

DARDEN RESTAURANTS INC  
Form DEF 14A  
August 18, 2004

## SCHEDULE 14A

(RULE 14a-101)

### INFORMATION REQUIRED IN PROXY STATEMENT

## SCHEDULE 14A INFORMATION

### PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE

### SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. \_\_ )

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for the Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

**Darden Restaurants, Inc.**

(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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August 18, 2004

Dear Shareholders:

On behalf of your Board of Directors, it is my pleasure to invite you to attend the 2004 Annual Meeting of Shareholders of Darden Restaurants, Inc. The meeting will be held on Wednesday, September 29, 2004, at 10:00 a.m., Eastern Daylight Savings Time, at the Gaylord Palms Orlando Resort Hotel, 6000 W. Osceola Parkway, Kissimmee, Florida 34746. All holders of our outstanding common shares as of the close of business on July 26, 2004, are entitled to vote at the meeting.

At this year's meeting, you will be asked to: (1) elect a full Board of 12 directors; (2) approve our amended and restated Employee Stock Purchase Plan; and (3) ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending May 29, 2005. The enclosed notice of meeting and proxy statement contain details about the business to be conducted at the meeting. Please read these documents carefully. We will set aside time at the meeting for discussion of each item of business, and we will provide you with the opportunity to ask questions. If you will need special assistance at the meeting because of a disability, please contact Paula J. Shives, Corporate Secretary, Darden Restaurants, Inc., 5900 Lake Ellenor Drive, Orlando, Florida 32809, phone (407) 245-6565.

It is important that your shares be represented at the meeting, whether or not you plan to attend in person. *We urge you to promptly mark, sign, date and return the enclosed proxy card, or vote by Internet or telephone using the instructions on the proxy card.* The proxy statement provides further information about the meeting and your voting options.

Your vote is important. Thank you for your support.

Sincerely,

Joe R. Lee

*Chairman of the Board of Directors and*

*Chief Executive Officer*

**DARDEN RESTAURANTS, INC.**

5900 Lake Ellenor Drive

Orlando, Florida 32809

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**NOTICE OF**

**2004 ANNUAL MEETING OF SHAREHOLDERS**

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**TIME AND DATE OF MEETING:** 10:00 a.m., Eastern Daylight Savings Time, on Wednesday, September 29, 2004

**PLACE:** Gaylord Palms Orlando Resort Hotel  
6000 W. Osceola Parkway  
Kissimmee, Florida 34746

**ITEMS OF BUSINESS:**

To elect the full Board of 12 directors to serve until the next annual meeting of shareholders;

To approve our amended and restated Employee Stock Purchase Plan;

To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending May 29, 2005; and

To transact such other business, if any, as may properly come before the meeting and any adjournment.

**WHO CAN VOTE / RECORD DATE:** You can vote at the meeting and any adjournment if you were a holder of record of our common stock at the close of business on July 26, 2004.

**ANNUAL REPORT:** A copy of our 2004 Annual Report is enclosed.

**DATE OF MAILING:** This notice and the proxy statement are first being mailed to shareholders on or about August 18, 2004.

By Order of the Board of Directors

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/s/ PAULA J. SHIVES  
**Paula J. Shives**

*Senior Vice President,*

*General Counsel and Secretary*

August 18, 2004

**DARDEN RESTAURANTS, INC.**

5900 Lake Ellenor Drive

Orlando, FL 32809

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**PROXY STATEMENT**

For Annual Meeting of Shareholders to be held on

September 29, 2004

**ABOUT THE MEETING**

**WHY DID YOU SEND ME THIS PROXY STATEMENT?**

We sent you this proxy statement and the enclosed proxy card because our Board of Directors is soliciting your proxy to vote at the 2004 Annual Meeting of Shareholders. This proxy statement summarizes information concerning the matters to be presented at the meeting and related information that will help you make an informed vote at the meeting. This proxy statement and the accompanying proxy card are first being mailed to shareholders on or about August 18, 2004.

**WHEN IS THE ANNUAL MEETING?**

The annual meeting will be held on Wednesday, September 29, 2004, at 10:00 a.m., EDST, at the Gaylord Palms Orlando Resort Hotel, 6000 W. Osceola Parkway, Kissimmee, Florida 34746.

**WHAT AM I VOTING ON?**

At the annual meeting, you will be voting:

To elect the full Board of 12 directors to serve until the next annual meeting of shareholders;

To approve our amended and restated Employee Stock Purchase Plan;

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To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending May 29, 2005; and

To consider such other business, if any, as may properly come before the meeting and any adjournment.

### HOW DO YOU RECOMMEND THAT I VOTE ON THESE ITEMS?

The Board of Directors recommends that you vote FOR each of the nominees to the Board, FOR approval of our amended and restated Employee Stock Purchase Plan, and FOR ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal 2005.

### WHO IS ENTITLED TO VOTE?

You may vote if you owned our common shares as of the close of business on Monday, July 26, 2004, the record date for the annual meeting.

### HOW MANY VOTES DO I HAVE?

You are entitled to one vote for each common share you own. As of the close of business on July 26, 2004, we had 157,795,459 common shares outstanding. The shares held in our treasury are not considered outstanding and will not be voted or considered present at the meeting. There is no cumulative voting.

### HOW DO I VOTE BY PROXY BEFORE THE MEETING?

Before the meeting, you may vote your shares in one of the following three ways:

By Internet, which we encourage you to do if you have Internet access, at the address shown on your proxy card;

By telephone at the number shown on your proxy card; or

By mail by completing, signing, dating and returning the enclosed proxy card.

**Please use only one of the three ways to vote.**

## ABOUT THE MEETING

Please follow the directions on your proxy card carefully. If you hold shares in the name of a broker, your ability to vote those shares by telephone or Internet depends on the voting procedures used by your broker, as explained below under the question **How Do I Vote If My Broker Holds My Shares In Street Name ?** The Florida Business Corporation Act provides that a shareholder may appoint a proxy by electronic transmission, so we believe that the telephone and Internet voting procedures available to shareholders are valid and consistent with the requirements of applicable law.

### MAY I VOTE MY SHARES IN PERSON AT THE MEETING?

Yes. You may vote your shares at the meeting if you attend in person, even if you previously submitted a proxy card or voted by Internet or telephone. Whether or not you plan to attend the meeting, however, we encourage you to vote your shares by proxy before the meeting.

### MAY I CHANGE MY MIND AFTER I VOTE?

Yes. You may change your vote or revoke your proxy at any time before the polls close at the meeting. You may change your vote by:

Signing another proxy card with a later date and returning it to us prior to the meeting;

Voting again by telephone or Internet prior to the meeting; or

Voting again at the meeting.

You also may revoke your proxy prior to the meeting without submitting any new vote by sending a written notice that you are withdrawing your vote to our Corporate Secretary at our address listed above.

### WHAT SHARES ARE INCLUDED ON MY PROXY CARD?

Your proxy card includes shares held in your own name and shares held in any Darden plan, including the Darden Direct Advantage Investment Program and Employee Stock Purchase Plan. You may vote these shares by Internet, telephone or mail, all as described on the enclosed proxy card.

### HOW DO I VOTE IF I PARTICIPATE IN THE DARDEN SAVINGS PLAN?

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If you hold shares in the Darden Savings Plan, which includes shares held in the Darden Stock Fund in the 401(k) plan, the Employee Stock Ownership Plan and after-tax accounts, these shares have been added to your other holdings on your proxy card. Your completed proxy card serves as voting instructions to the trustee of the Savings Plan. You may direct the trustee how to vote your Savings Plan shares by submitting your proxy vote for those shares, along with the rest of your shares, by Internet, telephone or mail, as described on the enclosed proxy card. If you do not instruct the trustee how to vote, your Savings Plan shares will be voted by the trustee in the same proportion that it votes shares in other Savings Plan accounts for which it did receive timely voting instructions.

HOW DO I VOTE IF MY BROKER HOLDS MY SHARES IN STREET NAME ?

If your shares are held in a brokerage account in the name of your bank or broker (this is called street name ), those shares are not included in the total number of shares listed as owned by you on the enclosed proxy card. Instead, your bank or broker will send you directions how to vote those shares. Many (but not all) brokerage firms and banks participate in a program provided through ADP Investor Communication Services that offers telephone and Internet voting options.

WILL MY SHARES HELD IN STREET NAME BE VOTED IF I DO NOT PROVIDE MY PROXY?

If your shares are held in the name of a brokerage firm, your shares might be voted even if you do not provide the brokerage firm with voting instructions. Under the rules of the New York Stock Exchange, on certain routine

## ABOUT THE MEETING

matters, brokerage firms have the discretionary authority to vote shares for which their customers do not provide voting instructions. The election of directors and the proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm are considered routine matters for this purpose, assuming that no contest arises as to any of these matters. The proposal to approve the amended and restated Employee Stock Purchase Plan, however, is not considered routine, so your broker will not have the discretionary authority to vote your shares on that proposal.

### WHAT IF I RETURN MY PROXY CARD OR VOTE BY INTERNET OR PHONE BUT DO NOT SPECIFY HOW I WANT TO VOTE?

If you sign and return your proxy card or complete the Internet or telephone voting procedures but do not specify how you want to vote your shares, we will vote them:

FOR the election of each of the director nominees;

FOR approval of our amended and restated Employee Stock Purchase Plan; and

FOR approval of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending May 29, 2005.

If you participate in the Darden Savings Plan and do not submit timely voting instructions, the trustee of the plan will vote the shares in your plan account in the same proportion that it votes shares in other Savings Plan accounts for which it did receive timely voting instructions, as explained above under the question How Do I Vote If I Participate In The Darden Savings Plan?

### WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY CARD?

If you received more than one proxy card, you have multiple accounts with your brokers or our transfer agent. Please vote all of these shares. We recommend that you contact your broker or our transfer agent to consolidate as many accounts as possible under the same name and address. You may contact our transfer agent, Wachovia Bank, National Association, at 1-800-829-8432.

### WHO MAY ATTEND THE MEETING?

The annual meeting is open to all holders of our common shares. To attend the meeting, you will need to register upon arrival. We also may check for your name on our shareholders' list and ask you to produce valid identification. If your shares are held in street name by your broker or bank, you should bring your most recent brokerage account statement or other evidence of your share ownership. If we cannot verify that you own Darden shares, it is possible that you may not be admitted to the meeting.

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### MAY SHAREHOLDERS ASK QUESTIONS AT THE MEETING?

Yes. Our representatives will answer your questions of general interest at the end of the meeting. In order to give a greater number of shareholders an opportunity to ask questions, we may impose certain procedural requirements, such as limiting repetitive or follow-up questions.

### HOW MANY SHARES MUST BE PRESENT TO HOLD THE MEETING?

In order for us to conduct our meeting, a majority of our outstanding common shares as of July 26, 2004, must be present in person or by proxy at the meeting. This is called a quorum. Your shares are counted as present at the meeting if you attend the meeting and vote in person or if you properly return a proxy by Internet, telephone or mail. Abstentions and broker non-votes (as explained below under the question "What Is A Broker Non-Vote ?") also will be counted for purposes of establishing a quorum.

## ABOUT THE MEETING

### HOW MANY VOTES ARE NEEDED TO ELECT DIRECTORS?

The 12 nominees receiving the highest number of **FOR** votes will be elected as directors. This number is called a plurality. Consequently, failing to vote, or voting your proxy to withhold authority for all or some of the nominees, will have no impact on the election of directors.

### HOW MANY VOTES ARE NEEDED TO APPROVE THE AMENDED AND RE-STATED EMPLOYEE STOCK PURCHASE PLAN?

Under Florida law, this proposal will be approved if the votes cast **FOR** the proposal exceed the votes cast **AGAINST** the proposal at the meeting. If you submit a properly executed proxy card or use the Internet or telephone to indicate **ABSTAIN** with respect to this proposal, your vote will not be counted as cast. Accordingly, abstentions will have no legal effect on whether this matter is approved.

### HOW MANY VOTES ARE NEEDED TO RATIFY THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM?

Shareholder approval for the appointment of our independent registered public accounting firm is not required, but the Board is submitting the selection of KPMG LLP for ratification in order to obtain the views of our shareholders. Under Florida law, this proposal will be approved if the votes cast **FOR** the proposal exceed the votes cast **AGAINST** the proposal at the meeting, including those voted by proxy card, phone and Internet. If you submit a properly executed proxy card or use the Internet or telephone to indicate **ABSTAIN** with respect to this proposal, your vote will not be counted as cast. Accordingly, abstentions will have no legal effect on whether this matter is approved. If the appointment of KPMG LLP is not ratified, the Audit Committee will reconsider its selection.

### WHAT IS A **BROKER NON-VOTE** ?

If you own shares through a broker in street name, you may instruct your broker how to vote your shares. A **broker non-vote** occurs when you fail to provide your broker with voting instructions and the broker does not have the discretionary authority to vote your shares on a particular proposal because the proposal is not a routine matter under the New York Stock Exchange rules. The election of directors and the proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm are each considered routine matters under the applicable rules. The proposal to approve our amended and restated Employee Stock Purchase Plan, however, is not considered routine, so your broker will not have discretionary authority to vote your shares on that proposal. A **broker non-vote** will have no effect on that proposal, however, because approval of the amended and restated Employee Stock Purchase Plan is based on the actual number of votes cast, and a **broker non-vote** will not be counted as a vote cast under the New York Stock Exchange rules.

### HOW WILL VOTING ON **ANY OTHER BUSINESS** BE CONDUCTED?

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We have not received proper notice of, and are not aware of, any business to be transacted at the meeting other than as indicated in this proxy statement. If any other item or proposal properly comes before the meeting, the proxies received will be voted on those matters in accordance with the discretion of the proxy holders.

### WHO PAYS FOR THE SOLICITATION OF PROXIES?

Our Board of Directors is making this solicitation of proxies on our behalf. We will pay the costs of the solicitation, including the costs for preparing, printing and mailing this proxy statement. We have hired Georgeson

## ABOUT THE MEETING

Shareholder Communications, Inc. to assist us in soliciting proxies. It may do so by telephone, in person or by other electronic communications. We anticipate paying Georgeson a fee of \$8,500, plus expenses, for these services. We also will reimburse brokers, nominees and fiduciaries for their costs in sending proxies and proxy materials to our shareholders so you can vote your shares. Our directors, officers and regular employees may supplement Georgeson's proxy solicitation efforts by contacting you by telephone or electronic communication or in person. We will not pay directors, officers or other regular employees any additional compensation for their proxy solicitation efforts.

## HOW CAN I FIND THE VOTING RESULTS OF THE MEETING?

We expect to provide a general summary of the voting results shortly after the meeting in a press release and in a posting on our website at [www.darden.com](http://www.darden.com). We also will include the voting results in our Form 10-Q for the quarter ended November 28, 2004, which we expect to file with the Securities and Exchange Commission (SEC) in January 2005.

## HOW DO I SUBMIT A SHAREHOLDER PROPOSAL FOR NEXT YEAR'S ANNUAL MEETING?

If you wish to submit a proposal to be included in our proxy statement for our 2005 Annual Meeting of Shareholders, we must receive it at our principal office on or before April 20, 2005. Please address your proposal to: Corporate Secretary, Darden Restaurants, Inc., 5900 Lake Ellenor Drive, Orlando, Florida 32809.

We will not be required to include in our proxy statement a shareholder proposal that is received after that date or that otherwise does not meet the requirements for shareholder proposals established by the SEC or set forth in our bylaws. If you would like to review our bylaws, our Corporate Secretary will send you a copy without charge on request. A copy of our bylaws also is available on our website.

## MAY SHAREHOLDERS NOMINATE DIRECTORS OR SUBMIT OTHER BUSINESS FOR NEXT YEAR'S ANNUAL MEETING?

Yes. If you would like to nominate a director or bring other business before the 2005 Annual Meeting, under our current bylaws (which are subject to amendment at any time), you must:

Notify our Corporate Secretary in writing on or before June 1, 2005; and

Include in your notice the specific information required by our bylaws.

The address for contacting our Corporate Secretary is provided in the answer to the preceding question. If you would like to review our bylaws, our Corporate Secretary will send you a copy without charge on request. A copy of our bylaws also is available on our website.

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If you are nominating a director, you also should comply with the procedures provided in our Director Nomination Protocol that is posted on our website as Appendix A to our Nominating and Governance Committee charter and discussed in further detail on page 19 under the question "Do You Have A Process For Identifying And Evaluating Director Nominees?" Our bylaws require you to provide all information concerning a director candidate that is required to be disclosed in proxy solicitations for elections of directors. The Director Nomination Protocol further asks you to provide such additional information as will allow the Nominating and Governance Committee to evaluate the candidate in light of the key principles outlined in the Protocol. This includes information concerning the candidate's commitment to our core values (integrity and fairness, respect and caring, diversity, always learning - always teaching, being of service, teamwork and excellence), personal and professional ethics, business experience and independence.

**ABOUT THE MEETING**

**ARE YOU HOUSEHOLDING FOR SHAREHOLDERS SHARING THE SAME ADDRESS?**

Yes. The SEC's rules regarding the delivery to shareholders of proxy statements, annual reports, prospectuses and information statements permit us to deliver a single copy of these documents to an address shared by two or more of our shareholders. This method of delivery is referred to as householding, and can significantly reduce our printing and mailing costs. It also reduces the volume of mail you receive. This year, we are delivering only one proxy statement and 2004 Annual Report to multiple shareholders sharing an address, unless we receive instructions to the contrary from one or more of the shareholders. We will still be required, however, to send you and each other Darden shareholder at your address an individual proxy voting card. If you would like to receive more than one copy of this proxy statement and our 2004 Annual Report, we will promptly send you additional copies upon written or oral request directed to our transfer agent, Wachovia Bank, National Association at 1-800-829-8432, or to our Corporate Secretary at Darden Restaurants, Inc., 5900 Lake Ellenor Drive, Orlando, Florida 32809. The same phone number and address may be used to notify us that you wish to receive a separate annual report or proxy statement in the future, or to request delivery of a single copy of annual reports or proxy statements if you are receiving multiple copies.

**ELECTION OF DIRECTORS AND DIRECTOR BIOGRAPHIES**

**(Item 1 on Proxy Card)**

HOW MANY PEOPLE ARE ON THE BOARD OF DIRECTORS AND HOW OFTEN ARE THEY ELECTED?

Our Board currently has ten members. Each director stands for election every year.

ARE ALL OF OUR DIRECTORS STANDING FOR RE-ELECTION?

Yes. All of our current directors are standing for reelection. In addition, our Board has nominated Clarence Otis, Jr. and Andrew H. Madsen to serve as directors, and has increased the size of the Board to 12 effective at the time of the 2004 Annual Meeting of Shareholders. Proxies for this annual meeting cannot be voted for more than 12 directors. In the future, the Board may increase the size of the Board and appoint or nominate for election new directors.

WHO ARE THIS YEAR'S NOMINEES?

The following directors are standing for election this year to hold office until the 2005 Annual Meeting of Shareholders and until their successors are elected. All of the nominees were nominated by our Nominating and Governance Committee, and all except Messrs. Otis and Madsen have previously served on the Board.

**LEONARD L. BERRY**, 61, Director since 2001

Distinguished Professor of Marketing and M.B. Zale Chair in Retailing and Marketing Leadership, Mays Business School, Texas A&M University, since 1982, and Professor of Humanities in Medicine, College of Medicine, Texas A&M University, since 2004.

Member of the Board of Directors of:

Genesco Inc.

Lowe's Companies, Inc.

**ODIE C. DONALD**, 54, Director since 1998

President of Odie Donald Investment Enterprises, LLC, a private investment firm, since August 2003.

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Consultant to (from July 2001 through December 2002) and former President of (from April 2000 to July 2001) DIRECTV, Inc., a direct broadcast satellite television service and a unit of Hughes Electronics Corporation.

Chief Executive Officer of Cable & Wire- less Plc, a communications company serving the Caribbean and Atlantic Islands, from 1999 to 2000.

Retired after a 25-year career with BellSouth Corporation, where he held various positions, including:

Group President Customer Operations for BellSouth Telecommunications, Inc., a provider of tariffed wireline tele-communications services and a wholly owned subsidiary of BellSouth Corporation, from 1998 to 1999.

President of BellSouth Mobility, a cellular communications company, from 1992 to 1998.

**DAVID H. HUGHES**, 60, Director since 2001

Chairman from 1986 to date and Chief Executive Officer from 1986 through May 2003 of Hughes Supply, Inc., a diversified wholesale distributor of construction and industrial materials, equipment and supplies.

Member of the Board of Directors of:

Hughes Supply, Inc.

SunTrust Banks, Inc.

Brown & Brown, Inc.

**JOE R. LEE**, 63, Director since 1995

Our Chief Executive Officer since December 1994 and Chairman of our Board since April 1995. Mr. Lee will retire as our Chief Executive Officer effective November 29, 2004. He will continue as Chairman of our Board, assuming his reelection as a director by the shareholders at the annual meeting and his reelection as Chairman by the Board at that time.

Joined Red Lobster® in 1967 as a member of its opening management team and became its President in 1975.

**ELECTION OF DIRECTORS AND DIRECTOR BIOGRAPHIES**

**(Item 1 on Proxy Card)**

From 1970 to 1995, held various positions with General Mills, Inc., a manufacturer and marketer of consumer food products and our former parent company, including Vice Chairman, with responsibility for various consumer foods businesses and corporate staff functions, Chief Financial Officer and Executive Vice President, Finance and International Restaurants.

Member of the Board of Directors of:

Tupperware Corporation

**SENATOR CONNIE MACK, III, 63, Director since March 2001**

Senior Policy Advisor for Shaw, Pittman, Potts & Trowbridge, a Washington, D.C. law firm, since February 2001.

United States Senator (R-Florida) from 1988 to 2000.

United States Congressman (R-Florida) from 1982 to 1988.

Member of the Board of Directors of:

EXACT Sciences Corporation

Genzyme Corporation

LNR Property Corporation

Moody's Corporation

**ANDREW H. (DREW) MADSEN, 48**

Will become our President and Chief Operating Officer effective November 29, 2004.

Senior Vice President and President of Olive Garden® since April 2002.

Joined us in December 1998 as Executive Vice President of Marketing for Olive Garden.

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President of International Master Publishers, Inc., a developer and marketer of consumer information products, from 1997 until December 1998.

Held various positions including Vice President and General Manager for the Dixie consumer products division of James River, now part of Georgia-Pacific Corporation, a diversified paper and building products manufacturer, from 1993 until 1997.

Held progressively more responsible positions in consumer products marketing, including Vice President of Marketing, at General Mills, Inc., a manufacturer and marketer of consumer food products and our former parent company, from 1980 to 1992.

### **CLARENCE OTIS, JR., 48**

Will become our Chief Executive Officer effective November 29, 2004.

Executive Vice President since March 2002 and President of Smokey Bones Barbeque & Grill<sup>SM</sup> since December 2002.

Senior Vice President from December 1999 until April 2002, and Chief Financial Officer from December 1999 until December 2002.

Joined us in 1995 as Vice President and Treasurer, and served as Senior Vice President, Investor Relations from July 1997 to August 1998, and as Senior Vice President, Finance and Treasurer from August 1998 until December 1999.

Managing Director and Manager of Public Finance, Chemical Securities, Inc. (now J.P. Morgan Securities, Inc.), an investment banking firm, from 1991 to 1995.

Member of the Board of Directors of:

St. Paul Travelers Companies, Inc.

VF Corp.

### **MICHAEL D. ROSE, 62, Director since 1995**

Chairman of Gaylord Entertainment Com-pany, a diversified entertainment company, since April 2001.

Private investor and Chairman of Midaro Investments, Inc., a privately held investment firm, from 1998 to present.

Chairman of the Board of Promus Hotel Corporation, a franchiser and operator of hotel brands, from 1995 to 1997.

Chairman of the Board of Harrah s Entertainment, Inc., a casino operator, from 1995 to 1996.

Chairman from 1990 to 1995 and Chief Executive Officer from 1990 to 1994 of The Promus Companies, Incorporated, a hotel operator.



**ELECTION OF DIRECTORS AND DIRECTOR BIOGRAPHIES**

**(Item 1 on Proxy Card)**

Member of the Board of Directors of:

Felcor Lodging Trust, Inc.

First Horizon National Corp.

Gaylord Entertainment Company

General Mills, Inc.

SteinMart, Inc.

**MARIA A. SASTRE**, 49, Director since 1998

Vice President, Total Guest Satisfaction Services for Royal Caribbean International, a unit of Royal Caribbean Cruises, Ltd., a global cruise line company, since 2000.

Vice President for Latin America and Miami from 1995 to 1999 and Director of International Sales and Marketing for Asia, Europe and Latin America from 1994 to 1995 for United Air Lines, Inc., a commercial air transportation company.

Member of the Board of Directors of:

Laidlaw International, Inc.

**JACK A. SMITH**, 69, Director since 1995

Retired; Chairman from 1994 until 1999 and Chief Executive Officer from 1987 to 1998 of The Sports Authority, Inc., a national sporting goods chain, which he founded in 1987.

Prior to founding The Sports Authority, held various executive management positions with major national retailers, including Herman's Sporting Goods (Chief Operating Officer), Sears, Roebuck and Co. and Montgomery Ward & Co.

Member of the Board of Directors of:

Compex Technologies

**BLAINE SWEATT, III**, 56, Director since 1995

Our President, New Business Development since February 1996 and Executive Vice President since April 1995.

Led teams that developed Olive Garden, Bahama Breeze<sup>®</sup>, Smokey Bones<sup>®</sup> and Seasons 52<sup>SM</sup> concepts, among others.

Joined Red Lobster in 1976 and named Director of New Restaurant Concept Development in 1981.

From 1986 to 1989, held various positions with General Mills, Inc., a manufacturer and marketer of consumer food products and our former parent company.

**RITA P. WILSON**, 57, Director since 2000

Retired; President from 1999 until 2000 of Allstate Indemnity Company, an insurance provider and subsidiary of Allstate Insurance Company.

Senior Vice President - Corporate Relations of Allstate Insurance Company, an insurance provider, from 1996 to 1999.

#### WHAT HAPPENS IF A NOMINEE IS UNWILLING OR UNABLE TO SERVE?

Each of the nominees has consented to being named in this proxy statement and to serve as a director if elected. If a nominee is not able to serve, proxies may be voted for a substitute nominated by the Board of Directors. However, we do not expect this to occur.

#### HOW DO YOU RECOMMEND THAT I VOTE ON THIS ITEM?

The Board recommends a vote FOR the election of each of the nominees listed above. The shares represented by proxy will be voted FOR the election of these nominees unless you specify otherwise.

## APPROVAL OF EMPLOYEE STOCK PURCHASE PLAN

### (Item 2 on Proxy Card)

#### WHAT ARE YOU ASKING ME TO APPROVE?

The Darden Restaurants, Inc. Employee Stock Purchase Plan (the "Purchase Plan") was originally adopted by our Board of Directors on June 23, 1998. It was approved by our shareholders on September 24, 1998, and became effective on January 1, 1999.

Under the Purchase Plan in its current form, eligible employees can purchase up to an aggregate of 2,100,000 shares of our common stock (as adjusted to reflect our May 2002 stock split) at a discount. The discounted purchase price is 85 percent of the fair market value of our stock on the first or last trading day of the offering period, whichever is lower. The offering period currently is a calendar quarter. To be eligible to participate in the Purchase Plan, employees must be employed by us for at least one year, but executive officers filing reports under Section 16 of the Securities Exchange Act of 1934 are not eligible to participate.

On June 15, 2004, our Board of Directors adopted the amended and restated Purchase Plan to be effective on January 1, 2005, subject to approval by our shareholders at the 2004 Annual Meeting. Accordingly, we are asking you to approve at the Annual Meeting the amended and restated Purchase Plan in the form attached as Exhibit A to this proxy statement.

The amended and restated Purchase Plan will:

Increase the number of shares of our common stock available for purchase under the Purchase Plan by 1,500,000 shares, to a total of 3,600,000 shares;

Provide that the discounted purchase price of shares purchased under the Purchase Plan may be changed prior to any offering period by the Compensation Committee, but in no event will be less than 85 percent of the fair market value of our stock on the first or last trading day of the offering period; and

Provide that the length of the offering period, currently a calendar quarter, may be changed prior to any offering period by the Compensation Committee, but in no event will be greater than one year.

The material features of the amended and restated Purchase Plan are summarized below. The summary is not a complete description of all the provisions of the amended and restated Purchase Plan and is qualified in its entirety by reference to the complete text of the amended and restated Purchase Plan, which is attached as Exhibit A to this proxy statement.

#### WHAT IS THE PURPOSE OF THE PLAN?

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The purpose of the Purchase Plan is to provide eligible employees with an opportunity to acquire an equity interest in us through the purchase of our common stock, as an incentive to promote the profitable growth of our company. Nearly all of the shares to be issued under the Purchase Plan shall be issued to U.S. participants under the portion of the plan (the U.S. portion of the Purchase Plan ) that is intended to be an employee stock purchase plan within the meaning of Section 423 of the Internal Revenue Code of 1986, as amended (the Code ). The remaining shares may be issued to international participants under the portion of the Purchase Plan that provides for the issuance of shares to employees who work or reside in other countries, primarily Canada, subject to terms and conditions that may be established by the Compensation Committee (the international portion of the Purchase Plan ). The international portion of the Purchase Plan is not subject to the provisions of Section 423 of the Code.

### HOW IS THE PLAN ADMINISTERED?

The Purchase Plan is administered by our Compensation Committee. The Compensation Committee is authorized to make determinations with respect to the administration and interpretation of the Purchase Plan, and to make

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such rules as may be necessary to carry out its provisions. The Compensation Committee may delegate its authority to administer the Purchase Plan to a plan custodian or to our directors, officers, employees or agents as it may deem appropriate from time to time.

### HOW MANY SHARES ARE AVAILBLE FOR PURCHASE?

The amended and restated Purchase Plan will increase the number of shares of our common stock available for purchase by 1,500,000 shares to an aggregate of 3,600,000 shares. As of July 26, 2004, 1,652,177 of these shares had already been purchased. The number of shares available for purchase under the Purchase Plan is subject to adjustment to reflect any stock dividend, stock split, recapitalization, share combination or similar change that occurs in our capitalization. The shares available for purchase under the Purchase Plan may be authorized but unissued shares, treasury shares or shares acquired in the open market or otherwise. Up to 3,500,000 of the 3,600,000 available shares may be issued to U.S. participants as part of the U.S. portion of the Purchase Plan, while the remaining 100,000 shares may be issued to international participants, primarily Canadian employees, under the international portion of the Purchase Plan. On July 26, 2004, the closing price of our common stock, as reported on the New York Stock Exchange, was \$21.47.

### WHO MAY PARITICIPATE IN THE PLAN?

Each of our employees, and each employee of our subsidiaries designated by the Compensation Committee, are eligible to participate in the U.S. portion of the Purchase Plan, provided that:

The employee's customary employment is more than 20 hours per week and more than five months per year;

The employee has been employed by us or a designated subsidiary for at least one year;

The employee is not both a highly compensated employee within the meaning of Section 414(q) of the Code and one of our executive officers subject to Section 16(b) of the Securities Exchange Act of 1934; and

Immediately after the grant of the right to purchase shares under the Purchase Plan, the employee would not own shares (including shares which such employee may purchase under the Purchase Plan or under outstanding options) having five percent or more of the total combined voting power or value of all classes of our capital stock or of any subsidiary.

The Compensation Committee also has the power and authority to allow any of our employees who work or reside outside of the United States to participate in the international portion of the Purchase Plan in accordance with such special terms and conditions as the Compensation Committee may establish from time to time. As of July 26, 2004, there were approximately 5,804 participants in the Purchase Plan and approximately 95,030 employees were eligible to participate in the Purchase Plan.

### HOW DO EMPLOYEES PARTICIPATE IN THE PLAN?

Participation in the Purchase Plan is voluntary. An eligible employee may elect to participate in the Purchase Plan by authorizing us to withhold from the participant's compensation certain amounts (not to exceed \$5,000 per calendar quarter and not less than \$10 per pay period) and to apply those amounts to purchase shares of our common stock. A participant may increase, decrease or stop the amount to be deducted from his or her compensation upon proper notice. Participants may also make contributions to the Purchase Plan by personal check or money order (subject to the \$5,000 contribution limitation). No participant may purchase shares under the U.S. portion of the Purchase Plan if such shares, together with common stock purchased by such participant under all other employee stock purchase plans, as defined in Section 423(b) of the Code, would have a fair market value in excess of \$25,000 per calendar year. In addition, no participant may purchase more than

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1,000 shares during a calendar quarter. Participating employees may terminate their participation in the Purchase Plan at any time and receive the cash and shares held in their account, subject to the terms of the Purchase Plan and to such terms and conditions as the Compensation Committee may establish. Except as otherwise provided in the Purchase Plan, the funds accumulated in each participant's account on the last day of the offering period will be used to purchase shares.

### WHAT IS THE OFFERING PERIOD?

Unless otherwise determined by the Compensation Committee, each calendar quarter is an offering period under the Purchase Plan. The Compensation Committee may, in its discretion and with prior notice, change the offering period from time to time, provided that in no event will an offering period be greater than one year.

### WHAT IS THE PURCHASE PRICE?

Unless otherwise determined by the Compensation Committee, the purchase price of shares will be 85 percent of the mean between the highest and lowest selling prices of a share of our common stock as quoted by the New York Stock Exchange on either the first or last trading day of the offering period, whichever is lower (the Discounted Purchase Price). The Compensation Committee may, in its discretion and with prior notice, change the Discounted Purchase Price from time to time, provided that in no event will the Discounted Purchase Price be less than 85 percent of the mean between the highest and lowest selling prices of a share of our common stock as quoted on the New York Stock Exchange on either the first or last trading day of the offering period, whichever is lower.

### WHAT RIGHTS DO EMPLOYEES HAVE WITH RESPECT TO PURCHASED SHARES?

Each participant retains the rights associated with his or her purchased shares and customarily accruing to an owner of record, including the right to receive dividends (whether paid in cash, shares or otherwise) and the right to receive notices of and vote at shareholders' meetings. All cash dividends and other cash distributions paid on shares held in a participant's account are used to purchase additional shares of our common stock in the open market on the dividend payment date or as promptly thereafter as practicable. Shares purchased on the open market with cash dividends and distributions do not count against the total number of shares available for purchase under the Purchase Plan. The price per share of shares purchased is the weighted average price per share at which such shares are actually purchased in the open market for the related dividend on behalf of all participants. All non-cash dividends and other non-cash distributions paid on shares held in a participant's account are held for the benefit of such participant. Shares acquired under the Purchase Plan may not be sold or otherwise disposed of for at least one year after the date on which the shares were acquired for the account of the participant, except in the case of termination of employment, retirement, death or disability.

### WHAT HAPPENS ON TERMINATION OF EMPLOYMENT?

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Upon a participant's termination of employment with us for any reason, his or her participation in the Purchase Plan will cease, and the accumulated payroll deductions and cash contributions for that offering period will be paid, in cash, to the participant or the participant's estate or designated beneficiary within 30 days following the date of such termination, together with all shares held in the participant's account.

MAY THE PLAN BE TERMINATED OR AMENDED?

The Compensation Committee may terminate or amend the Purchase Plan at any time, but the Compensation Committee may not, without shareholder approval:

Change the class of individuals eligible to purchase shares under the Purchase Plan;

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Increase the maximum number of shares available for purchase under the Purchase Plan, except as otherwise permitted under the Purchase Plan; or

Change the Discounted Purchase Price so that it is less than 85 percent of the mean between the highest and lowest selling prices of a share of Darden common stock as quoted on the New York Stock Exchange on either the first or last trading day of the offering period, whichever is lower.

The Purchase Plan will automatically terminate when all shares available under the Purchase Plan have been sold.

**WHAT IS THE AMOUNT OF FUTURE BENEFITS UNDER THE PLAN?**

Because the amount of future benefits under