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 February 28, 1998

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

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 8, 1998, 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 $2,964,434,769.*

The number of shares outstanding of the issuer's common stock (par value $0.01 per share) at May 8, 1998: 69,232,181.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement filed on May 15, 1998 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 February 28, 1998 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 12,091,958 shares beneficially owned by directors and executive officers, including in the case of the Co-Chief Executive Officers and trusts and foundations affiliated with them. In making such calculation, the Registrant does not determine the affiliate or non-affiliate status of any shares for any other purpose.

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PART I

Unless otherwise indicated, the terms "Company" and "Bed Bath & Beyond" refer collectively to Bed Bath & Beyond Inc. and its subsidiaries. Effective February 26, 1996, the Company changed its fiscal year-end from the 52 or 53 week period ending on the Sunday nearest February 28 to the 52 or 53 week period ending on the Saturday nearest February 28. Accordingly, the 1997 fiscal year represented 52 weeks and ended on February 28, 1998; the 1996 fiscal year represented 52 weeks and 6 days and ended on March 1, 1997; and the 1995 fiscal year represented 52 weeks and ended on February 25, 1996. 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 offers 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 8, 1998, the Company operated 148 stores in 29 states: Alabama (2), Arizona (3), California (17), Colorado (3), Connecticut (3), Florida (16), Georgia (7), Illinois (9), Indiana (2), Kansas (1), Kentucky (1), Maryland (5), Massachusetts (5), Michigan (5), Minnesota (1), Missouri (4), New Jersey (9), New Mexico (1), New York (12), North Carolina (2), Ohio (4), Oklahoma (1), Oregon (1), Pennsylvania (5), Tennessee (3), Texas (16), Virginia (8), Washington (1) and Wisconsin (1). 144 of these stores use the superstore format that was pioneered by the Company in 1985. These stores are on average approximately 42,000 square feet in size and carry the Company's full line of both domestics merchandise and home furnishings. The other four stores, all established prior to 1986, are smaller stores that primarily carry domestics merchandise.

HISTORY

The Company was founded in 1971. Leonard Feinstein and Warren Eisenberg, the Co-Chief Executive Officers and founders of the Company, each has more than 35 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 operated under the name "bed n bath" and sold primarily bed linens and bath accessories. The Company continued to open bed n bath stores and by 1985 had opened stores in New York, New Jersey, Connecticut and California. 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. All stores opened by the Company after 1985 use this format and carry the Company's 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 33 in 1997, 28 in 1996, and 19 in 1995) and the expansion of existing stores (including three in 1997, two in 1996 and two in 1995). 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 5,767,000 square feet at the end of 1997. The Company's expansion program is continuing, and the Company currently anticipates that in 1998 it will open approximately 40 new superstores, which includes the seven new superstores opened through May 8, 1998.

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, decorative pillows, blankets, dust ruffles, bed pillows and mattress pads.

- bath items: towels, shower curtains, waste baskets, mirrors, hampers, robes, 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 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 fragrances), 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 Wamsutta, Martex, Fieldcrest, Cannon, Croscill, Laura Ashley, Calphalon, Mikasa, Krups, J.A. Henckels, All-Clad, Portmeirion, Black & Decker, Rubbermaid, Springs, Braun, Kitchenaid, Cuisinart, Hoover, Brita, Pillowtex 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 many of its superstores carry in excess of 30,000 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, uses simple modular fixturing throughout the store. This fixturing is designed so that it can be easily reconfigured to adapt to changes in the Company'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 27 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.

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 distributed during key selling periods of the year as its primary vehicles of paid advertising. In certain instances, paid radio and television advertising may be used. 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 1992 to 141 at the end of 1997, and the total square footage of store space has increased from approximately 917,000 square feet at the beginning of 1992 to approximately 5,767,000 square feet at the end of 1997. During the current fiscal year, the Company opened 33 new superstores and expanded three stores, which resulted in the addition of approximately 1,420,000 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)	CLOSED STORES	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR
				(IN SQUARE FEET)			
1993	4	9	2	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

(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 a single store. The Company will consider opening additional stores in that market, once the store has been proven successful.

From the end of fiscal 1997 through May 8, 1998, the Company has opened seven stores which are located in: San Mateo, California; Boynton Beach, Oviedo, and Pembroke Pines, Florida; Fairview Heights, Illinois; Roseville, Michigan; and Knoxville, Tennessee. During the balance of 1998, the Company currently anticipates that it will open approximately 33 additional stores. The Company has already leased sites for 22 additional stores to be located in: Chandler, Arizona; Dublin, Pasadena and Valencia, California; North Colorado Springs, Colorado; Brandywine, Delaware; Aventura and St. Petersburg, Florida; Crystal Lake and Geneva, Illinois; Shawnee, Kansas; Frederick and Towson, Maryland; Auburn Hills and Grand Rapids, Michigan; Lincoln, Nebraska; Columbus, Ohio; Oklahoma City, Oklahoma; Newport News and Richmond, Virginia; and Redmond and Seattle, Washington; and is in lease negotiations for several additional sites.

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 from three to five stores. Each of the Company's district managers typically supervise four to eight stores, even though the Company believes that each district manager has the capacity to supervise up to ten stores.

STORE OPERATIONS

MERCHANDISING

The Company maintains its own central buying staff, comprised of four general merchandise managers and twenty buyers. Senior members of this buying staff report to the Vice President of Merchandising. The merchandise mix for each store is selected by the central buying staff, in consultation with store managers and other local store personnel. The central buying staff is responsible for selecting the merchandise and for ordering the initial inventory required upon the opening of each store and for ordering the first shipment of any new product line that may be subsequently added to a store's merchandise mix.

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 approximately 3,000 suppliers. In 1997, the Company's largest supplier accounted for approximately 6% of the Company's merchandise purchases and the Company's 10 largest suppliers accounted for approximately 25% 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, although the Company is seeking to increase its direct purchases from overseas sources. Such direct purchases do not presently represent a significant portion of the Company's merchandise requirements. 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 several 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 90% 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 all reordering done 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 one to three assistant managers 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 who in turn report to the Vice President of Stores. Decisions relating to pricing, advertising and markdowns for all stores are made centrally in the Company's Buying Office, and certain store support functions (such as finance and management information systems) 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 February 28, 1998, the Company employed approximately 8,200 persons, of whom approximately 5,300 were full-time employees and 2,900 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 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. Some of the Company's competitors operate substantially more stores and have substantially greater financial and other resources than the Company, including, in a few cases, better name recognition.

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 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	67	Chairman, Co-Chief Executive Officer and Director
Leonard Feinstein	61	President, Co-Chief Executive Officer and Director
Steven H. Temares	39	Executive Vice President - Chief Operating Officer
Ronald Curwin	68	Chief Financial Officer and Treasurer
Arthur Stark	43	Vice President - Merchandising
Matthew Fiorilli	41	Vice President - Stores
Jonathan Rothstein	40	Vice President - Product Development and Marketing

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, thereafter as 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, thereafter as President and Co-Chief Executive Officer).

Mr. Temares was promoted to Executive Vice President - Chief Operating Officer of the Company in January 1997. Prior to 1997, Mr. Temares served as Director of Real Estate and General Counsel. Prior to joining the Company in 1992, Mr. Temares engaged in the private practice of law.

Mr. Curwin, a certified public accountant, joined the Company in 1994 as Chief Financial Officer and Treasurer. Prior to joining the Company, Mr. Curwin was engaged as a registered representative in the financial services industry. Prior to 1992, Mr. Curwin was Chief Financial Officer of Channel Home Centers, Inc., a retailer of home improvement products.

Mr. Stark joined the Company in 1977. Mr. Stark was promoted to Vice President - Merchandising in April 1998. Mr. Stark was Director of Store Operations - Western Region from 1994 until April 1998 and previously was Regional Manager - Western Region.

Mr. Fiorilli joined the Company in 1973. Mr. Fiorilli was promoted to Vice President - Stores in April 1998. Mr. Fiorilli was Director of Store Operations - Eastern Region from 1994 until April 1998 and previously was Regional Manager - Eastern Region.

Mr. Rothstein joined the Company in 1984. Mr. Rothstein was promoted to Vice President - Product Development and Marketing in April 1998. Mr. Rothstein was General Merchandise Manager - Home Furnishings from 1988 until April 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 148 stores are located in 29 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 85,000 square feet, but are predominantly between 30,000 and 50,000 square feet in major markets. The Company's four 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 8, 1998:

State	Number of Stores
Alabama	2
Arizona	3
California	17
Colorado	3
Connecticut	3
Florida	16
Georgia	7
Illinois	9
Indiana	2
Kansas	1
Kentucky	1
Maryland	5
Massachusetts	5
Michigan	5
Minnesota	1
Missouri	4
New Jersey	9
New Mexico	1
New York	12
North Carolina	2
Ohio	4
Oklahoma	1
Oregon	1
Pennsylvania	5
Tennessee	3
Texas	16
Virginia	8
Washington	1
Wisconsin	1

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 four locations amounting to approximately 90,000 square feet. This space is used to supplement the warehouse facilities in the Company's stores in proximity to these locations. See Item 1 "Business--Store Operations--Warehousing."

The Company's Corporate Office is located in 63,500 square feet of office space that the Company leases in Union, New Jersey. The Company's Buying Office is located in 26,400 square feet of office space that the Company leases 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 February 28, 1998.

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 1996 :		
1st Quarter	$31 1/2	$19 11/16
2nd Quarter	31	18 1/4
3rd Quarter	29 3/4	20 3/8
4th Quarter	31 3/4	24 1/8
Fiscal 1997 :		
1st Quarter	$29 1/2	$22 7/8
2nd Quarter	36 1/8	27 3/4
3rd Quarter	36 1/4	28 13/16
4th Quarter	44 7/8	32
Fiscal 1998 :		
1st Quarter (through May 8, 1998)	$55 1/2	$40

The common stock is quoted through the NASDAQ National Market System under the symbol BBBY. On May 8, 1998, there were approximately 500 shareholders of record of the common stock (without including individual participants in nominee security position listings). On May 8, 1998, the last reported sale price of the common stock was $51 7/8.

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 February 28, 1998 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 February 28, 1998 on pages 10 through 13 and is incorporated herein by reference.

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 February 28, 1998 on pages 14 through 24 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 26, 1998 filed with the Commission pursuant to Regulation 14A. The Compensation Report of the Board of Directors and the performance graph 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 14 through 24 of the Company's Annual Report to Shareholders for the fiscal year ended February 28, 1998:

Consolidated Balance Sheets as of February 28, 1998 and March 1, 1997

Consolidated Statements of Earnings for the fiscal years ended February 28, 1998, March 1, 1997 and February 25, 1996

Consolidated Statements of Shareholders' Equity for the fiscal years ended February 28, 1998, March 1, 1997 and February 25, 1996

Consolidated Statements of Cash Flows for the fiscal years ended February 28, 1998, March 1, 1997 and February 25, 1996

Notes to Consolidated Financial Statements

Independent Auditors' Report

(a) (2) FINANCIAL STATEMENT SCHEDULES

All schedules are omitted because they are not required, not applicable or the information is included in the financial statements or notes thereto.

(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.

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
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	Chairman, Co-Chief Executive Officer and Director (principal executive officer)	May 29, 1998
/s/ Leonard Feinstein LEONARD FEINSTEIN	President, Co-Chief Executive Officer and Director	May 29, 1998
/s/ Ronald Curwin RONALD CURWIN	Chief Financial Officer and Treasurer (principal financial and accounting officer)	May 29, 1998
/s/ Klaus Eppler KLAUS EPPLER	Director	May 29, 1998
/s/ Robert S. Kaplan ROBERT S. KAPLAN	Director	May 29, 1998
/s/ Robert J. Swartz ROBERT J. SWARTZ	Director	May 29, 1998

ANNUAL REPORT ON FORM 10-K

ITEM 14 (a)(3)

EXHIBITS

BED BATH & BEYOND INC.

FISCAL YEAR ENDED FEBRUARY 28, 1998

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)
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

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

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)
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)
13**	Company's 1997 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
27	Financial Data Schedule (Filed electronically with SEC only)

- - ----------

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

** Filed herewith.

Exhibit 10.16

BED BATH & BEYOND INC.
715 Morris Avenue
Springfield, NJ 07081

As of December 1, 1994

Mr. Steven H. Temares

Dear Steve:

We write to set forth our agreement with respect to your employment as an executive of Bed Bath & Beyond Inc. (the "Company"). Your current title with the Company is Director of Real Estate and General Counsel.

1. DUTIES. The Company hereby agrees to employ you, and you agree to be employed by the Company, on the terms and conditions hereinafter set forth. You will perform such duties as may from time to time be assigned to you by either of the current Co-Chief Executive Officers of the Company, or by the Board of Directors of the Company provided such duties are no less responsible than those theretofore assigned to you by either of the current Co-Chief Executive Officers of the Company. You agree to serve the Company faithfully, diligently and competently, and to devote your full working time, energy and skill to the Company's business. Your place of employment will remain in the greater New York area unless you consent to move.

2. COMPENSATION. The Company will pay you an annual salary at a rate not less than your current salary, payable in accordance with the Company's customary payroll practices from time to time in effect. The Company will review your compensation annually and may, in its sole discretion, increase your annual salary. At no time will your annual salary be less than your annual salary in the immediately preceding year. You will be entitled to participate in such privileges and in such insurance and other benefit programs as are generally made available to the Company's employees to the extent you meet the eligibility requirements for such privileges and programs. You will be entitled to take vacations in accordance with the Company's vacation policy for managers from time to time in effect.

3. SEVERANCE COMPENSATION.

(a) Your employment by the Company is not for any specific term but rather is on an ongoing at-will basis with the right by the Company and you to terminate your employment at any time. If the Company terminates your employment for any reason other than for "cause", then the Company shall pay you, as severance pay, provided that you have not breached the provisions of paragraph 4 hereof, your salary at the rate in effect immediately prior to such termination, for a period of three (3) years, in normal payroll installments in accordance with the Company's then payroll practices or, at the Company's option, in a lump sum. Thus, if you have not violated the non-compete restrictions in paragraph 4 hereof during a period expiring one year after the termination of your employment (as well as the other restrictions in that paragraph), the Company will guarantee that you will receive your salary for a period of three (3) years. This three-year severance obligation shall also apply if the Company terminates your employment by reason of your death or disability. Your severance pay under paragraphs 3 (a) and (c) shall be reduced by any salary, bonus or like monetary compensation earned by you as a result of your employment by another employer or otherwise. The Company shall have "cause" to terminate your employment only if you have (i) acted in bad faith or with dishonesty, (ii) wilfully failed to follow the reasonable and lawful directions of the Company's current Co-Chief Executive Officers or the Board of Directors commensurate with your title and duties, (iii) performed your duties with gross negligence, or (iv) been convicted of a felony.

(b) In addition, if the Company terminates your employment for any reason other than for "cause", and if at the date of such termination there are options granted to you by the Company under any option plan which was then not exercisable by reason of the installment terms thereof, the Company shall take such steps as may be necessary or appropriate to make such options immediately exercisable for a period of at least thirty (30) days following the termination of your employment.

(c) If you voluntarily leave the employ of the Company for any reason, the Company shall pay you, as severance pay, provided that you have not breached the provisions of paragraph 4 hereof and provided the Company shall not have "cause" to terminate your employment, your salary at the rate in effect immediately prior to your leaving the Company's employ for a period of one (1) year in normal payroll installments in accordance with the Company's then payroll practices or, at the Company's option, in a lump sum.

4. ADDITIONAL PROVISIONS. During your employment by the Company and for a period of one year thereafter, you agree that you will not: (a) whether alone or in association with any other person, directly or indirectly, engage or be interested in any business or enterprise in the United States that is competitive with the business of the Company. For purposes of this paragraph, you will be considered to have been engaged or interested in any business or enterprise if you are interested in such business or enterprise as a stockholder, director, officer, employee, agent, broker, partner, individual proprietor, lender, consultant or in any other capacity, except that nothing herein contained will prevent you from owning less than one percent (1%) of any class of equity or debt securities of any publicly traded company. For purposes of this paragraph, a business or enterprise will be deemed competitive with the business of the Company if it includes the operation of specialty stores substantially engaged in the sale of linens, housewares or home furnishings; (b) whether alone or in association with any other person, directly or indirectly, (i) solicit or induce, or attempt to solicit or induce, any employee of the Company to leave the employ of the Company; (ii) employ, or solicit for employment, on your behalf or on behalf of any other person (other than the Company), any person that is or was at any time an employee of the Company; or (iii) trade with any supplier of the Company without the Company's consent. You also agreed that you will not during or after your employment by the Company, knowingly divulge, furnish or make accessible to any third person or organization other than in the regular course of the Company's business any confidential information concerning the Company or its subsidiaries or its or their business, including, without limitation, confidential methods of operation and organization, confidential sources of supply and customer or other mailing lists.

The provisions of this paragraph 4 shall survive the end of the term of your employment hereunder. You acknowledge that any remedy at law for a breach or threatened breach of any of the provisions of this paragraph 4 may be inadequate and that accordingly the Company shall be entitled to an injunction or specific performance or any other mode of equitable relief without the necessity of showing any actual damage, posting a bond or furnishing other security.

5. MISCELLANEOUS.

(a) The Company may, at its option and for its benefit, obtain insurance with respect to your death, disability or injury. You agree to submit to such physical examinations and supply such information as may be reasonably required in order to permit the Company to obtain such insurance.

(b) Any notice or other communication required or permitted to be given hereunder shall be deemed to have been duly given when personally delivered or when sent by registered mail, return receipt requested, postage prepaid, as follows:

If to the Company, at:

Bed Bath & Beyond Inc.
715 Morris Avenue
Springfield, NJ 07081

If to you, at:

Either party hereto may change its or his address for the purpose of this paragraph by written notice similarly given.

(c) Neither party hereto may assign its rights or delegate its duties hereunder, except that the Company may assign it rights hereunder to any person that (i) acquires substantially all of the business and assets of the Company (whether by merger, consolidation, purchase of assets or other acquisition transaction) and (ii) agrees in writing to assume the obligations of the Company hereunder. This agreement shall be construed and enforced in accordance with the internal laws of the State of New York, without regard to principles of conflicts of laws. Nothing in this agreement shall create, or be deemed to create, any third party beneficiary rights in any person, including, without limitation, any employee of the Company other than you. You agree that all actions or proceedings relating to this agreement shall be tried and litigated only in the New York State or Federal courts located in the County of New York, State of New York. You hereby irrevocably submit to the exclusive jurisdiction of such courts for the purpose of any such action or proceeding. If any provision of this agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not affect or render invalid or unenforceable any other provision of this agreement, and this agreement shall be construed as if such provision had been drawn so as not to be invalid or unenforceable. This letter sets forth our entire understanding with respect to the subject matter hereof and cannot be changed, waived or terminated except by a writing signed by you and the Company. Any waiver by either party of a breach of any provision of this agreement shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this agreement.

If the foregoing correctly sets forth your understanding of our agreement, please so indicate by signing and returning to us a copy of this letter.

BED BATH & BEYOND INC.

By:____________________________
Warren Eisenberg

ACCEPTED AND APPROVED:

____
Mr. Steven H. Temares

Exhibit 10.17

BED BATH & BEYOND INC.
715 Morris Avenue
Springfield, NJ 07081

As of December 1, 1994

Mr.

Dear:

We write to set forth our agreement with respect to your employment as by Bed Bath & Beyond Inc. (the "Company").

1. DUTIES. The Company hereby agrees to employ you, and you agree to be employed by the Company, on the terms and conditions hereinafter set forth. You will perform such duties as may from time to time be assigned to you by either of the current Co-Chief Executive Officers of the Company, or by the Board of Directors of the Company provided such duties are no less responsible than those theretofore assigned to you by either of the current Co-Chief Executive Officers of the Company. You agree to serve the Company faithfully, diligently and competently, and to devote your full working time, energy and skill to the Company's business. Your place of employment will remain in the greater New York area unless you consent to move.

2. COMPENSATION. The Company will pay you an annual salary at a rate not less than your current salary, payable in accordance with the Company's customary payroll practices from time to time in effect. The Company will review your compensation annually and may, in its sole discretion, increase your annual salary. At no time will your annual salary be less than your annual salary in the immediately preceding year. You will be entitled to participate in such privileges and in such insurance and other benefit programs as are generally made available to the Company's employees to the extent you meet the eligibility requirements for such privileges and programs. You will be entitled to take vacations in accordance with the Company's vacation policy for managers from time to time in effect.

3. SEVERANCE COMPENSATION.

(a) Your employment by the Company is not for any specific term but rather is on an ongoing at-will basis with the right by the Company and you to terminate your employment at any time. If the Company terminates your employment for any reason other than for "cause", then the Company shall pay you, as severance pay, provided that you have not breached the provisions of paragraph 4 hereof, your salary at the rate in effect immediately prior to such termination, for a period of three (3) years, in normal payroll installments in accordance with the Company's then payroll practices or, at the Company's option, in a lump sum. Thus, if you have not violated the non-compete restrictions in paragraph 4 hereof during a period expiring one year after the termination of your employment (as well as the other restrictions in that paragraph), the Company will guarantee that you will receive your salary for a period of three (3) years. This three-year severance obligation shall also apply if the Company terminates your employment by reason of your death or disability. Your severance pay under paragraphs 3 (a) and (c) shall be reduced by any compensation earned by you as a result of your employment by another employer or otherwise. The Company shall have "cause" to terminate your employment only if you have (i) acted in bad faith or with dishonesty, (ii) wilfully failed to follow the directions of the Company's current Co-Chief Executive Officers or the Board of Directors, (iii) performed your duties with gross negligence, or (iv) been convicted of a felony.

(b) In addition, if the Company terminates your employment for any reason other than for "cause", and if at the date of such termination there are options granted to you by the Company under any option plan which was then not exercisable by reason of the installment terms thereof, the Company shall take such steps as may be necessary or appropriate to make such options immediately exercisable for a period of at least thirty (30) days following the termination of your employment.

(c) If you voluntarily leave the employ of the Company for any reason, the Company shall pay you, as severance pay, provided that you have not breached the provisions of paragraph 4 hereof and provided the Company shall not have "cause" to terminate your employment, your salary at the rate in effect immediately prior to your leaving the Company's employ for a period of one (1) year in normal payroll installments in accordance with the Company's then payroll practices or, at the Company's option, in a lump sum.

4. ADDITIONAL PROVISIONS. During your employment by the Company and for a period of one year thereafter, you agree that you will not: (a) whether alone or in association with any other person, directly or indirectly, engage or be interested in any business or enterprise in the United States that is competitive with the business of the Company. For purposes of this paragraph, you will be considered to have been engaged or interested in any business or enterprise if you are interested in such business or enterprise as a stockholder, director, officer, employee, agent, broker, partner, individual proprietor, lender, consultant or in any other capacity, except that nothing herein contained will prevent you from owning less than one percent (1%) of any class of equity or debt securities of any publicly traded company. For purposes of this paragraph, a business or enterprise will be deemed competitive with the business of the Company if it includes the operation of specialty stores substantially engaged in the sale of linens, housewares or home furnishings; (b) whether alone or in association with any other person, directly or indirectly, (i) solicit or induce, or attempt to solicit or induce, any employee of the Company to leave the employ of the Company; (ii) employ, or solicit for employment, on your behalf or on behalf of any other person (other than the Company), any person that is or was at any time an employee of the Company; or (iii) trade with any supplier of the Company without the Company's consent. You also agreed that you will not during or after your employment by the Company, knowingly divulge, furnish or make accessible to any third person or organization other than in the regular course of the Company's business any confidential information concerning the Company or its subsidiaries or its or their business, including, without limitation, confidential methods of operation and organization, confidential sources of supply and customer or other mailing lists.

The provisions of this paragraph 4 shall survive the end of the term of your employment hereunder. You acknowledge that any remedy at law for a breach or threatened breach of any of the provisions of this paragraph 4 may be inadequate and that accordingly the Company shall be entitled to an injunction or specific performance or any other mode of equitable relief without the necessity of showing any actual damage, posting a bond or furnishing other security.

5. MISCELLANEOUS.

(a) The Company may, at its option and for its benefit, obtain insurance with respect to your death, disability or injury. You agree to submit to such physical examinations and supply such information as may be reasonably required in order to permit the Company to obtain such insurance.

(b) Any notice or other communication required or permitted to be given hereunder shall be deemed to have been duly given when personally delivered or when sent by registered mail, return receipt requested, postage prepaid, as follows:

If to the Company, at:

Bed Bath & Beyond Inc.
715 Morris Avenue
Springfield, NJ 07081

If to you, at:

Either party hereto may change its or his address for the purpose of this paragraph by written notice similarly given.

(c) Neither party hereto may assign its rights or delegate its duties hereunder, except that the Company may assign its rights hereunder to any person that (i) acquires substantially all of the business and assets of the Company (whether by merger, consolidation, purchase of assets or other acquisition transaction) and (ii) agrees in writing to assume the obligations of the Company hereunder. This agreement shall be construed and enforced in accordance with the internal laws of the State of New York, without regard to principles of conflicts of laws. Nothing in this agreement shall create, or be deemed to create, any third party beneficiary rights in any person, including, without limitation, any employee of the Company other than you. You agree that all actions or proceedings relating to this agreement shall be tried and litigated only in the New York State or Federal courts located in the County of New York, State of New York. You hereby irrevocably submit to the exclusive jurisdiction of such courts for the purpose of any such action or proceeding. If any provision of this agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not affect or render invalid or unenforceable any other provision of this agreement, and this agreement shall be construed as if such provision had been drawn so as not to be invalid or unenforceable. This letter sets forth our entire understanding with respect to the subject matter hereof and cannot be changed, waived or terminated except by a writing signed by you and the Company. Any waiver by either party of a breach of any provision of this agreement shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this agreement.

If the foregoing correctly sets forth your understanding of our agreement, please so indicate by signing and returning to us a copy of this letter.

BED BATH & BEYOND INC.

By:___________________________
Warren Eisenberg

ACCEPTED AND APPROVED:

____

Exhibit 13

A N N U A L   R E P O R T

BED BATH &
BEYOND

Beyond any store of its kind.

BED BATH & BEYOND Annual Report 1997

Selected Financial Data

	Fiscal Year Ended(1)				
(in thousands, except per share and selected operating data)	February 28, 1998(2)	March 1, 1997(2)	February 25, 1996(2)	February 26, 1995	February 27, 1994
Statement of Earnings Data:					
Net sales	$1,066,612	$ 823,178	$ 601,252	$ 440,261	$ 305,767
Gross profit	441,016	341,168	250,036	183,819	127,972
Operating profit	118,914	90,607	67,585	51,685	36,906
Net earnings	73,142	55,015	39,459	30,013	21,887
Net earnings per share(3)	$ 1.03	$ .78	$ .57	$ .43	$ .32
Selected Operating Data:					
Number of stores open (at period end)	141	108	80	61	45
Total square feet of store space (at period end)	5,767,000	4,347,000	3,214,000	2,339,000	1,512,000
Percentage increase in comparable store net sales	6.4%	6.1%	3.8%	12.0%	10.6%
Balance Sheet Data (at period end):					
Working capital	$ 175,617	$ 121,679	$ 87,727	$ 71,902	$ 54,432
Total assets	458,330	329,925	235,810	176,678	121,468
Long-term debt	--	--	5,000	16,800	13,300
Shareholders' equity	$ 295,397	$ 214,361	$ 151,446	$ 108,939	$ 77,305

(1) Each fiscal year represents 52 weeks, except for fiscal year 1996 which represents 52 weeks and 6 days.

(2) Net earnings per share reflects diluted earnings per share in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share". Basic earnings per share for fiscal years 1997, 1996 and 1995 were $1.06, $.80 and $.58, respectively.

(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 years 1996 and 1993. The Company has not declared any cash dividends in any of the fiscal years noted above.

	93	94	95	96	97
Net Sales (in millions)	305.8	440.3	601.3	823.2	1066.6
Net Earnings (in millions)	21.9	30.0	39.5	55.0	73.1
Net Earnings per Share (in dollars)	.32	.43	.57	.78	1.03

Founded in 1971, Bed Bath & Beyond Inc. is a nationwide chain of "superstores" selling predominantly better quality domestics merchandise and home furnishings. The Company's 148 stores principally range from 30,000 to 50,000 square feet, with some stores exceeding 80,000 square feet. They combine superior service and a huge selection of items (many of which are pictured in this report) at everyday low prices within a constantly evolving shopping environment that has proven to be both fun and exciting for customers. Bed Bath & Beyond Inc.'s stock is traded on the NASDAQ National Market under the symbol BBBY and is included in the Standard & Poor's MidCap 400 Index and the NASDAQ-100 Index.

[GRAPHIC OMITTED]

Contents

Store Locations

Alabama		2
Arizona		3
California		17
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Illinois		9
Indiana		2
Kansas		1
Kentucky		1
Maryland		5
Massachusetts		5
Michigan		5
Minnesota		1
Missouri		4
New Jersey		9
New Mexico		1
New York		12
North Carolina		2
Ohio		4
Oklahoma		1
Oregon		1
Pennsylvania		5
Tennessee		3
Texas		16
Virginia		8
Washington		1
Wisconsin		1
Call 1-800-GOBEYOND(SM) for exact locations.	Total	148

	93	94	95	96	97
Total Assets (in millions)	121.5	176.7	235.8	329.9	458.3

to our fellow shareholders

1997 was yet another exciting and memorable year for Bed Bath & Beyond!

A few of the highlights were:

- Net sales exceeded $1 billion for the first time;
- Net earnings increased by 32.9% to $73.1 million ($1.03 per share) -- our sixth consecutive year of earnings increases in excess of 30%;
- Comparable store net sales grew by 6.4%;
- Working capital position improved by 44.3%;
- 33 superstores were opened, bringing the year-end total to 141 stores in 29 states;
- We remained debt-free throughout the entire year;
- Our overall financial condition is the strongest it has ever been.

When we began operations in 1971, with two small stores known as "bed n bath", we could not have imagined that our business would grow into one of the largest domestics and home furnishings retailers in the nation. Nor could we have predicted consistent year-after-year gains in sales, earnings and shareholder returns which rank among the very best in all of American retailing.

From those earliest days over twenty-six years ago, our Company has remained true to a set of guiding principles, to a corporate culture, which has not only distinguished Bed Bath & Beyond from its competitors, but which has been the foundation for our outstanding operating results and solid financial position.

CORPORATE CULTURE

In general, these operating philosophies encompass many aspects of our Company, including decentralization, our people, advertising, technology and logistics, and expansion, to name a few. It is this corporate culture which differentiates

[PHOTO OMITTED]

Leonard Feinstein and Warren Eisenberg,
Co-Chief Executive Officers

[PHOTO OMITTED]

Steven H. Temares, Executive Vice President - Chief Operating Officer and Ronald Curwin, Chief Financial Officer and Treasurer

Bed Bath & Beyond from our competitors, and which enables us to consistently exceed their performance.

Decentralization

The cornerstone of our culture is decentralization. We believe that the closer the ownership of the store is to our customer, the greater is the likelihood the needs and desires of our customer will be met. Our store personnel are given broad merchandising and operating authority, much more than is typical in the retailing industry. Store management reorders most of the merchandise, tailoring assortments to customer needs. Being entrepreneurial, and knowing merchandise margins at the unit level, store managers are able to significantly impact profitability in their stores through a process which we call "merchandising the mix", a key ingredient of our success. Although we will never be completely satisfied with the level of customer service in our stores, the principal benefit of our decentralization, from bestowing "ownership" upon store management, has been to produce an exceptional level of customer service and an attentiveness to all the factors which produce the "bottom line". We receive many communications directly from our customers, who often contrast their favorable shopping experience in our stores with their unsatisfactory experiences elsewhere, indicating that decentralization is effective where it counts the most.

Our People

Throughout the years, a top priority has been to build our store management organization from within. Virtually all of our

[PHOTO OMITTED]

Arthur Stark, Vice President - Merchandising; Matthew Fiorilli, Vice President - Stores; and Jonathan Rothstein, Vice President - Product Development and Marketing

	93	94	95	96	97
Shareholders' Equity	77.3	108.9	151.4	214.4	295.4

regional managers, district managers, area managers, and store managers have come up through the ranks. We believe in recruiting the brightest individuals available, and then developing their potential through formalized training, which now includes the Bed Bath & Beyond University program for our associates. Although it is more difficult to train people our way, the look of our stores, the level of customer service and ultimately, our operating results, tells us our management philosophy regarding the recruitment and training of our people is effective.

The appointment of Steven Temares as Executive Vice President-Chief Operating Officer in early 1997 was indicative of our progress in developing senior management. In view of the rapid growth of our Company, and the significant expansion planned for the next few years, we recently further strengthened our senior management ranks by recognizing the important contributions made, and leadership shown, by three other veteran executives of Bed Bath & Beyond. Arthur Stark, 42, Matthew Fiorilli, 41, and Jonathan Rothstein, 40, who have been promoted to the newly-established positions of Vice President-Merchandising, Vice President-Stores, and Vice President-Product Development and Marketing, respectively, have a combined 60 years of outstanding accomplishment with the Company.

Advertising

Another key aspect of our culture may be found in our approach to marketing and advertising. Our customers are the most essential element of our business, and we know that our attraction to them is our merchandise, our everyday low prices and our superior level of customer service. We utilize everyday low pricing and never run sales. We rely primarily on word of mouth advertising, limiting the percentage of advertising expenditures to among the lowest in all of retailing. Our advertising program essentially consists of several full-color circulars and mailing pieces which are distributed during key selling periods of the year.

[PHOTO OMITTED]

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Technology and Logistics

Because our operations are decentralized, we customize the software needed to support our business. We devote significant resources to developing the strong systems capability required to support our rapid growth. Accomplishments in this area to date have been impressive, and we continue to identify and prioritize newer, and more advanced technologies for future implementation.

Although we have never operated distribution centers, we have always looked for improved methods of providing logistical support for our stores. Recently, we have begun to use outsourced cross-docking facilities located in proximity to multiple vendors. Long-term benefits of this program are expected to include reduced freight costs, improved control of freight, more timely deliveries and reduced inventory shrinkage.

Expansion

Our expansion strategy also reflects our corporate culture. Because we are decentralized, and since we do not have store prototypes, operate distribution centers, or need to cluster stores in order to create "advertising umbrellas", we are able to be quite flexible in our real estate strategy. This allows us to take advantage of numerous opportunities as they are presented. We are able to open stores ranging from 25,000 square feet to 85,000 square feet (and possibly larger in the future), in new and existing markets, with varying demographics and configurations. We can enter markets earlier, without having to wait for a location of a certain size or dimension, in a desired locale, and we have succeeded in every type of retail format including strip centers, off-price malls, power centers, free-standing buildings, as well as in conventional malls.

In our most aggressive store opening program ever, we opened thirty-three new superstores and expanded three others in fiscal 1997. Total store space increased by approximately 32.7% to 5.8 million square feet. In fiscal 1998, we plan to open approximately 40 additional new superstores, many of them during the first half, in both new and existing markets.

Customer acceptance of our superstores has always been outstanding. Numerous exciting new store locations continue to become available, affording us the opportunity for strong growth in fiscal 1998 and beyond. Although our progress to date has been impressive, Bed Bath & Beyond still enjoys a market share of less than 2% of the estimated $65 billion, highly-fragmented, domestics and home furnishings industry. Since department stores and other national retail chains continue to generate most of the sales of the products featured in our stores, we believe our prospects for gaining additional market share are excellent.

[PHOTO OMITTED]

Our Outlook

Twenty-six years after our modest beginnings in 1971, we achieved our first billion dollar sales year in fiscal 1997, and it was our most profitable year ever. Consistent with our objective of doubling financial results every three years, we are targeting sales of two billion dollars, accompanied by strong earnings, cash flow, return on investment and financial condition, in fiscal 2000.

As a result of constant innovation and improvement, and our dedication to exceptional customer service, Bed Bath & Beyond's consistent performance remains unmatched in our retail sector. Furthermore, we are confident of our ability to maintain the leadership position that we have always enjoyed over our direct competitors. It has been, and will continue to be, our shared attitudes, values and goals - our corporate culture - developed and carefully nurtured and honed since inception, that differentiates our Company and defines us and our success.

We believe that our goals will be achieved through the continued outstanding efforts of the over 8,000 associates who work in our stores and offices, who provide our valued customers with the unique shopping experience that is Bed Bath & Beyond.

To those associates, and to our vendors, we extend our thanks for a job exceptionally well done. And to you, our fellow shareholders, we reiterate our absolute dedication to enhancing shareholder value through our deep-seated commitment to the operating philosophies which have always guided our Company. As we continue to develop, innovate and experiment in so many ways, we can't help but think that the best is truly yet to come for us all.

Sincerely,

/s/ Warren Eisenberg,

Warren Eisenberg,
Chairman and Co-Chief Executive Officer

/s/ Leonard Feinstein,

Leonard Feinstein,
President and Co-Chief Executive Officer

May 8, 1998

[PHOTO OMITTED]

Store Expansion

	Number of Stores	Total Square Footage (in thousands)
93	45	1,512
94	61	2,339
95	80	3,214
96	108	4,347
97	141	5,767

[PHOTO OMITTED]

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	
	February 28, 1998	March 1, 1997	February 25, 1996	February 28, 1998	March 1, 1997
Net sales	100.0%	100.0%	100.0%	29.6%	36.9%
Cost of sales, including buying, occupancy and indirect costs	58.7	58.6	58.4	29.8	37.2
Gross profit	41.3	41.4	41.6	29.3	36.4
Selling, general and administrative expenses	30.2	30.4	30.3	28.6	37.3
Operating profit	11.1	11.0	11.2	31.2	34.1
Earnings before provision for income taxes	11.4	11.1	11.1	33.0	36.5
Net earnings	6.9	6.7	6.6	32.9	39.4

Fiscal 1997 Compared With Fiscal 1996

In fiscal 1997, the Company expanded store space by 32.7%, from 4,347,000 square feet at fiscal year-end 1996 to 5,767,000 square feet at fiscal year-end 1997. The 1,420,000 square feet increase was the result of opening thirty-three new superstores and expanding three existing stores.

Net sales in fiscal 1997 increased $243.4 million to $1.067 billion, representing an increase of 29.6% over the $823.2 million net sales in fiscal 1996. Approximately 81% of the increase is 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 1997 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 fiscal 1997 and fiscal 1996. No other individual product category accounted for 10% or more of net sales during either fiscal year.

Gross profit in fiscal 1997 was $441.0 million or 41.3% of net sales compared with $341.2 million or 41.4% of net sales, a year ago. The decrease in gross profit as a percentage of net sales was primarily attributable to a different mix of sales during fiscal 1997 compared to the mix of sales during the prior year and an increase in coupons redeemed associated with the Company's marketing program.

The percentage increase in comparable store net sales was 6.4% in fiscal 1997 compared with 6.1% in fiscal 1996. The increase in comparable store net sales relative to the prior year reflects a number of factors, including the continued consumer acceptance of the Company's merchandise offerings, a strong focus on customer service and the generally favorable retailing environment.

Selling, general and administrative expenses ("SG&A") were $322.1 million or 30.2% of net sales in fiscal 1997 compared to $250.6 million or 30.4% of net sales in fiscal 1996. The decrease in SG&A as a percentage of net sales primarily reflects a relative decrease in costs associated with new store openings as well as a decrease in payroll and payroll related items, which were partially offset by an increase in occupancy costs. Expenses associated with new, relocated or expanded stores are charged to earnings as incurred.

Operating profit was $118.9 million in fiscal 1997, an increase of $28.3 million or 31.2% from fiscal 1996, reflecting primarily the increase in net sales which was partially offset by increases in cost of sales and SG&A.

The increase in earnings before provision for income taxes of 33.0% from fiscal 1996 to fiscal 1997 compared to the year to year increase in operating profit of 31.2% is attributable to interest income.

Fiscal 1996 Compared With Fiscal 1995

In fiscal 1996, the Company expanded store space by 35.3%, from 3,214,000 square feet at fiscal year-end 1995 to 4,347,000 square feet at fiscal year-end 1996. The 1,133,000 square feet increase was the result of opening twenty-eight new superstores and expanding two existing stores.

Net sales in fiscal 1996 increased $221.9 million to $823.2 million, representing an increase of 36.9% over the $601.3 million net sales in fiscal 1995. Approximately 84% of the increase is 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 1996 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 fiscal 1996 and fiscal 1995. No other individual product category accounted for 10% or more of net sales during either fiscal year.

Gross profit in fiscal 1996 was $341.2 million or 41.4% of net sales compared with $250.0 million or 41.6% of net sales, a year ago. The decrease in gross profit as a percentage of net sales was attributable to a number of factors, including a different mix of sales during fiscal 1996 compared to the mix of sales during the prior year, and an increase in coupons redeemed associated with the circular marketing program.

The percentage increase in comparable store net sales was 6.1% in fiscal 1996 compared with 3.8% in fiscal 1995. The increase in comparable net sales relative to the prior year primarily reflects a number of factors, including but not limited to, the continued consumer acceptance of the Company's merchandise offerings and customer service and the generally favorable retailing environment.

SG&A was $250.6 million or 30.4% of net sales in fiscal 1996 compared to $182.5 million or 30.3% of net sales in fiscal 1995. The increase in SG&A as a percentage of net sales primarily reflects an increase in occupancy costs, which was partially offset by a decrease in payroll and payroll related items. Expenses associated with new, relocated or expanded stores are charged to earnings as incurred.

Operating profit was $90.6 million in fiscal 1996, an increase of $23.0 million or 34.1% from fiscal 1995, reflecting primarily the increase in net sales which was partially offset by increases in cost of sales and SG&A.

The change in the effective tax rate reflects a decrease in the amount provided for state and local taxes due primarily to the composition of states in which the Company conducts business.

Expansion Program

The Company is engaged in an ongoing expansion program involving the opening of new stores in both new and existing markets and the expansion or replacement of existing stores with larger stores. In the five-year period from the beginning of fiscal 1993 to the end of fiscal 1997, the chain has grown from 38 stores to 141 stores. Total square footage grew from 1,128,000 square feet at the beginning of fiscal 1993 to 5,767,000 square feet at the end of fiscal 1997.

A major portion of the increase in the Company's net sales during each of the preceding five years was attributable to new store net sales as distinguished from increases in comparable store net sales, with new store net sales accounting for approximately 81%, 84%, 91%, 78% and 75% of the increase in net sales in fiscal 1997, 1996, 1995, 1994 and 1993, respectively.

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

The Company intends to continue its expansion program and currently anticipates that in fiscal 1998 it will open approximately 40 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 1998 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. For the foreseeable future, the Company intends to retain all earnings for use in the operation and expansion of its business.

The Company's merchandise inventory has grown from $148.4 million at the end of fiscal 1995, to $187.2 million at the end of fiscal 1996, and to $270.4 million at the end of fiscal 1997. The increase in inventory between the end of fiscal 1996 and fiscal 1997 was primarily attributable to the addition of new store space. The increase in inventory between the end of fiscal 1995 and fiscal 1996 was attributable to the addition of new store space during the period, which was partially offset by a decrease in inventory levels at existing stores. This decrease in inventory levels at existing stores as of the end of fiscal 1996 primarily reflected the timing of fiscal year-end inventory receipts.

The Company's working capital increased from $87.7 million at the end of fiscal 1995 to $121.7 million at the end of fiscal 1996, and to $175.6 million at the end of fiscal 1997. 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 and leasehold improvements on an ongoing basis. The Company's total capital expenditures were $41.3 million, $35.1 million and $24.5 million during fiscal 1997, 1996 and 1995, 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 $45.0 million for loans and letters of credit. The Credit Agreement matures in October 1998, at which time any revolving credit loans outstanding may be converted to a term loan payable in twelve quarterly installments maturing in October 2001.

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 1997. Although there was no amount of outstanding indebtedness at March 1, 1997, during fiscal 1996, the Company borrowed under the Credit Agreement primarily to meet seasonal cash requirements as well as capital expenditures and inventory requirements for new store space opened during the year.

The Company believes that during fiscal 1998, internally generated funds, supplemented, if necessary, by borrowings under the Credit Agreement, will be sufficient to fund both its normal operations and its expansion program.

As of March 27, 1998, the Company has leased sites for twenty-three new superstores planned for opening in fiscal 1998, including three new stores already opened in Pembroke Pines, Florida; Roseville, Michigan; and Knoxville, Tennessee.

Other new stores expected to open in fiscal 1998 for which the Company has leased sites will be located in Chandler, Arizona; Pasadena, San Mateo, and Valencia, California; North Colorado Springs, Colorado; Brandywine, Delaware; Aventura, Boynton Beach, Oviedo, and St. Petersburg, Florida; Crystal Lake, Fairview Heights, and Geneva, Illinois; Shawnee, Kansas; Frederick and Towson, Maryland; Columbus, Ohio; Oklahoma City, Oklahoma; Richmond, Virginia; and Redmond, Washington.

Approximate aggregate costs for the twenty-three leased stores are estimated at $43.7 million for merchandise inventories, $16.6 million for furniture and fixtures and leasehold improvements, and $7.2 million for preopening expenses (which will be expensed as incurred). In addition to the foregoing twenty-three locations already leased, the Company expects to open approximately seventeen additional locations during fiscal 1998. 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.

Year 2000

The Company has conducted an extensive review of its computer systems to identify the systems that could be affected by the Year 2000 issue and has developed an implementation plan to address the issue. The Year 2000 problem is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Company's programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a major system failure or miscalculations. The Company presently believes that, with modifications to existing software and conversions to new software for certain applications, the Year 2000 problem will not pose significant operational problems for the Company's computer systems. However, if such modifications and conversions are not completed timely, the Year 2000 problem may have a material impact on the operations of the Company. Also, while the Company's implementation plan addresses vendor issues, there can be no assurance that the systems of other companies on which the Company's systems rely will be timely converted, or that any such failure to convert by another company would not have an adverse effect on the Company's systems or operations.

Forward Looking Statements

This Annual Report and, in particular, Management's Discussion and Analysis of Financial Condition and Results of Operations 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 retail 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; 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.

Inflation and Seasonality

The Company does not believe that its operating results have been materially affected by inflation during the three preceding years. There can be no assurance, however, that the Company's operating results will not be affected by inflation in the future.

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 share and per share data)

	February 28, 1998	March 1, 1997
Assets		
Current assets:		
Cash and cash equivalents	$ 53,280	$ 38,765
Merchandise inventories	270,357	187,185
Prepaid expenses and other current assets	2,323	1,605
Total current assets	325,960	227,555
Property and equipment, net (note 2)	111,381	88,332
Other assets (notes 4 and 5)	20,989	14,038
	$458,330	$329,925
Liabilities And Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 64,718	$ 47,821
Accrued expenses and other current liabilities	73,610	47,923
Income taxes payable	12,015	10,132
Total current liabilities	150,343	105,876
Deferred rent	12,590	9,688
Total liabilities	162,933	115,564
Commitments and contingencies (notes 3, 6 and 8)		
Shareholders' equity:		
Preferred stock - $0.01 par value; authorized - 1,000,000 shares; no shares issued or outstanding	--	--
Common stock - $0.01 par value; authorized - 150,000,000 shares; issued and outstanding - February 28, 1998, 69,043,973 shares and March 1, 1997, 68,603,022 shares	690	686
Additional paid-in capital	62,039	54,149
Retained earnings	232,668	159,526
Total shareholders' equity	295,397	214,361
	$458,330	$329,925

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements Of Earnings
BED BATH & BEYOND INC. AND SUBSIDIARIES

(in thousands, except share and per share data)

	Fiscal Year Ended		
	February 28, 1998	March 1, 1997	February 25, 1996
Net sales	$ 1,066,612	$ 823,178	$ 601,252
Cost of sales, including buying, occupancy and indirect costs	625,596	482,010	351,216
Gross profit	441,016	341,168	250,036
Selling, general and administrative expenses	322,102	250,561	182,451
Operating profit	118,914	90,607	67,585
Interest income (expense), net	2,484	704	(705)
Earnings before provision for income taxes	121,398	91,311	66,880
Provision for income taxes (note 4)	48,256	36,296	27,421
Net earnings	$ 73,142	$ 55,015	$ 39,459
Net earnings per share - Basic	$ 1.06	$ .80	$ .58
Net earnings per share - Diluted	$ 1.03	$ .78	$ .57
Weighted average shares outstanding - Basic	68,832,352	68,408,706	67,879,779
Weighted average shares outstanding - Diluted	71,181,009	70,564,981	69,387,270

See accompanying Notes to Consolidated Financial Statements.

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 26, 1995	67,769	$ 339	$ 43,548	$ 65,052	$108,939
Net earnings				39,459	39,459
Shares sold under employee stock option plan (note 10)	299	2	3,046		3,048
Reclassification of additional paid-in capital to common stock in connection with the 2 for 1 stock split		340	(340)		--
Balance at February 25, 1996	68,068	681	46,254	104,511	151,446
Net earnings				55,015	55,015
Shares sold under employee stock option plan (note 10)	535	5	7,895		7,900
Balance at March 1, 1997	68,603	686	54,149	159,526	214,361
Net earnings				73,142	73,142
Shares sold under employee stock option plans (note 10)	441	4	7,890		7,894
Balance at February 28, 1998	69,044	$ 690	$ 62,039	$232,668	$295,397

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements Of Cash Flows
BED BATH & BEYOND INC. AND SUBSIDIARIES

(in thousands)	Fiscal Year Ended February 28, 1998	March 1, 1997	February 25, 1996
Cash Flows from Operating Activities:			
Net earnings	$ 73,142	$ 55,015	$ 39,459
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	18,238	13,439	9,902
Deferred income taxes	(6,345)	(2,895)	(1,863)
Loss from disposal of property and equipment	--	--	192
(Increase) decrease in assets:			
Merchandise inventories	(83,172)	(38,802)	(39,995)
Prepaid expenses and other current assets	(718)	25	1,530
Other assets	(606)	(2,248)	(566)
Increase in liabilities:			
Accounts payable	16,897	8,796	11,522
Accrued expenses and other current liabilities	25,687	20,976	12,123
Income taxes payable	1,883	3,551	2,799
Deferred rent	2,902	2,877	1,981
Net cash provided by operating activities	47,908	60,734	37,084
Cash Flows from Investing Activities:			
Capital expenditures	(41,287)	(35,136)	(24,528)
Net cash used in investing activities	(41,287)	(35,136)	(24,528)
Cash Flows from Financing Activities:			
Proceeds from long-term debt	--	17,000	55,060
Repayment of long-term debt	--	(22,000)	(66,860)
Proceeds from exercise of stock options	7,894	7,900	3,048
Net cash provided by (used in) financing activities	7,894	2,900	(8,752)
Net increase in cash and cash equivalents	14,515	28,498	3,804
Cash and cash equivalents:			
Beginning of period	38,765	10,267	6,463
End of period	$ 53,280	$ 38,765	$ 10,267

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

Effective February 26, 1996, the Company changed its fiscal year-end from the 52 or 53 week period ending on the Sunday nearest February 28 to the 52 or 53 week period ending on the Saturday nearest February 28. Accordingly, the 1997 fiscal year represented 52 weeks and ended on February 28, 1998; the 1996 fiscal year represented 52 weeks and 6 days and ended on March 1, 1997; and the 1995 fiscal year represented 52 weeks and ended on February 25, 1996.

d. Accounting Standards

In fiscal 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share", which requires a dual presentation of earnings per share - basic and diluted. Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding. Diluted earnings per share has been computed by dividing net income by the weighted average number of shares outstanding including the effect of dilutive stock options.

In fiscal 1996, the Company adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"). As permitted under SFAS No. 123, the Company has elected not to adopt the fair value based method of accounting for its stock-based compensation plans, but will continue 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.

In fiscal 1996, the Company adopted the provisions of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". There was no material impact on the Company's financial condition or results of operations as a result of the adoption.

e. Cash and Cash Equivalents

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

f. Merchandise Inventories

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

g. Property and Equipment

Property and equipment are stated at cost. Depreciation of furniture, fixtures and equipment is computed primarily using the straight-line method over the estimated useful lives of the assets, which is generally five to ten years. Leasehold purchases are amortized using the straight-line method over the life of the lease and 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 $12.2 million, $9.6 million and $6.9 million for fiscal 1997, 1996 and 1995, respectively.

h. Deferred Rent

The Company accounts for scheduled rent increases contained in its leases on a straight-line basis over the noncancelable lease term.

i. Shareholders' Equity

In March 1996, the Board of Directors of the Company approved a two-for-one split of the Company's common stock in the form of a 100% stock dividend. The stock split was distributed on April 30, 1996 to shareholders of record on April 10, 1996. Accordingly, in fiscal 1996 all share and per share data were adjusted to give effect to the stock split.

In July 1996, the Company's Certificate of Incorporation was amended to increase the number of authorized shares of common stock (par value $.01 per share) from 100,000,000 shares to 150,000,000 shares.

j. Preopening Expenses

Expenses associated with new, relocated or expanded stores are charged to earnings as incurred.

k. Advertising Costs

Expenses associated with store advertising are charged to earnings as incurred. For the 1997, 1996 and 1995 fiscal years, advertising expenses amounted to $15.7 million, $12.3 million and $9.3 million, respectively.

l. 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.

m. 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.

n. Impairment of Long-Lived Assets

When changes in circumstances warrant measurement, impairment losses for store fixed assets are calculated by comparing the present value of projected individual store cash flows over the lease term to the asset carrying values. The Company does not believe that any material impairment currently exists related to its long-lived assets.

o. 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.

p. Reclassifications

Certain reclassifications have been made to the fiscal 1996 and 1995 consolidated financial statements to conform to the fiscal 1997 consolidated financial statements.

2. Property and Equipment

Property and equipment consist of the following:

(in thousands)	February 28, 1998	March 1, 1997
Furniture, fixtures and equipment	$ 102,633	$ 72,576
Leasehold improvements	63,070	53,562
Leasehold purchases	3,141	4,331

	168,844	130,469
Less: Accumulated depreciation and amortization	(57,463)	(42,137)
	$ 111,381	$ 88,332

Notes to Consolidated Financial Statements, continued

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 $45.0 million for loans and letters of credit. The Credit Agreement matures in October 1998, at which time any revolving credit loans outstanding may be converted to a term loan payable in twelve quarterly installments maturing in October 2001. Interest on all borrowing 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 $36.6 million was available for the payment of dividends at February 28, 1998.

The Company did not borrow under the Credit Agreement during fiscal 1997. Although there was no amount of outstanding indebtedness at March 1, 1997, during fiscal 1996, the Company borrowed under the Credit Agreement primarily to meet seasonal cash requirements as well as capital expenditures and inventory requirements for new store space opened during the year. During fiscal 1996, interest rates on outstanding debt ranged from 5.70% to 7.25%. As of February 28, 1998 and March 1, 1997, there were approximately $1.4 million and $1.0 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)	1997	1996	1995
Current:			
Federal	$ 44,981	$ 32,157	$ 22,383
State and local	9,620	7,034	6,901
	54,601	39,191	29,284
Deferred:			
Federal	(5,587)	(2,527)	(1,635)
State and local	(758)	(368)	(228)
	(6,345)	(2,895)	(1,863)
	$ 48,256	$ 36,296	$ 27,421

Included in other assets are deferred income taxes 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 consist of the following:

(in thousands)	February 28, 1998	March 1, 1997
Deferred rent	$ 5,004	$ 3,851
Inventories	4,599	2,845
Other	6,332	2,894
	$ 15,935	$ 9,590

Reconciliations of the Federal statutory income tax rate to the effective tax rates are as follows:

	Fiscal Years		
	1997	1996	1995

Federal statutory income tax rate	35.00%	35.00%	35.00%
State income taxes, net of Federal tax benefit	4.75	4.75	6.48
Other	--	--	(.48)
Effective tax rate	39.75%	39.75%	41.00%

5. Transactions and Balances with Related Parties

a. The Company has an interest in certain life insurance policies on the lives of its Chairman and President. 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 February 28, 1998 and March 1, 1997, other assets include $2.9 million and $2.4 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 $308,000, $213,000 and $161,000 for fiscal 1997, 1996 and 1995, 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 $300,000, $240,000 and $190,000 for fiscal 1997, 1996 and 1995, respectively. The Eisenberg Foundation and the Feinstein Foundation are each not-for-profit corporations of which Messrs. Eisenberg and Feinstein, the Chairman and President of the Company, respectively, 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 2017. Certain leases provide for contingent rents (based upon store sales exceeding stipulated amounts), 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 February 28, 1998, future minimum lease payments under noncancelable operating leases are as follows:

Fiscal Year (in thousands)	Amounts
1998	$ 72,534
1999	71,728
2000	70,426
2001	69,969
2002	69,231
Thereafter	478,712
Total minimum lease payments	$832,600

As of March 27, 1998, the Company had executed leases for twenty-three stores planned for opening in fiscal 1998.

Expenses for all operating leases were $70.2 million, $52.0 million and $37.3 million for fiscal 1997, 1996 and 1995, 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 not to exceed $10,000, $9,500 and $9,500 for calendar years 1998, 1997 and 1996, respectively. 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 February 28, 1998, the Company has made no contributions to the Plan.

8. Commitments and Contingencies

Under terms of employment agreements with its Chairman and President extending through June 2002, 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.

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 $48.5 million, $31.2 million and $25.2 million in fiscal 1997, 1996 and 1995, respectively.

The Company also paid interest of $54,000, $108,000 and $991,000 in fiscal 1997, 1996 and 1995, respectively.

10. Stock Compensation Plans

Under its 1996 Stock Option Plan, the Company may grant options to purchase not more than an aggregate of 2,000,000 shares of common stock, subject to adjustment under certain circumstances. Under its Amended 1992 Stock Option Plan, the Company may grant options to purchase not more than an aggregate of 5,600,000 shares of common stock, subject to adjustment under certain circumstances. Some or all of the options under the stock option plans may be "incentive stock options" within the meaning of the Internal Revenue Code of 1986. Options have been granted at market value and are exercisable at a rate of 20% per year over a five-year period commencing

Notes to Consolidated Financial Statements, continued

10. Stock Compensation Plans (continued)

with the date of grant, or one or two years thereafter and expire ten years from the date of grant.

The following table summarizes stock option transactions:

	Number of Shares	Weighted-Average Exercise Price
Balance at February 26, 1995	3,113,090	$ 8.12
Options granted	1,121,500	11.22
Options exercised	(299,090)	5.87
Options canceled	(279,640)	12.07
Balance at February 25, 1996	3,655,860	8.96
Options granted	819,200	21.43
Options exercised	(535,050)	6.26
Options canceled	(191,970)	13.00
Balance at March 1, 1997	3,748,040	11.86
Options granted	2,174,900	29.41
Options exercised	(440,951)	7.81
Options canceled	(179,540)	17.45
Balance at February 28, 1998	5,302,449	$19.21
Options exercisable:		
At February 25, 1996	679,540	$ 6.46
At March 1, 1997	822,780	$ 8.05
At February 28, 1998	1,105,769	$ 9.27

The stock option committees appointed pursuant to the stock option plans 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 February 28, 1998:

Options Outstanding

Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price
$ 4.25 to 8.16	994,475	4.80	$ 6.59
9.22 to 12.19	1,017,784	6.82	10.31
12.50 to 21.25	974,990	7.74	17.60
24.25 to 30.94	960,800	9.06	25.54
31.25 to 40.63	1,354,400	9.54	31.81
$ 4.25 to 40.63	5,302,449	7.71	$ 19.21

Options Exercisable

Range of Exercise Prices	Number Exercisable	Weighted-Average Exercise Price
$ 4.25 to 8.16	640,835	$ 5.73
9.22 to 12.19	220,764	11.57
12.50 to 21.25	213,910	15.10
24.25 to 30.94	30,260	26.14
31.25 to 40.63	--	--
$ 4.25 to 40.63	1,105,769	$ 9.27

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 plans. Set forth below are the Company's net earnings and net earnings per share presented "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)	1997	1996	1995
Net earnings:			
As reported	$73,142	$55,015	$39,459
Pro forma	$69,257	$53,908	$39,056
Net earnings per share:			
Basic:			
As reported	$ 1.06	$ 0.80	$ 0.58
Pro forma	$ 1.01	$ 0.79	$ 0.58
Diluted:			
As reported	$ 1.03	$ 0.78	$ 0.57
Pro forma	$ 0.97	$ 0.76	$ 0.56

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 1997, 1996 and 1995, respectively: dividend yield of 0% for all years; expected volatility of 42% for all years; risk free interest rates of 6.36%, 6.62% and 6.52%; and expected lives of six years for all years. The weighted-average fair value of options granted during the year is $15.16, $11.65 and $5.89 for fiscal 1997, 1996 and 1995, respectively.

11. Summary of Quarterly Results (unaudited)

	Fiscal 1997 Quarter Ended			
(in thousands, except per share data)	May 31, 1997	August 30, 1997	November 29, 1997	February 28, 1998
Net sales	$ 213,662	$ 266,895	$ 280,978	$ 305,077
Gross profit	87,358	109,500	115,422	128,736
Operating profit	15,810	31,770	30,726	40,608
Earnings before provision for income taxes	16,447	32,274	31,440	41,237
Provision for income taxes	6,540	12,827	12,497	16,392
Net earnings	$ 9,907	$ 19,447	$ 18,943	$ 24,845
Net earnings per share - Basic(1)	$ .14	$ .28	$ .27	$ .36
Net earnings per share - Diluted(1)	$ .14	$ .27	$ .27	$ .35

	Fiscal 1996 Quarter Ended			
(in thousands, except per share data)	May 26, 1996	August 25, 1996	November 24, 1996	March 1, 1997
Net sales	$ 159,658	$ 203,503	$ 214,793	$ 245,224
Gross profit	65,788	83,937	88,664	102,779
Operating profit	12,661	25,034	22,812	30,100
Earnings before provision for income taxes	12,803	25,071	23,037	30,400
Provision for income taxes	5,089	9,966	9,157	12,084
Net earnings	$ 7,714	$ 15,105	$ 13,880	$ 18,316
Net earnings per share - Basic(1)	$ .11	$ .22	$ .20	$ .27
Net earnings per share - Diluted(1)	$ .11	$ .21	$ .20	$ .26

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

KPMG [LOGO] Peat Marwick LLP

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 February 28, 1998 and March 1, 1997, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the fiscal years in the three-year period ended February 28, 1998. 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 generally accepted auditing standards. 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 February 28, 1998 and March 1, 1997, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended February 28, 1998 in conformity with generally accepted accounting principles.

/s/ KPMG PEAT MARWICK LLP

New York, New York
March 27, 1998

Corporate Data

Officers & Directors

Warren Eisenberg
Chairman, Co-Chief Executive Officer and Director

Leonard Feinstein
President, Co-Chief Executive Officer and Director

Steven H. Temares
Executive Vice President - Chief Operating Officer

Ronald Curwin
Chief Financial Officer and Treasurer

Arthur Stark
Vice President - Merchandising

Matthew Fiorilli
Vice President - Stores

Jonathan Rothstein
Vice President - Product Development and Marketing

Klaus Eppler
Director - Partner, Proskauer Rose LLP,
New York, New York

Robert S. Kaplan
Director - Managing Director, Goldman, Sachs & Co.,
New York, New York

Robert J. Swartz
Director - Vice President, Alco Capital Group Inc.,
New York, New York

Corporate Office

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

Shareholder Information

The Company's 1997 Annual Report on Form 10-K (excluding exhibits) may be obtained, without charge, by writing to the Investor Relations Department at the Corporate Office, or by fax (908/810-8813).

Stock Listing

The Common Stock of Bed Bath & Beyond Inc. trades on the NASDAQ National Market System under the symbol BBBY.

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 1996 and fiscal 1997:

Quarter	High	Low
Fiscal 1996		
First	$ 31 1/2	$ 19 11/16
Second	31	18 1/4
Third	29 3/4	20 3/8
Fourth	31 3/4	24 1/8
Fiscal 1997		
First	$ 29 1/2	$ 22 7/8
Second	36 1/8	27 3/4
Third	36 1/4	28 13/16
Fourth	44 7/8	32

At March 27, 1998, there were approximately 500 shareholders of record. This number excludes individual shareholders holding stock under nominee security position listings.

Transfer Agent

The Transfer Agent should be contacted on questions of change of address, name or ownership, lost certificates and consolidation of accounts.

American Stock Transfer & Trust Company
40 Wall Street
46th Floor
New York, New York 10005
Telephone: 800/937-5449

Independent Auditors

KPMG Peat Marwick LLP
345 Park Avenue
New York, New York 10154

Annual Meeting

The Annual Meeting of Shareholders will be held at 9:00 A.M. Friday, June 26, 1998, at the Headquarters Plaza Hotel, Three Headquarters Plaza, Morristown, New Jersey.

BED BATH &
BEYOND (R)

650 Liberty Avenue
Union, N.J. 07083
908/688-0888

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

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, and 333-18011) on Forms S-8 of Bed Bath & Beyond Inc. of our report dated March 27, 1998, relating to the consolidated balance sheets of Bed Bath & Beyond Inc. and subsidiaries as of February 28, 1998 and March 1, 1997, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the fiscal years in the three-year period ended February 28, 1998, which report appears in the February 28, 1998 annual report on Form 10-K of Bed Bath & Beyond Inc.

/S/ KPMG PEAT MARWICK LLP

New York, New York
May 29, 1998

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YEAR
FEB-28-1998
FEB-28-1998
53,280
0
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270,357
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73,142
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1.03