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DARDEN RESTAURANTS INC
Form 8-K
March 17, 2004

As filed with the Securities and Exchange
Commission on March 17, 2004.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
March 17, 2004

Darden Restaurants, Inc.
(Exact name of registrant as specified in its charter)

Florida (State or other jurisdiction of incorporation)	1-13666 (Commission file number)	59-3305930 (IRS employer identification No.)
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5900 Lake Ellenor Drive, Orlando, Florida 32809
(Address of principal executive offices)

Registrant's telephone number, including area code:
(407) 245-4000

Not Applicable
(Former name or former address, if changed since last report)

Item 5. Other Events.

On March 17, 2004, the Company issued a news release entitled
"Darden Restaurants Reports Record Third Quarter Earnings Per
Diluted Share Of 46 Cents," a copy of which is being filed

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herewith as Exhibit 99.

Item 7. Financial Statements and Exhibits

(c) Exhibits.

Exhibit Number (by reference to Item 601 of Regulation S-K)	Description
99	Press Release dated March 17, 2004, entitled "Darden Restaurants Reports Record Third Quarter Earnings per Diluted Share of 46 Cents."

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 17, 2004

DARDEN RESTAURANTS, INC.

By: /s/ Linda J. Dimopoulos

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Linda J. Dimopoulos
Senior Vice President and
Chief Financial Officer

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INDEX TO EXHIBITS

Exhibit Number	Description of Exhibit
99	Press Release dated March 17, 2004, entitled "Darden Restaurants Reports Record Third Quarter Earnings Per Diluted Share Of 46 Cents."

EXHIBIT 99

DARDEN RESTAURANTS

Red Lobster(R) Olive Garden(R) Bahama Breeze(R) Smokey Bones(R)
www.darden.com

NEWS/INFORMATION
Corporate Relations
P.O. Box 593330
Orlando, FL 32859

Contacts:

(Analysts) Matthew Stroud (407) 245-6458
(Media) Mike Bernstein (407) 245-4567

FOR RELEASE
March 17, 2004
4:30 PM ET

DARDEN RESTAURANTS REPORTS RECORD THIRD QUARTER
EARNINGS PER DILUTED SHARE OF 46 CENTS

ORLANDO, FL, March 17 - Darden Restaurants, Inc. today reported quarterly sales of \$1.24 billion for the third quarter ended February 22, 2004, and earnings per diluted share of 46 cents, a 31% increase versus last year.

"This was a strong quarter for Darden Restaurants," said Joe Lee, Darden's Chairman and Chief Executive Officer. "We delivered record third quarter earnings per diluted share, driven by exceptional performance at Olive Garden and improved performance at Red Lobster. We are more committed than ever to improving the dining experiences we offer while maintaining a dedicated focus on profitability. Our excellent earnings this quarter reflect that commitment. I am pleased with our direction as we continue to build a casual dining company that will last for generations."

Highlights for the quarter ended February 22, 2004, include the following:

- o Earnings after tax in the third quarter were \$77.9 million, or 46 cents per diluted share, on sales of \$1.24 billion. Last year, earnings after tax were \$61.8 million, or 35 cents per diluted share, on sales of \$1.18 billion.
- o Total sales of \$1.24 billion represent a 5.1% increase over prior year.
- o Olive Garden reported its 38th consecutive quarter of same-restaurant sales growth with a 5.4% increase.

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- o Red Lobster's same-restaurant sales declined 5.1% but its same-restaurant traffic declines moderated from the decline experienced in the second quarter.
- o Third quarter same-restaurant sales results at both Olive Garden and Red Lobster benefited by approximately 1% from favorable weather comparisons to last year.

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- o The Company reported a third quarter tax rate of 31.1%, compared to 33.8% last year. The decrease in the tax rate was a result of a favorable resolution of prior year tax matters. The earnings benefit derived from the lower tax rate was offset primarily by an increase in the amount of discretionary charitable contributions to the Darden Restaurants Foundation and the costs associated with Red Lobster's advertising agency change.
- o The Company continued its share repurchase program, buying back 4.1 million shares of its common stock in the third quarter.

Operating Highlights

OLIVE GARDEN'S third quarter sales of \$551.3 million were 9.1% above prior year, driven by a same-restaurant sales increase of 5.4% and revenue from 18 net new restaurants in operation versus last year. This is the 38th consecutive quarter of comparable-restaurant sales growth for Olive Garden. The company's increased sales and traffic, combined with lower food and beverage expense, restaurant expenses, and selling, general, and administrative costs as a percentage of sales, resulted in a record operating profit that also represents a strong double-digit increase over last year.

"It was another outstanding quarter for Olive Garden," said Drew Madsen, President of Olive Garden. "We delivered record financial performance in sales, operating profit and return on sales. Compelling promotional features, combined with our commitment to delight guests with a genuine Italian dining experience, resulted in this record-setting achievement. I want to thank our team at Olive Garden for their efforts to make all our guests feel like family when they visit our restaurants."

RED LOBSTER'S third quarter sales of \$603.6 million were 2.8% below prior year, resulting from a same-restaurant sales decrease of 5.1% that was partially offset by revenue from eight net new restaurants in operation versus last year. Despite lower sales and traffic versus last year, Red Lobster experienced decreased food and beverage costs, restaurant labor expenses, and selling, general, and administrative costs as a percentage of sales, which were partially offset by higher depreciation expenses as a percentage of sales. These factors led to a strong double-digit increase in operating profit versus last year.

"This was a challenging quarter for Red Lobster," said Joe Lee. "While our performance during the quarter started off slowly, momentum continued to build throughout, culminating with the launch of this year's 'LobsterFest' in February. And, despite sales that were down for the quarter versus prior year, operating profit increased dramatically primarily because of our focus on sustainable cost management to strengthen our business. We have more work ahead of us, but we know we are making progress on improving our operations, marketing and menu. I want to thank the crew for their dedication to making Red Lobster

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America's favorite place for seafood. "

BAHAMA BREEZE has opened three restaurants year-to-date, bringing the total number of restaurants in operation to 37. One more opening is scheduled for this fiscal year in Pittsburgh, Pennsylvania.

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SMOKEY BONES opened six new restaurants during the third quarter, bringing the year-to-date total to 20 net new openings. In addition, the company has opened five more restaurants since the end of the quarter. As a result, Smokey Bones now has 64 restaurants in operation. During this fiscal year, 30 restaurants are expected to open.

Other Actions

Darden continued the buyback of its common stock, purchasing 4.1 million shares in the third quarter. Since December 1995, the Company has repurchased a total of 104.8 million shares under authorizations totaling 115.4 million shares.

Darden Restaurants, Inc., headquartered in Orlando, FL, owns and operates over 1,300 Red Lobster, Olive Garden, Bahama Breeze, Smokey Bones and Seasons 52 restaurants with annual sales of \$4.7 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

2/22/04		2/23/03
-----		-----
649	Red Lobster USA	641
31	Red Lobster Canada	31
-----		-----
680	Total Red Lobster	672
528	Olive Garden USA	510
6	Olive Garden Canada	6
-----		-----
534	Total Olive Garden	516
37	Bahama Breeze	32
59	Smokey Bones BBQ	34
1	Seasons 52	0
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1,311 Total Restaurants 1,254

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DARDEN RESTAURANTS, INC.
 CONSOLIDATED STATEMENTS OF EARNINGS
 (In thousands, except per share data)
 (Unaudited)

	13 Weeks Ended		
	02/22/2004	2/23/2003	2/22/2002
	-----	-----	-----
Sales	\$1,241,952	\$1,181,383	\$3,644,000
Costs and expenses:			
Cost of sales:			
Food and beverage	372,544	364,328	1,115,000
Restaurant labor	391,019	375,320	1,158,000
Restaurant expenses	188,709	181,464	570,000
Total cost of sales(1)	952,272	921,112	2,844,000
Selling, general and administrative	113,552	108,145	347,000
Depreciation and amortization	52,179	48,132	155,000
Interest, net	10,944	10,669	32,000
Total costs and expenses	1,128,947	1,088,058	3,380,000
Earnings before income taxes	113,005	93,325	263,000
Income taxes	-35,106	-31,539	-85,000
Net earnings	\$77,899	\$61,786	\$177,000
Net earnings per share:			
Basic	\$0.47	\$0.36	\$0.50
Diluted	\$0.46	\$0.35	\$0.48
Average number of common shares outstanding:			
Basic	164,200	170,700	164,000
Diluted	170,100	177,500	170,000

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DARDEN RESTAURANTS, INC.
 CONSOLIDATED BALANCE SHEETS
 (In thousands)
 (Unaudited)

ASSETS

2/22/2004

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Current Assets:			
Cash and cash equivalents		\$43,870	
Receivables		35,176	
Inventories		262,761	
Assets held for disposal		710	
Prepaid expenses and other current assets		21,950	
Deferred income taxes		58,162	
Total current assets		\$422,629	
Land, buildings and equipment		2,264,048	2
Other assets		185,660	
Total assets		\$2,872,337	\$2
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable		\$188,132	
Short-term debt		14,600	
Accrued payroll		93,003	
Accrued income taxes		66,948	
Other accrued taxes		36,237	
Unearned revenues		91,679	
Other current liabilities		250,197	
Total current liabilities		\$740,796	
Long-term debt		654,309	
Deferred income taxes		169,998	
Other liabilities		21,570	
Total liabilities		\$1,586,673	\$1
Stockholders' equity:			
Common stock and surplus		\$1,572,219	\$1
Retained earnings		1,150,614	
Treasury stock		-1,381,631	-1
Accumulated other comprehensive income		-10,181	
Unearned compensation		-44,173	
Officer notes receivable		-1,184	
Total stockholders' equity		\$1,285,664	\$1
Total liabilities and stockholders' equity		\$2,872,337	\$2

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DARDEN RESTAURANTS, INC.
 THIRD QUARTER FY 2004 FINANCIAL HIGHLIGHTS
 (In millions, except per share data)
 (Unaudited)

	13 Weeks Ended		2/22/2003
	2/22/2004	2/23/2003	
	-----	-----	-----
Sales	\$1,242.0	\$1,181.4	\$3,6
Net Earnings	\$77.9	\$61.8	\$1
Net Earnings per Share:			

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Basic	\$0.47	\$0.36	\$
Diluted	\$0.46	\$0.35	\$
Average Number of Common Shares Outstanding:			
Basic	164.2	170.7	1
Diluted	170.1	177.5	1

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