

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended February 26, 2000

Commission File Number 0-20214

BED BATH & BEYOND INC.

(Exact name of registrant as specified in its charter)

NEW YORK

11-2250488

(State of incorporation)

(IRS Employer Identification No.)

650 LIBERTY AVENUE, UNION, NEW JERSEY 07083

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 908/688-0888

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
None	None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

COMMON STOCK (PAR VALUE \$ 0.01 PER SHARE)
(Title of class)

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. []

As of May 12, 2000, the aggregate market value of the common stock held by non-affiliates (which was computed by reference to the closing price on such date of such stock on the NASDAQ National Market) was \$5,112,598,095.*

The number of shares outstanding of the issuer's common stock (par value \$0.01 per share) at May 12, 2000: 141,301,404

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement dated May 22, 2000

pursuant to Regulation 14A are incorporated by reference in Part III hereof.

Portions of the Registrant's Annual Report to Shareholders for the fiscal year ended February 26, 2000 are incorporated by reference in Part II hereof.

* For purposes of this calculation, all outstanding shares of common stock have been considered held by non-affiliates other than the 10,007,154 shares beneficially owned by directors and executive officers, including in the case of the Co-Chief Executive Officers trusts and foundations affiliated with them. In making such calculation, the Registrant does not determine the affiliate or non-affiliate status of any shares for any other purpose.

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PART I

Unless otherwise indicated, the terms "Company" and "Bed Bath & Beyond" refer collectively to Bed Bath & Beyond Inc. and its subsidiaries. The Company's fiscal year is comprised of the 52 or 53 week period ending on the Saturday nearest February 28. Accordingly, fiscal 1999 represented 52 weeks and ended on February 26, 2000; fiscal 1998 represented 52 weeks and ended on February 27, 1999; and fiscal 1997 represented 52 weeks and ended on February 28, 1998. Unless otherwise indicated, all references herein to periods of time (e.g., quarters and years) are to fiscal periods.

ITEM 1 - BUSINESS

INTRODUCTION

Bed Bath & Beyond believes that it is the nation's largest operator of "superstores" selling predominantly better quality domestics merchandise and home furnishings typically found in better department stores. The term "superstore" as used herein means a store, other than a department store, that is larger in size than the typical stores in its market selling similar product categories and offering a breadth and depth of selection in most of its product categories that far exceeds what is available in such stores. The Company offers a wide assortment of merchandise at everyday low prices that are substantially below regular department store prices and generally comparable to or below department store sale prices. The Company's domestics merchandise line includes items such as bed linens, bath accessories and kitchen textiles, and the Company's home furnishings line includes items such as cookware, dinnerware, glassware and basic housewares. The Company believes that it offers a breadth and depth of selection in most of its product categories that far exceeds what is generally available in department stores or other specialty retail stores and that this enables it to offer customers the convenience of one-stop shopping for most household items.

As of May 12, 2000, the Company operated 247 stores in 39 states: Alabama (3), Arizona (5), Arkansas (2), California (32), Colorado (6), Connecticut (5), Delaware (1), Florida (27), Georgia (11), Illinois (13), Indiana (3), Iowa (1), Kansas (3), Kentucky (2), Louisiana (1), Maryland (8), Massachusetts (5), Michigan (9), Minnesota (1), Missouri (5), Nebraska (1), Nevada (1), New Jersey (15), New Mexico (1), New York (14), North Carolina (4), Ohio (7), Oklahoma (3), Oregon (1), Pennsylvania (9), Rhode Island (1), South Carolina (2), Tennessee (5), Texas (18), Utah (3), Vermont (1), Virginia (12), Washington (4) and Wisconsin (2). Of these stores, 244 use the superstore format that was pioneered by the Company in 1985. These stores are on average approximately 41,000 square feet in size and carry the Company's full line of both domestics merchandise and home furnishings. The other three stores, all established prior to 1986, are smaller stores that primarily carry domestics merchandise.

HISTORY

The Company was founded in 1971 by Leonard Feinstein and Warren Eisenberg, the Co-Chief Executive Officers of the Company. Each has more than 40 years of experience in the retail industry.

The Company commenced operations in 1971 with the opening of two stores, one in New York and one in New Jersey. These stores sold primarily bed linens and bath accessories. In 1985, the Company introduced its superstore format with the opening of its first store carrying a full line of domestics merchandise and home furnishings. The Company began using the name "Bed Bath & Beyond" in 1987 in order to reflect the expanded product line offered by its superstores and to distinguish its superstores from conventional specialty retail stores offering only domestics merchandise or only home furnishings.

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The Company has been engaged in an ongoing expansion program involving the opening of new superstores (including 55 in 1999, 45 in 1998, and 33 in 1997) and the expansion of existing stores (including four in 1999, three in 1998 and 1997). As a result of its expansion program, the Company's store space has increased from approximately 917,000 square feet at the beginning of 1992 to approximately 9,815,000 square feet at the end of 1999. The Company's expansion program is continuing, and the Company currently anticipates that in fiscal 2000 it will open at least 60 new superstores, which includes the six new superstores opened through May 12, 2000.

MERCHANDISING AND MARKETING

The Company's strategy for merchandising and marketing is to offer better quality merchandise at everyday low prices; to maintain a breadth and depth of selection in most of its product categories that far exceeds what is generally available in department stores or other specialty retail stores; to present merchandise in a distinctive manner designed to maximize customer convenience and reinforce customer perception of wide selection; and to emphasize dedication to customer service and satisfaction.

MERCHANDISE SELECTION

The Company's superstores offer both domestics merchandise and home furnishings, including:

Domestics Merchandise

- bed linens and related items: sheets, comforters, duvet covers, bedspreads, quilts, window treatments (such as curtains and valances), decorative pillows, blankets, dust ruffles, bed pillows and mattress pads.
- bath items: towels, shower curtains and liners, waste baskets, mirrors, hampers, robes and slippers, scales, bathroom rugs, wall hardware and bath accessories.
- kitchen textiles: tablecloths, placemats, cloth napkins, dish towels and chair pads.

Home Furnishings

- kitchen and tabletop items: cookware, cutlery, kitchen gadgets, dinnerware, bakeware, flatware, drinkware, serveware, glassware, food storage containers, tea kettles, trash cans and cleaning supplies.
- basic housewares: storage items, closet-related items (such as hangers, organizers and shoe racks), general housewares (such as brooms, garbage pails and ironing boards), lifestyle

accessories (such as lamps, chairs, ready to assemble furniture, furniture covers, accent rugs, wicker, fountains and clocks) and small electric appliances (such as blenders, food processors, coffee makers, vacuums, irons, toaster ovens and hair dryers).

- general home furnishings: giftwrap, candles, personal care products (such as soaps and lotions), picture frames, wall art, juvenile items (such as toys and children's books), artificial plants and flowers and seasonal merchandise (such as summer and holiday related items).

The Company, on an ongoing basis, tests new merchandise categories and adjusts the categories of merchandise carried in its stores and may add new departments or adjust the size of existing departments as required. The Company believes that the process of adding new departments and expanding or reducing the size of various departments in response to changing conditions is an important part of its merchandising strategy.

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The Company's merchandise consists primarily of better quality merchandise typically found at better department stores. For those product lines that have brand names associated with them, the Company generally offers leading brand name merchandise (including Wamsutta, Martex, Fieldcrest, Cannon, Croscill, Laura Ashley, Calphalon, Mikasa, Krups, J.A. Henckels, All-Clad, Portmeirion, Black & Decker, Rubbermaid, Springs, Braun, Kitchenaid, Cuisinart, Hoover, Gillette, Brita, Pillowtex, Pacific Coast Feather Co., Conair, Waverly and Homedics). The Company estimates that brand name merchandise accounts for a significant portion of its net sales.

The Company offers a breadth and depth of product selection that enables customers to select among a wide assortment of styles, brands, colors and designs within each of the Company's major product lines. The Company also generally maintains consistent in-stock availability of merchandise in order to reinforce customer perception of wide selection and build customer loyalty. The Company estimates that most of its superstores carry in excess of 31,000 active stock-keeping units.

PRICING POLICY

The Company's pricing policy is to maintain everyday low prices that are substantially below regular department store prices and generally comparable to or below department store sale prices. The Company regularly monitors price levels at its competitors in order to ensure that the Company's prices are being maintained in accordance with its pricing policy. The Company believes that the application of its everyday low price policy is essential to maintaining the integrity of this policy and is an important factor in establishing its reputation among customers.

Because the Company has an everyday low price policy, the Company does not run sales. However, the Company uses periodic markdowns and semi-annual clearances for merchandise that it has determined to discontinue carrying. In addition, the Company's full-color circulars and mailing pieces include a coupon, which is redeemed at the point-of-sale. The Company also honors competitor coupons.

MERCHANDISE PRESENTATION

The Company has developed a distinctive style of merchandise presentation. In each superstore, groups of related product lines are presented together in separate areas of the store, creating the appearance that a Bed Bath & Beyond superstore is comprised of several individual specialty stores for different product lines. A "racetrack layout" that runs throughout the store facilitates moving between areas and encourages customers to shop the entire store. The Company believes that its format of merchandise presentation makes it

easy for customers to locate products, reinforces customer perception of wide selection and communicates to customers that Bed Bath & Beyond superstores offer a level of customer service generally associated with smaller specialty stores.

Merchandise is displayed in each of these separate areas from floor to ceiling (generally 10 to 14 feet high) and, in addition, seasonal merchandise and impulse items are prominently displayed in the front of the store. The Company believes that its extensive merchandise selection, rather than fixturing, should be the focus of customer attention and, accordingly, typically uses simple modular fixturing throughout the store. This fixturing is designed so that it can be easily reconfigured to adapt to changes in the store's merchandise mix and presentation. The Company believes that its floor to ceiling displays create an exciting and attractive shopping environment that encourages impulse purchases of additional items.

CUSTOMER SERVICE

The Company places great emphasis on customer service and satisfaction and, over the past 29 years, has sought to make this a defining feature of its corporate culture. All managers provide leadership by example in this area by regularly spending time assisting customers on the selling floor. The Company believes that its success in the area of customer service is evidenced by its ability to rely primarily on "word of mouth

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advertising".

The Company seeks to make shopping at its stores as pleasant and convenient as possible. Each area within a store is staffed with knowledgeable sales personnel who are available to assist customers in choosing merchandise, to answer questions and to resolve any problems that may arise. In order to make checking out convenient, check-out lines are continually monitored and additional cashiers are added as necessary in order to minimize waiting time. Returning merchandise is simplified through a return policy that permits customers to return most items without presenting a sales receipt. Most Bed Bath & Beyond stores are open seven days (and six evenings) a week in order to enable customers to shop at times that are convenient for them.

The Company further augmented its services in fiscal 1999 through the launching of the first phase of its E-Service initiative. The Company's website, www.bedbathandbeyond.com, offers a broad range of online services and features, including shopping.

ADVERTISING

In general, the Company relies on "word of mouth advertising" and on its reputation for offering a wide assortment of quality merchandise at everyday low prices, supplemented by the use of paid advertising. The Company uses full-color circulars and mailing pieces as its primary vehicles of paid advertising. Also, to support the opening of new stores, the Company uses "grand opening" full-color circulars and newspaper advertising. The Company believes that its ability to rely primarily on "word of mouth advertising" will continue and that its limited use of paid advertising permits it to spend less on advertising than a number of its competitors.

EXPANSION

The Company is engaged in an ongoing expansion program involving the opening of new stores in both existing and new markets and the expansion or replacement of existing stores with larger stores. As a result of this program, the total number of stores has increased from 34 at the beginning of fiscal 1992 to 241 at the end of fiscal 1999, and the total square footage of store space has increased from approximately 917,000 square feet at the beginning of fiscal 1992 to approximately 9,815,000 square feet at the end of fiscal 1999. During 1999, the Company opened 55 new superstores and expanded four stores, which resulted in the addition of approximately 2,127,000 square feet of store space.

The table below sets forth information concerning the Company's

expansion program for the periods indicated:

YEAR	REPLACED STORES (1)	NEW STORES (2)	STORE SPACE		NUMBER OF STORES	
			BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR
			(IN SQUARE FEET)			
1992	5	4	917,000	1,128,000	34	38
1993	4	9	1,128,000	1,512,000	38	45
1994	4	16	1,512,000	2,339,000	45	61
1995	2	19	2,339,000	3,214,000	61	80
1996	2	28	3,214,000	4,347,000	80	108
1997	3	33	4,347,000	5,767,000	108	141
1998	3	45	5,767,000	7,688,000	141	186
1999	4	55	7,688,000	9,815,000	186	241

(1) A replaced store is an existing store that was either expanded or replaced by a new store in the same area.

(2) Excludes any new store that replaced an existing store in the same area.

The Company intends to continue its expansion program and believes that the continued growth of the Company is dependent, in large part, on the success of this program. As part of its expansion program, the Company expects to open new superstores and, in addition, expects to expand existing stores as opportunities arise.

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The Company expects to open new superstores in existing markets and new markets. In determining where to open new superstores, the Company evaluates a number of factors, including the availability of prime real estate and demographic information (such as data relating to income and education levels, age and occupation). The Company believes that because it does not use central distribution centers and since it relies on paid advertising to only a limited extent, it has the flexibility to enter a new market with only one or two stores. The Company will consider opening additional stores in that market, once the stores have been proven successful.

From the end of fiscal 1999 through May 12, 2000, the Company has opened six stores which are located in: Colma, CA; Winston Salem, NC; Montgomeryville, PA; Providence, RI; Johnson City, TN; and Nashville, TN. During the balance of 2000, the Company currently anticipates that it will open at least 54 additional stores and relocate or expand two stores.

The Company has built its management structure with a view towards its expansion and believes that as a result the Company has the management depth necessary to support its anticipated expansion program. Each of the Company's area managers typically supervise up to three stores. Each of the Company's district managers typically supervise four to ten stores.

STORE OPERATIONS

MERCHANDISING

The Company maintains its own central buying staff, comprised of two Vice President - General Merchandising Managers, four divisional merchandise managers, twenty-five buyers and ten assistant buyers. Senior members of this buying staff report to the Senior Vice President-Chief Merchandising Officer. The merchandise mix for each store is selected by the central buying staff, in consultation with store managers and other local store personnel. The central buying staff is responsible for selecting the merchandise, for ordering the initial inventory required upon the opening of each store, for ordering the first shipment of any new product line that may be subsequently added to a store's merchandise mix and for ordering seasonal merchandise.

After a store is opened, local store personnel are primarily responsible for monitoring inventory levels and reordering merchandise as required. In addition, local store personnel are encouraged to monitor local sales trends and market conditions and tailor the merchandise mix as appropriate to respond to changing trends and conditions. The Company believes that its policy of having the reordering performed at the local store level, rather than centrally, and having local store personnel determine the appropriate quantity to reorder encourages entrepreneurship at the store level and better ensures that in-stock availability will be maintained in accordance with the specific requirements of each store. The factors taken into account in selecting the merchandise mix for a particular store include store size and configuration and local market conditions such as climate and demographics.

The Company purchases its merchandise from approximately 3,100 suppliers. In 1999, the Company's largest supplier accounted for approximately 6% of the Company's merchandise purchases and the Company's 10 largest suppliers accounted for approximately 26% of such purchases. The Company purchases substantially all of its merchandise in the United States, the majority from domestic manufacturers and the balance from importers. The Company purchases a small amount of its merchandise directly from overseas sources. The Company has no long-term contracts for the purchase of merchandise. The Company believes that most merchandise, other than brand name goods, is available from a variety of sources and that most brand name goods can be replaced with comparable merchandise.

WAREHOUSING

Merchandise is shipped to each store from the Company's vendors, making it unnecessary for the Company to maintain any central distribution centers. As a result of the floor to ceiling displays used by the

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Company, a substantial amount of merchandise is displayed on the sales floor of each store at all times. Additional merchandise not displayed on the sales floor is stored in separate warehouse space that is included in each store (with an estimated 10% to 15% of the space of each store being dedicated to warehouse and receiving space). In the case of a few stores, merchandise is also stored at nearby supplemental storage space leased by the Company. At present, the warehouse space included in the Company's stores provides approximately 88% of the Company's warehouse space requirements and such nearby supplemental storage space provides the balance.

MANAGEMENT

The Company seeks to encourage responsiveness and entrepreneurship at the store level by providing its managers with a relatively high degree of autonomy relating to operations and merchandising. This is reflected in the Company's policy of having reordering conducted at the store level, as well as in the Company's policy of encouraging managers to tailor the merchandise mix of each store in response to local sales trends and market conditions.

In general, stores are staffed with one to three assistant managers and three to six department managers who report to a store manager, who in turn is supervised by an area or district manager. Area and district managers report to one of several regional managers or directly to one of five regional Vice Presidents of Stores, who in turn report to the Senior Vice President of Stores. Decisions relating to pricing and advertising for all stores are made centrally in the Company's Buying Office, and certain store support functions (such as finance and information technology) are performed centrally in the Company's Corporate Office.

TRAINING

The Company places great emphasis on the training of store level management. All entry management personnel are generally required to work in different departments of the store in order to acquire an overall understanding

of store operations. In addition, all associates receive formalized training, including sales techniques and product knowledge, through the Bed Bath & Beyond University program.

The Company's policy is to generally build its management organization from within. Each of the Company's area, district and regional managers was recruited from the ranks of the Company's store managers and each of the Company's store managers joined the Company in an entry level position. The Company believes that its policy of promoting from within, as well as the opportunities for advancement generated by its ongoing expansion program, serve as an incentive to persons to seek and retain employment with the Company and results in low turnover among its managers.

EMPLOYEES

As of February 26, 2000, the Company employed approximately 12,000 persons, of whom approximately 8,000 were full-time employees and 4,000 were part-time employees. None of the Company's employees are covered by collective bargaining agreements. The Company believes that its relations with its employees are excellent and that the labor turnover rate among its management employees is lower than that experienced in the industry.

SEASONALITY

The Company's business exhibits less seasonality than many other retail businesses, although sales levels are generally higher in August, November and December, and generally lower in February and March.

COMPETITION

The market for domestics merchandise and home furnishings is fragmented and highly competitive. While the Company believes it is the preeminent marketer in the superstore segment of the home goods industry, it competes directly with a number of chains of superstores selling domestics merchandise and home furnishings. In addition, the Company competes with many different types of retail stores that sell many or most of the products sold by the Company. Such competitors include: (i) better department stores, which often carry many of the same product lines as the Company but do not typically have the same depth or breadth of product selection, (ii) specialty stores (such as specialty linens or housewares retailers), which often have a depth of product selection but typically carry only a limited portion of the product lines carried by the Company, and (iii) discount and mass merchandise stores. In addition, the Company competes to a more limited extent with factory outlet stores that typically offer limited quantities or limited lines of better quality merchandise at discount prices. Some of the Company's competitors operate substantially more stores and have substantially greater financial and other resources than the Company, including, in a few cases, better name recognition.

The Company believes that it is the largest operator of superstores selling predominantly better quality domestics merchandise and home furnishings typically found in better department stores, and that it is well positioned to compete successfully in its markets as measured by several factors, including pricing, breadth and quality of product selection, in-stock availability of merchandise, effective merchandise presentation, customer service and store locations.

The visibility of the Company has encouraged superstore competitors to imitate the Company's format and methods. Other retail chains continue to introduce new store concepts which include many of the product lines carried by the Company. There can be no assurance that the operation of competitors, including those companies operating stores similar to those of Bed Bath & Beyond, will not have a material effect on the Company.

TRADE NAMES AND SERVICE MARKS

The Company uses its nationally recognized "Bed Bath & Beyond" name and logo and its "Beyond any store of its kind" tag line as service marks in connection with retail services. The Company has registered these marks and others with the United States Patent and Trademark Office. The Company also has registered or has applications pending with the trademark registries of several foreign countries. Management believes that its nationally recognized name and its service marks are an important element of the Company's merchandising strategy.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth the name, age and business experience of the Executive Officers of the Registrant:

NAME ----	AGE ---	POSITIONS -----
Warren Eisenberg	69	Co-Chairman, Co-Chief Executive Officer and Director
Leonard Feinstein	63	Co-Chairman, Co-Chief Executive Officer and Director
Steven H. Temares	41	President, Chief Operating Officer and Director
Ronald Curwin	70	Chief Financial Officer and Treasurer
Arthur Stark	45	Chief Merchandising Officer and Senior Vice President
Matthew Fiorilli	43	Senior Vice President - Stores

Mr. Eisenberg, a co-founder of the Company, has been a director and officer of the Company since the Company commenced operations in 1971 (serving as President and Co-Chief Executive Officer until 1992, as Chairman and Co-Chief Executive Officer until 1999, thereafter as Co-Chairman and Co-Chief Executive Officer).

Mr. Feinstein, a co-founder of the Company, has been a director and officer of the Company since the Company commenced operations in 1971 (serving as Co-Chief Executive Officer, Treasurer and Secretary until 1992, as President and Co-Chief Executive Officer until 1999, thereafter as Co-Chairman and Co-Chief Executive Officer).

Mr. Temares was promoted to President and Chief Operating Officer of the Company in January 1999. Prior to 1999, Mr. Temares served as Executive Vice President - Chief Operating Officer from 1997 to 1999 and previously was Director of Real Estate and General Counsel.

Mr. Curwin, a certified public accountant, joined the Company in 1994 as Chief Financial Officer and Treasurer.

Mr. Stark joined the Company in 1977. Mr. Stark was promoted to Chief Merchandising Officer and Senior Vice President in January 1999. Prior to 1999, Mr. Stark was Vice President - Merchandising from 1998 until 1999, Director of Store Operations - Western Region from 1994 until 1998.

Mr. Fiorilli joined the Company in 1973. Mr. Fiorilli was promoted to Senior Vice President - Stores in January 1999. Prior to 1999, Mr. Fiorilli was Vice President - Stores from 1998 until 1999, Director of Store Operations -

Eastern Region from 1994 until 1998.

The Company's officers are elected by the Board of Directors for one-year terms and serve at the discretion of the Board of Directors. No family relationships exist between any of the executive officers or directors of the Company.

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ITEM 2 - PROPERTIES

The Company's 247 stores are located in 39 states, principally in suburban areas of medium and large sized cities. These stores are situated in strip and power strip shopping centers, as well as in major off-price and conventional malls, and free standing buildings. The Company's superstores range in size from 13,000 to 103,000 square feet, but are predominantly between 30,000 and 50,000 square feet in major markets. The Company's three smaller stores range in size from 7,000 to 11,000 square feet. In both superstores and smaller stores, approximately 80% to 85% of store space is used for selling areas and the balance for warehouse, receiving and office space.

The table below sets forth the number of stores located in each state as of May 12, 2000:

State -----	Number of Stores -----	State -----	Number of Stores -----
Alabama	3	Nebraska	1
Arizona	5	Nevada	1
Arkansas	2	New Jersey	15
California	32	New Mexico	1
Colorado	6	New York	14
Connecticut	5	North Carolina	4
Delaware	1	Ohio	7
Florida	27	Oklahoma	3
Georgia	11	Oregon	1
Illinois	13	Pennsylvania	9
Indiana	3	Rhode Island	1
Iowa	1	South Carolina	2
Kansas	3	Tennessee	5
Kentucky	2	Texas	18
Louisiana	1	Utah	3
Maryland	8	Vermont	1
Massachusetts	5	Virginia	12
Michigan	9	Washington	4
Minnesota	1	Wisconsin	2
Missouri	5		

The Company currently leases all of its existing stores. The leases provide for original lease terms that generally range from five to fifteen years and certain leases provide for renewal options that range from five to fifteen years, often at increased rents. Certain leases provide for scheduled rent increases (which, in the case of fixed increases, the Company accounts for on a straight line basis over the noncancelable lease term) and/or for contingent rent (based upon store sales exceeding stipulated amounts).

The Company also leases merchandise storage space in seven locations amounting to approximately 164,000 square feet. This space is used to supplement the warehouse facilities in the Company's stores in proximity to these locations. See Item 1 "Business--Store Operations--Warehousing."

The Company's Corporate Office is located in 87,100 square feet of office space in Union, New Jersey, and the Company's Buying Office is located in 56,400 square feet of office space in Farmingdale, New York. The Company plans to lease additional office space at both of these locations.

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ITEM 3 - LEGAL PROCEEDINGS

There are no material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the Company is a party.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders through solicitation of proxies or otherwise during the fourth quarter of the fiscal year ended February 26, 2000.

PART II

ITEM 5 - MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The following table sets forth the high and low reported sales prices of the Company's common stock on the NASDAQ National Market System for the periods indicated. These quotations reflect inter-dealer prices, without retail markups, markdowns or commissions.

	HIGH	LOW
	----	---
Fiscal 1998 :		

1st Quarter	\$ 27 3/4	\$ 20
2nd Quarter	28 31/32	18 1/4
3rd Quarter	32 3/16	17 1/8
4th Quarter	35 3/16	27 1/2
Fiscal 1999 :		

1st Quarter	\$ 39 3/8	\$ 29 1/8
2nd Quarter	38 15/16	25 1/2
3rd Quarter	37	27 3/8
4th Quarter	36	22 7/16
Fiscal 2000 :		

1st Quarter (through May 12, 2000)	\$ 45 1/2	\$ 22

The common stock is quoted through the NASDAQ National Market System under the symbol BBBY. On May 12, 2000, there were approximately 640 shareholders of record of the common stock (without including individual participants in nominee security position listings). On May 12, 2000, the last reported sale price of the common stock was \$38 15/16.

For the foreseeable future, the Company intends to retain all earnings for use in the operation and expansion of its business and, accordingly, the Company currently has no plans to pay dividends on its common stock. The payment of any future dividends will be determined by the Board of Directors in light of conditions then existing, including the Company's earnings, financial condition and requirements, restrictions in financing agreements, business conditions and other factors. At present, the Company's ability to pay dividends is limited under its Credit Agreement. See Item 8 - Financial Statements and Supplementary Data.

ITEM 6 - SELECTED FINANCIAL DATA

The information required by this item is included in the registrant's Annual Report to Shareholders for the fiscal year ended February

26, 2000 on the inside front cover and is incorporated herein by reference.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

The information required by this item is included in the registrant's Annual Report to Shareholders for the fiscal year ended February 26, 2000 on pages 10 through 13 and is incorporated herein by reference.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET
RISK

None.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are included in the registrant's Annual Report to Shareholders for the fiscal year ended February 26, 2000 on pages 14 through 23 and are incorporated herein by reference. These financial statements are indexed under Item 14(a)(1).

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON
ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

The Executive Officers of the Registrant information required by Part III, Item 10 - Directors and Executive Officers of the Registrant is included in this document; all other information required by Part III (Item 10 - Directors and Executive Officers of the Registrant, Item 11 - Executive Compensation, Item 12 - Security Ownership of Certain Beneficial Owners and Management, and Item 13 - Certain Relationships and Related Transactions) is incorporated herein by reference from the Registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held June 29, 2000 filed with the Commission pursuant to Regulation 14A. The Compensation Report of the Board of Directors and the performance graph included in such Proxy Statement shall not be deemed incorporated herein by reference.

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PART IV

ITEM 14 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS
ON FORM 8-K

(a) (1) FINANCIAL STATEMENTS

The following financial statements and reports are incorporated by reference to pages 14 through 23 of the Company's Annual Report to Shareholders for the fiscal year ended February 26, 2000:

Consolidated Balance Sheets as of February 26, 2000 and February 27, 1999

Consolidated Statements of Earnings for the fiscal years ended February 26, 2000, February 27, 1999 and February 28, 1998

Consolidated Statements of Shareholders' Equity for the fiscal years ended February 26, 2000, February 27, 1999 and February 28, 1998

Consolidated Statements of Cash Flows for the fiscal years ended February 26, 2000, February 27, 1999 and February 28, 1998

Notes to Consolidated Financial Statements

Independent Auditors' Report

(a) (2) FINANCIAL STATEMENT SCHEDULE

Schedule I -- The supplementary income statement schedule is included in this report.

(a) (3) EXHIBITS

The exhibits to this Report are listed in the Exhibit Index included elsewhere herein.

(b) No reports on Form 8-K were filed by the Company during the fourth quarter of the fiscal year covered by this report.

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SCHEDULE 1

BED BATH & BEYOND INC. AND SUBSIDIARIES
SUPPLEMENTARY INCOME STATEMENT SCHEDULE
(IN THOUSANDS)

ITEM	YEAR ENDED		
	FEBRUARY 26, 2000	FEBRUARY 27, 1999	FEBRUARY 28, 1998
Advertising Costs	\$28,176	\$20,800	\$15,701

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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.

BED BATH & BEYOND INC.

BY: /s/ Warren Eisenberg

WARREN EISENBERG
CO-CHAIRMAN, CO-CHIEF EXECUTIVE
OFFICER AND DIRECTOR

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE

CAPACITY

DATE

----- /s/ Warren Eisenberg ----- WARREN EISENBERG	----- Co-Chairman, Co-Chief Executive Officer and Director	---- May 25, 2000
----- /s/ Leonard Feinstein ----- LEONARD FEINSTEIN	----- Co-Chairman, Co-Chief Executive Officer and Director	May 25, 2000
----- /s/ Steven H. Temares ----- Steven H. Temares	----- President, Chief Operating Officer and Director	May 25, 2000
----- /s/ Ronald Curwin ----- RONALD CURWIN	----- Chief Financial Officer and Treasurer (Principal Financial Officer)	May 25, 2000
----- /s/ Eugene A. Castagna ----- EUGENE A. CASTAGNA	----- Vice President - Controller (Principal Accounting Officer)	May 25, 2000
----- /s/ Klaus Eppler ----- KLAUS EPPLER	----- Director	May 25, 2000
----- /s/ Robert S. Kaplan ----- ROBERT S. KAPLAN	----- Director	May 25, 2000
----- /s/ Robert J. Swartz ----- ROBERT J. SWARTZ	----- Director	May 25, 2000

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ANNUAL REPORT ON FORM 10-K
ITEM 14 (a) (3)
EXHIBITS
BED BATH & BEYOND INC.
FISCAL YEAR ENDED FEBRUARY 26, 2000

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EXHIBIT INDEX

Unless otherwise indicated, exhibits are incorporated by reference to the correspondingly numbered exhibits to the Company's Registration Statement on Form S-1 (Commission File No. 33-47250)

EXHIBIT NO. ---	EXHIBIT -----
3.1	Restated Certificate of Incorporation
3.2	Certificate of Amendment to the Company's Certificate of Incorporation (incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q/A for the quarter ended August 25, 1996)

- 3.3 Certificate of Amendment to the Company's Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
- 3.4 Certificate of Change of Bed Bath & Beyond Inc. Under Section 805-A of the Business Corporation Law (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
- 3.5 Amended and Restated By-laws, as amended through June 26, 1997 (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
- 3.6 Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 3.6 to the Company's Form 10-K for the year ended February 27, 1999)
- 3.7 Amended By-Laws of Bed Bath & Beyond Inc. (As amended through December 17, 1998) (incorporated by reference to Exhibit 3.7 to the Company's on Form 10-K for the year ended February 27, 1999)
- 3.8 Amended By-Laws of Bed Bath & Beyond Inc. (As amended through September 22, 1999) (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 28, 1999)
- 10.1 Credit Agreement among the Company, Bed Bath Stores, Inc., BBBL, Inc., BBY Management Corporation, Chemical Bank New Jersey, N.A., Chemical Bank and Chemical Bank New Jersey, N.A. as Agent (incorporated by reference to Exhibit 28 to the Company's Form 8-K dated November 14, 1994)
- 10.2* Agreement Concerning "Split Dollar" Life Insurance Plan, dated May 9, 1994, among the Company, Jay D. Waxenberg, as trustee of the Warren Eisenberg Life Insurance Trust, Warren Eisenberg and Maxine Eisenberg (incorporated by reference to Exhibit 10.12 to the Company's Form 10-K for the year ended February 27, 1994)

- 10.3* Agreement Concerning "Split Dollar" Life Insurance Plan, dated May 9, 1994, among the Company, Jay D. Waxenberg, as trustee of the Leonard Joseph Feinstein Life Insurance Trust, Leonard Joseph Feinstein and Susan Feinstein (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K for the year ended February 27, 1994)
- 10.4* Agreement Concerning "Split Dollar" Life Insurance Plan, dated June 16, 1995, among the Company, Jay D. Waxenberg, as trustee of the Warren Eisenberg Life Insurance Trust, Warren Eisenberg and Maxine Eisenberg (incorporated by reference to Exhibit 10.12 to the Company's Form 10-K for the year ended February 27, 1994)
- 10.5* Agreement Concerning "Split Dollar" Life Insurance Plan, dated June 16, 1995, among the Company, Jay D. Waxenberg, as trustee of the Leonard Joseph Feinstein Life Insurance Trust, Leonard Joseph Feinstein and Susan Feinstein (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K for the year ended February 27, 1994)

- 10.6 First Amendment to the Credit Agreement among the Company, bed 'n bath Stores, Inc., BBBL, Inc., BBY Management Corporation, Chemical Bank New Jersey, N.A., Chemical Bank and Chemical Bank New Jersey, N.A. as Agent, dated October 1, 1995 (incorporated by reference to Exhibit 10.9 to the Company's Form 10-K for the year ended March 1, 1997)
- 10.7 Second Amendment to the Credit Agreement among the Company, bed 'n bath Stores, Inc., BBBL, Inc., BBY Management Corporation, Chemical Bank New Jersey, N.A., Chemical Bank and Chemical Bank New Jersey, N.A. as Agent, dated February 24, 1997 (incorporated by reference to Exhibit 10.11 to the Company's Form 10-K for the year ended March 1, 1997)
- 10.8 Third Amendment to the Credit Agreement among the Company, bed 'n bath Stores, Inc., BBBL, Inc., BBY Management Corporation, and The Chase Manhattan Bank, dated September 11, 1997 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 29, 1997)
- 10.9 Fourth Amendment to the Credit Agreement among the Company, bed 'n bath Stores, Inc., BBBL, Inc., BBY Management Corporation, and The Chase Manhattan Bank, dated September 19, 1997 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 29, 1997)
- 10.10* Employment Agreement between the Company and Warren Eisenberg, dated as of June 30, 1997 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
- 10.11* Employment Agreement between the Company and Leonard Feinstein, dated as of June 30, 1997 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
- 10.12* Stock Option Agreement between the Company and Warren Eisenberg, dated as of August 26, 1997 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)

- 10.13* Stock Option Agreement between the Company and Leonard Feinstein, dated as of August 26, 1997 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
- 10.14* Company's 1992 Stock Option Plan, as amended through August 26, 1997 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
- 10.15* Company's 1996 Stock Option Plan, as amended through August 26, 1997 (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
- 10.16* Employment Agreement between the Company and Steven H.

Temares (dated as of December 1, 1994) (incorporated by reference to Exhibit 10.16 to the Company's Form 10-K for the year ended February 28, 1998)

- 10.17* Form of Employment Agreement between the Company and certain executives (including all of the executive officers of the Company other than the Co-Chief Executive Officers, the Chief Operating Officer and the Chief Financial Officer) (dated as of December 1, 1994) (incorporated by reference to Exhibit 10.17 to the Company's Form 10-K for the year ended February 28, 1998)
- 10.18* Bed Bath & Beyond Inc. 1998 Stock Option Plan (incorporated by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 30, 1998)
- 10.19 Fifth Amendment to the Credit Agreement among the Company, Bed Bath Stores, Inc., BBBL, Inc., Bed Bath & Beyond of California Limited Liability Company, BBY Management Corporation and The Chase Manhattan Bank, dated October 26, 1998 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 29, 1998)
- 10.20 Second Amended and Restated Revolving Credit Note among the Company, Bed Bath Stores, Inc., BBBL, Inc., Bed Bath & Beyond of California Limited Liability Company, BBY Management Corporation and The Chase Manhattan Bank, dated October 26, 1998 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 29, 1998)
- 10.21* Stock Option Agreement between the Company and Warren Eisenberg, dated as of August 13, 1999 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 27, 1999)
- 10.22* Stock Option Agreement between the Company and Leonard Feinstein, dated as of August 13, 1999 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 27, 1999)

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- 10.23* Form of Standard Stock Option Agreement (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 27, 1999)
- 13** Company's 1999 Annual Report, certain portions of which have been incorporated by reference herein
- 21** Subsidiaries of the Company
Commission File No. 33-1
- 23** Independent Auditors' Consent
- 27 Financial Data Schedule (Filed electronically with SEC only)

* This is a management contract or compensatory plan or arrangement.

** Filed herewith.

(in thousands, except per share and selected operating data)	Fiscal Year Ended(1)								
	February 26, 2000	February 27, 1999	February 28, 1998	March 1, 1997	February 25, 1996	February 26, 1995	February 27, 1994	February 28, 1993	
STATEMENT OF EARNINGS DATA:									
Net sales	\$1,877,966	\$1,397,197	\$1,066,612	\$ 823,178	\$ 601,252	\$ 440,261	\$ 305,767	\$ 216,712	
Gross profit	766,856	576,125	441,016	341,168	250,036	183,819	127,972	90,528	
Operating profit	209,340	158,052	118,914	90,607	67,585	51,685	36,906	26,660	
Net earnings	131,229	97,346	73,142	55,015	39,459	30,013	21,887	15,960	
Net earnings per share - Diluted (2)	\$.91	\$.68	\$.51	\$.39	\$.28	\$.22	\$.16	\$.12	
SELECTED OPERATING DATA:									
Number of stores open (at period end)	241	186	141	108	80	61	45	38	
Total square feet of store space (at period end)	9,815,000	7,688,000	5,767,000	4,347,000	3,214,000	2,339,000	1,512,000	1,128,000	
Percentage increase in comparable store net sales	9.2%	7.6%	6.4%	6.1%	3.8%	12.0%	10.6%	7.2%	
BALANCE SHEET DATA (AT PERIOD END):									
Working capital (3)	\$ 360,585	\$ 267,557	\$ 188,293	\$ 127,333	\$ 91,331	\$ 74,390	\$ 56,001	\$ 34,842	
Total assets	865,800	633,148	458,330	329,925	235,810	176,678	121,468	76,654	
Long - term debt	-	-	-	-	5,000	16,800	13,300	--	
Shareholders' equity	\$ 559,045	\$ 411,087	\$ 295,397	\$ 214,361	\$ 151,446	\$ 108,939	\$ 77,305	\$ 54,643	

- (1) Each fiscal year represents 52 weeks, except for fiscal 1996 which represents 52 weeks and 6 days.
- (2) Net earnings per share amounts have been adjusted for two-for-one stock splits of the Company's common stock (each of which was effected in the form of a 100% stock dividend), which were distributed in fiscal 1998, 1996 and 1993. The Company has not declared any cash dividends in any of the fiscal years noted above.
- (3) Certain reclassifications have been made to selected financial data from prior years to conform to the fiscal 1999 presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated (i) selected statement of earnings data of the Company expressed as a percentage of net sales and (ii) the percentage change from the prior year in selected statement of earnings data:

	FISCAL YEAR ENDED				
	PERCENTAGE OF NET SALES			PERCENTAGE CHANGE FROM PRIOR YEAR	
	FEBRUARY 26, 2000	FEBRUARY 27, 1999	FEBRUARY 28, 1998	FEBRUARY 26, 2000	FEBRUARY 27, 1999
Net sales	100.0%	100.0%	100.0%	34.4%	31.0%
Cost of sales, including buying,					

occupancy and indirect costs	59.2	58.8	58.7	35.3	31.2
Gross profit	40.8	41.2	41.3	33.1	30.6
Selling, general and administrative expenses	29.7	29.9	30.2	33.4	29.8
Operating profit	11.1	11.3	11.1	32.5	32.9
Earnings before provision for income taxes	11.5	11.6	11.4	33.2	33.1
Net earnings	7.0	7.0	6.9	34.8	33.1

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FISCAL 1999 COMPARED WITH FISCAL 1998

In fiscal 1999, the Company expanded store space by 27.7%, from 7,688,000 square feet at fiscal year end 1998 to 9,815,000 square feet at fiscal year end 1999. The 2,127,000 square feet increase was the result of opening 55 new superstores and expanding four existing stores.

Net sales in fiscal 1999 increased \$480.8 million to \$1.878 billion, representing an increase of 34.4% over the \$1.397 billion net sales in fiscal 1998. Approximately 75% of the increase was attributable to new store net sales and the balance to an increase in comparable store net sales.

Approximately 55% and 45% of net sales in fiscal 1999 were attributable to sales of domestics merchandise and home furnishings, respectively. The Company estimates that bed linens accounted for approximately 21% of net sales during fiscal 1999 and fiscal 1998. No other individual product category accounted for 10% or more of net sales during either fiscal year.

Gross profit in fiscal 1999 was \$766.9 million or 40.8% of net sales, compared with \$576.1 million or 41.2% of net sales a year ago. The decrease in gross profit as a percentage of net sales was primarily attributable to a different mix of sales during fiscal 1999 compared to the mix of sales during the prior year, as well as a continued emphasis on providing value pricing to the customer.

The percentage increase in comparable store net sales was 9.2% in fiscal 1999 compared with 7.6% in fiscal 1998. The increase in comparable store net sales relative to the prior year reflects a number of factors including the continued consumer acceptance of the Company's merchandise offerings, the continued emphasis on providing value pricing to the customer, a strong focus on customer service and the generally favorable retailing environment.

Selling, general and administrative expenses ("SG&A") were \$557.5 million or 29.7% of net sales in fiscal 1999 compared to \$418.1 million or 29.9% of net sales in fiscal 1998. The decrease in SG&A as a percentage of net sales primarily reflects a relative decrease in payroll and payroll related items and a relative decrease in occupancy costs. Expenses associated with new or expanded stores are charged to earnings as incurred.

The difference between the increase in earnings before provision for income taxes of 33.2% from fiscal 1998 to fiscal 1999 compared to the year to year increase in operating profit of 32.5% was attributable to interest income.

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FISCAL 1998 COMPARED WITH FISCAL 1997

In fiscal 1998, the Company expanded store space by 33.3%, from 5,767,000 square feet at fiscal year end 1997 to 7,688,000 square feet at fiscal year end 1998. The 1,921,000 square feet increase was the result of opening 45 new superstores

and expanding three existing stores.

Net sales in fiscal 1998 increased \$330.6 million to \$1.397 billion, representing an increase of 31.0% over the \$1.067 billion net sales in fiscal 1997. Approximately 77% of the increase was attributable to new store net sales and the balance to an increase in comparable store net sales.

Approximately 55% and 45% of net sales in fiscal 1998 were attributable to sales of domestics merchandise and home furnishings, respectively. The Company estimates that bed linens accounted for approximately 21% of net sales during fiscal 1998 and fiscal 1997. No other individual product category accounted for 10% or more of net sales during either fiscal year.

Gross profit in fiscal 1998 was \$576.1 million or 41.2% of net sales, compared with \$441.0 million or 41.3% of net sales in fiscal 1997. The decrease in gross profit as a percentage of net sales was primarily attributable to a different mix of sales during fiscal 1998 compared to the mix of sales during fiscal 1997 and an increase in coupons redeemed associated with the Company's marketing program.

The percentage increase in comparable store net sales was 7.6% in fiscal 1998 compared with 6.4% in fiscal 1997. The increase in comparable store net sales relative to fiscal 1997 reflected a number of factors, including the continued consumer acceptance of the Company's merchandise offerings, a strong focus on customer service and the generally favorable retailing environment.

SG&A was \$418.1 million or 29.9% of net sales in fiscal 1998 compared to \$322.1 million or 30.2% of net sales in fiscal 1997. The decrease in SG&A as a percentage of net sales primarily reflected a relative decrease in payroll and payroll related items, which were partially offset by an increase in occupancy costs. Expenses associated with new or expanded stores were charged to earnings as incurred.

Operating profit was \$158.1 million in fiscal 1998, an increase of \$39.1 million or 32.9% from fiscal 1997, reflecting primarily the increase in net sales which was partially offset by increases in cost of sales and SG&A.

The difference between the increase in earnings before provision for income taxes of 33.1% from fiscal 1997 to fiscal 1998 compared to the year to year increase in operating profit of 32.9% was attributable to interest income.

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EXPANSION PROGRAM

The Company is engaged in an ongoing expansion program involving the opening of new stores in both new and existing markets and the expansion or replacement of existing stores with larger stores. In the eight year period from the beginning of fiscal 1992 to the end of fiscal 1999, the chain has grown from 34 stores to 241 stores. Total square footage grew from 917,000 square feet at the beginning of fiscal 1992 to 9,815,000 square feet at the end of fiscal 1999.

The Company intends to continue its expansion program and currently anticipates that in fiscal 2000 it will open at least 60 new stores (see details under "Liquidity and Capital Resources" below). The Company believes that a predominant portion of any increase in its net sales in fiscal 2000 will continue to be attributable to new store net sales. Accordingly, the continued growth of the Company is dependent, in large part, upon the Company's ability to execute its expansion program successfully, of which there can be no assurance.

LIQUIDITY AND CAPITAL RESOURCES

The Company has been able to finance both its normal operations and its expansion program principally through internally generated funds during the preceding five years. For the foreseeable future, the Company intends to retain

all earnings for use in the operation and expansion of its business.

The Company's merchandise inventory has grown from \$270.4 million at the end of fiscal 1997, to \$360.3 million at the end of fiscal 1998 and to \$470.4 million at the end of fiscal 1999. The increases in inventory between the fiscal years were primarily attributable to the addition of new store space.

The Company's working capital increased from \$188.3 million at the end of fiscal 1997, to \$267.6 million at the end of fiscal 1998, and to \$360.6 million at the end of fiscal 1999. The increases between the fiscal years were primarily the result of increases in merchandise inventories and cash and cash equivalents, which were partially offset by increases in accounts payable and accrued expenses and other current liabilities.

The Company's expansion program requires the Company to make capital expenditures for furniture and fixtures, leasehold improvements and computer equipment on an ongoing basis. The Company's total capital expenditures were \$90.1 million, \$62.3 million and \$41.3 million during fiscal 1999, 1998 and 1997, respectively.

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Under the Company's revolving Credit Agreement (the "Credit Agreement") concluded in November 1994, and as subsequently amended, the Company may borrow up to \$45.0 million for loans and letters of credit. The Credit Agreement matures in October 2001.

The Credit Agreement contains certain covenants which, among other things, place limitations on payment of dividends, capital expenditures and certain expenses. Additionally, there are restrictions on additional borrowings and a requirement that the Company maintain certain financial ratios. The Company does not believe that any of these covenants will materially affect its business or its expansion program as currently planned.

The Company did not borrow under the Credit Agreement during fiscal 1999 or fiscal 1998. The Company believes that during fiscal 2000 internally generated funds will be sufficient to fund both its normal operations and its expansion program.

As of March 24, 2000, the Company has leased sites for 50 new superstores planned for opening in fiscal 2000, including two new stores already opened in Montgomeryville, Pennsylvania and Providence, Rhode Island.

Approximate aggregate costs for the 50 leased stores are estimated at \$83.1 million for merchandise inventories, \$48.6 million for furniture and fixtures and leasehold improvements and \$14.1 million for preopening expenses (which will be expensed as incurred). In addition to the 50 locations already leased, the Company expects to open at least ten additional locations during fiscal 2000. The costs that the Company is expected to incur in connection with the anticipated opening of other superstores for which sites have not yet been leased cannot presently be determined.

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FORWARD LOOKING STATEMENTS

This Annual Report and, in particular, Management's Discussion and Analysis of Financial Condition and Results of Operations, contain forward looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The Company's actual results of operations and future financial condition may differ materially from those expressed in any such forward looking statements as a result of many factors that may be beyond the

Company's control. Such factors include, without limitation: general economic conditions, changes in the retailing environment and consumer spending habits, demographics and other macroeconomic factors that may impact the level of spending for the types of merchandise sold by the Company; unusual weather patterns; competition from existing and potential competitors; competition from other channels of distribution; pricing pressures; the ability to find suitable locations at reasonable occupancy costs to support the Company's expansion program; the availability of trained qualified management personnel to support the Company's growth; and the cost of labor, merchandise and other costs and expenses.

SEASONALITY

The Company's business exhibits less seasonality than many other retail businesses, although sales levels are generally higher in August, November and December, and generally lower in February and March.

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CONSOLIDATED BALANCE SHEETS BED BATH & BEYOND INC. AND SUBSIDIARIES

(in thousands, except per share data)

	FEBRUARY 26, 2000 ----	FEBRUARY 27, 1999 ----
ASSETS		
Current assets:		
Cash and cash equivalents	\$144,031	\$ 90,396
Merchandise inventories	470,433	360,337
Prepaid expenses and other current assets	32,904	22,529
	-----	-----
Total current assets	647,368	473,262
	-----	-----
Property and equipment, net	208,911	150,438
Other assets	9,521	9,448
	-----	-----
	\$865,800	\$633,148
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$145,114	\$ 99,370
Accrued expenses and other current liabilities	108,079	89,725
Income taxes payable	33,590	16,610
	-----	-----
Total current liabilities	286,783	205,705
	-----	-----
Deferred rent	19,972	16,356
	-----	-----
Total liabilities	306,755	222,061
	-----	-----
Commitments and contingencies (notes 3, 6 and 8)		
Shareholders' equity:		
Preferred stock - \$0.01 par value; authorized - 1,000 shares; no shares issued or outstanding	---	---
Common stock - \$0.01 par value; authorized - 350,000 shares; issued and outstanding - February 26, 2000, 140,406 shares and February 27, 1999, 139,418 shares	1,404	1,394
Additional paid-in capital	96,398	79,679
Retained earnings	461,243	330,014
	-----	-----
Total shareholders' equity	559,045	411,087
	-----	-----
	\$865,800	\$633,148
	=====	=====

See accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF EARNINGS
BED BATH & BEYOND INC. AND SUBSIDIARIES

(in thousands, except per share data)

	FISCAL YEAR ENDED		
	FEBRUARY 26, 2000	FEBRUARY 27, 1999	FEBRUARY 28, 1998
Net sales	\$1,877,966	\$1,397,197	\$1,066,612
Cost of sales, including buying, occupancy and indirect costs	1,111,110	821,072	625,596
Gross profit	766,856	576,125	441,016
Selling, general and administrative expenses	557,516	418,073	322,102
Operating profit	209,340	158,052	118,914
Interest income	5,790	3,517	2,484
Earnings before provision for income taxes	215,130	161,569	121,398
Provision for income taxes	83,901	64,223	48,256
Net earnings	\$ 131,229	\$ 97,346	\$ 73,142
Net earnings per share - Basic	\$.94	\$.70	\$.53
Net earnings per share - Diluted	\$.91	\$.68	\$.51
Weighted average shares outstanding - Basic	139,965	138,842	137,665
Weighted average shares outstanding - Diluted	144,117	143,236	142,362

See accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
BED BATH & BEYOND INC. AND SUBSIDIARIES

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
	SHARES	AMOUNT			
(in thousands)					
Balance at March 1, 1997	137,206	\$ 1,372	\$ 53,463	\$159,526	\$214,361
Net earnings				73,142	73,142
Shares sold under employee stock option plans	882	9	7,885		7,894
Balance at February 28, 1998	138,088	1,381	61,348	232,668	295,397
Net earnings				97,346	97,346
Shares sold under employee stock option plans	1,330	13	18,331		18,344
Balance at February 27, 1999	139,418	1,394	79,679	330,014	411,087
Net earnings				131,229	131,229
Shares sold under employee stock option plans	988	10	16,719		16,729
BALANCE AT FEBRUARY 26, 2000	140,406	\$ 1,404	\$ 96,398	\$461,243	\$559,045

See accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS
BED BATH & BEYOND INC. AND SUBSIDIARIES

(in thousands)	FISCAL YEAR ENDED		
	FEBRUARY 26, 2000 ----	FEBRUARY 27, 1999 ----	FEBRUARY 28, 1998 ----
Cash Flows from Operating Activities:			
Net earnings	\$ 131,229	\$ 97,346	\$ 73,142
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	31,625	23,217	18,238
Tax benefit from exercise of stock options	8,932	11,546	4,438
Deferred income taxes	(8,197)	(5,166)	(6,345)
(Increase) decrease in assets:			
Merchandise inventories	(110,096)	(89,980)	(83,172)
Prepaid expenses and other current assets	(2,347)	(2,223)	(718)
Other assets	96	(1,276)	(606)
Increase in liabilities:			
Accounts payable	45,744	34,652	16,897
Accrued expenses and other current liabilities	18,354	16,115	25,687
Income taxes payable	16,980	4,595	1,883
Deferred rent	3,616	3,766	2,902
	-----	-----	-----
Net cash provided by operating activities	135,936	92,592	52,346
	-----	-----	-----
Cash Flows from Investing Activities:			
Capital expenditures	(90,098)	(62,274)	(41,287)
	-----	-----	-----
Net cash used in investing activities	(90,098)	(62,274)	(41,287)
	-----	-----	-----
Cash Flows from Financing Activities:			
Proceeds from exercise of stock options	7,797	6,798	3,456
	-----	-----	-----
Net cash provided by financing activities	7,797	6,798	3,456
	-----	-----	-----
Net increase in cash and cash equivalents	53,635	37,116	14,515
Cash and cash equivalents:			
Beginning of period	90,396	53,280	38,765
	-----	-----	-----
End of period	\$ 144,031	\$ 90,396	\$ 53,280
	=====	=====	=====

See accompanying Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS

A. Nature of Operations

Bed Bath & Beyond Inc. (the "Company") is a nationwide chain of "superstores" selling predominantly better quality domestics merchandise and home furnishings. As the Company operates in the retail industry, its results of operations are affected by general economic conditions and consumer spending habits.

B. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned.

All significant intercompany balances and transactions have been eliminated in consolidation.

C. Fiscal Year

The Company's fiscal year is comprised of the 52 or 53 week period ending on the Saturday nearest February 28. Accordingly, fiscal 1999, 1998 and 1997 represented 52 weeks and ended on February 26, 2000, February 27, 1999 and February 28, 1998, respectively.

D. Earnings Per Share and Stock-Based Compensation

The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share", which requires a dual presentation of earnings per share - basic and diluted. Basic earnings per share has been computed by dividing net earnings by the weighted average number of shares outstanding. Diluted earnings per share has been computed by dividing net earnings by the weighted average number of shares outstanding including the dilutive effect of stock options.

The Company has adopted SFAS No. 123, "Accounting for Stock-Based Compensation". As permitted under SFAS No. 123, the Company has elected not to adopt the fair value based method of accounting for its stock-based compensation plans, but will continue to apply the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). The Company has complied with the disclosure requirements of SFAS No. 123.

E. Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

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F. Merchandise Inventories

Merchandise inventories are stated at the lower of cost or market, determined by means of the retail inventory method of accounting.

G. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets (three to ten years for furniture, fixtures and equipment and three to five years for computer equipment). Leasehold improvements are amortized using the straight-line method over the lesser of their estimated useful life or the life of the lease.

The cost of maintenance and repairs is charged to earnings as incurred; significant renewals and betterments are capitalized. Maintenance and repairs amounted to \$24.2 million, \$17.3 million and \$12.2 million for fiscal 1999, 1998 and 1997, respectively.

H. Deferred Rent

The Company accounts for scheduled rent increases contained in its leases on a straight-line basis over the noncancelable lease term.

I. Shareholders' Equity

In June 1998, the Board of Directors of the Company approved a two-for-one split of the Company's common stock effected in the form of a 100% stock dividend. The stock dividend was distributed on July 31, 1998 to shareholders of record on July 10, 1998.

Unless otherwise stated, all references to common shares outstanding and net earnings per share in the consolidated financial statements are on a post-split basis.

J. Revenue Recognition

The Company recognizes revenue at the time of sale of merchandise to its customers.

K. Preopening Expenses

Expenses associated with new or expanded stores are charged to earnings as incurred.

L. Advertising Costs

Expenses associated with store advertising are charged to earnings as incurred.

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M. Income Taxes

The Company files a consolidated Federal income tax return. Separate state income tax returns are filed with each state in which the Company conducts business.

The Company accounts for its income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date.

N. Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, accounts payable and accrued expenses and other current liabilities. The book value of cash and cash equivalents, accounts payable and accrued expenses and other current liabilities are representative of their fair values due to the short-term maturity of these instruments.

O. Impairment of Long-Lived Assets

The Company periodically reviews the carrying value of its long-lived assets for impairment. When changes in circumstances warrant measurement, impairment losses for store fixed assets are calculated by comparing the present value of projected individual store cash flows over the lease terms to the asset carrying values. The Company does not believe that any material impairment currently exists related to its long-lived assets.

P. 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 as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Q. Reclassifications

Certain reclassifications have been made to the fiscal 1998 and 1997 consolidated financial statements to conform to the fiscal 1999 consolidated financial statement presentation.

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2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

(in thousands)	FEBRUARY 26, 2000 ----	FEBRUARY 27, 1999 ----
Furniture, fixtures and equipment	\$ 162,061	\$ 119,754
Leasehold improvements	114,549	84,467
Computer equipment	44,143	26,434
	-----	-----
	320,753	230,655
Less: Accumulated depreciation and amortization	(111,842)	(80,217)
	-----	-----
	\$ 208,911 =====	\$ 150,438 =====

3. CREDIT AGREEMENT

Under the Company's revolving Credit Agreement (the "Credit Agreement") concluded in November 1994, and as subsequently amended, the Company may borrow up to \$45.0 million for loans and letters of credit. The Credit Agreement matures in October 2001. Interest on all borrowing is determined based upon several alternative rates as stipulated in the Credit Agreement.

The Credit Agreement contains certain covenants which, among other things, place limitations on payment of dividends, capital expenditures and certain expenses. Additionally, there are restrictions on additional borrowings and a requirement that the Company maintain certain financial ratios. The Company does not believe that any of these covenants have materially affected its business. Under the terms of these covenants, approximately \$65.6 million was available for the payment of dividends at February 26, 2000.

The Company did not borrow under the Credit Agreement during fiscal 1999 or fiscal 1998. As of February 26, 2000 and February 27, 1999, there were approximately \$5.3 million and \$1.7 million in outstanding letters of credit, respectively.

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4. PROVISION FOR INCOME TAXES

The components of the provision for income taxes are as follows:

(in thousands)	FISCAL YEARS		
	----- 1999 -----	1998 -----	1997 -----

Current:			
Federal	\$ 82,652	\$ 61,098	\$ 44,981
State and local	9,446	8,291	9,620
	-----	-----	-----
	92,098	69,389	54,601
	-----	-----	-----
Deferred:			
Federal	(7,356)	(4,549)	(5,587)
State and local	(841)	(617)	(758)
	-----	-----	-----
	(8,197)	(5,166)	(6,345)
	-----	-----	-----
	\$ 83,901	\$ 64,223	\$ 48,256
	=====	=====	=====

Included in prepaid expenses and other current assets and in other assets are deferred income taxes which reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's deferred tax assets consist of the following:

(in thousands)	FEBRUARY 26, 2000 ----	FEBRUARY 27, 1999 ----
Deferred rent	\$ 7,789	\$ 6,502
Inventories	11,332	7,489
Other, net	10,177	7,110
	-----	-----
	\$ 29,298	\$ 21,101
	=====	=====

For fiscal 1999, the effective tax rate is comprised of the Federal statutory income tax rate of 35.00% and the State income tax rate, net of Federal benefit, of 4.00%. For fiscal 1998 and 1997, the effective tax rate is comprised of the Federal statutory income tax rate of 35.00% and the State income tax rate, net of Federal benefit, of 4.75%.

5. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

A. The Company has an interest in certain life insurance policies on the lives of its Co-Chairmen. The beneficiaries of these policies are related to the aforementioned individuals. The Company's interest in these policies is equivalent to the net premiums paid by the Company. At February 26, 2000 and February 27, 1999, other assets include \$4.0 million and \$3.4 million, respectively, representing the Company's interest in the life insurance policies.

B. The Company obtains certain payroll services from a related party. The Company paid fees for such services of \$557,000, \$424,000 and \$308,000 for fiscal years 1999, 1998 and 1997, respectively.

C. The Company made charitable contributions to the Mitzi and Warren Eisenberg Family Foundation, Inc. (the "Eisenberg Foundation") and the Feinstein Family Foundation, Inc. (the "Feinstein Foundation") in the aggregate amounts of \$488,000, \$390,000 and \$300,000 for fiscal 1999, 1998 and 1997, respectively. The Eisenberg Foundation and the Feinstein Foundation are each not-for-profit corporations of which Messrs. Eisenberg and Feinstein, the Co-Chairmen of the Company, and their family members are the trustees and officers.

6. LEASES

The Company leases retail stores, as well as warehouses, office facilities and equipment, under agreements expiring at various dates through 2021. Certain leases provide for contingent rents (which are based upon store sales exceeding stipulated amounts and are immaterial in fiscal 1999, 1998 and 1997), scheduled rent increases and renewal options generally ranging from five to fifteen years. The Company is obligated under a majority of the leases to pay for taxes, insurance and common area maintenance charges.

As of February 26, 2000, future minimum lease payments under noncancelable operating leases are as follows:

FISCAL YEAR -----	(in thousands)	AMOUNTS -----
2000		131,339
2001		135,785
2002		134,717
2003		131,887
2004		127,657
Thereafter		835,310

Total minimum lease payments		\$1,496,695 =====

As of March 24, 2000, the Company had executed leases for 50 stores planned for opening in fiscal 2000.

Expenses for all operating leases were \$113.3 million, \$89.5 million and \$70.2 million for fiscal 1999, 1998 and 1997, respectively.

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7. EMPLOYEE BENEFIT PLAN

The Company has a defined contribution 401(k) savings plan (the "Plan") covering all eligible employees. Participants may defer between 1% and 15% of annual pre-tax compensation subject to statutory limitations. The Company has an option to contribute an amount as determined by the Board of Directors. In addition, each participant may elect to make voluntary, non-tax deductible contributions in excess of the pre-tax compensation limit up to 15% of compensation. As of February 26, 2000, the Company has made no contributions to the Plan.

8. COMMITMENTS AND CONTINGENCIES

Under terms of employment agreements with its Co-Chairmen extending through June 2002, the Company is required to pay each a base salary (which may be increased by the Board of Directors) of \$750,000 per annum. The agreements also provide for other terms and conditions of employment, including termination payments.

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

9. SUPPLEMENTAL CASH FLOW INFORMATION

The Company paid income taxes of \$67.2 million, \$53.5 million and \$48.5 million

in fiscal 1999, 1998, and 1997, respectively.

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10. STOCK OPTION PLANS

Under its 1998 Stock Option Plan, its 1996 Stock Option Plan and its Amended 1992 Stock Option Plan, (the "Stock Option Plans"), the Company may grant options to purchase not more than an aggregate of 6.0 million, 4.0 million and 11.2 million shares of common stock, respectively, subject to adjustment under certain circumstances. The options under the Stock Option Plans may be either non-qualified or incentive stock options within the meaning of the Internal Revenue Code of 1986. Options have been granted at market value and are exercisable in five equal annual installments beginning one to three years after the date of grant and expire ten years from the date of grant.

The following table summarizes stock option transactions:

	NUMBER OF SHARES -----	WEIGHTED-AVERAGE EXERCISE PRICE -----
Outstanding at March 1, 1997	7,496,080	\$ 5.93
Options granted	4,349,800	14.71
Options exercised	(881,902)	3.91
Options canceled	(359,080)	8.73

Outstanding at February 28, 1998	10,604,898	9.61
Options granted	2,770,200	23.54
Options exercised	(1,330,149)	5.10
Options canceled	(308,680)	12.20

Outstanding at February 27, 1999	11,736,269	13.34
Options granted	2,766,950	30.97
Options exercised	(987,687)	7.88
Options canceled	(403,532)	19.34

OUTSTANDING AT FEBRUARY 26, 2000	13,112,000	\$17.29
	=====	=====
Options exercisable:		
At February 28, 1998	2,211,538	\$ 4.64
At February 27, 1999	2,538,809	\$ 7.67
AT FEBRUARY 26, 2000	3,620,090	\$ 9.61

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The stock option committees appointed pursuant to the Stock Option Plans determine the number of shares and the option price per share for all options issued under the Stock Option Plans.

The following tables summarize information pertaining to stock options outstanding and exercisable at February 26, 2000:

OPTIONS OUTSTANDING

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE
\$ 2.13 to 4.73	2,008,270	4.09	\$ 4.20
5.67 to 12.23	1,996,267	5.62	8.74
12.38 to 16.22	3,642,933	7.36	14.61
16.73 to 23.66	2,521,280	8.24	22.87
23.87 to 37.50	2,943,250	9.32	30.44

\$ 2.13 TO 37.50	13,112,000	7.21	\$ 17.29
	=====		

OPTIONS EXERCISABLE

RANGE OF EXERCISE PRICES	NUMBER EXERCISABLE	WEIGHTED-AVERAGE EXERCISE PRICE
\$ 2.13 to 4.73	1,212,050	\$ 3.96
5.67 to 12.23	1,104,427	7.57
12.38 to 16.22	1,046,973	15.27
16.73 to 23.66	214,200	21.16
23.87 to 37.50	42,440	26.03

\$ 2.13 TO 37.50	3,620,090	\$ 9.61
	=====	

The Company applies APB No. 25 and related interpretations in accounting for its Stock Option Plans. Accordingly, no compensation cost has been recognized in connection with the Stock Options Plans. Set forth below are the Company's net earnings and net earnings per share "as reported", and as if compensation cost had been recognized in accordance with the fair value provisions of SFAS No. 123:

(in thousands, except per share data)	FISCAL YEARS		
	1999	1998	1997
NET EARNINGS:			
As reported	\$ 131,229	\$ 97,346	\$ 73,142
Pro forma	\$ 119,158	\$ 89,519	\$ 69,257
NET EARNINGS PER SHARE:			
Basic:			
As reported	\$ 0.94	\$ 0.70	\$ 0.53
Pro forma	\$ 0.85	\$ 0.64	\$ 0.50
Diluted:			
As reported	\$ 0.91	\$ 0.68	\$ 0.51
Pro forma	\$ 0.83	\$ 0.62	\$ 0.49

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions used for grants for fiscal 1999, 1998 and 1997, respectively: dividend yield of 0% for all years; expected volatility of 42% for all years; risk free interest rates of 5.95%, 5.58% and 6.36%; and expected lives of seven years for 1999 and six years for 1998 and 1997. The weighted-average fair value of options granted during the year is \$16.67, \$12.12 and \$7.58 for fiscal 1999, 1998 and 1997, respectively.

11. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

(in thousands, except per share data)	FISCAL 1999 QUARTER ENDED			
	MAY 29, 1999	AUGUST 28, 1999	NOVEMBER 27, 1999	FEBRUARY 26, 2000
Net sales	\$359,372	\$457,586	\$486,457	\$574,551
Gross profit	146,214	185,570	196,784	238,288
Operating profit	28,015	53,580	50,607	77,138
Earnings before provision for income taxes	29,317	54,503	51,978	79,332
Provision for income taxes	11,434	21,256	20,271	30,940
Net earnings	\$ 17,883	\$ 33,247	\$ 31,707	\$ 48,392
EPS - Basic (1)	\$.13	\$.24	\$.23	\$.34
EPS - Diluted (1)	\$.12	\$.23	\$.22	\$.34

(in thousands, except per share data)	FISCAL 1998 QUARTER ENDED			
	MAY 30, 1998	AUGUST 29, 1998	NOVEMBER 28, 1998	FEBRUARY 27, 1999
Net sales	\$269,571	\$344,946	\$363,431	\$419,249
Gross profit	110,179	141,943	148,473	175,530
Operating profit	20,744	41,760	40,154	55,394
Earnings before provision for income taxes	21,561	42,331	40,915	56,762
Provision for income taxes	8,750	16,827	16,264	22,562
Net earnings	\$ 12,991	\$ 25,504	\$ 24,651	\$ 34,200
EPS - Basic (1)	\$.09	\$.18	\$.18	\$.25
EPS - Diluted (1)	\$.09	\$.18	\$.17	\$.24

(1) Net earnings per share ("EPS") amounts for each quarter are required to be computed independently and may not equal the amount computed for the total year.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Bed Bath & Beyond Inc.:

We have audited the accompanying consolidated balance sheets of Bed Bath & Beyond Inc. and subsidiaries as of February 26, 2000 and February 27, 1999, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the fiscal years in the three-year period ended February 26, 2000. 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 Bed Bath & Beyond

Inc. and subsidiaries as of February 26, 2000 and February 27, 1999, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended February 26, 2000 in conformity with generally accepted accounting principles.

/s/ KPMG LLP
New York, New York
March 24, 2000

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DIRECTORS AND OFFICERS

DIRECTORS

Warren Eisenberg
Co-Chairman and Co-Chief Executive
Officer of Bed Bath & Beyond Inc.

Leonard Feinstein
Co-Chairman and Co-Chief Executive
Officer of Bed Bath & Beyond Inc.

Steven H. Temares
President and Chief Operating
Officer of Bed Bath & Beyond Inc.

Klaus Eppler
Partner, Proskauer Rose LLP,
New York, New York

Robert S. Kaplan
Managing Director, Goldman, Sachs & Co.,
New York, New York

Robert J. Swartz
Vice President, Alco Capital Group, Inc.,
New York, New York

OFFICERS

Warren Eisenberg
Co-Chairman and Co-Chief Executive Officer

Leonard Feinstein
Co-Chairman and Co-Chief Executive Officer

Steven H. Temares
President and Chief Operating Officer

Ronald Curwin
Chief Financial Officer and Treasurer

Arthur Stark
Chief Merchandising Officer and Senior Vice President

Matthew Fiorilli
Senior Vice President - Stores

Jane F. Gilmartin
Vice President and General Merchandising Manager

Lief Todd Johnson
Vice President and General Merchandising Manager

P. Timothy Brewster
Vice President of Stores - N.Y.C. Region

Martin Eisenberg
Vice President of Stores - Northeast Region

Edward Kopil
Vice President of Stores - Southern Region

Martin Lynch
Vice President of Stores - Midwest and Western Region

William Onksen
Vice President of Stores - MidAtlantic Region

Eugene A. Castagna
Vice President - Controller

Michael Honeyman
Vice President - Corporate Administration and Operations

Philip Kornbluh
Vice President - Visual Merchandising

Richard C. McMahon
Vice President and Chief Information Officer

Stephen J. Murray
Vice President - Information Technology

Christine R. Pirog
Vice President - Store Operations

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Allan N. Rauch
Vice President - Legal and General Counsel

Jonathan Rothstein
Vice President - Product Development

G. William Waltzinger, Jr.
Vice President - E-Service

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CORPORATE DATA

Corporate Office
Bed Bath & Beyond Inc.
650 Liberty Avenue
Union, New Jersey 07083
Telephone: 908/688-0888

Shareholder Information

The Company's 1999 Annual Report on Form 10-K (excluding exhibits) may be obtained, without charge, by writing to the Investor Relations Department at the Corporate Office, or by fax (908/810-8813).

Stock Listing

The Common Stock of Bed Bath & Beyond Inc. trades on the NASDAQ National Market under the symbol BBBY.

Stock Activity

The following table sets forth by fiscal quarter the high and low reported sales prices of the Company's Common Stock on the NASDAQ National Market during fiscal 1998 and fiscal 1999:

QUARTER	HIGH	LOW
Fiscal 1998		
First	\$ 27 3/4	\$ 20
Second	28 31/32	18 1/4
Third	32 3/16	17 1/8
Fourth	35 3/16	27 1/2
Fiscal 1999		
First	\$ 39 3/8	\$ 29 1/8
Second	38 15/16	25 1/2
Third	37	27 3/8
Fourth	36	22 7/16

At March 24, 2000, there were approximately 650 shareholders of record. This number excludes individual shareholders holding stock under nominee security position listings.

Transfer Agent

The Transfer Agent should be contacted on questions of change of address, name or ownership, lost certificates and consolidation of accounts.

American Stock Transfer & Trust Company
40 Wall Street, 46th Floor
New York, New York 10005
Telephone: 800/937-5449

Independent Auditors
KPMG LLP
345 Park Avenue
New York, New York 10154

Annual Meeting

The Annual Meeting of Shareholders will be held at 9:00 a.m. Thursday, June 29, 2000, at the Headquarters Plaza Hotel, Three Headquarters Plaza, Morristown, New Jersey.

SUBSIDIARIES OF BED BATH & BEYOND INC.

The following are all of the subsidiaries of Bed Bath & Beyond Inc. other than: (i) 100% owned subsidiaries of Bed n Bath Stores, Inc., which subsidiaries hold no assets other than a single store lease and, in some cases, fully depreciated fixed assets; and (ii) subsidiaries which in the aggregate would not constitute a significant subsidiary.

NAME	STATE
BBBL, Inc.	Delaware
BBBY Management Corp.	New Jersey
Bed n Bath Stores, Inc.	New Jersey
Bed Bath & Beyond of California Limited Liability Company	Delaware

INDEPENDENT AUDITORS' CONSENT

The Board of Directors and Shareholders
Bed Bath & Beyond Inc.:

We consent to incorporation by reference in the registration statements (No. 33-63902, 33-87602, 333-18011 and 333-75883) on Forms S-8 of Bed Bath & Beyond Inc. of our reports dated March 24, 2000, relating to the consolidated balance sheets of Bed Bath & Beyond Inc. and subsidiaries as of February 26, 2000 and February 27, 1999, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the fiscal years in the three-year period ended February 26, 2000 and the related schedule, which reports appear or are incorporated by reference in the February 26, 2000 annual report on Form 10-K of Bed Bath & Beyond Inc.

/S/ KPMG LLP
New York, New York
May 25, 2000

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