

ANNUAL
Shareholders
MEETING

RESULTS OF 2007 ANNUAL MEETING OF SHAREHOLDERS

On September 14, 2007, Chairman and Chief Executive Officer Clarence Otis, Jr. welcomed shareholders to Darden's annual meeting in Orlando. Shareholders were asked to elect twelve directors and to ratify the Board's appointment of KPMG LLP to audit our consolidated financial statements for fiscal 2008. Over 85% of our outstanding shares were represented at the meeting. All of our director nominees were elected and the appointment of KPMG was ratified. Detailed voting results appear in Darden's Form 10-Q for the quarter ended November 25, 2007.

Darden Restaurants, Inc. is traded on the New York Stock Exchange under the stock symbol DRI. The Company's transfer agent is Wells Fargo Shareowner Services, 161 N. Concord Exchange, South St. Paul, MN 55075-1139, (877) 602-7596. 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 intense competition, changing economic or business conditions, the price and availability of food, ingredients and utilities, supply interruptions, labor and insurance costs, increased advertising and marketing costs, higher-than-anticipated costs to open or close restaurants, litigation, unfavorable publicity, a lack of suitable restaurant locations, government regulations, a failure to achieve growth objectives, weather, risks associated with our plans to expand our newer concepts Bahama Breeze and Seasons 52, our ability to combine and integrate the business of RARE Hospitality International, Inc., develop new LongHorn Steakhouse and The Capital Grille restaurants and achieve synergies, the risks of incurring substantial additional debt, and other factors discussed from time to time in reports filed by the Company with the Securities and Exchange Commission.

DARDEN
RESTAURANTSSM
P.O. Box 593330
Orlando, FL 32859-3330

'08 MID-YEAR
Shareholder
REPORT

DARDEN
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RED LOBSTER • OLIVE GARDEN • LONGHORN
THE CAPITAL GRILLE • BAHAMA BREEZE • SEASONS 52

TO OUR Shareholders

We welcome the opportunity to update you on the first half of fiscal 2008. It was a period that was highlighted by our ability to deliver competitively strong sales and earnings in an environment where there were challenging consumer conditions and meaningful commodity cost inflation. We achieved profitable new unit growth at Olive Garden, while sustaining same-restaurant sales growth that was well-above the Knapp-Track industry benchmark; made progress enhancing the brand at Red Lobster, while also achieving stronger than industry benchmark same-restaurant sales growth; saw significant margin improvement at Bahama Breeze; continued to experience good consumer acceptance and operating results at Seasons 52; sold the Smokey Bones brand; and took a significant step to accelerate profitable sales growth by adding LongHorn Steakhouse and The Capital Grille, through our acquisition of RARE Hospitality International, Inc.

Despite these accomplishments, investor concerns about continued and perhaps more difficult consumer challenges going forward weighed heavily on Darden and other restaurant stock prices. However, despite the macroeconomic environment, we continue to remain focused on delivering competitively superior financial results and on making meaningful strategic progress as an enterprise and with each of our brands. Additionally, we're convinced that success on these fronts will ultimately be recognized in superior share price performance.

The keys to our strong financial results and strategic progress have historically, and in the first half of fiscal 2008, been the strength of our people and our proven approach to the business, and that will remain the case for the balance of this year and beyond. We have talented people throughout the organization who share strong core values and a motivating core purpose, which is to nourish and delight everyone we serve. United behind our strong culture, we work to combine brand management and restaurant operating excellence, while grounding both in outstanding restaurant support.

For the first half of fiscal 2008, sales from continuing operations of \$3.0 billion were 12.5% above last year and net earnings from continuing operations were \$150.7 million. This was \$10.2 million lower than the prior year, a 6.3% decrease, primarily due to \$21.0 million in fees and expenses related to the acquisition of RARE and related integration efforts. Net earnings per diluted share from continuing operations were \$1.03, down from \$1.07 per diluted share the first half of last year, a 3.8% decrease. The fees and expenses related to the acquisition of RARE and related integration efforts adversely impacted net earnings per diluted share by \$0.09.

Olive Garden's first half sales were \$1.47 billion which is 8.9% above the prior year. On a same-restaurant basis, sales were up 4.0%, compared to an increase of 2.9% in the first half of last year. Olive Garden's performance reflects a 4.8% same-restaurant sales increase in the first quarter and a 3.2% increase in the second quarter, which were the 52nd and 53rd consecutive quarters of same-restaurant sales growth. By the end of the first half, Olive Garden operated 628 restaurants, compared to 595 restaurants at the same point last year. Olive Garden remains focused on accelerating new restaurant growth while maintaining same-restaurant excellence. Olive Garden plans to open approximately 40 new restaurants per year in fiscal 2008 and 2009.

Red Lobster's first half sales were \$1.27 billion which is 3.5% higher than last year. On a same-restaurant basis, sales were up 3.6%, compared to a 0.9% decrease in the first half of last year. Red Lobster reported a same-restaurant sales increase of 7.0% in the first quarter and a 0.1% increase in the second quarter. By the end of the first half, Red Lobster operated 680 restaurants, compared to 681 restaurants at the same point last year. Looking ahead, Red Lobster has the opportunity for further growth in guest counts that would return it to its historic norms, which are roughly 7% above where

they are today. As they increase guest counts, their profit growth opportunity is also significant given the efficiency of their operations. To sustain profitable guest count growth, Red Lobster plans to further strengthen the appeal of the brand by excelling at what consumers want most from a seafood restaurant: fresh, delicious seafood; friendly, welcoming service; and an exceptionally clean restaurant. Red Lobster is well into Phase 2 of its plan to achieve sustainable growth, which involves aligning consumer touchpoints around a compelling brand promise.

LongHorn's first half sales, which for Darden results include October and November only, were \$126.0 million. On a same-restaurant basis, sales were down 3.9% for October and November. By the end of the first half, LongHorn operated 295 restaurants, compared to 265 restaurants at the same point last year.

The Capital Grille delivered increased same-restaurant sales growth of 0.7%, for October and November. By the end of the first half, The Capital Grille operated 30 restaurants, compared to 26 restaurants at the same point last year.

Bahama Breeze's same-restaurant sales were down 1.3% during the first quarter and increased 0.1% in the second quarter. At Bahama Breeze, key business fundamentals are improving, driven by a focus on delivering a more approachable Caribbean escape for our guests. Bahama Breeze has made tremendous progress over the last two years improving its guest experience, increasing restaurant-level returns and broadening the appeal of the brand. Given this performance, the strategic focus for Bahama Breeze is to prepare the business for disciplined new restaurant growth, which is expected to begin with two new restaurants in fiscal 2009.

Seasons 52, Darden's newest internally developed restaurant concept, continues to perform well, and currently operates seven restaurants. Seasons 52 is focused on building a solid foundation for expansion, including a strong new restaurant site pipeline.

We continued the buyback of our common stock in the open market during the first half of the fiscal year, purchasing 1.0 million shares. Cumulatively, since initial authorization of our repurchase program in December 1995, we have repurchased 143.0 million of our shares, a testament to our strong cash flows. We still have approximately 19.4 million shares remaining for repurchase under current authorizations. We also changed our dividend structure to a quarterly dividend of 18 cents per share from a semi-annual dividend of 23 cents per share, representing a 57% increase in our annual dividend.

As we move into the second half of fiscal 2008, we believe we are well positioned to deliver competitively superior results in any operating environment. At its core, our approach is about having a terrific team working on the things it takes to succeed in our dynamic industry – brand management, restaurant operations and restaurant support excellence.

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

Clarence Otis, Jr.
Chairman and Chief Executive Officer
January 22, 2008



Consolidated Statements of Earnings

(IN MILLIONS, EXCEPT PER SHARE DATA – UNAUDITED)

	Quarter Ended	Six Months Ended		
	11/25/2007	11/26/2006	11/25/2007	11/26/2006
Sales	\$ 1,522.0	\$ 1,298.1	\$ 2,989.5	\$ 2,657.7
Costs and expenses:				
Cost of sales:				
Food and beverage	459.1	375.5	882.9	761.4
Restaurant labor	505.4	434.3	977.0	870.0
Restaurant expenses	245.0	198.2	461.9	402.9
Total cost of sales (1)	<u>\$ 1,209.5</u>	<u>\$ 1,008.0</u>	<u>\$ 2,321.8</u>	<u>\$ 2,034.3</u>
Selling, general and administrative	170.4	133.4	313.4	267.1
Depreciation and amortization	60.3	49.8	110.9	99.7
Interest, net	22.6	10.3	32.3	20.6
Total costs and expenses	<u>\$ 1,462.8</u>	<u>\$ 1,201.5</u>	<u>\$ 2,778.4</u>	<u>\$ 2,421.7</u>
Earnings before income taxes	59.2	96.6	211.1	236.0
Income taxes	(15.1)	(29.0)	(60.4)	(75.1)
Earnings from continuing operations	<u>\$ 44.1</u>	<u>\$ 67.6</u>	<u>\$ 150.7</u>	<u>\$ 160.9</u>
Losses from discontinued operations, net of tax benefit of \$0.70, \$4.90, and \$1.20, \$9.00, respectively	\$(0.6)	\$(5.9)	\$(1.3)	\$(10.7)
Net earnings	<u>\$ 43.5</u>	<u>\$ 61.7</u>	<u>\$ 149.4</u>	<u>\$ 150.2</u>
Basic net earnings per share:				
Earnings from continuing operations	\$.31	\$.46	\$ 1.07	\$ 1.11
Losses from discontinued operations	\$ -	\$(0.04)	\$(0.01)	\$(0.07)
Net earnings	<u>\$.31</u>	<u>\$.42</u>	<u>\$ 1.06</u>	<u>\$ 1.04</u>
Diluted net earnings per share:				
Earnings from continuing operations	\$.30	\$.45	\$ 1.03	\$ 1.07
Losses from discontinued operations	\$ -	\$(0.04)	\$(0.01)	\$(0.07)
Net earnings	<u>\$.30</u>	<u>\$.41</u>	<u>\$ 1.02</u>	<u>\$ 1.00</u>
Average number of common shares outstanding:				
Basic	142.0	145.3	141.4	145.1
Diluted	146.9	150.7	146.6	150.5
(1) Excludes restaurant depreciation and amortization as follows:	\$ 56.1	\$ 46.8	\$ 103.6	\$ 93.1

Condensed Consolidated Balance Sheets

(AMOUNTS IN MILLIONS – UNAUDITED)

	11/25/2007	11/26/2006	05/27/2007
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 29.3	\$ 38.4	\$ 30.2
Inventories	294.9	284.1	209.6
Other current assets	307.1	144.2	305.6
Total current assets	<u>631.3</u>	<u>466.7</u>	<u>545.4</u>
Land, buildings, and equipment	2,925.3	2,476.0	2,184.4
Goodwill	520.3	0.0	0.0
Trademarks	455.0	0.0	0.0
Other Assets	222.5	187.8	151.0
Total Assets	<u>\$ 4,754.4</u>	<u>\$ 3,130.5</u>	<u>\$ 2,880.8</u>
LIABILITIES and STOCKHOLDERS' EQUITY			
Current liabilities:			
Long-term debt, less current portion	\$ 1,302.8	\$ 1,093.5	\$ 1,074.4
Other liabilities	1,635.4	493.2	491.6
Total liabilities	<u>3,452.6</u>	<u>1,585.7</u>	<u>1,786.3</u>
Stockholders' equity	1,301.8	1,279.0	1,094.5
Total liabilities and stockholders' equity	<u>\$ 4,754.4</u>	<u>\$ 3,130.5</u>	<u>\$ 2,880.8</u>