

**BED BATH &  
BEYOND®**

## **Announcing Transformation of Board of Directors and Additional Governance Enhancements**

**April 22, 2019**



# Building a Better Bed Bath & Beyond

## **We Are Transforming Our Board and Governance Structure to Support the Transformation of our Business**

- ✓ **Adding 5 new and independent, highly qualified, and diverse directors**
- ✓ **Patrick Gaston has been named Independent Chairman**
- ✓ **5 existing independent directors will step down from the Board**
- ✓ **Co-Founders and Co-Chairmen have transitioned to a Co-Chairmen Emeriti status and will retire from the Board**
- ✓ **Taking into account these recent changes 80% of our board will have joined since 2017 and 80% are of diverse backgrounds**
- ✓ **Forming a Business Transformation and Strategy Review committee**
- ✓ **Reconstitution of our independent committee structures, including appointment of committee chairs**
- ✓ **Will adopt a new executive compensation plan**

# Bed Bath & Beyond's Governance Transformation is a Direct Result of Our Shareholder Engagement

## What We Heard from Shareholders

## Taking Action to Enhance Governance

### 1 Accelerate Board Refreshment

- ✓ Process executed by our recently reconstituted independent Nominating & Governance Committee, led by Chairwoman Virginia Ruesterholz
- ✓ Engaged Heidrick & Struggles, a leading executive search firm, to identify recent appointees
- ✓ 5 new independent, highly qualified and diverse candidates appointed to the Board, effective May 1, 2019
- ✓ 7 of the longest-tenured directors to leave Board
- ✓ In total, 8 new directors appointed in past 2 years (80% of the pro forma board)

### 2 Enhance the Board With New Skills

- ✓ New directors with significant experience in global retail, merchandising, technology, logistics, finance and governance
- ✓ Highly complementary to existing Board Director qualifications
- ✓ Bringing with them experience in business transformation and a track record of enhancing shareholder value
- ✓ Each new director is diverse, and 80% of the Board is diverse, 60% women

### 3 Enhance Board Leadership








- ✓ Patrick Gaston designated as Board Independent Chairman
- ✓ Co-Founders and Co-Chairmen transitioned to a Co-Chairmen Emeriti status and will retire from the Board, effective May 1, 2019
- ✓ Forming a Business Transformation and Strategy Review Committee to review all aspects of the Company's business transformation, strategy and structure
- ✓ Audit and Compensation Committees to be reconstituted with a mix of new and existing directors, including committee chairs

### 4 Improve Executive Compensation Plan

- ✓ Will adopt new executive compensation plan, to be shared in connection with filing of our proxy
- ✓ Will increase the at-risk component of executive compensation
- ✓ Further align compensation plan with Company performance and long-term shareholder value creation

# Our Highly Independent Board Has Dramatically Evolved

## 2016





 <b>Dean Adler</b> Joined Board: 2001	 <b>Stanley Barshay</b> Joined Board: 2003	<b>C</b>  <b>Warren Eisenberg</b> Joined Board: 1971	 <b>Geraldine Elliott</b> Joined Board: 2014
<b>L</b>  <b>Klaus Eppler</b> Joined Board: 1992	<b>C</b>  <b>Leonard Feinstein</b> Joined Board: 1971	 <b>Patrick Gaston</b> Joined Board: 2007	 <b>Jordan Heller</b> Joined Board: 2003
 <b>Victoria Morrison</b> Joined Board: 2001	 <b>Steven Tomares</b> Joined Board: 1999		

## Today

 <b>Stephanie Bell-Rose</b> Joined Board: 2018	 <b>Harriet Edolman</b> Joined Board: 2019	<b>IC</b>  <b>Patrick Gaston</b> Joined Board: 2007	 <b>JB Osborne</b> Joined Board: 2018
 <b>Harsha Ramalingam</b> Joined Board: 2019	 <b>Virginia Ruesterholz</b> Joined Board: 2017	 <b>Steven Tomares</b> Joined Board: 1999	 <b>Andrea Weiss</b> Joined Board: 2019
 <b>Mary Winston</b> Joined Board: 2019	 <b>Ann Yerger</b> Joined Board: 2019		

  Former Director  
   Added in Past 2 Years  
   New Directors  
 C Chairman  
 IC Independent Chairman  
 L Lead Director

# The Board is More Independent, More Diverse and Brings Fresh Perspectives

	2016		Current
<b>Independent Directors</b>	<b>70%</b>		<b>90%</b>
<b>Average Director Tenure</b>	<b>20 years</b>		<b>&lt;4 years</b>
<b>% Diverse Directors</b>	<b>30%</b>		<b>80%</b>
<b>Average Director Age</b>	<b>68</b>		<b>~58</b>

# Our Directors Bring Substantial Branding, Retail, Operational and Technology Skills to the Boardroom

	Brand Marketing / Product Merchandising	Corporate Finance/ Capital Markets / Financial Acumen	Industry Experience	International Experience	Operations Management Experience	Public Company Board Service / Corporate Governance	Real Estate	Senior Leadership & Strategic Planning	Technology / Data Security
Patrick Gaston									
Steven Temares									
Stephanie Bell-Rose									
JB Osborne									
Virginia Ruesterholz									
Harriet Edelman									
Harsha Ramalingam									
Andrea Weiss									
Mary Winston									
Ann Yerger									
<b>Total</b>	<b>5 / 10</b>	<b>7 / 10</b>	<b>7 / 10</b>	<b>8 / 10</b>	<b>8 / 10</b>	<b>6 / 10</b>	<b>3 / 10</b>	<b>10 / 10</b>	<b>5 / 10</b>

# Our New Board Leadership

- ✓ **Transitions to independent Board Chair leadership**
- ✓ **New Chairwoman of the Nomination & Corporate Governance Committee**



**Patrick Gaston**  
Independent Chairman

- Chief Executive Officer of Gaston Consulting
- President of the Western Union Foundation (2013-2016)
- President of the Verizon Foundation (2003 – 2011)
- Various management positions at Verizon Communications, Inc. (1984 - 2011)
- Director of BBY since 2007

---

**Mr. Gaston brings to the Board extensive business and leadership experience in areas such as finance, human resources, public affairs, diversity, and strategic planning.**



**Virginia Ruesterholz**  
Chairwoman of the Nomination & Corporate Governance Committee

- Executive Vice President – Strategic Initiatives of Verizon Communications (2012)
- President of Verizon Services Operations (2009-2011)
- President of Verizon Telecom (2006-2009)
- Serves on the Board of Frontier Communications Corporation and the Hartford Financial Services Group
- Director of BBY since 2017

---

**Ms. Ruesterholz's extensive experience with executing a transformational business plan, involving significant investment in technology and related services, is highly relevant.**

# Bed Bath & Beyond's New Independent Directors (1/3)

## Harriet Edelman



- Vice Chairman of Emigrant Bank  
Former SVP, CIO, Business Transformation, and SVP Global Supply Chain at Avon Products
- Director of Brinker International and Assurant
- Former Director of Blair Corporation, The Hershey Company,
- Ariba Inc. and UCB S.A  
Vice Chairman and Member of the Executive, Finance and Nominating & Governance Committees, Bucknell University Board of Trustees

### Senior Leadership

Extensive leadership experience with 16 years of corporate governance experience as Vice Chairman of Emigrant Bank

### Business Experience

Spent nearly 30 years at Avon Products Inc. where she rose to various leadership positions in virtually every function, including business transformation, marketing, new product development, and sales

### Board Experience

Significant public company experience, having served on four boards of directors including current service on the boards of Brinker International and Assurant

Financial Expertise

Brand Marketing

Supply Chain Management

## Harsha Ramalingam



- Senior Advisor, Boston Consulting Group and President and Owner of Ramalingam Consulting
- Former Global VP of the e-commerce Platform Group, ownership of the CIO and CISO Functions at Amazon.com, member of Consumer Leadership Team
- VP, Products and Operations, ECM SaaS/Cloud at ECM Corp
- Former Director of Intralinks

### Technology Experience

Over 30 years of operational leadership experience and global expertise in areas including information technology and internet software

### Business Experience

Led Amazon.com's platform technology organization, including eCommerce, information security, corporate information systems (CIS) and new business incubation

### Board Experience

Served on the board of Intralinks, a software provider of secure communications solutions

Cyber Security

Senior Leadership

Global Experience



# Bed Bath & Beyond's New Independent Directors (2/3)

## Andrea Weiss



chico's THE LIMITED®

dELiA\*s



GUESS



- Founding Partner, The O Alliance Consulting Services
- CEO and Founder of Retail Consulting
- Former executive at dELiA\*s, The Limited, GUESS,
- Ann Taylor Stores and The Walt Disney Company
- Director of Cracker Barrel Old Country Store and RPT Realty
- Former Director of GSI Commerce, Pep Boys, Chico's FAS and Nutrisystem

### Senior Leadership

Previously held executive leadership roles at **dELiA\*s, The Limited, GUESS, Ann Taylor Stores and The Walt Disney Company**

### Retail Experience

Early innovator in multi-channel commerce and brings nearly 30 years of entrepreneurial leadership experience in the retail industry, transforming in to the digital space

### Board Experience

Significant **public company experience**, having served on four boards including currently on **Cracker Barrel Old Country Store, RPT Realty**

Brand Marketing

Operation Management

Real Estate

## Mary Winston



AcuityBrands.



FAMILY DOLLAR



- President and Founder, WinsCo Enterprises Consulting Services
- Former EVP, CFO, Family Dollar Stores
- Former senior executive at Giant Eagle, Scholastic, Visteon, Pfizer
- Director of Acuity Brands, Domtar and Dover
- Former Director of Plexus Corp and SuperValu

### Financial Expertise

Extensive **financial expertise**, having served as the **CFO of Family Dollar Stores, Giant Eagle and Scholastic**

### Senior Leadership

Currently serving as the founder of WinsCo Enterprises and previously held executive leadership roles at Family Dollar Stores, Giant Eagle, Scholastic, Visteon and Pfizer

### Board Experience

Significant **public company experience**, having served on five boards of directors including currently on the board of **Acuity Brands, Domtar and Dover**

Retail Experience

Corporate Finance

# Bed Bath & Beyond's New Independent Directors (3/3)

## Ann Yerger



SpencerStuart



- **Corporate Governance Specialist, North American Board Practice, Spencer Stuart**
- **Director, Hershey Entertainment and Resorts Company**
- **Member of Grant Thornton Audit Quality Advisory Council**
- **Member of Investor Advisory Group of the Public Company**
- **Accounting Oversight Board, the Investor Advisory Committee of the US Securities and Exchange Commission, Weinberg Center for Corporate Governance Advisory Board, the Nasdaq Listing and Hearing Review Council and the US Treasury Department's Advisory Committee on the Auditing Profession**
- **Executive Director, EY Center for Board Matters**
- **Former Executive Director of the Council of Institutional Investors (CII)**
- **Former IRRR deputy director for the Investor Responsibility Research Center's corporate governance service**

### Senior Leadership

**Extensive leadership experience** as a nationally recognized governance specialist in various roles

### Governance Experience

Spent nearly 20 years at CII including 10 years in leadership as executive director

### Board Experience

Serves on the board of Hershey Entertainment and Resorts Company, chairing the Governance Committee and serving on the Compensation and Executive Organization Committee

# Additional Key Governance Initiatives

- ✓ **Will adopt new executive compensation plan in response to shareholder feedback, to be shared in connection with filing of our proxy**
  - **Builds upon the ~40% reduction in compensation since 2015**
  - **Will increase the at-risk component of executive compensation**
  - **Further alignment with Company performance and long-term shareholder value**
  
- ✓ **Will form Business Transformation and Strategy Review committee**
  - **To review all aspects of the Company's business transformation, strategy and structure**
  
- ✓ **Reconstitution of our independent committee structure**
  - **Includes the appointment of Chairs for all committees**

## **Appendix – Foundation for Significant Transformational Change**

# Our Mission

**To be the trusted expert for the home and heart-felt life events.**



# Bed Bath & Beyond's Strategic Advantages

**Strong brands that are trusted by customers with a reputation for quality**

**BED BATH & BEYOND**

**buybuy BABY**

**COST PLUS WORLD MARKET**  
Unique, authentic and always affordable.

**HARMON<sup>®</sup> FACE VALUES**

**Christmas Tree Shops and that!**

**Personalization MALL.COM**

**decorist**

**ONE KINGS LANE NEW YORK**

**HARBOR LINEN**  
A BED BATH & BEYOND COMPANY

**Of a Kind**

**T-Y GROUP**

**Omni-channel capabilities leveraging both physical and digital assets**



**1,500+ physical locations across all brands...**



**...complemented by our digital platforms**

**Deep expertise in whole home across all important life stages**



**A solution for every room in the house...**



**...through every important life stage**

# Bed Bath & Beyond is Responding to the Challenging and Dynamic Retail Environment

## Dynamic Retail Environment

- **Dramatic shift to omnichannel – customers demanding a seamless, convenient experience between in-store and digital**
- **Significant competition with high level of pricing transparency – both to the customer and the retailer**
- **Customer preference for breadth of offering in both brick & mortar and digital experience**
- **High level of interest in destinational categories (e.g. bed, bath, kitchen, windows and tabletop) and focus on experiential retail**
- **Shift from branded items to high-quality private label products**

## Bed Bath & Beyond's Response

- **Complete transformation of Bed Bath & Beyond's business over the past 18 months**
- **Structural change of our organization and infrastructure**
- **Investments in IT, analytics, and value optimization to enable data-driven decision making**
- **Evolution of our in-store and digital customer experience**
- **Enhancement of our assortment – including new private label brands**
- **Extensive focus on profitability, down to the item by channel**

# Key Initiatives in the Multi-Year Transformation plan

## Drive Mid-and-Long-term Revenue Growth

- **Concept Strategy/ Brand Vision**
- **Proprietary Brands & Private Label**
- **Next Gen Lab Store Initiatives**
- **Front-End Optimization**
- **Value Optimization**

## Drive Near-term and Ongoing Gross Margin Improvements

- **Merchandise Mix**
- **Value Optimization**
- **Coupon Strategy**
- **Supply Chain Enhancements**
- **Global Sourcing/ 2<sup>nd</sup> Sourcing Office in Asia**

## Drive Near-term and Ongoing SG&A Improvements

- **Store Labor Model**
- **Marketing Efficiency**
- **Occupancy/Real Estate Optimization**

## Current and Sustainable World-Class Operational Support

- **Reconstructed Team/ Changing How We Work**
- **Data & Analytics as a Strategic Asset**
- **IT Transformation/ India Development Center**