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 3, 2001

Commission File Number 0-20214

BED BATH & BEYOND INC.
(Exact name of registrant as specified in its charter)

NEW YORK	11-2250488
(State of incorporation)	(IRS Employer Identification No.)

650 LIBERTY AVENUE, UNION, NEW JERSEY 07083
(Address of principal executive offices) (Zip Code)

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
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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 1, 2001, 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 $8,226,086,641.*

The number of shares outstanding of the issuer's common stock (par value $0.01 per share) at May 1, 2001: 288,634,619

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement dated May 24, 2001 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 3, 2001 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 20,176,238 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.

TABLE OF CONTENTS

PART I

Unless otherwise indicated, the terms "Company" and "Bed Bath & Beyond" refer collectively to Bed Bath & Beyond Inc. and its subsidiaries. The Company's fiscal year is comprised of the 52 or 53 week period ending on the Saturday nearest February 28. Accordingly, fiscal 2000 represented 53 weeks and ended on March 3, 2001; fiscal 1999 represented 52 weeks and ended on February 26, 2000; and fiscal 1998 represented 52 weeks and ended on February 27, 1999. Unless otherwise indicated, all references herein to periods of time (e.g., quarters and years) are to fiscal periods.

ITEM 1 - BUSINESS

INTRODUCTION

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

As of May 1, 2001, the Company operated 316 stores in 43 states: Alabama (4), Arizona (5), Arkansas (2), California (37), Colorado (8), Connecticut (6), Delaware (1), Florida (27), Georgia (12), Idaho (1), Illinois (15), Indiana (5), Iowa (2), Kansas (4), Kentucky (2), Louisiana (3), Maine (1), Maryland (10), Massachusetts (7), Michigan (14), Minnesota (2), Mississippi (1), Missouri (5), Nebraska (1), Nevada (1), New Jersey (16), New Mexico (1), New York (16), North Carolina (7), North Dakota (1), Ohio (12), Oklahoma (3), Oregon (3), Pennsylvania (15), Rhode Island (2), South Carolina (5), Tennessee (6), Texas (23), Utah (4), Vermont (1), Virginia (14), Washington (9) and Wisconsin (2). Of these stores, 313 use the superstore format that was pioneered by the Company in 1985. These stores are on average approximately 40,000 square feet in size and carry the Company's full line of both domestics merchandise and home furnishings. The other three stores, all established prior to 1986, are smaller stores that primarily carry domestics merchandise.

HISTORY

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

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

The Company has been engaged in an ongoing expansion program involving the opening of new superstores (including 70 in 2000, 55 in 1999, and 45 in 1998) and the expansion of existing stores (including two in 2000, four in 1999, and three in 1998). 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 12,204,000 square feet at the end of 2000. The Company's expansion program is continuing, and the Company currently anticipates that in fiscal 2001 it will open at least 80 new superstores, which includes the five new superstores opened through May 1, 2001.

MERCHANDISING AND MARKETING

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

MERCHANDISE SELECTION

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

Domestics Merchandise

- bed linens and related items: sheets, comforters, duvet covers, bedspreads, quilts, window treatments (such as curtains and valances), decorative pillows, blankets, dust ruffles, bed pillows and mattress pads.

- bath items: towels, shower curtains and liners, waste baskets, mirrors, hampers, robes and slippers, scales, bathroom rugs, wall hardware and bath accessories.

- kitchen textiles: tablecloths, placemats, cloth napkins, dish towels and chair pads.

Home Furnishings

- kitchen and tabletop items: cookware, cutlery, kitchen gadgets, dinnerware, bakeware, flatware, drinkware, serveware, glassware, food storage containers, tea kettles, trash cans and cleaning supplies.

- basic housewares: storage items, closet-related items (such as hangers, organizers and shoe racks), general housewares (such as brooms, garbage pails and ironing boards), lifestyle accessories (such as lamps, chairs, ready to assemble furniture, furniture covers, accent rugs, wicker, fountains and clocks) and small electric appliances (such as blenders, food processors, coffee makers, vacuums, irons, toaster ovens and hair dryers).

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

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

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, Black & Decker, Braun, Brentwood, Brita, Calphalon, Cannon, Conair, Croscill, Cuisinart, Divatex, Fieldcrest, Gillette, Homedics, Hoover, J.A. Henckels, Kitchenaid, Krups, Laura Ashley, Martex, Mikasa, Newell, Pacific Coast Feather Co., Pillowtex, Portmeirion, Rubbermaid, Springs, Wamsutta and Waverly). The Company estimates that brand name merchandise accounts for a significant portion of its net sales.

The Company offers a breadth and depth of product selection that enables customers to select among a wide assortment of styles, brands, colors and designs within each of the Company's major product lines. The Company also generally maintains consistent in-stock availability of merchandise in order to reinforce customer perception of wide selection and build customer loyalty. The Company estimates that most of its superstores carry in excess of 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 determined to discontinue carrying. In addition, the Company's full-color circulars and mailing pieces include a coupon, which is redeemed at the point-of-sale. The Company also honors competitor coupons.

MERCHANDISE PRESENTATION

The Company has developed a distinctive style of merchandise presentation. In each superstore, groups of related product lines are presented together in separate areas of the store, creating the appearance that a Bed Bath & Beyond superstore is comprised of several individual specialty stores for different product lines. A "racetrack layout" that runs throughout the store facilitates moving between areas and encourages customers to shop the entire store. The Company believes that its format of merchandise presentation makes it easy for customers to locate products, reinforces customer perception of wide selection and communicates to customers that Bed Bath & Beyond superstores offer a level of customer service generally associated with smaller specialty stores.

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

CUSTOMER SERVICE

The Company places great emphasis on customer service and satisfaction and, over the past 30 years, has sought to make this a defining feature of its corporate culture. All managers provide leadership by example in this area by regularly spending time assisting customers on the selling floor. The Company believes that its success in the area of customer service is evidenced by its ability to rely primarily on "word of mouth advertising".

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

The Company 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 replacement of existing stores with larger stores. As a result of this program, the total number of stores has increased from 34 at the beginning of fiscal 1992 to 311 at the end of fiscal 2000, and the total square footage of store space has increased from approximately 917,000 square feet at the beginning of fiscal 1992 to approximately 12,204,000 square feet at the end of fiscal 2000. During 2000, the Company opened 70 new superstores and expanded two stores, which resulted in the addition of approximately 2,389,000 square feet of store space.

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

			STORE SPACE		NUMBER OF STORES	
YEAR	REPLACED STORES (1)	NEW STORES (2)	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR
			(IN SQUARE FEET)			
1992	5	4	917,000	1,128,000	34	38
1993	4	9	1,128,000	1,512,000	38	45
1994	4	16	1,512,000	2,339,000	45	61
1995	2	19	2,339,000	3,214,000	61	80
1996	2	28	3,214,000	4,347,000	80	108
1997	3	33	4,347,000	5,767,000	108	141
1998	3	45	5,767,000	7,688,000	141	186
1999	4	55	7,688,000	9,815,000	186	241
2000	2	70	9,815,000	12,204,000	241	311

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

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

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

The Company expects to open new superstores in existing markets and new markets. In determining where to open new superstores, the Company evaluates a number of factors, including the availability of prime real estate and demographic information (such as data relating to income and education levels, age and occupation). The

Company believes that because it does not use central distribution centers, and since it relies on paid advertising to only a limited extent, it has the flexibility to enter a new market with only one or two stores. The Company will consider opening additional stores in that market, once the stores have been proven successful.

From the end of fiscal 2000 through May 1, 2001, the Company has opened five stores which are located in: Wilkes Barre, Pennsylvania; El Paso, Texas; North Richmond, Virginia; Pentagon Row, Virginia; and Bellevue, Washington. During the balance of 2001, the Company currently anticipates that it will open at least 75 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 supervise up to three stores. Each of the Company's district managers typically supervise four to ten stores.

STORE OPERATIONS

MERCHANDISING

The Company maintains its own central buying group, comprising of two Vice President - General Merchandising Managers, as well as a large staff of divisional merchandise managers, buyers and assistant buyers. Merchandising of activities are overseen by the Senior Vice President - Chief Merchandising Officer. 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 selecting the merchandise, for ordering the initial inventory required upon the opening of each store, for ordering the first shipment of any new product line that may be subsequently added to a store's merchandise mix and for ordering seasonal merchandise.

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

The Company purchases its merchandise from more than 2,800 suppliers. In 2000, the Company's largest supplier accounted for approximately 7% of the Company's merchandise purchases and the Company's 10 largest suppliers accounted for approximately 28% of such purchases. The Company purchases substantially all of its merchandise in the United States, the majority from domestic manufacturers and the balance from importers. The Company purchases a small amount of its merchandise directly from overseas sources. The Company has no long-term contracts for the purchase of merchandise. The Company believes that most merchandise, other than brand name goods, is available from a variety of sources and that most brand name goods can be replaced with comparable merchandise.

WAREHOUSING

Merchandise is shipped to each store from the Company's vendors, making it unnecessary for the Company to maintain any central distribution centers. As a result of the floor to ceiling displays used by the Company, a substantial amount of merchandise is displayed on the sales floor of each store at all times. Additional merchandise not displayed on the sales floor is stored in separate warehouse space that is included in each store (with an estimated 10% to 15% of the space of each store being dedicated to warehouse and receiving space). In the case of a few stores, merchandise is also stored at nearby supplemental storage space leased by the Company. At present, the warehouse space included in the Company's stores provides approximately 88% of the Company's warehouse space requirements and such nearby supplemental storage space provides the balance.

MANAGEMENT

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

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

TRAINING

The Company places great emphasis on the training of store level management. All entry management personnel are generally required to work in different departments of the store in order to acquire an overall understanding of store operations. In addition, all associates receive formalized training, including sales techniques and product knowledge, through the Bed Bath & Beyond University program.

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

EMPLOYEES

As of March 3, 2001, the Company employed approximately 15,000 persons, of whom approximately 9,500 were full-time employees and approximately 5,500 were part-time employees. None of the Company's employees are covered by collective bargaining agreements. The Company believes that its relations with its employees are excellent and that the labor turnover rate among its management employees is lower than that experienced in the industry.

SEASONALITY

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

COMPETITION

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

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

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

TRADE NAMES AND SERVICE MARKS

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

EXECUTIVE OFFICERS OF THE REGISTRANT

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

NAME	AGE	POSITIONS
Warren Eisenberg	70	Co-Chairman, Co-Chief Executive Officer and Director
Leonard Feinstein	64	Co-Chairman, Co-Chief Executive Officer and Director
Steven H. Temares	42	President, Chief Operating Officer and Director
Ronald Curwin	71	Chief Financial Officer and Treasurer
Arthur Stark	46	Chief Merchandising Officer and Senior Vice President
Matthew Fiorilli	44	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 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 316 stores are located in 43 states, principally in suburban areas of medium and large sized cities. These stores are situated in strip and power strip shopping centers, as well as in major off-price and conventional malls, and free standing buildings. The Company's superstores range in size from 13,000 to 103,000 square feet, but are predominantly between 30,000 and 50,000 square feet in major markets. The Company's three smaller stores range in size from 7,000 to 11,000 square feet. In both superstores and smaller stores, approximately 80% to 85% of store space is used for selling areas and the balance for warehouse, receiving and office space.

The table below sets forth the number of stores located in each state as of May 1, 2001:

State	Number of Stores
Alabama	4
Arizona	5
Arkansas	2
California	37
Colorado	8
Connecticut	6
Delaware	1
Florida	27
Georgia	12
Idaho	1
Illinois	15
Indiana	5
Iowa	2
Kansas	4
Kentucky	2
Louisiana	3
Maine	1
Maryland	10
Massachusetts	7
Michigan	14
Minnesota	2
Mississippi	1
Missouri	5
Nebraska	1
Nevada	1
New Jersey	16
New Mexico	1
New York	16
North Carolina	7
North Dakota	1
Ohio	12
Oklahoma	3
Oregon	3
Pennsylvania	15
Rhode Island	2
South Carolina	5
Tennessee	6
Texas	23
Utah	4
Vermont	1
Virginia	14
Washington	9
Wisconsin	2

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

The Company also leases merchandise storage space in nine locations amounting to approximately 208,000 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."

The Company's Corporate Office is located in 131,000 square feet of office space in Union, New Jersey, and the Company's Buying Office is located in 66,000 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 3, 2001.

PART II

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

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

	HIGH	LOW
Fiscal 1999 :		
1st Quarter	$ 19.69	$ 14.56
2nd Quarter	19.47	12.75
3rd Quarter	18.50	13.69
4th Quarter	18.00	11.22
Fiscal 2000 :		
1st Quarter	$ 21.81	$ 11.38
2nd Quarter	20.19	16.38
3rd Quarter	26.44	17.44
4th Quarter	27.06	20.17
Fiscal 2001 :		
1st Quarter (through May 1, 2001)	$ 29.12	$ 23.19

The common stock is quoted through the NASDAQ National Market System under the symbol BBBY. On May 1, 2001, there were approximately 670 shareholders of record of the common stock (without including individual participants in nominee security position listings). On May 1, 2001, the last reported sale price of the common stock was $28.50.

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

ITEM 6 - SELECTED FINANCIAL DATA

The information required by this item is included in the registrant's Annual Report to Shareholders for the fiscal year ended March 3, 2001 on the inside front cover and is incorporated herein by reference.

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

The information required by this item is included in the registrant's Annual Report to Shareholders for the fiscal year ended March 3, 2001 on pages 8 through 10 and is incorporated herein by reference.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

None.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are included in the registrant's Annual Report to Shareholders for the fiscal year ended March 3, 2001 on pages 11 through 19 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 28, 2001 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 11 through 19 of the Company's Annual Report to Shareholders for the fiscal year ended March 3, 2001:

Consolidated Balance Sheets as of March 3, 2001 and February 26, 2000.

Consolidated Statements of Earnings for the fiscal years ended March 3, 2001, February 26, 2000 and February 27, 1999.

Consolidated Statements of Shareholders' Equity for the fiscal years ended March 3, 2001, February 26, 2000 and February 27, 1999.

Consolidated Statements of Cash Flows for the fiscal years ended March 3, 2001, February 26, 2000, and February 27, 1999.

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' Report 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)

	YEAR ENDED		
ITEM	MARCH 3, 2001	FEBRUARY 26, 2000	FEBRUARY 27, 1999
Advertising Costs	$36,961	$28,176	$20,800

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BED BATH & BEYOND INC.

BY: /s/ Warren Eisenberg

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

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

SIGNATURE	CAPACITY	DATE
/s/ Warren Eisenberg WARREN EISENBERG	Co-Chairman, Co-Chief Executive Officer and Director	May 31, 2001
/s/ Leonard Feinstein LEONARD FEINSTEIN	Co-Chairman, Co-Chief Executive Officer and Director	May 31, 2001
/s/ Steven H. Temares STEVEN H. TEMARES	President, Chief Operating Officer and Director	May 31, 2001
/s/ Eugene A. Castagna EUGENE A. CASTAGNA	Vice President - Finance (Principal Financial and Accounting Officer)	May 31, 2001
/s/ Klaus Eppler KLAUS EPPLER	Director	May 31, 2001
/s/ Robert S. Kaplan ROBERT S. KAPLAN	Director	May 31, 2001
/s/ Robert J. Swartz ROBERT J. SWARTZ	Director	May 31, 2001

Independent Auditor's Report on Schedule

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

Under the date of March 30, 2001, we reported on the consolidated balance sheets of Bed Bath & Beyond Inc. and subsidiaries as of March 3, 2001 and February 26, 2000, 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 3, 2001, as contained in the Company's Annual Report to Shareholders for the fiscal year ended March 3, 2001. These consolidated financial statements and our report thereon are incorporated by reference in the Annual Report on Form 10-K for the fiscal year ended March 3, 2001. 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 statement 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 30, 2001

ANNUAL REPORT ON FORM 10-K

ITEM 14 (a)(3)

EXHIBITS

BED BATH & BEYOND INC.

FISCAL YEAR ENDED MARCH 3, 2001

EXHIBIT INDEX

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

EXHIBIT NO.	EXHIBIT
3.1	Restated Certificate of Incorporation
3.2	Certificate of Amendment to the Company's Certificate of Incorporation (incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q/A for the quarter ended August 25, 1996)
3.3	Certificate of Amendment to the Company's Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
3.4	Certificate of Change of Bed Bath & Beyond Inc. under Section 805-A of the Business Corporation Law (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
3.5	Amended and Restated By-laws, as amended through June 26, 1997 (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
3.6	Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 3.6 to the Company's Form 10-K for the year ended February 27, 1999)
3.7	Amended By-Laws of Bed Bath & Beyond Inc. (As amended through December 17, 1998) (incorporated by reference to Exhibit 3.7 to the Company's on Form 10-K for the year ended February 27, 1999)
3.8	Amended By-Laws of Bed Bath & Beyond Inc. (As amended through September 22, 1999) (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 28, 1999)
10.1	Credit Agreement among the Company, bed 'n bath Stores, Inc., BBBL, Inc., BBBY Management Corporation, Chemical Bank New Jersey, N.A., Chemical Bank and Chemical Bank New Jersey, N.A. as Agent (incorporated by reference to Exhibit 28 to the Company's Form 8-K dated November 14, 1994)
10.2*	Agreement Concerning "Split Dollar" Life Insurance Plan, dated May 9, 1994, among the Company, Jay D.Waxenberg, as trustee of the Warren Eisenberg Life Insurance Trust, Warren Eisenberg and Maxine Eisenberg (incorporated by reference to Exhibit 10.12 to the Company's Form 10-K for the year ended February 27, 1994)

10.3*	Agreement Concerning "Split Dollar" Life Insurance Plan, dated May 9, 1994, among the Company, Jay D.Waxenberg, as trustee of the Leonard Joseph Feinstein Life Insurance Trust, Leonard Joseph Feinstein and Susan Feinstein (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K for the year ended February 27, 1994)
10.4*	Agreement Concerning "Split Dollar" Life Insurance Plan, dated June 16, 1995, among the Company, Jay D. Waxenberg, as trustee of the Warren Eisenberg Life Insurance Trust, Warren Eisenberg and Maxine Eisenberg (incorporated by reference to Exhibit 10.12 to the Company's Form 10-K for the year ended February 27, 1994)
10.5*	Agreement Concerning "Split Dollar" Life Insurance Plan, dated June 16, 1995, among the Company, Jay D. Waxenberg, as trustee of the Leonard Joseph Feinstein Life Insurance Trust, Leonard Joseph Feinstein and Susan Feinstein (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K for the year ended February 27, 1994)
10.6	First Amendment to the Credit Agreement among the Company, bed `n bath Stores, Inc., BBBL, Inc., BBBY Management Corporation, Chemical Bank New Jersey, N.A., Chemical Bank and Chemical Bank New Jersey, N.A. as Agent, dated October 1, 1995 (incorporated by reference to Exhibit 10.9 to the Company's Form 10-K for the year ended March 1, 1997)
10.7	Second Amendment to the Credit Agreement among the Company, bed `n bath Stores, Inc., BBBL, Inc., BBBY Management Corporation, Chemical Bank New Jersey, N.A., Chemical Bank and Chemical Bank New Jersey, N.A. as Agent, dated February 24, 1997 (incorporated by reference to Exhibit 10.11 to the Company's Form 10-K for the year ended March 1, 1997)
10.8	Third Amendment to the Credit Agreement among the Company, bed `n bath Stores, Inc., BBBL, Inc., BBBY Management Corporation, and The Chase Manhattan Bank, dated September 11, 1997 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 29, 1997)
10.9	Fourth Amendment to the Credit Agreement among the Company, bed `n bath Stores, Inc., BBBL, Inc., BBBY Management Corporation, and The Chase Manhattan Bank, dated September 19, 1997 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 29, 1997)
10.10*	Employment Agreement between the Company and Warren Eisenberg, dated as of June 30, 1997 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
10.11*	Employment Agreement between the Company and Leonard Feinstein, dated as of June 30, 1997 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
10.12*	Stock Option Agreement between the Company and Warren Eisenberg, dated as of August 26, 1997 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly

	Report on Form 10-Q for the quarter ended August 30, 1997)
10.13*	Stock Option Agreement between the Company and Leonard Feinstein, dated as of August 26, 1997 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
10.14*	Company's 1992 Stock Option Plan, as amended through August 26, 1997 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
10.15*	Company's 1996 Stock Option Plan, as amended through August 26, 1997 (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
10.16*	Employment Agreement between the Company and Steven H. Temares (dated as of December 1, 1994) (incorporated by reference to Exhibit 10.16 to the Company's Form 10-K for the year ended February 28, 1998)
10.17*	Form of Employment Agreement between the Company and certain executives (including all of the executive officers of the Company other than the Co-Chief Executive Officers, the Chief Operating Officer and the Chief Financial Officer) (dated as of December 1, 1994) (incorporated by reference to Exhibit 10.17 to the Company's Form 10-K for the year ended February 28, 1998)
10.18*	Company's 1998 Stock Option Plan (incorporated by reference to Exhibit 10 to the to the Company's Quarterly Report on Form 10-Q for the quarter ended May 30, 1998)
10.19	Fifth Amendment to the Credit Agreement among the Company, bed `n bath Stores, Inc., BBBL, Inc., Bed Bath & Beyond of California Limited Liability Company, BBBY Management Corporation and The Chase Manhattan Bank, dated October 26, 1998 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 29, 1998)
10.20	Second Amended and Restated Revolving Credit Note among the Company, bed `n bath Stores, Inc., BBBL, Inc., Bed Bath & Beyond of California Limited Liability Company, BBBY Management Corporation and The Chase Manhattan Bank, dated October 26, 1998 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 29, 1998)
10.21*	Stock Option Agreement between the Company and Warren Eisenberg, dated as of August 13, 1999 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 27, 1999)
10.22*	Stock Option Agreement between the Company and Leonard Feinstein, dated as of August 13, 1999 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 27, 1999)

10.23*	Form of Standard Stock Option Agreement (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 27, 1999)
10.24*	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)
10.25*	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)
10.26*	Amendment to Employment Agreement dated as of June 30, 2000 between Bed Bath & Beyond Inc. and Warren Eisenberg (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 25, 2000)
10.27*	Amendment to Employment Agreement dated as of June 30, 2000 between Bed Bath & Beyond Inc. and Leonard Feinstein (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended November 25, 2000)
10.28**	Sixth Amendment to the Credit Agreement among the Company, bed `n bath Stores, Inc., BBBL, Inc., Bed Bath & Beyond of California Limited Liability Company, BBBY Management Corporation and The Chase Manhattan Bank, dated March 28, 2001
10.29**	Company's 2001 Stock Option Plan
13**	Company's 2000 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

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

** Filed herewith.

Exhibit 10.28

SIXTH AMENDMENT TO CREDIT AGREEMENT

THIS SIXTH AMENDMENT TO CREDIT AGREEMENT (this "Sixth Amendment") is made effective as of March 28, 2001, except as otherwise set forth herein, by and among BED BATH & BEYOND INC., a New York corporation (the "Company"), and BED-N-BATH STORES INC., a New Jersey corporation a/k/a BED 'N BATH STORES INC. ("BNBS"), BED BATH & BEYOND OF CALIFORNIA LIMITED LIABILITY COMPANY, a Delaware limited liability company ("Calco"), and BBBY MANAGEMENT CORPORATION, a New Jersey corporation ("BBBY", and together with BNBS, BBBL and Calco, collectively, the "Guarantors" and individually, a "Guarantor," and the Guarantors together with the Company, collectively, the "Credit Parties"); THE CHASE MANHATTAN BANK, a New York banking corporation (the "Bank"); and BED BATH & BEYOND PROCUREMENT CO. INC., a New York corporation ("Procurement Co.").

W I T N E S S E T H:

WHEREAS, the Credit Parties (and BBBL, Inc., a Delaware corporation and an original Guarantor and Credit Party, which as of March 31, 2001 shall be merged with and into the Company with the Company continuing as the surviving corporation) and the Bank are parties to that certain Credit Agreement, dated as of October 26, 1994, as amended by that certain First Amendment, dated as of October 1, 1995, as further amended by that certain Second Amendment, dated as of February 24, 1997, that certain Third Amendment, dated as of September 11, 1997, that certain Fourth Amendment, dated as of September 19, 1997, and that certain Fifth Amendment, dated as of October 26, 1998 (such Credit Agreement, as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, and the Fifth Amendment shall hereafter be known as, the "Credit Agreement"); and

WHEREAS, the Credit Parties and the Bank have agreed to further amend the Credit Agreement to: (i) decrease the Revolving Credit Commitment to an aggregate maximum principal amount of not to exceed at any time outstanding, $25,000,000, (ii) effective March 31, 2001, add Bed Bath & Beyond Procurement Co. Inc., a New York corporation and wholly-owned Subsidiary of the Company, as a Guarantor and a Credit Party thereunder and an account party for Letters of Credit as set forth therein, and (iii) otherwise modify certain of the terms and provisions thereof;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto hereby agree as follows:

1. MODIFICATION OF THE CREDIT AGREEMENT. The Credit Agreement is hereby amended in the following particulars:

   (A) (i) Effective as of March 31, 2001, all references to the "Credit Parties" in the Credit Agreement are deemed to mean, collectively, the Company, BNBS, Calco, BBBY, and Procurement Co., as defined in this Sixth Amendment; and

   (ii) Effective as of March 31, 2001, all references to the "Guarantors" in the Credit Agreement are deemed to mean, collectively, BNBS, Calco, BBBY, and Procurement Co., as defined in this Sixth Amendment;

   (iii) All references to the "Agreement" or "this Agreement" in the Credit Agreement are deemed to mean the Credit Agreement, as amended by this Sixth Amendment; and all references to the "Loan Documents" in the Credit Agreement are deemed to mean the Credit

Agreement and the other Loan Documents, as amended by this Sixth Amendment;

(iv) The aggregate maximum principal amount outstanding at any one time under the Revolving Credit Commitment is set forth opposite the Bank's name on the signature page of this Sixth Amendment;

(v) All references to a "Responsible Officer" in the Credit Agreement with respect to financial matters are deemed to include the Vice President of Finance of the Company or any Guarantor, as well as the chief financial officer thereof; and

(vi) All references to the "Revolving Credit Note(s)" or the "Notes(s)" in the Credit Agreement are deemed to mean that certain Third Amended and Restated Revolving Credit Note, dated as of March 28, 2001, as attached to this Sixth Amendment as EXHIBIT A (the "2001 Note"); and all references to the "Obligations" in the Credit Agreement are deemed to include, along with the other obligations set forth therein, all obligations of the Credit Parties (as re-defined in this Sixth Amendment) to the Bank under the 2001 Note.

(B) Procurement Co. has requested that going forward the Bank issue Letters of Credit for its behalf (as well as for the account of Company). Procurement Co. shall execute and deliver to the Bank an Application. From and after March 31, 2001, upon receipt of such Application and in accordance with and subject to the terms of Section 3 of the Credit Agreement, the Bank hereby agrees to issue Letters of Credit for either or both of the Company and Procurement Co. Henceforth, all references to "the Company" throughout Section 3 of the Credit Agreement are deemed to mean the Company and/or Procurement Co., as an account party.

(C) Section 14.2 of the Credit Agreement (Notices) is hereby amended so that notices to the Bank read as follows:

"The Bank: The Chase Manhattan Bank
695 Route 46 West
Fairfield, New Jersey 07004
Attention: Andrea M. Johnson, VP
Telecopy: (973) 439-5017/18"

Notices to the Bank's attorneys remain the same.

2. ESTOPPEL. To induce the Company, BNBS, Calco, and BBBY to enter into this Sixth Amendment, each of the Company, BNBS, Calco, and BBBY hereby represents and warrants to the Bank that:

(A) As of March 28, 2001, there is currently $-0- of principal, together with accrued interest thereon, outstanding under the Revolving Credit Loan; and to the best of the Company's knowledge, the Company has no defenses, offsets or counterclaims regarding the same.

(B) As of March 28, 2001, there is currently the amount set forth in SCHEDULE I to this Sixth Amendment of L/C Obligations outstanding under the Credit Agreement, and to the best of the Company's knowledge, the Company has no defenses, offsets or counterclaims regarding the same.

(C) As of March 28, 2001, the Company has no defenses, offsets or counterclaims regarding its other Obligations to the Bank under the Credit Agreement.

(D) As of March 28, 2001, each of BNBS, Calco, and BBBY has no defenses, offsets or counterclaims regarding its Obligations to the Bank under the Credit Agreement.

3. ADDITION OF PROCUREMENT CO. AS A CREDIT PARTY AND A GUARANTOR. From and after March 31, 2001, Procurement Co. shall be considered a Credit Party and Guarantor under the Credit Agreement and the other Loan Documents and shall be bound by the terms and conditions thereof.

4. CONDITIONS PRECEDENT. The agreement of the Bank to amend the Credit Agreement as set forth in this Sixth Amendment shall not become effective unless the Bank shall have received, in form and substance reasonably satisfactory to the Bank and its counsel, the following:

(A) This Sixth Amendment, duly executed and delivered by the parties hereto;

(B) The 2001 Note, duly executed and delivered by the Company;

(C) (i) True and complete copies (including all amendments) of the charter and bylaws of Procurement Co., certified by the corporate secretary of Procurement Co. to be in full force and effect as of March 31, 2001; and (ii) a corporate resolution of Procurement Co., certified by its corporate secretary as of March 31, 2001 and in full force and effect authorizing: (x) the consummation of the transactions contemplated by this Sixth Amendment, and (y) specific officers to execute and deliver this Sixth Amendment and such other instruments and documents as may be executed in connection herewith;

(D) A certificate of the corporate secretary of Procurement Co. certifying the names of the officers authorized to execute this Sixth Amendment and such other instruments and documents as may be executed in connection herewith, together with the true and genuine signatures of each of such officers;

(E) Good standing certificates of the appropriate Governmental Authorities, dated the most recent practicable date on or about March 31, 2001, showing Procurement Co. to be in good standing in its state of incorporation and such states in which such entity is authorized to do business;

(F) Evidence of the merger of BBBL, Inc. with and into the Company, and the Company's continuance as the surviving corporation;

(G) Payment of all reasonable fees and expenses incurred by the Bank in connection with this Sixth Amendment, including, but not limited to, reasonable fees and expenses of counsel to the Bank; and

(H) Such other documents, certificates, opinions, affidavits, etc. as the Bank may reasonably request.

Notwithstanding anything contained in Section 3 to the contrary, the items set forth in paragraphs (c) and (D) may be delivered by March 31, 2001, and the items set forth in paragraph (E) of this Section 3 may be delivered by April 16, 2001. The failure to deliver such items within such time period will constitute an Event of Default.

5. REAFFIRMATION OF REPRESENTATIONS AND WARRANTIES. Procurement Co. hereby makes the representations and warranties, and each of Company and the other Credit Parties hereby reaffirms the representations and warranties made by it, in the Credit Agreement and all of the other Loan Documents as fully and completely as if set forth herein at length. All of such representations and warranties are true, correct and complete as of March 31, 2001 (except as to such representations and warranties, which are made as of a specified date, in which case such representations and warranties remain true as of such date). In addition, each of Company and the other Credit Parties (including

Procurement Co.) represents and warrants to the Bank that:

(A) Each of the Company and the other Credit Parties has the power and authority to enter into this Sixth Amendment;

(B) The execution, delivery and performance of this Sixth Amendment and the instruments and documents executed and delivered by the Company and the other Credit Parties in connection herewith have been duly authorized by all requisite corporate or other action, and this Sixth Amendment and the instruments and documents executed and delivered in connection herewith constitute the legal, valid, and binding obligations of the Company and the other Credit Parties, enforceable against each of them (to the extent each is a party thereto), in accordance with their terms; and

(C) No Event of Default has occurred and is continuing.

(D) The execution and delivery of this Sixth Amendment and the instruments and documents executed and delivered in connection herewith, the consummation of the transactions contemplated hereunder and the fulfillment of or compliance with the terms and conditions contained herein by the Credit Parties are not prevented, or limited by, and do not result in the breach of, any terms, conditions or provisions of any requirements of law or any contractual obligations of the Credit Parties in any respect which could have a Material Adverse Effect.

Each of the Company and the Credit Parties other than Procurement Co. represents and warrants to the Bank that there have been no amendments to its corporate/limited liability organizational documents since October 26, 1998 other than in connection with the merger of BBBL, Inc. with and into the Company, and that such organization documents remain in full force and effect as of March 31, 2001.

6. REAFFIRMATION OF COVENANTS. Procurement Co. hereby covenants and agrees to abide by the affirmative and negative covenants, and each of the Company and the other Credit Parties hereby reaffirms the affirmative and negative covenants, set forth in the Credit Agreement and the other Loan Documents fully and completely as if set forth herein at length, and agrees that such covenants shall remain in full force and effect until payment in full of the Obligations.

7. MISCELLANEOUS.

(A) EFFECT OF AMENDMENT. Except as amended by this Sixth Amendment, all terms and provisions of the Credit Agreement and the other Loan Documents, and all rights of the Bank and obligations of the Company and the other Credit Parties thereunder, remain unchanged and in full force and effect, and are hereby ratified, adopted and confirmed in all respects. This Sixth Amendment is incorporated by reference in the Credit Agreement and the other Loan Documents. This Sixth Amendment is given as a modification of the Company's and the other Credit Parties' obligations to the Bank under the Credit Agreement and is not give in substitution therefor or extinguishment thereof and is not intended to be a novation.

(B) COSTS AND EXPENSES. Each of the Company and the other Credit Parties agrees to pay all reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by the Bank in connection with the preparation, execution, delivery and administration of this Sixth Amendment and the documents executed and delivered in connection herewith.

(C) COUNTERPARTS. This Sixth Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

(D) GOVERNING LAW. This Sixth Amendment shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of New York.

(SIGNATURES ON THE NEXT PAGE)

IN WITNESS WHEREOF, the parties hereto have caused this Sixth Amendment to be duly executed and delivered by their respective officers/members duly authorized as of the effective date(s) set forth above.

BED BATH & BEYOND INC.

By: /s/ Leonard Feinstein

Name: Leonard Feinstein
Title: Co-Chief Executive Officer

BED-N-BATH STORES INC.

By: /s/ Leonard Feinstein

Name: Leonard Feinstein
Title: President

BED BATH & BEYOND OF CALIFORNIA
LIMITED LIABILITY COMPANY

By: BED BATH & BEYOND
PROCUREMENT CO. INC.,
sole member

By: /s/ Leonard Feinstein

Name: Leonard Feinstein
Title: President

BBBY MANAGEMENT CORPORATION

By: /s/ Leonard Feinstein

Name: Leonard Feinstein
Title: Vice President

BED BATH & BEYOND PROCUREMENT
CO. INC.

By: /s/ Leonard Feinstein

Name: Leonard Feinstein
Title: President

REVOLVING LOAN COMMITMENT:
$25,000,000 (EFFECTIVE 3/28/01)

THE CHASE MANHATTAN BANK

By: /s/ Andrea M. Johnson

Name: Andrea M. Johnson
Title: Vice President

Exhibit 10.29

BED BATH AND BEYOND INC.

2001 STOCK OPTION PLAN

1 Purpose.

The purpose of the Bed Bath & Beyond Inc. 2001 Stock Option Plan (the "Plan") is to encourage and enable key employees (which term, as used herein, shall include officers), and directors of Bed Bath & Beyond Inc. or a parent (if any) or subsidiaries thereof (collectively, unless the context otherwise requires, the "Company"), consultants, and advisors to the Company, and other persons or entities providing goods or services to the Company to acquire a proprietary interest in the Company. (Such directors, members, consultants, advisors, and other persons or entities providing goods or services to the Company and entitled to receive options hereunder being collectively referred to as the "Associates," and the relationship of the Associates to the Company being referred to as "association with" the Company.) Such ownership will provide such employees and Associates with a more direct stake in the future welfare of the Company and encourage them to remain employed by or associated with the Company. It is also expected that the Plan will encourage qualified persons to seek and accept employment or association with the Company.

2 Effective Date and Term of Plan.

(a) The effective date of the Plan shall be February 28, 2001, the date the Plan was adopted by the Board of Directors of the Company (the "Board").

(b) No option shall be granted under the Plan on or after the tenth anniversary of the effective date of the Plan, but options previously granted may extend beyond that date.

3 Administration.

(a) The Plan shall be administered by one or more committees appointed from time to time by the Board (each such committee being referred to as a "Committee"). In the event that more than one Committee is appointed by the Board, the Board shall specify with respect to each Committee the group of employees and Associates with respect to which such Committee shall have the power to grant options. In the event that more than one Committee is appointed by the Board, then each reference in the Plan to "the Committee" shall be deemed a reference to each such Committee (subject to the last sentence of this paragraph); provided, however, that each such Committee may only exercise the power and authority granted to "the Committee" by the Plan with respect to those employees and Associates that it has the power to grant options to as specified in the resolution of the Board appointing such Committee. Each Committee shall be comprised of two or more directors. A majority of the members of each Committee shall constitute a quorum, and all determinations of the Committee shall be made by a majority of its members. Any determination of any Committee under the Plan may be made, without notice or meeting of the Committee, by a writing signed by a majority of the Committee members. All members of each Committee shall be "non-employee directors" within the meaning of Rule 16(b)-3 under the Securities Act of 1933, as amended (the "Act"); provided, however, that the foregoing shall not apply to any Committee that does not have the power to grant options to officers or directors of the Company or otherwise make any decisions with respect to the timing or the pricing of any options granted to such officers and directors. If pursuant to the preceding sentence a Committee is required to be comprised of "non-employee directors," then the members of such Committee shall not be eligible to receive options under the Plan. In the event that more than one Committee is appointed by the Board, the power to amend the Plan granted by Section 9(b) hereof may only be exercised by a Committee all of whose members are "non-employee directors" within the meaning of Rule 16(b)-3 under the Act.

(b) The Committee shall have authority, not inconsistent with the express provisions of the Plan, (i) to grant options which are not intended to be incentive stock options as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") to such eligible employees and Associates of the Company as the Committee may select; provided, however, that (a) the maximum number of options that may be granted under this Plan to any employee or Associate of the Company over the term of the Plan shall not exceed 1,000,000 shares (subject to any adjustment in accordance with Section 7(b)), and (b) options shall only be granted to directors and officers (as defined in Rule 16(a)-1(f) under the Securities Exchange Act of 1934, as amended) of the Company to the extent permitted by the rules of the National Association of Securities Dealers, for so long as the Stock is quoted through the NASDAQ (as defined below), and/or the rules and regulations of such other automated quotation systems or securities exchanges on which the Stock (as defined below) may hereafter be listed; (ii) to determine the time or times when options shall be granted and the number of Shares subject to each option; (iii) to determine the terms and conditions of each option; (iv) to prescribe the form or forms of instruments evidencing options and any other instruments required under the Plan and to change such forms from time to time; (v) to adopt, amend and rescind rules and regulations for the administration of the Plan; and (vi) to interpret the Plan and to decide any questions and settle all controversies and disputes that may arise in connection with the Plan. Any determination, decision or action of the Committee in connection with the construction, interpretation, administration or application of the Plan shall be final and conclusive on all persons participating in the Plan.

4 Shares Subject to the Plan.

(a) Number of Shares.

Subject to adjustment as provided in Section 7, the aggregate number of shares of the Company's common stock (the "Shares" or "Stock") that may be delivered upon the exercise of options granted under the Plan shall be 10,000,000. If any option granted under the Plan terminates without having been exercised in full, the number of Shares as to which such option was not exercised shall be available for future grants within the limits set forth in this Section 4(a).

(b) Shares to be Delivered.

Shares delivered under the Plan shall be authorized but unissued Stock or, if the Committee so decides in its sole discretion, previously issued Stock acquired by the Company and held in treasury. No fractional shares of Stock shall be delivered under the Plan.

5 Eligibility for Options.

Employees and Associates of the Company eligible to receive options under the Plan shall be those employees and Associates who, in the opinion of the Committee, are in a position to make a significant contribution to the success of the Company. In addition, directors and officers (as defined in Rule 16(a)-1(f) under the Securities Exchange Act of 1934, as amended) of the Company shall only be eligible to receive options under the Plan to the extent permitted by the rules of the National Association of Securities Dealers, for so long as the Stock is quoted through the NASDAQ (as defined below), and/or the rules and regulations of such other automated quotation systems or securities exchanges on which the Stock may hereafter be listed. Receipt of options under the Plan or of awards under any other employee benefit plan of the Company shall not preclude an employee from receiving options or additional options under the Plan.

6 Terms and Conditions of Options.

(a) Exercise Price. The exercise price of each option shall be determined by the Committee which may be based on the fair market value per share of Stock at the time the option is granted. The fair market value of a share of Stock as of any date shall be determined for purposes of the Plan by such method as the Committee determines to be reasonable.

(b) Duration of Options. An option shall be exercisable during such period or periods as the Committee may specify. The latest date on which an option may be exercised (the "Final Exercise Date") shall be the date which is ten years from the date the option was granted or such earlier date as may be specified by the Committee at the time the option is granted.

(c) Exercise of Options.

(1) At the time of the grant of an option, the Committee shall specify whether the option shall be exercisable in full at any time prior to the Final Exercise Date or in installments (which may be cumulative or noncumulative). In the case of an option not immediately exercisable in full, the Committee may at any time accelerate the time at which all or any part of the option may be exercised.

(2) The award forms or other instruments evidencing options shall contain such provisions relating to exercise and other matters as the Committee may determine.

(3) Any exercise of an option shall be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by (a) the option certificate and any other documents required by the Committee and (b) payment in full for the number of Shares for which the option is exercised.

(4) The Committee shall have the right to require that the individual exercising the option remit to the Company an amount sufficient to satisfy any federal, state, or local withholding tax requirements (or make other arrangements satisfactory to the Company with regard to such taxes) prior to the delivery of any Stock pursuant to the exercise of the option.

(5) If an option is exercised by the executor or administrator of a deceased employee or Associate, or by the person or persons to whom the option has been transferred by the employee or Associate, the Company shall be under no obligation to deliver Stock pursuant to such exercise until the Company is satisfied as to the authority of the person or persons exercising the option.

(d) Termination of Employment.

An employee's options shall terminate immediately upon the termination of his employment with the Company, subject to the following exceptions: (i) if the termination is by reason of the death or disability of the employee, the unexercised portion of such options shall continue to be exercisable for 12 months after such termination and (ii) if the termination is for any other reason, excluding termination for cause, the unexercised portion of such options shall continue to be exercisable for three months after such termination. Notwithstanding the foregoing, the Committee in its discretion in any particular case may provide that upon termination of an employee's employment with the Company, the unexercised portion of his options shall continue to be exercisable for a longer or shorter period than the period provided for in the preceding sentence; provided, however, that the Committee may not provide for a shorter period after the option is granted. For purposes of this Section 6(d), employment shall not be considered terminated (i) in the case of sick leave or other bona fide leave of absence approved for purposes of the Plan by the Committee, so long as the employee's right to reemployment is guaranteed either by statute or by contract, or (ii) in the case of a transfer of employment between the Company and a subsidiary or between subsidiaries, or to the employment of a corporation (or a parent or subsidiary corporation of such corporation) issuing or assuming an option in a transaction to which Section 424(a) of the Code applies.

(e) Payment for Stock.

Stock purchased under the Plan shall be paid for as follows: (i) in cash or by certified check, bank draft or money order payable to the order of the Company or (ii) if so permitted by the Committee (not later than the time of grant, in the case of an incentive option), (A) through the delivery of shares of Stock (including shares acquired under the option then being exercised) having a fair market value (determined as provided in Section 6(a)) on the date of exercise equal to the purchase price or (B) by a combination of cash and Stock as provided in clauses (i) and (ii)(A) above or (C) by delivery of a promissory note of the option holder to the Company, such note to be payable in the case of an incentive option, on such terms as are specified in the option (except that, in lieu of a stated rate of interest, an incentive option may provide that the rate of interest on the note will be such rate as is sufficient, at the time the note is given, to avoid the imputation of interest under the applicable provisions of the Code), or by a combination of cash (or cash and Stock) and the option holder's promissory note; provided, that if the Stock delivered upon exercise of the option is an original issue of authorized Stock, at least so much of the exercise price as represents the par value of such Stock shall be paid in cash or by a combination of cash and Stock.

(f) Delivery of Stock.

An option holder shall not have the rights of a shareholder with regard to awards under the Plan except as to Stock actually received by him under the Plan. The Company shall not be obligated to deliver any shares of Stock (a) until, in the opinion of the Company's counsel, all applicable federal and state laws and regulations have been complied with, and (b) if the outstanding Stock is at the time listed on any stock exchange or quoted through the National Association of Securities Dealers Automatic Quotation ("NASDAQ") National Market System, until the shares to be delivered have been listed or authorized to be listed on such exchange or System upon official notice of issuance, and (c) until all other legal matters in connection with the issuance and delivery of such shares have been approved by the Company's counsel. If the sale of Stock has not been registered under the Act, the Company may require, as a condition to exercise of the option, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of the Act and may require that the certificates evidencing such Stock bear an appropriate legend restricting transfer.

(g) Nontransferability of Options.

In the case of an option which is not an incentive stock option, the Committee may provide that options may be transferred to the extent and subject to such limitations as the Committee may specify.

(h) Restrictions on Stock.

The Committee may provide that shares of Stock purchased through the exercise of options under the Plan be subject to such restrictions on resale, including restrictions requiring resale to the Company at or below fair market value, or such other restrictions, as the Committee in its sole discretion shall determine, and shall take such steps as it deems necessary or appropriate to carry out the purposes of any such restriction.

7 Mergers, Recapitalizations, etc.

(a) In the event of a consolidation or merger in which the Company is not the surviving corporation or in the event of any transaction that results in the acquisition of substantially all of the Company's outstanding Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of the sale or transfer of substantially all of the Company's assets (all the foregoing being referred to as "Acquisition Events"), then the

Committee may in its discretion terminate all outstanding options by delivering notice of termination to each option holder; provided, however, that, during the 20-day period following the date on which such notice of termination is delivered, each option holder shall have the right to exercise in full all of his options that are then outstanding (without regard to limitations on exercise otherwise contained in the options). If an Acquisition Event occurs and the Committee does not terminate the outstanding options pursuant to the preceding sentence, then the provisions of Section 7(b) shall apply.

(b) In the event of a stock dividend, stock split or combination of shares, recapitalization or other change in the Company's capital stock, the number and kind of shares of stock of securities of the Company subject to options then outstanding or subsequently granted under the Plan, the maximum number of shares or securities that may be delivered under the Plan, the exercise price, and other relevant provisions shall be appropriately adjusted by the Committee. The Committee may also adjust the number of shares subject to outstanding options, the exercise price of outstanding options and the terms of outstanding options to take into consideration any other event (including, without limitation, accounting changes) if the Committee determines that such adjustment is appropriate to avoid distortion in the operation of the Plan. All determinations and adjustments made by the Committee pursuant to this Section 7(b) shall be binding on all persons.

(c) The Committee may grant options under the Plan in substitution for options held by employees of another corporation who concurrently become employees of the Company or a subsidiary of the Company as the result of a merger or consolidation of the employing corporation with the Company or a subsidiary of the Company, or as the result of the acquisition by the Company of property or stock of the employing corporation. The Company may direct that substitute awards be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

8 Limitation on Rights.

Neither the adoption of the Plan nor the grant of options shall confer upon any employee any right to continued employment with the Company or affect in any way the right of the Company to terminate the employment of an employee at any time. Except as specifically provided by the Committee in any particular case, the loss of existing or potential profit in options granted under this Plan shall not constitute an element of damages in the event of termination of the employment of an employee even if the termination is in violation of an obligation of the Company to the employee by contract or otherwise.

9 Effect, Discontinuance, Cancellation, Amendment and Termination.

(a) Neither adoption of the Plan nor the grant of options to an employee shall affect the Company's right to grant to such employee options that are not subject to the Plan, to issue to such employees Stock as a bonus or otherwise, or to adopt other plans or arrangements under which Stock may be issued to employees.

(b) The Committee may at any time discontinue granting options under the Plan. With the consent of the option holder, the Committee may at any time cancel an existing option in whole or in part and grant the option holder another option for such number of shares as the Committee specifies The Committee may at any time or times amend the Plan or any outstanding option for the purpose of satisfying any changes in applicable laws or regulations or for any other purpose which may at the time be permitted by law, or at any time terminate the Plan as to any further grants of options, provided that (except to the extent expressly required or permitted above) no such amendment shall, without the approval of the Board, (a) increase the maximum number of shares available under the Plan, (b) change the group of employees or Associates eligible to receive options under the Plan, (c) extend the time within which options may be granted, or (d) amend the provisions of this Section 9, and no such amendment shall adversely affect the rights of any option holder (without such holder's consent) under any option previously granted.

BED BATH & BEYOND ANNUAL REPORT 2000

SELECTED FINANCIAL DATA

FISCAL YEAR ENDED (1) (in thousands, except per share and selected operating data)	March 3, 2001	February 26, 2000	February 27, 1999	February 28, 1998	March 1, 1997	February 25, 1996
STATEMENT OF EARNINGS DATA:						
Net sales (2)	$ 2,396,655	$ 1,857,505	$ 1,382,345	$ 1,057,135	$ 816,912	$ 597,352
Gross profit (2)	986,459	766,801	576,125	441,016	341,168	250,036
Operating profit	272,838	209,340	158,052	118,914	90,607	67,585
Net earnings	171,922	131,229	97,346	73,142	55,015	39,459
Net earnings per share - Diluted (3)	$ .59	$ .46	$ .34	$ .26	$ .20	$ .14
SELECTED OPERATING DATA:						
Number of stores open (at period end)	311	241	186	141	108	80
Total square feet of store space (at period end)	12,204,000	9,815,000	7,688,000	5,767,000	4,347,000	3,214,000
Percentage increase in comparable store net sales	5.0%	9.2%	7.6%	6.4%	6.1%	3.8%
BALANCE SHEET DATA (AT PERIOD END):						
Working capital	$ 532,524	$ 360,585	$ 267,557	$ 188,293	$ 127,333	$ 91,331
Total assets	1,195,725	865,800	633,148	458,330	329,925	235,810
Long-term debt	--	--	--	--	--	5,000
Shareholders' equity	$ 817,018	$ 559,045	$ 411,087	$ 295,397	$ 214,361	$ 151,446

FISCAL YEAR ENDED (1) (in thousands, except per share and selected operating data)	February 26, 1995	February 27, 1994	February 28, 1993
STATEMENT OF EARNINGS DATA:			
Net sales (2)	$ 437,807	$ 304,571	$ 216,411
Gross profit (2)	183,819	127,972	90,528
Operating profit	51,685	36,906	26,660
Net earnings	30,013	21,887	15,960
Net earnings per share - Diluted (3)	$ .11	$ .08	$ .06
SELECTED OPERATING DATA:			
Number of stores open (at period end)	61	45	38
Total square feet of store space (at period end)	2,339,000	1,512,000	1,128,000
Percentage increase in comparable store net sales	12.0%	10.6%	7.2%
BALANCE SHEET DATA (AT PERIOD END):			
Working capital	$ 74,390	$ 56,001	$ 34,842
Total assets	176,678	121,468	76,654
Long-term debt	16,800	13,300	--
Shareholders' equity	$ 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 which represents 52 weeks and 6 days.

(2) Certain reclassifications have been made to selected financial data from prior years to conform to the fiscal 2000 presentation.

(3) Net earnings per share amounts have been adjusted for two-for-one stock splits of the Company's common stock (each of which was effected in the form of a 100% stock dividend), which were distributed in fiscal 2000, 1998, 1996 and 1993. The Company has not declared any cash dividends in any of the fiscal years noted above.

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

RESULTS OF OPERATIONS

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

	Fiscal Year Ended				
	Percentage of Net Sales			Percentage Change from Prior Year	
	March 3, 2001	February 26, 2000	February 27, 1999	March 3, 2001	February 26, 2000
Net sales	100.0%	100.0%	100.0%	29.0%	34.4%
Cost of sales, including buying, occupancy and indirect costs	58.8	58.7	58.3	29.3	35.3
Gross profit	41.2	41.3	41.7	28.6	33.1
Selling, general and administrative expenses	29.8	30.0	30.2	28.0	33.3
Operating profit	11.4	11.3	11.4	30.3	32.5
Earnings before provision for income taxes	11.8	11.6	11.7	31.0	33.2
Net earnings	7.2	7.1	7.0	31.0	34.8

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 superstores 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 (see Recent Accounting Pronouncements). Approximately 83% of the increase was attributable to new store net sales and the balance to an increase in comparable store net sales.

Approximately 55% and 45% of net sales in fiscal 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 a year ago.

The percentage increase in comparable store net sales was 5.0% in fiscal 2000 compared with 9.2% in fiscal 1999. The fiscal 2000 increase in comparable store net sales primarily reflects a strong focus on customer service.

Selling, general and administrative expenses ("SG&A") were $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 reflects a decrease in occupancy costs and costs associated with new store openings, partially offset by an increase in payroll and payroll related items. Preopening expenses associated with new or expanded stores are charged to earnings as incurred.

The difference between the increase in earnings before provision for income taxes of 31.0% from fiscal 1999 to fiscal 2000 compared to the year to year increase in operating profit of 30.3% was attributable to interest income.

FISCAL 1999 COMPARED WITH FISCAL 1998

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

Net sales in fiscal 1999 increased $475.2 million to $1.858 billion, representing an increase of 34.4% over the $1.382 billion net sales in fiscal 1998. Approximately 75% of the increase was attributable to new store net sales and the balance to an increase in comparable store net sales.

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

Gross profit in fiscal 1999 was $766.8 million or 41.3% of net sales, compared with $576.1 million or 41.7% of net sales in fiscal 1998. The decrease in gross profit as a percentage of net sales was primarily attributable to a different mix of sales during fiscal 1999 compared to the mix of sales during fiscal 1998, as well as a continued emphasis on providing value pricing to the customer.

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

SG&A was $557.5 million or 30.0% of net sales in fiscal 1999 compared to $418.1 million or 30.2% of net sales in fiscal 1998. The decrease in SG&A as a percentage of net sales primarily reflected a decrease in payroll and payroll related items and occupancy costs. Preopening expenses associated with new or expanded stores were charged to earnings as incurred.

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

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 nine year period from the beginning of fiscal 1992 to the end of fiscal 2000, the chain has grown from 34 stores to 311 stores. Total square footage grew from 917,000 square feet at the beginning of fiscal 1992 to 12,204,000 square feet at the end of fiscal 2000.

The Company intends to continue its expansion program and currently anticipates that in fiscal 2001 it will open at least 80 new stores (see details under "Liquidity and Capital Resources" below). The Company believes that a predominant portion of any increase in its net sales in fiscal 2001 will continue to be attributable to new store net sales. Accordingly, the continued growth of the Company is dependent, in large part, upon the Company's ability to execute its expansion program successfully, of which there can be no assurance.

LIQUIDITY AND CAPITAL RESOURCES

The Company has been able to finance both its normal operations and its expansion program principally through internally generated funds during the preceding five years. The Company's merchandise inventory has grown from $360.3 million at the end of fiscal 1998, to $470.4 million at the end of fiscal 1999 and to $606.7 million at the end of fiscal 2000. 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 $267.6 million at the end of fiscal 1998, to $360.6 million at the end of fiscal 1999, and to $532.5 million at the end of fiscal 2000. The increases between the fiscal years were primarily the result of increases in merchandise inventories and cash and cash equivalents, which were partially offset by increases in accounts payable and accrued expenses and other current liabilities.

The Company's expansion program requires the Company to make capital expenditures for furniture and fixtures, leasehold improvements and computer equipment on an ongoing basis. The Company's total capital expenditures were $140.4 million, $90.1 million and $62.3 million during fiscal 2000, 1999 and 1998, respectively.

Under the Company's revolving Credit Agreement (the "Credit Agreement") concluded in November 1994, and as subsequently amended, the Company may borrow up to $25.0 million for loans and letters of credit. The Credit Agreement matures in October 2001.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

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

The Company did not borrow under the Credit Agreement during fiscal 2000, fiscal 1999 or fiscal 1998. The Company believes that during fiscal 2001, internally generated funds will be sufficient to fund both its normal operations and its expansion program.

As of March 30, 2001, the Company has leased sites for 62 new superstores planned for opening in fiscal 2001, including one new store already opened in Wilkes Barre, Pennsylvania.

Approximate aggregate costs for the 62 leased stores are estimated at $91.8 million for merchandise inventories, $39.3 million for furniture and fixtures and leasehold improvements and $16.5 million for preopening expenses (which will be expensed as incurred). In addition to the 62 locations already leased, the Company expects to open approximately 18 additional locations during fiscal 2001. The costs that the Company is expected to incur in connection with the anticipated opening of other superstores for which sites have not yet been leased cannot presently be determined.

RECENT ACCOUNTING PRONOUNCEMENTS

In the fourth quarter of fiscal 2000, the Company adopted the provisions of the Financial Accounting Standards Board's Emerging Issues Task Force ("EITF") Issue No. 00-14, "Accounting for Certain Sales Incentives", which provides that the value of point of sale coupons and rebates that result in a reduction of the price paid by the customer be recorded as a reduction of sales, and that free merchandise incentives be recorded as cost of sales. Prior to adoption, the Company recorded its point of sale coupons and rebates in cost of sales. Upon adoption, the Company has reclassified such sales incentives as a reduction of sales in its consolidated statements of earnings for fiscal 2000, 1999 and 1998. The reclassification had no impact on gross profit, operating profit or net earnings.

In the fourth quarter of fiscal 2000, the Company also adopted the provisions of EITF Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs", which provides that amounts billed to a customer in a sale transaction related to shipping and handling represent revenues. Prior to adoption, the Company recorded such revenues and costs in selling, general and administrative expense. Upon adoption, the Company has reclassified such shipping and handling fees to sales and shipping and handling costs to cost of sales in its consolidated statements of earnings for fiscal 2000, 1999 and 1998. The reclassification had no impact on operating profit or net earnings.

As a result of these reclassifications, previously reported net sales decreased by approximately $20.5 million and $14.9 million and cost of sales decreased by approximately $20.4 million and $14.9 million in fiscal 1999 and fiscal 1998, respectively.

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 of operations and future financial condition may differ materially from those expressed in any such forward looking statements as a result of many factors that may be beyond the Company's control. Such factors include, without limitation: general economic conditions, changes in the retailing environment and consumer spending habits, demographics and other macroeconomic factors that may impact the level of spending for the types of merchandise sold by the Company; unusual weather patterns; competition from existing and potential competitors; competition from other channels of distribution; pricing pressures; the ability to find suitable locations at reasonable occupancy costs to support the Company's expansion program; the availability of trained qualified management personnel to support the Company's growth; and the cost of labor, merchandise and other costs and expenses.

SEASONALITY

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

CONSOLIDATED BALANCE SHEETS
Bed Bath & Beyond Inc. and Subsidiaries

(in thousands, except per share data)	March 3, 2001	February 26, 2000
Assets		
Current assets:		
Cash and cash equivalents	$ 239,328	$ 144,031
Merchandise inventories	606,704	470,433
Prepaid expenses and other current assets	39,681	32,904
Total current assets	885,713	647,368
Property and equipment, net	302,656	208,911
Other assets	7,356	9,521
	$1,195,725	$ 865,800
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 192,401	$ 145,114
Accrued expenses and other current liabilities	128,800	108,079
Income taxes payable	31,988	33,590
Total current liabilities	353,189	286,783
Deferred rent and other liabilities	25,518	19,972
Total liabilities	378,707	306,755
Commitments and contingencies (notes 3, 6 and 8)		
Shareholders' equity:		
Preferred stock - $0.01 par value; authorized - 1,000 shares; no shares issued or outstanding	--	--
Common stock - $0.01 par value; authorized - 350,000 shares; issued and outstanding - March 3, 2001, 287,890 shares and February 26, 2000, 280,812 shares	2,879	2,808
Additional paid - in capital	180,974	94,994
Retained earnings	633,165	461,243
Total shareholders' equity	817,018	559,045
	$1,195,725	$ 865,800

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EARNINGS
Bed Bath & Beyond Inc. and Subsidiaries

(in thousands, except per share data)	Fiscal Year Ended March 3, 2001	February 26, 2000	February 27, 1999
Net sales	$2,396,655	$1,857,505	$1,382,345
Cost of sales, including buying, occupancy and indirect costs	1,410,196	1,090,704	806,220
Gross profit	986,459	766,801	576,125
Selling, general and administrative expenses	713,621	557,461	418,073
Operating profit	272,838	209,340	158,052
Interest income	9,001	5,790	3,517
Earnings before provision for income taxes	281,839	215,130	161,569
Provision for income taxes	109,917	83,901	64,223
Net earnings	$ 171,922	$ 131,229	$ 97,346
Net earnings per share - Basic	$ .61	$ .47	$ .35
Net earnings per share - Diluted	$ .59	$ .46	$ .34
Weighted average shares outstanding - Basic	283,925	279,930	277,684
Weighted average shares outstanding - Diluted	292,876	288,234	286,472

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Bed Bath & Beyond Inc. and Subsidiaries

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Total
Balance at February 28, 1998	276,176	$ 2,762	$ 59,967	$ 232,668	$ 295,397
Net earnings				97,346	97,346
Shares sold under employee stock option plans	2,660	26	18,318		18,344
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

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Bed Bath & Beyond Inc. and Subsidiaries

	Fiscal Year Ended		
(in thousands)	March 3, 2001	February 26, 2000	February 27, 1999
Cash Flows from Operating Activities:			
Net earnings	$ 171,922	$ 131,229	$ 97,346
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	46,650	31,625	23,217
Tax benefit from exercise of stock options	48,295	8,932	11,546
Deferred income taxes	(3,939)	(8,197)	(5,166)
(Increase) decrease in assets:			
Merchandise inventories	(136,271)	(110,096)	(89,980)
Prepaid expenses and other current assets	2,627	(2,347)	(2,223)
Other assets	(1,124)	96	(1,276)
Increase (decrease) in liabilities:			
Accounts payable	47,287	45,744	34,652
Accrued expenses and other current liabilities	20,721	18,354	16,115
Income taxes payable	(1,602)	16,980	4,595
Deferred rent	3,370	3,616	3,766
Net cash provided by operating activities	197,936	135,936	92,592
Cash Flows from Investing Activities:			
Capital expenditures	(140,395)	(90,098)	(62,274)
Net cash used in investing activities	(140,395)	(90,098)	(62,274)
Cash Flows from Financing Activities:			
Proceeds from exercise of stock options	37,756	7,797	6,798
Net cash provided by financing activities	37,756	7,797	6,798
Net increase in cash and cash equivalents	95,297	53,635	37,116
Cash and cash equivalents:			
Beginning of period	144,031	90,396	53,280
End of period	$ 239,328	$ 144,031	$ 90,396

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS

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

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

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

C. FISCAL YEAR
The Company's fiscal year is comprised of the 52 or 53 week period ending on the Saturday nearest February 28. Accordingly, fiscal 2000 represented 53 weeks and ended on March 3, 2001; fiscal 1999 and fiscal 1998 represented 52 weeks and ended on February 26, 2000 and February 27, 1999, respectively.

D. RECENT ACCOUNTING PRONOUNCEMENTS
In the fourth quarter of fiscal 2000, the Company adopted the provisions of the Financial Accounting Standards Board's Emerging Issues Task Force ("EITF") Issue No. 00-14, "Accounting for Certain Sales Incentives", which provides that the value of point of sale coupons and rebates that result in a reduction of the price paid by the customer be recorded as a reduction of sales, and that free merchandise incentives be recorded as cost of sales. Prior to adoption, the Company recorded its point of sale coupons and rebates in cost of sales. Upon adoption, the Company has reclassified such sales incentives as a reduction of sales in its consolidated statements of earnings for fiscal 2000, 1999 and 1998. The reclassification had no impact on gross profit, operating profit or net earnings.

In the fourth quarter of fiscal 2000, the Company also adopted the provisions of EITF Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs", which provides that amounts billed to a customer in a sale transaction related to shipping and handling represent revenues. Prior to adoption, the Company recorded such revenues and costs in selling, general and administrative expense. Upon adoption, the Company has reclassified such shipping and handling fees to sales and shipping and handling costs to cost of sales in its consolidated statements of earnings for fiscal 2000, 1999 and 1998. The reclassification had no impact on operating profit or net earnings.

As a result of these reclassifications, previously reported net sales decreased by approximately $20.5 million and $14.9 million and cost of sales decreased by approximately $20.4 million and $14.9 million in fiscal 1999 and fiscal 1998, respectively.

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 Statement of Financial Accounting Standards ("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 maturities of three months or less to be cash equivalents.

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

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 (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 $28.4 million, $24.2 million and $17.3 million for fiscal 2000, 1999 and 1998, respectively.

J. 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 $23.3 million and $20.0 million as of March 3, 2001 and February 26, 2000, respectively.

K. SHAREHOLDERS' EQUITY
In July 2000 and June 1998, the Board of Directors approved two-for-one splits of the Company's common stock effected in the form of 100% stock dividends. The stock dividends were distributed on August 11, 2000 and July 31, 1998, respectively, to shareholders of record on July 28, 2000 and July 10, 1998, respectively.

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

L. REVENUE RECOGNITION
The Company recognizes revenue at the time of sale of merchandise to its customers. Revenues from the sale of gift cards, gift certificates and store credits are recognized when redeemed. A provision for merchandise returns is provided in the period that the related sales are recorded.

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

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

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

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

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

Q. 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.

R. USE OF ESTIMATES
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

(in thousands)	March 3, 2001	February 26, 2000
Furniture, fixtures and equipment	$ 219,243	$ 162,061
Leasehold improvements	168,370	114,549
Computer equipment	73,535	44,143
	461,148	320,753
Less: Accumulated depreciation and amortization	(158,492)	(111,842)
	$ 302,656	$ 208,911

3. CREDIT AGREEMENT

Under the Company's revolving Credit Agreement (the "Credit Agreement") concluded in November 1994, and as subsequently amended, the Company may borrow up to $25.0 million for loans and letters of credit. The Credit Agreement matures in October 2001. Interest on all borrowings is determined based upon several alternative rates as stipulated in the Credit Agreement.

The Credit Agreement contains certain covenants which, among other things, place limitations on payment of dividends, capital expenditures and certain expenses. Additionally, there are restrictions on additional borrowings and a requirement that the Company maintain certain financial ratios. The Company does not believe that any of these covenants have materially affected its business. Under the terms of these covenants, approximately $86.0 million was available for the payment of dividends at March 3, 2001.

The Company did not borrow under the Credit Agreement during fiscal 2000 or fiscal 1999. As of March 3, 2001 and February 26, 2000, there were approximately $2.9 million and $5.3 million in outstanding letters of credit, respectively.

4. PROVISION FOR INCOME TAXES

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

	Fiscal Years		
(in thousands)	2000	1999	1998
Current:			
Federal	$ 102,178	$ 82,652	$ 61,098
State and local	11,678	9,446	8,291
	113,856	92,098	69,389
Deferred:			
Federal	(3,535)	(7,356)	(4,549)
State and local	(404)	(841)	(617)
	(3,939)	(8,197)	(5,166)
	$ 109,917	$ 83,901	$ 64,223

Included in prepaid expenses and other current assets and in deferred rent and other liabilities are deferred income taxes of $35.4 million and $2.2 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:

(in thousands)	March 3, 2001	February 26, 2000
Deferred Tax Assets:		
Inventories	$ 13,729	$ 11,332
Deferred rent	9,103	7,789
Other	21,684	14,678
Deferred Tax Liability:		
Depreciation	(11,279)	(4,501)
	$ 33,237	$ 29,298

For fiscal 2000 and fiscal 1999, the effective tax rate is comprised of the Federal statutory income tax rate of 35.00% and the State income tax rate, net of Federal benefit, of 4.00%. For fiscal 1998, the effective tax rate is comprised of the Federal statutory income tax rate of 35.00% and the State income tax rate, net of Federal benefit, of 4.75%.

5. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

A. The Company has an interest in certain life insurance policies on the lives of its Co-Chairmen. The beneficiaries of these policies are related to the aforementioned individuals. The Company's interest in these policies is equivalent to the net premiums paid by the Company. At March 3, 2001 and February 26, 2000, other assets include $4.5 million and $4.0 million, respectively, representing the Company's interest in the life insurance policies.

B. The Company obtains certain payroll services from a related party. The Company paid fees for such services of $366,000, $557,000 and $424,000 for fiscal 2000, 1999 and 1998, 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 $634,000, $488,000 and $390,000 for fiscal 2000, 1999 and 1998, respectively. The Eisenberg Foundation and the Feinstein Foundation are each not-for-profit corporations of which Messrs. Eisenberg and Feinstein, the Co-Chairmen of the Company, and their family members are the trustees and officers.

6. LEASES

The Company leases retail stores, as well as warehouses, office facilities and equipment, under agreements expiring at various dates through 2021. Certain leases provide for contingent rents (which are based upon store sales exceeding stipulated amounts and are immaterial in fiscal 2000, 1999 and 1998), 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 3, 2001, future minimum lease payments under noncancelable operating leases are as follows:

FISCAL YEAR (in thousands)	AMOUNTS
2001	$165,057
2002	175,353
2003	173,125
2004	168,773
2005	165,042
Thereafter	1,031,840
Total minimum lease payments	$1,879,190

As of March 30, 2001, the Company had executed leases for 62 stores planned for opening in fiscal 2001.

Expenses for all operating leases were $142.6 million, $113.3 million and $89.5 million for fiscal 2000, 1999 and 1998, respectively.

7. EMPLOYEE BENEFIT PLAN

The Company has a defined contribution 401(k) savings plan (the "Plan") covering all eligible employees. Participants may defer between 1% and 15% of annual pre-tax compensation subject to statutory limitations. The Company has an option to contribute an amount as determined by the Board of Directors. In addition, each participant may elect to make voluntary, non-tax deductible contributions in excess of the pre-tax compensation limit up to 15% of compensation. As of March 3, 2001, the Company has made no contributions to the Plan.

8. COMMITMENTS AND CONTINGENCIES

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

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

9. SUPPLEMENTAL CASH FLOW INFORMATION

The Company paid income taxes of $68.0 million, $67.2 million and $53.5 million in fiscal 2000, 1999 and 1998, respectively.

10. STOCK OPTION PLANS

Options to purchase shares of the Company's common stock have been granted to employees under various stock option plans. The Company may grant options to purchase not more than an aggregate of 64.4 million shares of common stock, subject to adjustment under certain circumstances.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Option grants have been at market value, non-qualified and generally exercisable in five equal annual installments beginning one to three years after the date of grant and expire ten years from the date of grant.

The following table summarizes stock option transactions:

	NUMBER OF SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at February 28, 1998	21,209,796	$ 4.81
Options granted	5,540,400	11.77
Options exercised	(2,660,298)	2.55
Options canceled	(617,360	6.10
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 exercisable:		
At February 27, 1999	5,077,618	$ 3.84
At February 26, 2000	7,240,180	$ 4.81
At March 3, 2001	4,904,297	$ 7.12

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

The following tables summarize information pertaining to stock options outstanding and exercisable at March 3, 2001:

OPTIONS OUTSTANDING

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE
$ 1.06 to 6.12	4,295,046	4.35	$ 3.69
6.19 to 10.38	4,601,534	6.39	7.33
10.69 to 11.47	5,093,820	8.95	11.45
11.83 to 14.19	4,159,315	7.28	11.92
14.77 to 26.78	6,022,270	8.54	16.01
$ 1.06 to 26.78	24,171,985	7.26	$10.51

OPTIONS EXERCISABLE

RANGE OF EXERCISE PRICES	NUMBER EXERCISABLE	WEIGHTED-AVERAGE EXERCISE PRICE
$ 1.06 to 6.12	2,609,526	$ 3.40
6.19 to 10.38	832,974	7.27
10.69 to 11.47	73,300	11.15
11.83 to 14.19	554,555	12.03
14.77 to 26.78	833,942	14.98
$ 1.06 to 26.78	4,904,297	$ 7.12

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 in accordance with the fair value provisions of SFAS No. 123:

FISCAL YEARS

(in thousands, except per share data)	2000	1999	1998
NET EARNINGS:			
As reported	$ 171,922	$ 131,229	$ 97,346
Pro forma	$ 154,540	$ 119,158	$ 89,519
NET EARNINGS PER SHARE:			
Basic:			
As reported	$ 0.61	$ 0.47	$ 0.35
Pro forma	$ 0.54	$ 0.43	$ 0.32
Diluted:			
As reported	$ 0.59	$ 0.46	$ 0.34
Pro forma	$ 0.53	$ 0.41	$ 0.31

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 2000, 1999 and 1998, respectively: dividend yield of 0% for all years; expected volatility of 45%, 42% and 42%; risk free interest rates of 6.58%, 5.95% and 5.58%; and expected lives of seven years, seven years and six years. The weighted-average fair value of options granted during the year is $7.25, $8.34 and $6.06 for fiscal 2000, 1999 and 1998, respectively.

11. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

(in thousands, except per share data)	FISCAL 2000 QUARTER ENDED				FISCAL 1999 QUARTER ENDED			
	May 27, 2000	August 26, 2000	November 25, 2000	March 3, 2001	May 29, 1999	August 28, 1999	November 27, 1999	February 26, 2000
Net sales	$459,163	$589,381	$602,004	$746,107	$356,633	$451,715	$480,145	$569,012
Gross profit	187,293	241,284	246,080	311,802	146,214	185,570	196,784	238,233
Operating profit	36,339	70,009	64,592	101,898	28,015	53,580	50,607	77,138
Earnings before provision for income taxes	38,301	71,440	66,664	105,434	29,317	54,503	51,978	79,332
Provision for income taxes	14,937	27,862	25,999	41,119	11,434	21,256	20,271	30,940
Net earnings	$ 23,364	$ 43,578	$ 40,665	$ 64,315	$ 17,883	$ 33,247	$ 31,707	$ 48,392
EPS - Basic (1)	$ .09	$ .15	$ .14	$ .22	$ .07	$ .12	$ .11	$ .17
EPS - Diluted (1)	$ .08	$ .15	$ .14	$ .22	$ .06	$ .12	$ .11	$ .17

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

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BED BATH & BEYOND INC.:

We have audited the accompanying consolidated balance sheets of Bed Bath & Beyond Inc. and subsidiaries as of March 3, 2001 and February 26, 2000, 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 3, 2001. 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 3, 2001 and February 26, 2000, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended March 3, 2001 in conformity with accounting principles generally accepted in the United States of America.

New York, New York
March 30, 2001

DIRECTORS AND OFFICERS

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.

KLAUS EPPLER
Partner, Proskauer Rose LLP,
New York, New York

ROBERT S. KAPLAN
Managing Director, Goldman, Sachs & Co.,
New York, New York

ROBERT J. SWARTZ
Vice President, Alco Capital Group, Inc.,
New York, New York

OFFICERS

WARREN EISENBERG
Co-Chairman and Co-Chief Executive Officer

LEONARD FEINSTEIN
Co-Chairman and Co-Chief Executive Officer

STEVEN H. TEMARES
President and Chief Operating Officer

RONALD CURWIN
Chief Financial Officer and Treasurer

ARTHUR STARK
Chief Merchandising Officer and Senior Vice President

MATTHEW FIORILLI
Senior Vice President - Stores

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 - E-Service

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

ALAN JACOBSON
Vice President - Stores - Western Region

LEIF TODD JOHNSON
Vice President - General Merchandising

EDWARD KOPIL
Vice President - Stores - Southern Region

PHILLIP KORNBLUH
Vice President - Visual Merchandising

RITA LITTLE
Vice President - Marketing

MARTIN LYNCH
Vice President - Merchandise Operations

STEPHEN J. MURRAY
Vice President - Information Technology

WILLIAM ONKSEN
Vice President - Stores - MidAtlantic and Midwest Regions

CHRISTINE R. PIROG
Vice President - Store Operations

CONCETTA VAN DYKE
Vice President - Human Resources

CORPORATE AND SHAREHOLDER INFORMATION

CORPORATE OFFICE
650 Liberty Avenue
Union, New Jersey 07083
Telephone: 908/688-0888

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

SHAREHOLDER INFORMATION
A copy of the Company's 2000 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.

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

STOCK ACTIVITY

The following table sets forth by fiscal quarter the high and low reported sales prices of the Company's Common Stock on the NASDAQ National Market during fiscal 2000 and fiscal 1999:

Quarter	High	Low
Fiscal 2000		
First	$ 21.81	$ 11.38
Second	20.19	16.38
Third	26.44	17.44
Fourth	27.06	20.17
Fiscal 1999		
First	$ 19.69	$ 14.56
Second	19.47	12.75
Third	18.50	13.69
Fourth	18.00	11.22

At March 30, 2001, there were approximately 650 shareholders of record. This number excludes individual shareholders holding stock under nominee security position listings.

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 28, 2001, at the Headquarters Plaza Hotel, Three Headquarters Plaza, Morristown, New Jersey.

WEBSITE
www.bedbathandbeyond.com

Exhibit 21

SUBSIDIARIES OF BED BATH & BEYOND INC.

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

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

Exhibit 23

INDEPENDENT AUDITORS' CONSENT

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

We consent to incorporation by reference in the registration statements (No. 33-63902, 33-87602, 333-18011 and 333-75883) on Forms S-8 of Bed Bath & Beyond Inc. of our reports dated March 30, 2001, relating to the consolidated balance sheets of Bed Bath & Beyond Inc. and subsidiaries as of March 3, 2001 and February 26, 2000, 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 3, 2001 and the related schedule, which reports appear or are incorporated by reference in the March 3, 2001 annual report on Form 10-K of Bed Bath & Beyond Inc.

/S/ KPMG LLP
New York, New York
May 31, 2001