
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 March 2, 2002

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 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 3, 2002, 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 \$10,067,470,417.*

The number of shares outstanding of the issuer's common stock (par value \$0.01 per share) at May 3, 2002: 291,929,613

Documents Incorporated by Reference

Portions of the Registrant's definitive proxy statement dated May 22, 2002 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 March 2, 2002 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 17,611,618 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 as of March 2, 2002. The Company's fiscal year is comprised of the 52 or 53 week period ending on the Saturday nearest February 28. Accordingly, fiscal 2001 represented 52 weeks and ended on March 2, 2002; fiscal 2000 represented 53 weeks and ended on March 3, 2001; and fiscal 1999 represented 52 weeks and ended on February 26, 2000. 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 stores selling predominantly better quality domestics merchandise and home furnishings typically found in better department stores. Bed Bath & Beyond stores are typically larger in size than other stores in its market selling similar product categories and offering a breadth and depth of selection in most of its product categories. 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 3, 2002, the Company operated 407 Bed Bath & Beyond stores in 44 states and one territory: Alabama (5), Arizona (5), Arkansas (2), California (45), Colorado (12), Connecticut (7), Delaware (1), Florida (35), Georgia (14), Idaho (1), Illinois (16), Indiana (8), Iowa (3), Kansas (5), Kentucky (3), Louisiana (5), Maine (2), Maryland (11), Massachusetts (9), Michigan (19), Minnesota (7), Mississippi (1), Missouri (7), Nebraska (1), Nevada (2), New Hampshire (1), New Jersey (21), New Mexico (1), New York (18), North Carolina (14), North Dakota (2), Ohio (16), Oklahoma (3), Oregon (4), Pennsylvania (20), Rhode Island (2), South Carolina (6), Tennessee (7), Texas (31), Utah (4), Vermont (1), Virginia (16), Washington (10), Wisconsin (3), and Puerto Rico (1). These stores principally range in size from 25,000 square feet to 50,000 square feet, with some exceeding 80,000 square feet, and carry the Company's full line of both domestics merchandise and home furnishings.

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 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 stores and to distinguish its stores from conventional specialty retail stores offering only domestics merchandise or home furnishings.

The Company has been engaged in an ongoing expansion program involving the opening of new Bed Bath & Beyond stores (including 85 in 2001, 70 in 2000, and 55 in 1999) and the expansion and relocation of existing stores (including two in 2000, and four in 1999). 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 14,724,000 square feet at the end of 2001. The Company's expansion program is continuing, and the Company currently anticipates that in fiscal 2002 it will open approximately 88 new stores, which includes the eleven new stores opened through May 3, 2002.

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 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 stores offer both domestics merchandise and home furnishings, which include:

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, slippers, scales, bathroom rugs, wall hardware and other 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.
- fine tabletop and giftware: formal dinnerware china, fine crystal stemware and barware, crystal giftware, metal giftware and flatware.
- 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, hair dryers, heaters and humidifiers).
- 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 All-Clad, American Pacific, Black & Decker, Braun, Brentwood, Brita, Calphalon, Cannon, Conair, Croskill, Cuisinart, Divatex, Fieldcrest, Gillette, Hamilton Beach, Homedics, Hoover, J.A. Henckels, KitchenAid, Krups, Laura Ashley, Martex, Mikasa, Nautica, Newell, Noritake, OXO, Pacific Coast Feather Co., Pillowtex, Portmeirion, Reed & Barton, Royal Doulton, Rubbermaid, Spode, Springs, Umbra, Villeroy & Boch, Wamsutta, Waverly and Yankee Candle). The Company believes 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 stores carry in excess of 30,000 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 decided to discontinue carrying. In addition, the Company's full-color circulars and mailing pieces include a coupon, which may be 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 store, groups of related product lines are presented together in separate areas of the store, creating the appearance that a Bed Bath & Beyond store 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 stores 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 30 years, has made 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 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 issues that may arise. In order to make checking out convenient, checkout 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 launched its website, www.bedbathandbeyond.com, in 1999. The website offers a broad range of online services and features, including online shopping and gift registry. The Company believes that its E-Service efforts have been well received by its customers.

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 relocation 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 396 at the end of fiscal 2001, and the total square footage of store space has increased from approximately 917,000 square feet at the beginning of fiscal 1992 to approximately 14,724,000 square feet at the end of fiscal 2001. During 2001, the Company opened 85 new stores, which resulted in the addition of approximately 2,520,000 square feet of store space.

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The table below sets forth information concerning the Company's expansion program for the periods indicated:

Year	Relocated Stores (1)	New Stores (2)	Store Space		Number of Stores	
			Beginning of Year	End of Year	Beginning of Year	End of Year
			<i>(in square feet)</i>			
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
2000	2	70	9,815,000	12,204,000	241	311
2001	0	85	12,204,000	14,724,000	311	396

(1) A relocated store is an existing store that was either expanded or relocated to 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 stores and, in addition, expects to expand existing stores as opportunities arise.

The Company expects to open new stores in new and existing markets. In determining where to open new stores, 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 after the stores have been proven successful.

From the end of fiscal 2001 through May 3, 2002, the Company has opened eleven stores which are located in: Encino and Monrovia, California; Grand Junction, Colorado; Manchester, Connecticut; Cumming, Georgia; Woodbury, Minnesota; Mount Olive, New Jersey; Onslow, North Carolina; Eastgate, Ohio; Erie, Pennsylvania; and Lynchburg, Virginia. During the balance of 2002, the Company currently anticipates that it will open approximately 77 additional 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 supervises up to three stores and district managers typically supervise four to ten stores.

Store Operations

Merchandising

The Company maintains its own central buying group, comprising of three Vice President — General Merchandising Managers, as well as a large staff of divisional merchandising managers, buyers and assistant buyers. Merchandising activities are overseen by the Chief Merchandising Officer and Senior Vice President. The merchandise mix for each store is initially selected by the central buying group, in consultation with store managers and other local store personnel. The central buying group is generally responsible for the procurement of merchandise, including: selecting the merchandise, ordering the initial inventory required upon the opening of each store, ordering the first shipment of any new product line that may be subsequently added to a store's merchandise mix and ordering seasonal merchandise.

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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 function 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. In addition, this 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 more than 3,100 suppliers. In 2001, 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 central distribution centers. As a result of the floor to ceiling displays used by the 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 warehouse space within or near the store (with an estimated 10% to 15% of the store space 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 87% of the Company's warehouse space requirements and such nearby supplemental storage space provides the balance.

Management

The Company encourages 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 two assistant managers, one operating manager, and three to six department managers who all 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 — Stores. Decisions relating to pricing and advertising for all stores are made centrally in the Company's Procurement 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-level management personnel are generally required to work in various departments of the store 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.

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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 resulting in low turnover among its managers.

Employees

As of March 2, 2002, the Company employed approximately 19,000 persons, of whom approximately 11,000 were full-time employees and approximately 8,000 were part-time employees. None of the Company's Bed Bath & Beyond 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 within the industry.

Seasonality

The Company's Bed Bath & Beyond stores exhibit 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 its segment of the home goods industry, it competes directly with a small number of chains of stores 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.

The Company believes that it is the largest operator of stores 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 competitors to imitate the Company's format and methods. Other retail chains continue to introduce new store concepts that include many of the product lines carried by the Company. There can be no assurance that the operation of store 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 name recognition and service marks are an important element of the Company's merchandising strategy.

Harmon Stores, Inc.

On March 5, 2002, the Company consummated the acquisition of Harmon Stores, Inc., a health and beauty care retailer. As of May 3, 2002, the Company operated 28 Harmon stores in 3 states: Connecticut (1), New Jersey (22), and New York (5). These stores are primarily located in strip centers and principally range in size from 5,000 square feet to 8,700 square feet.

Harmon sells a broad variety of merchandise, primarily including health and beauty products and cosmetics. The chain competes with drug store chains, discount and mass merchandise stores, and supermarkets, among others. The Company believes the acquisition will not have a material effect on its consolidated results of operations or financial condition in fiscal 2002.

Executive Officers of the Registrant

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

<u>Name</u>	<u>Age</u>	<u>Positions</u>
Warren Eisenberg	71	Co-Chairman, Co-Chief Executive Officer and Director
Leonard Feinstein	65	Co-Chairman, Co-Chief Executive Officer and Director
Steven H. Temares	43	President, Chief Operating Officer and Director
Ronald Curwin	72	Chief Financial Officer and Treasurer
Arthur Stark	47	Chief Merchandising Officer and Senior Vice President
Matthew Fiorilli	45	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 joined the Company in 1992. Mr. Temares has been President and Chief Operating Officer of the Company since 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 has been Chief Merchandising Officer and Senior Vice President since 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 has been Senior Vice President — Stores since 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 executive 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.

ITEM 2 — PROPERTIES

The Company's 407 Bed Bath & Beyond stores are located in 44 states and one territory, 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 stores range in size from 7,000 to 103,000 square feet, but are predominantly between 25,000 square feet and 50,000 square feet in major markets. Approximately 85% to 90% 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 and one territory as of May 3, 2002:

<i>State</i>	<i>Number of Stores</i>	<i>State</i>	<i>Number of Stores</i>
Alabama	5	Nebraska	1
Arizona	5	Nevada	2
Arkansas	2	New Hampshire	1
California	45	New Jersey	21
Colorado	12	New Mexico	1
Connecticut	7	New York	18
Delaware	1	North Carolina	14
Florida	35	North Dakota	2
Georgia	14	Ohio	16
Idaho	1	Oklahoma	3
Illinois	16	Oregon	4
Indiana	8	Pennsylvania	20
Iowa	3	Rhode Island	2
Kansas	5	South Carolina	6
Kentucky	3	Tennessee	7
Louisiana	5	Texas	31
Maine	2	Utah	4
Maryland	11	Vermont	1
Massachusetts	9	Virginia	16
Michigan	19	Washington	10
Minnesota	7	Wisconsin	3
Mississippi	1		
Missouri	7	Puerto Rico	1

The Company currently leases most 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 nine locations totaling approximately 286,000 square feet. This space is used to supplement the warehouse facilities in the Company's stores in proximity to these locations. One of these locations also provides fulfillment for the Company's E-Service activities. See Item 1 "Business — Store Operations — Warehousing."

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The Company's Corporate Office is located in 131,000 square feet of office space in Union, New Jersey, and the Company's Procurement Office is located in 80,000 square feet of office space in Farmingdale, New York. The Company plans to lease additional office space at both of these locations.

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 March 2, 2002.

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 closing prices of the Company's common stock on the NASDAQ National Market System for the periods indicated.

	High	Low
<i>Fiscal 2000 :</i>		
1st Quarter	\$ 21.81	\$ 11.38
2nd Quarter	20.19	16.38
3rd Quarter	26.44	17.44
4th Quarter	27.06	20.17
<i>Fiscal 2001 :</i>		
1st Quarter	\$ 31.73	\$ 23.19
2nd Quarter	33.03	28.28
3rd Quarter	33.58	20.38
4th Quarter	35.22	30.90
<i>Fiscal 2002 :</i>		
1st Quarter (through May 3, 2002)	\$ 37.17	\$ 31.45

The common stock is quoted through the NASDAQ National Market System under the symbol BBBY. On May 3, 2002, there were approximately 698 shareholders of record of the common stock (without including individual participants in nominee security position listings). On May 3, 2002, the last reported sale price of the common stock was \$36.70.

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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, business conditions and other factors. 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 March 2, 2002 on the inside front cover and on page 1 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 March 2, 2002 on pages 3 through 5 and is incorporated herein by reference.

ITEM 7A — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's investment securities. The Company is adverse to principal loss and seeks to preserve its invested funds by limiting market risk. The Company's investment securities consist of fixed rate instruments. The Company's investments include cash and cash equivalents of \$429.5 million and investment securities of \$51.9 million at a weighted average interest rate as of March 2, 2002 of 1.91% and 3.21%, respectively.

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 March 2, 2002 on pages 6 through 15 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 27, 2002 filed with the Commission pursuant to Regulation 14A. The Compensation Report of the Board of Directors, the Stock Price Performance Graph and the Audit Committee Report included in such Proxy Statement shall not be deemed incorporated herein by reference.

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 6 through 15 of the Company's Annual Report to Shareholders for the fiscal year ended March 2, 2002:

Consolidated Balance Sheets as of March 2, 2002 and March 3, 2001.

Consolidated Statements of Earnings for the fiscal years ended March 2, 2002, March 3, 2001 and February 26, 2000.

Consolidated Statements of Shareholders' Equity for the fiscal years ended March 2, 2002, March 3, 2001 and February 26, 2000.

Consolidated Statements of Cash Flows for the fiscal years ended March 2, 2002, March 3, 2001 and February 26, 2000.

Notes to Consolidated Financial Statements

Independent Auditors' Report

(a)(2) Financial Statement Schedule

Schedule 1 — The Supplementary Income Statement schedule is included in this report.

Independent Auditors' Consent on Schedule.

(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.

SCHEDULE 1

Bed Bath & Beyond Inc. and Subsidiaries
Supplementary Income Statement Schedule
(in thousands)

	Fiscal Year Ended		
	March 2, 2002	March 3, 2001	February 26, 2000
Item			
Advertising Costs	\$46,090	\$36,961	\$ 28,176

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.

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ Warren Eisenberg</u> Warren Eisenberg	Co-Chairman, Co-Chief Executive Officer and Director	May 31, 2002
<u>/s/ Leonard Feinstein</u> Leonard Feinstein	Co-Chairman, Co-Chief Executive Officer and Director	May 31, 2002
<u>/s/ Steven H. Temares</u> Steven H. Temares	President, Chief Operating Officer and Director	May 31, 2002
<u>/s/ Eugene A. Castagna</u> Eugene A. Castagna	Vice President — Finance (Principal Financial and Accounting Officer)	May 31, 2002
<u>/s/ Dean S. Adler</u> Dean S. Adler	Director	May 31, 2002
<u>/s/ Klaus Eppler</u> Klaus Eppler	Director	May 31, 2002
<u>/s/ Robert S. Kaplan</u> Robert S. Kaplan	Director	May 31, 2002
<u>/s/ Victoria A. Morrison</u> Victoria A. Morrison	Director	May 31, 2002

Independent Auditor's Report on Schedule

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

Under the date of March 2, 2002, we reported on the balance sheets of Bed Bath & Beyond Inc. and subsidiaries as of March 2, 2002 and March 3, 2001, and the related consolidated statement of earnings, shareholders' equity and cash flows for each of the fiscal years in the three-year period ended March 2, 2002, as contained in the Company's Annual Report to Shareholders for the fiscal year ended March 2, 2002. These consolidated financial statements and our report thereon are incorporated by reference in the Annual Report and Form 10-K for the fiscal year ended March 2, 2002. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related financial statement schedule listed in Part IV, Item 14(a)(2) of this Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ KPMG LLP
New York, New York
March 29, 2002

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 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)
3.9	Amended By-Laws of the Company as amended through June 28, 2001 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 2, 2001)
3.10	Certificate of Amendment of Certificate of Incorporation of the Company (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 1, 2001)

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- 10.1* 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)
- 10.2* 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)
- 10.3* 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)
- 10.4* 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)
- 10.5* 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)
- 10.6* 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)

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Exhibit No.	Exhibit
10.7*	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)
10.8*	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)
10.9*	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)
10.10*	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)
10.11*	Company's 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)
10.12*	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)
10.13*	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)
10.14*	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)
10.15*	Company's 2000 Stock Option Plan (incorporated by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 27, 2000 which is incorporated by reference to Exhibit A to the Registrant's Proxy Statement dated May 22, 2000)

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<u>Exhibit No.</u>	<u>Exhibit</u>
10.16*	Form of Standard Stock Option Agreement (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 26, 2000)
10.17*	Company's 2001 Stock Option Plan (incorporated by reference to Exhibit 10.29 to the Company's Form 10-K for the year ended March 3, 2001)
10.18* **	Amended and Restated Employment Agreement between the Company and Warren Eisenberg, dated as of April 3, 2002.
10.19* **	Amended and Restated Employment Agreement between the Company and Leonard Feinstein, dated as of April 3, 2002.
13**	Company's 2001 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

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

** Filed herewith.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

Dated as of April 3, 2002

The parties to this agreement are Bed Bath & Beyond Inc., a New York corporation (the "Company"), and Warren Eisenberg (the "Executive").

The Company wishes to continue to employ the Executive and to amend and restate the existing employment agreement, dated as of June 30, 1997, between the Company and the Executive, which embodies the terms of such employment, and the Executive wishes to amend and restate such existing employment agreement and accept such continued employment on such terms.

Accordingly, the parties agree as follows:

1. Positions, Duties and Responsibilities

(a) During the Executive's employment under this agreement, the Executive shall be employed as the co-chief executive officer with Leonard Feinstein or chief executive officer of the Company and be responsible for the general management of the affairs of the Company. It is the intention of the parties that the Executive be elected to and serve as a member of the board of directors of the Company. The Executive, in carrying out his duties under this agreement, shall report to the board of directors of the Company.

(b) Nothing in this agreement shall preclude the Executive from (i) serving on the boards of directors of a reasonable number of other corporations or the boards of a reasonable number of trade associations and/or charitable organizations, (ii) engaging in charitable activities and community affairs and (iii) managing his personal investments and affairs, provided that such activities do not materially interfere with the proper performance of his duties and responsibilities under this agreement.

2. Term of Employment. The Executive's employment under this agreement shall continue until the earlier of (a) June 30, 2007 (as that date may be extended from time to time by mutual agreement of the parties) (the "Final Date") or (b) the termination of his employment in accordance with this agreement.

3. Senior Status. Notwithstanding anything to the contrary in sections 1 and 2, at any time during the Executive's employment under this agreement and before the Final Date, the Executive may, at his option, upon 90 days' written notice given to the Company, elect to terminate his positions, duties and responsibilities under section 1, and during the period (the "Senior Status Period") commencing 90 days after such written notice is first given and continuing until the earlier of (a) the tenth anniversary of the termination of his positions, duties and responsibilities under section 1 or (b) the termination of the Executive's employment in accordance with this agreement, provide consulting (but not line executive) services as an employee. If the Executive shall not have exercised this option on or before the 90th day before the Final Date the Executive shall be deemed to have exercised this option on such date. It is the intention of the parties that, during the Senior Status Period, the Executive shall continue to be elected to and serve as a member of the board of directors of the Company. The Executive, in carrying out his duties during the Senior Status Period, shall report to the Company's chief executive officer or, if the Executive so elects, to the board of directors of the Company. During the

Senior Status Period, the Executive shall, at the request from time to time of the Company's chief executive officer or board of directors (whichever the Executive then reports to), make himself available to the Company, at times that are reasonably convenient for him, to provide advisory services (it being understood, however, that such services shall not require the Executive to travel to a location more than 25 miles from his residence from time to time or to devote more than fifty (50) hours in any three-month period to the Company). During the Senior Status Period, the Company shall provide the Executive an office (at a location specified by the Executive, which need not be where the Company's offices are located), secretary, car and driver, all on a basis comparable to what is currently provided to the Executive.

4. Salary. During his employment under this agreement and prior to the Senior Status Period, the Executive shall be entitled to an annual salary (the "Executive Salary"), payable in accordance with the regular payroll practices of the Company, of \$800,000. During the Senior Status Period, the Executive shall be entitled to an annual salary (the "Senior Status Salary"), payable in accordance with the regular payroll practices of the Company, of the greater of (i) \$400,000 plus the COLA Adjustment (as defined in section 5(b) below), and (ii) fifty percent of the Executive Salary immediately prior to the Senior Status Period. The Company may pay additional compensation to the Executive, whether in the form of an increase in Executive Salary or Senior Status Salary (as applicable), bonus or otherwise, if and to the extent authorized by the board of directors of the Company, in its sole discretion, from time to time, it being understood that the board of directors may give consideration to increasing such compensation at various intervals during the term of this agreement.

5. Employee Benefit Programs.

(a) Generally. During the Executive's employment under this agreement, the Executive shall be entitled to participate in all employee pension and welfare benefits plans and programs available to the Company's senior level executives or to its employees generally, as such plans or programs may be in effect from time to time, including, without limitation, pension, profit sharing, savings and other retirement plans or programs, medical, dental, hospitalization, short-term and long-term disability and life insurance plans, accidental death and dismemberment protection, travel accident insurance, and any other pension or retirement plans or programs and any other employee welfare benefit plans or programs that may be sponsored by the Company from time to time, including any plans that supplement the above-listed types of plans or programs, whether funded or unfunded.

(b) Supplemental Pension. In addition, the Executive shall be entitled to payments in the nature of supplemental pension payments at the rate of \$200,000 (or such higher amount resulting from the annual COLA Adjustment described below) per year, payable in accordance with the regular payroll practices of the Company, for the period following the termination of his employment until the death of the survivor of the Executive and his current spouse, such payments, however, to begin only following the later of: (i) the termination of any salary payments (including, without limitation, any salary continuation payments contemplated under section 7(d)(ii), if applicable); and (ii) the tenth anniversary of the Final Date if the Executive receives a lump sum payment pursuant to section 7(d)(ii) or section 8(b). Such supplemental pension payments shall be payable upon the termination of the Executive's employment under all circumstances (including, but not limited to, a termination pursuant to section 7(a)) other than termination by the Company for Cause. The amount of such supplemental pension payments shall be increased (the "COLA Adjustment") during each year the supplemental pension payments are payable by an amount which reflects any increase in the

cost of living on the immediately preceding June 30th over the cost of living on June 30, 2000, using as a basis for such increase the Consumer Price Index for all Urban Consumers (CPI-U) for New York, Northern New Jersey-Long Island, as published by the U.S. Department of Labor (the "Index") or, in the event such Index is no longer published, such other index as is determined in good faith to be comparable by the board of directors of the Company. The COLA Adjustment shall be made each July 1st and shall remain applicable until the next June 30th. The Executive acknowledges that the Company's obligation under section 5(b) is an unfunded, unsecured promise to pay certain amounts to the Executive in the future. The amounts payable under section 5(b) shall be paid out of the Company's general assets and shall be subject to the risk of the Company's creditors. In no event shall the Executive's rights under section 5(b) be greater than the right of any unsecured general creditor of the Company.

6. Reimbursement of Business and Other Expenses. The Executive is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this agreement, and the Company shall promptly reimburse him for all business expenses incurred in carrying out the business of the Company, subject to documentation in accordance with the Company's policies.

7. Termination of Employment

(a) In the event the Executive's employment terminates due to his death, his estate or his beneficiaries, as the case may be, shall be entitled to his salary for a period of one year following his death, any amount owing but not yet paid under section 6 and other or additional benefits owing but not yet paid in accordance with applicable plans and programs of the Company.

(b) In the event the Executive's employment terminates due to his inability substantially to perform his duties and responsibilities under this agreement for a period of 180 consecutive days, he shall be entitled to his salary for a period of one year following the date of termination (less any amounts received under the Company's benefit plans as a result of such disability) and any amount owing but not yet paid under section 6. In no event shall a termination of the Executive's employment under this section 7(b) occur, unless the party terminating the Executive's employment gives written notice to the other party in accordance with this agreement.

(c) (i) As used in this agreement, the term "Cause" means (A) the Executive is convicted of a felony involving moral turpitude or (B) the Executive is guilty of willful gross neglect or willful gross misconduct in carrying out his duties under this agreement, resulting, in either case, in material economic harm to the Company, unless the Executive believed in good faith that such act or nonact was in the best interests of the Company.

(ii) The Company may terminate the Executive's employment under this agreement for Cause. A termination for Cause shall not take effect, however, unless the provisions of this paragraph (c)(ii) are complied with. The Executive shall be given written notice by the board of directors of the Company of the intention to terminate his employment for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based. The Executive shall have 10 days after the date that such written notice has been given in which to cure such conduct, to the extent a cure is possible. If he fails to cure such conduct, his employment shall be terminated for Cause.

(iii) In the event the Company terminates the Executive's employment for Cause, he shall be entitled to his salary through the date of the termination of his

employment, any amounts owing but not yet paid under section 6 and other or additional benefits in accordance with applicable plans or programs of the Company.

(d) (i) As used in this agreement, the term "Constructive Termination Without Cause" means a termination of the Executive's employment at his initiative following the occurrence, without the Executive's prior written consent, of one or more of the following events (except in consequence of a prior termination):

(A) a reduction in the Executive's salary or a material reduction of any employee benefit or perquisite enjoyed by him (other than as part of any across-the-board action applicable to all executive officers of the Company);

(B) the failure to elect or reelect the Executive to any of the officer or director positions referred to in section 1(a) or removal of him from any of such positions;

(C) a material diminution in the Executive's duties or the assignment to the Executive of duties materially inconsistent with his duties or that materially impair the Executive's ability to function, prior to the Senior Status Period, as the co-chief executive officer or chief executive officer of the Company;

(D) the relocation of the Company's principal office, or the Executive's own office location as assigned to him by the Company, to a location more than twenty-five (25) miles from Union, New Jersey.

(ii) In the event the Company terminates the Executive's employment without Cause, other than pursuant to section 7(a) or (b), or in the event there is a Constructive Termination Without Cause, the Executive shall be entitled to his salary through the date of termination of employment, his Executive Salary through the Final Date and thereafter his Senior Status Salary through the tenth anniversary of the Final Date (provided that, at the Executive's option, exercised by written notice given to the Company, the Company shall pay him the present value of such salary continuation payments in a lump sum (using as the discount rate the Applicable Federal Rate for short-term Treasury obligations as published by the Internal Revenue Service for the month in which such termination occurs)), and any amount owing but not yet paid under section 6.

(e) Except with regard to a voluntary termination described in section 8(b), in the event of a termination of employment by the Executive on his own initiative other than a termination otherwise provided for in this section 7, the Executive shall have the same entitlements as provided in section 7(c)(iii) for a termination for Cause.

(f) In the event of a termination of employment other than pursuant to section 7(c), the Executive (and his current spouse, to the extent applicable) shall be entitled to continue to participate at the Company's expense in medical, dental, hospitalization and life insurance coverage and in all other employee plans and programs in which he or his family was participating on the date of termination of his employment and other or additional benefits in accordance with applicable plans and programs of the Company until the earlier of (A) the death of the survivor of the Executive and his current spouse or (B) the date, or dates, the Executive receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage, or benefit-by-benefit, basis). If the Executive is precluded from continuing his participation in any benefit plan or program referred to in the immediately preceding sentence, he shall be provided the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate. The economic equivalent of any benefit foregone shall be deemed to be the cost

that would be incurred by the Executive in obtaining such benefit himself on an individual basis from a provider of insurance coverage acceptable to the Executive. The payment of such after-tax economic equivalent shall be made quarterly in advance. In addition, to the extent the Executive (or his current spouse, if applicable) incurs tax that the Executive would not have incurred as an active employee as a result of the aforementioned coverage or the benefits provided thereunder, the Executive (or his current spouse, if applicable) shall receive from the Company an additional payment in the amount necessary so that the Executive (or his current spouse, if applicable) will have no additional cost for receiving such items or any additional payment.

(g) In the event of any termination of employment under this section 7, the Executive shall be under no obligation to seek other employment and there shall be no offset against amounts due the Executive under this agreement on account of any remuneration attributable to any subsequent employment that he may obtain, except as specifically provided in this section 7. Except as set forth in this agreement, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including without limitation, set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others.

8. Change in Control

(a) As used in this agreement, the term "Change in Control" means the occurrence of any one of the following events:

(i) any "person," as such term is used in sections 3(a)(9) and 13(d) of the Securities Exchange Act of 1934, becomes a "beneficial owner," as such term is used in Rule 13d-3 under that act, of 30% or more of the outstanding common stock of the Company, excluding a person that is an affiliate (as such term is used under that act) of the Company on the date of this agreement, or any affiliate of any such person;

(ii) the majority of the board of directors of the Company consists of individuals other than Incumbent Directors, which term means the members of the board of directors of the Company on the date of this agreement; provided that any person becoming a director subsequent to such date whose election or nomination for election was supported by two-thirds of the directors who then comprised the Incumbent Directors shall be considered an Incumbent Director;

(iii) the Company adopts any plan of liquidation providing for the distribution of all or substantially all its assets;

(iv) all or substantially all the assets or business of the Company are disposed of pursuant to a merger, consolidation or other transaction (unless the shareholders of the Company immediately prior to such merger, consolidation or other transaction beneficially own, directly or indirectly, in substantially the same proportion as they own the common stock of the Company, all the common stock or other ownership interests of the entity or entities, if any, that succeed to the business of the Company); or

(v) the Company combines with another company and is the surviving corporation, but, immediately after the combination, the shareholders of the Company immediately prior to the combination hold, directly or indirectly, 50% or less of the common stock or other ownership interests of the combined company (there being excluded from the number of shares held by such shareholders, but not from the common stock or other ownership

interests of the combined company, any shares other ownership interests received by affiliates of such other company in exchange for stock of such other company).

(b) Following a Change in Control, the Executive may, at his option, upon 90 days' written notice given to the Company, terminate his employment under this agreement and, in lieu of any other amounts otherwise payable to him under section 7, (i) he will be entitled to receive, in a single lump sum on or before the 90th day after such written notice is given, an amount equal to (A) the product of (1) the Executive Salary then in effect and (2) three, if the written notice is given before the Senior Status Period, or (B) the product of (1) one half of his Senior Status Salary and (2) the number of years (including fractions), if any, remaining in the Senior Status Period on the 90th day after such written notice is given, if the written notice is given during the Senior Status Period, and (ii) pursuant to section 7(f), he shall be afforded continued participation in all medical, dental, hospitalization and life insurance coverage and in other employee benefit plans or programs in which he was participating on the date of the termination of his employment.

(c) In the event the amount provided to the Executive under section 8(b) (the "Payment") is determined to constitute a "parachute payment," as such term is defined in section 280G(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), notwithstanding anything to the contrary in this agreement, the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and any excise tax imposed by section 4999 of the Code (and any interest and penalties imposed with respect thereto) (collectively, "Excise Tax") imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment. The determination of whether the Payment constitutes a "parachute payment" and, if so, the amount to be paid to the Executive and the time of payment pursuant to this section 8(c) shall be made by an independent auditor (the "Auditor") jointly selected by the Company and the Executive and paid by the Company. The Auditor shall be a nationally recognized United States public accounting firm, which has not, during the two years preceding the date of its selection, acted in any way on behalf of the Company or any affiliate of the Company. If the Executive and the Company cannot agree on the firm to serve as the Auditor, the Executive and Company shall each select one accounting firm and those two firms shall jointly select the accounting firm to serve as the Auditor.

9. Indemnification

(a) The Company agrees that, if the Executive is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigation (a "Proceeding"), by reason of the fact that he is or was a director, officer or employee of the Company or is or was serving at the request of the Company as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is the Executive's alleged action in an official capacity while serving as director, officer, member, employee or agent, the Executive shall be indemnified and held harmless by the Company to the fullest extent permitted or authorized by the Company's certificate of incorporation or bylaws or, if greater, by the laws of the state of New York, against all cost, expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably

incurred or suffered by the Executive in connection therewith, and such indemnification shall continue as to the Executive even if he has ceased to be a director, member, employee or agent of the Company or other entity and shall inure to the benefit of the Executive's heirs, executors and administrators. The Company shall advance to the Executive all reasonable costs and expenses incurred by him in connection with a Proceeding within 20 days after receipt by the Company of a written request for such advance. Such request shall include an undertaking by the Executive to repay the amount of such advance if it shall ultimately be determined that he is not entitled to be indemnified against such costs and expenses.

(b) Neither the failure of the Company (including its board or directors, independent legal counsel or shareholders) to have made a determination prior to the commencement of any proceeding concerning payment of amounts claimed by the Executive under section 9(a) that indemnification of the Executive is proper because he has met the applicable standard of conduct, nor a determination by the Company (including its board of directors, independent legal counsel or shareholders) that the Executive has not met such applicable standard of conduct, shall create a presumption that the Executive has not met the applicable standard of conduct.

(c) The Company agrees to continue and maintain a director's and officers' liability insurance policy covering the Executive to the extent the Company provides such coverage for its other executive officers.

10. Confidentiality. The Executive shall at all times during the period of his employment and thereafter hold in confidence any and all Confidential Information (as defined below) that may have come or may come into his possession or within his knowledge concerning the products, services, processes, businesses, suppliers, customers and clients of the Company or its controlled affiliates. The Executive agrees that neither he nor any person or enterprise controlled by him will for any reason directly or indirectly, for himself or any other person, use or disclose any trade secrets, proprietary or confidential information, inventions, manufacturing or industrial processes or procedures, patents, trademarks, trade names, customer lists, service marks, service names, copyrights, applications for any of the foregoing or licenses or other rights in respect thereof (collectively, "Confidential Information"), owned or used by, or licensed to, the Company or any of its controlled affiliates, provided that the Executive may disclose Confidential Information that has become generally available to the public other than as a result of a breach of this agreement by the Executive or pursuant to an order of a court of competent jurisdiction or of a governmental agency, department or commission. Upon termination of his employment under this agreement, the Executive shall promptly surrender to the Company all documents he believes contain Confidential Information and that are within his possession or control, other than documents to which the Executive is or was a party or that relate to the Executive or the basis, or purported basis, on which his employment was terminated.

11. Noncompetition and Nonsolicitation

(a) The Executive agrees that from the date of this agreement and subsequent to the termination of his employment under this agreement and continuing for the period (the "Non-Compete Period") after termination of employment under section 7 (but not under section 8) in respect of which salary continuation payments would be required to be made under section 7(d) (regardless of whether termination of employment occurs pursuant to section 7(d)), neither the Executive nor any person or enterprise controlled by him will become a shareholder, lender, director, officer, agent or employee of a corporation or member of or lender to a partnership, engage as a sole proprietor in any business, act as a consultant to any of the foregoing or

otherwise engage directly or indirectly in any business that is in competition with the business then conducted by the Company or any of its controlled affiliates in any state in the United States or any other country in which the Company or any of its controlled affiliates has engaged in such business during the Executive's employment under this agreement; provided, however, that the foregoing shall not prohibit the Executive from owning less than two percent of the outstanding securities of any class of capital stock of a corporation the securities of which are regularly traded or quoted on a national securities exchange or on an inter-dealer quotation system.

(b) The Executive agrees that, during the Non-Compete Period, neither he nor any person or enterprise controlled by him will (i) solicit for employment any person who was employed by the Company or any of its controlled affiliates at any time within one year prior to the time of the act of solicitation or (ii) in any way cause, influence or participate in the solicitation for employment of any such individual by anyone else.

(c) The Executive acknowledges that there is no adequate remedy at law for a breach of this section 11 and that, in the event of such a breach or attempted breach, the Company shall be entitled to injunctive or other equitable relief to prevent any such breach, attempted breach or continuing breach, without prejudice to any other remedies for damages or otherwise.

12. Assignability; Binding Nature. This agreement shall inure to the benefit of the parties and their respective successors, heirs (in the case of the Executive) and assigns. No rights or obligations of the Company under this agreement may be assigned or transferred by the Company, except pursuant to a merger or consolidation, or the sale or liquidation of all or substantially all the assets of the Company, provided that, in the case of such a sale or liquidation, the assignee or transferee assumes in writing the obligation to perform this agreement (it being understood, however, that no such assignment or transfer shall relieve the Company of its liabilities or obligations under this agreement).

13. Amendment or Waiver. This agreement may not be amended or waived, except by an instrument in writing signed by the party to be charged.

14. Severability. If any provision of this agreement is invalid or unenforceable, the remaining provisions of this agreement shall remain in effect.

15. Governing Law. This agreement shall be governed by and construed and interpreted in accordance with the law of the state of New York as applied to agreements among New York residents entered into and to be performed entirely within New York.

16. Disputes. Except as otherwise expressly provided in this agreement, any dispute arising under or in connection with this agreement shall, at the election of the Executive, be resolved by binding arbitration to be held in New York City in accordance with the rules of the American Arbitration Association. Judgment upon the arbitrator's award may be entered in any court having jurisdiction. Costs of any arbitration or litigation, including, without limitation, attorneys' fees of both parties, shall be borne by the Company and advanced to the Executive as appropriate from time to time, provided that, if the arbitrator or judge, as the case may be, determines that the claims or defenses of the Executive were without any reasonable basis, each party shall bear his or its own costs.

17. Notices. All notices and other communications under this agreement shall be in writing and may be given by any of the following methods: (a) personal delivery; (b) facsimile transmission; (c) registered or certified mail, postage prepaid, return receipt requested; or (d) overnight delivery service. Notices shall be sent to the appropriate party at its or his address or

facsimile number given below (or at such other address or facsimile number for that party as specified by notice given under this section 17):

if to the Company, to it at:

650 Liberty Avenue
Union, New Jersey 07083
Fax: 908-688-8385

if to the Executive, to him at:

[***]

All such notices and communications shall be deemed given and received upon (a) actual receipt by the addressee, (b) actual delivery to the appropriate address or (c) in the case of a facsimile transmission, upon transmission by the sender and issuance by the transmitting machine of a confirmation slip confirming that the number of pages constituting the notice have been transmitted without error. In the case of notices sent by facsimile transmission, the sender shall contemporaneously mail a copy of the notice to the addressee at the address provided above; however, such mailing shall in no way alter the time at which the facsimile notice is deemed given and received.

18. Headings. The section headings in this agreement are for convenience only and shall not affect the meaning or construction of any provision of this agreement.

19. Counterparts. This agreement may be executed in counterparts.

20. Entire Agreement. This agreement contains the entire agreement and understanding of the parties concerning its subject matter and supersedes all prior agreements and understandings with respect to that subject matter. Nothing in this agreement is intended to

or shall affect the rights or obligations of the parties under any agreement relating to the maintenance of life insurance or stock options.

BED BATH & BEYOND INC.

By: /s/Leonard Feinstein

Name: Leonard Feinstein
Title: Co-Chief Executive Officer

THE EXECUTIVE:

/s/Warren Eisenberg

Warren Eisenberg

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

Dated as of April 3, 2002

The parties to this agreement are Bed Bath & Beyond Inc., a New York corporation (the "Company"), and Leonard Feinstein (the "Executive").

The Company wishes to continue to employ the Executive and to amend and restate the existing employment agreement, dated as of June 30, 1997, between the Company and the Executive, which embodies the terms of such employment, and the Executive wishes to amend and restate such existing employment agreement and accept such continued employment on such terms.

Accordingly, the parties agree as follows:

1. Positions, Duties and Responsibilities

(a) During the Executive's employment under this agreement, the Executive shall be employed as the co-chief executive officer with Leonard Feinstein or chief executive officer of the Company and be responsible for the general management of the affairs of the Company. It is the intention of the parties that the Executive be elected to and serve as a member of the board of directors of the Company. The Executive, in carrying out his duties under this agreement, shall report to the board of directors of the Company.

(b) Nothing in this agreement shall preclude the Executive from (i) serving on the boards of directors of a reasonable number of other corporations or the boards of a reasonable number of trade associations and/or charitable organizations, (ii) engaging in charitable activities and community affairs and (iii) managing his personal investments and affairs, provided that such activities do not materially interfere with the proper performance of his duties and responsibilities under this agreement.

2. Term of Employment. The Executive's employment under this agreement shall continue until the earlier of (a) June 30, 2007 (as that date may be extended from time to time by mutual agreement of the parties) (the "Final Date") or (b) the termination of his employment in accordance with this agreement.

3. Senior Status. Notwithstanding anything to the contrary in sections 1 and 2, at any time during the Executive's employment under this agreement and before the Final Date, the Executive may, at his option, upon 90 days' written notice given to the Company, elect to terminate his positions, duties and responsibilities under section 1, and during the period (the "Senior Status Period") commencing 90 days after such written notice is first given and continuing until the earlier of (a) the tenth anniversary of the termination of his positions, duties and responsibilities under section 1 or (b) the termination of the Executive's employment in accordance with this agreement, provide consulting (but not line executive) services as an employee. If the Executive shall not have exercised this option on or before the 90th day before the Final Date the Executive shall be deemed to have exercised this option on such date. It is the intention of the parties that, during the Senior Status Period, the Executive shall continue to be

elected to and serve as a member of the board of directors of the Company. The Executive, in carrying out his duties during the Senior Status Period, shall report to the Company's chief executive officer or, if the Executive so elects, to the board of directors of the Company. During the Senior Status Period, the Executive shall, at the request from time to time of the Company's chief executive officer or board of directors (whoever the Executive then reports to), make himself available to the Company, at times that are reasonably convenient for him, to provide advisory services (it being understood, however, that such services shall not require the Executive to travel to a location more than 25 miles from his residence from time to time or to devote more than fifty (50) hours in any three-month period to the Company). During the Senior Status Period, the Company shall provide the Executive an office (at a location specified by the Executive, which need not be where the Company's offices are located), secretary, car and driver, all on a basis comparable to what is currently provided to the Executive.

4. Salary. During his employment under this agreement and prior to the Senior Status Period, the Executive shall be entitled to an annual salary (the "Executive Salary"), payable in accordance with the regular payroll practices of the Company, of \$800,000. During the Senior Status Period, the Executive shall be entitled to an annual salary (the "Senior Status Salary"), payable in accordance with the regular payroll practices of the Company, of the greater of (i) \$400,000 plus the COLA Adjustment (as defined in section 5(b) below), and (ii) fifty percent of the Executive Salary immediately prior to the Senior Status Period. The Company may pay additional compensation to the Executive, whether in the form of an increase in Executive Salary or Senior Status Salary (as applicable), bonus or otherwise, if and to the extent authorized by the board of directors of the Company, in its sole discretion, from time to time, it being understood that the board of directors may give consideration to increasing such compensation at various intervals during the term of this agreement.

5. Employee Benefit Programs.

(a) Generally. During the Executive's employment under this agreement, the Executive shall be entitled to participate in all employee pension and welfare benefits plans and programs available to the Company's senior level executives or to its employees generally, as such plans or programs may be in effect from time to time, including, without limitation, pension, profit sharing, savings and other retirement plans or programs, medical, dental, hospitalization, short-term and long-term disability and life insurance plans, accidental death and dismemberment protection, travel accident insurance, and any other pension or retirement plans or programs and any other employee welfare benefit plans or programs that may be sponsored by the Company from time to time, including any plans that supplement the above-listed types of plans or programs, whether funded or unfunded.

(b) Supplemental Pension. In addition, the Executive shall be entitled to payments in the nature of supplemental pension payments at the rate of \$200,000 (or such higher amount resulting from the annual COLA Adjustment described below) per year, payable in accordance with the regular payroll practices of the Company, for the period following the termination of his employment until the death of the survivor of the Executive and his current spouse, such payments, however, to begin only following the later of: (i) the termination of any salary payments (including, without limitation, any salary continuation payments contemplated under section 7(d)(ii), if applicable); and (ii) the tenth anniversary of the Final Date if the Executive receives a lump sum payment pursuant to section 7(d)(ii) or section 8(b). Such supplemental pension payments shall be payable upon the termination of the Executive's employment under all circumstances (including, but not limited to, a termination pursuant to

section 7(a)) other than termination by the Company for Cause. The amount of such supplemental pension payments shall be increased (the "COLA Adjustment") during each year the supplemental pension payments are payable by an amount which reflects any increase in the cost of living on the immediately preceding June 30th over the cost of living on June 30, 2000, using as a basis for such increase the Consumer Price Index for all Urban Consumers (CPI-U) for New York, Northern New Jersey-Long Island, as published by the U.S. Department of Labor (the "Index") or, in the event such Index is no longer published, such other index as is determined in good faith to be comparable by the board of directors of the Company. The COLA Adjustment shall be made each July 1st and shall remain applicable until the next June 30th. The Executive acknowledges that the Company's obligation under section 5(b) is an unfunded, unsecured promise to pay certain amounts to the Executive in the future. The amounts payable under section 5(b) shall be paid out of the Company's general assets and shall be subject to the risk of the Company's creditors. In no event shall the Executive's rights under section 5(b) be greater than the right of any unsecured general creditor of the Company.

6. Reimbursement of Business and Other Expenses. The Executive is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this agreement, and the Company shall promptly reimburse him for all business expenses incurred in carrying out the business of the Company, subject to documentation in accordance with the Company's policies.

7. Termination of Employment

(a) In the event the Executive's employment terminates due to his death, his estate or his beneficiaries, as the case may be, shall be entitled to his salary for a period of one year following his death, any amount owing but not yet paid under section 6 and other or additional benefits owing but not yet paid in accordance with applicable plans and programs of the Company.

(b) In the event the Executive's employment terminates due to his inability substantially to perform his duties and responsibilities under this agreement for a period of 180 consecutive days, he shall be entitled to his salary for a period of one year following the date of termination (less any amounts received under the Company's benefit plans as a result of such disability) and any amount owing but not yet paid under section 6. In no event shall a termination of the Executive's employment under this section 7(b) occur, unless the party terminating the Executive's employment gives written notice to the other party in accordance with this agreement.

(c) (i) As used in this agreement, the term "Cause" means (A) the Executive is convicted of a felony involving moral turpitude or (B) the Executive is guilty of willful gross neglect or willful gross misconduct in carrying out his duties under this agreement, resulting, in either case, in material economic harm to the Company, unless the Executive believed in good faith that such act or nonact was in the best interests of the Company.

(ii) The Company may terminate the Executive's employment under this agreement for Cause. A termination for Cause shall not take effect, however, unless the provisions of this paragraph (c)(ii) are complied with. The Executive shall be given written notice by the board of directors of the Company of the intention to terminate his employment for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based. The Executive shall have 10 days after the date that such written notice has been given in which to cure such

conduct, to the extent a cure is possible. If he fails to cure such conduct, his employment shall be terminated for Cause.

(iii) In the event the Company terminates the Executive's employment for Cause, he shall be entitled to his salary through the date of the termination of his employment, any amounts owing but not yet paid under section 6 and other or additional benefits in accordance with applicable plans or programs of the Company.

(d) (i) As used in this agreement, the term "Constructive Termination Without Cause" means a termination of the Executive's employment at his initiative following the occurrence, without the Executive's prior written consent, of one or more of the following events (except in consequence of a prior termination):

(A) a reduction in the Executive's salary or a material reduction of any employee benefit or perquisite enjoyed by him (other than as part of any across-the-board action applicable to all executive officers of the Company);

(B) the failure to elect or reelect the Executive to any of the officer or director positions referred to in section 1(a) or removal of him from any of such positions;

(C) a material diminution in the Executive's duties or the assignment to the Executive of duties materially inconsistent with his duties or that materially impair the Executive's ability to function, prior to the Senior Status Period, as the co-chief executive officer or chief executive officer of the Company;

(D) the relocation of the Company's principal office, or the Executive's own office location as assigned to him by the Company, to a location more than twenty-five (25) miles from Union, New Jersey.

(ii) In the event the Company terminates the Executive's employment without Cause, other than pursuant to section 7(a) or (b), or in the event there is a Constructive Termination Without Cause, the Executive shall be entitled to his salary through the date of termination of employment, his Executive Salary through the Final Date and thereafter his Senior Status Salary through the tenth anniversary of the Final Date (provided that, at the Executive's option, exercised by written notice given to the Company, the Company shall pay him the present value of such salary continuation payments in a lump sum (using as the discount rate the Applicable Federal Rate for short-term Treasury obligations as published by the Internal Revenue Service for the month in which such termination occurs)), and any amount owing but not yet paid under section 6.

(e) Except with regard to a voluntary termination described in section 8(b), in the event of a termination of employment by the Executive on his own initiative other than a termination otherwise provided for in this section 7, the Executive shall have the same entitlements as provided in section 7(c)(iii) for a termination for Cause.

(f) In the event of a termination of employment other than pursuant to section 7(c), the Executive (and his current spouse, to the extent applicable) shall be entitled to continue to participate at the Company's expense in medical, dental, hospitalization and life insurance coverage and in all other employee plans and programs in which he or his family was participating on the date of termination of his employment and other or additional benefits in accordance with applicable plans and programs of the Company until the earlier of (A) the death of the survivor of the Executive and his current spouse or (B) the date, or dates, the Executive receives equivalent coverage and benefits under the plans and programs of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage, or benefit-

by-benefit, basis). If the Executive is precluded from continuing his participation in any benefit plan or program referred to in the immediately preceding sentence, he shall be provided the after-tax economic equivalent of the benefits provided under the plan or program in which he is unable to participate. The economic equivalent of any benefit foregone shall be deemed to be the cost that would be incurred by the Executive in obtaining such benefit himself on an individual basis from a provider of insurance coverage acceptable to the Executive. The payment of such after-tax economic equivalent shall be made quarterly in advance. In addition, to the extent the Executive (or his current spouse, if applicable) incurs tax that the Executive would not have incurred as an active employee as a result of the aforementioned coverage or the benefits provided thereunder, the Executive (or his current spouse, if applicable) shall receive from the Company an additional payment in the amount necessary so that the Executive (or his current spouse, if applicable) will have no additional cost for receiving such items or any additional payment.

(g) In the event of any termination of employment under this section 7, the Executive shall be under no obligation to seek other employment and there shall be no offset against amounts due the Executive under this agreement on account of any remuneration attributable to any subsequent employment that he may obtain, except as specifically provided in this section 7. Except as set forth in this agreement, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including without limitation, set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others.

8. Change in Control

(a) As used in this agreement, the term "Change in Control" means the occurrence of any one of the following events:

(i) any "person," as such term is used in sections 3(a)(9) and 13(d) of the Securities Exchange Act of 1934, becomes a "beneficial owner," as such term is used in Rule 13d-3 under that act, of 30% or more of the outstanding common stock of the Company, excluding a person that is an affiliate (as such term is used under that act) of the Company on the date of this agreement, or any affiliate of any such person;

(ii) the majority of the board of directors of the Company consists of individuals other than Incumbent Directors, which term means the members of the board of directors of the Company on the date of this agreement; provided that any person becoming a director subsequent to such date whose election or nomination for election was supported by two-thirds of the directors who then comprised the Incumbent Directors shall be considered an Incumbent Director;

(iii) the Company adopts any plan of liquidation providing for the distribution of all or substantially all its assets;

(iv) all or substantially all the assets or business of the Company are disposed of pursuant to a merger, consolidation or other transaction (unless the shareholders of the Company immediately prior to such merger, consolidation or other transaction beneficially own, directly or indirectly, in substantially the same proportion as they own the common stock of the Company, all the common stock or other ownership interests of the entity or entities, if any, that succeed to the business of the Company); or

(v) the Company combines with another company and is the surviving corporation, but, immediately after the combination, the shareholders of the Company

immediately prior to the combination hold, directly or indirectly, 50% or less of the common stock or other ownership interests of the combined company (there being excluded from the number of shares held by such shareholders, but not from the common stock or other ownership interests of the combined company, any shares other ownership interests received by affiliates of such other company in exchange for stock of such other company).

(b) Following a Change in Control, the Executive may, at his option, upon 90 days' written notice given to the Company, terminate his employment under this agreement and, in lieu of any other amounts otherwise payable to him under section 7, (i) he will be entitled to receive, in a single lump sum on or before the 90th day after such written notice is given, an amount equal to (A) the product of (1) the Executive Salary then in effect and (2) three, if the written notice is given before the Senior Status Period, or (B) the product of (1) one half of his Senior Status Salary and (2) the number of years (including fractions), if any, remaining in the Senior Status Period on the 90th day after such written notice is given, if the written notice is given during the Senior Status Period, and (ii) pursuant to section 7(f), he shall be afforded continued participation in all medical, dental, hospitalization and life insurance coverage and in other employee benefit plans or programs in which he was participating on the date of the termination of his employment.

(c) In the event the amount provided to the Executive under section 8(b) (the "Payment") is determined to constitute a "parachute payment," as such term is defined in section 280G(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), notwithstanding anything to the contrary in this agreement, the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and any excise tax imposed by section 4999 of the Code (and any interest and penalties imposed with respect thereto) (collectively, "Excise Tax") imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment. The determination of whether the Payment constitutes a "parachute payment" and, if so, the amount to be paid to the Executive and the time of payment pursuant to this section 8(c) shall be made by an independent auditor (the "Auditor") jointly selected by the Company and the Executive and paid by the Company. The Auditor shall be a nationally recognized United States public accounting firm, which has not, during the two years preceding the date of its selection, acted in any way on behalf of the Company or any affiliate of the Company. If the Executive and the Company cannot agree on the firm to serve as the Auditor, the Executive and Company shall each select one accounting firm and those two firms shall jointly select the accounting firm to serve as the Auditor.

9. Indemnification

(a) The Company agrees that, if the Executive is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigation (a "Proceeding"), by reason of the fact that he is or was a director, officer or employee of the Company or is or was serving at the request of the Company as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is the Executive's alleged action in an official capacity while serving as director, officer, member, employee or agent, the Executive shall be indemnified and held harmless by the Company to the fullest extent permitted or authorized by the Company's

certificate of incorporation or bylaws or, if greater, by the laws of the state of New York, against all cost, expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Executive in connection therewith, and such indemnification shall continue as to the Executive even if he has ceased to be a director, member, employee or agent of the Company or other entity and shall inure to the benefit of the Executive's heirs, executors and administrators. The Company shall advance to the Executive all reasonable costs and expenses incurred by him in connection with a Proceeding within 20 days after receipt by the Company of a written request for such advance. Such request shall include a undertaking by the Executive to repay the amount of such advance if it shall ultimately be determined that he is not entitled to be indemnified against such costs and expenses.

(b) Neither the failure of the Company (including its board or directors, independent legal counsel or shareholders) to have made a determination prior to the commencement of any proceeding concerning payment of amounts claimed by the Executive under section 9(a) that indemnification of the Executive is proper because he has met the applicable standard of conduct, nor a determination by the Company (including its board of directors, independent legal counsel or shareholders) that the Executive has not met such applicable standard of conduct, shall create a presumption that the Executive has not met the applicable standard of conduct.

(c) The Company agrees to continue and maintain a director's and officers' liability insurance policy covering the Executive to the extent the Company provides such coverage for its other executive officers.

10. Confidentiality. The Executive shall at all times during the period of his employment and thereafter hold in confidence any and all Confidential Information (as defined below) that may have come or may come into his possession or within his knowledge concerning the products, services, processes, businesses, suppliers, customers and clients of the Company or its controlled affiliates. The Executive agrees that neither he nor any person or enterprise controlled by him will for any reason directly or indirectly, for himself or any other person, use or disclose any trade secrets, proprietary or confidential information, inventions, manufacturing or industrial processes or procedures, patents, trademarks, trade names, customer lists, service marks, service names, copyrights, applications for any of the foregoing or licenses or other rights in respect thereof (collectively, "Confidential Information"), owned or used by, or licensed to, the Company or any of its controlled affiliates, provided that the Executive may disclose Confidential Information that has become generally available to the public other than as a result of a breach of this agreement by the Executive or pursuant to an order of a court of competent jurisdiction or of a governmental agency, department or commission. Upon termination of his employment under this agreement, the Executive shall promptly surrender to the Company all documents he believes contain Confidential Information and that are within his possession or control, other than documents to which the Executive is or was a party or that relate to the Executive or the basis, or purported basis, on which his employment was terminated.

11. Noncompetition and Nonsolicitation

(a) The Executive agrees that from the date of this agreement and subsequent to the termination of his employment under this agreement and continuing for the period (the "Non-Compete Period") after termination of employment under section 7 (but not under section 8) in respect of which salary continuation payments would be required to be made under section 7(d) (regardless of whether termination of employment occurs pursuant to section 7(d)), neither

the Executive nor any person or enterprise controlled by him will become a shareholder, lender, director, officer, agent or employee of a corporation or member of or lender to a partnership, engage as a sole proprietor in any business, act as a consultant to any of the foregoing or otherwise engage directly or indirectly in any business that is in competition with the business then conducted by the Company or any of its controlled affiliates in any state in the United States or any other country in which the Company or any of its controlled affiliates has engaged in such business during the Executive's employment under this agreement; provided, however, that the foregoing shall not prohibit the Executive from owning less than two percent of the outstanding securities of any class of capital stock of a corporation the securities of which are regularly traded or quoted on a national securities exchange or on an inter-dealer quotation system.

(b) The Executive agrees that, during the Non-Compete Period, neither he nor any person or enterprise controlled by him will (i) solicit for employment any person who was employed by the Company or any of its controlled affiliates at any time within one year prior to the time of the act of solicitation or (ii) in any way cause, influence or participate in the solicitation for employment of any such individual by anyone else.

(c) The Executive acknowledges that there is no adequate remedy at law for a breach of this section 11 and that, in the event of such a breach or attempted breach, the Company shall be entitled to injunctive or other equitable relief to prevent any such breach, attempted breach or continuing breach, without prejudice to any other remedies for damages or otherwise.

12. Assignability; Binding Nature. This agreement shall inure to the benefit of the parties and their respective successors, heirs (in the case of the Executive) and assigns. No rights or obligations of the Company under this agreement may be assigned or transferred by the Company, except pursuant to a merger or consolidation, or the sale or liquidation of all or substantially all the assets of the Company, provided that, in the case of such a sale or liquidation, the assignee or transferee assumes in writing the obligation to perform this agreement (it being understood, however, that no such assignment or transfer shall relieve the Company of its liabilities or obligations under this agreement).

13. Amendment or Waiver. This agreement may not be amended or waived, except by an instrument in writing signed by the party to be charged.

14. Severability. If any provision of this agreement is invalid or unenforceable, the remaining provisions of this agreement shall remain in effect.

15. Governing Law. This agreement shall be governed by and construed and interpreted in accordance with the law of the state of New York as applied to agreements among New York residents entered into and to be performed entirely within New York.

16. Disputes. Except as otherwise expressly provided in this agreement, any dispute arising under or in connection with this agreement shall, at the election of the Executive, be resolved by binding arbitration to be held in New York City in accordance with the rules of the American Arbitration Association. Judgment upon the arbitrator's award may be entered in any court having jurisdiction. Costs of any arbitration or litigation, including, without limitation, attorneys' fees of both parties, shall be borne by the Company and advanced to the Executive as appropriate from time to time, provided that, if the arbitrator or judge, as the case may be, determines that the claims or defenses of the Executive were without any reasonable basis, each party shall bear his or its own costs.

17. Notices. All notices and other communications under this agreement shall be in writing and may be given by any of the following methods: (a) personal delivery; (b) facsimile

transmission; (c) registered or certified mail, postage prepaid, return receipt requested; or (d) overnight delivery service. Notices shall be sent to the appropriate party at its or his address or facsimile number given below (or at such other address or facsimile number for that party as specified by notice given under this section 17):

if to the Company, to it at:

650 Liberty Avenue
Union, New Jersey 07083
Fax: 908-688-8385

if to the Executive, to him at:

[***]

All such notices and communications shall be deemed given and received upon (a) actual receipt by the addressee, (b) actual delivery to the appropriate address or (c) in the case of a facsimile transmission, upon transmission by the sender and issuance by the transmitting machine of a confirmation slip confirming that the number of pages constituting the notice have been transmitted without error. In the case of notices sent by facsimile transmission, the sender shall contemporaneously mail a copy of the notice to the addressee at the address provided above; however, such mailing shall in no way alter the time at which the facsimile notice is deemed given and received.

18. Headings. The section headings in this agreement are for convenience only and shall not affect the meaning or construction of any provision of this agreement.

19. Counterparts. This agreement may be executed in counterparts.

20. Entire Agreement. This agreement contains the entire agreement and understanding of the parties concerning its subject matter and supersedes all prior agreements and understandings with respect to that subject matter. Nothing in this agreement is intended to

or shall affect the rights or obligations of the parties under any agreement relating to the maintenance of life insurance or stock options.

BED BATH & BEYOND INC.

By: /s/ Warren Eisenberg

Name: Warren Eisenberg
Title: Co-Chief Executive Officer

THE EXECUTIVE:

/s/ Leonard Feinstein

Leonard Feinstein

ANNUAL REPORT ON FORM 10-K

ITEM 14 (a)(3)

Exhibit 13

BED BATH & BEYOND INC.

Fiscal Year Ended March 2, 2002

Selected Financial Data (in thousands, except per share and selected operating data)

	Fiscal Year Ended ⁽¹⁾				
	March 2, 2002	March 3, 2001	February 26, 2000	February 27, 1999	February 28, 1998
STATEMENT OF EARNINGS DATA					
Net sales	\$ 2,927,962	\$ 2,396,655	\$ 1,857,505	\$ 1,382,345	\$ 1,057,135
Gross profit	1,207,566	986,459	766,801	576,125	441,016
Operating profit	346,100	272,838	209,340	158,052	118,914
Net earnings	219,599	171,922	131,229	97,346	73,142
Net earnings per share – Diluted ⁽²⁾	\$.74	\$.59	\$.46	\$.34	\$.26
SELECTED OPERATING DATA					
Number of stores open (at period end)	396	311	241	186	141
Total square feet of store space (at period end)	14,724,000	12,204,000	9,815,000	7,688,000	5,767,000
Percentage increase in comparable store net sales	7.1%	5.0%	9.2%	7.6%	6.4%
BALANCE SHEET DATA (AT PERIOD END)					
Working capital	\$ 715,439	\$ 532,524	\$ 360,585	\$ 267,557	\$ 188,293
Total assets	1,647,517	1,195,725	865,800	633,148	458,330
Long-term debt	—	—	—	—	—
Shareholders' equity	\$ 1,094,350	\$ 817,018	\$ 559,045	\$ 411,087	\$ 295,397

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Fiscal Year Ended ⁽¹⁾				
	March 1, 1997	February 25, 1996	February 26, 1995	February 27, 1994	February 28, 1993
STATEMENT OF EARNINGS DATA					
Net sales	\$ 816,912	\$ 597,352	\$ 437,807	\$ 304,571	\$ 216,411
Gross profit	341,168	250,036	183,819	127,972	90,528
Operating profit	90,607	67,585	51,685	36,906	26,660
Net earnings	55,015	39,459	30,013	21,887	15,960
Net earnings per share – Diluted ⁽²⁾	\$.20	\$.14	\$.11	\$.08	\$.06
SELECTED OPERATING DATA					
Number of stores open (at period end)	108	80	61	45	38
Total square feet of store space (at period end)	4,347,000	3,214,000	2,339,000	1,512,000	1,128,000
Percentage increase in comparable store net sales	6.1%	3.8%	12.0%	10.6%	7.2%
BALANCE SHEET DATA (AT PERIOD END)					
Working capital	\$ 127,333	\$ 91,331	\$ 74,390	\$ 56,001	\$ 34,842
Total assets	329,925	235,810	176,678	121,468	76,654
Long-term debt	—	5,000	16,800	13,300	—
Shareholders' equity	\$ 214,361	\$ 151,446	\$ 108,939	\$ 77,305	\$ 54,643

- (1) Each fiscal year represents 52 weeks, except for fiscal 2000 (ended March 3, 2001) which represents 53 weeks and fiscal 1996 (ended March 1, 1997) which represents 52 weeks and 6 days.
- (2) Net earnings per share amounts for fiscal 2000 and prior 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 2000, 1998, 1996 and 1993. The Company has not declared any cash dividends in any of the fiscal years noted above.

PLEASE VOTE YOUR PROXY! ELECTRONIC VOTING SAVES YOUR COMPANY MONEY

Last year, many of our shareholders saved the Company money by voting their proxies via internet or telephone, rather than by return mail. This year we encourage all of our shareholders to take advantage of electronic voting.

Most Bed Bath & Beyond shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. If you hold your shares in one of these ways, you are considered a beneficial owner. Your broker or nominee has enclosed a voting instruction form for you to use in directing them in how to vote your shares. Most institutions make internet or telephone voting options available to their beneficial owners, so please see the voting instruction form for specific information.

If your shares are registered directly in your name with Bed Bath & Beyond's transfer agent, you are considered the shareholder of record with respect to those shares, and these proxy materials are being sent directly to you. As the shareholder of record, you have the right to vote by proxy. We encourage our registered shareholders to vote your proxy:

By internet – www.proxyvote.com; or

By touch-tone phone – 1-800-690-6903

Have your proxy card in hand when you access the web site or call the toll-free number. You will be prompted to enter your 12-digit

Control Number, which is located below the voting instructions on the proxy card. Then you can follow the directions provided.

Founded in 1971, Bed Bath & Beyond Inc. is a nationwide chain of stores selling predominantly better quality domestics merchandise and home furnishings. The Company's 407 Bed Bath & Beyond stores (as of May 3, 2002) principally range in size from 25,000 to 50,000 square feet, with some stores exceeding 80,000 square feet. They combine superior service and a huge selection of items at everyday low prices within a constantly evolving shopping environment that has proven to be both fun and exciting for customers. The Company acquired Harmon Stores, Inc., a health and beauty care retailer, on March 5, 2002. The Company's 28 Harmon stores (as of May 3, 2002) principally range in size from 5,000 to 8,700 square feet. Bed Bath & Beyond Inc.'s stock is traded on the NASDAQ National Market under the symbol BBBY and is included in the Standard & Poor's 500 Index, the NASDAQ-100 Index, and the Forbes 500.

BED BATH & BEYOND ANNUAL REPORT 2001

To Our Fellow Shareholders:

This is a new look for us, but we're sure it comes as no surprise. We try to keep things simple that ought to be kept simple. To present you with the portrait of fiscal 2001, our 30th Anniversary and best year ever, we have combined the Bed Bath & Beyond Inc. Notice of Annual Meeting and Proxy Statement with our Annual Report. The Annual Report and Proxy materials are about conveying information, and we are doing that as simply and directly as we can. The color and the excitement are where they have always been: in the stores.

For 30 years, this Company's primary focus has been on our merchandise and the operation of our stores, because these are the things our customers see. For the 10 years since our initial public offering, the ability of our people to execute on this focus has resulted in our meeting or exceeding expectations in each of our 39 quarters as a public company. Our formula constantly evolves, it works, and we are enormously grateful for the efforts of all our associates who make it work.

In a way, what you see in these materials serves that same focus. We have simplified these documents because we believe your money is better spent elsewhere. This is another effort to return more value to our shareholders. By pulling back a little on the glitz, we have a little more to spend where it matters most – in the stores, online, and in support of all we do as merchants.

In keeping with the spirit of simplification, we do want to share some of the highlights from fiscal 2001 that you will see in the following pages. Net earnings for the year (fifty-two weeks) ended March 2, 2002 totaled \$219.6 million (\$.74 per share), exceeding fiscal 2000 (fifty-three weeks) net earnings of \$171.9 million (\$.59 per share) by approximately 27.7%.

Net sales for fiscal 2001 were \$2.9 billion, an increase of approximately 22.2% from the prior year. Comparable store sales for fiscal 2001 increased by approximately 7.1%. During fiscal 2001, we opened 85 new Bed Bath & Beyond stores. We ended the year with 395 stores in 44 states and one store in Puerto Rico.

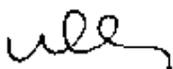
Our balance sheet continues to strengthen. At the close of fiscal 2001, cash and cash equivalents were \$429.5 million, and the Company had an additional \$51.9 million in investment securities, compared to \$239.3 million in cash and cash equivalents a year earlier. Shareholders' equity at year end was \$1.1 billion, up from \$817.0 million the prior year.

This doesn't just happen. Over 19,000 talented people work very hard, creatively and constructively finding ways to please our customers. Ultimately, the credit is theirs. For the 30 years we have been in business and the 10 years we've been sending out these annual reports, we've been talking about our culture. It isn't just a word. Our people are trained to know what is important to the customer and empowered in our decentralized environment to act on that knowledge. Our customer has other choices; we must exceed expectations. Everything else flows from this, particularly the financial results that follow in this booklet.

While we celebrate our 30th Anniversary and our finest year ever, we are of course mindful of the criminal acts committed against our nation this past year. The events of September 11th and the ongoing war on terrorism temper our celebration and place our accomplishments in proper perspective. Still, we are again pleased with the results we have to report to you. In keeping with our culture, however, pleased does not mean satisfied. We plan to open approximately 88 new Bed Bath & Beyond stores in fiscal 2002, in new and existing markets. We continue to evaluate new merchandise items, new departments, system and process enhancements, new looks in fixturing and store design, and every point of contact we have to improve the results of our operations. On March 5, 2002, we consummated the acquisition of Harmon Stores, Inc., a health and beauty care retailer currently operating 28 stores in New Jersey (22), New York (5) and Connecticut (1). This represents something new for us as well, and while we do not believe the benefits to be derived this year will have any material effect on our overall results or financial condition for 2002, we are excited by the opportunities.

We know it all begins and ends with our customers. As we begin the next 30 years of our existence, we rededicate ourselves to the culture of exceeding their expectations. By remaining committed to the principles upon which we were founded, we intend to make 2002 another record year.

Again, thank you to each of our associates, customers and business partners who continue to lead us toward the ever more successful company we are striving to become.



WARREN EISENBERG
Co-Chairman and
Co-Chief Executive Officer



LEONARD FEINSTEIN
Co-Chairman and
Co-Chief Executive Officer



STEVEN H. TEMARES
President & Chief Operating Officer
and Member of the Board of Directors

May 3, 2002

BED BATH & BEYOND ANNUAL REPORT 2001

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 in dollar amounts from the prior year in selected statement of earnings data:

	FISCAL YEAR ENDED				
	PERCENTAGE OF NET SALES			PERCENTAGE CHANGE FROM PRIOR YEAR	
	MARCH 2, 2002	MARCH 3, 2001	FEBRUARY 26, 2000	MARCH 2, 2002	MARCH 3, 2001
Net sales	100.0%	100.0%	100.0%	22.2%	29.0%
Cost of sales	58.8	58.8	58.7	22.0	29.3
Gross profit	41.2	41.2	41.3	22.4	28.6
Selling, general and administrative expenses	29.4	29.8	30.0	20.7	28.0
Operating profit	11.8	11.4	11.3	26.9	30.3
Earnings before provision for income taxes	12.2	11.8	11.6	26.7	31.0
Net earnings	7.5	7.2	7.1	27.7	31.0

FISCAL 2001 COMPARED WITH FISCAL 2000

In fiscal 2001 (52 weeks), the Company expanded store space by 20.6%, from 12,204,000 square feet at fiscal year end 2000 (53 weeks) to 14,724,000 square feet at fiscal year end 2001. The 2,520,000 square feet increase was the result of opening 85 new stores.

Net sales in fiscal 2001 increased \$531.3 million to \$2.928 billion, representing an increase of 22.2% over the \$2.397 billion net sales in fiscal 2000. Approximately 73% of the increase was attributable to new store net sales and the balance to an increase in comparable store net sales.

Approximately 54% and 46% of net sales in fiscal 2001 were attributable to sales of domestics merchandise and home furnishings, respectively. The Company estimates that bed linens accounted for approximately 19% of net sales during fiscal 2001 and 21% of net sales during fiscal 2000. No other individual product category accounted for 10% or more of net sales during either fiscal year.

Gross profit in fiscal 2001 was \$1.208 billion or 41.2% of net sales, compared with \$986.5 million or 41.2% of net sales a year ago. Gross profit, as a percentage of net sales, remained consistent due to the similar product mix in fiscal 2001 and fiscal 2000.

Comparable store sales for fiscal 2001 (52 weeks vs. 52 weeks) increased by approximately 7.1%, compared with an increase of approximately 5.0% in fiscal 2000. The increase in comparable store net sales relative to fiscal 2000 reflected a number of factors, including but not limited to, the continued consumer acceptance of the Company's merchandise offerings, a strong focus on customer service and the continued success of the Company's advertising program.

Selling, general and administrative expenses ("SG&A") were \$861.5 million or 29.4% of net sales in fiscal 2001 compared to \$713.6 million or 29.8% of net sales in fiscal 2000. The decrease in SG&A as a percentage of net sales primarily reflects a relative decrease in payroll and payroll related items primarily due to an increase in store productivity. Store opening and expansion costs are charged to earnings as incurred.

Interest income increased to \$11.0 million in fiscal 2001 compared to \$9.0 million in fiscal 2000 due to an increase in invested cash partially offset by a decrease in the average investment rate.

The effective tax rate decreased to 38.5% for fiscal 2001 compared with 39.0% for fiscal 2000 due to a decrease in the amount provided for state and local taxes resulting primarily from the composition of states and the territory in which the Company currently conducts business.

FISCAL 2000 COMPARED WITH FISCAL 1999

In fiscal 2000 (53 weeks), the Company expanded store space by 24.3%, from 9,815,000 square feet at fiscal year end 1999 (52 weeks) to 12,204,000 square feet at fiscal year end 2000. The 2,389,000 square feet increase was the result of opening 70 new stores and expanding two existing stores.

Net sales in fiscal 2000 increased \$539.2 million to \$2.397 billion, representing an increase of 29.0% over the \$1.858 billion net sales in fiscal 1999. Approximately 83% of the increase was attributable to new store net sales and the balance to an increase in comparable store net sales.

Management's Discussion and Analysis of Financial Condition and Results of Operations

(Continued)

Approximately 55% and 45% of net sales in fiscal 2000 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 both fiscal 2000 and fiscal 1999. No other individual product category accounted for 10% or more of net sales during either fiscal year.

Gross profit in fiscal 2000 was \$986.5 million or 41.2% of net sales, compared with \$766.8 million or 41.3% of net sales in fiscal 1999.

Comparable store sales for fiscal 2000 (52 weeks vs. 52 weeks) increased by approximately 5.0%, compared with an increase of approximately 9.2% in fiscal 1999. The fiscal 2000 increase in comparable store net sales primarily reflected a strong focus on customer service, as well as the continued consumer acceptance of the Company's merchandise offerings and the continued success of the Company's advertising program.

SG&A was \$713.6 million or 29.8% of net sales in fiscal 2000 compared to \$557.5 million or 30.0% of net sales in fiscal 1999. The decrease in SG&A as a percentage of net sales primarily reflected a decrease in occupancy costs and costs associated with new store openings and expansions partially offset by an increase in payroll and payroll related items. Store opening and expansion costs were charged to earnings as incurred.

Interest income increased to \$9.0 million in fiscal 2000 compared to \$5.8 million in fiscal 1999 due to an increase in invested cash and an increase in the average investment rate.

The effective tax rate remained consistent at 39.0% in fiscal 2000 and fiscal 1999 due to the consistent composition of states in which the Company conducted business.

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 ten-year period from the beginning of fiscal 1992 to the end of fiscal 2001, the chain has grown from 34 stores to 396 stores. Total square footage grew from 917,000 square feet at the beginning of fiscal 1992 to 14,724,000 square feet at the end of fiscal 2001.

The Company intends to continue its expansion program and currently anticipates that in fiscal 2002 it will open approximately 88 new Bed Bath & Beyond 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 2002 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 through internally generated funds. The Company's merchandise inventories have grown from \$470.4 million at the end of fiscal 1999, to \$606.7 million at the end of fiscal 2000 and to \$754.0 million at the end of fiscal 2001. 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 \$360.6 million at the end of fiscal 1999, to \$532.5 million at the end of fiscal 2000, and to \$715.4 million at the end of fiscal 2001. The increases between the fiscal years were primarily the result of increases in cash and cash equivalents and merchandise inventories, 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 \$121.6 million, \$140.4 million and \$90.1 million during fiscal 2001, 2000 and 1999, respectively.

During fiscal 2001, the Company entered into a \$50 million uncommitted line of credit which replaced the Company's previous \$25 million committed line of credit ("the Credit Agreement"). The uncommitted line of credit, which expires in September 2002, is intended to be used for letters of credit in the ordinary course of business. During fiscal 2001, the Company had no direct borrowings under the uncommitted line of credit or the Credit Agreement; during fiscal 2000 and 1999, the Company did not borrow under the Credit Agreement. The Company believes that during fiscal 2002, internally generated funds will be sufficient to fund both its normal operations and its expansion program.

The Company has contractual obligations consisting of all operating leases for buildings, office facilities and equipment which are payable as follows as of March 2, 2002:

(in 000's)	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	AFTER 5 YEARS
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Operating Leases	\$2,141,947	\$ 198,275	\$611,716	\$385,997	\$945,959
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As of May 3, 2002, the Company has leased sites for 61 new Bed Bath & Beyond stores planned for opening in fiscal 2002, including eleven new stores already opened in Encino and Monrovia, California; Grand Junction, Colorado; Manchester, Connecticut; Cumming, Georgia; Woodbury, Minnesota; Mount Olive, New Jersey; Onslow, North Carolina; Eastgate, Ohio; Erie, Pennsylvania; and Lynchburg, Virginia.

BED BATH & BEYOND ANNUAL REPORT 2001

Approximate aggregate costs for the 61 leased stores planned for opening in fiscal 2002 are estimated at \$88.6 million for merchandise inventories, \$54.3 million for furniture and fixtures and leasehold improvements and \$13.4 million for store opening expenses (which will be expensed as incurred). In addition to the 61 locations already leased, the Company expects to open and lease approximately 27 additional locations during fiscal 2002.

RECENT ACCOUNTING PRONOUNCEMENT

In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This statement addresses accounting and reporting for the impairment or disposal of long-lived assets. The statement supersedes SFAS No. 121, while retaining many of the fundamental provisions covered by that statement. SFAS No. 144 differs fundamentally from SFAS No. 121 in that goodwill and other intangible assets that are not amortized are excluded from the scope of SFAS No. 144. SFAS No. 144 is effective for the Company in fiscal 2002. The Company does not believe that the adoption of SFAS No. 144 will have a material impact on the Company's consolidated financial statements.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to establish accounting policies and to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on other assumptions that it believes to be relevant under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. For a detailed discussion of our critical accounting policies and related estimates and judgments, see Note 1 to the consolidated financial statements. In particular, judgment is used in areas such as the provision for sales returns, inventory valuation using the retail inventory method, and accruals for self insurance, litigation and store relocations and closings. Actual results could differ from these estimates.

ACQUISITION

Subsequent to year end, on March 5, 2002, the Company consummated the acquisition of Harmon Stores, Inc., a health and beauty care retailer. The Company believes the acquisition will not have a material effect on its consolidated results of operations or financial condition in fiscal 2002.

Effective March 3, 2002, the Company adopted SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires the purchase method of accounting for business combinations initiated or completed after June 30, 2001. SFAS No. 142 discontinued the amortization of goodwill and other intangible assets with indefinite useful lives and requires periodic goodwill impairment testing. Consequently, the Company will not amortize any goodwill recognized as a result of the acquisition described below and will perform impairment testing as required. The Company does not believe that the adoption of SFAS No. 141 and SFAS No. 142 will have a material impact on the Company's consolidated financial statements.

FORWARD LOOKING STATEMENTS

This Annual Report and, in particular, Management's Discussion and Analysis of Financial Condition and Results of Operations, and the Shareholder Letter, contain forward looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The Company's actual results 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 outside 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; and the cost of labor, merchandise and other costs and expenses.

SEASONALITY

Bed Bath & Beyond stores exhibit 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.

Consolidated Balance Sheets

Bed Bath & Beyond Inc. and Subsidiaries

	March 2, 2002	March 3, 2001
<i>(in thousands, except per share data)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 429,496	\$ 239,328
Merchandise inventories	753,972	606,704
Other current assets	43,249	39,681
Total current assets	1,226,717	885,713
Investment securities	51,909	—
Property and equipment, net	361,741	302,656
Other assets	7,150	7,356
	\$ 1,647,517	\$ 1,195,725
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 270,917	\$ 192,401
Accrued expenses and other current liabilities	190,923	128,800
Income taxes payable	49,438	31,988
Total current liabilities	511,278	353,189
Deferred rent and other liabilities	41,889	25,518
Total liabilities	553,167	378,707
Commitments and contingencies (notes 3, 7 and 9)		
Shareholders' equity:		
Preferred stock – \$0.01 par value; authorized – 1,000 shares; no shares issued or outstanding	—	—
Common stock – \$0.01 par value; authorized – 900,000 shares; issued and outstanding – March 2, 2002, 291,441 shares and March 3, 2001, 287,890 shares	2,914	2,879
Additional paid-in capital	238,672	180,974
Retained earnings	852,764	633,165
Total shareholders' equity	1,094,350	817,018
	\$ 1,647,517	\$ 1,195,725

See accompanying Notes to Consolidated Financial Statements.

BED BATH & BEYOND ANNUAL REPORT 2001

Consolidated Statements of Earnings

Bed Bath & Beyond Inc. and Subsidiaries

	FISCAL YEAR ENDED		
	March 2, 2002	March 3, 2001	February 26, 2000
<i>(in thousands, except per share data)</i>			
Net sales	\$2,927,962	\$2,396,655	\$1,857,505
Cost of sales	1,720,396	1,410,196	1,090,704
Gross profit	1,207,566	986,459	766,801
Selling, general and administrative expenses	861,466	713,621	557,461
Operating profit	346,100	272,838	209,340
Interest income	10,972	9,001	5,790
Earnings before provision for income taxes	357,072	281,839	215,130
Provision for income taxes	137,473	109,917	83,901
Net earnings	\$ 219,599	\$ 171,922	\$ 131,229
Net earnings per share – Basic	\$.76	\$.61	\$.47
Net earnings per share – Diluted	\$.74	\$.59	\$.46
Weighted average shares outstanding – Basic	289,877	283,925	279,930
Weighted average shares outstanding – Diluted	298,667	292,876	288,234

Consolidated Statements of Shareholders' Equity

Bed Bath & Beyond Inc. and Subsidiaries

<i>(in thousands)</i>	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
	SHARES	AMOUNT			
Balance at February 27, 1999	278,836	\$2,788	\$ 78,285	\$ 330,014	\$ 411,087
Net earnings				131,229	131,229
Shares sold under employee stock option plans	1,976	20	16,709		16,729
Balance at February 26, 2000	280,812	2,808	94,994	461,243	559,045
Net earnings				171,922	171,922
Shares sold under employee stock option plans	7,078	71	85,980		86,051
Balance at March 3, 2001	287,890	2,879	180,974	633,165	817,018
Net earnings				219,599	219,599
Shares sold under employee stock option plans	3,551	35	57,698		57,733
Balance at March 2, 2002	291,441	\$ 2,914	\$ 238,672	\$ 852,764	\$ 1,094,350

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Bed Bath & Beyond Inc. and Subsidiaries

	FISCAL YEAR ENDED		
(in thousands)	March 2, 2002	March 3, 2001	February 26, 2000
Cash Flows from Operating Activities:			
Net earnings	\$ 219,599	\$ 171,922	\$ 131,229
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	62,547	46,650	31,625
Tax benefit from exercise of stock options	31,980	48,295	8,932
Deferred income taxes	1,733	(3,939)	(8,197)
(Increase) decrease in assets:			
Merchandise inventories	(147,268)	(136,271)	(110,096)
Other current assets	644	2,627	(2,347)
Other assets	206	(1,124)	96
Increase (decrease) in liabilities:			
Accounts payable	78,516	47,287	45,744
Accrued expenses and other current liabilities	62,123	20,721	18,354
Income taxes payable	17,450	(1,602)	16,980
Deferred rent	10,426	3,370	3,616
Net cash provided by operating activities	337,956	197,936	135,936
Cash Flows from Investing Activities:			
Purchase of investment securities	(51,909)	-	-
Capital expenditures	(121,632)	(140,395)	(90,098)
Net cash used in investing activities	(173,541)	(140,395)	(90,098)
Cash Flows from Financing Activities:			
Proceeds from exercise of stock options	25,753	37,756	7,797
Net cash provided by financing activities	25,753	37,756	7,797
Net increase in cash and cash equivalents	190,168	95,297	53,635
Cash and cash equivalents:			
Beginning of period	239,328	144,031	90,396
End of period	\$ 429,496	\$ 239,328	\$ 144,031

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Bed Bath & Beyond Inc. and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS

A. NATURE OF OPERATIONS

Bed Bath & Beyond Inc. (the "Company") is a nationwide chain of stores 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 2001 represented 52 weeks and ended on March 2, 2002; fiscal 2000 represented 53 weeks and ended on March 3, 2001; and fiscal 1999 represented 52 weeks and ended on February 26, 2000.

D. RECENT ACCOUNTING PRONOUNCEMENT

In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This statement addresses accounting and reporting for the impairment or disposal of long-lived assets. The statement supersedes SFAS No. 121, while retaining many of the fundamental provisions covered by that statement. SFAS No. 144 differs fundamentally from SFAS No. 121 in that goodwill and other intangible assets that are not amortized are excluded from the scope of SFAS No. 144. SFAS No. 144 is effective for the Company in fiscal 2002. The Company does not believe that the adoption of SFAS No. 144 will have a material impact on the Company's consolidated financial statements.

E. EARNINGS PER SHARE

The Company presents earnings per share on a basic and diluted basis. 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.

F. STOCK-BASED COMPENSATION

As permitted under SFAS No. 123, "Accounting for Stock-Based Compensation," the Company has elected not to adopt the fair value based method of accounting for its stock-based compensation plans, but continues 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.

G. CASH AND CASH EQUIVALENTS

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

H. INVENTORY VALUATION

Merchandise inventories are stated at the lower of cost or market, using the retail inventory method. Under the retail inventory method, the valuation of inventories at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio to the retail value of inventories. At any one time, inventories include items that have been marked down to the Company's best estimate of their fair market value. Actual markdowns required could differ from this estimate.

I. 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 (forty years for building; five 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 \$34.3 million, \$28.4 million and \$24.2 million for fiscal 2001, 2000 and 1999, respectively.

Notes to Consolidated Financial Statements

(Continued)

J. INVESTMENT SECURITIES

Investment securities at March 2, 2002 consist of U.S. Government Agency debt securities. Because the Company has the ability and intent to hold the securities until maturity, it classifies its securities as held-to-maturity. These investment securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity securities as an adjustment to interest using the effective interest method. Dividend and interest income are recognized when earned.

K. DEFERRED RENT

The Company accounts for scheduled rent increases contained in its leases on a straight-line basis over the noncancelable lease term. Deferred rent amounted to \$26.5 million and \$23.3 million as of March 2, 2002 and March 3, 2001, respectively.

L. SELF INSURANCE

The Company is self insured for various insurance programs. Self insurance liabilities are based on actuarially determined estimates of claims.

M. SHAREHOLDERS' EQUITY

In July 2000, 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 August 11, 2000 to shareholders of record on July 28, 2000.

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

N. REVENUE RECOGNITION

Sales are recognized upon purchase by customers at our retail stores or when shipped for products purchased from our website. The value of point of sale coupons and point of sale rebates that result in a reduction of the price paid by the customer are recorded as a reduction of sales. Shipping and handling fees that are billed to a customer in a sale transaction are recorded in sales. Revenues from gift cards, gift certificates and store credits are recognized when redeemed. Sales returns, which are reserved for based on historical experience, are provided for in the period that the related sales are recorded.

O. COST OF SALES

Cost of sales includes the cost of merchandise; certain buying, occupancy and indirect costs; shipping and handling costs and free merchandise incentives.

P. STORE OPENING, EXPANSION, RELOCATION AND CLOSING COSTS

Store opening and expansion costs are charged to earnings as incurred. Costs related to store relocations and closings are provided for in the period in which management approves the relocation or closing of a store.

Q. ADVERTISING COSTS

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

R. INCOME TAXES

The Company files a consolidated Federal income tax return. Separate income tax returns are filed with each state and territory 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.

S. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, investment securities, accounts payable, accrued expenses and other current liabilities, and other long term liabilities. The Company's investment securities consist of held-to-maturity debt securities which are stated at amortized cost, adjusted for amortization of premium to maturity. Since the investment was acquired on February 28, 2002, its fair value is equal to its book value on March 2, 2002. The book value of all other financial instruments are representative of their fair values.

T. IMPAIRMENT OF LONG-LIVED ASSETS

The Company periodically reviews long-lived assets for impairment by comparing the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that an impairment loss has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between asset carrying values and the present value of the estimated net cash flows. The Company does not believe that any material impairment currently exists related to its long-lived assets.

U. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to establish accounting policies and to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on other assumptions that it believes to be relevant under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. In particular, judgment is used in areas such as the provision for sales returns, inventory valuation using the retail inventory method, and accruals for self insurance, litigation and store relocations and closings. Actual results could differ from these estimates.

2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<i>(in thousands)</i>	March 2, 2002	March 3, 2001
Land and building	\$ 5,173	\$ –
Furniture, fixtures and equipment	271,399	219,243
Leasehold improvements	205,310	168,370
Computer equipment	100,898	73,535
	582,780	461,148
Less: Accumulated depreciation and amortization	(221,039)	(158,492)
	\$ 361,741	\$ 302,656

3. LINE OF CREDIT

During fiscal 2001, the Company entered into a \$50 million uncommitted line of credit which replaced the Company's previous \$25 million committed line of credit ("the Credit Agreement"). The uncommitted line of credit, which expires in September 2002, is intended to be used for letters of credit in the ordinary course of business. During fiscal 2001, the Company had no direct borrowings under the uncommitted line of credit or the Credit Agreement; during fiscal 2000, the Company did not borrow under the Credit Agreement. As of March 2, 2002 and March 3, 2001, there were approximately \$5.8 million and \$2.9 million in outstanding letters of credit, respectively.

4. INVESTMENT SECURITIES

The Company's investment securities consist of held-to-maturity debt securities, which are stated at amortized cost, adjusted for amortization of premium to maturity. The Company intends to hold the securities to maturity and has classified the investment as such. The amortized cost of the investment is \$51.9 million at March 2, 2002. The investment matures in February 2004.

5. PROVISION FOR INCOME TAXES

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

	FISCAL YEAR		
<i>(in thousands)</i>	2001	2000	1999
Current:			
Federal	\$123,787	\$102,178	\$82,652
State and local	11,953	11,678	9,446
	135,740	113,856	92,098
Deferred:			
Federal	1,188	(3,535)	(7,356)
State and local	545	(404)	(841)

1,733

(3,939)

(8,197)

\$137,473

\$109,917

\$83,901

BED BATH & BEYOND **ANNUAL REPORT 2001**

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Notes to Consolidated Financial Statements

(Continued)

Included in other current assets and in deferred rent and other liabilities is a net current deferred income tax asset of \$39.6 million and a net noncurrent deferred income tax liability of \$8.1 million, respectively, 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 and liabilities consist of the following:

<i>(in thousands)</i>	March 2, 2002	March 3, 2001
Deferred Tax Assets:		
Inventories	\$ 14,827	\$ 13,729
Deferred rent	10,193	9,103
Other	27,606	21,684
Deferred Tax Liability:		
Depreciation	(21,122)	(11,279)
	\$ 31,504	\$ 33,237

For fiscal 2001, 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 3.50%. For fiscal 2000 and 1999, the effective tax rate was comprised of the Federal statutory income tax rate of 35.00% and the state income tax rate, net of Federal benefit, of 4.00%.

6. 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 March 2, 2002 and March 3, 2001, other assets (noncurrent) include \$5.0 million and \$4.5 million, respectively, representing the Company's interest in the life insurance policies.

B. The Company obtained certain payroll services from a related party through August 2001. The Company paid fees for such services of \$203,000, \$366,000 and \$557,000 for fiscal 2001, 2000 and 1999, 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 \$761,000, \$634,000 and \$488,000 for fiscal 2001, 2000 and 1999, 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.

7. LEASES

The Company leases retail stores, as well as warehouses, office facilities and equipment, under agreements expiring at various dates through 2022. Certain leases provide for contingent rents (which are based upon store sales exceeding stipulated amounts and are immaterial in fiscal 2001, 2000 and 1999), 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 March 2, 2002, future minimum lease payments under noncancelable operating leases are as follows:

FISCAL YEAR	<i>(in thousands)</i>	AMOUNT
2002		\$ 198,275
2003		207,073
2004		203,493
2005		201,150
2006		197,032
Thereafter		1,134,924
Total future minimum lease payments		\$2,141,947

As of March 29, 2002, the Company had executed leases for 50 stores planned for opening in fiscal 2002.

Expenses for all operating leases were \$178.7 million, \$142.6 million and \$113.3 million for fiscal 2001, 2000 and 1999, respectively.

8. 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 March 2, 2002, the Company has made no contributions to the Plan.

9. COMMITMENTS AND CONTINGENCIES

The Company maintains employment agreements with its Co-Chairmen, which extend through 2007. The agreements provide for a base salary (which may be increased by the Board of Directors), termination payments, pension benefits and other terms and conditions of employment.

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.

10. SUPPLEMENTAL CASH FLOW INFORMATION

The Company paid income taxes of \$89.8 million, \$68.0 million and \$67.2 million in fiscal 2001, 2000 and 1999, respectively.

11. STOCK OPTION PLANS

Options to purchase shares of the Company's common stock have been granted to employees under various stock option plans, which plans aggregated 64.4 million shares of common stock, subject to adjustment under certain circumstances. Option grants, which are issued at market value on the date of grant, generally become exercisable in five equal installments beginning one to three years after the date of grant, and in all events, expire ten years after the date of grant. All option grants are non-qualified. The following table summarizes stock option transactions:

	NUMBER OF SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at February 27, 1999	23,472,538	\$ 6.67
Options granted	5,533,900	15.49
Options exercised	(1,975,374)	3.94
Options canceled	(807,064)	9.67
Outstanding at February 26, 2000	26,224,000	8.65
Options granted	6,149,700	12.73
Options exercised	(7,078,153)	5.33
Options canceled	(1,123,562)	12.02
Outstanding at March 3, 2001	24,171,985	10.51
Options granted	3,439,800	23.73
Options exercised	(3,550,917)	7.25
Options canceled	(943,860)	14.41
Outstanding at March 2, 2002	23,117,008	\$ 12.80
Options exercisable:		
At February 26, 2000	7,240,180	\$ 4.81
At March 3, 2001	4,904,297	\$ 7.12
At March 2, 2002	6,155,914	\$ 9.30

The stock option committees determine the number of shares and the option price per share for all options issued under the stock option plans.

Notes to Consolidated Financial Statements

(Continued)

The following tables summarize information pertaining to stock options outstanding and exercisable at March 2, 2002:

OPTIONS OUTSTANDING			
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE-EXERCISE PRICE
\$1.06 to 7.81	5,542,956	4.38	\$ 5.39
7.91 to 11.47	5,445,560	7.73	11.16
11.83 to 11.83	3,067,477	6.24	11.83
11.94 to 16.16	4,897,065	7.32	15.18
16.81 to 34.88	4,163,950	8.99	22.72
\$1.06 to 34.88	23,117,008	6.87	\$ 12.80

OPTIONS EXERCISABLE		
RANGE OF EXERCISE PRICES	NUMBER EXERCISABLE	WEIGHTED-AVERAGE EXERCISE PRICE
\$1.06 to 7.81	2,823,836	\$ 4.71
7.91 to 11.47	958,000	10.55
11.83 to 11.83	601,637	11.83
11.94 to 16.16	1,626,311	14.72
16.81 to 34.88	146,130	19.07
\$1.06 to 34.88	6,155,914	\$ 9.30

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 option 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 ("pro-forma") in accordance with the fair value provisions of SFAS No. 123:

(in thousands, except per share data)	FISCAL YEAR		
	2001	2000	1999
NET EARNINGS:			
As reported	\$219,599	\$171,922	\$131,229
Pro forma	\$200,009	\$154,540	\$119,158
NET EARNINGS PER SHARE:			
Basic:			
As reported	\$ 0.76	\$ 0.61	\$ 0.47
Pro forma	\$ 0.69	\$ 0.54	\$ 0.43
Diluted:			
As reported	\$ 0.74	\$ 0.59	\$ 0.46
Pro forma	\$ 0.67	\$ 0.53	\$ 0.41

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 2001, 2000 and 1999, respectively: dividend yield of 0% for all years; expected volatility of 45%, 45% and 42%; risk-free interest rates of 4.80%, 6.58% and 5.95%; and expected lives of seven years for all years. The weighted-average fair value of options granted during the year is \$12.77, \$7.25 and \$8.34 for fiscal 2001, 2000 and 1999, respectively.

12. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

(in thousands, except per share data)

	FISCAL 2001 QUARTER ENDED			
	JUNE 2, 2001	SEPTEMBER 1, 2001	DECEMBER 1, 2001	MARCH 2, 2002

Net sales	\$575,833	\$ 713,636	\$ 759,438	\$879,055
Gross profit	234,959	291,342	311,030	370,235
Operating profit	45,602	84,672	83,749	132,077
Earnings before provision for income taxes	48,792	87,730	86,120	134,430
Provision for income taxes	18,785	33,776	33,156	51,756
Net earnings	\$ 30,007	\$ 53,954	\$ 52,964	\$ 82,674
EPS – Basic (1)	\$.10	\$.19	\$.18	\$.28
EPS – Diluted (1)	\$.10	\$.18	\$.18	\$.28

[Additional columns below]

[Continued from above table, first column(s) repeated]

(in thousands, except per share data)

FISCAL 2000 QUARTER ENDED

	MAY 27, 2000	AUGUST 26, 2000	NOVEMBER 25, 2000	MARCH 3, 2001
Net sales	\$459,163	\$589,381	\$ 602,004	\$746,107
Gross profit	187,293	241,284	246,080	311,802
Operating profit	36,339	70,009	64,592	101,898
Earnings before provision for income taxes	38,301	71,440	66,664	105,434
Provision for income taxes	14,937	27,862	25,999	41,119
Net earnings	\$ 23,364	\$ 43,578	\$ 40,665	\$ 64,315
EPS – Basic (1)	\$.08	\$.15	\$.14	\$.22
EPS – Diluted (1)	\$.08	\$.15	\$.14	\$.22

(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.

BED BATH & BEYOND ANNUAL REPORT 2001

13. ACQUISITION

Subsequent to year end, on March 5, 2002, the Company consummated the acquisition of Harmon Stores, Inc., a health and beauty care retailer. The Company believes the acquisition will not have a material effect on its consolidated results of operations or financial condition in fiscal 2002.

Effective March 3, 2002, the Company adopted SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires the purchase method of accounting for business combinations initiated or completed after June 30, 2001. SFAS No. 142 discontinued the amortization of goodwill and other intangible assets with indefinite useful lives and requires periodic goodwill impairment testing. Consequently, the Company will not amortize any goodwill recognized as a result of the acquisition and will perform impairment testing as required. The Company does not believe that the adoption of SFAS No. 141 and SFAS No. 142 will have a material impact on the Company's consolidated financial statements.

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 March 2, 2002 and March 3, 2001, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the fiscal years in the three-year period ended March 2, 2002. 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 auditing standards generally accepted in the United States of America. 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 March 2, 2002 and March 3, 2001, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended March 2, 2002 in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

New York, New York
March 29, 2002

BED BATH & BEYOND **ANNUAL REPORT 2001**

Directors and Officers

Bed Bath & Beyond Inc. and Subsidiaries

DIRECTORS

Warren Eisenberg

Co-Chairman and Co-Chief Executive Officer,
Bed Bath & Beyond Inc.

Leonard Feinstein

Co-Chairman and Co-Chief Executive Officer,
Bed Bath & Beyond Inc.

Steven H. Temares

President and Chief Operating Officer,
Bed Bath & Beyond Inc.

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

Eugene A. Castagna

Vice President – Finance

Michael Honeyman

Vice President – Corporate Administration and Operations

Richard C. McMahon

Vice President and Chief Information Officer

Allan N. Rauch

Vice President – Legal and General Counsel

G. William Waltzinger, Jr.

Vice President – Corporate Development

Jim Brendle

Vice President – Construction and Store Development

P. Timothy Brewster

Vice President – Stores – N.Y.C. Region

Michael J. Callahan

Vice President – Corporate Counsel

Martin Eisenberg

Vice President – Stores – Northeast Region

Seth D. Geldzahler

Vice President – Real Estate

Robert Germano

President – Harmon Stores, Inc.

This past year we said goodbye to Director Robert J. Swartz, who passed away after having served as a Director of the Company since 1992. Bob was a significant and guiding source of experience, wisdom and insight, and above all else, a good friend. He will be missed.

Dean S. Adler

Principal, Lubert-Adler Management
Philadelphia, PA

Klaus Eppler

Partner, Proskauer Rose LLP
New York, New York

Robert S. Kaplan

Vice Chairman, The Goldman Sachs Group, Inc.
New York, New York

Victoria A. Morrison

Partner, Riker, Danzig, Scherer, Hyland & Perretti LLP
Morristown, New Jersey

Scott Hames

Vice President and General Merchandise Manager – Planning and Allocation

Alan Jacobson

Vice President – Stores – Western Region

Todd Johnson

Vice President and General Merchandise Manager – Hardlines

Nancy J. Katz

Vice President and General Merchandise Manager – Softlines

Edward Kopil

Vice President – Stores – Southern Region

Phillip Kornbluh

Vice President – Visual Merchandising

Susan E. Lattmann

Vice President – Controller

Rita Little

Vice President – Marketing

Martin Lynch

Vice President – Merchandise Operations

Jeffrey W. Macak

Vice President – Supply Chain

Stephen J. Murray

Vice President – Information Technology

William Onksen

Vice President – Stores – MidAtlantic and Midwest Regions

Christine R. Pirog

Vice President – Store Operations

Joseph P. Rowland

Vice President – E-Service Operations

Scott Sheldon

Vice President – Harmon Stores, Inc.

Concetta Van Dyke

Vice President – Human Resources

Corporate and Shareholder Information

CORPORATE OFFICE

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

BED BATH & BEYOND PROCUREMENT CO. INC.

110 Bi-County Boulevard, Suite 114
Farmingdale, New York 11735
Telephone: 631/420-7050

SHAREHOLDER INFORMATION

A copy of the Company's 2001 Annual Report as filed with the Securities and Exchange Commission may be obtained from the Investor Relations Department at the Corporate Office.

Fax: 908/810-8813

STOCK LISTING

NASDAQ National Market Trading symbol BBBY.

STOCK ACTIVITY

The following table sets forth by fiscal quarter the high and low reported closing prices of the Company's Common Stock on the NASDAQ National Market during fiscal 2001 and fiscal 2000:

QUARTER	HIGH	LOW
FISCAL 2001		
First	\$31.73	\$23.19
Second	33.03	28.28
Third	33.58	20.38
Fourth	35.22	30.90
FISCAL 2000		
First	\$ 21.81	\$ 11.38
Second	20.19	16.38
Third	26.44	17.44
Fourth	27.06	20.17

At March 29, 2002, there were approximately 685 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 27, 2002, at the Headquarters Plaza Hotel, Three Headquarters Plaza, Morristown, New Jersey.

WEBSITES

www.bedbathandbeyond.com
www.harmondiscout.com

Store Locations

(as of May 3, 2002)

BED BATH & BEYOND

Alabama	5	Nebraska	1
Arizona	5	Nevada	2
Arkansas	2	New Hampshire	1
California	45	New Jersey	21
Colorado	12	New Mexico	1
Connecticut	7	New York	18
Delaware	1	North Carolina	14
Florida	35	North Dakota	2
Georgia	14	Ohio	16
Idaho	1	Oklahoma	3
Illinois	16	Oregon	4
Indiana	8	Pennsylvania	20
Iowa	3	Rhode Island	2
Kansas	5	South Carolina	6
Kentucky	3	Tennessee	7
Louisiana	5	Texas	31
Maine	2	Utah	4
Maryland	11	Vermont	1
Massachusetts	9	Virginia	16
Michigan	19	Washington	10
Minnesota	7	Wisconsin	3
Mississippi	1		
Missouri	7	Puerto Rico	1
		Total	407

For exact Bed Bath & Beyond locations, visit us at www.bedbathandbeyond.com or call 1-800-GO BEYOND .

HARMON STORES, INC

Connecticut	1		
New Jersey	22		
New York	5	Total	28

For exact Harmon locations, visit us at www.harmondiscount.com .

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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.

<i>Name</i>	<i>State</i>
Bed Bath & Beyond Procurement Company 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, 333-75883, and 333-64494) on Forms S-8 of Bed Bath & Beyond Inc. of our reports dated March 29, 2002, relating to the consolidated balance sheets of Bed Bath & Beyond Inc. and subsidiaries as of March 2, 2002 and March 3, 2001, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the fiscal years in the three-year period ended March 2, 2002 and the related schedule, which reports appear or are incorporated by reference in the March 2, 2002 annual report on Form 10-K of Bed Bath & Beyond Inc.

/s/ KPMG LLP
New York, New York
May 31, 2002