates from employment and the participant's vested account balance is fully distributed.

(10) Tax Status

The Plan obtained a determination letter on June 23, 2017, in which the Internal Revenue Service (IRS) stated that the Plan, as restated effective January 1, 2016, was in compliance with the applicable requirements of the Code. Although the Plan has been amended since receiving the determination letter, the Company believes that the Plan currently is designed and being operated in compliance with the applicable requirements of the Code, and therefore, the Plan qualifies under Sections 401(a) and 4975(e)(7) and the related Trust is tax exempt as of April 30, 2018. Therefore, no provision for income taxes has been included in the Plan's financial statements.

U.S. generally accepted accounting principles require Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of April 30, 2018 there were no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are no audits for any tax periods in progress. The Plan

Administrator believes it is no longer subject to income tax examinations for plan years ended through April 30, 2015.

(11) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974. In the event of Plan termination, no further contributions shall be made to the Plan by either the Company or the

DARDEN SAVINGS PLAN
Notes to Financial Statements
April 30, 2018 and 2017

participants, participants would become fully vested in their employer contributions and the related Plan Trust would be used exclusively for the benefit of participants and beneficiaries after the payment of liquidation expenses. Any unallocated leveraged shares in the ESOP Fund would be sold to the Company or on the open market. The proceeds of such sale would be used to satisfy any outstanding acquisition loan and the balance of any funds remaining would be allocated to each participant's ESOP account based on the proportion that each such participant's ESOP account balance bears in relation to the total of all ESOP account balances.

(12) Subsequent Events

There have been no other subsequent events through the issuance of these financial statements on October 19, 2018.

DARDEN SAVINGS PLAN

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

April 30, 2018

Issuer	Face amount or number of units	Cost	Current value
Darden common stock *, **	2,919,745	\$51,269,904	\$271,127,521
Columbia Trust Stable Government I-0 Fund	3,834,400	42,643,051	43,328,717
DFA US Small Cap Portfolio	1,142,717	37,219,787	40,703,592
TS&W Collective/International Large Cap Equity Fund	3,392,329	34,001,613	35,373,850
Vanguard Institutional Index Fund	454,503	72,579,474	109,785,283
Vanguard Target Retirement 2060 Fund	137,258	3,015,867	3,272,231
Vanguard Target Retirement 2055 Fund	566,473	12,201,170	13,504,718
Vanguard Target Retirement 2050 Fund	1,340,283	27,632,937	31,898,730
Vanguard Target Retirement 2045 Fund	2,054,903	41,382,319	48,845,037
Vanguard Target Retirement 2040 Fund	1,237,223	25,291,895	29,186,080
Vanguard Target Retirement 2035 Fund	1,929,638	38,498,176	44,999,156
Vanguard Target Retirement 2030 Fund	971,984	19,905,919	22,394,500
Vanguard Target Retirement 2025 Fund	1,491,899	30,058,502	33,970,544
Vanguard Target Retirement 2020 Fund	589,173	12,048,506	13,209,265
Vanguard Target Retirement 2015 Fund	325,217	6,524,760	7,112,487
Vanguard Institutional Target Retirement Income Fund	212,538	4,278,558	4,527,063
Vanguard Total Bond Market Index	2,147,696	23,286,359	22,357,512
Vanguard Extended Market Index	393,503	26,223,249	33,384,779
Vanguard Total International Stock Index	195,168	5,412,342	5,960,429
Short-term Investment Fund*	1,324,685	1,324,685	1,324,685
Notes receivable from Participants outstanding – interest rates ranging from 4.25% – 9.50% with varying maturities*	3,785	—	18,634,126
Total			834,900,305

* Party-in-interest

** Includes unallocated shares held in the Darden ESOP Fund as collateral for the promissory notes

See accompanying report of independent registered public accounting firm.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
23	<u>Consent of KPMG LLP, Independent Registered Public Accounting Firm.</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Darden Savings Plan has duly caused this Annual Report to be signed on its behalf by the Benefit Plans Committee (as Plan Fiduciary and administrator of the financial aspects of the Darden Savings Plan), by the undersigned hereunto duly authorized.

By: Benefit Plans Committee,
as Plan Fiduciary and administrator
of the financial aspects of
the Darden Savings Plan

Dated: October 19, 2018 By: /s/ Julie Griffin
Julie Griffin, Chairperson
Benefit Plans Committee
Darden Restaurants, Inc.