Barington Capital Group, L.P.
888 Seventh Avenue
New York, New York 10019

September 23, 2013

The Board of Directors
Darden Restaurants, Inc.
1000 Darden Center Drive
Orlando, Florida 32837

To the Board of Directors of Darden Restaurants, Inc.:

Barington Capital Group, L.P. represents a group of shareholders that currently owns approximately 1.4% of the outstanding common stock of Darden Restaurants, Inc. ("Darden" or the "Company").

In June 2013, we met with members of your senior management team, including Chairman and Chief Executive Officer Clarence Otis, Chief Financial Officer Brad Richmond, Treasurer Bill White and Vice President of Investor Relations Matthew Stroud, to share our perspectives on how to improve shareholder value at the Company. We have been encouraged by the interest they have shown in our recommendations and our ongoing constructive dialogue, and we look forward to our next meeting with them on September 27 in Orlando. We have worked closely with restaurant operating executives, industry consultants, restaurant analysts, capital markets experts, legal and financial advisors, and leading real estate restructuring and investment firms to formulate our plan, which we presented during our June meeting. We would like to take this opportunity to share our recommendations with you as well. We believe that if our suggestions are fully implemented, the Company's common stock would trade between \$69 and \$76 per share before operating improvements, representing a premium of up to 65% over the closing price on September 20 of \$45.78 per share.

We were attracted to Darden by the strength of its brands, its ability to generate strong free cash flow and its extensive real estate holdings. Darden has a proud legacy that dates back to 1968, when William Darden opened his first Red Lobster restaurant. Since then, the Company has successfully grown Red Lobster and Olive Garden into two of the most recognizable and successful dining brands in the United States. Yet, as the Company's management team has acknowledged, Darden is competing in a new era. Not only have the competitive dynamics and the consumer changed – with competition for market share intensifying and financially stretched consumers demanding more value for less money – the Company itself has changed – becoming, in our opinion, more complex and burdened as well as less nimble and innovative.

While the Company ably outperformed its peers and the market as a whole during the ten-year period between 1999 and 2008, it has performed poorly against these benchmarks since then. As illustrated in the chart below, over the past one, two, three, and five-year periods, Darden's total shareholder return (including dividends) has significantly underperformed its peer group[1] and, more recently, the market as a whole:

	One Year (9/24/12 - 9/20/13)	Two Years (9/20/11 - 9/20/13)	Three Years (9/22/10 - 9/20/13)	Five Years (9/19/08 - 9/20/13)
Darden Restaurants[2]	-15.8%	10.5%	17.4%	70.1%
Peer Group	28.9%	76.6%	92.5%	155.7%
S&P 500 Index[2]	19.2%	46.8%	57.7%	52.3%

The Company's poor share price performance reflects Darden's disappointing financial and operating performance over the past three years. During this time period, the Company's revenue growth has trailed its peers, with a compound annual growth rate of 6.5% versus an average of 12.7% for its peers.[3] Revenue for the Company's two largest brands, Olive Garden and Red Lobster, grew at 2.9% and 1.4%, respectively, during the three year period ending August 2013, despite the addition of 105 net new Olive Garden and 10 net new Red Lobster restaurants. During the last three calendar years, same store sales at Olive Garden and Red Lobster grew at an average rate of 0.02% and 0.54%, respectively, as compared to a median for the casual dining industry of 2.2%.[4] The Company's weak first quarter FY2014 results indicate that these trends are only worsening. Moreover, the Company's average return on invested capital during FY2010 to FY2012 lagged its peers as a result of a lower EBITDAR margin and greater capital spending per dollar of revenue. Despite the Company's scale and investments in shared infrastructure, Darden's EBITDAR margins have trailed median peer performance by approximately 1.0% over the last twelve months.

Nevertheless, we are confident that Darden has the potential to deliver significantly stronger returns for shareholders. However, we believe that the Company must take action in a number of key areas, and move forward with a greater sense of urgency, in order to unlock its value potential. Among other things, we strongly recommend that the Company promptly implement each of the following three initiatives:

I. Create a Mature Brands Company and a Higher-Growth Brands Company

Despite the acquisition of five brands over the past six years, the Company's revenue growth has slowed, primarily as a result of a sustained decline in same store sales for the Company's two largest brands. We believe that these acquisitions have distracted the Company from its core brands and that Darden's declining financial performance is ultimately attributable to its complexity and diffuse focus. As a result, we believe that succeeding in the new era demands a more focused and tailored approach that addresses the distinctive requirements, and captures the unique opportunities, of each of the Company's brands.

Today, Darden manages eight brands with diverse requirements through a management structure that includes two, and in some cases three, levels of management teams (corporate, group and brand). In an effort to become more responsive to the changes in consumer expectations and address under-performance at Darden's largest brands, the Company recently changed its corporate structure, field operations and restaurant marketing organization. These changes have added additional layers of management as well as new, more specialized positions, which will require integration across multiple roles and layers of management. Despite the well-intentioned objectives of these changes, we are concerned that they may hinder, rather than facilitate, the Company's competitive responsiveness.

Darden's brand acquisition strategy deviates from that of many of its better performing competitors. Most leading restaurant companies have succeeded by focusing on their core brands. For example, McDonald's Corporation's share price lagged its peers between 1995 and 2002 while it acquired and operated Chipotle, Boston Market, Donato's Pizza and other brands. As illustrated in the chart below, McDonald's began to divest non-core brands in early 2003 to re-focus on its core brand. The company's total shareholder return drastically improved thereafter, increasing by approximately 700% between January 1, 2003 and September 20, 2013.

Brinker International has followed a similar strategy, divesting six brands in the last ten years to focus on its leading Chili's and Maggiano brands. According to Brinker CEO Doug Brooks: "The market makes managing a portfolio much more difficult. It's hard enough to have one business that's really successful. We looked at the portfolio and said, 'What are the brands we think have the most chance for success in the marketplace and how do we return value to our shareholders?'"[5] Investors have reacted positively to Brinker's June 30, 2010 sale of On the Border Mexican Grill & Cantina, with its total shareholder return increasing over 205% from the date of the closing through September 20, 2013.

Similarly, in July 2012, Lone Star Funds created two independent companies, one for its premium dining restaurants (Del Frisco's Double Eagle Steak House, Sullivan's Steakhouse and Del Frisco's Grille) and another for its more casual brands, through a public listing of the Del Frisco Restaurant Group. Lone Star acquired the restaurants in December 2006 and immediately separated the operations of these two restaurant groups, keeping only a few corporate functions together. From July 27, 2012 through September 20, 2013, Del Frisco Restaurant Group's share price increased 49.7% while Darden's total shareholder return was -8.3%. Over the same time period, Del Frisco Restaurant Group has traded at average TEV/EBITDA and TEV/EBIT multiples of 10.8x and 14.6x, respectively, as compared with Darden's average multiples of 8.3x and 12.6x, respectively.[6]

To accelerate growth in Darden's same store sales and enable the Company to compete more effectively, we recommend that the Company create two independently managed, publicly traded restaurant operating companies: one operating company for its mature brands (Olive Garden and Red Lobster) and a second operating company for its higher-growth brands (LongHorn Steakhouse, The Capital Grille, Yard House, Bahama Breeze, Seasons 52 and Eddie V's Prime Seafood). We believe that doing so will enable each restaurant operating company to benefit from greater focus on the unique requirements of its brands, stronger execution and increased market responsiveness, thereby improving innovation and competitiveness for both groups of brands.

We recommend that the mature brands restaurant operating company focus on retaining loyal customers across multiple segments, capturing efficiencies and optimizing its footprint, while seeking to maximize its return on capital and sustain shareholder dividends. Critical operating skills for the mature brands company would include restaurant operating efficiency and labor/staff management, working capital/cash flow optimization and supply chain management.

In contrast, we believe that the higher-growth brands restaurant operating company should focus primarily on building distinctive brands with a loyal customer base, experimenting with new menu options and investing in new unit expansion. Critical skills for these brands include menu innovation, inventive customer targeting and format innovations. We believe that mass marketing and rigid supply chain standards could undermine these brands. While the higher-growth brands company would not distribute a dividend, we believe that shareholders would still reward the company with a higher trading multiple. We estimate that a separation will help create immediate value for shareholders as a result of this multiple expansion, without negatively impacting the valuation of the mature brands restaurant operating company.[7]

II. Monetize the Company's Significant Real Estate Holdings

We believe that Darden's extensive real estate assets represent a source of significant value that is not adequately reflected in the Company's current stock price. Darden owns substantially more real estate than its peers, including the land and buildings of approximately 1,048 restaurants and the buildings on an additional 802 ground leased sites.[8] We estimate that the value of these real estate assets is approximately $4.2 billion, based on recent sale and lease transactions of comparable restaurants and the value of comparable publicly traded real estate investment trusts (REITs). Comparable restaurant properties have recently sold for approximately $300 - $400 per square foot, depending on location and property characteristics. At these transaction values, and based on the geographic distribution of the Company's locations, we believe that Darden's real estate holdings have an estimated value of approximately $4.1 billion. Furthermore, rent in prime markets is approximately $35 per square foot and in smaller markets is approximately $25 per square foot. At an average cap rate of 7%, the Company's estimated 12 million square feet of real property[9] would generate approximately $300 million in rent and have a value of approximately $4.3 billion. Although we realize there may not be any purely comparable publicly traded REITs focused on the restaurant sector, our review of trading multiples for highly concentrated, publicly traded REITs indicate that the Company's real estate could potentially generate a value of approximately $4.2 to $4.4 billion if traded independently in a REIT, which is in line with its private market valuations.[10]

There are a number of viable and proven structural alternatives available to the Company to highlight and/or monetize the value of the Company's real estate assets in a tax-efficient manner. We encourage the Company to explore all monetization alternatives. These include private market alternatives, such as sale-leaseback transactions, and public market alternatives, such as a REIT. In the private markets, we believe that cap rates would be 6.0% to 8.0%. While we understand that the Company currently has an "internal REIT," it is our belief that it neither maximizes the value of the Company's real estate holdings nor maximizes potential tax benefits. This position is supported by our analysis indicating that the Company's taxable income and tax rates are similar to its peers, including those with substantially less real estate holdings. Transferring the Company's real estate assets into a stand-alone publicly traded REIT, for example, would significantly increase shareholder value through a reduction in taxable income in the amount of dividends paid, thereby reducing the Company's federal tax expense.

In addition to reducing the Company's tax burden, a separation of the Company's restaurant operations and real estate properties would provide a number of significant benefits, including immediately unlocking the hidden value of Darden's real estate assets, reducing the cost of financing future restaurant expansion and improving the Company's capital allocation framework. It is our belief that the restaurant operating companies will require only modest debt and the newly created real estate management company could accommodate debt equal to or greater than the Company's current debt at rates that are comparable to or more favorable than the Company's current rates. Moreover, a separation of the real estate assets from the restaurant operating businesses will establish capital structures for the three companies that are more aligned with their business operations and thereby encourage capital allocation decisions (across brands, restaurant locations and other competing demands for capital) that optimize returns – with the mature brands restaurant operating company focused on maximizing the return of capital to shareholders and the higher-growth brands restaurant operating company focused on increasing growth without being burdened by the responsibility for dividend payouts.

III. Reduce Operating Expenses

Based on our external analysis, we are convinced that Darden can reduce its operating expenses by $100 - $150 million a year by bringing its cost structure in line with better performing restaurant operating companies. While the Company recently committed to reduce operating support spending by $50 million a year, we believe that a rigorous internal review of the Company's cost structure will reveal significant additional cost reduction opportunities. We note that Darden has not generated observable economies of scale in its supply chain. In addition, the Company's SG&A for the last twelve months including Q1 FY2014 stands at 9.9% of revenue and has averaged 9.6% of revenue over the last 10 years, as compared to Darden's peers whose SG&A has averaged approximately 6.7% of revenue for the prior ten years. The creation of three separate operating entities represents a unique opportunity to further reduce operating expenses, streamline operations, eliminate corporate functions that duplicate brand-level work and deliver services that genuinely create efficiencies through new transition service agreements with pricing that reflects the actual value created.

Potential Impact

The successful implementation of our first two recommendations will reshape the Company's operations into three discrete businesses, each with its unique performance characteristics. We are confident that these businesses are financially sound and capable of delivering solid long-term returns to investors, as illustrated by the pro-forma statement of operations below:

$ millions		Pro Forma (Q2 FY2013 - Q1 FY2014)		
	Consolidated Company	"Mature Brands" Restaurant Co.	"Higher-Growth Brands' Restaurant Co.	Real Estate Management Co.
Revenue	8,675.6	6,287.0	2,388.6	429.1
Cost of sales				
Cost of goods	2,668.8	1,934.0	734.8	--
Labor	2,760.2	2,000.3	759.9	--
Other restaurant operating	1,225.8	857.2	325.7	42.9
Total leases	157.7	356.4	148.9	81.5
Total cost of sales	6,812.5	5,147.9	1,969.3	124.4
Gross profit	1,863.1	1,139.1	419.3	304.7
SG&A	858.8	606.8	230.5	21.5
Depreciation	408.0	215.7	85.8	106.5
Operating income	596.3	316.6	103.0	176.7
Net interest	130.7	47.4	18.0	65.4
Taxes	92.9	57.9	18.2	--
Net income	372.7	210.1	66.3	111.4
EBITDA	1,004.3	532.3	188.7	283.2
EBITDAR	1,162.0	888.7	337.6	--

If implemented, we estimate that these two measures could generate in excess of $3.0 billion to $3.9 billion in enterprise value in the next 18 to 24 months, based on the Company's current financial performance, the trading multiples of comparable companies and our valuation of the Company's real estate. Once implemented, we believe that the Company's common stock would have an estimated value of $69 to $76 per share, which represents a premium of 51% to 65% over the Company's closing price on

September 20 of $45.78 per share. This estimated increase in shareholder value is without taking into consideration the positive impact of operating improvements or further reductions in operating expenses.

	Comparable Company Trading Multiples		Estimated Company Performance		Estimated Enterprise Value	
	Median	Mean	($ millions)		Based on Median	Based on Mean
"Mature Brands" Restaurant Co.						
EV/LTM EBITDA	9.7x	11.0x	LTM EBITDA =	532.3	5,163.5	5,855.5
EV/LTM EBIT	17.4x	19.1x	LTM EBIT =	316.6	5,509.0	6,047.2
Average					5,336.2	5,951.4
"High-Growth Brands" Restaurant Co.						
EV/LTM EBITDA	12.1x	13.8x	LTM EBITDA =	188.7	2,283.7	2,604.6
EV/LTM EBIT	18.7x	19.2x	LTM EBIT =	103.0	1,925.8	1,977.3
Average					2,104.8	2,291.0
Real Estate Management Co.						
Comparable triple net REIT valuations					4,180.6	4,412.6
Comparable real estate transactions					4,100.0	4,100.0
Comparable lease valuations					4,300.0	4,300.0
Average					4,232.3	4,248.5
Total new enterprise value					11,673.4	12,490.8
+ Cash					108.9	108.9
- Debt					(2,757.1)	(2,757.1)
Market capitalization					9,025.2	9,842.6
Price per share					$69	$76
Premium to September 20, 2013 closing price =					51%	65%

* * * * *

The status quo is clearly not acceptable, as highlighted by Darden's disappointing first quarter results and negative investor reaction. We believe that Darden must do more, and with a greater sense of urgency, to create value for shareholders. Given the Company's strong portfolio of brands and valuable real estate holdings, we are confident that Darden's financial and share price performance would be markedly improved by implementing the recommendations summarized above.

As you may know, we have worked constructively with the boards and management teams of many companies to help improve shareholder value and have significant experience investing in branded consumer companies with prior investments in Lone Star Steakhouse, The Warnaco Group, The Jones Group, Lancaster Colony, Dillard's and Pep Boys. As significant shareholders of Darden, we are committed to doing whatever we can to help improve the financial and share price performance of the Company for the benefit of all Darden shareholders.

Please let us know if you have any questions or if it would you would like to meet with us to discuss any of our recommendations in greater detail.

Sincerely yours,

James A. Mitarotonda

cc: Bradford Richmond
Senior Vice President and Chief Financial Officer
Darden Restaurants, Inc.

Bill White
Senior Vice President and Treasurer
Darden Restaurants, Inc.

Matthew Stroud
Vice President of Investor Relations
Darden Restaurants, Inc.

[1] The Company's peer group consists of restaurant companies whose businesses are comparable to Darden's based on Barington's analysis. These companies include BJ's Restaurants, Inc. (BJRI); Bloomin' Brands, Inc. (BLMN); Bob Evans Farms, Inc. (BOBE); Bravo Brio Restaurant Group, Inc. (BBRG); Brinker International, Inc. (EAT); Chuy's Holdings, Inc. (CHUY); Cracker Barrel Old Country Store, Inc. (CBRL); Ignite Restaurant Group, Inc. (IRG); Ruby Tuesday, Inc. (RT); Texas Roadhouse, Inc. (TXRH) and The Cheesecake Factory Incorporated (CAKE).

[2] Source: Capital IQ. The performance of the S&P 500 Index reflects the reinvestment of dividends and other earnings.

[3] Analysis based on the last 36 months of reported financial data for the Company and its peers.

[4] Raymond James, *Restaurant Industry Comparable Store Sales Trend Report* (Fourth Quarter 2012).

[5] Dallas Business Journal, *Brinker's strategy: Bigger not always better* (July 25, 2010).

[6] Source: SEC Filings; Capital IQ.

[7] Higher-growth restaurants include AFC Enterprises Inc. (AFCE); Buffalo Wild Wings Inc. (BWLD); Chipotle Mexican Grill, Inc. (CMG); Del Frisco's Restaurant Group, Inc. (DFRG); Granite City Food & Brewery Ltd. (GCFB); Nathan's Famous Inc. (NATH); Panera Bread Co. (PNRA); Papa John's International Inc. (PZZA); Starbucks Corporation (SBUX); Texas Roadhouse, Inc. (TXRH) and Tim Hortons Inc. (THI).

[8] Source: SEC filings.

[9] Estimated 12 million square feet of owned restaurant real estate is based on an average square footage of 6,500 square feet per building and 1,850 owned buildings.

[10] REITs with comparable industry and tenant concentration include Agree Realty Corp. (ADC); EPR Properties (EPR); Getty Realty Corp. (GTY); Lexington Realty Trust (LXP); Select Income REIT (SIR) and Spirit Realty Capital, Inc. (SRC). These public REITs trade at a median 15.7 TEV/LTM EBITDA.

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