ORLANDO, Fla., Sept. 18 /PRNewswire-FirstCall/ -- Darden Restaurants, Inc. (NYSE: DRI) today reported that strong restaurant sales growth led to record quarterly sales of $1.17 billion for the fiscal first quarter ended August 25, 2002. Earnings per diluted share also reached a new quarterly high of 40 cents, an 18% increase from prior year.

We had a great start to the new fiscal year with our strong first quarter financial results, said Joe Lee, Darden's Chairman and Chief Executive Officer. These results, like the long-term success we've enjoyed, speak to the power of the unique blend of strengths Darden has within casual dining. We have the best people in the industry. And, they have an unrelenting focus on improving the operating excellence in our restaurants, as well as a deep commitment to using great marketing and other brand management skills to strengthen our operating companies' positioning among casual dining guests. I believe this combination will help Darden achieve strong, consistent growth during times of economic strength, as well as during periods, like the first quarter when social and economic conditions are challenging.

Highlights for the quarter ended August 25, 2002, included the following:

* Earnings after tax in the first quarter were $71.9 million, or 40 cents per diluted share, on sales of $1.17 billion. Last year, earnings after tax were $62.2 million, or 34 cents per diluted share, on sales of $1.07 billion.

* Total sales of $1.17 billion for the quarter represent a 9.4% increase over prior year and same-restaurant sales continue to outperform the casual dining industry.

* Red Lobster led the Company with an impressive 6.6% increase in same-restaurant sales, its 19th consecutive quarter of same-restaurant sales growth.

* Olive Garden reported its 32nd consecutive quarter of same-restaurant sales growth with a strong 4.8% increase.

* Bahama Breeze opened one new restaurant during the quarter, bringing its total number of restaurants to 30.

* Smokey Bones BBQ Sports Bar opened two new restaurants during the quarter bringing the total number of restaurants to 21.

* The Company continued its share repurchase program, buying back 2.0 million shares of its common stock in the quarter and the Board of Directors approved an additional share repurchase authorization totaling 18.5 million shares.
Operating Highlights

RED LOBSTER'S first quarter sales of $618.4 million were 7.9% above prior year, with most of the growth produced by the 6.6% increase in same-restaurant sales, extending Red Lobster's string of comparable sales gains to 19 consecutive quarters. Red Lobster's record first quarter operating profit represents a double-digit increase compared to last year primarily as a result of the increased sales and lower food costs and selling, general and administrative expenses as a percent of sales.

It was another terrific quarter at Red Lobster, said Edna Morris, President of Red Lobster. This quarter's strong sales growth reflects our crew's focus on operating excellence, which was leveraged by effective advertising that featured appealing entrees that only Red Lobster can deliver. We are committed to offering our guests a fresh approach to casual dining, featuring great seafood, good times and hospitality. This should help ensure that Red Lobster remains America's leader among casual dining seafood restaurants.

OLIVE GARDEN's first quarter sales of $498.7 million were an 8.4% increase from the prior year due to strong same-restaurant sales growth and 16 more restaurants in operation than prior year. Olive Garden achieved its 32nd consecutive quarter of comparable-restaurant sales growth with its same-restaurant sales increase of 4.8%. The increased sales, combined with lower food and restaurant labor costs as a percent of sales, resulted in record quarterly profit that also represents a strong double-digit operating profit increase over last year.

This has been a great quarter for Olive Garden, said Drew Madsen, President of Olive Garden. Our teams continue to delight guests with a genuine Italian dining experience featuring fresh, simple and delicious Italian food, accompanied by a great glass of wine, in a home-like setting where everyone is treated like family. We also benefited from a great new menu and highly effective advertising. Our compelling brand positioning and commitment to excellence in everything we do are the reasons Olive Garden is America's favorite casual dining Italian restaurant.

BAHAMA BREEZE opened one new restaurant in Phoenix, AZ. Average sales per restaurant remain high, annualizing at over $5 million over the last 12 months. At least five more openings are scheduled for this fiscal year.

SMOKEY BONES BBQ SPORTS BAR opened two restaurants during the quarter, one in Montgomery, AL and another in Evansville, IN. Since the end of the quarter, another new restaurant has opened in Erie, PA and an additional five to seven are expected to open during the second quarter. Twenty to twenty-five restaurants are expected to open in fiscal year 2003, which will more than double the total number of Smokey Bones open at the end of fiscal 2002.

Other Actions

Darden continued its buyback of common stock, purchasing 2.0 million shares in the first quarter. Cumulatively, since the initial authorization of its repurchase program in December 1995, the Company has repurchased 89.8 million shares.

The Board of Directors today approved an additional share repurchase authorization totaling 18.5 million shares, bringing the total authorization to 115.4 million shares. Combined with unused capacity from prior authorizations, Darden's available share repurchase authorization now totals 25.6 million, which is approximately 15% of the shares the Company had outstanding at the end of the first quarter.

The Board of Directors also today declared a regular semi-annual cash dividend of 4 cents per share on the Company's outstanding common stock. The dividend is payable on November 1, 2002 to shareholders of record at the close of business on October 10, 2002. Based on this 4 cent semi-annual dividend declaration, the Company's indicated annual dividend is 8 cents per share. This represents a 50% increase in the Company's cash dividend.

August 2002 Same-Restaurant Sales Results

Darden reported same-restaurant sales for the four-week August fiscal month ended August 25, 2002. This period is the last month of the Company's fiscal 2003 first quarter.

Same-restaurant sales at Red Lobster were up 4% to 5% for the month driven by a 2% to 3% increase in pricing, a 1% increase in check average due to menu mix changes and a 1% increase in guest traffic. During fiscal August, Red Lobster promoted its Summer Festival of Crab, which featured Bottomless Buckets of Crab (a $19.99 item in restaurant) for one week, followed by three weeks of Pound of Crab at $10.99. In fiscal August of last year the Summer Festival of Crab promotion ran for the entire month and Red Lobster had a 2% to 3% same-restaurant sales increase.

Same-restaurant sales at Olive Garden were up 3% to 4% for the month. This reflected a 2% to 3% increase in pricing, a 1% to 2% gain from menu mix changes and a 0% to 1% decline in guest counts. This fiscal August, Olive Garden had three weeks of advertising featuring Lobster Spaghetti (a $17.95 item in restaurant) compared to four weeks of advertising last year in fiscal August, featuring Chicken Con Broccoli (a $10.50 item in restaurant). In fiscal August of last year, Olive Garden had a 7% to 8% same-restaurant sales increase.
Smokey Bones BBQ Sports Bar restaurants with annual sales of $4.4 billion.

Forward-looking statements in this news release, 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 and other factors discussed from time to time in reports filed by the Company with the Securities and Exchange Commission.

DARDEN RESTAURANTS, INC.

NUMBER OF RESTAURANTS

DARDEN RESTAURANTS, INC.

FIRST QUARTER FY 2003 FINANCIAL HIGHLIGHTS

(In Millions, Except per Share Data)
(Unaudited)
13 Weeks Ended
8/25/2002 8/26/2001
Net Earnings per Share:
Average Number of Common Shares Outstanding:

DARDEN RESTAURANTS, INC.

CONSOLIDATED STATEMENTS OF EARNINGS

(In Thousands, Except per Share Data)
(Unaudited)
13 Weeks Ended
8/25/2002 8/26/2001
Costs and Expenses:
Cost of sales:
Net Earnings per Share:
Average Number of Common Shares Outstanding:

DARDEN RESTAURANTS, INC.

CONSOLIDATED BALANCE SHEETS

(In Thousands)
(Unaudited)
8/25/2002 8/26/2001
ASSETS
Current Assets:

LIABILITIES AND STOCKHOLDERS’ EQUITY

Current Liabilities:

Stockholders' Equity:

Total Liabilities