



## Bed Bath & Beyond Inc. Announces Third Quarter Results

December 18, 2002

- Net Earnings Increase 41.8% to \$75.1 million (\$.25 per share)
- Net Sales Increase by 23.3%
- Comparable Store Sales Grow by 8.0%

UNION, N.J., Dec. 18 /PRNewswire-FirstCall/ -- Bed Bath & Beyond Inc. today reported net earnings of \$75.1 million (\$.25 per share) in the fiscal third quarter ended November 30, 2002, an increase of approximately 41.8% from the \$53.0 million (\$.18 per share) earned in the fiscal third quarter of 2001. Net sales for the fiscal third quarter of 2002 were \$936.0 million, an increase of approximately 23.3% from net sales of \$759.4 million in the fiscal third quarter of 2001. Comparable store sales of the Bed Bath & Beyond stores in the fiscal third quarter of 2002 grew by approximately 8.0%, compared with an increase of approximately 5.8% in last year's fiscal third quarter.

For the fiscal nine months ended November 30, 2002, net earnings increased 43.8% to \$196.9 million (\$.65 per share) from \$136.9 million (\$.46 per share) earned in the corresponding fiscal nine months of the prior year. Net sales for the fiscal nine months of 2002 rose 27.7% to \$2.6 billion from \$2.0 billion for the corresponding period of the prior year. Comparable store sales of the Bed Bath & Beyond stores for the fiscal nine months increased by approximately 9.5%, compared with an increase of approximately 5.0% in the corresponding period a year ago.

As of November 30, 2002, there were 489 Bed Bath & Beyond stores operating in 44 states and Puerto Rico. During the fiscal third quarter, 55 new Bed Bath & Beyond stores were opened and two existing stores were relocated. One of the relocated stores will discontinue operations at its prior location during the fiscal fourth quarter. Total store space at the end of the quarter was approximately 17,246,000 square feet, representing an increase of approximately 17.1% over total store space of approximately 14,724,000 square feet occupied by the 396 Bed Bath & Beyond stores operating at the end of fiscal 2001. During the first nine months of fiscal 2002, the Company opened 92 Bed Bath & Beyond stores occupying total store space of approximately 2,522,000 square feet, and one Harmon store.

During the fiscal fourth quarter, the Company expects to open three additional Bed Bath & Beyond stores (one of which has already been opened). This would bring to 95 the total number of new Bed Bath & Beyond stores opened in fiscal 2002, and to 491 the number of Bed Bath & Beyond stores in operation at fiscal year end.

Bed Bath & Beyond Inc. is a nationwide chain of retail stores. The Company's Bed Bath & Beyond stores sell better quality domestics merchandise and home furnishings. Shares of Bed Bath & Beyond Inc. are traded on NASDAQ under the symbol "BBBY" and are included in the Standard & Poor's 500 Index, the NASDAQ-100 Index and the Forbes 500.

This press release may contain forward-looking statements. Many of these forward-looking statements can be identified by use of words such as may, will, expect, anticipate, estimate, assume, continue, project, plan, and similar words and phrases. 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. The Company does not undertake any obligation to update its forward-looking statements.

BED BATH & BEYOND INC. AND SUBSIDIARIES  
Consolidated Statements of Earnings  
(in thousands, except per share data)  
(unaudited)

	Three Months Ended		Nine Months Ended	
	Nov. 30, 2002	Dec. 1, 2001	Nov. 30, 2002	Dec. 1, 2001
Net sales	\$936,030	\$759,438	\$2,615,872	\$2,048,907
Cost of sales	549,806	448,408	1,540,951	1,211,576
Gross profit	386,224	311,030	1,074,921	837,331
Selling, general and administrative expenses	266,996	227,281	763,305	623,308
Operating profit	119,228	83,749	311,616	214,023
Interest income	2,905	2,371	8,497	8,619
Earnings before provision for				

income taxes	122,133	86,120	320,113	222,642
Provision for income taxes	47,021	33,156	123,243	85,717
Net earnings	\$75,112	\$52,964	\$196,870	\$136,925
Net earnings per share - Basic	\$0.26	\$0.18	\$0.67	\$0.47
Net earnings per share - Diluted	\$0.25	\$0.18	\$0.65	\$0.46
Weighted average shares outstanding - Basic	293,307	290,188	292,491	289,482
Weighted average shares outstanding - Diluted	301,345	298,365	300,918	298,219

BED BATH & BEYOND INC. AND SUBSIDIARIES  
Consolidated Balance Sheets  
(in thousands, unaudited)

	November 30, 2002	December 1, 2001
Assets		
Current assets:		
Cash and cash equivalents	\$293,031	\$321,332
Short term investment securities	150,000	--
Merchandise inventories	989,074	849,238
Other current assets	73,621	53,239
Total current assets	1,505,726	1,223,809
Long term investment securities	149,180	--
Property and equipment, net	428,876	353,514
Other assets	23,755	7,882
	\$2,107,537	\$1,585,205
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$427,324	\$346,264
Accrued expenses and other current liabilities	249,393	184,159
Income taxes payable	42,329	29,143
Total current liabilities	719,046	559,566
Deferred rent and other liabilities	48,999	32,834
Total liabilities	768,045	592,400
Total shareholders' equity	1,339,492	992,805
	\$2,107,537	\$1,585,205

BED BATH & BEYOND INC. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows  
(in thousands, unaudited)

	Nine Months Ended	
	November 30,	December 1,
	2002	2001

Cash Flows from Operating Activities:

Net earnings	\$196,870	\$136,925
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	57,066	45,687
Tax benefit from exercise of stock options	26,945	22,156
Deferred income taxes	(9,533)	(760)
(Increase) decrease in assets, net of effect of acquisition:		
Merchandise inventories	(219,192)	(242,534)
Other current assets	(22,041)	(7,915)
Other assets	195	(526)
Increase (decrease) in liabilities, net of effect of acquisition:		
Accounts payable	150,503	153,863
Accrued expenses and other current liabilities	54,351	55,359
Income taxes payable	(8,859)	(2,845)
Deferred rent and other liabilities	9,735	2,433
Net cash provided by operating activities	236,040	161,843

Cash Flows from Investing Activities:

Purchase of short term investment securities	(150,000)	--
Purchase of long term investment securities	(167,271)	--
Redemption of long term investment securities	70,000	--
Acquisition, net of cash acquired	(24,097)	--
Capital expenditures	(122,464)	(96,545)
Net cash used in investing activities	(393,832)	(96,545)

Cash Flows from Financing Activities:

Proceeds from exercise of stock options	21,327	16,706
Net cash provided by financing activities	21,327	16,706
Net (decrease) increase in cash and cash equivalents	(136,465)	82,004

Cash and cash equivalents:

Beginning of period	429,496	239,328
End of period	\$293,031	\$321,332

SOURCE Bed Bath & Beyond Inc.

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