SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended March 1, 2003

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. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Securities Exchange Act). Yes [X] No [ ]

As of May 2, 2003, 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 $11,069,674,349.*

The number of shares outstanding of the issuer's common stock (par value $0.01 per share) at May 2, 2003: 295,277,660.

The number of shares outstanding of the issuer's common stock (par value $0.01 per share) at second quarter ended August 31, 2002: 292,600,820.

Documents Incorporated by Reference

Portions of the Registrant's definitive proxy statement dated May 23, 2003 pursuant to Regulation 14A are incorporated by reference in Part III hereof.

Portions of the Registrant's Annual Report to Shareholders for the fiscal year ended March 1, 2003 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 18,189,441 shares beneficially owned by directors and executive officers, including in the case of the Co-Chairmen 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 term "Company" refers collectively to Bed Bath & Beyond Inc. and its subsidiaries as of March 1, 2003. The Company's fiscal year is comprised of the 52 or 53 week period ending on the Saturday nearest February 28. Accordingly, fiscal 2002 and 2001 represented 52 weeks and ended on March 1, 2003 and March 2, 2002, respectively; and fiscal 2000 represented 53 weeks and ended on March 3, 2001. 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 Inc. and subsidiaries, excluding Harmon Stores, Inc. ("BBB") believes that it is the nation's largest operator of stores selling predominantly better quality domestics merchandise and home furnishings typically found in better department stores. BBB stores are typically larger in size than other stores in its market selling similar product categories and offering a breadth and depth of selection in most of its product categories. BBB 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. BBB's domestics merchandise line includes items such as bed linens, bath accessories and kitchen textiles, and BBB's home furnishings line includes items such as cookware, dinnerware, glassware and basic housewares. BBB believes that it offers a breadth and depth of selection in most of its product categories that 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 2, 2003, BBB operated 497 stores in 44 states and one territory: Alabama (6), Arizona (6), Arkansas (3), California (58), Colorado (13), Connecticut (8), Delaware (1), Florida (44), Georgia (19), Idaho (2), Illinois (20), Indiana (9), Iowa (5), Kansas (5), Kentucky (4), Louisiana (7), Maine (2), Maryland (12), Massachusetts (10), Michigan (23), Minnesota (8), Mississippi (1), Missouri (8), Nebraska (1), Nevada (4), New Hampshire (2), New Jersey (23), New Mexico (2), New York (26), North Carolina (15), North Dakota (2), Ohio (17), Oklahoma (4), Oregon (6), Pennsylvania (21), Rhode Island (3), South Carolina (7), Tennessee (11), Texas (39), Utah (5), Vermont (1), Virginia (16), Washington (12), Wisconsin (5), and Puerto Rico (1). These stores principally range in size from 20,000 square feet to 50,000 square feet, with some exceeding 80,000 square feet, and carry BBB's full line of both domestics merchandise and home furnishings.

On March 5, 2002, the Company acquired Harmon Stores, Inc. ("Harmon"). Harmon is a health and beauty care retailer. As of May 2, 2003, the Company operated 29 Harmon stores.

History

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

The Company commenced operations in 1971 with the opening of two stores, one in New York and one in New Jersey. These stores sold primarily bed linens and bath accessories. In 1985, the Company introduced its first store carrying a full line of domestics merchandise and home furnishings. The Company began using the name "Bed Bath & Beyond" in 1987 in order to reflect the expanded product line offered by its stores and to distinguish its stores from conventional specialty retail stores offering only domestics merchandise or home furnishings. In 2002, the Company entered the deep discount health and beauty care market with the acquisition of Harmon.

The Company has been engaged in an ongoing expansion program involving the opening of new BBB stores (including 95 in 2002, 85 in 2001, and 70 in 2000), the expansion and relocation of existing BBB stores (including two in 2002, and two in 2000). As a result of its expansion program, BBB's store space has increased from approximately 917,000 square feet at the beginning of 1992 to approximately 17,255,000 square feet at the end of 2002. The Company's expansion program is continuing, and the Company currently anticipates that in fiscal 2003 it will open between 80 and 90 new BBB stores, which includes the seven new BBB stores opened through May 2, 2003.

Merchandising and Marketing

BBB'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 its product categories that 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.

BBB stores primarily offer domestics merchandise and home furnishings, which include:

Domestics Merchandise

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

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

- fine tabletop and giftware: formal dinnerware china, fine crystal stemware and barware, crystal giftware, metal giftware and flatware.

- 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 and clocks) and small electric appliances (such as blenders, food processors, coffee makers, vacuums, irons, toaster ovens, hair dryers, heaters and humidifiers).

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

BBB, 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. BBB 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.

BBB'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, BBB generally offers leading brand name merchandise (including All-Clad, Braun, Calphalon, Cannon, Croscill, Cuisinart, Fieldcrest, J.A. Henckels, KitchenAid, Krups, Laura Ashley, Mikasa, Nautica, Noritake, Pacific Coast Feather Co., Portmeirion, Reed & Barton, Spode, Springs, Villeroy & Boch, Wamsutta, Waverly, Wedgewood and Yankee Candle).

BBB 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 BBB's major product lines. BBB also generally maintains consistent in-stock availability of merchandise in order to reinforce customer perception of wide selection and build customer loyalty. BBB estimates its typical store carries approximately 25,000 active stock-keeping units.

Pricing Policy

BBB'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. BBB regularly monitors price levels at its competitors in order to ensure that BBB's prices are being maintained in accordance with its pricing policy. BBB 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 BBB has an everyday low price policy, BBB does not run sales. However, BBB uses periodic markdowns and semi-annual clearances for merchandise that it has decided to discontinue carrying. In addition, BBB's full-color circulars and mailing pieces include a coupon, which may be redeemed at the point-of-sale. BBB also honors competitor coupons.

Merchandise Presentation

BBB has developed a distinctive style of merchandise presentation. In each store, groups of related product lines are presented together in separate areas of the store, creating the appearance that a BBB store 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. BBB 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 BBB stores 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. BBB believes that its extensive merchandise selection, rather than fixturing, should be the focus of customer attention and, accordingly, typically uses simple modular fixturing throughout the store. This fixturing is designed so that it can be easily reconfigured to adapt to changes in the store's merchandise mix and presentation. BBB 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 has made 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."

BBB 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 issues that may arise. In order to make checking out convenient, checkout lines are continually monitored and additional cashiers are added as necessary in order to minimize waiting time. Most BBB stores are open seven days (and six evenings) a week in order to enable customers to shop at times that are convenient for them.

BBB launched its website, www.bedbathandbeyond.com, in 1999. The website offers a broad range of online services and features, including online shopping and gift registry. BBB believes that its E-Service efforts have been well received by its customers.

Advertising

In general, the Company relies on “word of mouth advertising” and its reputation for offering a wide assortment of quality merchandise at everyday low prices, supplemented by the use of paid advertising. The Company uses full-color circulars and mailing pieces as its primary vehicles of paid advertising. Also, to support the opening of new stores, the Company uses “grand opening” full-color circulars and newspaper advertising. The Company believes that its ability to rely primarily on “word of mouth advertising” will continue and that its limited use of paid advertising permits it to spend less on advertising than a number of its competitors.

Expansion

The Company is engaged in an ongoing expansion program involving the opening of new stores in both new BBB and existing markets and the expansion or relocation of existing stores. In the eleven year period from the beginning of fiscal 1992 to the end of fiscal 2002, the BBB chain has grown from 34 stores to 490 stores. Total BBB square footage grew from 917,000 square feet at the beginning of fiscal 1992 to 17,255,000 square feet at the end of fiscal 2002. During 2002, BBB opened 95 new stores, closed one small store, and relocated two stores which resulted in the addition of approximately 2,531,000 square feet of store space. The Harmon chain grew from 27 to 29 stores, with the addition of 2 stores in 2002, and occupied approximately 197,000 square feet at the end of 2002.

The table below sets forth information concerning BBB’s expansion program for the periods indicated:

				Store Space		Number of Stores	
Year	**Relocated Stores (1)**	**New Stores (2)**	**Closed Stores**	**Beginning of Year**	**End of Year**	**Beginning of Year**	**End of Year**
				(in square feet)			
1992	5	4	0	917,000	1,128,000	34	38
1993	4	9	2	1,128,000	1,512,000	38	45
1994	4	16	0	1,512,000	2,339,000	45	61
1995	2	19	0	2,339,000	3,214,000	61	80
1996	2	28	0	3,214,000	4,347,000	80	108
1997	3	33	0	4,347,000	5,767,000	108	141
1998	3	45	0	5,767,000	7,688,000	141	186
1999	4	55	0	7,688,000	9,815,000	186	241
2000	2	70	0	9,815,000	12,204,000	241	311
2001	0	85	0	12,204,000	14,724,000	311	396
2002	2	95	1	14,724,000	17,255,000	396	490

(1) A relocated store is an existing store that was either expanded or relocated to 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 stores and, in addition, expects to expand existing stores as opportunities arise.

The Company expects to open new stores in new and existing markets. In determining where to open new stores, the Company evaluates a number of factors, including the availability of prime real estate and demographic information (such as data relating to income and education levels, age and occupation). The Company believes that because it does not use central distribution centers, and since it relies on paid advertising to only a limited extent, it has the flexibility to enter a new market with only one or two stores. The Company will consider opening additional stores in that market after the stores have been proven successful.

From the end of fiscal 2002 through May 2, 2003, the Company has opened seven BBB stores which are located in: Mira Mesa, California; St. Augustine, Florida; Coeur d’ Alene, Idaho; Dubuque, Iowa; Wilton (Saratoga), New York; Chattanooga, Tennessee; and Tyler, Texas. During the balance of 2003, the Company currently anticipates that it will open approximately 73 to 83 additional BBB stores.

The Company has built its management structure with a view towards its expansion and believes that, as a result, the Company has the management depth necessary to support its anticipated expansion program. Each of the BBB area managers typically supervises up to three BBB stores and district managers typically supervise four to ten stores.

Store Operations

Merchandising

The Company maintains its own central buying group. The merchandise mix for each store is initially selected by the central buying group, in consultation with store managers and other local store personnel. The central buying group is generally responsible for the procurement of merchandise, including: selecting the merchandise, ordering the initial inventory required upon the opening of each store, ordering the first shipment of any new product line that may be subsequently added to a store's merchandise mix and ordering seasonal merchandise.

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

The Company purchases its merchandise from more than 2,900 suppliers. In 2002, the Company's largest supplier accounted for approximately 5% of the Company's merchandise purchases and the Company's 10 largest suppliers accounted for approximately 24% of such purchases. The Company purchases substantially all of its merchandise in the United States, the majority from domestic manufacturers and the balance from importers. The Company purchases a small amount of its merchandise directly from overseas sources. The Company has no long-term contracts for the purchase of merchandise. The Company believes that most merchandise, other than brand name goods, is available from a variety of sources and that most brand name goods can be replaced with comparable merchandise.

Warehousing

Merchandise is primarily shipped directly to each store from the Company's vendors, making it unnecessary for the Company to maintain central distribution centers. As a result of the floor to ceiling displays typically used by BBB, 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 warehouse space within or near the store (with an estimated 10% to 15% of the store space dedicated to warehouse and receiving space). In the case of a few stores, merchandise is also stored at nearby supplemental storage space leased by the Company. At present, the warehouse space included in the Company's stores provides approximately 85% of the Company's warehouse space requirements and such nearby supplemental storage space provides the balance.

Management

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

On average, BBB stores are staffed with two assistant managers, one operations manager, and three to six department managers who all report to a store manager. The store manager, in turn, reports to an area or district manager. Area and district managers report to one of several regional managers or directly to one of five regional Vice Presidents of Stores, who in turn report to the Senior Vice President - Stores. Decisions relating to pricing and advertising for all stores are made centrally by Bed Bath & Beyond Procurement Company Inc., and certain store support functions (such as finance and information technology) are performed centrally in the Company's Corporate Office.

Training

The Company places great emphasis on the training of store level management. All entry-level management personnel are generally required to work in various departments of the store to acquire an overall understanding of store operations. In addition, all BBB store 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 BBB's area, district and regional managers was recruited from the ranks of BBB store managers and each of BBB's store managers joined BBB 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 incentives to persons to seek and retain employment with the Company, and result in low turnover among its managers.

Employees

As of March 1, 2003, the Company employed approximately 23,000 persons, of whom approximately 12,000 were full-time employees and approximately 11,000 were part-time employees. 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 within the industry.

Seasonality

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

The Company believes that it is the largest operator of stores 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 competitors to imitate the Company's format and methods. Other retail chains continue to introduce new store concepts that include many of the product lines carried by the Company. There can be no assurance that the operation of store competitors, including those companies operating stores similar to those of BBB, will not have a material effect on the Company.

Trade Names and Service Marks

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

Available Information

The Company makes available as soon as reasonably practicable after filing with the SEC, free of charge, through its website, www.bedbathandbeyond.com, the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, electronically filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

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	72	Co-Chairman
Leonard Feinstein	66	Co-Chairman
Steven H. Temares	44	President, Chief Executive Officer and Director
Arthur Stark	48	Chief Merchandising Officer and Senior Vice President
Matthew Fiorilli	46	Senior Vice President – Stores
Eugene A. Castagna	37	Vice President-Finance and Assistant Treasurer, Principal Financial Officer and Principal Accounting Officer

Mr. Eisenberg, a co-founder of the Company, has been a director and officer of the Company since the Company commenced operations in 1971 (serving as President and Co-Chief Executive Officer until 1992, as Chairman and Co-Chief Executive Officer until 1999, as Co-Chairman and Co-Chief Executive Officer until April 2003, thereafter as Co-Chairman).

Mr. Feinstein, a co-founder of the Company, has been a director and officer of the Company since the Company commenced operations in 1971 (serving as Co-Chief Executive Officer, Treasurer and Secretary until 1992, as President and Co-Chief Executive Officer until 1999, as Co-Chairman and Co-Chief Executive Officer until April 2003, thereafter as Co-Chairman).

Mr. Temares joined the Company in 1992. Mr. Temares was promoted to Chief Executive Officer of the Company in April 2003. Additionally, he has been President since January 1999. Mr. Temares served as Chief Operating Officer from 1997 to 2003. Mr. Temares served as Executive Vice President from 1997 to 1999 and previously was Director of Real Estate and General Counsel.

Mr. Stark joined the Company in 1977. Mr. Stark has been Chief Merchandising Officer and Senior Vice President since January 1999. Prior to 1999, Mr. Stark was Vice President - Merchandising from 1998 until 1999, Director of Store Operations - Western Region from 1994 until 1998.

Mr. Fiorilli joined the Company in 1973. Mr. Fiorilli has been Senior Vice President - Stores since January 1999. Prior to 1999, Mr. Fiorilli was Vice President - Stores from 1998 until 1999, Director of Store Operations - Eastern Region from 1994 until 1998.

Mr. Castagna, a certified public accountant, joined the Company in 1994. Mr. Castagna has been Assistant Treasurer since 2002, Vice President – Finance and Principal Financial Officer since 2001 and Principal Accounting Officer since 2000. Mr. Castagna was previously Vice President – Controller.

The Company's executive 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 497 BBB stores are located in 44 states and one territory, 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. BBB stores range in size from 7,000 to 93,000 square feet, but are predominantly between 20,000 square feet and 50,000 square feet. Approximately 85% to 90% of store space is used for selling areas and the balance for warehouse, receiving and office space.

The Company's 29 Harmon stores are primarily located in suburban areas of New York, New Jersey and Connecticut. These stores are situated primarily in strip centers and range in size from 5,000 square feet to 9,000 square feet. Approximately 90% of store space is used for selling areas and the balance for warehouse, receiving and office space.

The tables below set forth the number of BBB and Harmon stores located in each state or territory as of May 2, 2003:

Bed Bath & Beyond Inc.

STORE LOCATIONS			
Alabama	6	Nebraska	1
Arizona	6	Nevada	4
Arkansas	3	New Hampshire	2
California	58	New Jersey	23
Colorado	13	New Mexico	2
Connecticut	8	New York	26
Delaware	1	North Carolina	15
Florida	44	North Dakota	2
Georgia	19	Ohio	17
Idaho	2	Oklahoma	4
Illinois	20	Oregon	6
Indiana	9	Pennsylvania	21
Iowa	5	Rhode Island	3
Kansas	5	South Carolina	7
Kentucky	4	Tennessee	11
Louisiana	7	Texas	39
Maine	2	Utah	5
Maryland	12	Vermont	1
Massachusetts	10	Virginia	16
Michigan	23	Washington	12
Minnesota	8	Wisconsin	5
Mississippi	1		
Missouri	8	Puerto Rico	1
		Total	**497**

Harmon Stores, Inc.

STORE LOCATIONS	
Connecticut	1
New Jersey	22
New York	6
Total	**29**

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

The Company also leases merchandise storage space in nine locations totaling approximately 292,000 square feet servicing BBB stores and in one location of approximately 88,000 square feet servicing Harmon stores. This space is used to supplement the warehouse facilities in the Company's stores in proximity to these locations. One of these locations also provides fulfillment for BBB's E-Service activities. See Item 1 "Business—Store Operations—Warehousing."

The Company's Corporate Office is located in 131,000 square feet of office space in Union, New Jersey, and the Procurement Company's Office is located in 80,000 square feet of office space in Farmingdale, New York.

ITEM 3 - LEGAL PROCEEDINGS

There are no material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the Company is a party.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders through solicitation of proxies or otherwise during the fourth quarter of the fiscal year ended March 1, 2003.

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 closing prices of the Company's common stock on the NASDAQ National Market System for the periods indicated.

	High	Low
Fiscal 2001 :		
1st Quarter	$31.73	$23.19
2nd Quarter	33.03	28.28
3rd Quarter	33.58	20.38
4th Quarter	35.22	30.90
Fiscal 2002 :		
1st Quarter	$37.17	$31.45
2nd Quarter	37.74	26.95
3rd Quarter	37.29	30.16
4th Quarter	36.79	31.70
Fiscal 2003:		
1st Quarter (through May 2, 2003)	$40.02	$30.30

The common stock is quoted through the NASDAQ National Market System under the symbol BBBY. On May 2, 2003, there were approximately 700 shareholders of record of the common stock (without including individual participants in nominee security position listings). On May 2, 2003, the last reported sale price of the common stock was $39.95.

The Company has not paid any dividends on its common stock since its 1992 initial public offering and does not currently plan 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, business conditions and other factors. See Item 8 - Financial Statements and Supplementary Data.

ITEM 6 - SELECTED FINANCIAL DATA

The information required by this item is included in the registrant's Annual Report to Shareholders for the fiscal year ended March 1, 2003 on the inside front cover and is incorporated herein by reference.

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

The information required by this item is included in the registrant's Annual Report to Shareholders for the fiscal year ended March 1, 2003 on pages 3 through 6 (other than the reference to the Shareholder Letter under the caption "Forward Looking Statements") and is incorporated herein by reference.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's investment securities. The Company is adverse to loss of principal and seeks to preserve its invested funds by limiting market risk. The Company's investment securities consist of fixed rate instruments. The Company's investments include cash and cash equivalents of $515.7 million, short term investment securities of $100.9 million and long term investment securities of $148.0 million at weighted average interest rates as of March 1, 2003 of 1.47%, 2.26% and 3.03%, respectively.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are included in the registrant's Annual Report to Shareholders for the fiscal year ended March 1, 2003 on pages 7 through 16 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

ITEM 10 – DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Executive Officers of the Registrant information required by this item is included in this document; all other information required by this item is incorporated herein by reference from the registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held June 26, 2003 filed with the Commission pursuant to Regulation 14A.

ITEM 11 – EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference from the registrant's definitive Proxy Statement for the Annual Meeting of Shareholders.

ITEM 12 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The Equity Plan Compensation Information required by this item is included below; all other information required by this item is incorporated herein by reference from the registrant's definitive Proxy Statement for the Annual Meeting of Shareholders.

The following table provides certain information as of March 1, 2003 with respect to our equity compensation plans:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by shareholders (1)	19,497,425	$11.03	10,496,338
Equity compensation plans not approved by shareholders (2)	4,339,320	$25.56	5,634,200
Total	23,836,745	$16.66	16,130,538

(1) These plans consist of the Company's 1992, 1996, 1998 and 2000 Stock Option Plans.

(2) This plan consists of the Company's 2001 Stock Option Plan.

ITEM 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated herein by reference from the registrant's definitive Proxy Statement for the Annual Meeting of Shareholders.

ITEM 14 – CONTROLS AND PROCEDURES

(a) *Evaluation of disclosure controls and procedures.* The Company's Principal Executive Officer and Principal Financial Officer have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 240.13a-14(c) and 15d-14(c)) as of a date within ninety days before the filing date of this annual report (the "Evaluation Date"). Based on that evaluation, the Principal Executive Officer and the Principal Financial Officer have concluded that the Company's current disclosure controls and procedures are effective, providing them with material information relating to the Company as required to be disclosed in the reports the Company files or submits under the Exchange Act on a timely basis.

(b) *Changes in internal controls.* There were no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the Evaluation Date.

PART IV

ITEM 15 - 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 7 through 16 of the Company's Annual Report to Shareholders for the fiscal year ended March 1, 2003.

Consolidated Balance Sheets as of March 1, 2003 and March 2, 2002.

Consolidated Statements of Earnings for the fiscal years ended March 1, 2003, March 2, 2002 and March 3, 2001.

Consolidated Statements of Shareholders' Equity for the fiscal years ended March 1, 2003, March 2, 2002 and March 3, 2001.

Consolidated Statements of Cash Flows for the fiscal years ended March 1, 2003, March 2, 2002 and March 3, 2001.

Notes to Consolidated Financial Statements

Independent Auditors' Report

(a) (2) Financial Statement Schedule

None.

(a) (3) Exhibits

The exhibits to this Report are listed in the Exhibit Index included elsewhere herein.

(b) Reports on Form 8-K:

The Company filed a report dated January 14, 2003, in which each of the then Co-Principal Executive Officers of Bed Bath & Beyond Inc., Warren Eisenberg and Leonard Feinstein, and the Company's Principal Financial Officer, Eugene A. Castagna, submitted to the Securities and Exchange Commission (the "Commission") sworn statements pursuant to Section 906 of the Sarbanes – Oxley Act.

In addition, the Company filed a report dated April 7, 2003, in reference to a press release dated April 2, 2003 in which the Company announced financial results for its fiscal year ended March 1, 2003, pursuant to SEC interim filing guidance.

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/ Steven H. Temares*

Steven H. Temares
President and Chief Executive Officer

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

Signature	Capacity	Date
/s/ Warren Eisenberg **Warren Eisenberg**	Co-Chairman and Director	May 29, 2003
/s/ Leonard Feinstein **Leonard Feinstein**	Co-Chairman and Director	May 29, 2003
/s/ Steven H. Temares **Steven H. Temares**	President, Chief Executive Officer and Director	May 29, 2003
/s/ Eugene A. Castagna **Eugene A. Castagna**	Vice President - Finance and Assistant Treasurer (Principal Financial and Accounting Officer)	May 29, 2003
/s/ Dean S. Adler **Dean S. Adler**	Director	May 29, 2003
/s/ Klaus Eppler **Klaus Eppler**	Director	May 29, 2003
/s/ Robert S. Kaplan **Robert S. Kaplan**	Director	May 29, 2003
/s/ Victoria A. Morrison **Victoria A. Morrison**	Director	May 29, 2003

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CERTIFICATIONS

I, Steven H. Temares, Principal Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Bed Bath & Beyond Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 29, 2003

/s/ Steven H. Temares

Steven H. Temares
President and Chief Executive Officer

I, Eugene A. Castagna, Principal Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Bed Bath & Beyond Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 29, 2003

/s/ Eugene A. Castagna

Eugene A. Castagna
Vice President – Finance and
Assistant Treasurer

EXHIBIT INDEX

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

Exhibit No.	Exhibit
3.1	Restated Certificate of Incorporation
3.2	Certificate of Amendment to the Company's Certificate of Incorporation (incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q/A for the quarter ended August 25, 1996)
3.3	Certificate of Amendment to the Company's Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
3.4	Certificate of Change of Bed Bath & Beyond Inc. under Section 805-A of the Business Corporation Law (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
3.5	Amended and Restated By-laws, as amended through June 26, 1997 (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 30, 1997)
3.6	Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 3.6 to the Company's Form 10-K for the year ended February 27, 1999)
3.7	Amended By-Laws of Bed Bath & Beyond Inc. (As amended through December 17, 1998) (incorporated by reference to Exhibit 3.7 to the Company's Form 10-K for the year ended February 27, 1999)
3.8	Amended By-Laws of Bed Bath & Beyond Inc. (As amended through September 22, 1999) (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 28, 1999)
3.9	Amended By-Laws of the Company as amended through June 28, 2001 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 2, 2001)
3.10	Certificate of Amendment of Certificate of Incorporation of the Company (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 1, 2001)

Exhibit No.	Exhibit
10.1*	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)
10.2*	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)
10.3*	Agreement Concerning "Split Dollar" Life Insurance Plan, dated June 16, 1995, among the Company, Jay D. Waxenberg, as trustee of the Warren Eisenberg Life Insurance Trust, Warren Eisenberg and Maxine Eisenberg (incorporated by reference to Exhibit 10.12 to the Company's Form 10-K for the year ended February 25, 1996)
10.4*	Agreement Concerning "Split Dollar" Life Insurance Plan, dated June 16, 1995, among the Company, Jay D. Waxenberg, as trustee of the Leonard Joseph Feinstein Life Insurance Trust, Leonard Joseph Feinstein and Susan Feinstein (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K for the year ended February 25, 1996)
10.5*	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)
10.6*	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)
10.7*	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)
10.8*	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)
10.9*	Employment Agreement between the Company and Steven H. Temares (dated as of December 1, 1994) (incorporated by reference to Exhibit 10.16 to the Company's Form 10-K for the year ended February 28, 1998)
10.10*	Form of Employment Agreement between the Company and the Chief Merchandising Officer and Senior Vice President and Senior Vice President – Stores (dated as of December 1, 1994) (incorporated by reference to Exhibit 10.17 to the Company's Form 10-K for the year ended February 28, 1998)
10.11*	Company's 1998 Stock Option Plan (incorporated by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 30, 1998)

Exhibit No.	Exhibit
10.12*	Stock Option Agreement between the Company and Warren Eisenberg, dated as of August 13, 1999 (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarter ended November 27, 1999)
10.13*	Stock Option Agreement between the Company and Leonard Feinstein, dated as of August 13, 1999 (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the quarter ended November 27, 1999)
10.14*	Form of Standard Stock Option Agreement (incorporated by reference to Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q for the quarter ended November 27, 1999)
10.15*	Company’s 2000 Stock Option Plan (incorporated by reference to Exhibit 10 to the Company’s Quarterly Report on Form 10-Q for the quarter ended May 27, 2000 which is incorporated by reference to Exhibit A to the Registrant’s Proxy Statement dated May 22, 2000)
10.16*	Form of Standard Stock Option Agreement (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarter ended August 26, 2000)
10.17*	Company’s 2001 Stock Option Plan (incorporated by reference to Exhibit 10.29 to the Company’s Form 10-K for the year ended March 3, 2001).
10.18*	Amended and Restated Employment Agreement between the Company and Warren Eisenberg, dated as of April 3, 2002 (incorporated by reference to Exhibit 10.18 to the Company’s Form 10-K for the year ended March 2, 2002).
10.19*	Amended and Restated Employment Agreement between the Company and Leonard Feinstein, dated as of April 3, 2002 (incorporated by reference to Exhibit 10.18 to the Company’s Form 10-K for the year ended March 2, 2002).
10.20*	Form of Standard Stock Option Agreement (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarter ended May 1, 2002)
10.21*	Form of Standard Stock Option Agreement (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarter ended August 31, 2002)
13**	Company’s 2002 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
99.1***	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002.

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

** Filed herewith.

*** Furnished herewith.

PORTIONS OF ANNUAL REPORT ON FORM 10-K

ITEM 15 (a)(3)

Exhibit 13

BED BATH & BEYOND INC.

Fiscal Year Ended March 1, 2003

Selected Financial Data *(in thousands, except per share and selected operating data)*

	FISCAL YEAR ENDED (1)					
	March 1, 2003	March 2, 2002	March 3, 2001	February 26, 2000	February 27, 1999	February 28, 1998
STATEMENT OF EARNINGS DATA						
Net sales	$ 3,665,164	$ 2,927,962	$ 2,396,655	$1,857,505	$1,382,345	$1,057,135
Gross profit	1,518,547	1,207,566	986,459	766,801	576,125	441,016
Operating profit	480,057	346,100	272,838	209,340	158,052	118,914
Net earnings	302,179	219,599	171,922	131,229	97,346	73,142
Net earnings per share – Diluted (2)	$ 1.00	$ .74	$ .59	$ .46	$ .34	$ .26
SELECTED OPERATING DATA						
Number of Bed Bath & Beyond stores open (at period end)	490	396	311	241	186	141
Total square feet of Bed Bath & Beyond store space (at period end)	17,255,000	14,724,000	12,204,000	9,815,000	7,688,000	5,767,000
Percentage increase in comparable store net sales	7.9%	7.1%	5.0%	9.2%	7.6%	6.4%
BALANCE SHEET DATA (AT PERIOD END)						
Working capital	$ 914,220	$ 715,439	$ 532,524	$ 360,585	$ 267,557	$ 188,293
Total assets	2,188,842	1,647,517	1,195,725	865,800	633,148	458,330
Long-term debt	—	—	—	—	—	—
Shareholders' equity	$ 1,451,921	$ 1,094,350	$ 817,018	$ 559,045	$ 411,087	$ 295,397

[Additional columns below]

[Continued from above table, first column(s) repeated]

	FISCAL YEAR ENDED (1)				
	March 1, 1997	February 25, 1996	February 26, 1995	February 27, 1994	February 28, 1993
STATEMENT OF EARNINGS DATA					
Net sales	$ 816,912	$ 597,352	$ 437,807	$ 304,571	$ 216,411
Gross profit	341,168	250,036	183,819	127,972	90,528
Operating profit	90,607	67,585	51,685	36,906	26,660
Net earnings	55,015	39,459	30,013	21,887	15,960
Net earnings per share – Diluted (2)	$ .20	$ .14	$ .11	$ .08	$ .06
SELECTED OPERATING DATA					
Number of Bed Bath & Beyond stores open (at period end)	108	80	61	45	38
Total square feet of Bed Bath & Beyond store space (at period end)	4,347,000	3,214,000	2,339,000	1,512,000	1,128,000
Percentage increase in comparable store net sales	6.1%	3.8%	12.0%	10.6%	7.2%
BALANCE SHEET DATA (AT PERIOD END)					
Working capital	$ 127,333	$ 91,331	$ 74,390	$ 56,001	$ 34,842
Total assets	329,925	235,810	176,678	121,468	76,654
Long-term debt	—	5,000	16,800	13,300	—
Shareholders' equity	$ 214,361	$ 151,446	$ 108,939	$ 77,305	$ 54,643

(1) *Each fiscal year represents 52 weeks, except for fiscal 2000 (ended March 3, 2001) which represents 53 weeks and fiscal 1996 (ended March 1, 1997) which represents 52 weeks and 6 days.*

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

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

RESULTS OF OPERATIONS

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

	FISCAL YEAR ENDED				
	PERCENTAGE OF NET SALES			PERCENTAGE CHANGE FROM PRIOR YEAR	
	MARCH 1, 2003	MARCH 2, 2002	MARCH 3, 2001	MARCH 1, 2003	MARCH 2, 2002
Net sales	**100.0%**	100.0%	100.0%	**25.2%**	22.2%
Cost of sales	**58.6**	58.8	58.8	**24.8**	22.0
Gross profit	**41.4**	41.2	41.2	**25.8**	22.4
Selling, general and administrative expenses	**28.3**	29.4	29.8	**20.5**	20.7
Operating profit	**13.1**	11.8	11.4	**38.7**	26.9
Earnings before provision for income taxes	**13.4**	12.2	11.8	**37.6**	26.7
Net earnings	**8.2**	7.5	7.2	**37.6**	27.7

FISCAL 2002 COMPARED WITH FISCAL 2001

In fiscal 2002, the Company expanded Bed Bath & Beyond ("BBB") store space by 17.2%, from 14,724,000 square feet at fiscal year end 2001 to 17,255,000 square feet at fiscal year end 2002. The 2,531,000 square feet increase was primarily the result of opening 95 new BBB stores offset by the closing of one small store.

Net sales in fiscal 2002 increased $737.2 million to $3.665 billion, representing an increase of 25.2% over the $2.928 billion net sales in fiscal 2001. Approximately 68% of the increase was attributable to new store net sales and the balance to an increase in comparable store net sales and the acquisition of Harmon Stores, Inc. ("Harmon") in March 2002.

Approximately 55% and 45% of net sales in fiscal 2002 were attributable to sales of domestics merchandise and home furnishings, respectively. The Company estimates that bed linens accounted for approximately 19% of net sales during fiscal 2002 and fiscal 2001. No other individual product category accounted for 10% or more of net sales during either fiscal year.

Gross profit in fiscal 2002 was $1.519 billion or 41.4% of net sales, compared with $1.208 billion or 41.2% of net sales a year ago. The increase in gross profit as a percentage of net sales was primarily attributable to an improved markup on the mix of product purchased, partially offset by a relative increase in markdowns recorded in fiscal 2002 as compared to fiscal 2001.

Comparable store sales for fiscal 2002 increased by approximately 7.9%, compared with an increase of approximately 7.1% in fiscal 2001. The increase in comparable store net sales relative to fiscal 2001 reflected a number of factors, including but not limited to, the continued consumer acceptance of the Company's merchandise offerings, a strong focus on customer service and the continued success of the Company's advertising program.

Selling, general and administrative expenses ("SG&A") were $1.038 billion or 28.3% of net sales in fiscal 2002 compared to $861.5 million or 29.4% of net sales in fiscal 2001. The decrease in SG&A as a percentage of net sales primarily reflects a decrease in occupancy costs and costs associated with new store openings, partially offset by an increase in payroll and payroll related items. Store opening and expansion costs are charged to earnings as incurred.

Interest income increased to $11.3 million in fiscal 2002 compared to $11.0 million in fiscal 2001 due to an increase in invested cash partially offset by a decrease in the average investment rate.

The effective tax rate was 38.5% for both fiscal 2002 and fiscal 2001 due to the weighted average effective tax rate remaining consistent in the states and territory in which the Company currently conducts business.

FISCAL 2001 COMPARED WITH FISCAL 2000

In fiscal 2001 (52 weeks), the Company expanded store space by 20.6%, from 12,204,000 square feet at fiscal year end 2000 (53 weeks) to 14,724,000 square feet at fiscal year end 2001. The 2,520,000 square feet increase was the result of opening 85 new stores.

Net sales in fiscal 2001 increased $531.3 million to $2.928 billion, representing an increase of 22.2% over the $2.397 billion net sales in fiscal 2000. Approximately 73% of the increase was attributable to new store net sales and the balance to an increase in comparable store net sales.

Approximately 54% and 46% of net sales in fiscal 2001 were attributable to sales of domestics merchandise and home furnishings, respectively. The Company estimates that bed linens accounted for approximately 19% of net sales during fiscal 2001 and 21% of net sales during fiscal 2000. No other individual product category accounted for 10% or more of net sales during either fiscal year.

Gross profit in fiscal 2001 was $1.208 billion or 41.2% of net sales, compared with $986.5 million or 41.2% of net sales in fiscal 2000. Gross profit, as a percentage of net sales, remained consistent due to the similar product mix in fiscal 2001 and fiscal 2000.

Comparable store sales for fiscal 2001 (52 weeks vs. 52 weeks) increased by approximately 7.1%, compared with an increase of approximately 5.0% in fiscal 2000. The increase in comparable store net sales relative to fiscal 2000 reflected a number of factors, including but not limited to, the continued consumer acceptance of the Company's merchandise offerings, a strong focus on customer service and the continued success of the Company's advertising program.

SG&A was $861.5 million or 29.4% of net sales in fiscal 2001 compared to $713.6 million or 29.8% of net sales in fiscal 2000. The decrease in SG&A as a percentage of net sales primarily reflected a relative decrease in payroll and payroll related items primarily due to an increase in store productivity. Store opening and expansion costs were charged to earnings as incurred.

Interest income increased to $11.0 million in fiscal 2001 compared to $9.0 million in fiscal 2000 due to an increase in invested cash partially offset by a decrease in the average investment rate.

The effective tax rate decreased to 38.5% for fiscal 2001 compared with 39.0% for fiscal 2000 due to a decrease in the amount provided for state and local taxes resulting primarily from the composition of states and territory in which the Company currently 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 relocation of existing stores. In the eleven year period from the beginning of fiscal 1992 to the end of fiscal 2002, the chain has grown from 34 to 490 BBB stores. Total BBB stores' square footage grew from 917,000 square feet at the beginning of fiscal 1992 to 17,255,000 square feet at the end of fiscal 2002. There were 29 Harmon stores with 197,000 square feet at the end of fiscal 2002.

The Company intends to continue its expansion program and currently anticipates that in fiscal 2003 it will open between 80 and 90 new BBB 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 2003 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 its operations, including its expansion program, through internally generated funds. Net cash provided by operating activities in fiscal 2002 was $419.3 million, compared with $338.0 million in fiscal 2001. The change in net cash provided by operating activities was primarily attributable to an increase in net income.

Net cash used in investing activities in fiscal 2002 was $357.4 million, compared with $173.5 million in fiscal 2001. The change in net cash used in purchases of investing activities is primarily attributable to an increase in investment securities and the acquisition of Harmon.

Net cash provided by financing activities in fiscal 2002 was $24.2 million, compared with $25.8 million in fiscal 2001. The change in net cash provided by financing activities is attributable to a decrease in proceeds from the exercise of stock options compared to the prior year.

During fiscal 2002, the Company increased its uncommitted line of credit from $50 million to $75 million. The current uncommitted line of credit, which expires in September 2003, is intended to be used for letters of credit in the ordinary course of business. During fiscal 2002 and 2001, the Company had no direct borrowings under the uncommitted line of credit. The Company believes that during fiscal 2003, internally generated funds will be sufficient to fund its operations, including its expansion program.

The Company has contractual obligations consisting of all operating leases for buildings, office and other facilities and equipment which are payable as follows as of March 1, 2003:

(in 000's)	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	AFTER 5 YEARS
Operating Leases	**$2,358,770**	**$230,974**	**$711,956**	**$442,894**	**$972,946**

As of May 2, 2003, the Company has leased sites for 60 new BBB stores planned for opening in fiscal 2003, including seven new stores already opened in Mira Mesa, California; St. Augustine, Florida; Coeur d'Alene, Idaho; Dubuque, Iowa; Wilton (Saratoga), New York; Chattanooga, Tennessee; and Tyler, Texas.

Approximate aggregate costs for the 60 leased stores planned for opening in fiscal 2003 are estimated at $79.4 million for merchandise inventories, $32.5 million for furniture and fixtures and leasehold improvements and $10.9 million for store opening expenses (which will be expensed as incurred). In addition to the 60 locations already leased, the Company expects to open approximately 20 to 30 additional locations during fiscal 2003.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations." The standard requires entities to record the fair value of a liability for an asset retirement obligation. SFAS No. 143 is effective for the Company in fiscal 2003. The Company does not believe that the adoption of SFAS No. 143 will have a material impact on the Company's consolidated financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." Among other items, SFAS No. 145 updates and clarifies existing accounting pronouncements related to reporting gains and losses from the extinguishment of debt and certain lease modifications that have economic effects similar to sale-leaseback transactions. SFAS No. 145 is effective for the Company in fiscal 2003. The Company does not believe that the adoption of SFAS No. 145 will have a material impact on the Company's consolidated financial statements.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees Including Indirect Guarantees of Indebtedness of Others" ("FIN No. 45"). FIN No. 45 elaborates on the disclosures for interim and annual reports regarding obligations under certain guarantees issued by a guarantor. Under FIN No. 45, the guarantor is required to recognize a liability for the fair value of the obligation undertaken in issuing the guarantee at the inception of a guarantee. The recognition and measurement provisions of FIN No. 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements for FIN No. 45 are effective for interim and annual financial statements issued after December 15, 2002. The Company does not believe that the adoption of FIN No. 45 will have a material impact on the Company's consolidated financial statements.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to establish accounting policies and to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on other assumptions that it believes to be relevant under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. In particular, judgment is used in areas such as the provision for sales returns, inventory valuation using the retail inventory method, impairment of assets, vendor allowances and accruals for self insurance, litigation and store relocations and closings. Actual results could differ from these estimates.

Sales Returns: Sales returns, which are reserved for based on historical experience, are provided for in the period that the related sales are recorded.

Inventory Valuation: Merchandise inventories are stated at the lower of cost or market, using the retail inventory method. Under the retail inventory method, the valuation of inventories at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio to the retail value of inventories. At any one time, inventories include items that have been marked down to the Company's best estimate of their fair market value. Actual markdowns required could differ from this estimate.

Impairment of Assets: The Company periodically reviews long-lived assets for impairment by comparing the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that an impairment loss has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between asset carrying values and the present value of the estimated net cash flows. The Company does not believe that any material impairment currently exists related to its long-lived assets.

Vendor Allowances: The Company receives various types of allowances from our merchandise vendors, which are based on negotiated terms. These allowances are recorded when earned as a reduction of cost of sales or as a reduction of other costs in accordance with the provisions of the FASB's Emerging Issues Task Force Issue No. 02-16 "Accounting by a Customer (Including a Resale) for Certain Consideration Received from a Vendor."

Self Insurance: The Company uses self insurance for a number of risks including worker's compensation, general liability, automobile liability and employee related health care benefits (a portion of which is paid by our employees). Liabilities associated with these risks are estimated in part by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions.

Litigation: The Company records an estimated liability related to various claims and legal actions arising in the ordinary course of business which is based on available information and advice from outside counsel, where appropriate. As additional information becomes available, the Company reassesses the potential liability related to its pending litigation and revises its estimates as appropriate.

Store Opening, Expansion, Relocation and Closing Costs: Store opening, expansion, relocation and closing costs are charged to earnings as incurred. Prior to the adoption of SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which was effective for any exit or disposal activity initiated after December 31, 2002, costs related to store relocations and closings were provided for in the period in which management approved the relocation or closing of a store.

ACQUISITION

On March 5, 2002, the Company acquired Harmon, a health and beauty care retailer, which did not have a material effect on its consolidated results of operations or financial condition in fiscal 2002.

FORWARD LOOKING STATEMENTS

This Annual Report and, in particular, Management's Discussion and Analysis of Financial Condition and Results of Operations, and the Shareholder Letter, contain forward looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The Company's actual results and future financial condition may differ materially from those expressed in any such forward looking statements as a result of many factors that may be outside the Company's control. Such factors include, without limitation: general economic conditions, changes in the retailing environment and consumer spending habits, demographics and other macroeconomic factors that may impact the level of spending for the types of merchandise sold by the Company; unusual weather patterns; competition from existing and potential competitors; competition from other channels of distribution; pricing pressures; the ability to find suitable locations at reasonable occupancy costs to support the Company's expansion program; and the cost of labor, merchandise and other costs and expenses.

SEASONALITY

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

Consolidated Balance Sheets
Bed Bath & Beyond Inc. and Subsidiaries

(in thousands, except per share data)	March 1, 2003	March 2, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 515,670**	$ 429,496
Short term investment securities	**100,927**	—
Merchandise inventories	**915,671**	753,972
Other current assets	**62,123**	43,249
Total current assets	**1,594,391**	1,226,717
Long term investment securities	**148,005**	51,909
Property and equipment, net	**423,907**	361,741
Other assets	**22,539**	7,150
	$2,188,842	$1,647,517
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 362,965**	$ 270,917
Accrued expenses and other current liabilities	**246,198**	190,923
Income taxes payable	**71,008**	49,438
Total current liabilities	**680,171**	511,278
Deferred rent and other liabilities	**56,750**	41,889
Total liabilities	**736,921**	553,167
Commitments and contingencies (notes 3, 7 and 9)		
Shareholders' equity:		
Preferred stock – $0.01 par value; authorized – 1,000 shares; no shares issued or outstanding	**—**	—
Common stock – $0.01 par value; authorized – 900,000 shares; issued and outstanding – March 1, 2003, 294,430 shares and March 2, 2002, 291,441 shares	**2,944**	2,914
Additional paid–in capital	**294,034**	238,672
Retained earnings	**1,154,943**	852,764
Total shareholders' equity	**1,451,921**	1,094,350
	$2,188,842	$1,647,517

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Earnings

Bed Bath & Beyond Inc. and Subsidiaries

(in thousands, except per share data)	FISCAL YEAR ENDED March 1, 2003	March 2, 2002	March 3, 2001
Net sales	**$3,665,164**	$2,927,962	$2,396,655
Cost of sales	**2,146,617**	1,720,396	1,410,196
Gross profit	**1,518,547**	1,207,566	986,459
Selling, general and administrative expenses	**1,038,490**	861,466	713,621
Operating profit	**480,057**	346,100	272,838
Interest income	**11,291**	10,972	9,001
Earnings before provision for income taxes	**491,348**	357,072	281,839
Provision for income taxes	**189,169**	137,473	109,917
Net earnings	**$ 302,179**	$ 219,599	$ 171,922
Net earnings per share – Basic	**$ 1.03**	$ 0.76	$ 0.61
Net earnings per share – Diluted	**$ 1.00**	$ 0.74	$ 0.59
Weighted average shares outstanding – Basic	**292,927**	289,877	283,925
Weighted average shares outstanding – Diluted	**301,147**	298,667	292,876

Consolidated Statements of Shareholders' Equity

Bed Bath & Beyond Inc. and Subsidiaries

(in thousands)	COMMON STOCK SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Balance at February 26, 2000	280,812	$2,808	$ 94,994	$ 461,243	$ 559,045
Net earnings				171,922	171,922
Shares sold under employee stock option plans	7,078	71	85,980		86,051
Balance at March 3, 2001	287,890	2,879	180,974	633,165	817,018
Net earnings				219,599	219,599
Shares sold under employee stock option plans	3,551	35	57,698		57,733
Balance at March 2, 2002	291,441	2,914	238,672	852,764	1,094,350
Net earnings				302,179	302,179
Shares sold under employee stock option plans	2,989	30	55,362		55,392
Balance at March 1, 2003	**294,430**	**$2,944**	**$294,034**	**$1,154,943**	**$1,451,921**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Bed Bath & Beyond Inc. and Subsidiaries

(in thousands)	FISCAL YEAR ENDED March 1, 2003	March 2, 2002	March 3, 2001
Cash Flows from Operating Activities:			
Net earnings	**$ 302,179**	$ 219,599	$ 171,922
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	**74,825**	62,547	46,650
Amortization of bond premium	**985**	—	—
Tax benefit from exercise of stock options	**31,176**	31,980	48,295
Deferred income taxes	**(13,291)**	1,733	(3,939)
(Increase) decrease in assets, net of effect of acquisition:			
Merchandise inventories	**(145,789)**	(147,268)	(136,271)
Other current assets	**(7,927)**	644	2,627
Other assets	**190**	206	(1,124)
Increase (decrease) in liabilities, net of effect of acquisition:			
Accounts payable	**86,144**	78,516	47,287
Accrued expenses and other current liabilities	**52,891**	62,123	20,721
Income taxes payable	**20,378**	17,450	(1,602)
Deferred rent and other liabilities	**17,556**	10,426	3,370
Net cash provided by operating activities	**419,317**	337,956	197,936
Cash Flows from Investing Activities:			
Purchase of investment securities	**(368,008)**	(51,909)	—
Redemption of investment securities	**170,000**	—	—
Acquisition, net of cash acquired	**(24,097)**	—	—
Capital expenditures	**(135,254)**	(121,632)	(140,395)
Net cash used in investing activities	**(357,359)**	(173,541)	(140,395)
Cash Flows from Financing Activities:			
Proceeds from exercise of stock options	**24,216**	25,753	37,756
Net cash provided by financing activities	**24,216**	25,753	37,756
Net increase in cash and cash equivalents	**86,174**	190,168	95,297
Cash and cash equivalents:			
Beginning of period	**429,496**	239,328	144,031
End of period	**$ 515,670**	$ 429,496	$ 239,328

See accompanying 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 stores selling predominantly better quality domestics merchandise and home furnishings. As the Company operates in the retail industry, its results of operations are affected by general economic conditions and consumer spending habits.

B. PRINCIPLES OF CONSOLIDATION

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

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

C. FISCAL YEAR

The Company’s fiscal year is comprised of the 52 or 53 week period ending on the Saturday nearest February 28. Accordingly, fiscal 2002 and 2001 represented 52 weeks and ended on March 1, 2003 and March 2, 2002, respectively; and fiscal 2000 represented 53 weeks and ended March 3, 2001.

D. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

During fiscal 2002, the Company adopted the following pronouncements:

Statement of Financial Accounting Standards (“SFAS”) No. 141, “Business Combinations.” SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, and establishes specific criteria for the recognition of goodwill separate from other intangible assets. The Company adopted SFAS No. 141 in fiscal 2002. The adoption of SFAS No. 141 did not have a material impact on the Company’s consolidated financial statements.

SFAS No. 142, “Goodwill and Other Intangible Assets.” SFAS No. 142 discontinued the amortization of goodwill and other intangible assets with indefinite useful lives and requires periodic goodwill impairment testing. The Company’s only goodwill arose from the March 2002 acquisition of Harmon Stores, Inc. (“Harmon”). The Company did not amortize any goodwill recognized as a result of the acquisition of Harmon (see Note 13 - Acquisition) and performed impairment testing as of the Company’s fiscal year end date. The Company adopted SFAS No. 142 in fiscal 2002. The adoption of SFAS No. 142 did not have a material impact on the Company’s consolidated financial statements.

SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets.” This statement supersedes SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of,” while retaining many of the fundamental provisions covered by that statement. SFAS No. 144 differs fundamentally from SFAS No. 121 in that goodwill and other intangible assets, that are not amortized, are excluded from the scope of SFAS No. 144. SFAS No. 144 also expands the scope of discontinued operations to include more types of disposal transactions. The Company adopted SFAS No. 144 in fiscal 2002. The adoption of SFAS No. 144 did not have a material impact on the Company’s consolidated financial statements.

SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities.” This statement requires companies to recognize costs associated with exit or disposal activities when they are incurred. The provisions of SFAS No. 146 were effective for any exit or disposal activities initiated after December 31, 2002. The Company adopted SFAS No. 146 in fiscal 2002. The adoption of SFAS No. 146 did not have a material impact on the Company’s consolidated financial statements.

SFAS No. 148, “Accounting for Stock-Based Compensation-Transition and Disclosure.” SFAS No. 148 is an amendment of SFAS No. 123, “Accounting for Stock-Based Compensation,” and provides alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, the statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based compensation and the effect of the method used. For the fiscal years ended 2002, 2001 and 2000, the Company accounted for stock options using the intrinsic value method prescribed under Accounting Principles Board (“APB”) No. 25, and accordingly, the Company did not recognize compensation expense for stock options. The Company continues to account for stock-based compensation using APB No. 25 and has not adopted the recognition provisions of SFAS No. 123, as amended by SFAS No. 148. However, the Company has adopted the disclosure provisions for the current fiscal year and has included this information in Note 1(T.) – Stock-Based Compensation.

In November 2002, the Emerging Issues Task Force (EITF) of the FASB reached a consensus on EITF 02-16, “Accounting by a Customer (including a Reseller) for Certain Consideration Received from a Vendor.” EITF 02-16 addresses the accounting treatment for vendor allowances. As clarified by the EITF in January 2003, this issue is effective for arrangements with vendors initiated on or after January 1, 2003. The provisions of this consensus are consistent with the Company’s existing accounting policy and the application of EITF 02-16 is not expected to have a material impact on the Company’s consolidated financial statements.

E. CASH AND CASH EQUIVALENTS

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

F. INVENTORY VALUATION

Merchandise inventories are stated at the lower of cost or market, using the retail inventory method. Under the retail inventory method, the valuation of inventories at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio to the retail value of inventories. At any one time, inventories include items that have been marked down to the Company's best estimate of their fair market value. Actual markdowns required could differ from this estimate.

G. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets (forty years for building; five to ten years for furniture, fixtures and equipment; and three to five years for computer equipment). Leasehold improvements are amortized using the straight-line method over the lesser of their estimated useful life or the life of the lease.

The cost of maintenance and repairs is charged to earnings as incurred; significant renewals and betterments are capitalized. Maintenance and repairs amounted to $34.7 million, $34.3 million and $28.4 million for fiscal 2002, 2001 and 2000, respectively.

H. IMPAIRMENT OF LONG-LIVED ASSETS

The Company periodically reviews long-lived assets for impairment by comparing the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that an impairment loss has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between asset carrying values and the present value of the estimated net cash flows. The Company does not believe that any material impairment currently exists related to its long-lived assets.

I. INVESTMENT SECURITIES

Investment securities consist of U.S. Government Agency debt securities. Because the Company has the ability and intent to hold the securities until maturity, it classifies its securities as held-to-maturity. These investment securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity securities as an adjustment to interest using the effective interest method. Dividend and interest income are recognized when earned.

J. DEFERRED RENT

The Company accounts for scheduled rent increases contained in its leases on a straight-line basis over the noncancelable lease term. Deferred rent amounted to $29.1 million and $26.5 million as of March 1, 2003 and March 2, 2002, respectively.

K. SELF INSURANCE

The Company uses self insurance for a number of risks including worker's compensation, general liability, automobile liability and employee related health care benefits (a portion of which is paid by our employees). Liabilities associated with these risks are estimated in part by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions.

L. LITIGATION

The Company records an estimated liability related to various claims and legal actions arising in the ordinary course of business which is based on available information and advice from outside counsel, where appropriate. As additional information becomes available, the Company reassesses the potential liability related to its pending litigation and revises its estimates as appropriate.

M. REVENUE RECOGNITION

Sales are recognized upon purchase by customers at our retail stores or when shipped for products purchased from our websites. The value of point of sale coupons and point of sale rebates that result in a reduction of the price paid by the customer are recorded as a reduction of sales. Shipping and handling fees that are billed to a customer in a sale transaction are recorded in sales. Revenues from gift cards, gift certificates and store credits are recognized when redeemed. Sales returns, which are reserved for based on historical experience, are provided for in the period that the related sales are recorded.

N. VENDOR ALLOWANCES

The Company receives various types of allowances from our merchandise vendors, which are based on negotiated terms. These allowances are recorded when earned as a reduction of cost of sales or as a reduction of other costs in accordance with the provisions of EITF 02-16.

O. COST OF SALES

Cost of sales includes the cost of merchandise; certain buying, occupancy and indirect costs; shipping and handling costs and free merchandise incentives.

P. STORE OPENING, EXPANSION, RELOCATION AND CLOSING COSTS

Store opening, expansion, relocation and closing costs are charged to earnings as incurred. Prior to the adoption of SFAS No. 146, which was effective for any exit or disposal activity initiated after December 31, 2002, costs related to store relocations and closings were provided for in the period in which management approved the relocation or closing of a store.

Q. ADVERTISING COSTS

Expenses associated with store advertising are charged to earnings as incurred. Net advertising costs amounted to $58.8 million, $46.1 million and $37.0 million for fiscal 2002, 2001 and 2000, respectively.

R. INCOME TAXES

The Company files a consolidated Federal income tax return. Separate income tax returns are filed with each state and territory 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.

S. EARNINGS PER SHARE

The Company presents earnings per share on a basic and diluted basis. Basic earnings per share has been computed by dividing net earnings by the weighted average number of shares outstanding. Diluted earnings per share has been computed by dividing net earnings by the weighted average number of shares outstanding including the dilutive effect of stock options.

Options for which the exercise price was greater than the average market price of common shares as of the fiscal years ended 2002, 2001 and 2000 were not included in the computation of diluted earnings per share as the effect would be anti-dilutive. These consisted of options totaling 158,925 shares, 22,275 shares and 115,925 shares, respectively.

T. STOCK-BASED COMPENSATION

As permitted under SFAS No. 123, and subsequently amended by SFAS No. 148, the Company has elected not to adopt the fair value based method of accounting for its stock-based compensation plans, but continues to apply the provisions of APB No. 25. The Company has complied with the disclosure requirements of SFAS No. 123.

Accordingly, no compensation cost has been recognized in connection with the stock option plans. Set forth below are the Company’s net earnings and net earnings per share “as reported,” and as if compensation cost had been recognized (“pro-forma”) in accordance with the fair value provisions of SFAS No. 123:

	FISCAL YEAR		
(in thousands)	**2002**	**2001**	**2000**
NET EARNINGS:			
As reported	**$302,179**	$219,599	$171,922
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of related tax effects	**(25,443)**	(19,590)	(17,382)
Pro-forma	**$276,736**	$200,009	$154,540
NET EARNINGS PER SHARE:			
Basic:			
As reported	**$ 1.03**	$ 0.76	$ 0.61
Pro-forma	**$ 0.94**	$ 0.69	$ 0.54
Diluted:			
As reported	**$ 1.00**	$ 0.74	$ 0.59
Pro-forma	**$ 0.92**	$ 0.67	$ 0.53

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:

FISCAL YEAR

	2002	2001	2000
Dividend yield	**—**	—	—
Expected volatility	**45.00%**	45.00%	45.00%
Risk free interest rates	**4.72%**	4.80%	6.58%
Expected lives (years)	**7**	7	7
Weighted average fair value of options granted during the year	**$17.15**	$12.77	$ 7.25

U. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, investment securities, accounts payable, accrued expenses and other current liabilities, and other long term liabilities. The Company's investment securities consist of held-to-maturity debt securities which are stated at amortized cost, adjusted for amortization of premium to maturity. The book value of all other financial instruments are representative of their fair values with the exception of investment securities (see Note 4 – Investment Securities).

V. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to establish accounting policies and to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on other assumptions that it believes to be relevant under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. In particular, judgment is used in areas such as the provision for sales returns, inventory valuation using the retail inventory method, impairment of assets, vendor allowances and accruals for self insurance, litigation and store relocations and closings. Actual results could differ from these estimates.

2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

(in thousands)	March 1, 2003	March 2, 2002
Land and building	**$ 6,875**	$ 5,173
Furniture, fixtures and equipment	**321,507**	271,399
Leasehold improvements	**268,493**	205,310
Computer equipment	**122,896**	100,898
	719,771	582,780
Less: Accumulated depreciation and amortization	**(295,864)**	(221,039)
	$ 423,907	$ 361,741

3. LINE OF CREDIT

During fiscal 2002, the Company increased its uncommitted line of credit from $50 million to $75 million. The current uncommitted line of credit, which expires in September 2003, is intended to be used for letters of credit in the ordinary course of business. During fiscal 2002 and 2001, the Company had no direct borrowings under the uncommitted line of credit. As of March 1, 2003 and March 2, 2002, there were approximately $8.5 million and $5.8 million in outstanding letters of credit, respectively.

4. INVESTMENT SECURITIES

The Company's investment securities consist of held-to-maturity U.S. Government Agency debt securities, which are stated at amortized cost, adjusted for amortization of premium to maturity. The Company intends to hold the securities to maturity and has classified the investments as such. The following table summarizes the Company's investment securities:

(in thousands)	March 1, 2003		March 2, 2002	
	AMORTIZED COST	FAIR VALUE	AMORTIZED COST	FAIR VALUE
U.S. Government Agency debt securities:				
Short term	**$100.9**	**$101.8**	$ —	$ —
Long term	**148.0**	**148.4**	51.9	51.9
Total investment securities	**$248.9**	**$250.2**	$51.9	$51.9

The securities with maturity dates within one year are classified as short term investment securities and those with maturity dates beyond one year are classified as long term investment securities. The maturity dates of long term investment securities extend to January 2005 based on the current contractual maturities. Actual maturities could differ from contractual maturities because borrowers have the right to call certain obligations.

Notes to Consolidated Financial Statements

(Continued)

5. PROVISION FOR INCOME TAXES

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

	FISCAL YEAR		
(in thousands)	2002	2001	2000
Current:			
Federal	**$184,055**	$123,787	$102,178
State and local	**18,405**	11,953	11,678
	202,460	135,740	113,856
Deferred:			
Federal	**(12,083)**	1,188	(3,535)
State and local	**(1,208)**	545	(404)
	(13,291)	1,733	(3,939)
	$189,169	$137,473	$109,917

At March 1, 2003 and March 2, 2002, included in other current assets and in deferred rent and other liabilities is a net current deferred income tax asset of $50.2 million and $39.6 million and a net noncurrent deferred income tax liability of $5.4 million and $8.1 million, respectively. These amounts represent the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's deferred tax assets and liabilities consist of the following:

(in thousands)	MARCH 1, 2003	MARCH 2, 2002
Deferred Tax Assets:		
Inventories	**$ 18,134**	$ 14,827
Deferred rent	**11,207**	10,193
Insurance	**18,063**	7,306
Other	**22,578**	20,300
Deferred Tax Liability:		
Depreciation	**(25,186)**	(21,122)
	$ 44,796	$ 31,504

For fiscal 2002 and 2001, the effective tax rate is comprised of the Federal statutory income tax rate of 35.00% and the State income tax rate, net of Federal benefit, of 3.50%. For fiscal 2000, the effective tax rate was comprised of the Federal statutory income tax rate of 35.00% and the state income tax rate, net of Federal benefit, of 4.00%.

6. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

A. The Company has an interest in certain life insurance policies on the lives of its Co-Chairmen. The beneficiaries of these policies are related to the aforementioned individuals. The Company's interest in these policies is equivalent to the net premiums paid by the Company. At March 1, 2003 and March 2, 2002, other assets (noncurrent) include $5.4 million and $5.0 million, respectively, representing the Company's interest in the life insurance policies.

B. The Company obtained certain payroll services from a related party through August 2001. In fiscal 2002, the Company paid no such fees. The Company paid fees for such services of $203,000 and $366,000 for fiscal 2001 and 2000, 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 $913,000, $761,000 and $634,000 for fiscal 2002, 2001, and 2000, respectively. The Eisenberg Foundation and the Feinstein Foundation are each not-for-profit corporations of which Messrs. Eisenberg and Feinstein, the Co-Chairmen of the Company, and their family members are the trustees and officers.

D. The Company leased warehouse space from a related party and paid occupancy costs of $461,000 in fiscal 2002.

7. LEASES

The Company leases retail stores, as well as warehouses, office facilities and equipment, under agreements expiring at various dates through 2022. Certain leases provide for contingent rents (which are based upon store sales exceeding stipulated amounts and are immaterial in fiscal 2002, 2001 and 2000), scheduled rent increases and renewal options generally ranging from five to fifteen years. The Company is obligated under a majority of the leases to pay for taxes, insurance and common area maintenance charges.

As of March 1, 2003, future minimum lease payments under noncancelable operating leases are as follows:

Fiscal Year	(in thousands)	Amount
2003		$ 230,974
2004		239,274
2005		238,294
2006		234,388
2007		225,483
Thereafter		1,190,357
Total future minimum lease payments		$2,358,770

Expenses for all operating leases were $219.8 million, $178.7 million and $142.6 million for fiscal 2002, 2001 and 2000, respectively.

8. EMPLOYEE BENEFIT PLANS

The Company has two defined contribution 401(k) savings plans (the “Bed Bath & Beyond Plan” and the “Harmon Plan”) covering all eligible Bed Bath & Beyond and Harmon employees, respectively. Participants may defer annual pretax compensation subject to statutory and Plan limitations. The Company has an option to contribute an amount as determined by the Board of Directors to either Plan. In addition, each participant in the Bed Bath & Beyond Plan may elect to make voluntary, non-tax deductible contributions in excess of the pre-tax compensation limit up to 15% of compensation. As of March 1, 2003, the Company has not made a material contribution to either Plan.

9. COMMITMENTS AND CONTINGENCIES

The Company maintains employment agreements with its Co-Chairmen, which extend through 2007. The agreements provide for a base salary (which may be increased by the Board of Directors), termination payments, post-retirement benefits and other terms and conditions of employment.

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.

10. SUPPLEMENTAL CASH FLOW INFORMATION

The Company paid income taxes of $151.8 million, $89.8 million and $68.0 million in fiscal 2002, 2001 and 2000, respectively.

11. STOCK OPTION PLANS

Options to purchase shares of the Company’s common stock have been granted to employees under various stock option plans, which plans aggregated 64.4 million shares of common stock, subject to adjustment under certain circumstances. Option grants, which are issued at market value on the date of grant, generally become exercisable in five equal installments beginning one to three years after the date of grant, and in all events, expire ten years after the date of grant. All option grants are non-qualified.

The following table summarizes stock option transactions:

	NUMBER OF SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at February 26, 2000	26,224,000	$ 8.65
Options granted	6,149,700	12.73
Options exercised	(7,078,153)	5.33
Options canceled	(1,123,562)	12.02
Outstanding at March 3, 2001	24,171,985	10.51
Options granted	3,439,800	23.73
Options exercised	(3,550,917)	7.25
Options canceled	(943,860)	14.41
Outstanding at March 2, 2002	23,117,008	12.80
Options granted	4,335,000	31.95
Options exercised	(2,989,255)	8.09
Options canceled	(626,008)	20.45
Outstanding at March 1, 2003	**23,836,745**	**$16.66**
Options exercisable:		
At March 3, 2001	4,904,297	$ 7.12
At March 2, 2002	6,155,914	$ 9.30
At March 1, 2003	**8,404,205**	**$11.20**

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

The following tables summarize information pertaining to stock options outstanding and exercisable at March 1, 2003:

OPTIONS OUTSTANDING

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE
$ 2.04 to 10.69	4,029,310	3.69	$ 5.84
10.97 to 11.47	4,649,850	6.99	11.46
11.83 to 14.77	5,160,637	5.79	13.16
14.86 to 23.78	5,635,508	7.38	20.20
23.84 to 36.24	4,361,440	9.07	31.78

$ 2.04 to 36.24	**23,836,745**	**6.65**	**$16.66**

OPTIONS EXERCISABLE

RANGE OF EXERCISE PRICES	NUMBER EXERCISABLE	WEIGHTED-AVERAGE EXERCISE PRICE
$ 2.04 to 10.69	3,080,590	$ 5.70
10.97 to 11.47	1,200,010	11.45
11.83 to 14.77	3,051,637	13.74
14.86 to 23.78	1,011,948	18.95
23.84 to 36.24	60,020	29.38
$ 2.04 to 36.24	**8,404,205**	**$11.20**

12. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

(in thousands, except per share data)	FISCAL 2002 QUARTER ENDED				FISCAL 2001 QUARTER ENDED			
	June 1, 2002	August 31, 2002	November 30, 2002	March 1, 2003	June 2, 2001	September 1, 2001	December 1, 2001	March 2, 2002
Net sales	$776,798	$903,044	$936,030	$1,049,292	$575,833	$713,636	$759,438	$879,055
Gross profit	318,362	370,335	386,224	443,626	234,959	291,342	311,030	370,235
Operating profit	72,701	119,687	119,228	168,441	45,602	84,672	83,749	132,077
Earnings before provision for income taxes	75,283	122,697	122,133	171,235	48,792	87,730	86,120	134,430
Provision for income taxes	28,984	47,238	47,021	65,926	18,785	33,776	33,156	51,756
Net earnings	$ 46,299	$ 75,459	$ 75,112	$ 105,309	$ 30,007	$ 53,954	$ 52,964	$ 82,674
EPS – Basic (1)	$ 0.16	$ 0.26	$ 0.26	$ 0.36	$ 0.10	$ 0.19	$ 0.18	$ 0.28
EPS – Diluted (1)	$ 0.15	$ 0.25	$ 0.25	$ 0.35	$ 0.10	$ 0.18	$ 0.18	$ 0.28

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

13. ACQUISITION

On March 5, 2002, the Company acquired Harmon, a health and beauty care retailer, which did not have a material effect on its consolidated results of operations or financial condition in fiscal 2002.

Independent Auditors’ Report

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

We have audited the accompanying consolidated balance sheets of Bed Bath & Beyond Inc. and subsidiaries as of March 1, 2003 and March 2, 2002, and the related consolidated statements of earnings, shareholders’ equity and cash flows for each of the fiscal years in the three-year period ended March 1, 2003. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bed Bath & Beyond Inc. and subsidiaries as of March 1, 2003 and March 2, 2002, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended March 1, 2003 in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

New York, New York
March 27, 2003

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
Bed Bath & Beyond Procurement Company Inc.	Delaware
BBBY Management Corp.	New Jersey
Bed ‘n Bath Stores, Inc.	New Jersey
Bed Bath & Beyond of California Limited Liability Company	Delaware
Harmon Stores, Inc.	Delaware

Exhibit 23

INDEPENDENT AUDITORS' CONSENT

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

We consent to incorporation by reference in the registration statements (No. 33-63902, 33-87602, 333-18011, 333-75883, and 333-64494) on Forms S-8 of Bed Bath & Beyond Inc. of our report dated March 27, 2003, relating to the consolidated balance sheets of Bed Bath & Beyond Inc. and subsidiaries as of March 1, 2003 and March 2, 2002, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the fiscal years in the three-year period ended March 1, 2003, which report is incorporated by reference in the March 1, 2003 annual report on Form 10-K of Bed Bath & Beyond Inc.

/s/ KPMG LLP
New York, New York
May 29, 2003

Exhibit 99.1

CERTIFICATION

The undersigned, the Principal Executive Officer and Principal Financial Officer of Bed Bath & Beyond Inc. (the “Company”), hereby certify, to the best of their knowledge and belief, that the Form 10-K of the Company for the annual period ended March 1, 2003, (the “Periodic Report”) accompanying this certification fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company. The foregoing certification is provided solely for purposes of complying with the provisions of Section 906 of the Sarbanes – Oxley Act and is not intended to be used for any other purposes.

Date: May 29, 2003

/s/ Steven H. Temares

Steven H. Temares
President and Chief Executive Officer

/s/ Eugene A. Castagna

Eugene A. Castagna
Vice President — Finance and
Assistant Treasurer

A signed original of this written statement required by Section 906 has been provided to Bed Bath & Beyond Inc. and will be retained by Bed Bath & Beyond Inc. and furnished to the Securities and Exchange Commission or its staff upon request.