

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 FORM 10-K/A

(Mark One)

/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended May 26, 1996

/ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____
Commission File Number 1-13666

DARDEN RESTAURANTS, INC.

(Exact name of registrant as specified in its charter)

Florida 59-3305930
(State or other jurisdiction of (I.R.S. Employer Identification
No.) incorporation or organization)

5900 Lake Ellenor Drive 32809
Orlando, Florida (Zip Code)
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange
Common Stock, without par value	on which registered
Exchange	New York Stock

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by Reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Aggregate market value of Common Stock held by non-affiliates of the Registrant, based on the closing price of \$8.750 per share as reported on the New York Stock Exchange on July 22, 1996: \$1,371 million.

Number of shares of Common Stock outstanding as of July 22, 1996:157,723,887 (excluding 2,065,213 shares held in the treasury).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Registrant's Proxy Statement dated August 2, 1996 are incorporated by reference into Part III, and portions of Registrant's Annual Report to Stockholders are incorporated by reference into Parts I, II and IV

This Amendment is being submitted for the purpose of adjusting the document count, tags and headers for the exhibits contained in the electronic filing of the registrant's annual report on Form 10-K for the fiscal year ended May 26, 1996, in accordance with the requirements of the Electronic Data Gathering and Retrieval (EDGAR) System. In all other respects, the exhibits submitted with this Amendment are identical to those previously filed with the registrant's Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: October 29, 1996

*DARDEN RESTAURANTS, INC.
By: /s/ C.L. Whitehill
C.L. Whitehill
Senior Vice President,
General Counsel and*

Secretary

EXHIBIT 10(a)

DARDEN RESTAURANTS, INC.
STOCK OPTION AND LONG-TERM INCENTIVE PLAN OF 1995
(as amended May 23, 1996)

1. PURPOSE OF THE PLAN

The purpose of the Darden Restaurants, Inc. Stock Option and Long-Term Incentive Plan of 1995 (the "Plan") is to attract and retain able employees by rewarding employees of Darden Restaurants, Inc., its subsidiaries and affiliates (defined as entities in which Darden Restaurants, Inc. owns an equity interest of 25% or more) (collectively, the "Company") who are responsible for the growth and sound development of the business of the Company, and to align the interests of all employees with those of the stockholders of the Company and to compensate certain management employees of the Company by granting stock options in lieu of salary increases or other compensation or employee benefits.

2. EFFECTIVE DATE, DURATION AND SUMMARY OF PLAN

A. Effective Date and Duration

This Plan shall become effective as of the effective date of the distribution of Darden Restaurants, Inc. Common Stock to the holders of General Mills, Inc. common stock. Awards may be made under the Plan until September 30, 2000.

B. Summary of Option Provisions for Participants

The stock option that will be awarded to employees under this Plan gives a right to an employee to purchase at a future date shares of Darden Restaurants, Inc. Common Stock at a fixed price. As an employee, you will receive an "option agreement" in your own name, which will contain the term and other conditions of the option grant. In general, each option agreement will state the number of shares of Darden Restaurants, Inc. Common Stock that you can purchase from the Company, the price at which you can purchase the shares, and the last date you can make your purchase. You will not have any taxable income when you receive the option agreement.

The price at which you may buy the Darden Restaurants, Inc. shares will be equal to the market price of the Company shares on the New York Stock Exchange as of the day the option was awarded to you. If after the period that you must hold the option (at least three years), the price of Darden Restaurants, Inc. Common Stock has risen, you will be able to make a gain on exercising the option equal to the difference between the exercise price of the option and the market price of Darden Restaurants, Inc. shares on the date you use your option to buy shares under the terms of the option certificate. This gain will be taxable to you.

You will never be obligated to buy shares of the Company if you do not wish to do so. After the required holding period before you can exercise the option, you can continue to hold the option certificate as an employee for up to seven years before making the decision whether or not to buy shares of the Company. Thereafter, the rights under the option will lapse and cannot then be used by the employee.

You cannot sell or assign the option to any other person, and the specific provisions which cover your rights in the option are covered in the full text of the Plan.

3. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Compensation Committee (the "Committee"). The Committee shall be comprised solely of non-employee, independent members of the Board of Directors (the "Board") appointed in accordance with the Company's Articles of Incorporation. Subject to the provisions of Section 14, the Committee shall have authority to adopt rules and regulations for carrying out the purpose of the Plan, select the employees to whom Awards will be made ("Participants"), determine the number of shares to be awarded and the other terms and conditions of Awards in accordance with the Plan provisions and interpret, construe and implement the provisions of the Plan; provided that if at any time Rule 16b-3 or any successor rule ("Rule 16b-3") under the Securities Exchange Act of 1934, as amended (the "1934 Act"), so permits, without adversely affecting the ability of the Plan to comply with the conditions for exemption from Section 16 of the 1934 Act (or any successor provisions) provided by Rule 16b-3, the Committee may delegate its duties under the Plan in whole or in part, on such terms and conditions, to the Chief Executive Officer and to other senior officers of the Company; provided further, that only the Committee may select and make other decisions as to Awards to Participants who are subject to Section 16 of the 1934 Act and to other executives of the Company. The Committee (or its permitted delegate) may correct any defect or supply any omission or reconcile any inconsistency in any agreement relating to any Award under the Plan in the manner and to the extent it deems necessary. Decisions of the Committee (or its permitted delegate) shall be final, conclusive and binding upon all parties, including the Company, stockholders and Participants.

4. COMMON STOCK SUBJECT TO THE PLAN

The shares of common stock of the Company (without par value) ("Common Stock") to be issued upon exercise of a Stock Option, awarded as Restricted Stock, or issued upon expiration of the restricted period for Restricted Stock Units, may be made available from the authorized but unissued Common Stock, shares of Common Stock held in the Company's treasury, or Common Stock purchased by the Company on the open market or otherwise. Approval of the Plan by the sole shareholder of the Company shall constitute authorization to use such shares for the Plan.

The Committee, in its discretion, may require as a condition to the grant of Stock Options, Restricted Stock or Restricted Stock Units (collectively, "Awards"), the deposit of Common Stock owned by the Participant receiving such grant, and the forfeiture of such Awards, if such deposit is not made or maintained during the required holding period or the applicable restricted period. Such shares of deposited Common Stock may not be otherwise sold, pledged or disposed of during the applicable holding period or restricted period. The Committee may also determine whether any shares issued upon exercise of a Stock Option shall be restricted in any manner.

The maximum aggregate number of shares of Common Stock authorized under the Plan for which Awards may be granted under the Plan is 15,000,000. Upon the expiration, forfeiture, termination or cancellation, in whole or in part, of unexercised Stock Options, or forfeiture of Restricted Stock or Restricted Stock Units on which no dividends or dividend equivalents have been paid, the shares of Common Stock subject thereto shall again be available for Awards under the Plan.

The number of shares subject to the Plan, the outstanding Awards and the exercise price per share of outstanding Stock Options may be appropriately adjusted by the Committee in the event that:

- (i) the number of outstanding shares of Common Stock shall be changed by reason of split-ups, spin-offs, combinations or reclassifications of shares;
- (ii) any stock dividends are distributed to the holders of Common Stock;

(iii) the Common Stock is converted into or exchanged for other shares as a result of any merger or consolidation (including a sale of assets) or other recapitalization, or other similar events occur which affect the value of the Common Stock; or

(iv) whenever the Committee determines such adjustments are appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

5. ELIGIBLE PERSONS

Only persons who are employees of the Company shall be eligible to receive Awards under the Plan ("Participants"). No Award shall be made to any member of the Committee or any other non-employee director of the Company.

6. PURCHASE PRICE OF STOCK OPTIONS

The purchase price for each share of Common Stock issuable under a Stock Option shall not be less than 100% of the Fair Market Value of the shares of Common Stock on the date of grant. "Fair Market Value" as used in the Plan shall equal the mean of the high and low price of the Common Stock on the New York Stock Exchange on the applicable date.

7. STOCK OPTION TERM AND TYPE

The term of any Stock Option as determined by the Committee shall not exceed 10 years from the date of grant and shall expire as of the close of business on the last day of the designated term, unless terminated earlier under the provisions of the Plan. All Stock Option grants under the Plan shall be non-qualified stock options governed by Section 83 of the Internal Revenue Code of 1986, as amended (the "Code").

8. EXERCISE OF STOCK OPTIONS

A. Of the 15,000,000 shares of Common Stock authorized for issuance hereunder, not less than 3,000,000 shall be issued only as salary replacement Stock Options ("SRO's") in lieu of salary increases, compensation or other employee benefits. Except as provided in Sections 12 and 13, each Stock Option issued as an SRO may be exercised as determined by the Committee in its discretion.

B. Except as provided in Sections 12 and 13 (Change of Control and Termination of Employment), each Stock Option, other than an SRO, may be exercised no sooner than three years from the date of grant and subject to the Participant's continued employment with the Company and in accordance with the terms prescribed by the Committee.

C. The number of shares of Common Stock subject to Stock Options granted under the Plan to any single Participant shall not exceed 10% of the total number of shares of Common Stock which may be issued under this Plan.

D. A Participant exercising a Stock Option shall give notice to the Company of such exercise and of the number of shares elected to be purchased prior to 5:00 P.M. EST/EDT on the day of exercise, which must be a business day at the executive offices of the Company. At the time of purchase, the Participant shall tender the full purchase price of the shares purchased. Until such payment has been made and a certificate or certificates for the shares purchased has been issued in the Participant's name, the Participant shall possess no stockholder rights with respect to such shares. Payment of such purchase price shall be made to the Company, subject to any applicable rule or regulation adopted by the Committee:

(i) in cash (including check, draft, money order or wire transfer made payable to the order of the Company);

(ii) through the delivery of shares of Common Stock owned by the Participant; or

(iii) by a combination of (i) and (ii) above.

For determining the amount of the payment, Common Stock delivered pursuant to (ii) or (iii) shall have a value equal to the Fair Market Value of the Common Stock on the date of exercise.

9. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

With respect to Awards of Restricted Stock and Restricted Stock Units, the Committee shall:

(i) select Participants to whom Awards will be made, provided that Restricted Stock Units may only be awarded to those employees of the Company who are employed in a country other than the United States;

(ii) determine the number of shares of Restricted Stock or the number of Restricted Stock Units to be awarded;

(iii) determine the length of the restricted period, which shall be no less than one year;

(iv) determine the purchase price, if any, to be paid by the Participant for Restricted Stock or Restricted Stock Units; and

(v) determine any restrictions other than those set forth in this Section 9.

Any shares of Restricted Stock granted under the Plan may be evidenced in such manner as the Committee deems appropriate, including, without limitation, book-entry registration or issuance of stock certificates, and may be held in escrow.

Subject to the restrictions set forth in this Section 9, each Participant who receives Restricted Stock shall have all rights as a stockholder with respect to such shares, including the right to vote the shares and receive dividends and other distributions.

Each Participant who receives Restricted Stock Units shall be eligible to receive, at the expiration of the applicable restricted period, one share of Common Stock for each Restricted Stock Unit awarded, and the Company shall issue to and register in the name of each such Participant a certificate for that number of shares of Common Stock. Participants who receive Restricted Stock Units shall have no rights as stockholders with respect to such Restricted Stock Units until such time as share certificates for Common Stock are issued to the Participants; provided, however, that quarterly during the applicable restricted period for all Restricted Stock Units awarded hereunder, the Company shall pay to each such Participant an amount equal to the sum of all dividends and other distributions paid by the Company during the prior quarter on that equivalent number of shares of Common Stock.

Subject to the provisions of Section 12, for awards of Restricted Stock or Restricted Stock Units which have a deposit requirement, a Participant will be eligible to vest only in those shares of Restricted Stock or Restricted Stock Units for which personally-owned shares are on deposit with the Company as of the date the Participant's employment with the Company terminates.

The total number of shares of Common Stock issued upon vesting of Restricted Stock or Restricted Stock Units granted under the Plan shall not exceed 10% of the total number of shares of Common Stock which may be issued under this Plan, and no single Participant shall receive under the Plan Restricted Stock or Restricted Stock Units which, upon vesting, would exceed 2% of the total number of shares of Common Stock which may be issued under the Plan.

10. NON-TRANSFERABILITY

Except as otherwise provided in Section 9, no shares of Restricted Stock and no Restricted Stock Units shall be sold, exchanged, transferred, pledged, or otherwise disposed of during the restricted period. No Stock Options granted under this Plan shall be transferable by a Participant otherwise than (i) by the Participant's last will and testament or (ii) by the applicable laws of descent and distribution, and such Stock Options shall be exercised during the Participant's lifetime only by the Participant or his or her guardian or legal representative. Other than as set forth herein, no Award under the Plan shall be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void.

11. WITHHOLDING TAXES

It shall be a condition to the obligation of the Company to deliver shares upon the exercise of a Stock Option, the vesting of Restricted Stock or Restricted Stock Units and the corresponding issuance of shares of unrestricted Common Stock, that the Participant pay to the Company cash in an amount equal to all federal, state, local and foreign withholding taxes required to be collected in respect thereof.

Notwithstanding the foregoing, to the extent permitted by law and pursuant to such rules as the Committee may adopt, a Participant may authorize the Company to satisfy any such withholding requirement by directing the Company to withhold from any shares of Common Stock to be issued, all or a portion of such number of shares as shall be sufficient to satisfy the withholding obligation, provided that in the case of the vesting of Restricted Stock or Restricted Stock Units, the number of shares of Common Stock to be issued equals or exceeds 500.

12. CHANGE OF CONTROL

Each outstanding Stock Option shall become immediately and fully exercisable for a period of 6 months following the date of the following occurrences, each constituting a "Change of Control":

- (i) if any person (including a group as defined in Section 13(d)(3) of the 1934 Act) becomes, directly or indirectly, the beneficial owner of 20% or more of the shares of the Company entitled to vote for the election of directors;
- (ii) as a result of or in connection with any cash tender offer, exchange offer, merger or other business combination, sale of assets or contested election, or combination of the foregoing, the persons who were directors of the Company just prior to such event cease to constitute a majority of the Company's Board of Directors; or
- (iii) the stockholders of the Company approve an agreement providing for a transaction in which the Company will cease to be an independent publicly-owned corporation or a sale or other disposition of all or substantially all of the assets of the Company occurs.

After such 6-month period the normal option exercise provisions of the Plan shall govern. In the event a Participant is terminated as an employee of the Company within 2 years after any of the events specified in (i), (ii) or (iii), his or her outstanding Stock Options at that date of termination shall become immediately exercisable for a period of 3 months.

With respect to Stock Option grants outstanding as of the date of any such Change of Control which require the deposit of owned Common Stock as a condition to obtaining rights: (a) said deposit requirement shall be terminated as of the date of the Change of Control and any such deposited stock shall be promptly returned to the Participant; and (b) any restrictions on the sale of shares issued in respect of any such Stock Option shall lapse.

In the event of a Change of Control, a Participant shall vest in all shares of Restricted Stock and Restricted Stock Units, effective as of the date of such Change of Control, and any deposited shares of Common Stock shall be promptly returned to the Participant.

13. TERMINATION OF EMPLOYMENT

A. Termination of Employment

If the Participant's employment by the Company terminates for any reason other than as specified herein or in subsections B, C or D, the Participant's Stock Options shall terminate 3 months after such termination and all shares of Restricted Stock and all Restricted Stock Units which are subject to restriction as of said termination date shall be forfeited by the Participant to the Company. In the event a Participant's employment with the Company is terminated for the convenience of the Company, as determined by the Committee, the Committee, in its sole discretion, may vest such Participant in all or any portion of outstanding Stock Options (which shall become exercisable) and/or shares of Restricted Stock or Restricted Stock Units awarded to such Participant, effective as of the date of such termination.

B. Death

If a Participant should die while employed by the Company, any Stock Option previously granted under this Plan may be exercised by the person designated in such Participant's last will and testament or, in the absence of such designation, by the Participant's estate, to the full extent that such Stock Option could have been exercised by such Participant immediately prior to death. Further, with respect to outstanding Stock Option grants which, as of the date of death, are not yet exercisable, any such option grant shall vest and become exercisable in a pro-rata amount, based on the full months of employment completed during the full vesting period of the Stock Option from the date of grant to the date of death.

With respect to Stock Option grants which require the deposit of owned Common Stock as a condition to obtaining exercise rights, in the event a Participant should die while employed by the Company, said Stock Options may be exercised as provided in the first paragraph of this Section 13B, subject to the following special conditions:

- (i) any restrictions on the sale of shares issued in respect of any such Stock Option shall cease; and
- (ii) any owned Common Stock deposited by the Participant pursuant to said grant shall be promptly returned to the person designated in such Participant's last will and testament or, in the absence of such designation, to the Participant's estate, and all requirements regarding deposit by the Participant shall be terminated.

A Participant who dies during any applicable restricted period shall vest in a proportionate number of shares of Restricted Stock or Restricted Stock Units, effective as of the date of death. Such proportionate vesting shall be pro-rata, based on the number of full months of employment completed during the restricted period prior to the date of death, as a percentage of the applicable restricted period.

C. Retirement

The Committee shall determine, at the time of grant, the treatment of the Stock Option upon the retirement of the Participant. Unless other terms are specified in the original Stock Option grant, if the termination of employment is due to a Participant's retirement on or after age 55 with 10 years of service with the Company, the Participant may exercise a Stock Option, subject to the original terms and conditions of the Stock Option. With respect to Stock Option grants which require the deposit of owned Common Stock as a condition to obtaining rights, any restrictions on the sale of shares issued in respect of any such Stock Option shall lapse at the date of any such retirement.

A Participant who retires on or after the date he or she attains age 65 shall fully vest in all shares of Restricted Stock or Restricted Stock Units, effective as of the date of retirement (unless any such award specifically provides otherwise).

A Participant who takes early retirement (after age 55, but prior to age 65) during any applicable restricted period may elect either of the following alternatives with respect to Restricted Stock or Restricted Stock Units (unless any such award specifically provides otherwise):

(a) Leave owned shares on deposit with the Company and vest in all shares of Restricted Stock or Restricted Stock Units, effective as of the earlier of the date the Participant attains age 65 or the termination date of the applicable restricted period; or

(b) Withdraw owned shares and vest in a proportionate number of shares of Restricted Stock or Restricted Stock Units, effective as of the date the shares on deposit are withdrawn. Such proportionate vesting shall be pro-rata, based on the number of full months of employment completed during the restricted period prior to the date of early retirement, as a percentage of the applicable restricted period.

D. Spin-offs

If the termination of employment is due to the cessation, transfer, or spin-off of a complete line of business of the Company, the Committee, in its sole discretion, shall determine the treatment of all outstanding Awards under the Plan.

14. AMENDMENTS OF THE PLAN

The Plan may be terminated, modified, or amended by the Board of Directors of the Company. The Committee may from time to time prescribe, amend and rescind rules and regulations relating to the Plan. Subject to the approval of the Board of Directors, the Committee may at any time terminate, modify, or suspend the operation of the Plan, provided that no action shall be taken by the Board of Directors or the Committee without the approval of the stockholders of the Company which would:

(i) materially increase the number of shares which may be issued under the Plan;

(ii) materially increase the benefits accruing to Participants under the Plan; or

(iii) materially modify the requirements as to eligibility for participating in the Plan.

The Board of Directors shall have authority to cause the Company to take any action related to the Plan which may be required to comply with the provisions of the Securities Act of 1933, as amended, the 1934 Act, and the rules and regulations prescribed by the Securities and Exchange Commission. Any such action shall be at the expense of the Company.

No termination, modification, suspension, or amendment of the Plan shall alter or impair the rights of any Participant pursuant to a prior Award without the consent of the Participant. There is no obligation for uniformity of treatment of Participants under the Plan.

15. FOREIGN JURISDICTIONS

The Committee may adopt, amend, and terminate such arrangements, not inconsistent with the intent of the Plan, as it may deem necessary or desirable to make available tax or other benefits of the laws of any foreign jurisdiction, to employees of the Company who are subject to such laws and who receive Awards under the Plan.

16. NOTICE

All notices to the Company regarding the Plan shall be in writing, effective as of actual receipt by the Company, and shall be sent to:

Darden Restaurants, Inc.
5900 Lake Ellenor Dr.
Orlando, FL 32809
Attn: General Counsel

Effective May 28, 1995

EXHIBIT 10(c)

DARDEN RESTAURANTS, INC.
STOCK OPTION AND LONG-TERM INCENTIVE CONVERSION PLAN
(as amended May 23, 1996)

1. PURPOSE OF THE PLAN

The purpose of the GM Restaurants, Inc. Stock Option and Long-Term Incentive Conversion Plan (the "Plan") is to provide for the issuance and administration of certain awards relating to Common Stock of Darden Restaurants, Inc. (the "Company") issued to employees and officers of General Mills, Inc. ("GMI"), the Company, and other GMI Subsidiaries, in connection with the Distribution by GMI to its stockholders of all of the Common Stock of the Company.

2. DEFINITIONS

As used in the Plan, the following terms shall have the meanings set forth below:

"Adjusted GMI Stock Option" shall mean a GMI Stock Option which, as a result of the Distribution, has been adjusted by the GMI Compensation Committee as to its exercise price and/or the number of shares of GMI Common Stock it covers, such adjustment to each GMI Stock Option being dependent on the number of corresponding Company Stock Options granted by the Company, if any.

"Award" shall mean any Stock Option, Restricted Stock, Restricted Stock Unit or Performance Unit Account granted under this Plan.

"Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant.

"Board" shall mean the Board of Directors of the Company.

"Bridge Grant" shall mean a GMI Stock Option granted on June 1, 1994 under the General Mills, Inc. 1990 Salary Replacement Stock Option Plan in the award known as "90-S10" in GMI's internal stock option management system.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Committee" shall mean a committee of the Board designated by the Board to administer the Plan and composed of not fewer than two directors, each of which directors, to the extent necessary to comply with Rule 16b-3 only, is a "disinterested person" within the meaning of Rule 16b-3. Until otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

"Common Stock" shall mean the common stock of the Company (without par value).

"Company" shall mean Darden Restaurants, Inc., a Florida corporation.

"Company Conversion Ratio" shall mean the factor where the numerator is the Per Share Company Stock Price and the denominator is the Per Share Pre-Split GMI Stock Price.

"Distribution" shall mean the transfer by GMI of all the then outstanding Shares owned by GMI to the distribution agent for the benefit of, and ultimate distribution to, the holders of GMI common stock as of the Record Date, as described in the Information Statement.

"Distribution Date" shall mean the effective date of the Distribution.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Fair Market Value" shall mean the mean of the high and low price of the Common Stock on the New York Stock Exchange on the applicable date.

"Food Retirees" shall mean persons retiring from GMI on or prior to the Distribution Date who are not Restaurant Retirees.

"GMI" shall mean General Mills, Inc., a Delaware corporation.

"GMI Award" shall mean any of the GMI Stock Options, GMI Restricted Stock or Restricted Stock Units or GMI Performance Units.

"GMI Compensation Committee" shall mean the Compensation Committee of the Board of Directors of GMI.

"GMI Performance Unit" shall mean a performance unit granted by GMI and outstanding on the Record Date.

"GMI Restricted Stock or Restricted Stock Unit" shall mean a share of GMI common stock or the right to receive a share of GMI common stock which is subject to certain restrictions on the last trading day on the New York Stock Exchange immediately prior to the Record Date.

"GMI Stock Option" shall mean an option to purchase GMI common stock granted by GMI to a present or former officer or employee of GMI that is outstanding and unexercised on the Record Date.

"Information Statement" shall mean the information statement dated May 5, 1995 distributed to GMI stockholders in connection with the transactions relating to the Distribution.

"Participant" shall mean an individual eligible to receive a Company Award who is granted an Award under the Plan.

"Per Share Company Stock Price" shall mean the composite volume weighted average price of the Company's Common Stock as published by Bloomberg L.P. for the period beginning on the later of (i) the second trading day on which "when issued" trading in Company Common Stock takes place on the New York Stock Exchange and (ii) the twentieth trading day prior to the Distribution Date and ending on the Distribution Date.

"Per Share Post-Split GMI Stock Price" shall mean the composite volume weighted average price of GMI common stock trading without due bills as published by Bloomberg L.P. for the period beginning on the later of (i) the second trading day on which "when issued" trading in Company Common Stock takes place on the New York Stock Exchange and (ii) the twentieth trading day prior to the Distribution Date and ending on the Distribution Date.

"Per Share Pre-Split GMI Stock Price" shall mean the composite volume weighted average price as of GMI common stock trading with due bills published by Bloomberg L.P. for the period beginning on the later of (i) the second trading day on which "when issued" trading in Company Common Stock takes place on the New York Stock Exchange and (ii) the twentieth trading day prior to the Distribution Date and ending on the Distribution Date.

"PUP Account" shall mean any account established by GMI in connection with the granting of a GMI Performance Unit.

"Person" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.

"Record Date" shall mean May 5, 1995.

"Restaurant Retirees" shall mean persons retiring from the Company on or prior to the Distribution Date.

"Restricted Stock and Restricted Stock Unit" shall mean any award of restricted stock or restricted stock units granted under Section 9 of the Plan.

"Retiree Split Option Grant" shall have the meaning set forth in Section 7(a)(iii) of the Plan.

"Retiree Split Stock Grant" shall have the meaning set forth in Section 9(b) of the Plan.

"Rule 16b-3" shall mean Rule 16b-3 promulgated by the SEC under the Exchange Act, or any successor rule or regulation thereto as in effect from time to time.

"SEC" shall mean the Securities and Exchange Commission, including the staff thereof, or any successor thereto.

"Shares" shall mean the shares of Common Stock (without par value) of the Company and such other securities of the Company or a Subsidiary as the Committee may from time to time designate.

"Special Grant" shall mean a GMI Stock Option granted on September 20, 1993 and September 19, 1994 under the General Mills, Inc. Stock Option and Long-Term Incentive Plan of 1993.

"Split Grant Conversion Ratio" shall mean the factor where the numerator is the Per Share Pre-Split GMI Stock Price and the denominator is the sum of the Per Share Post-Split GMI Stock Price and the Per Share Company Stock Price.

"Stock Option" shall mean a stock option granted under Section 7 of the Plan.

"Subsidiary" shall mean any corporation or other entity in which the Company possesses directly or indirectly equity interests representing at least 25% of the total ordinary voting power or at least 25% of the total value of all classes of equity interests of such corporation or other entity.

3. EFFECTIVE DATE AND DURATION

Effective Date

This Plan shall become effective as of the Distribution Date. Subject to paragraph 6(b), no Award shall be granted under the Plan except the Awards provided for in Sections 7, 9 and 10. Awards granted hereunder shall continue until their respective expiration dates.

4. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Committee. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority to interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. The

Committee shall have no discretion relating to the timing, price and size of Awards granted under the Plan, which shall be determined in accordance with the provisions of Sections 7, 9 and 10. Unless otherwise expressly provided in the Plan, all designations, determination, interpretations and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all Persons, including the Company, any Subsidiary, any Participant, any holder or beneficiary of any Award, any stockholder of the Company and any Participant. The authority of the Committee to administer, interpret, amend, alter, adjust, suspend, discontinue, or terminate, in accordance with the provisions of the Plan, any Award or to waive any conditions or rights under any Award shall extend until the expiration date of such Award.

5. ELIGIBLE PERSONS

Only persons employed by the Company or a Subsidiary on the Distribution Date and Food Retirees and Restaurant Retirees who, on the Distribution Date, hold an outstanding GMI Stock Option or on the Record Date have issued and outstanding in their name GMI Restricted Stock or Restricted Stock Units shall be eligible to receive Awards under the Plan. Each Participant shall be granted an Award in accordance with the provisions of the Plan.

6. SHARES SUBJECT TO THE PLAN

(a) Shares Available for Awards. Subject to adjustment as provided in Section 6(b):

(i) Calculation of Number of Shares Available. The number of Shares with respect to which Awards may be granted under the Plan shall be such number of Shares as results from the application of the award formulas set forth in Sections 7, 9 and 10. If, after the effective date of the Plan, an Award granted under the Plan expires or is exercised, forfeited, cancelled or terminated without the delivery of Shares, then the Shares covered by such Award or to which such Award relates, or the number of Shares otherwise to which Awards may be granted, to the extent of any such expiration, exercise, forfeiture, cancellation or termination, shall not thereafter be available for grants or Awards under the Plan.

(ii) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist of authorized and unissued Shares, Shares held in the Company's treasury and Shares acquired in the open market or otherwise obtained by the Company or a Subsidiary.

(b) Adjustments. In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, Subsidiary securities, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee may, in its sole discretion and in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares subject to outstanding Awards, and (ii) the grantor exercise price with respect to any Award and, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; provided, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

7. STOCK OPTIONS

(a) Number of Stock Options. Each holder of a GMI Stock Option who is a Company employee, a Food Retiree or a Restaurant Retiree on the Distribution Date shall receive either a Company Stock Option, an Adjusted GMI Stock Option or an election to receive either a Company Stock Option or a Company Stock Option and an Adjusted GMI Stock Option in accordance with the following:

(i) Active employees of the Company on the Distribution Date who hold GMI Stock Options, except Bridge Grants or Special Grants shall receive, in addition to an Adjusted GMI Stock Option, a Company Stock Option with an exercise price for the shares of Common Stock equal to the exercise price of the GMI Stock Option prior to the Distribution multiplied by the Company Conversion Ratio and for a number of shares of Common Stock equal to the number of shares subject to the GMI Stock Option prior to the Distribution multiplied by .33 divided by the Company Conversion Ratio.

(ii) Active employees of the Company on the Distribution Date holding Bridge Grants or Special Grants and Restaurant Retirees holding Bridge Grants shall, as to such options, receive a Company Stock Option with an exercise price for the shares of Common Stock equal to the exercise price of the GMI Stock Option prior to the Distribution multiplied by the Company Conversion Ratio and for a number of shares of Common Stock equal to the number of shares subject to the GMI Stock Option prior to the Distribution divided by the Company Conversion Ratio.

(iii) Restaurant Retirees holding GMI Stock Options, other than Bridge Grants, shall be given, as to such GMI Stock Options, an election, prior to the Record Date, to receive either (a) a Company Stock Option as described in (ii) above or (b) a Retiree Split Option Grant. The Retiree Split Option Grant shall mean an Adjusted GMI Stock Option, as determined by the GMI Compensation Committee, plus a Company Stock Option with an exercise price for the shares of Common Stock equal to the exercise price of the GMI Stock Option prior to the Distribution multiplied by the Company Conversion Ratio and for a number of shares of Common Stock equal to the number of shares subject to the GMI Stock Option prior to the Distribution multiplied by the Split Grant Conversion Ratio.

(iv) Food Retirees holding GMI Stock Options shall be given an election, prior to the Record Date, either to receive a Retiree Split Option Grant as described in (iii) above or receive an Adjusted GMI Stock Option, as determined by the GMI Compensation Committee.

(v) Each Company Stock Option shall have the same remaining term and other terms and conditions (whether such terms and conditions are contained in the related GMI Stock Option agreement or in the plan under which such GMI Stock Option was granted, subject that a "Change of Control" as defined in such related agreement or plan shall be amended to provide that a "beneficial owner" is an owner of 20% or more of the shares of the Company entitled to vote for the election of directors) and shall be exercisable to the same extent as the GMI Stock Option from which it was derived, with such changes and modifications as necessary to substitute the Company for GMI, as the issuer of the Stock Option.

8. EXERCISE OF STOCK OPTIONS

A Participant exercising a Company Stock Option shall give notice to the Company of such exercise and of the number of shares elected to be

purchased prior to 5:00 P.M. EST/EDT on the day of exercise, which must be a business day at the executive offices of the Company. At the time of purchase, the Participant shall tender the full purchase price of the shares purchased. Until such payment has been made and a certificate or certificates for the shares purchased has been issued in the Participant's name, the Participant shall possess no stockholder rights with respect to such shares. Payment of such purchase price shall be made to the Company, subject to any applicable rule or regulation adopted by the Committee:

- (i) in cash (including check, draft, money order or wire transfer made payable to the order of the Company);
- (ii) through the delivery of shares of Common Stock owned by the Participant; or
- (iii) by a combination of (i) and (ii) above.

For determining the amount of the payment, Common Stock delivered pursuant to (ii) or (iii) shall have a value equal to the Fair Market Value of the Common Stock on the date of exercise.

9. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

(a) Holders of unvested GMI Restricted Stock or Restricted Stock Units who are employees of the Company on the Distribution Date shall have issued in their name, or in book entry form as reflected on the master stockholder record of the Company immediately following the Distribution Date, a number of shares of Company Restricted Stock or Restricted Stock Units equal to the number of shares of GMI Restricted Stock or Restricted Stock Units issued and outstanding in their name on the last trading day on the New York Stock Exchange prior to the Record Date divided by the Company Stock Conversion Ratio.

(b) Holders of unvested GMI Restricted Stock or Restricted Stock Units and who are Restaurant Retirees shall be given a choice, prior to the Record Date, to elect to have issued in their name, or in book entry form as reflected on the master stockholder record of the Company immediately following the Distribution Date either (i) a Retiree Split Stock Grant or (ii) the number of shares of Company Restricted Stock or Restricted Stock Units described in (a) above. The Retiree Split Stock Grant shall consist of GMI Restricted Stock or Restricted Stock Units, as determined by the GMI Compensation Committee, and Company Restricted Stock or Restricted Stock Units covering the number of shares which were subject to the GMI Restricted Stock or Restricted Stock Units on the last trading day on the New York Stock Exchange prior to the Record Date.

(c) Holders of unvested GMI Restricted Stock or Restricted Stock Units who are Food Retirees shall be given a choice, prior to the Record Date, to elect to have issued in their name, or in book entry form as reflected on the master stockholder record of the Company, either (i) a Retiree Split Stock Grant described in (b) above or (ii) a modified grant of GMI Restricted Stock or Restricted Stock Units as determined by the GMI Compensation Committee.

(d) Each share of Restricted Stock or Restricted Stock Unit shall have the same remaining vesting period and other terms and conditions (whether such terms and conditions are contained in the related GMI Restricted Stock or Restricted Stock Unit agreement or in the plan under which such GMI Restricted Stock or Restricted Stock Unit was granted) and shall vest to the same extent and at the rate as the share of GMI Restricted Stock or Restricted Stock Unit from which it was derived, with such changes and modifications as necessary to substitute the Company for GMI as the issuer of the Restricted Stock or Restricted Stock Unit; provided, however, that as to Stock Options, Restricted Stock or Restricted Stock Units which require a deposit of Participant-owned shares as a condition to vesting, the Committee may, in its discretion, make such adjustments to the deposit requirements as it deems appropriate.

10. PERFORMANCE UNITS

The value on the Distribution Date of PUP Accounts shall be transferred to the Company in the proportion that the Company Stock Options, having a related PUP Account, bear to the corresponding Adjusted GMI Stock Options, if any. If no corresponding Adjusted GMI Stock Options are issued, the entire value of the PUP Account shall be transferred to the Company. Withdrawals of PUP Account amounts transferred to the Company shall reduce the outstanding Company Stock Options held by a Participant; exercises of Company Stock Options shall reduce the amount of the corresponding transferred PUP Account to the same extent as provided in the grant of the GMI Performance Unit.

11. AMENDMENTS TO PLAN AND AWARDS

(a) Amendments to the Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time, provided that no amendment shall be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement, including for these purposes any approval requirement that is a prerequisite for exemptive relief from Section 16(b) of the Exchange Act or any successor provision thereto. Notwithstanding anything to the contrary contained herein, i) the Committee may amend the Plan in such manner as may be necessary for the Plan to conform with local rules and regulations in any jurisdiction outside the United States, and (ii) any amendment, suspension or termination made in accordance with this paragraph 11(a) that would adversely affect a Participant's rights under an Award made under the Plan may not be made without such Participant's consent and

(iii) no amendment to the provisions of Sections 7, 9 and 10 of the Plan relating to the amount, price and timing of Awards under the Plan may be made more often than once every six months, except to comport with the provisions of the Code or the regulations thereunder.

(b) Amendments to Awards. The Committee may amend, modify or terminate any outstanding Award with the Participant's consent at any time prior to payment or exercise in any manner not inconsistent with the terms of the Plan, including without limitation to change the date or dates as of which an Award becomes exercisable.

(c) Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in paragraph 6(b) hereof) affecting the Company, or the financial statements of the Company or any Subsidiary, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(d) Cancellation. Any provision of this Plan or any Award Agreement to the contrary notwithstanding, the Committee may cause any Award granted hereunder to be cancelled in consideration of a cash payment or alternative Award made to the holder of such cancelled Award. The determinations of value under this subparagraph shall be made by the Committee in its sole discretion.

12. MISCELLANEOUS

(a) Award Agreements. Awards hereunder may be evidenced by a writing delivered to the Participant that shall specify the terms and conditions thereof and any rules applicable thereto and that shall, in accordance with the provisions of the Plan, replicate as closely as possible the terms, conditions and other contractual attributes of the GMI Award from which the Award is derived, as in effect on the Distribution Date.

(b) Share Certificates. All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such Shares or other securities are then listed, and any applicable federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(c) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of options, stock appreciation rights and other types of Awards provided for hereunder (subject to stockholder approval of any such arrangement if approval is required), and such arrangements may be either generally applicable or applicable only in specific cases.

(d) No Right to Employment. The grant of any Award shall not be construed as giving a Participant the right to be engaged or employed by or retained in the employ of the Company or any Subsidiary. The Company or any Subsidiary may at any time dismiss a Participant from engagement or employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or any agreement relating to the engagement or employment of the Participant by the Company or any Subsidiary.

(e) Governing Law. The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan and any Award Agreement shall, to the extent not governed by federal law, be determined in accordance with the laws of the State of Florida.

(f) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(g) No Trust or Fund Created. Neither the Plan nor any Award

shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company.

(h) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine, in accordance with the terms of the Plan, as applicable, whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be cancelled, terminated, or otherwise eliminated.

(i) Headings. Headings are given to the subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

13. NON-TRANSFERABILITY

No shares of Restricted Stock and no Restricted Stock Units shall be sold, exchanged, transferred, pledged, or otherwise disposed of during the restricted period. No Stock Options granted under this Plan shall be transferable by a Participant otherwise than (i) by the Participant's last will and testament or (ii) by the applicable laws of descent and distribution, and such Stock Options shall be exercised during the Participant's lifetime only by the Participant or his or her guardian or legal representative. Other than as set forth herein, no Award under the Plan shall be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void.

14. WITHHOLDING TAXES

It shall be a condition to the obligation of the Company to deliver shares upon the exercise of a Stock Option, the vesting of Restricted Stock or Restricted Stock Units and the corresponding issuance of shares of unrestricted Common Stock, that the Participant pay to the Company cash in an amount equal to all federal, state, local and foreign withholding taxes required to be collected in respect thereof.

Notwithstanding the foregoing, to the extent permitted by law and pursuant to such rules as the Committee may adopt, a Participant may authorize the Company to satisfy any such withholding requirement by directing the Company to withhold from any shares of Common Stock to be issued, all or a portion of such number of shares as shall be sufficient to satisfy the withholding obligation, provided that in the case of the vesting of Restricted Stock or Restricted Stock Units, the number of shares of Common Stock to be issued equals or exceeds 500.

15. FOREIGN JURISDICTIONS

The Committee may adopt, amend, and terminate such arrangements, not inconsistent with the intent of the Plan, as it may deem necessary or desirable to make available tax or other benefits of the laws of any foreign jurisdiction, to employees of the Company who are subject to such laws and who receive Awards under the Plan.

16. NOTICE

All notices to the Company regarding the Plan shall be in writing, effective as of actual receipt by the Company, and shall be sent to:

GM Restaurants, Inc.
5900 Lake Ellenor Dr.
Orlando, FL 32809
Attn: General Counsel

Effective May 28, 1995

EXHIBIT 10(h)

**DARDEN RESTAURANTS, INC.
MANAGEMENT INCENTIVE PLAN**
(as amended May 23, 1996)

PART I

GENERAL PROVISIONS

A. OBJECTIVE OF THE PLAN

It is the intent of Darden Restaurants, Inc. (the "Company") to provide financial rewards to key executives in recognition of individual contributions to the success of the Company under the provisions of this Management Incentive Plan (the "Plan").

Participant awards shall be based on the comparative impact of the position to the overall corporate results as measured by the position level, salary of the Participant, and the degree to which the individual is able to affect division/subsidiary, group and corporate results.

B. ELIGIBILITY

Any active key management employee of the Company or any of its subsidiaries, including such members of the Board and the Chairman as are actively employed by the Company or its subsidiaries, shall be eligible to participate in the Plan. Eligibility shall not carry any rights to participation nor to any fixed awards under the Plan.

Employees on a commission basis, those who are members of any other company incentive compensation plan, except the Stock Option and Long-Term Incentive Plans of the Company, and persons acting in a consulting capacity shall not be eligible.

C. PARTICIPATION

As early as possible in each fiscal year (the "Plan Year"), management shall recommend from those eligible a list of proposed Participants in the Plan, and the Compensation Committee of the Board of Directors (the "Committee") thereupon shall determine and cause to be notified those who have been selected as Participants for the current Plan Year. Participants shall be those persons holding positions which most significantly affect operating results and provide the greatest opportunity to contribute to current earnings and the future success of the Company. During the year, other Participants may be added because of promotion or for other reasons warranting their inclusion, or Participants may be excluded from active participation because of demotion or other reasons warranting their exclusion.

PART II

BASE CASH AWARDS

The size of a Participant's base cash incentive award ("Base Cash Award") under this Plan shall be preliminarily determined by the following formula:

$$(\text{Eligible Base Salary Earnings}) \times (\text{Target Incentive Percent}) \times (\text{Individual Performance Rating}) \times (\text{Corporate/Unit Composite Rating}) =$$

(Base Cash Award)

A. ELIGIBLE BASE SALARY EARNINGS

The Eligible Base Salary Earnings is the total amount of regular base pay actually paid to a Plan Participant during the portion of the year the Participant is covered by the Plan.

B. TARGET INCENTIVE PERCENT

The Target Incentive Percent shall be determined by the Senior Vice President-Personnel using the following guidelines:

The Target Incentive Percent will be determined based on job level at the time participation in the Plan commences. Persons transferred to a higher or lower job level during a Plan Year will have their Target Incentive Percent revised as of the effective date of the change in position.

C. INDIVIDUAL PERFORMANCE RATING

Individual performance for the Plan Year will be determined as follows:

1. At the beginning of each Plan Year, each Participant will develop written objectives for the year which are directly related to specific job accountabilities.
2. The individual objectives will be reviewed with each Participant's supervisor for acceptance and will become the primary basis for establishing the Individual Performance Rating for the year. For the Chief Executive Officer, such objectives will be reviewed and approved by the Committee.
3. Near the end of each Plan Year, each Participant will submit to his or her supervisor, a Summary of Accomplishments related to individual performance during the year. Based on this information and other information related to individual performance or job accountabilities, the supervisor will assign an individual rating from the following range:

0.00 - .50	Unsatisfactory Performance
.50 - .90	Objectives Partially Met
.90 - 1.20	Objectives Met
1.20 - 1.40	Superior Performance
1.40 - 1.80	Outstanding & Exceptional Performance

D. UNIT/CORPORATE PERFORMANCE RATING

1. Unit Rating

Near the end of the Plan Year, each Participant will submit to his or her supervisor, a Unit Achievement Summary, which outlines the performance of his or her respective unit during the Plan Year and relates directly to annual program, the Company's long-range plans and other key operating objectives. This Unit Achievement Summary will be used, along with other information related to unit performance, in establishing a unit rating with a range of .0 (Unsatisfactory) to 1.8 (Outstanding and Exceptional Performance) in the same manner or ratings for Individual Performance Ratings.

2. Corporate Rating

At the beginning of each Plan Year, the Committee shall establish a rating schedule based upon the Company's growth in Earnings Per Share (Pre-LIFO) and the Company's Return on Capital for the Plan Year. Based on this schedule, the Committee will, at the end of each Plan Year, establish a corporate rating for the year. Individual and unit ratings will be recommended by the Participant's manager and reviewed by one

additional level of management. All individual and unit ratings for Plan Participants will be submitted to the Company's Incentive Committee for review and approval.

3. Unit/Corporate Weightings

The ratings established in 1. and 2. above shall be weighted based on job level according to the following schedule:

Portion	Corporate Portion	Unit
Senior Corporate Officers	100%	0%
Vice Chairman	40%	60%
Restaurant Concept Presidents	25%	75%
Restaurant Concept Officers	0%	100%
Corporate Staff Officers	100%	0%

E. REVIEW AND APPROVAL OF RATINGS

All individual and unit ratings will be determined by the Participant's manager and reviewed and approved by one additional level of management. In addition, the Incentive Committee shall review and approve all ratings prior to their submissions to the Committee.

The final ratings and incentive award amounts shall be reviewed and approved by the Committee which shall have full authority and discretion to set all final Base Cash Awards.

PART III

STOCK MATCHING PROVISIONS

A. ALTERNATIVES FOR PARTICIPATION IN STOCK MATCHING

Subject to the provisions set forth below (the "Stock Matching Provisions"), Participants under age 55 are eligible to receive additional incentive compensation in the form of common stock of the Company ("Common Stock") contributed by the Company ("Stock Matching") under the terms of the Company's Stock Option and Long-Term Incentive Plans, and Participants age 55 or over may elect to receive all or a portion of their additional incentive compensation in the form of Stock Matching and/or an "Additional Cash Award."

1. Participants under age 55 as of the last day of the Plan Year are eligible to participate in the Stock Matching Provisions of the Plan by depositing shares of Common Stock with a Fair Market Value equal to either 15% or 25% of their Base Cash Award, depending on job level.
2. Participants age 55 or over as of the last day of the Plan Year may elect full, partial, or no participation in the Stock Matching Provisions according to the following schedule:

25% Match

15% Match

Level of Stock Matching Participation	25% Match		15% Match	
	Fair Market Value of Shares to be Deposited as % of Base Cash Award	Additional Cash Award	Fair Market Value of Shares to be Deposited as % of Base Cash Award	Additional Cash Award
Full Participation	25%	0%	15%	0%
	15%	6%	9%	3%
Partial Participation	10%	9%	6%	5%
	5%	12%	3%	7%
No Participation in Stock Matching	0%	15%	0%	9%

3. On or before the December 31 immediately preceding the end of the Plan Year, Participants must notify the Company in writing of the applicable participation alternatives elected under the Stock Matching Provisions. Elections regarding Stock Matching participation are effective for the current Plan Year.

B. PARTICIPATION IN STOCK MATCHING

1. The Company shall notify each Participant who participates in the Stock Matching Provisions of the maximum number of shares of Common Stock which they are permitted to deposit under the Plan, and Participants may choose to deposit all or any portion of the number of shares so permitted to be deposited (the "Original Deposit"). Participants can make their Original Deposit at any time after they receive their Base Cash Award, but Participants must deposit such shares with the Company (the "Agent") no later than the December 1 immediately following the end of the Plan Year.

2. Any Participant who dies, retires on or after age 65, elects early retirement after age 55, or is permanently disabled and unable to work as determined by the Committee, either during a Plan Year or prior to the final date for depositing the Original Deposit shares for such Plan Year (December 1), shall not be eligible to participate in the Stock Matching Provisions, but instead, such Participant, or the Participant's legal representative, shall receive an Additional Cash Award for the Plan Year in an amount equal to fifteen percent (15%) or twenty-five percent (25%) of any Base Cash Award paid or payable for that Plan Year.

C. DISTRIBUTIONS AND WITHDRAWALS

1. Restricted Stock

As soon as practical following the Original Deposit by a Participant, the Company shall, under the terms of the Company's Stock Option and Long Term Incentive Plans, match these shares and either deposit with the Agent for the Participant's account one share of Common Stock for each share of the Original Deposit or evidence issuance of one share of Common Stock for each share of the Original Deposit in book entry form as reflected on the master stockholder records of the Company. The Company matching shares (the "Restricted Stock") shall vest and be delivered to the Participant in accordance with the terms of the plan under which they are issued and as determined by the Committee.

2. Temporary Withdrawal for Option Exercise

A Participant may temporarily withdraw all or a portion of the shares on deposit for all Plan Years (other than Restricted Stock) in order to exercise Company stock options, subject to an equal number of shares of Common Stock being promptly redeposited with the Agent after such exercise.

D. DEFINITION OF PLAN YEAR

For stock matching purposes, the Plan Year shall be defined as the Company's fiscal year.

PART IV

DEFERRAL OF PAYMENT OF CASH INCENTIVE AWARDS

Subject to rules adopted by the Committee, a Participant may elect to defer all or a portion of a Base Cash Award and any additional cash award received (collectively "Cash Award") during each calendar year in accordance with the terms and conditions of the Company's FlexComp Plan.

In order to defer all or a portion of the Cash Award for a particular calendar year, a Participant must make a valid election by executing and filing a Deferral Election Form with the Company on or before the December 31 immediately preceding the end of the Plan Year.

PART V

PLAN ADMINISTRATION

This Plan shall be effective in each fiscal year of the Company and shall be administered by the Committee and the Committee shall have full authority to interpret the Plan. Such interpretations of the Committee shall be final and binding on all parties, including the Participants, survivors of the Participant, and the Company.

The Committee shall have the authority to delegate the duties and responsibilities of administering the Plan, maintaining records, issuing such rules and regulations as it deems appropriate, and making the payments hereunder to such employees or agents of the Company as it deems proper.

The Board, or if specifically delegated, its delegate, may amend, modify or terminate the Plan at any time, provided, however, that no such amendment, modification or termination shall adversely affect any accrued benefit under the Plan to which a Participant, or the Participant's beneficiary, is entitled prior to the date of such amendment or termination, unless the Participant, or the Participant's beneficiary, becomes entitled to an amount equal to the value of such benefit under another plan, program or practice adopted by the Company. Notwithstanding the above, no amendment, modification, or termination which would affect benefits accrued under this Plan prior to such amendment, modification or termination may occur after a Change of Control without the written consent of a majority of the Participants determined as of the day before such Change of Control.

A Change of Control shall mean the occurrence of any of the following events:

- (a) any person (including a group as defined in Section 13(d)(3) of the Securities Exchange Act of 1934) becoming, directly or indirectly, the beneficial owner of twenty percent (20%) or more of the shares of stock of the Company entitled to vote for the election of directors;
- (b) as a result of or in connection with any cash tender offer, exchange offer, merger or other business combination, sale of

assets or contested election, or combination of the foregoing, the persons who were directors of the Company just prior to such event shall cease to constitute a majority of the Company's Board of Directors; or

(c) the stockholders of the Company approve an agreement providing for a transaction in which the Company will cease to be an independent publicly-owned corporation or a sale or other disposition of all or substantially all of the assets of the Company occurs.

In the event the Company shall effect one or more changes, split-ups or combinations of shares of Common Stock or one or more other like transactions, the Board or the Committee may make such adjustment, upward or downward, in the number of shares of Common Stock to be deposited by the Participants as shall appropriately reflect the effect of such transactions.

In the event the Company shall distribute shares of a subsidiary of the Company to its stockholders in a spin-off transaction, the shares of stock of the subsidiary distributed to Participants which are attributable to Restricted Stock shall be vested and delivered to the Participants subject to any specific instructions of the Committee.

Neither any benefit payable hereunder nor the right to receive any future benefit under the Plan may be anticipated, alienated, sold, transferred, assigned, pledged, encumbered, or subjected to any charge or legal process, and if any attempt is made to do so, or a person eligible for any benefits becomes bankrupt, the interest under the Plan of the person affected may be terminated by the Committee which, in its sole discretion, may cause the same to be held or applied for the benefit of one or more of the dependents of such person or make any other disposition of such benefits that it deems appropriate.

All questions pertaining to the construction, validity and effect of the Plan shall be determined in accordance with the laws of the United States and the laws of the State of Florida.

Effective as of May 28, 1995

EXHIBIT 11

DARDEN RESTAURANTS, INC.
DETERMINATION OF COMMON SHARES AND COMMON SHARE EQUIVALENTS

(In Thousands)

	Fiscal Year Ended		
	May 26, 1996	May 28, 1995	May 29, 1994

Computation of Shares:			
Weighted average number of shares outstanding.....	158,700	158,000	159,100
Net shares resulting from the assumed exercise of certain stock options (a).....	2,600(b)	-----	-----

Total common shares and common share equivalents.....	161,300	158,000(c)	159,100(c)
	=====	=====	=====

Notes to Exhibit:

- (a) Common share equivalents for the fiscal year ended May 26, 1996, are computed by the "treasury stock" method. This method first determines the number of shares issuable under stock options that had an option price below the average market price for the period, and then deducts the number of shares that could have been repurchased with the proceeds of options exercised.
- (b) Common share equivalents for the fiscal year ended May 26, 1996 are not material. As a result, earnings per share have been computed using the weighted average number of shares outstanding of 158,700 for the year.
- (c) During the fiscal years ended May 28, 1995 and May 29, 1994, the Company was not a separate, independent company, but a wholly-owned subsidiary of General Mills. As such, the numbers of shares used to compute earnings per share for the fiscal years ended May 28, 1995 and May 29, 1994 are based on the average number of General Mills' common shares outstanding during these periods and a distribution of one share of the Company's common stock for each share of General Mills' common stock outstanding.

EXHIBIT 12

DARDEN RESTAURANTS, INC.
 COMPUTATION OF RATIO OF CONSOLIDATED EARNINGS TO FIXED CHARGES
 (Historical and Pro Forma)

Computation of Ratio of Historical Consolidated Earnings to Fixed Charges

Fiscal Year Ended

	May 26,	May 28,	May 29,	May 30,	May
31,	1996	1995	1994	1993	1992

(\$ Amounts in Thousands)

Consolidated Earnings from Operations before Restructuring Charges, Cumulative Effect of Accounting Changes and Income Taxes.....	\$188,718	\$164,446	\$193,695	\$191,706	\$176,953
Plus Fixed Charges.....	40,822	42,685	38,304	33,597	28,066
Less Capitalized Interest..... (4,470)	(2,007)	(4,327)	(4,087)	(3,002)	
	-----	-----	-----	-----	

Consolidated Earnings from Operations before Restructuring Charges, Cumulative Effect of Accounting Changes and Income Taxes Available to Cover Fixed Charges.....	\$227,533	\$202,804	\$227,912	\$222,301	\$200,549
	=====	=====	=====	=====	=====
Ratio of Earnings to Fixed Charges.	5.57	4.75	5.95	6.62	7.15
	=====	=====	=====	=====	=====

Computation of Ratio of Pro Forma Consolidated Earnings to Fixed Charges

Fiscal Year Ended

	May 26, 1996	May 28, 1995	May 29, 1994	May 30, 1993	May 31, 1992
(\$ Amounts in Thousands)					
Pro Forma Consolidated Earnings from Operations before Restructuring Charges, Cumulative Effect of Accounting Changes and Income Taxes.....	\$188,718	\$159,076	\$188,325	\$186,336	\$171,583
Plus Fixed Charges.....	40,822	42,685	38,304	33,597	28,066
Less Capitalized Interest..... (4,470)	(2,007)	(4,327)	(4,087)	(3,002)	

Pro Forma Consolidated Earnings from Operations before Restructuring Charges, Cumulative Effect of Accounting Changes and Income Taxes Available to Cover Fixed Charges.....	\$227,533	\$197,434	\$222,542	\$216,931	\$195,179
Ratio of Earnings to Fixed Charges.....	5.57	4.63	5.81	6.46	6.95
=====					

For purposes of computing the ratio of consolidated earnings to fixed charges, earnings represent consolidated pretax earnings from continuing operations plus fixed charges (net of capitalized interest). Fixed charges represent interest (whether expensed or capitalized) and 40 percent (the percent deemed representative of the interest factor) of minimum restaurant lease payments for continuing operations.

The pro forma adjustments to the historical consolidated statements of earnings for each of the four fiscal years ended May 28, 1995 consist of (a) additional annual general and administrative expenses of \$5,370 which would have been incurred by Darden as a separate publicly-held company, based on estimates by the management of Darden and General Mills, and (b) the estimated income tax benefit associated with the pro forma adjustment described in clause (a) above at an assumed combined state and federal income tax rate of 39.8%.

EXHIBIT 13

MANAGEMENT'S DISCUSSION OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Darden Restaurants was created as an independent publicly held company in May 1995 through the spin-off of all of General Mills' restaurant operations to its shareholders. Darden operates 1,217 Red Lobster, The Olive Garden and Bahama Breeze restaurants in the U.S. and Canada. All the restaurants are operated by the Company with no franchising.

This discussion should be read in conjunction with the business information and the Consolidated Financial Statements and related notes found elsewhere in this report. For comparison in this discussion, fiscal years prior to 1996 include a pro forma annual pretax cost adjustment of \$5.37 million to reflect the estimated additional general and administrative expenses which would have been incurred by Darden as a separate publicly held company.

REVENUES

Total revenues in fiscal 1996 were \$3.2 billion, a 1 percent increase from fiscal 1995 which included \$71.1 million of sales from the discontinued China Coast. Total revenues increased 7 percent between fiscal 1995 and fiscal 1994. The increases in sales were attributable to the opening of new units and increases in same-store sales. Same-store sales gains were primarily due to increased sales of appetizers, beverages and desserts, and modest price increases.

COSTS AND EXPENSES

Food and beverage costs for fiscal 1996 were 33.3 percent of sales, a decline of 1.3 percentage points from fiscal 1995 and 0.9 percentage points from 1994. These favorable declines were caused by reduced food waste at The Olive Garden, modest price increases at both Red Lobster and The Olive Garden, and an improved menu mix.

Restaurant labor was slightly higher for fiscal 1996 at 29.9 percent of sales against 29.5 percent for fiscal 1995 and 29.3 percent in fiscal 1994. These increases were due to wage rate inflation, reduced same-store sales at Red Lobster and higher training costs to implement cost-saving systems at The Olive Garden.

Restaurant expenses (primarily lease expenses, new unit opening expenses, utilities and workers' compensation costs) declined in fiscal 1996 to 14.3 percent of sales compared to 14.8 percent in fiscal 1995 and 14.9 percent in fiscal 1994. These favorable decreases were due primarily to the closing of China Coast, a reduced number of new restaurant openings and an increased focus on store-level costs at The Olive Garden.

Selling, general and administrative expenses for the fiscal year increased to 11.7 percent of sales compared to a pro forma 11.1 percent in fiscal 1995 and 10.3 percent of sales in fiscal 1994. The increases were caused by higher marketing expense.

Depreciation and amortization expense of 4.2 percent of sales in fiscal 1996 was down slightly from the 4.3 percent in fiscal 1995 and was flat compared to fiscal 1994. Interest expense of 0.7 percent of sales in fiscal 1996 was flat compared to fiscal 1995 and 0.1 percentage points higher than fiscal 1994.

INCOME FROM OPERATIONS

Pretax earnings before restructuring rose by almost 19 percent in fiscal 1996 to \$188.7 million, compared to the pro forma \$159.1 million in fiscal 1995, and were approximately the same as the pro forma \$188.3 million in fiscal 1994. The increase in fiscal 1996 was primarily a result of the decline in food and beverage costs and restaurant expenses as mentioned above.

PROVISION FOR INCOME TAXES

The effective tax rate after restructuring charges increased to 34.6 percent in fiscal 1996 compared to the pro forma 17.7 percent in fiscal 1995 and 36.4 percent in fiscal 1994. The higher effective rate in 1996, compared to 1995, was primarily attributable to higher operating earnings and a lower amount of federal income tax credits.

EARNINGS AFTER TAX AND EARNINGS PER SHARE BEFORE RESTRUCTURING Earnings after tax before restructuring charges for fiscal 1996 increased 10 percent to \$119.2 million or 75 cents per share, compared with the pro forma \$108.3 million or 68 cents per share earned in fiscal 1995. Pro forma net income before accounting changes was \$119.9 million or 75 cents per share in fiscal 1994.

NET INCOME AND EARNINGS PER SHARE

During fiscal 1996, an after-tax restructuring charge of \$44.8 million (28 cents per share) was taken in the first quarter to close all China Coast operations. The pretax restructuring charge includes approximately \$60.4 million of non-cash charges primarily related to the write-down of buildings and equipment to net realizable value and approximately \$14.6 million of charges to be settled in cash related to carrying costs of buildings and equipment prior to their disposal, lease buy-out provisions, employee severance and other costs. Cash required to carry out the restructuring activities will be provided by operations. (See Note 3 of Notes to Consolidated Financial Statements.) Net earnings after restructuring expenses were \$74.4 million (47 cents per share) compared with the pro forma \$49.2 million (31 cents per share) in fiscal 1995.

In fiscal 1995, an after-tax restructuring charge of \$59.1 million (37 cents per share) was taken to position the Company for its spin-off from General Mills and to close low-performing restaurants. The pretax 1995 restructuring charge included approximately \$65.4 million of non-cash asset write-downs and approximately \$33.9 million of charges to be settled in cash. No restructuring charges were incurred in fiscal 1994.

LIQUIDITY AND CAPITAL RESOURCES

The Company intends to manage its business and its financial ratios so as to maintain an investment grade bond rating, which allows access to financing at reasonable costs. Currently, the Company's publicly issued long-term debt carries "A3" (Moody's Investor Services, Inc.), "BBB+" (Standard & Poor's Corporation) and "A-" (Duff & Phelps Corporation) ratings. Our commercial paper has ratings of "P-2" (Moody's), "A-2" (Standard & Poor's) and "D-1" (Duff & Phelps).

Darden completed its long-term capital structure in January 1996 with the issuance of \$150 million of 6.375 percent notes due in 2006 and \$100 million of 7.125 percent debentures due in 2016. The effective annual interest rate is 7.57 percent for the notes and 7.82 percent for the debentures, after consideration of loan costs, issuance discounts and cost to terminate an interest-rate swap that was established prior to the distribution from General Mills. The Company is also the guarantor under a \$50 million variable rate loan agreement for the benefit of the Employee Stock Ownership Plan (ESOP). The ESOP loan, which is due during 2007, is included as a component of long-term debt with a related offset in stockholders' equity. Also, Darden's shelf registration statement permits issuance of an additional \$250 million of unsecured debt securities.

Commercial paper is the primary source of short-term financing. Bank credit lines are maintained to ensure availability of short-term funds on an as-needed basis. In May 1996, the fee-paid credit lines were reduced from \$500 million to \$350 million.

The Company's adjusted debt-to-total capital ratio (which includes 6.25 times the total annual restaurant minimum rent as a component of debt and total capital) was 34 percent at May 26, 1996. The Company's fixed-charge coverage ratio, which measures the number of times each year that the Company earns enough to cover its fixed charges, amounted to 5.6 times. Based on these ratios, the Company's financial condition remains strong. The composition of the Company's capital structure is shown in the following table.

CAPITAL STRUCTURE

	May 26, 1996 In Millions
Short-term debt	\$ 72.6
Long-term debt	301.2
Total debt	373.8
Stockholders' equity	1,222.6
Total capital	\$1,596.4
ADJUSTMENTS TO CAPITAL	
Leases-debt equivalent	249.2
Adjusted total debt	623.0
Adjusted total capital	\$1,845.6
Debt-to-total capital ratio	23%
Adjusted debt-to-total capital ratio	34%

In September 1995, the Company declared an 8 cents per share annual dividend to be paid in two installments. In December 1995, the Company's Board approved a stock repurchase plan whereby the Company may purchase on the open market up to 6.5 million common shares to offset shares issued through employee stock option and restricted stock programs. In fiscal 1996, 1.9 million shares were purchased under this program.

The Company typically carries current liabilities in excess of current assets, because the restaurant business receives substantially immediate payment for sales, (nominal receivables), while inventories and other current liabilities normally carry longer payment terms, (usually 15 to 30 days). The seasonal variation in net working capital is typically in the \$30 to \$50 million range.

The Company requires capital principally for building new restaurants, replacing equipment and remodeling existing units. Capital expenditures were \$214 million in fiscal 1996, down from \$358 million in fiscal 1995 and \$335 million in fiscal 1994 because of decisions to slow the growth in new Olive Garden units and discontinue China Coast operations. Fiscal 1996 capital expenditure and dividend requirements were financed primarily through internally generated funds. The Company generated \$294 million, \$274 million and \$262 million in funds from operating activities during fiscal years 1996, 1995 and 1994, respectively.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Darden Restaurants, Inc.

We have audited the accompanying consolidated balance sheets of Darden Restaurants, Inc. and subsidiaries as of May 26, 1996, and May 28, 1995, and the related consolidated statements of earnings and cash flows for each of the fiscal years in the three-year period ended May 26, 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Darden Restaurants, Inc. and subsidiaries as of May 26, 1996, and May 28, 1995, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended May 26, 1996, in conformity with generally accepted accounting principles.

Orlando, Florida KPMG Peat Marwick LLP June 18, 1996

Fiscal Year Ended (Unaudited)

(In Thousands, Except per Share Data)	Fiscal Year Ended (Unaudited)	
	Pro Forma May 28, 1995	Pro Forma May 29, 1994
Earnings from Operations before Income Taxes	\$ 59,774	\$ 188,325
Income Taxes	10,600	68,451
=====		
Earnings from Operations	\$ 49,174	\$ 119,874
=====		
Earnings per Share from Operations	\$ 0.31	\$.75
=====		

CONSOLIDATED BALANCE SHEETS

(In Thousands) May 26, 1996 May 28, 1995

ASSETS

Current Assets:		
Cash and cash equivalents	\$ 30,343	\$ 20,134
Receivables	24,772	25,330
Inventories	120,725	162,968
Net assets held for dispo	31,762	11,448
Prepaid expenses and other current assets	17,298	27,322
Deferred income taxes	63,080	60,437

Total Current Assets	\$ 287,980	\$ 307,639
Land, Buildings and Equipment	1,702,861	1,737,982
Other Assets	97,663	67,760
===== Total Assets	\$2,088,504	\$2,113,381
=====		

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Accounts payable	\$ 28,196	\$ 166,699
Short-term debt	72,600	98,000
Current portion of long-term debt	54	108
Accrued payroll	53,677	55,398
Accrued income taxes	12,522	11,950
Other accrued taxes	18,921	19,596
Other current liabilities	159,336	165,497

Total Current Liabilities	\$ 445,306	\$ 517,248
Long-term Debt	301,151	303,752
Deferred Income Taxes	101,109	101,979
Other Liabilities	18,301	16,440

Total Liabilities	\$ 865,867	\$ 939,419
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Stockholders' Equity:

Common stock and surplus, no par value. Authorized 500,000 shares; issued and outstanding 159,619 and 158,178 shares, respectively	\$1,266,212	\$1,253,415
Preferred stock, no par value. Authorized 25,000 shares; none issued and outstanding		
Retained earnings	61,708	
Treasury stock, 1,908 shares at cost	(25,037)	
Cumulative foreign currency adjustment	(10,351)	(10,281)
Unearned compensation	(69,895)	(69,172)

Total Stockholders' Equity	\$1,222,637	\$1,173,962
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===== Total Liabilities and Stockholders' Equity	\$2,088,504	\$2,113,381
=====		

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)	Fiscal Year Ended		
	May 26, 1996	May 28, 1995	May 29, 1994
Cash Flows-Operating Activities			
Earnings from operations	\$ 74,355	\$ 52,406	\$ 123,106
Adjustments to reconcile earnings to cash flow:			
Depreciation and amortization	134,599	135,472	124,732
Amortization of unearned compensation and loan costs	1,929		
Change in current assets and liabilities	9,722	(8,718)	2,801
Change in other liabilities	1,861	(2,086)	5,476
Loss on disposal of land, buildings and equipment	6,076	2,572	5,615
Deferred income taxes	(3,513)	2,000	535
Non-cash restructuring expenses	69,073	92,356	
Other, net	(70)	(24)	(247)
Net Cash Provided by Operating Activities	\$ 294,032	\$ 273,978	\$ 262,018
Cash Flows-Investment Activities			
Purchases of land, buildings and equipment	(213,905)	(357,904)	(335,031)
Purchases of intangibles	(1,200)	(1,623)	(124)
Increase in other assets	(733)	(21,790)	(3,818)
Proceeds from sales of land, buildings and equipment (including net assets held for disposal)	16,338	6,604	8,505
Net Cash Used by Investment Activities	\$ (199,500)	\$ (374,713)	\$ (330,468)
Cash Flows - Financing Activities			
Proceeds from issuance of common stock	7,318		
Income tax benefit credited to equity	2,570		
Dividends paid	(12,647)		
Purchases of treasury stock	(25,037)		
ESOP note receivable repayments	1,100		
Increase (decrease) in short-term debt	(25,400)	98,000	
Proceeds from issuance of long-term debt	248,303	250,000	
Repayment of long-term debt	(251,010)	(111)	(99)
Payment of interest-rate swap settlement and loan costs	(29,520)		
Increase (decrease) in advances from former parent company	(244,719)	69,434	
Net Cash Provided by (Used by) Financing Activities	\$ (84,323)	\$ 103,170	\$ 69,335
Increase in Cash and Cash Equivalents	10,209	2,435	885
Cash and Cash Equivalents - Beginning of Year	17,699	17,699	16,814
Cash and Cash Equivalents - End of Year	\$ 27,908	\$ 20,134	\$ 17,700

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, except per share data.)

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

The accompanying fiscal year 1996 consolidated financial statements include the operations of Darden Restaurants, Inc. and its wholly owned subsidiaries ("Darden" or "the Company"). The consolidated financial statements prior to fiscal year 1996 represent the former combined restaurant operations of General Mills, Inc. ("General Mills" or "former parent") in the United States and Canada that now comprise Darden. The common shares of Darden were distributed by General Mills to its stockholders as of May 28, 1995.

The consolidated financial statements prior to fiscal year 1996 include an allocation of certain general corporate expenses of General Mills which are not directly related to Darden, as well as an allocation of interest expense and income taxes that approximate the amounts Darden would have incurred on a stand-alone basis. Management believes the allocation methods used are reasonable.

Darden's fiscal year ends on the last Sunday in May. Fiscal years 1996, 1995 and 1994 each consisted of 52 weeks.

B. Land, Buildings and Equipment

All land, buildings and equipment are recorded at cost. Building components are depreciated over estimated useful lives ranging from 7 to 40 years using the straight-line method. Equipment is depreciated over estimated useful lives ranging from 3 to 10 years also using the straight-line method. Accelerated depreciation methods are generally used for income tax purposes.

In fiscal year 1996, the Company adopted Statement of Financial Accounting Standards No. 121 (SFAS 121), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The effect of adopting SFAS 121 on the Company's financial position and results of operations was insignificant. In accordance with SFAS 121, the Company periodically reviews restaurant sites and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Measurement of an impairment loss for such assets is based on the fair value of the asset. Restaurant sites and certain identifiable intangibles to be disposed of are reported at the lower of the carrying amount or fair value, less estimated cost to sell.

C. Inventories

Inventories are valued at the lower of cost or market value, using the "first-in, first-out" method.

D. Intangible Assets

The cost of intangible assets is amortized evenly over their estimated useful lives. Most of these costs were incurred through the purchase of leases with favorable rent terms. The Audit Committee of the Board of Directors annually reviews intangible assets. At its meeting on May 23, 1996, the Board of Directors affirmed that the remaining amounts of these assets have continuing value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) E. Liquor

Licenses The costs of obtaining non-transferable liquor licenses that are directly issued by local government agencies for nominal fees are expensed in the year incurred. The costs of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses for fees in excess of nominal amounts are capitalized. If there is permanent impairment in the value of a liquor license due to market changes, the asset is written down to its net realizable value. Annual liquor license renewal fees are expensed.

F. Foreign Currency Translation

The Canadian dollar is the functional currency for the Canadian restaurant operations. Assets and liabilities are translated using the exchange rates in effect at the balance sheet date. Results of operations are translated using the average exchange rates prevailing throughout the period. Translation gains and losses are accumulated in a cumulative foreign currency adjustment account included as a separate component of stockholders' equity. Gains and losses from foreign currency transactions are generally included in the consolidated statements of earnings for each period.

G. Pre-Opening Costs

Capitalized pre-opening costs include the direct and incremental costs associated with the opening of a new restaurant and are amortized over a one-year period from the restaurant opening date.

H. Advertising

Production costs of commercials and programming are charged to operations in the year first aired. The costs of other advertising, promotion and marketing programs are charged to operations in the year incurred. Advertising expense was \$239,526, \$211,904 and \$173,053 in fiscal years 1996, 1995 and 1994, respectively.

I. Statements of Cash Flows

For purpose of the consolidated statements of cash flows, amounts receivable from credit card companies and investments purchased with a maturity of three months or less are considered cash equivalents.

J. Earnings Per Share

Earnings per share for 1996 has been determined by dividing net earnings by the weighted average number of common shares outstanding during the year, net of common shares held in treasury. Earnings per share for 1995 and 1994 has been determined by dividing the appropriate net earnings by the weighted average number of common shares outstanding during the year, based on the average number of General Mills' common shares presumed to be outstanding during the applicable fiscal year. Common share equivalents were not material.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) L. Accounting for

Stock Options Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," is effective for fiscal years beginning after December 15, 1995. The Company will adopt this statement in fiscal 1997 by providing pro forma equivalent footnote disclosure information, and will elect to continue applying APB Opinion No. 25 to account for stock options granted to employees. Adoption of this new standard will not affect the Company's financial position, results of operations or cash flows.

M. Reclassifications

Certain reclassifications have been made in the prior years' consolidated statements of earnings and cash flows to conform with the fiscal year 1996 presentation.

NOTE 2 - ACCOUNTS RECEIVABLE

Darden contracts with a national storage and distribution company to provide services which are billed to Darden on a per-case basis. In connection with these services, certain Darden inventory items are sold to the distribution company at a predetermined price when they are shipped to the distribution company's storage facilities. These items are repurchased at the same price by Darden when the inventory is delivered to Company restaurants by the distribution company. The receivable from the distribution company was \$20,083 and \$23,119 at May 26, 1996, and May 28, 1995, respectively.

NOTE 3 - RESTRUCTURING EXPENSE

Darden recorded restructuring expense in 1996 related to the closing of all China Coast restaurants and in 1995 primarily related to restaurant closings in the U.S. and Canada. These expenses resulted in a reduction in net earnings of \$44,849 (\$0.28 per share) in 1996 and \$59,085 (\$0.37 per share) in 1995. All restructuring actions are expected to be substantially completed in 1997. As of May 26, 1996, approximately \$5,927 and \$19,185 of costs associated with the 1996 and 1995 restructurings, respectively, had been paid and charged against the restructuring liability. The restructuring liability included in other current liabilities was \$37,773 and \$61,213 as of May 26, 1996, and May 28, 1995,

respectively.

The components of the restructuring expense are as follows:

	Fiscal Year	
	1996	1995
Write-down of land, buildings and equipment to net realizable value	\$56,600	\$65,399
Carrying costs of buildings and equipment prior to disposal	7,431	2,225
Lease buy-out provisions	1,600	27,880
Employee severance costs	1,169	1,687
Other	8,200	2,111
	\$75,000	\$99,302
Less related income tax effect	(30,151)	(40,217)
Restructuring expense, net of income taxes	\$44,849	\$59,085

NOTE 4 - INCOME TAXES

Darden adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109) as of May 31, 1993. The adoption of SFAS 109 changed the method of accounting for income taxes from the deferred method to the asset and liability method. Deferred income taxes reflect the differences between assets and liabilities recognized for financial reporting purposes and amounts recognized for tax purposes measured using the current enacted tax rates. The cumulative effect of adoption was an increase in net earnings of approximately \$6,300 (\$.04 per share).

The components of earnings (loss) from operations before income taxes and the provision for income taxes thereon are as follows on the next page:

	Fiscal Year		
	1996	1995	1994
Earnings (loss) from operations before income taxes:			
U.S.	\$118,506	\$82,450	\$205,769
Canada	(4,788)	(17,306)	(12,074)
Net earnings from operations before income taxes	\$113,718	\$65,144	\$193,695
Income taxes:			
Current:			
Federal	\$33,935	\$11,848	\$59,297
State and local	8,608	5,812	14,815
Canada	333	(6,922)	(4,058)
Total current	42,876	10,738	70,054
Deferred (principally U.S.)	(3,513)	2,000	535
Total income taxes	\$39,363	\$12,738	\$70,589

During 1996, 1995 and 1994, Darden paid income taxes of \$25,777, \$31,469 and \$74,270, respectively. 1995 and 1994 income taxes were paid as part of the General Mills consolidated tax returns.

The following table is a reconciliation of the U.S. statutory income tax rate to the effective income tax rate included in the accompanying consolidated statements of earnings:

	Fiscal Year		
	1996	1995	1994
U.S. statutory rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal tax benefits	4.6	4.6	4.8
Benefit of U.S. federal income tax credits	(6.8)	(21.2)	(4.5)
Other, net	1.8	1.2	1.1
Effective income tax rate	34.6%	19.6%	36.4%

NOTE 4 - INCOME TAXES (CONTINUED)

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are as follows:

	May 26, 1996	May 28, 1995
Accrued liabilities	\$14,750	\$15,807
Compensation and employee benefits	29,766	24,979
Asset disposition liabilities	27,248	23,475
Other	1,667	3,008
Gross deferred tax assets	73,431	67,269
Buildings and equipment	(89,368)	(90,182)
Prepaid pension asset	(15,055)	(14,504)
Prepaid interest	(5,424)	
Other	(1,613)	(4,125)
Gross deferred tax liabilities	(111,460)	(108,811)
Net deferred tax liability	\$(38,029)	\$(41,542)

NOTE 5 - LAND, BUILDINGS AND EQUIPMENT

The components of land, buildings and equipment are as follows:

	May 26, 1996	May 28, 1995
Land	\$402,056	\$395,198
Buildings	1,300,025	1,279,658
Equipment	642,287	622,785
Construction in progress	65,107	56,468
Total land, buildings and equipment	2,409,475	2,354,109
Less accumulated depreciation	(706,614)	(616,127)
Net land, buildings and equipment	\$1,702,861	\$1,737,982

NOTE 6 - OTHER ASSETS

The components of other assets are as follows:

	May 26, 1996	May 28, 1995
Prepaid pension	\$38,702	\$37,285
Prepaid interest and loan costs	29,337	
Liquor licenses	17,744	17,271
Intangible assets	9,894	9,453
Miscellaneous	1,986	3,751
Total other assets	\$97,663	\$67,760

NOTE 7 - SHORT-TERM DEBT

Short-term debt at May 26, 1996, consisted of \$72,600 of unsecured commercial paper borrowings with original maturities of one month or less and interest rates ranging from 5.30% to 5.53%. The Company also maintains a 364-day revolving loan agreement under which the Company can borrow up to \$100,000. The loan agreement allows the Company to borrow at

NOTE 7 - SHORT-TERM DEBT (CONTINUED)

interest rates which vary based on the federal funds rate, the prime rate, LIBOR or a competitively bid rate among the members of the lender consortium, at the option of the Company. The Company is required to pay a facility fee of seven basis points per annum on the average daily amount of loan commitments by the consortium. The amount of interest and the annual facility fee is subject to change based on the Company's achievement of certain financial ratios and debt ratings. Advances under the loan agreement are unsecured. At May 26, 1996, no borrowings were outstanding under this agreement. At May 28, 1995, \$98,000 in borrowings were outstanding under this agreement at interest rates which ranged from 6.16% to 6.24%.

NOTE 8 - LONG-TERM DEBT

The components of long-term debt are as follows:

	May 26, 1996	May 28, 1995
10-year notes and 20-year debentures as described below	\$250,000	
Revolving loan agreement as described below		\$250,000
ESOP loan guarantee with variable rate of interest (4.51% at May 26, 1996), due December 31, 2007	50,000	50,000
Other	2,882	3,892
Total long-term debt	302,882	303,892
Less issuance discount	(1,677)	(32)
Total long term debt less issuance discount	301,205	303,860
Less current portion	(54)	(108)
Long term debt, excluding current portion	\$301,151	\$303,752

In January 1996, the Company issued \$150,000 of 6.375% notes due in 2006 and \$100,000 of 7.125% debentures due in 2016. The proceeds from the issuance were used to refinance commercial paper borrowings. Concurrent with the issuance of the notes and debentures, the Company terminated, and settled for cash, interest-rate swap agreements with notional amounts totaling \$200,000 which hedged the movement of interest rates prior to the issuance of the notes and debentures. The cash paid in terminating the interest-rate swap agreements is being amortized to interest expense over the life of the notes and debentures. The effective annual interest rate is 7.57% for the notes and 7.82% for the debentures, after consideration of loan costs, issuance discounts, and interest rate swap termination costs.

The Company also maintains a revolving loan agreement expiring May 19, 2000, with a consortium of banks under which the Company can borrow up to \$250,000. The terms and conditions of this loan agreement are similar to the Company's 364-day revolving loan agreement which is discussed in Note 7, except that the required facility fee is nine basis points per annum. At May 26, 1996, no borrowings were outstanding under this agreement. At May 28, 1995, \$250,000 in borrowings were outstanding at interest rates which ranged from 6.16% to 6.22%.

The aggregate maturities of long-term debt for each of the five years subsequent to May 26, 1996, and thereafter are \$54 in 1997, 1998 and 1999, \$155 in 2000, \$206 in 2001 and \$302,359 thereafter.

NOTE 9 - FINANCIAL INSTRUMENTS

The Company has participated in the financial derivatives markets to manage its exposure to interest rate fluctuations. At May 28, 1995, the Company had interest rate swaps with a notional amount of \$200,000 which it used to convert variable rates on its long-term debt to fixed rates effective May 30, 1995. The Company received the one-month commercial paper interest rate and paid fixed-rate interest ranging from 7.51%

to 7.89%. The interest rate swaps were settled during January 1996 at a cost to the Company of \$27,670. This cost will be recognized as an adjustment to interest expense over the term of the Company's 10-year notes and 20-year debentures (see Note 8). The following methods were used in estimating fair value disclosures for significant financial instruments: Cash equivalents approximate their carrying amount due to the short duration of those items. Short-term debt approximates its carrying amount. Long-term debt is based on quoted market prices or, if market prices are not available, the present value of the underlying cash flows discounted at the Company's incremental borrowing rates. Interest rate swaps are based on the difference in the present value of variable-rate future receipts and fixed-rate future payments. The carrying amounts and fair values of the Company's significant financial instruments are as follows:

	May 26, 1996		May 28, 1995	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 30,343	\$ 30,343	\$ 20,134	\$ 20,134
Short-term debt	72,600	72,600	98,000	98,000
Total long-term debt	301,205	282,810	303,860	304,235
Interest rate swaps				(14,313)

NOTE 10 - STOCKHOLDERS' EQUITY

The following table summarizes the changes in the components of stockholder's equity:

(in Thousands)	Common Stock and Surplus	Retained Earnings	Treasury Stock	Cumulative Foreign Currency Adjustment	Unearned Compensation	Total Stockholders' Equity
Balance at						
May 30, 1993	\$1,221,392	\$	\$	\$(10,027)	\$	\$1,211,365
Net earnings	126,767					126,767
Net advances from General Mills	69,434					69,434
Foreign currency adjustment, net of income taxes of \$5,399				(247)		(247)
Balance at						
May 29, 1994	1,417,593			(10,274)		1,407,319
Net earnings	52,406					52,406
Net advances to General Mills	(216,584)					(216,584)
Foreign currency adjustment				(7)		(7)
Transfer of unearned compensation from General Mills				(69,172)		(69,172)
Balance at						
May 28, 1995	\$1,253,415			\$(10,281)	\$(69,172)	\$1,173,962
Net earnings		74,355				74,355
Cash dividends declared (\$0.08 per share)		(12,647)				(12,647)
Stock option exercises (1,137 shares)	7,318					7,318
Issuance of restricted stock (304 shares)	2,909				(2,909)	
Earned compensation					1,086	1,086
ESOP note receivable repayments					1,100	1,100
Income tax benefit credited to equity	2,570					2,570
Purchases of common stock for treasury (1,908 shares)			(25,037)			25,037
Foreign currency adjustment				(70)		(70)
Balance at						
May 26, 1996	\$1,266,212	\$61,708	\$(25,037)	\$(10,351)	\$(69,895)	\$1,222,637

NOTE 11 - STOCKHOLDERS' RIGHTS PLAN

The Company has a stockholders' rights plan that entitles each holder of Company common stock to purchase one-hundredth of one share of Darden preferred stock for each common share owned at a purchase price of \$62.50 per share, subject to adjustment to prevent dilution. The rights are exercisable when, and are not transferable apart from the Company's common stock until, a person or group has acquired 20% or more, or makes a tender offer for 20% or more, of the Company's common stock. If the specified percentage of the Company's common stock is then acquired, each right will entitle the holder (other than the acquiring company) to receive, upon exercise, common stock of either the Company or the acquiring company having a value equal to two times the exercise price of the right. The rights are redeemable by the Company's Board in certain circumstances and expire on May 24, 2005.

NOTE 12 - INTEREST, NET

As explained in Note 1-A, the interest expense appearing in the 1995 and 1994 consolidated statements of earnings includes an allocation of a portion of General Mills' consolidated interest expense assuming a debt-to-capital ratio of approximately 25% for Darden. Long-term rates of 8.56% and 8.5% were used to calculate interest expense on non-ESOP debt averaging \$307,500

NOTE 12 - INTEREST, NET (CONTINUED)

and \$265,800 in fiscal years 1995 and 1994, respectively. These long-term rates approximate the prevailing cost of long-term debt for companies with financial characteristics similar to those of Darden during the fiscal periods presented. Interest expense on average ESOP debt of \$67,075, \$69,570 and \$72,300 in fiscal years 1996, 1995 and 1994, respectively, was included in compensation expense. Capitalized interest was computed using the Company's borrowing rate for 1996 and General Mills' borrowing rate for 1995 and 1994. The Company paid \$14,657 for interest in fiscal 1996.

The components of interest, net are as follows:

	Fiscal Year		
	1996	1995	1994
Interest expense	\$24,875	\$26,331	\$22,593
Capitalized interest	(2,007)	(4,327)	(4,087)
Interest income	(1,462)	(103)	(112)
Interest, net	\$21,406	\$21,901	\$18,394

NOTE 13 - LEASES

An analysis of rent by property leased (all of which are accounted for as operating leases) is as follows:

	Fiscal Year		
	1996	1995	1994
Restaurant minimum rent	\$39,867	\$41,489	\$39,277
Restaurant percentage rent	1,713	1,911	1,916
Restaurant rent averaging expense	(275)	1,567	1,771
Transportation equipment	2,103	1,505	1,389
Office equipment	956	730	713
Office space	331	260	251
Warehouse space	207	180	171
Total rent expense	\$44,902	\$47,642	\$45,488

Minimum rental obligations are accounted for on a straight-line basis over the term of the lease. Some leases require payment of property taxes, insurance and maintenance costs in addition to the rent payments. The annual non-cancellable future lease commitments for each of the five years subsequent to May 26, 1996 and thereafter are \$44,640 in 1997, \$44,079 in 1998, \$42,192 in 1999, \$39,041 in 2000, \$35,323 in 2001 and \$174,785 thereafter, for a cumulative total of \$380,060.

NOTE 14 - RETIREMENT PLANS

The Company has a defined benefit plan covering most salaried employees and a group of hourly employees with a frozen level of benefits. Benefits for salaried employees are based on length of service and final average compensation. The hourly plan provides a monthly amount for

each year of credited service. The Company's funding policy is consistent with the funding

NOTE 14 - RETIREMENT PLANS (CONTINUED)

requirements of federal law and regulations. Plan assets consist principally of listed equity securities, corporate obligations and U.S. government securities.

Components of net pension expense (income) are as follows:

	Fiscal Year		
	1996	1995	1994
Service cost-benefits earned	\$2,427	\$2,725	\$4,298
Interest cost on projected benefit obligation	3,806	3,924	4,005
Actual return on plan assets	(16,965)	(8,564)	(1,834)
Net amortization and deferral	9,316	981	(2,305)
Net pension expense (income)	\$(1,416)	\$(934)	\$4,164

The weighted-average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the benefit obligations were 7.75% and 6.0% in 1996, 8.0% and 5.9% in 1995, and 8.8% and 6.4% in 1994, respectively. The expected long-term rate of return on plan assets was 10.4%.

The funded status of the plan and the amount recognized on the consolidated balance sheets is as follows:

	May 26, 1996		May 28, 1995	
	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets
Actuarial present value of benefit obligations:				
Vested benefits	\$49,053	\$ 1,856	\$41,826	\$ 1,770
Non-vested benefits	4,571		4,277	
Accumulated benefit obligations	53,624	1,856	46,103	1,770
Projected benefit obligation	60,964	1,856	52,128	1,770
Plan assets at fair value	81,786		73,629	
Plan assets in excess of (less than) the projected benefit obligation	20,822	(1,856)	21,501	(1,770)
Unrecognized net loss	21,730		20,278	
Unrecognized transition asset	(3,850)		(4,494)	
Prepaid (accrued) pension cost	\$38,702	\$ (1,856)	\$37,285	\$ (1,770)

The Company has a defined contribution plan covering most employees age 21 and older with at least one year of service. Employees classified as "highly compensated" under the Internal Revenue Code are ineligible to participate. The Company matches participant contributions up to 6% of compensation on the basis of \$0.50 for each dollar contributed by the participant. The plan had net assets of \$160,291 at May 26, 1996, and \$142,916 at May 28, 1995. Expense recognized in 1996, 1995 and 1994 was \$2,505, \$1,562, and \$1,290, respectively.

NOTE 14 - RETIREMENT PLANS (CONTINUED)

The defined contribution plan includes an Employee Stock Ownership Plan (ESOP). This ESOP borrowed \$50,000 from third parties guaranteed by the Company and borrowed \$25,000 from the Company at a variable interest rate. Compensation expense is recognized as contributions are accrued. Contributions to the plan, plus the dividends accumulated on the common stock held by the ESOP, are used to pay principal, interest and expenses of the plan. As loan payments are made, common stock is allocated to ESOP participants. In 1996, 1995, and 1994, the ESOP incurred interest expense of \$3,431, \$3,318, and \$2,244 respectively, and used dividends received of \$1,735, \$2,884, and \$3,477 and contributions received from the Company of \$2,397, \$2,098, and \$2,580, respectively, to pay principal and interest on its debt.

Company shares owned by the ESOP are included in average common shares outstanding for purposes of calculating earnings per share. The ESOP's third party debt is described in Note 8. At May 26, 1996, the ESOP's debt to the Company had a balance of \$16,900 with a variable rate of interest of 5.61%. The principal balance is due to be repaid in December 2014. The number of Company common shares within the ESOP at May 26, 1996, approximates 10,621,000 representing 8,675,000 unreleased shares, 9,000 shares committed to be released and 1,937,000 shares allocated to participants.

At May 26, 1996, 384,958 unreleased common shares of General Mills remained in the ESOP. It is the ESOP's intention to sell the General Mills shares in the open market, with the proceeds to be used to acquire Company common shares.

NOTE 15 - OTHER POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

The Company sponsors a plan that provides health care benefits to its salaried retirees. The plan is contributory with retiree contributions based on years of service.

Components of the postretirement health-care expense are as follows:

	Fiscal Year		
	1996	1995	1994
Service cost-benefits earned	\$227	\$317	\$ 469
Interest cost on accumulated benefit obligation	364	422	361
Net amortization and deferral	76	85	186
Net postretirement expense	\$667	\$824	\$1,016

The plan is not funded. The amounts included in the consolidated balance sheets are as follows:

	May 26, 1996	May 28, 1995
Accumulated benefit obligations:		
Retirees	\$ 662	\$ 359
Fully eligible active employees	255	36
Other active employees	3,843	5,905
Accumulated benefit obligations	4,760	6,300
Plan assets at fair value	0	0
Accumulated benefit obligations in excess of plan assets	4,760	6,300
Unrecognized prior service cost	(533)	(895)
Unrecognized net loss	(271)	(1,981)
Accrued postretirement benefits	\$3,956	\$3,424

NOTE 15 - OTHER POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS (CONTINUED)

The discount rates used in determining the actuarial present value of the benefit obligations were 8.75% in 1996 and 8.0% in 1995.

The health-care cost trend rate increase in the per capita charges for benefits ranged from 7.1% to 7.8% for 1997, depending on the medical service category. The rates gradually decrease from 4.6% to 5.5% for 2007 and remain at that level thereafter. If the health-care cost trend rate increased by one percentage point in each future year, the aggregate of the service and interest cost components of postretirement expense would increase for 1996 by \$119, and the accumulated benefit obligation at May 26, 1996, would increase by \$921.

In fiscal 1994, Darden adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits." The cumulative effect as of May 31, 1993, of changing to the accrual basis for severance and disability costs was a decrease in net earnings of approximately \$2,600 (\$.01 per share).

NOTE 16 - STOCK PLANS

The Darden Restaurants Stock Option and Long-Term Incentive Plan of 1995 provides for the granting of stock options to key employees at a price equal to the fair market value of the shares at the date of the grant and are for terms not exceeding 10 years. 15,000,000 shares of common stock are authorized for issuance under the plan; 3,000,000 of these shares are available solely for issuance in connection with the granting of stock options in lieu of merit salary increases or other compensation or employee benefits. Such options vest at the discretion of the Compensation Committee. The plan also allows for grants of restricted stock and restricted stock units (RSUs) for up to 10% of the shares under the plan.

No individual may receive in excess of 2% of the total number of shares authorized under the plan in restricted stock or RSUs. Restricted stock and RSUs granted under the plan vest no sooner than one year from the date of grant. No individual may receive awards covering in excess of 10 percent of the total number of shares authorized for issuance under the plan.

The Darden Restaurants Stock Plan for Non-Employee Directors provides for a one-time grant to each non-employee director of an option to purchase 12,500 shares of common stock at a price equal to the fair market value of the shares at the date of grant. The plan also provides for an annual grant of 3,000 shares of restricted stock to each non-employee director. Up to 250,000 shares of common stock may be issued under this plan. The Darden Restaurants Compensation Plan for Non-Employee Directors provides that non-employee directors may elect to receive their annual retainer and meeting fees in cash, deferred cash or shares of common stock. The common stock issuable under the plan shall have a fair market value equivalent to the value of the foregone retainer and meeting fees. 50,000 shares of common stock are available for issuance under the plan.

NOTE 16 - STOCK PLANS (CONTINUED)

Option transactions, commencing as of the distribution date, are as follows:

	Number of Shares	Per Share Option Price Range
Balance at May 28, 1995	15,199,136	\$2.37 to \$12.49
Options granted	5,599,308	\$10.56 to \$13.00
Options exercised	(1,136,998)	\$2.37 to \$11.11
Options cancelled	(1,855,253)	\$3.88 to \$12.49
Balance at May 26, 1996	17,806,193	\$3.88 to \$13.00
Options exercisable at May 26, 1996	6,177,151	\$3.88 to \$12.49

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Darden makes normal trade commitments in the course of regular operations and is subject to litigation incident to the conduct of its ongoing business. In the opinion of management, there are no unusual commitments or contingencies at May 26, 1996, that would materially affect the financial position or operating results of Darden.

NOTE 18 - QUARTERLY DATA (UNAUDITED)

Summarized quarterly data for 1996 and 1995 are as follows:

	Fiscal 1996 Quarters Ended				
	Aug. 27	Nov. 26	Feb. 25	May 26	Total
Sales	\$836,021	\$731,184	\$795,111	\$829,463	\$3,191,779
Gross Profit	188,279	153,868	188,832	187,664	718,643
Earnings (Loss) before Interest and Taxes	(17,630)	31,448	62,029	59,277	135,124
Earnings (Loss) before Taxes	(22,996)	26,000	56,497	54,217	113,718
Net Earnings (Loss)	(12,063)	16,328	35,608	34,482	74,355
Net Earnings (Loss) Per Share	\$ (0.08)	\$ 0.10	\$ 0.22	\$ 0.22	\$ 0.47

Fiscal 1995
Quarters Ended

	Aug. 28	Nov. 27	Feb. 26	May 28	Total
Sales	\$788,239	\$733,355	\$803,408	\$838,287	\$3,163,289
Gross Profit	170,771	143,144	173,729	180,002	667,646
Earnings (Loss) before Interest and Taxes	57,387	26,097	(22,745)	26,306	87,045
Earnings (Loss) before Taxes	52,130	20,373	(28,597)	21,238	65,144
Net Earnings (Loss)	32,228	12,551	(11,340)	18,967	52,406
Net Earnings (Loss) Per Share	\$ 0.20	\$ 0.08	\$ 0.06	\$ 0.11	\$ 0.33

 FIVE YEAR FINANCIAL SUMMARY

(Dollar amounts in thousands, except per share data)

	Fiscal Year Ended Pro Forma				
	May 26, 1996	May 28, 1995	May 29, 1994	May 30, 1993	May 31, 1992
<hr style="border-top: 1px dashed black;"/>					
OPERATING RESULTS					
Sales	\$3,191,779	\$3,163,289	\$2,962,980	\$2,737,044	\$2,542,018
Costs and Expenses:					
Cost of Sales:					
Food and beverages	1,062,624	1,093,896	1,014,066	928,711	870,699
Restaurant labor	954,886	931,553	868,178	812,118	724,032
Restaurant expenses	455,626	470,194	442,769	406,524	388,655
<hr style="border-top: 1px dashed black;"/>					
Total Cost of Sales	2,473,136	2,495,643	2,325,013	2,147,353	1,983,386
<hr style="border-top: 1px dashed black;"/>					
Restaurant Operating Profit	718,643	667,646	637,967	589,691	558,632
<hr style="border-top: 1px dashed black;"/>					
Selling, General and Administrative	373,920	351,197	306,516	272,082	276,742
Depreciation and Amortization	134,599	135,472	124,732	115,684	99,454
Interest, Net	21,406	21,901	18,394	15,589	10,853
<hr style="border-top: 1px dashed black;"/>					
Total Costs and Expenses	3,003,061	3,004,213	2,774,655	2,550,708	2,370,435
<hr style="border-top: 1px dashed black;"/>					
Earnings before Restructuring Expenses and Income Taxes	188,718	159,076	188,325	186,336	171,583
Income Taxes before Restructuring Expense	69,514	50,817	68,451	71,050	63,262
<hr style="border-top: 1px dashed black;"/>					
Earnings from Operations before Restructuring Expenses and Accounting Changes	119,204	108,259	119,874	115,286	108,321
Cumulative Effect of Accounting Changes			3,661		
Restructuring Expenses, Net of Income Taxes	44,849	59,085		26,900	
<hr style="border-top: 1px dashed black;"/>					
Net Earnings	\$ 74,355	\$ 49,174	\$ 123,535	\$ 88,386	\$ 108,321
<hr style="border-top: 1px dashed black;"/>					
Earnings per Share from Operations before Restructuring Expenses and Accounting Changes	\$ 0.75	\$ 0.68	\$ 0.75	\$ 0.71	\$ 0.65
Earnings per Share from Operations after Restructuring Expenses and Accounting Changes					

EXHIBIT 21

SUBSIDIARIES OF DARDEN RESTAURANTS, INC.

As of May 26, 1996, the Registrant had one "significant subsidiary", as defined in Regulation S-X, Rule 1-02(w), identified as follows:

GMRI, Inc., a Florida corporation, doing business as Red Lobster, The Olive Garden and Bahama Breeze.

In order to comply with certain state laws, the Registrant, either directly or indirectly through GMRI, Inc., had 58 other subsidiaries as of May 26, 1996. If considered in the aggregate as a single subsidiary as of May 26, 1996, the 58 other subsidiaries would not constitute a "significant subsidiary" as defined in Regulation S-X, Rule 1-02(w).

EXHIBIT 23

INDEPENDENT ACCOUNTANTS' CONSENT

The Board of Directors
Darden Restaurants, Inc.:

We consent to incorporation by reference in the Registration Statement (No. 33-93854) on Form S-3 and Registration Statements (Nos. 33-92702 and 33-92704) on Form S-8 of Darden Restaurants, Inc. of our report dated June 18, 1996, relating to the consolidated balance sheets of Darden Restaurants, Inc. and subsidiaries as of May 26, 1996 and May 28, 1995 and the related consolidated statements of earnings and cash flows for each of the fiscal years in the three-year period ended May 26, 1996, which report is incorporated by reference to page 15 of the Registrant's 1996 Annual Report to Stockholders in the May 26, 1996 annual report on Form 10-K of Darden Restaurants, Inc.

KPMG Peat Marwick LLP

Orlando, Florida
August 13, 1996

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that the undersigned constitutes and appoints C.L. Whitehill, Joe R. Lee and James D. Smith, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for and in his or her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K for the fiscal year ended May 26, 1996, and any and all amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as might or could be done in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Murphy

/s/ Betty Southard

Betty Southard Murphy

Date: August 8, 1996

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that the undersigned constitutes and appoints C.L. Whitehill, Joe R. Lee and James D. Smith, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for and in his or her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K for the fiscal year ended May 26, 1996, and any and all amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as might or could be done in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Rose

/s/ Michael D.

Michael D. Rose

Date: August 9, 1996

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that the undersigned constitutes and appoints C.L. Whitehill, Joe R. Lee and James D. Smith, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for and in his or her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K for the fiscal year ended May 26, 1996, and any and all amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as might or could be done in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Smith

/s/ Jack A.

Jack A. Smith

Date: August 8, 1996

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that the undersigned constitutes and appoints C.L. Whitehill, Joe R. Lee and James D. Smith, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for and in his or her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K for the fiscal year ended May 26, 1996, and any and all amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as might or could be done in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Sweatt

/s/ Blaine

Blaine Sweatt

Date: August 8, 1996

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that the undersigned constitutes and appoints C.L. Whitehill, Joe R. Lee and James D. Smith, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for and in his or her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K for the fiscal year ended May 26, 1996, and any and all amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as might or could be done in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Burke

/s/ Daniel B.

Daniel B. Burke

Date: August 12, 1996

ARTICLE 5

This schedule contains summary financial information extracted from the consolidated financial statements of Darden Restaurants, Inc. and subsidiaries and is qualified in its entirety by reference to such financial statements.

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	MAY 26 1996
PERIOD START	MAY 29 1995
PERIOD END	MAY 26 1996
CASH	30,343
SECURITIES	0
RECEIVABLES	24,772
ALLOWANCES	0
INVENTORY	120,725
CURRENT ASSETS	287,980
PP&E	2,409,475
DEPRECIATION	706,614
TOTAL ASSETS	2,088,504
CURRENT LIABILITIES	445,306
BONDS	301,205
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	1,266,212
OTHER SE	(43,575)
TOTAL LIABILITY ANDEQUITY	2,088,504
SALES	3,191,779
TOTAL REVENUES	3,191,779
CGS	1,062,624
TOTAL COSTS	2,473,136
OTHER EXPENSES	604,925
LOSS PROVISION	0
INTEREST EXPENSE	21,406
INCOME PRETAX	113,718
INCOME TAX	39,363
INCOME CONTINUING	74,355
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	74,355
EPS PRIMARY	0.47
EPS DILUTED	0.47

End of Filing