



September 4, 2019

Dear Fellow Shareholders,

In recent months, we have initiated significant changes at Bed Bath & Beyond, including at the Board level and across the entire organization. Our objectives are to accelerate improvement in our financial performance, enhance our competitive positioning and ensure we have a best-in-class governance structure. While in its early stages, the transformation underway is advancing, and we wanted to share an update on the progress we are making toward achieving these objectives.

The Board and management team are aligned around four key priorities, which interim CEO Mary Winston communicated during the Company's first quarter 2019 earnings conference call in July. These priorities include stabilizing and driving top-line growth; resetting the cost structure; reviewing and optimizing the Company's asset base, including the portfolio of retail banners; and refining Bed Bath & Beyond's organization structure. We are relentless in our pursuit of short-term opportunities to effect meaningful change, while laying the foundation for transforming our Company for long-term success. Some examples are:

Stabilizing and Driving Top-Line Growth – A rapid refresh of nearly 160 Bed Bath & Beyond stores is underway and is expected to be finished in advance of the 2019 holiday season. We expect this multi-million-dollar investment in physical improvements to be clearly visible to the customer and favorably impact the in-store shopping experience over the short term.

A longer-term comprehensive store renovation program, in conjunction with further investments in our customer-facing digital channels as well as marketing and loyalty initiatives, will further the goal to delight our customers whenever and wherever they experience our brand.

Resetting the Cost Structure – Cost savings from our comprehensive lease renewal efforts and the corporate workforce reduction announced in late July 2019, and certain other near-term actions, are expected to collectively take tens of millions of dollars out of the cost base of our business, increasing margins while also creating a more effective organization to meet the needs of our customers today and in the future.

Longer term, a substantial change in our sourcing and buying approach to increase the penetration of our private-label offerings should yield significant cost savings over the next two-to-three years and provide further product differentiation and a more favorable margin structure.

Reviewing and Optimizing Our Asset Base – An aggressive reduction of up to \$1 billion of inventory is expected to be executed over the next 18 months, including the removal of excess aged inventory from our stores anticipated before the 2019 holiday season. This effort should allow us to quickly reset inventory levels in both our stores and distribution centers, as well as refresh our assortment, providing for newness and higher-margin products, all in an effort to drive customer traffic and support top-line performance.

Also, we continue to evaluate our fleet to create a better balance between our physical and digital presence within the markets we serve, to deliver the shopping experience our customers want. Furthermore, we expect to be able to take advantage of our heavy lease expiration cadence over the next couple of years, to close underperforming stores or relocate stores to improve sales and profitability on a per-store basis.

While our near-term priorities are primarily focused on Bed Bath & Beyond, we are also well underway with a review of the strategic alignment of all of the other business concepts and are assessing ways to better align or create value from these brands. In order to streamline and expedite this strategic review, we moved the reporting structure of all these other business concepts under one leader in conjunction with our other corporate workforce changes made in late July. While we cannot make any assurances, we are working with outside advisors, including Goldman Sachs, and are currently evaluating several different opportunities.

Board Transformation – Nine new independent directors have been appointed over the past few months, significantly reducing the average tenure of our Board. The new Board brings rich diversity of perspectives, backgrounds, ages, gender, race and ethnicity and reflects the diversity of the Company's loyal customers and dedicated associates.

Our directors are leaders in global retail, merchandising, technology, logistics, finance and governance, and we believe that our refreshed Board is well-equipped to provide an appropriate and effective level of oversight and guidance as we move our Company forward in partnership with our talented and highly dedicated management team.

In this short time, we have also accomplished a great deal toward building a best-in-class governance structure to help us move more effectively toward our goals, including: appointing an independent chair; reconstituting each of our Board committees; appointing committee chairs and updating committee charters and governance policies; and establishing a Business Transformation and Strategic Review Committee to review and evaluate the ongoing business transformation and make recommendations on how the Company can best capitalize on and navigate the evolving retail environment.

CEO Search - Substantial progress has been made toward identifying the Company's next permanent CEO. With the support of a leading executive search firm, the Board's CEO Search Committee has undertaken a robust process to identify a leader who has a multifaceted skill set, including transformation and innovation experience in the retail sector as well as e-commerce and marketing experience. The caliber of candidates is outstanding, and we expect to be able to announce the hire of a world-class CEO in the coming weeks who will lead the Company and continue the transformation already underway.

As we continue to work toward executing on our business transformation, we remain confident in the strength of our brand and the future of Bed Bath & Beyond. Our focus on putting the customer at the center of our transformation, supported by data and insights, is intended to restore Bed Bath & Beyond to its iconic status and improve the Company's competitive position.

While our teams are moving rapidly to address many near-term opportunities to stabilize the business and lay the foundation for sustainable growth, these are just the first steps in the Company's ongoing business transformation. Mary will give a more fulsome update on the business activities supporting our strategic priorities during our next earnings conference call scheduled for Wednesday, October 2, 2019.

Thank you for your interest and support of Bed Bath & Beyond.

Sincerely,

Patrick R. Gaston
Chairman of the Board of Directors

Mary A. Winston
Interim Chief Executive Officer