DARDEN® RESTAURANTS

Fiscal 2003 MID-YEAR Shareholder REPORT

TO OUR Shareholders

Despite a challenging macroeconomic and competitive environment in the first half of the fiscal year, we are pleased to report strong first half results. Both Red Lobster and Olive Garden enjoyed same-restaurant sales growth that continued to outpace that of the casual dining industry as measured by Knapp-Track, and each of our newer companies, Bahama Breeze and Smokey Bones, continues to show great promise.

We have solid core businesses and exciting new concepts, and we're confident we have the right strategic framework. We aim for in-restaurant operating excellence, brand building and brand management excellence, and excellence in managing the entire enterprise, which means setting financial objectives and living by corporate governance standards that create value for you, our shareholders. To become better in each of these areas, we have an absolute commitment to strengthening each of our strategic building blocks – continuous leadership development throughout the Company, service and hospitality excellence that redefines casual dining, and ever-improving culinary and beverage expertise. And, we have two areas we refer to as strategic enablers – diversity and technology – because we believe they can help us make progress on each building block. With this strategic framework, we believe Darden will capitalize on the long-term growth of the casual dining industry; growth that will be propelled by favorable consumer lifestyle changes and long-term demographic trends.

For the first half of fiscal 2003, sales of $2.25 billion were 8.0% above last year. Net earnings were $109.4 million, up from $98.6 million the first half of last year, a 10.9% increase. Earnings per diluted share increased to 61 cents from 53 cents per diluted share the first half of last year, a 15.1% increase. Last year's earnings per share results exclude an unusual restructuring credit item that totaled $1.4 million after tax.

Olive Garden's first half sales of $971.3 million were 7.8% above the prior year. On a same-restaurant basis, sales were up 4.2%, compared to the 5.0% increase in the first half of last year. By the end of the period, Olive Garden operated 507 restaurants, compared to 484 restaurants at the same point last year. As a result of its growth in total sales and lower food and beverage expense and restaurant labor costs as a percentage of sales, Olive Garden generated a double-digit operating profit increase.

Olive Garden's impressive record of growth included a 4.8% same-restaurant sales increase in the first quarter and a 3.5% increase in the second quarter, which was the 33rd consecutive quarter of same-restaurant sales increases. This was particularly strong coming on top of a 5.9% same-restaurant sales increase in the second quarter last year. The continued same-restaurant sales improvement reflects strong acceptance of its new menu, a higher check average, increases in wine sales, and good response to proven promotions like "Never Ending Pasta Bowl".

Red Lobster's first half sales of $1.17 billion were 5.8% higher than last year. On a same-restaurant basis, sales were up 4.6%, following a 4.6% increase in the first half of last year. By the end of the period, Red Lobster operated 670 restaurants, compared to 661 at the same point last year. Operating profit for the first half increased as a result of Red Lobster's sales growth and favorable food and beverage costs on a percent of sales basis.

Red Lobster's same-restaurant sales increased 6.6% in the first quarter and 2.3% in the second quarter, which was on top of an already strong 6.1% second quarter increase last year. This was the 20th consecutive quarter of same-restaurant sales increases. This year's sales improvement resulted from a higher check average and same-restaurant guest count growth as guests responded favorably to exciting new menu items and the successful "Festival of Crab" and "Lobster and Shrimp for $12.99" promotional offerings.

Bahama Breeze continued to enjoy critical acclaim during the first half of the fiscal year. The company also continues to generate strong average sales per restaurant, although it has not recovered as strongly as expected from the sales declines it began to experience last year as the economy softened. The company is responding with a range of menu and décor improvements. It opened three locations during the first half of the fiscal year, bringing the total number of restaurants in operation to 32. Three additional restaurants are expected to open in the second half of fiscal 2003.

Smokey Bones continued to show strong consumer appeal with its award-winning BBQ and exceptionally friendly service. During the first half of this fiscal year, eight restaurants were opened, bringing the total number of restaurants in operation to 27. In fiscal year 2003, at least 20 restaurants are expected to open, more than doubling the number of restaurants open at the end of fiscal 2002.

After the end of the second quarter, we announced that Darden will begin the next phase of testing for a new restaurant called Seasons 52(SM). It is a casually sophisticated fresh grill and wine bar with seasonally inspired menus offering the freshest ingredients. Our goal is to create great tasting entrées that are nutritionally balanced and lower in calories. Seasons 52 is currently under construction and is scheduled to open in Orlando, FL during our fiscal third quarter.

We continued our buyback of common stock in the open market, purchasing 3.2 million shares in the first half of the fiscal year. Cumulatively, since initial authorization of our repurchase program in December 1995, we have repurchased 91.0 million shares, and we have approximately 24.4 million shares remaining under current authorizations.

We are proud of our strong financial results under difficult conditions. We believe we have what it takes to become the best in casual dining, an industry that is expected to have exceptional growth prospects.

We thank you for being a valued owner of Darden Restaurants. We encourage you to bring the attached gift certificate into any of our restaurants and let us show you the exciting things that we are doing to earn the distinction of being the best in casual dining – now and for generations.

Consolidated Statements of Earnings

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA-UNAUDITED)

	Quarter Ended		Six Months Ended	
	11/24/2002	11/25/2001	11/24/2002	11/25/2001
Sales	$ 1,071,531	$1,007,081	$ 2,246,096	$ 2,080,491
Costs and Expenses:				
Cost of Sales:				
Food and Beverage	330,954	321,302	696,190	664,894
Restaurant Labor	353,774	328,361	723,136	661,807
Restaurant Expenses	169,889	151,096	338,466	302,346
Total Cost of Sales	$ 854,617	$ 800,759	$ 1,757,792	$ 1,629,047
Selling, General and Administrative	103,892	102,293	210,883	204,054
Depreciation and Amortization	45,930	41,061	91,071	80,571
Interest, Net	10,729	8,982	20,982	17,256
Restructuring Credit and Asset Impairment	143	(2,269)[1]	143	(2,269)[1]
Total Costs and Expenses	$ 1,015,311	$ 950,826	$ 2,080,871	$ 1,928,659
Earnings before Income Taxes	56,220	56,255	165,225	151,832
Income Taxes	(18,742)	(19,792)	(55,861)	(53,213)
Net Earnings	$ 37,478	$ 36,463[2]	$ 109,364	$ 98,619[2]
Net Earnings per Share:				
Basic	$ 0.22	$ 0.21	$ 0.64	$ 0.56
Diluted	$ 0.21	$ 0.20[2]	$ 0.61	$ 0.54[2]
Average Number of Common Shares Outstanding:				
Basic	170,900	175,100	171,300	175,600
Diluted	178,700	182,900	179,300	183,300

(1) The restructuring credit of $2.3 million, or $1.4 million after tax, resulted from reversal of a portion of our fiscal 1997 restructuring reserve due primarily to favorable lease terminations.

(2) For the second quarter ended November 25, 2001, excluding the unusual credit, earnings after tax were $35.1 million, or 19 cents per diluted share. For the six months ended November 25, 2001, excluding the unusual credit, earnings after tax were $97.2 million, or 53 cents per diluted share.

Condensed Consolidated Balance Sheets

(AMOUNTS IN THOUSANDS- UNAUDITED)

ASSETS	11/24/2002	11/25/2001	5/26/2002
Current Assets:			
Cash and Cash Equivalents	$ 20,880	$ 19,999	$ 152,875
Inventories	231,814	226,796	172,413
Other Current Assets	106,892	99,925	124,243
Total Current Assets	359,586	346,720	449,531
Land, Buildings and Equipment	2,039,977	1,824,715	1,920,768
Other Assets	162,549	150,193	159,437
Total Assets	$ 2,562,112	$ 2,321,628	$ 2,529,736
LIABILITIES and STOCKHOLDERS' EQUITY			
Current Liabilities:			
Short-Term Debt	$ --	$ 107,000	$ --
Other Current Liabilities	569,982	484,991	601,014
Total Current Liabilities	569,982	591,991	601,014
Long-Term Debt	659,656	514,278	662,506
Other Liabilities	144,151	113,587	137,339
Total Liabilities	1,373,789	1,219,856	1,400,859
Stockholders' Equity	1,188,323	1,101,772	1,128,877
Total Liabilities and Stockholders' Equity	$ 2,562,112	$ 2,321,628	$ 2,529,736

REPORT OF

Fiscal Year 2002

ANNUAL MEETING

On September 19, 2002, Chairman and Chief Executive Officer Joe R. Lee welcomed shareholders to our annual meeting in Orlando. Shareholders were asked to elect thirteen directors, all of whom were existing members of our board. Shareholders were also asked to approve the Darden Restaurants 2002 Stock Incentive Plan and the appointment of KPMG LLP to audit our consolidated financial statements for fiscal 2003. Over 87% of our outstanding shares were represented at the meeting, and all director nominees, the Darden Restaurants 2002 Stock Incentive Plan, and the appointment of KPMG were approved. Detailed voting results appear in our Form 10-Q for the quarter ended November 24, 2002.

Darden Restaurants, Inc. is traded on the New York Stock Exchange under the stock symbol DRI. The Company's transfer agent is Wachovia Bank, 1525 West W.T. Harris Blvd, 3c3, Charlotte, NC 28288-1153, (800) 829-8432. Shareholders seeking information about Darden Restaurants may contact our Investor Relations Department at (800) 832-7336 or visit our website address at www.DARDEN.com. Shareholders may request copies of press releases, the annual report on Form 10-K or quarterly reports on Form 10-Q free of charge.

Forward-looking statements in this mid-year report, if any, are made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Certain important factors could cause results to differ materially from those anticipated by the forward-looking statements, including the impact of changing economic or business conditions, the impact of competition, the availability of favorable credit and trade terms, the impact of changes in the cost or availability of food and real estate, government regulation, construction costs, weather conditions or other factors discussed from time to time in reports filed by the Company with the Securities and Exchange Commission.

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