BED BATH & BEYOND INC.

Notice of 2014 Annual Meeting of Shareholders

Proxy Statement

2013 Annual Report

Consolidated Selected Financial Data *(in thousands, except per share and number of stores data)*

	March 1, 2014	March 2, 2013[2]	Feb. 25, 2012	Feb. 26, 2011	Feb. 27, 2010	Feb. 28, 2009	March 1, 2008[3]	March 3, 2007	Feb. 25, 2006	Feb. 26, 2005
STATEMENT OF EARNINGS DATA:										
Net sales	$11,503,963	$10,914,585	$9,499,890	$8,758,503	$7,828,793	$7,208,340	$7,048,942	$6,617,429	$5,809,562	$5,147,678
Gross profit	4,565,582	4,388,755	3,930,933	3,622,929	3,208,119	2,873,236	2,925,231	2,835,402	2,485,748	2,186,301
Operating profit	1,614,587	1,638,218	1,568,369	1,288,458	980,687	673,896	838,022	889,401	879,171	792,414
Net earnings	1,022,290	1,037,788	989,537	791,333	600,033	425,123	562,808	594,244	572,847	504,964
Net earnings per share – Diluted[5]	$ 4.79	$ 4.56	$ 4.06	$ 3.07	$ 2.30	$ 1.64	$ 2.10	$ 2.09	$ 1.92	$ 1.65
SELECTED OPERATING DATA:										
Number of stores open (at period end)	1,496	1,471	1,173	1,139	1,100	1,037	971	888	809	721
Total square feet of store space (at period end)	42,619	42,030	36,125	35,055	33,740	32,050	30,181	27,794	25,502	22,945
Percentage increase (decrease) in comparable sales	2.4%	2.7%	5.9%	7.8%	4.4%	(2.4)%	1.0%	4.9%	4.6%	4.5%
Comparable sales[6][7]	$10,660,573	$ 9,819,904	$9,157,183	$8,339,112	$7,409,203	$6,746,472	$6,457,268	$6,068,694	$5,281,675	$4,468,095
Number of comparable stores[7]	1,412	1,122	1,076	1,013	942	874	792	683	605	535
BALANCE SHEET DATA (AT PERIOD END):										
Working capital	$ 1,974,651	$ 2,232,275	$2,803,809	$2,751,398	$2,413,791	$1,609,831	$1,065,599	$1,553,541	$1,082,399	$1,223,409
Total assets	6,356,033	6,279,952	5,724,546	5,646,193	5,152,130	4,268,843	3,844,093	3,959,304	3,382,140	3,199,979
Long-term sale/leaseback and capital lease obligations[8]	108,046	108,364	—	—	—	—	—	—	—	—
Long-term debt	—	—	—	—	—	—	—	—	—	—
Shareholders' equity[9]	$ 3,941,287	$ 4,079,730	$3,922,528	$3,931,659	$3,652,904	$3,000,454	$2,561,828	$2,649,151[10]	$2,262,450	$2,203,762

[1] *Each fiscal year represents 52 weeks, except for fiscal 2012 (ended March 2, 2013), fiscal 2006 (ended March 3, 2007) and fiscal 2000 (ended March 3, 2001) each of which represent 53 weeks and fiscal 1996 (ended March 1, 1997) which represents 52 weeks and 6 days.*

[2] *The Company acquired Linen Holdings, LLC on June 1, 2012 and Cost Plus, Inc. on June 29, 2012.*

[3] *On March 22, 2007, the Company acquired Buy Buy BABY, Inc.*

[4] *On June 19, 2003, the Company acquired Christmas Tree Shops, Inc.*

[5] *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.*

[6] *Comparable sales include sales for stores and websites which have been operating for twelve full months following the opening period (typically four to six weeks).*

Fiscal Year Ended[1]

Feb. 28, 2004[4]	March 1, 2003	March 2, 2002	March 3, 2001	Feb. 26, 2000	Feb. 27, 1999	Feb. 28, 1998	March 1, 1997	Feb. 25, 1996	Feb. 26, 1995	Feb. 27, 1994	Feb. 28, 1993
$4,477,981	$3,665,164	$2,927,962	$2,396,655	$1,857,505	$1,382,345	$1,057,135	$816,912	$597,352	$437,807	$304,571	$216,411
1,876,664	1,518,547	1,207,566	986,459	766,801	576,125	441,016	341,168	250,036	183,819	127,972	90,528
639,343	480,057	346,100	272,838	209,340	158,052	118,914	90,607	67,585	51,685	36,906	26,660
399,470	302,179	219,599	171,922	131,229	97,346	73,142	55,015	39,459	30,013	21,887	15,960
$ 1.31	$ 1.00	$ 0.74	$ 0.59	$ 0.46	$ 0.34	$ 0.26	$ 0.20	$ 0.14	$ 0.11	$ 0.08	$ 0.06
629	519	396	311	241	186	141	108	80	61	45	38
20,472	17,452	14,724	12,204	9,815	7,688	5,767	4,347	3,214	2,339	1,512	1,128
6.3%	7.9%	7.1%	5.0%	9.2%	7.6%	6.4%	6.1%	3.8%	12.0%	10.6%	7.2%
$3,902,308											
416											
$1,199,752	$ 914,220	$ 715,439	$ 532,524	$ 360,585	$ 267,557	$ 188,293	$127,333	$ 91,331	$ 74,390	$ 56,001	$ 34,842
2,865,023	2,188,842	1,647,517	1,195,725	865,800	633,148	458,330	329,925	235,810	176,678	121,468	76,654
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	5,000	16,800	13,300	—
$1,990,820	$1,451,921	$1,094,350	$ 817,018	$ 559,045	$ 411,087	$ 295,397	$214,361	$151,446	$108,939	$ 77,305	$ 54,643

[7] *The Company has added this disclosure prospectively beginning with fiscal 2003 information.*

[8] *As a result of the Cost Plus, Inc. acquisition, the Company assumed two sale/leaseback and various capital lease obligations.*

[9] *In fiscal 2013, 2012, 2011, 2010, 2009, 2008 2007, 2006, 2005 and 2004, the Company repurchased approximately $1.284 billion, $1.001 billion, $1.218 billion, $688 million, $95 million, $48 million, $734 million, $301 million, $598 million and $350 million of its common stock, respectively.*

[10] *In fiscal 2006, the Company adopted Staff Accounting Bulletin 108, ''Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements'' resulting in a one-time net reduction to Shareholders' equity of $34.3 million.*

To Our Fellow Shareholders:

Our Company enjoyed an active, productive and successful fiscal 2013, and we are grateful to be able to share a few highlights with you.

We placed significant focus on the goals we spoke of when we wrote you last year, investing heavily in the Company's future and strengthening our presence in, and utilization of, emerging technologies. Specifically, to enhance our customers' online experience, we replaced both the back end and customer facing systems in launching new websites for buybuy Baby and Bed Bath & Beyond, and we replatformed our mobile sites and apps as well. The resulting improved functionality will provide the foundation for ongoing improvements to our customers' omnichannel experience. In addition, we introduced a selling component to our Christmas Tree Shops website. Internally, we added more depth and experience to our information technology, analytics, marketing and ecommerce groups to lead our omnichannel initiatives. We mention these items first because we are excited by and engaged in the evolution of retail. We tell anyone who asks: there has never been a better time in our Company's history than right now.

During the past fiscal year we also completed construction on our new information technology data center in North Carolina, which will enhance our disaster recovery capabilities and support our overall information technology systems. In our stores, we installed energy efficient lighting, heating and cooling systems and continued our ongoing deployment of new and enhanced systems and equipment to take advantage of new technologies and processes. We will maintain our focus on making the right decisions and investments to provide for the future technological needs that will allow our Company to thrive.

As far as our financial results, despite an unusually disruptive weather impact in the fourth quarter, fiscal 2013 was another year of consistent performance in terms of earnings per share growth and the Company's overall financial strength. Some of the financial highlights from fiscal 2013 were as follows:

- Net earnings for the fiscal year (fifty-two weeks) ended March 1, 2014 were $4.79 per diluted share ($1.022 billion) compared to fiscal 2012 (fifty-three weeks) net earnings per diluted share of $4.56 ($1.038 billion).
- Net sales for fiscal 2013 (fifty-two weeks) were approximately $11.5 billion, an increase of approximately 5% from the prior year's net sales (fifty-three weeks) of $10.9 billion.
- Comparable sales for fiscal 2013 increased by approximately 2.4%.
- Capital expenditures for the year were approximately $317 million.
- Approximately $1.3 billion in value was returned to our shareholders through our ongoing common stock repurchase program, bringing our cumulative return to shareholders to over $6.0 billion since the start of our common stock repurchase programs in 2004.
- Over $1 billion in free cash flow was generated.
- Our return on average equity was 25.5%.

During fiscal 2013 we opened 33 new stores consisting of 13 Bed Bath & Beyond stores throughout the United States and Canada, 4 stores under the names Christmas Tree Shops andThat! or andThat!, 8 buybuy Baby stores, 3 Harmon Face Values stores and 5 Cost Plus World Market stores. We added additional Harmon Face Values, Fine Tabletop and Giftware, Baby and Specialty Food and Beverage departments in existing stores as well. In connection with our program of renovating or repositioning stores within certain trade areas to optimize our operations, we also closed 8 stores during the year. At fiscal year end, we operated 1,496 stores, consisting of 1,014 Bed Bath & Beyond stores in all 50 states, the District of Columbia, Puerto Rico and Canada, 265 stores under the names World Market, Cost Plus World Market or Cost Plus, 90 buybuy Baby stores, 77 stores under the names Christmas Tree Shops, Christmas Tree Shops andThat!, or andThat!, and 50 stores under the names Harmon or Harmon Face Values. In addition, our joint venture in Mexico operated four Bed Bath & Beyond stores at the end of our Company's fiscal year.

We have made considerable progress during fiscal 2013 in many areas of our business and we look to build shareholder value over the longer term by finding ways to do more with our existing customers and to attract new customers. We are confident that we continue to make the appropriate investments for our Company's long term success. For this year, a few of the initiatives which we plan to undertake include:

- Adding new functionality and assortment to our selling websites, mobile sites and apps;
- Continuing development work necessary for a new and more robust point of sale system;
- Deploying systems and equipment that allow our stores to take advantage of new technologies and processes;
- Continuing to strengthen our IT, analytics, marketing and ecommerce groups; and
- Opening an additional distribution facility for both direct to customer and store fulfillment.

As we embark on a new year, we challenge ourselves to find new and better ways to enhance the customer shopping experience by differentiating our merchandise assortments and increasing and improving our use of emerging technologies; we invest in our businesses to meet the evolving needs of our customers and to face the challenges of a competitive retail environment; and we continue to foster those aspects of our culture that best help us to enhance our customers' overall experience.

The ongoing success of our Company has always been, and remains, the result of the tremendous efforts of our associates operating in our unique decentralized culture, which takes advantage of their knowledge, independence and customer focus. Because of the commitment and dedication of our associates throughout the entire organization and the support of our business partners and shareholders, we believe we are well positioned to thrive in the evolving retail environment, and we expect to continue our long term success. We remain committed to being our customers' first choice for the merchandise categories we offer domestically, interactively and over the longer term internationally, and we look forward with confidence to the years ahead.

Warren Eisenberg
Co-Chairman
and Co-Founder

Leonard Feinstein
Co-Chairman
and Co-Founder

Steven H. Temares
Chief Executive Officer
and Director

June 4, 2014

CORPORATE PROFILE

Founded in 1971, Bed Bath & Beyond Inc. and subsidiaries is a retailer which operates under the names of Bed Bath & Beyond, Christmas Tree Shops, Christmas Tree Shops andThat! or andThat!, Harmon or Harmon Face Values, buybuy BABY and World Market, Cost Plus World Market or Cost Plus. The Company also operates Linen Holdings, a provider of a variety of textile products, amenities and other goods to institutional customers in the hospitality, cruise line, food service, healthcare and other industries. The Company sells a wide assortment of domestics merchandise and home furnishings. Domestics merchandise includes categories such as bed linens and related items, bath items and kitchen textiles. Home furnishings include categories such as kitchen and tabletop items, fine tabletop, basic housewares, general home furnishings, consumables and certain juvenile products. It is the Company's goal to offer quality merchandise at competitive prices; to maintain a wide and differentiated assortment of merchandise; to present merchandise in a distinctive manner designed to maximize customer convenience and reinforce customer perception of a wide selection; and to emphasize dedication to customer service and satisfaction. Shares of Bed Bath & Beyond Inc. are traded on the NASDAQ National Market under the symbol BBBY and are included in the Standard & Poor's 500 and Global 1200 Indices and the NASDAQ-100 Index. The Company is counted among the Fortune 500 and the Forbes 2000.

PLEASE VOTE YOUR PROXY!

ELECTRONIC VOTING SAVES YOUR COMPANY MONEY

For the last several years, many of our shareholders have saved the Company money by voting their proxies via internet or telephone, rather than by return mail. This year, we again encourage all of our shareholders to take advantage of electronic voting.

Most Bed Bath & Beyond shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. If you hold your shares in one of these ways, you are considered a beneficial owner. Your broker or nominee has enclosed a voting instruction form for you to use in directing them in how to vote your shares. Most institutions make internet or telephone voting options available to their beneficial owners, so please see the voting instruction form for specific information.

If your shares are registered directly in your name with Bed Bath & Beyond's transfer agent, you are considered the shareholder of record with respect to those shares, and these proxy materials are being sent directly to you. If you hold restricted stock under the Company's 2012 Incentive Compensation Plan (formerly known as the 2004 Incentive Compensation Plan), you are also considered the shareholder of record with respect those shares. As the shareholder of record, you have the right to vote by proxy. We encourage our registered shareholders to vote:

By internet — **www.proxyvote.com** *or*

By touch-tone phone — **1-800-690-6903**

Have your proxy card in hand when you access the website or call the toll-free number.
Then you can follow the directions provided.

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

OVERVIEW

Bed Bath & Beyond Inc. and subsidiaries (the ''Company'') is a retailer which operates under the names Bed Bath & Beyond (''BBB''), Christmas Tree Shops, Christmas Tree Shops andThat! or andThat! (collectively, ''CTS''), Harmon or Harmon Face Values (collectively, ''Harmon''), buybuy BABY (''Baby'') and World Market, Cost Plus World Market and Cost Plus (collectively, ''Cost Plus World Market''). Customers can purchase products from the Company either in store, online or through a mobile device. The Company has the developing ability to fulfill customer purchases by in store customer pick up or by direct shipment to the customer from the Company's distribution facilities, stores or vendors. The Company also operates Linen Holdings, a provider of a variety of textile products, amenities and other goods to institutional customers in the hospitality, cruise line, food service, healthcare and other industries. (See ''Acquisitions,'' Note 2 in the consolidated financial statements for the acquisitions of Cost Plus World Market and Linen Holdings). Additionally, the Company is a partner in a joint venture which operates four retail stores in Mexico under the name Bed Bath & Beyond.

The Company accounts for its operations as two operating segments: North American Retail and Institutional Sales. The Institutional Sales operating segment, which is comprised of Linen Holdings, does not meet the quantitative thresholds under U.S. generally accepted accounting principles and therefore is not a reportable segment.

The Company sells a wide assortment of domestics merchandise and home furnishings. Domestics merchandise includes categories such as bed linens and related items, bath items and kitchen textiles. Home furnishings include categories such as kitchen and tabletop items, fine tabletop, basic housewares, general home furnishings, consumables and certain juvenile products.

The Company's objective is to be a customer's first choice for products and services in the categories offered, in the markets, channels and countries in which the Company operates. The Company's strategy is to achieve this objective through excellent customer service, an extensive breadth, depth and differentiated assortment in an omnichannel retail environment and the introduction of new merchandising offerings, supported by the continuous development and improvement of its infrastructure.

Operating in the highly competitive retail industry, the Company, along with other retail companies, is influenced by a number of factors including, but not limited to, general economic conditions including the housing market, relatively high unemployment and historically high commodity prices; the overall macroeconomic environment and related changes in the retailing environment; consumer preferences and spending habits; unusual weather patterns and natural disasters; competition from existing and potential competitors; evolving technology; and the ability to find suitable locations at acceptable occupancy costs and other terms to support the Company's expansion program. The Company cannot predict whether, when or the manner in which these factors could affect the Company's operating results.

For fiscal 2013, the results of operations include Linen Holdings and Cost Plus World Market from the beginning of the fiscal year. For fiscal 2012, the results of operations include Linen Holdings since the date of acquisition on June 1, 2012 and Cost Plus World Market since the date of acquisition on June 29, 2012.

The following represents an overview of the Company's financial performance for the periods indicated:

- Net sales in fiscal 2013 (fifty-two weeks) increased approximately 5.4% to $11.504 billion; net sales in fiscal 2012 (fifty-three weeks) increased approximately 14.9% to $10.915 billion over net sales of $9.500 billion in fiscal 2011 (fifty-two weeks).

- Comparable sales for fiscal 2013 increased by approximately 2.4% as compared with an increase of approximately 2.7% in fiscal 2012 and an increase of approximately 5.9% in fiscal 2011. Comparable sales percentages are calculated based on an equivalent number of weeks for each annual period.

  Comparable sales include sales for stores and websites which have been operating for twelve full months following the opening period (typically four to six weeks). Stores relocated or expanded are excluded from comparable sales if the change in square footage would cause meaningful disparity in sales over the prior period. In the case of a store to be closed, such store's sales are not considered comparable once the store closing process has commenced. Linen Holdings is excluded from the comparable sales calculations and will continue to be excluded on an ongoing basis as it represents non-retail activity. Cost Plus World Market was excluded from the comparable sales calculations through the end of the fiscal first half of 2013, and is included beginning with the fiscal third quarter of 2013.

- Gross profit for fiscal 2013 was $4.566 billion or 39.7% of net sales compared with $4.389 billion or 40.2% of net sales for fiscal 2012 and $3.931 billion or 41.4% of net sales for fiscal 2011.
- Selling, general and administrative expenses (''SG&A'') for fiscal 2013 were $2.951 billion or 25.7% of net sales compared with $2.751 billion or 25.2% of net sales for fiscal 2012 and $2.363 billion or 24.9% of net sales for fiscal 2011.
- The effective tax rate was 36.6%, 36.5% and 37.0% for fiscal years 2013, 2012 and 2011, respectively. The tax rate included discrete tax items resulting in net benefits of approximately $20.0 million, $26.7 million and $20.7 million, respectively, for fiscal 2013, 2012 and 2011.
- For the fiscal year ended March 1, 2014 (fifty-two weeks), net earnings per diluted share were $4.79 ($1.022 billion), an increase of approximately 5%, as compared with net earnings per diluted share of $4.56 ($1.038 billion) for fiscal 2012 (fifty-three weeks), which was an increase of approximately 12% from net earnings per diluted share of $4.06 ($989.5 million) for fiscal 2011 (fifty-two weeks). For the fiscal year ended March 1, 2014, the increase in net earnings per diluted share is the result of the items described above and the impact of the Company's repurchases of its common stock, partially offset by a reduction of approximately $0.06 to $0.07 per diluted share as a result of the disruptive weather in the fiscal fourth quarter. For the fiscal year ended March 2, 2013, the increase in net earnings per diluted share is the result of the items described above, which includes an estimated $0.05 benefit related to the fifty-third week in fiscal year 2012 and the impact of the Company's repurchases of its common stock, partially offset by the negative impact of Hurricane Sandy in the fiscal third quarter.

During fiscal 2013, the Company continued the integration of the two fiscal 2012 acquisitions as well as advanced initiatives including: enhanced the omnichannel experience for its customers by replatforming and adding improved functionality to its Baby and BBB websites, replatforming its mobile sites and applications and growing and developing its information technology, analytics, marketing and e-commerce groups; completed the construction of a new information technology data center and are engaged in equipping the facility which will enhance the Company's disaster recovery capabilities and support its overall information technology systems; installed energy efficient lighting, and heating and cooling systems in the Company's stores; and continued the ongoing deployment of new and enhanced systems and equipment to allow its stores to take advantage of new technologies and processes.

Capital expenditures for fiscal 2013, 2012 and 2011 were $317.2 million, $314.7 million and $243.4 million, respectively. The Company remains committed to making the required investments in its infrastructure to help position the Company for continued growth and success. The Company continues to review and prioritize its capital needs while continuing to make investments, principally for information technology enhancements, including omnichannel capabilities, new stores, existing store improvements, and other projects whose impact is considered important to its future.

During fiscal 2013, 2012 and 2011, the Company repurchased 18.3 million, 16.1 million and 21.5 million shares, respectively, of its common stock at a total cost of approximately $1.284 billion, $1.001 billion and $1.218 billion, respectively. Since the end of fiscal 2011, the Company has returned approximately 89% of its cash flows from operations to its shareholders through share repurchase programs.

During fiscal 2013, the Company opened a total of 33 new stores. In addition, the Company continued to optimize its operations in a number of trade areas through renovating and repositioning stores in various markets, which also included the closing of eight stores during fiscal 2013. The Company plans to continue to expand its operations and invest in its infrastructure to reach its long term objectives. In fiscal 2014, the Company expects to open approximately 30 new stores company-wide and will continue to renovate stores or reposition stores within various markets, when appropriate. Additionally, during fiscal 2014, the Company will continue to enhance its omnichannel capabilities, through, among other things, continuing to add new functionality and assortment to its selling websites, mobile sites and applications and opening an additional distribution facility for both direct to customer and store fulfillment.

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, 2014	March 2, 2013	February 25, 2012	**March 1, 2014**	March 2, 2013
Net sales	**100.0%**	100.0%	100.0%	**5.4%**	14.9%
Cost of sales	**60.3**	59.8	58.6	**6.3**	17.2
Gross profit	**39.7**	40.2	41.4	**4.0**	11.6
Selling, general and administrative expenses	**25.7**	25.2	24.9	**7.3**	16.4
Operating profit	**14.0**	15.0	16.5	**(1.4)**	4.5
Earnings before provision for income taxes	**14.0**	15.0	16.5	**(1.3)**	4.1
Net earnings	**8.9**	9.5	10.4	**(1.5)**	4.9

Net Sales

Since fiscal 2012 was a fifty-three week year, fiscal 2013 started a week later than fiscal 2012. The comparable sales calendar compares the same calendar weeks. The table below summarizes by fiscal quarter the time period for the financial reporting calendar and the comparable sales calendar.

	Financial Reporting Calendar	
	Fiscal 2013 (fifty-two weeks)	Fiscal 2012 (fifty-three weeks)
First Quarter	March 3, 2013 – June 1, 2013	February 26, 2012 – May 26, 2012
Second Quarter	June 2, 2013 – August 31, 2013	May 27, 2012 – August 25, 2012
Third Quarter	September 1, 2013 – November 30, 2013	August 26, 2012 – November 24, 2012
Fourth Quarter	December 1, 2013 – March 1, 2014	November 25, 2012 – March 2, 2013

	Comparable Sales Calendar	
	Fiscal 2013 (fifty-two weeks)	Fiscal 2012 (fifty-two weeks)
First Quarter	March 3, 2013 – June 1, 2013	March 4, 2012 – June 2, 2012
Second Quarter	June 2, 2013 – August 31, 2013	June 3, 2012 – September 1, 2012
Third Quarter	September 1, 2013 – November 30, 2013	September 2, 2012 – December 1, 2012
Fourth Quarter	December 1, 2013 – March 1, 2014	December 2, 2012 – March 2, 2013

Net sales in fiscal 2013 (fifty-two weeks) increased $589.4 million to $11.504 billion, representing an increase of 5.4% over $10.915 billion of net sales in fiscal 2012 (fifty-three weeks), which increased $1.415 billion or 14.9% over the $9.500 billion of net sales in fiscal 2011 (fifty-two weeks). For fiscal 2013, approximately 62% of the increase in net sales was attributable to the inclusion of Cost Plus World Market prior to its inclusion in comparable sales and Linen Holdings prior to the anniversary of its acquisition, approximately 42% of the increase was attributable to an increase in comparable sales and 26% of the increase was primarily attributable to an increase in the Company's new store sales and the post-acquisition period for Linen Holdings, partially offset by a decrease of approximately 30% as a result of the non-comparable additional week in fiscal 2012.

For fiscal 2013, comparable sales, which includes 1,412 stores, represented $10.661 billion of net sales; for fiscal 2012, comparable sales, which includes, 1,122 stores, represented $9.820 billion of net sales; and for fiscal 2011, comparable sales, which includes 1,076 stores, represented $9.157 billion of net sales. The number of stores includes only those which constituted a comparable store for the entire respective fiscal period. The increase in comparable sales, which includes Cost Plus World Market beginning with the fiscal third quarter and excludes Linen Holdings, was approximately 2.4% for fiscal 2013, as compared with an increase of approximately 2.7% for fiscal 2012. The increase in comparable sales for fiscal 2013 was due to an increase in the average transaction amount and a slight increase in the number of transactions. The increase in comparable sales for fiscal 2012 was due to an increase in the average transaction amount partially offset by a decrease in the number of transactions. Comparable sales are calculated based on an equivalent number of weeks for each annual period.

Sales of domestics merchandise accounted for approximately 36%, 39% and 40% of net sales in fiscal 2013, 2012 and 2011, respectively, of which the Company estimates that bed linens accounted for approximately 12% of net sales in fiscal 2013, 2012 and 2011, respectively. The remaining net sales in fiscal 2013, 2012 and 2011 of 64%, 61% and 60%, respectively, represented sales of home furnishings. No other individual product category accounted for 10% or more of net sales during fiscal 2013, 2012 or 2011.

Gross Profit

Gross profit in fiscal 2013, 2012 and 2011 was $4.566 billion or 39.7% of net sales, $4.389 billion or 40.2% of net sales and $3.931 billion or 41.4% of net sales, respectively. The decreases in the gross profit margin as a percentage of net sales between fiscal 2013 and 2012 and between fiscal 2012 and 2011 were primarily attributed to an increase in coupons, due to increases in both redemptions and the average coupon amount, and a shift in the mix of merchandise sold to lower margin categories.

Selling, General and Administrative Expenses

SG&A was $2.951 billion or 25.7% of net sales in fiscal 2013, $2.751 billion or 25.2% of net sales in fiscal 2012 and $2.363 billion or 24.9% of net sales in fiscal 2011. The increase in SG&A between fiscal 2013 and 2012 as a percentage of net sales was primarily due to higher technology expenses and depreciation and a relative increase in payroll and payroll-related items (including salaries, workers' compensation and medical insurance). The inclusion of the financial results of the acquisitions for the periods prior to each of their one year anniversaries, which occurred in the first half of fiscal 2013, also contributed to the increase in SG&A as a percentage of net sales. The increase in SG&A between fiscal 2012 and 2011 as a percentage of net sales was primarily due to a relative increase in advertising expenses. As a percentage of net sales, the relative increase in advertising expenses was higher due to the inclusion of the financial results of the acquisitions completed in fiscal 2012. In addition, the fifty-third week has relatively higher SG&A than the year to date fifty-two weeks and increased SG&A by approximately 10 basis points.

Operating Profit

Operating profit for fiscal 2013 was $1.615 billion or 14.0% of net sales, $1.638 billion or 15.0% of net sales in fiscal 2012 and $1.568 billion or 16.5% of net sales in fiscal 2011. The changes in operating profit as a percentage of net sales between fiscal 2013 and 2012 and between fiscal 2012 and 2011 were the result of the changes in gross profit margin and SG&A as a percentage of net sales as described above.

Interest (Expense) Income

Interest expense was $1.1 million and $4.2 million in fiscal 2013 and fiscal 2012, respectively and interest income was $1.1 million in fiscal 2011. Interest expense for fiscal 2012 increased from fiscal 2011 primarily due to the inclusion of interest expense related to the sale/leaseback obligations on the distribution facilities acquired as part of the fiscal 2012 acquisitions.

Income Taxes

The effective tax rate was 36.6% for fiscal 2013, 36.5% for fiscal 2012 and 37.0% for fiscal 2011. For fiscal 2013 and fiscal 2012, the tax rate included a net benefit of approximately $20.0 million and $26.7 million, respectively, primarily due to the recognition of favorable discrete state tax items. For fiscal 2011, the tax rate included an approximate $20.7 million net benefit primarily due to the settlement of certain discrete tax items from on-going examinations, the recognition of favorable discrete state tax items and from changing the blended state tax rate of deferred income taxes.

The Company expects continued volatility in the effective tax rate from year to year because the Company is required each year to determine whether new information changes the assessment of both the probability that a tax position will effectively be sustained and the appropriateness of the amount of recognized benefit.

EXPANSION PROGRAM

The Company is engaged in an ongoing expansion program involving the opening of new stores in both new and existing markets, the expansion or renovation of existing stores, the repositioning of stores within markets when appropriate, the evolution of its omnichannel shopping environment and the continuous review of strategic acquisitions.

In the 22-year period from the beginning of fiscal 1992 to the end of fiscal 2013, the chain has grown from 34 to 1,496 stores plus its various websites, other interactive platforms and distribution facilities. Total store square footage grew from approximately 0.9 million square feet at the beginning of fiscal 1992 to approximately 42.6 million square feet at the end of fiscal 2013. During fiscal 2013, the Company opened a total of 33 new stores. In addition, the Company continued to optimize its operations in a number of trade areas through renovating and repositioning stores in various markets, which included the closing of eight stores. In fiscal 2013, consolidated store space, net of openings and closings for all concepts, increased by 0.6 million square feet. Additionally, the Company is a partner in a joint venture which opened one store during fiscal 2013 and as of March 1, 2014, operated a total of four retail stores in Mexico under the name Bed Bath & Beyond.

During fiscal 2012, the Company acquired Linen Holdings and Cost Plus World Market.

The Company plans to continue to expand its operations and invest in its infrastructure to reach its long term objectives. In fiscal 2014, the Company expects to open approximately 30 new stores company-wide and will continue to renovate stores or reposition stores within various markets, when appropriate. Additionally, the Company will continue to place health and beauty care offerings in selected stores as well as specialty food and beverage departments in selected BBB stores. The continued growth of the Company is dependent, in part, upon the Company's ability to execute its expansion program successfully. Additionally, during fiscal 2014, the Company plans to enhance its omnichannel capabilities by continuing to add new functionality and assortment to its selling websites, mobile sites and applications; furthering the development work necessary for a new and more robust point of sale system; continuing the deployment of systems and equipment to allow the Company's stores to take advantage of new technologies and processes; continuing to strengthen its information technology, analytics, marketing and e-commerce groups and opening an additional distribution facility for both direct to customer and store fulfillment.

LIQUIDITY AND CAPITAL RESOURCES

The Company has been able to finance its operations, including its expansion program, entirely through internally generated funds. For fiscal 2014, the Company believes that it can continue to finance its operations, including its expansion program, share repurchase program and planned capital expenditures, entirely through existing and internally generated funds. Capital expenditures for fiscal 2014, principally for information technology enhancements, including omnichannel capabilities, new stores, existing store improvements, and other projects are planned to be approximately $350 million, subject to the timing and composition of the projects. In addition, the Company periodically reviews its alternatives with respect to optimizing its capital structure.

Fiscal 2013 compared to Fiscal 2012

Net cash provided by operating activities in fiscal 2013 was $1.383 billion, compared with $1.193 billion in fiscal 2012. Year over year, the Company experienced an increase in cash provided by the net components of working capital (primarily merchandise inventories, accounts payable and other current assets) and an increase in net earnings, as adjusted for non-cash expenses (primarily depreciation).

Retail inventory at cost per square foot was $59.68 as of March 1, 2014, as compared to $58.12 as of March 2, 2013.

Net cash used in investing activities in fiscal 2013 was $359.8 million, compared with $665.8 million in fiscal 2012. In fiscal 2013, net cash used in investing activities was primarily due to $317.2 million of capital expenditures and $39.1 million of purchases of investment securities, net of redemptions. In fiscal 2012, net cash used in investing activities was due to payments, net of cash acquired, of $643.1 million related to the Cost Plus World Market and Linen Holdings acquisitions, $314.7 million for capital expenditures and $40.0 million for the acquisition of trademarks, partially offset by redemptions of $332.0 million of investment securities, net of purchases.

Net cash used in financing activities for fiscal 2013 was $1.222 billion, compared with $965.4 million in fiscal 2012. The increase in net cash used was primarily due to an increase in common stock repurchases of $282.7 million, partially offset by a $25.5 million payment in the prior year for a credit facility assumed in connection with an acquisition.

Fiscal 2012 compared to Fiscal 2011

Net cash provided by operating activities in fiscal 2012 was $1.193 billion, compared with $1.225 billion in fiscal 2011. Year over year, the Company experienced an increase in cash used by the net components of working capital (primarily merchandise inventories, other current assets and accrued expenses and other current liabilities, partially offset by accounts payable and income taxes payable) and an increase in net earnings.

Retail inventory at cost per square foot was $58.12 as of March 2, 2013, as compared to $57.35 as of February 25, 2012.

Net cash used in investing activities in fiscal 2012 was $665.8 million, compared with $364.0 million in fiscal 2011. In fiscal 2012, net cash used in investing activities was due to payments, net of cash acquired, of $643.1 million related to the Cost Plus World Market and Linen Holdings acquisitions, $314.7 million for capital expenditures and $40.0 million for the acquisition of trademarks, partially offset by redemptions of $332.0 million of investment securities, net of purchases. In fiscal 2011, net cash used in investing activities was due to $243.4 million of capital expenditures and $120.6 million of purchases of investment securities, net of redemptions.

Net cash used in financing activities for fiscal 2012 was $965.4 million, compared with $1.042 billion in fiscal 2011. The decrease in net cash used was primarily due to a decrease in common stock repurchases of $216.7 million, partially offset by a $114.7 million decrease in cash proceeds from the exercise of stock options and a $25.5 million payment for a credit facility assumed in acquisition.

Auction Rate Securities

As of March 1, 2014, the Company held approximately $47.7 million of net investments in auction rate securities. Beginning in mid-February 2008, the auction process for the Company's auction rate securities failed and continues to fail. These failed auctions result in a lack of liquidity in the securities but do not affect the underlying collateral of the securities. All of these investments carry triple-A credit ratings from one or more of the major credit rating agencies. As of March 1, 2014, these securities had a temporary valuation adjustment of approximately $3.3 million to reflect their current lack of liquidity. Since this valuation adjustment is deemed to be temporary, it was recorded in accumulated other comprehensive loss, net of a related tax benefit, and did not affect the Company's net earnings for fiscal 2013. The Company will continue to monitor the market for these securities and will expense any permanent changes to the value of the remaining securities, if any, as they occur.

The Company does not anticipate that any continuing lack of liquidity in its auction rate securities will affect its ability to finance its operations, including its expansion program, share repurchase program, and planned capital expenditures. The Company continues to monitor efforts by the financial markets to find alternative means for restoring the liquidity of these investments. These investments will remain primarily classified as non-current assets until the Company has better visibility as to when their liquidity will be restored. The classification and valuation of these securities will continue to be reviewed quarterly.

Other Fiscal 2013 Information

At March 1, 2014, the Company maintained two uncommitted lines of credit of $100 million each, with expiration dates of September 2, 2014 and February 28, 2015, respectively. These uncommitted lines of credit are currently and are expected to be used for letters of credit in the ordinary course of business. During fiscal 2013, the Company did not have any direct borrowings under the uncommitted lines of credit. As of March 1, 2014, there was approximately $4.5 million of outstanding letters of credit. Although no assurances can be provided, the Company intends to renew both uncommitted lines of credit before the respective expiration dates. In addition, as of March 1, 2014, the Company maintained unsecured standby letters of credit of $74.3 million, primarily for certain insurance programs.

Between December 2004 and December 2012, the Company's Board of Directors authorized, through share repurchase programs, the repurchase of $7.450 billion of the Company's common stock.

Since 2004 through the end of fiscal 2013, the Company has repurchased approximately $6.3 billion of its common stock through share repurchase programs. The Company has approximately $1.1 billion remaining of authorized share repurchases as of March 1, 2014. The execution of the Company's share repurchase program will consider current business and market conditions.

The Company has authorization to make repurchases from time to time in the open market or through other parameters approved by the Board of Directors pursuant to existing rules and regulations.

The Company has contractual obligations consisting mainly of operating leases for stores, offices, distribution facilities and equipment, purchase obligations, long-term sale/leaseback and capital lease obligations and other long-term liabilities which the Company is obligated to pay as of March 1, 2014 as follows:

(in thousands)	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Operating lease obligations[1]	$3,249,546	$ 563,973	$974,162	$713,392	$ 998,019
Purchase obligations[2]	1,118,369	1,118,369	—	—	—
Long-term sale/leaseback and capital lease obligations[3]	342,386	9,827	19,787	20,014	292,758
Other long-term liabilities[4]	466,741	—	—	—	—
Total Contractual Obligations	$5,177,042	$1,692,169	$993,949	$733,406	$1,290,777

[1] *The amounts presented represent the future minimum lease payments under non-cancelable operating leases. In addition to minimum rent, certain of the Company's leases require the payment of additional costs for insurance, maintenance and other costs. These additional amounts are not included in the table of contractual commitments as the timing and/or amounts of such payments are not known. As of March 1, 2014, the Company has leased sites for 21 locations planned for opening in fiscal 2014 or 2015, for which aggregate minimum rental payments over the term of the leases are approximately $76.5 million and are included in the table above.*

[2] *Purchase obligations primarily consist of purchase orders for merchandise.*

[3] *Long-term sale/leaseback and capital lease obligations represent future minimum lease payments under the sale/leaseback agreements and capital lease agreements.*

[4] *Other long-term liabilities are primarily comprised of income taxes payable, deferred rent, workers' compensation and general liability reserves and various other accruals and are recorded as Deferred Rent and Other Liabilities and Income Taxes Payable in the Consolidated Balance Sheet as of March 1, 2014. The amounts associated with these other long-term liabilities have been reflected only in the Total Column in the table above as the timing and/or amount of any cash payment is uncertain.*

SEASONALITY

The Company's sales exhibit seasonality with sales levels generally higher in the calendar months of August, November and December, and generally lower in February.

INFLATION

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

CRITICAL ACCOUNTING POLICIES

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 inventory valuation, impairment of long-lived assets, goodwill and other indefinite lived intangible assets, accruals for self insurance, litigation, store opening, expansion, relocation and closing costs, stock-based compensation and income and certain other taxes. Actual results could differ from these estimates.

Inventory Valuation: Merchandise inventories are stated at the lower of cost or market. Inventory costs are primarily calculated using the weighted average 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 values of inventories. The cost associated with determining the cost-to-retail ratio includes: merchandise purchases, net of returns to vendors, discounts and volume and incentive rebates; inbound freight expenses; duty, insurance and commissions.

At any one time, inventories include items that have been written down to the Company's best estimate of their realizable value. Judgment is required in estimating realizable value and factors considered are the age of merchandise and anticipated demand. Actual realizable value could differ materially from this estimate based upon future customer demand or economic conditions.

The Company estimates its reserve for shrinkage throughout the year based on historical shrinkage and any current trends, if applicable. Actual shrinkage is recorded at year end based upon the results of the Company's physical inventory counts for locations at which counts were conducted. For locations where physical inventory counts were not conducted in the fiscal year, an estimated shrink reserve is recorded based on historical shrinkage and any current trends, if applicable. Historically, the Company's shrinkage has not been volatile.

The Company accrues for merchandise in transit once it takes legal ownership and title to the merchandise; as such, an estimate for merchandise in transit is included in the Company's merchandise inventories.

Impairment of Long-Lived Assets: The Company reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying value of these assets may exceed their current fair values. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the assets. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet. The Company has not historically recorded any material impairment to its long-lived assets. In the future, if events or market conditions affect the estimated fair value to the extent that a long-lived asset is impaired, the Company will adjust the carrying value of these long-lived assets in the period in which the impairment occurs.

Goodwill and Other Indefinite Lived Intangible Assets: The Company reviews goodwill and other intangibles that have indefinite lives for impairment annually or when events or changes in circumstances indicate the carrying value of these assets might exceed their current fair values. Impairment testing is based upon the best information available including estimates of fair value which incorporate assumptions marketplace participants would use in making their estimates of fair value. The Company has not historically recorded an impairment to its goodwill and other indefinite lived intangible assets. As of March 1, 2014, for goodwill related to the North American Retail operating segment and the Institutional Sales operating segment and certain other indefinite lived intangible assets, the Company assessed qualitative factors in order to determine whether any events and circumstances existed which indicated that it was more likely than not that the fair value of these indefinite lived intangible assets did not exceed its carrying value and concluded no such events or circumstances existed which would require an impairment test being performed. In the future, if events or market conditions affect the estimated fair value to the extent that an asset is impaired, the Company will adjust the carrying value of these assets in the period in which the impairment occurs.

Self Insurance: The Company utilizes a combination of insurance and self insurance for a number of risks including workers' compensation, general liability, automobile liability and employee related health care benefits (a portion of which is paid by its employees). Liabilities associated with the risks that the Company retains are estimated by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions. Although the Company's claims experience has not displayed substantial volatility in the past, actual experience could materially vary from its historical experience in the future. Factors that affect these estimates include but are not limited to: inflation, the number and severity of claims and regulatory changes. In the future, if the Company concludes an adjustment to self insurance accruals is required, the liability will be adjusted accordingly.

Litigation: The Company records an estimated liability related to its various claims and legal actions arising in the ordinary course of business when and to the extent that it concludes a liability is probable and the amount of the loss can be reasonably estimated. Such estimated loss 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 claims and legal actions and revises its estimated liabilities, as appropriate. The Company expects 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. The Company also cannot predict the nature and validity of claims which could be asserted in the future, and future claims could have a material impact on its earnings.

Store Opening, Expansion, Relocation and Closing Costs: Store opening, expansion, relocation and closing costs, including markdowns, asset residual values and projected occupancy costs, are charged to earnings as incurred.

Stock-Based Compensation: The Company uses a Black-Scholes option-pricing model to determine the fair value of its stock options. The Black-Scholes model includes various assumptions, including the expected life of stock options, the expected risk free interest rate and the expected volatility. These assumptions reflect the Company's best estimates, but they involve inherent uncertainties based on market conditions generally outside the control of the Company. As a result, if other assumptions had been used, total stock-based compensation cost could have been materially impacted. Furthermore, if the Company uses different assumptions for future grants, stock-based compensation cost could be materially impacted in future periods.

The Company determines its assumptions for the Black-Scholes option-pricing model in accordance with the accounting guidance related to stock compensation.

- The expected life of stock options is estimated based on historical experience.
- The expected risk free interest rate is based on the U.S. Treasury constant maturity interest rate whose term is consistent with the expected life of the stock options.
- Expected volatility is based on the average of historical and implied volatility. The historical volatility is determined by observing actual prices of the Company's stock over a period commensurate with the expected life of the awards. The implied volatility represents the implied volatility of the Company's call options, which are actively traded on multiple exchanges, had remaining maturities in excess of twelve months, had market prices close to the exercise prices of the employee stock options and were measured on the stock option grant date.

The Company is required to record stock-based compensation expense net of estimated forfeitures. The Company's forfeiture rate assumption used in determining its stock-based compensation expense is estimated based on historical data. The actual forfeiture rate could differ from these estimates.

Taxes: 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 carry-forwards. 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.

The Company intends to reinvest the unremitted earnings of its Canadian subsidiary. Accordingly, no provision has been made for U.S. or additional non-U.S. taxes with respect to these earnings. In the event of repatriation to the U.S., in most cases such earnings would be subject to U.S. income taxes.

The Company recognizes the tax benefit from an uncertain tax position only if it is at least more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with the taxing authorities.

The Company expects continued volatility in the effective tax rate from year to year because the Company is required each year to determine whether new information changes the assessment of both the probability that a tax position will effectively be sustained and the appropriateness of the amount of recognized benefit.

The Company also accrues for certain other taxes as required by their operations.

Judgment is required in determining the provision for income and other taxes and related accruals, deferred tax assets and liabilities. In the ordinary course of business, there are transactions and calculations where the ultimate tax outcome is uncertain. Additionally, the Company's various tax returns are subject to audit by various tax authorities. Although the Company believes that its estimates are reasonable, actual results could differ from these estimates.

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. Such factors include, without limitation: general economic conditions including the housing market, a challenging overall macroeconomic environment and related changes in the retailing environment; consumer preferences, spending habits and adoption of new technologies; demographics and other macroeconomic factors that may impact the level of spending for the types of merchandise sold by the Company; civil disturbances and terrorist acts; unusual weather patterns and natural disasters; competition from existing and potential competitors; competition from and through other channels of distribution and emerging technologies; pricing pressures; the ability to attract and retain qualified employees in all areas of the organization; the cost of labor, merchandise and other costs and expenses; the ability to find suitable locations at acceptable occupancy costs and other terms to support the Company's expansion program; uncertainty in financial markets; disruptions to the Company's information technology systems including but not limited to security breaches of the Company's systems protecting consumer and employee information; reputational risk, including that arising from acts of third parties; changes to statutory, regulatory and legal requirements; new, or developments in existing, litigation, claims or assessments; changes to, or new, tax laws or interpretation of existing tax laws; changes to, or new, accounting standards including, without limitation, changes to lease accounting standards; and the integration of acquired businesses. The Company does not undertake any obligation to update its forward-looking statements.

CONSOLIDATED BALANCE SHEETS

Bed Bath & Beyond Inc. and Subsidiaries

(in thousands, except per share data)	**March 1, 2014**	March 2, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 366,516**	$ 564,971
Short term investment securities	**489,331**	449,933
Merchandise inventories	**2,578,956**	2,466,214
Other current assets	**379,807**	386,367
Total current assets	**3,814,610**	3,867,485
Long term investment securities	**87,393**	77,325
Property and equipment, net	**1,579,804**	1,466,667
Goodwill	**486,279**	483,518
Other assets	**387,947**	384,957
Total assets	**$ 6,356,033**	$ 6,279,952
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 1,104,668**	$ 913,365
Accrued expenses and other current liabilities	**385,954**	393,094
Merchandise credit and gift card liabilities	**284,216**	251,481
Current income taxes payable	**65,121**	77,270
Total current liabilities	**1,839,959**	1,635,210
Deferred rent and other liabilities	**486,996**	484,868
Income taxes payable	**87,791**	80,144
Total liabilities	**2,414,746**	2,200,222
Commitments and contingencies		
Shareholders' equity:		
Preferred stock – $0.01 par value; authorized – 1,000 shares; no shares issued or outstanding	**—**	—
Common stock – $0.01 par value; authorized – 900,000 shares; issued 334,941 and 332,696 shares, respectively; outstanding 205,405 and 221,489 shares, respectively	**3,350**	3,327
Additional paid-in capital	**1,673,217**	1,540,451
Retained earnings	**8,595,902**	7,573,612
Treasury stock, at cost	**(6,317,335)**	(5,033,340)
Accumulated other comprehensive loss	**(13,847)**	(4,320)
Total shareholders' equity	**3,941,287**	4,079,730
Total liabilities and shareholders' equity	**$ 6,356,033**	$ 6,279,952

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, 2014**	 March 2, 2013	 February 25, 2012
Net sales	**$11,503,963**	$10,914,585	$9,499,890
Cost of sales	**6,938,381**	6,525,830	5,568,957
Gross profit	**4,565,582**	4,388,755	3,930,933
Selling, general and administrative expenses	**2,950,995**	2,750,537	2,362,564
Operating profit	**1,614,587**	1,638,218	1,568,369
Interest (expense) income, net	**(1,140)**	(4,159)	1,119
Earnings before provision for income taxes	**1,613,447**	1,634,059	1,569,488
Provision for income taxes	**591,157**	596,271	579,951
Net earnings	**$ 1,022,290**	$ 1,037,788	$ 989,537
Net earnings per share – Basic	**$ 4.85**	$ 4.62	$ 4.12
Net earnings per share – Diluted	**$ 4.79**	$ 4.56	$ 4.06
Weighted average shares outstanding – Basic	**210,710**	224,623	240,016
Weighted average shares outstanding – Diluted	**213,363**	227,723	243,890

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Bed Bath & Beyond Inc. and Subsidiaries

	FISCAL YEAR ENDED		
(in thousands)	**March 1, 2014**	March 2, 2013	February 25, 2012
Net earnings	**$1,022,290**	$1,037,788	$989,537
Other comprehensive (loss) income:			
Change in temporary valuation adjustment of auction rate securities, net of taxes	**(792)**	1,017	(297)
Pension adjustment, net of taxes	**3,249**	146	(4,596)
Currency translation adjustment	**(11,984)**	(3,604)	(2,086)
Other comprehensive loss	**(9,527)**	(2,441)	(6,979)
Comprehensive income	**$1,012,763**	$1,035,347	$982,558

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Bed Bath & Beyond Inc. and Subsidiaries

(in thousands)	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK SHARES	TREASURY STOCK AMOUNT	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL
Balance at February 26, 2011	325,222	$3,253	$1,191,123	$5,546,287	(73,556)	$(2,814,104)	$ 5,100	$ 3,931,659
Net earnings				989,537				989,537
Other comprehensive loss							(6,979)	(6,979)
Shares sold under employee stock option plans, net of taxes	4,645	46	179,546					179,592
Issuance of restricted shares, net	706	7	(7)					—
Stock-based compensation expense, net			46,501					46,501
Director fees paid in stock	3		174					174
Repurchase of common stock, including fees					(21,505)	(1,217,956)		(1,217,956)
Balance at February 25, 2012	330,576	3,306	1,417,337	6,535,824	(95,061)	(4,032,060)	(1,879)	3,922,528
Net earnings				1,037,788				1,037,788
Other comprehensive loss							(2,441)	(2,441)
Shares sold under employee stock option plans, net of taxes	1,489	15	74,323					74,338
Issuance of restricted shares, net	626	6	(6)					—
Stock-based compensation expense, net			48,520					48,520
Director fees paid in stock	5		277					277
Repurchase of common stock, including fees					(16,146)	(1,001,280)		(1,001,280)
Balance at March 2, 2013	332,696	3,327	1,540,451	7,573,612	(111,207)	(5,033,340)	(4,320)	4,079,730
Net earnings				1,022,290				1,022,290
Other comprehensive loss							(9,527)	(9,527)
Shares sold under employee stock option plans, net of taxes	1,375	14	74,766					74,780
Issuance of restricted shares, net	868	9	(9)					—
Stock-based compensation expense, net			57,842					57,842
Director fees paid in stock	2		167					167
Repurchase of common stock, including fees					(18,329)	(1,283,995)		(1,283,995)
Balance at March 1, 2014	**334,941**	**$3,350**	**$1,673,217**	**$8,595,902**	**(129,536)**	**$(6,317,335)**	**$(13,847)**	**$ 3,941,287**

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, 2014**	March 2, 2013	February 25, 2012
Cash Flows from Operating Activities:			
Net earnings	**$ 1,022,290**	$ 1,037,788	$ 989,537
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	**218,809**	194,728	183,873
Stock-based compensation	**56,244**	47,163	45,223
Tax benefit from stock-based compensation	**12,846**	13,217	63
Deferred income taxes	**11,841**	17,600	30,238
Other	**(1,784)**	702	(1,622)
(Increase) decrease in assets, net of effect of acquisitions:			
Merchandise inventories	**(112,742)**	(198,407)	(102,983)
Trading investment securities	**(11,382)**	(6,206)	(4,538)
Other current assets	**(4,923)**	(43,585)	24,948
Other assets	**(3,829)**	(9,685)	900
Increase (decrease) in liabilities, net of effect of acquisitions:			
Accounts payable	**178,132**	105,251	31,582
Accrued expenses and other current liabilities	**(13,532)**	(26,412)	19,822
Merchandise credit and gift card liabilities	**32,735**	36,888	16,585
Income taxes payable	**(4,502)**	6,598	(37,392)
Deferred rent and other liabilities	**2,983**	17,350	29,048
Net cash provided by operating activities	**1,383,186**	1,192,990	1,225,284
Cash Flows from Investing Activities:			
Purchase of held-to-maturity investment securities	**(1,156,634)**	(730,976)	(1,605,851)
Redemption of held-to-maturity investment securities	**1,117,500**	1,031,249	1,456,250
Redemption of available-for-sale investment securities	**—**	31,715	28,975
Capital expenditures	**(317,180)**	(314,682)	(243,374)
Investment in unconsolidated joint venture	**(3,436)**	—	—
Payment for acquisitions, net of cash acquired	**—**	(643,098)	—
Payment for acquisition of trademarks	**—**	(40,000)	—
Net cash used in investing activities	**(359,750)**	(665,792)	(364,000)
Cash Flows from Financing Activities:			
Proceeds from exercise of stock options	**54,815**	56,377	171,088
Excess tax benefit from stock-based compensation	**7,289**	5,021	5,163
Payment for credit facility assumed in acquisition	**—**	(25,511)	—
Repurchase of common stock, including fees	**(1,283,995)**	(1,001,280)	(1,217,956)
Net cash used in financing activities	**(1,221,891)**	(965,393)	(1,041,705)
Net decrease in cash and cash equivalents	**(198,455)**	(438,195)	(180,421)
Cash and cash equivalents:			
Beginning of period	**564,971**	1,003,166	1,183,587
End of period	**$ 366,516**	$ 564,971	$ 1,003,166

See accompanying Notes to Consolidated Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS

A. Nature of Operations

Bed Bath & Beyond Inc. and subsidiaries (the ''Company'') is a retailer which operates under the names Bed Bath & Beyond (''BBB''), Christmas Tree Shops, Christmas Tree Shops andThat! or andThat! (collectively, ''CTS''), Harmon or Harmon Face Values (collectively, ''Harmon''), buybuy BABY and World Market, Cost Plus World Market or Cost Plus (collectively, ''Cost Plus World Market''). Customers can purchase products from the Company either in store, online or through a mobile device. The Company has the developing ability to fulfill customer purchases by in store customer pick up or by direct shipment to the customer from the Company's distribution facilities, stores or vendors. The Company also operates Linen Holdings, a provider of a variety of textile products, amenities and other goods to institutional customers in the hospitality, cruise line, food service, healthcare and other industries. Additionally, the Company is a partner in a joint venture which operates four retail stores in Mexico under the name Bed Bath & Beyond. The Company sells a wide assortment of domestics merchandise and home furnishings. Domestics merchandise includes categories such as bed linens and related items, bath items and kitchen textiles. Home furnishings include categories such as kitchen and tabletop items, fine tabletop, basic housewares, general home furnishings, consumables and certain juvenile products. As the Company operates in the retail industry, its results of operations are affected by general economic conditions and consumer spending habits.

The Company accounts for its operations as two operating segments: North American Retail and Institutional Sales. The Institutional Sales operating segment, which is comprised of Linen Holdings, does not meet the quantitative thresholds under U.S. generally accepted accounting principles and therefore is not a reportable segment.

B. 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 2013 and fiscal 2011 represented 52 weeks and ended on March 1, 2014 and February 25, 2012, respectively. Fiscal 2012 represented 53 weeks and ended on March 2, 2013.

C. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The Company accounts for its investment in the joint venture under the equity method.

Certain reclassifications have been made to the fiscal 2012 consolidated financial statements to conform to the fiscal 2013 presentation.

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

D. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 inventory valuation, impairment of long-lived assets, impairment of auction rate securities, goodwill and other indefinite lived intangible assets, accruals for self insurance, litigation, store opening, expansion, relocation and closing costs, the provision for sales returns, vendor allowances, stock-based compensation and income and certain other taxes. Actual results could differ from these estimates.

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. Included in cash and cash equivalents are credit and debit card receivables from banks, which typically settle within 5 business days, of $87.4 million and $87.8 million as of March 1, 2014 and March 2, 2013, respectively.

F. Investment Securities

Investment securities consist primarily of U.S. Treasury Bills with remaining maturities of less than one year and auction rate securities, which are securities with interest rates that reset periodically through an auction process. The U.S. Treasury Bills are classified as short term held-to-maturity securities and are stated at their amortized cost which approximates fair value. Auction rate securities are classified as available-for-sale and are stated at fair value, which had historically been consistent with cost or par value due to interest rates which reset periodically, typically every 7, 28 or 35 days. As a result, there generally were no cumulative gross unrealized holding gains or losses relating to these auction rate securities. However, beginning in mid-February 2008 due to market conditions, the auction process for the Company's auction rate securities failed and continues to fail. These failed auctions result in a lack of liquidity in the securities, and affect their estimated fair values at March 1, 2014 and March 2, 2013, but do not affect the underlying collateral of the securities. (See ''Fair Value Measurements,'' Note 5 and ''Investment Securities,'' Note 6). All income from these investments is recorded as interest income.

Those investment securities which the Company has the ability and intent to hold until maturity are classified as held-to-maturity investments and are stated at amortized cost. Those investment securities which are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are stated at fair market value.

Premiums are amortized and discounts are accreted over the life of the security as adjustments to interest income using the effective interest method. Dividend and interest income are recognized when earned.

G. Inventory Valuation

Merchandise inventories are stated at the lower of cost or market. Inventory costs are primarily calculated using the weighted average 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 values of inventories. The cost associated with determining the cost-to-retail ratio includes: merchandise purchases, net of returns to vendors, discounts and volume and incentive rebates; inbound freight expenses; duty, insurance and commissions.

At any one time, inventories include items that have been written down to the Company's best estimate of their realizable value. Judgment is required in estimating realizable value and factors considered are the age of merchandise and anticipated demand. Actual realizable value could differ materially from this estimate based upon future customer demand or economic conditions.

The Company estimates its reserve for shrinkage throughout the year based on historical shrinkage and any current trends, if applicable. Actual shrinkage is recorded at year end based upon the results of the Company's physical inventory counts for locations at which counts were conducted. For locations where physical inventory counts were not conducted in the fiscal year, an estimated shrink reserve is recorded based on historical shrinkage and any current trends, if applicable. Historically, the Company's shrinkage has not been volatile.

The Company accrues for merchandise in transit once it takes legal ownership and title to the merchandise; as such, an estimate for merchandise in transit is included in the Company's merchandise inventories.

H. 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 buildings; five to twenty years for furniture, fixtures and equipment; and three to seven years for computer equipment and software). Leasehold improvements are amortized using the straight-line method over the lesser of their estimated useful life or the life of the lease. Depreciation expense is primarily included within selling, general and administrative expenses.

The cost of maintenance and repairs is charged to earnings as incurred; significant renewals and betterments are capitalized. Maintenance and repairs amounted to $111.9 million, $106.1 million and $85.8 million for fiscal 2013, 2012 and 2011, respectively.

I. Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying value of these assets may exceed their current fair values. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the assets. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet. The Company has not historically recorded any material impairment to its long-lived assets. In the future, if events or market conditions affect the estimated fair value to the extent that a long-lived asset is impaired, the Company will adjust the carrying value of these long-lived assets in the period in which the impairment occurs.

J. Goodwill and Other Indefinite Lived Intangible Assets

The Company reviews goodwill and other intangibles that have indefinite lives for impairment annually or when events or changes in circumstances indicate the carrying value of these assets might exceed their current fair values. Impairment testing is based upon the best information available, including estimates of fair value which incorporate assumptions marketplace participants would use in making their estimates of fair value. The Company has not historically recorded an impairment to its goodwill and other indefinite lived intangible assets. As of March 1, 2014, for goodwill related to the North American Retail operating segment and the Institutional Sales operating segment and certain other indefinite lived intangible assets, the Company assessed qualitative factors in order to determine whether any events and circumstances existed which indicated that it was more likely than not that the fair value of these indefinite lived intangible assets did not exceed its carrying value and concluded no such events or circumstances existed which would require an impairment test being performed. In the future, if events or market conditions affect the estimated fair value to the extent that an asset is impaired, the Company will adjust the carrying value of these assets in the period in which the impairment occurs.

Included within other assets in the accompanying consolidated balance sheets as of March 1, 2014 and March 2, 2013, respectively, are $291.4 million for indefinite lived tradenames and trademarks.

K. Self Insurance

The Company utilizes a combination of insurance and self insurance for a number of risks including workers' compensation, general liability, automobile liability and employee related health care benefits (a portion of which is paid by its employees). Liabilities associated with the risks that the Company retains are estimated by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions. Although the Company's claims experience has not displayed substantial volatility in the past, actual experience could materially vary from its historical experience in the future. Factors that affect these estimates include but are not limited to: inflation, the number and severity of claims and regulatory changes. In the future, if the Company concludes an adjustment to self insurance accruals is required, the liability will be adjusted accordingly.

L. Deferred Rent

The Company accounts for scheduled rent increases contained in its leases on a straight-line basis over the term of the lease beginning as of the date the Company obtained possession of the leased premises. Deferred rent amounted to $79.0 million and $80.2 million as of March 1, 2014 and March 2, 2013, respectively.

Cash or lease incentives (''tenant allowances'') received pursuant to certain store leases are recognized on a straight-line basis as a reduction to rent over the lease term. The unamortized portion of tenant allowances is included in deferred rent and other liabilities. The unamortized portion of tenant allowances amounted to $124.1 million and $126.1 million as of March 1, 2014 and March 2, 2013, respectively.

M. Treasury Stock

Between December 2004 and December 2012, the Company's Board of Directors authorized, through share repurchase programs, the repurchase of $7.450 billion of the Company's common stock.

During fiscal 2013, the Company repurchased approximately 18.3 million shares of its common stock at a total cost of approximately $1.284 billion. During fiscal 2012, the Company repurchased approximately 16.1 million shares of its common stock at a total cost of approximately $1.001 billion. During fiscal 2011, the Company repurchased approximately 21.5 million shares of its common stock at a total cost of approximately $1.218 billion. The Company has approximately $1.1 billion remaining of authorized share repurchases as of March 1, 2014.

The Company has authorization to make repurchases from time to time in the open market or through other parameters approved by the Board of Directors pursuant to existing rules and regulations.

N. Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, investment securities, accounts payable and certain other liabilities. The Company's investment securities consist primarily of U.S. Treasury securities, which are stated at amortized cost, and auction rate securities, which are stated at their approximate fair value. The book value of all financial instruments is representative of their fair values (See ''Fair Value Measurements,'' Note 5).

O. Revenue Recognition

Sales are recognized upon purchase by customers at the Company's retail stores or upon delivery for products purchased from its 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. Taxes, such as sales tax, use tax and value added tax, are not included in sales.

Revenues from gift cards, gift certificates and merchandise credits are recognized when redeemed. Gift cards have no provisions for reduction in the value of unused card balances over defined time periods and have no expiration dates.

Sales returns are provided for in the period that the related sales are recorded based on historical experience. Although the estimate for sales returns has not varied materially from historical provisions, actual experience could vary from historical experience in the future if the level of sales return activity changes materially. In the future, if the Company concludes that an adjustment to the sales return accrual is required due to material changes in the returns activity, the reserve will be adjusted accordingly.

P. Cost of Sales

Cost of sales includes the cost of merchandise, buying costs and costs of the Company's distribution network including inbound freight charges, distribution facility costs, receiving costs, internal transfer costs and shipping and handling costs.

Q. Vendor Allowances

The Company receives allowances from vendors in the normal course of business for various reasons including direct cooperative advertising, purchase volume and reimbursement for other expenses. Annual terms for each allowance include the basis for earning the allowance and payment terms, which vary by agreement. All vendor allowances are recorded as a reduction of inventory cost, except for direct cooperative advertising allowances which are specific, incremental and identifiable. The Company recognizes purchase volume allowances as a reduction of the cost of inventory in the quarter in which milestones are achieved. Advertising costs were reduced by direct cooperative allowances of $24.0 million, $19.8 million and $19.5 million for fiscal 2013, 2012 and 2011, respectively.

R. Store Opening, Expansion, Relocation and Closing Costs

Store opening, expansion, relocation and closing costs, including markdowns, asset residual values and projected occupancy costs, are charged to earnings as incurred.

S. Advertising Costs

Expenses associated with direct response advertising are expensed over the period during which the sales are expected to occur, generally four to seven weeks, and all other expenses associated with store advertising are charged to earnings as incurred. Net advertising costs amounted to $280.5 million, $250.6 million and $192.5 million for fiscal 2013, 2012 and 2011, respectively.

T. Stock-Based Compensation

The Company measures all employee stock-based compensation awards using a fair value method and records such expense in its consolidated financial statements. The Company adopted the accounting guidance related to stock compensation on August 28, 2005 (the ''date of adoption'') under the modified prospective application. Under this application, the Company records stock-based compensation expense for all awards granted on or after the date of adoption and for the portion of previously granted awards that remained unvested at the date of adoption. Currently, the Company's stock-based compensation relates to restricted stock awards and stock options. The Company's restricted stock awards are considered nonvested share awards.

U. Income Taxes

The Company files a consolidated Federal income tax return. Income tax returns are also filed with each taxable jurisdiction 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 carry-forwards. 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.

The Company intends to reinvest the unremitted earnings of its Canadian subsidiary. Accordingly, no provision has been made for U.S. or additional non-U.S. taxes with respect to these earnings. In the event of repatriation to the U.S., in most cases such earnings would be subject to U.S. income taxes.

The Company recognizes the tax benefit from an uncertain tax position only if it is at least more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with the taxing authorities.

Judgment is required in determining the provision for income taxes and related accruals, deferred tax assets and liabilities. In the ordinary course of business, there are transactions and calculations where the ultimate tax outcome is uncertain. Additionally, the Company's tax returns are subject to audit by various tax authorities. Although the Company believes that its estimates are reasonable, actual results could differ from these estimates.

V. 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-based awards as calculated under the treasury stock method.

Stock-based awards of approximately 1.2 million, 1.2 million and 0.9 million shares were excluded from the computation of diluted earnings per share as the effect would be anti-dilutive for fiscal 2013, 2012 and 2011, respectively.

2. ACQUISITIONS

On June 1, 2012, the Company acquired Linen Holdings, LLC (''Linen Holdings''), a provider of a variety of textile products, amenities and other goods to institutional customers in the hospitality, cruise line, food service, healthcare and other industries, for an aggregate purchase price of approximately $108.1 million. The purchase price includes approximately $24.0 million for tradenames and approximately $40.2 million for goodwill. Linen Holdings is included within the Institutional Sales operating segment. In the first quarter of fiscal 2013, the Company finalized the valuation of assets acquired and liabilities assumed.

Since the date of acquisition, the results of Linen Holdings' operations, which are not material, have been included in the Company's results of operations.

On June 29, 2012, the Company acquired Cost Plus, Inc. (''Cost Plus World Market''), a retailer selling a wide range of home decorating items, furniture, gifts, holiday and other seasonal items, and specialty food and beverages, for an aggregate purchase price of approximately $560.5 million, including the payment of assumed borrowings of $25.5 million under a credit facility. The acquisition was consummated by a wholly owned subsidiary of the Company through a tender offer and merger, pursuant to which the Company acquired all of the outstanding shares of common stock of Cost Plus World Market. Cost Plus World Market is included within the North American Retail operating segment. In the first quarter of fiscal 2013, the Company finalized the valuation of assets acquired and liabilities assumed. The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition.

(in millions)	As of June 29, 2012
Current assets	$ 222.0
Property and equipment and other non-current assets	132.4
Intangible assets	211.6
Goodwill	247.4
Total assets acquired	813.4
Accounts payable and other liabilities	(252.9)
Borrowings under credit facility	(25.5)
Total liabilities acquired	(278.4)
Total net assets acquired	$ 535.0

Included within intangible assets above is approximately $196.5 million for tradenames, which is not subject to amortization. The tradenames and goodwill are not expected to be deductible for tax purposes.

Since the date of acquisition, the results of Cost Plus World Market's operations, which are not material, have been included in the Company's results of operations and no proforma disclosure of financial information has been presented.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

(in thousands)	**March 1, 2014**	March 2, 2013
Land and buildings	**$ 538,422**	$ 488,602
Furniture, fixtures and equipment	**1,120,330**	1,068,786
Leasehold improvements	**1,187,793**	1,099,991
Computer equipment and software	**755,867**	613,087
	3,602,412	3,270,466
Less: Accumulated depreciation	**(2,022,608)**	(1,803,799)
Property and equipment, net	**$ 1,579,804**	$ 1,466,667

4. LINES OF CREDIT

At March 1, 2014, the Company maintained two uncommitted lines of credit of $100 million each, with expiration dates of September 2, 2014 and February 28, 2015, respectively. These uncommitted lines of credit are currently and are expected to be used for letters of credit in the ordinary course of business. During fiscal 2013 and 2012, the Company did not have any direct borrowings under the uncommitted lines of credit. As of March 1, 2014, there was approximately $4.5 million of outstanding letters of credit. Although no assurances can be provided, the Company intends to renew both uncommitted lines of credit before the respective expiration dates. In addition, as of March 1, 2014, the Company maintained unsecured standby letters of credit of $74.3 million, primarily for certain insurance programs. As of March 2, 2013, there was approximately $11.6 million of outstanding letters of credit and approximately $76.2 million of outstanding unsecured standby letters of credit, primarily for certain insurance programs.

5. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., ''the exit price'') in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various valuation approaches, including quoted market prices and discounted cash flows. The hierarchy for inputs used in measuring fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect a company's judgment concerning the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The fair value hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 — Valuations based on quoted prices in active markets for identical instruments that the Company is able to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 — Valuations based on quoted prices in active markets for instruments that are similar, or quoted prices in markets that are not active for identical or similar instruments, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

As of March 1, 2014, the Company's financial assets utilizing Level 1 inputs include long term investment securities traded on active securities exchanges. The Company did not have any financial assets utilizing Level 2 inputs. Financial assets utilizing Level 3 inputs included long term investments in auction rate securities consisting of preferred shares of closed end municipal bond funds (See ''Investment Securities,'' Note 6).

To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the Company's degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset or liability must be classified in its entirety based on the lowest level of input that is significant to the measurement of fair value.

Valuation techniques used by the Company must be consistent with at least one of the three possible approaches: the market approach, income approach and/or cost approach. The Company's Level 1 valuations are based on the market approach and consist primarily of quoted prices for identical items on active securities exchanges. The Company's Level 3 valuations of auction rate securities, which had temporary valuation adjustments of approximately $3.3 million and $2.0 million as of March 1, 2014 and March 2, 2013, respectively, are based on the income approach, specifically, discounted cash flow analyses which utilize significant inputs based on the Company's estimates and assumptions. As of March 1, 2014, the inputs used in the Company's discounted cash flow analysis included current coupon rates ranging from 0.06% to 0.09%, an estimated redemption period of 5 years and a discount rate of 1.43%. The discount rate was based on market rates for risk-free tax-exempt securities, as adjusted for a risk premium to reflect the lack of liquidity of these investments. Assuming a higher discount rate, a longer estimated redemption period and lower coupon rates would result in a lower fair market value. Conversely, assuming a lower discount rate, a shorter estimated redemption period and higher coupon rates would result in a higher fair market value.

The following tables present the valuation of the Company's financial assets as of March 1, 2014 and March 2, 2013, measured at fair value on a recurring basis by input level:

	As of March 1, 2014		
(in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Total
Long term – available-for-sale securities:			
Auction rate securities	$ —	$47.7	$47.7
Long term – trading securities:			
Nonqualified deferred compensation plan assets	39.7	—	39.7
Total	$39.7	$47.7	$87.4

	As of March 2, 2013		
(in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Total
Long term – available-for-sale securities:			
Auction rate securities	$ —	$49.0	$49.0
Long term – trading securities:			
Nonqualified deferred compensation plan assets	28.3	—	28.3
Total	$28.3	$49.0	$77.3

The following table presents the changes in the Company's financial assets that are measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

(in millions)	Auction Rate Securities
Balance on March 2, 2013, net of temporary valuation adjustment	$49.0
Change in temporary valuation adjustment included in accumulated other comprehensive loss	(1.3)
Balance on March 1, 2014, net of temporary valuation adjustment	$47.7

6. INVESTMENT SECURITIES

The Company's investment securities as of March 1, 2014 and March 2, 2013 are as follows:

(in millions)	**March 1, 2014**	March 2, 2013
Available-for-sale securities:		
Long term	**$ 47.7**	$ 49.0
Trading securities:		
Long term	**39.7**	28.3
Held-to-maturity securities:		
Short term	**489.3**	449.9
Total investment securities	**$576.7**	$527.2

Auction Rate Securities

As of March 1, 2014 and March 2, 2013, the Company's available-for-sale investment securities represented approximately $51.0 million par value of auction rate securities, less temporary valuation adjustments of approximately $3.3 million and $2.0 million, respectively. Since these valuation adjustments are deemed to be temporary, they are recorded in accumulated other comprehensive loss, net of a related tax benefit, and did not affect the Company's net earnings. These securities at par are invested in preferred shares of closed end municipal bond funds, which are required, pursuant to the Investment Company Act of 1940, to maintain minimum asset coverage ratios of 200%. All of these available-for-sale investments carried triple-A credit ratings from one or more of the major credit rating agencies as of March 1, 2014 and March 2, 2013, and none of them are mortgage-backed debt obligations. As of March 1, 2014 and March 2, 2013, the Company's available-for-sale investments have been in a continuous unrealized loss position for 12 months or more, however, the Company believes that the unrealized losses are temporary and reflect the investments' current lack of liquidity. Due to their lack of liquidity, the Company classified approximately $47.7 million and $49.0 million of these investments as long term investment securities at March 1, 2014 and March 2, 2013, respectively.

U.S. Treasury Securities

As of March 1, 2014 and March 2, 2013, the Company's short term held-to-maturity securities included approximately $489.3 million and approximately $449.9 million, respectively, of U.S. Treasury Bills with remaining maturities of less than one year. These securities are stated at their amortized cost which approximates fair value, which is based on quoted prices in active markets for identical instruments (i.e., Level 1 valuation).

Long Term Trading Investment Securities

The Company's long term trading investment securities, which are provided as investment options to the participants of the nonqualified deferred compensation plan, are stated at fair market value. The values of these trading investment securities included in the table above are approximately $39.7 million and $28.3 million as of March 1, 2014 and March 2, 2013, respectively.

7. PROVISION FOR INCOME TAXES

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

	FISCAL YEAR ENDED		
(in thousands)	**March 1, 2014**	March 2, 2013	February 25, 2012
Current:			
Federal	**$514,818**	$522,812	$475,280
State and local	**64,581**	55,889	74,438
	579,399	578,701	549,718
Deferred:			
Federal	**11,221**	15,710	28,695
State and local	**537**	1,860	1,538
	11,758	17,570	30,233
	$591,157	$596,271	$579,951

At March 1, 2014 and March 2, 2013, included in other current assets is a net current deferred income tax asset of $201.2 million and $212.7 million, respectively, and included in other assets is a net noncurrent deferred income tax asset of $30.2 million and $36.0 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, 2014**	March 2, 2013
Deferred tax assets:		
Inventories	**$ 28,947**	$ 33,699
Deferred rent and other rent credits	**79,681**	82,123
Insurance	**58,860**	55,070
Stock-based compensation	**33,780**	33,486
Merchandise credits and gift card liabilities	**42,413**	22,683
Accrued expenses	**68,237**	81,069
Obligations on distribution centers	**41,454**	42,024
Net operating loss carryforwards and other tax credits	**32,389**	42,506
Other	**59,016**	57,129
Deferred tax liabilities:		
Depreciation	**(73,106)**	(71,358)
Goodwill	**(49,278)**	(42,719)
Intangibles	**(79,471)**	(78,106)
Other	**(11,480)**	(8,875)
	$231,442	$248,731

At March 1, 2014, as a result of the Cost Plus World Market acquisition (See ''Acquisitions,'' Note 2), the Company has federal net operating loss carryforwards of $15.6 million (tax effected), which will begin expiring in 2025, state net operating loss carryforwards of $9.2 million (tax effected), which will expire between 2013 and 2031, California state enterprise zone credit carryforwards of $6.6 million (tax effected), which will expire in 2023, but require taxable income in the enterprise zone to be realizable and other tax credits of $1.0 million (tax effected).

The Company has not established a valuation allowance for the net deferred tax asset as it is considered more likely than not that it is realizable through a combination of future taxable income and the deductibility of future net deferred tax liabilities.

The following table summarizes the activity related to the gross unrecognized tax benefits from uncertain tax positions:

(in thousands)	**March 1, 2014**	March 2, 2013
Balance at beginning of year	**$ 97,892**	$124,963
Increase related to current year positions	**19,844**	24,892
Increase related to prior year positions	**2,292**	1,183
Decrease related to prior year positions	**(9,316)**	(36,104)
Settlements	**(782)**	(15,670)
Lapse of statute of limitations	**(17,317)**	(1,372)
Balance at end of year	**$ 92,613**	$ 97,892

At March 1, 2014, the Company has recorded approximately $4.8 million and $87.8 million of gross unrecognized tax benefits in current and non-current taxes payable, respectively, on the consolidated balance sheet of which approximately $92.5 million would impact the Company's effective tax rate. At March 2, 2013, the Company has recorded approximately $17.8 million and $80.1 million of gross unrecognized tax benefits in current and non-current taxes payable, respectively, on the consolidated balance sheet of which approximately $97.4 million would impact the Company's effective tax rate. As of March 1, 2014 and March 2, 2013, the liability for gross unrecognized tax benefits included approximately $16.9 million and $18.9 million, respectively, of accrued interest. The Company recorded a decrease of interest of approximately $2.0 million and $4.9 million, respectively, for the years ended March 1, 2014 and March 2, 2013 for gross unrecognized tax benefits in the consolidated statement of earnings.

The Company anticipates that any adjustments to gross unrecognized tax benefits which will impact income tax expense, due to the expiration of statutes of limitations, could be approximately $4.0 to $5.0 million in the next twelve months. However, actual results could differ from those currently anticipated.

As of March 1, 2014, the Company operated in all 50 states, the District of Columbia, Puerto Rico, Canada and several other international countries and files income tax returns in the United States and various state, local and international jurisdictions. The Company is currently under examination by the Internal Revenue Service for tax years 2009 through 2011. The Company is also open to examination for state and local jurisdictions with varying statutes of limitations, generally ranging from three to five years.

For fiscal 2013, the effective tax rate is comprised of the Federal statutory income tax rate of 35.00%, the State income tax rate, net of Federal benefit, of 3.07%, benefit for uncertain tax positions of 0.05% and other income tax benefits of 1.42%. For fiscal 2012, the effective tax rate is comprised of the Federal statutory income tax rate of 35.00%, the State income tax rate, net of Federal benefit, of 2.93%, provision for uncertain tax positions of 0.07% and other income tax benefits of 1.50%. For fiscal 2011, the effective tax rate is comprised of the Federal statutory income tax rate of 35.00%, the State income tax rate, net of Federal benefit, of 2.90%, provision for uncertain tax positions of 0.23% and other income tax benefits of 1.13%.

8. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

In fiscal 2002, the Company had an interest in certain life insurance policies on the lives of its Co-Chairmen and their spouses. The Company's interest in these policies was equivalent to the net premiums paid by the Company. The agreements relating to the Company's interest in the life insurance policies on the lives of its Co-Chairmen and their spouses were terminated in fiscal 2003. Upon termination in fiscal 2003, the Co-Chairmen paid to the Company $5.4 million, representing the total amount of premiums paid by the Company under the agreements and the Company was released from its contractual obligation to make substantial future premium payments. In order to confer a benefit to its Co-Chairmen in substitution for the aforementioned terminated agreements, the Company has agreed to pay to the Co-Chairmen, at a future date, an aggregate amount of $4.2 million, which is included in accrued expenses and other current liabilities as of March 1, 2014 and March 2, 2013.

9. LEASES

The Company leases retail stores, as well as distribution facilities, offices and equipment, under agreements expiring at various dates through 2041. Certain leases provide for contingent rents (which are based upon store sales exceeding stipulated amounts and are immaterial in fiscal 2013, 2012 and 2011), scheduled rent increases and renewal options. The Company is obligated under a majority of the leases to pay for taxes, insurance and common area maintenance charges.

As of March 1, 2014, future minimum lease payments under non-cancelable operating leases were as follows:

Fiscal Year:	Operating Leases *(in thousands)*
2014	$ 563,973
2015	515,364
2016	458,798
2017	390,422
2018	322,970
Thereafter	998,019
Total future minimum lease payments	$3,249,546

Expenses for all operating leases were $559.8 million, $536.1 million and $456.2 million for fiscal 2013, 2012 and 2011, respectively.

As a result of the Cost Plus World Market acquisition on June 29, 2012 and in addition to the amounts disclosed above, the Company assumed various capital lease obligations. As of March 1, 2014 and March 2, 2013, the capital lease obligations were approximately $3.9 million and $4.4 million, respectively, for which the current and long-term portions are included within accrued expenses and other current liabilities and deferred rent and other liabilities, respectively, in the consolidated balance sheet. Monthly minimum lease payments are accounted for as principal and interest payments. Interest expense for all capital leases was $0.5 million and $0.4 million for fiscal 2013 and 2012, respectively. The minimum capital lease payments, including interest, by fiscal year are: $0.9 million in fiscal 2014, $0.8 million in fiscal 2015, $0.8 million in fiscal 2016, $0.7 million in fiscal 2017, $0.6 million in fiscal 2018 and $2.6 million thereafter.

As a result of the Cost Plus World Market acquisition on June 29, 2012 and in addition to the amounts disclosed above, the Company assumed two sale/leaseback agreements and recorded financing obligations, which approximated the discounted fair value of the minimum lease payments, had a residual fair value at the end of the lease term and are being amortized over the term of the respective agreements, including option periods, of 32 and 35 years. As of March 1, 2014 and March 2, 2013, the sale/leaseback financing obligations were approximately $105.3 million and $105.9 million, respectively, for which the current and long-term portions are included within accrued expenses and other current liabilities and deferred rent and other liabilities, respectively, in the consolidated balance sheet. Monthly lease payments are accounted for as principal and interest payments (at approximate annual interest rates of 7.2% and 10.6%). These sale/leaseback financing obligations, excluding the residual fair value at the end of the lease term, mature as follows: $0.6 million in fiscal 2014, $0.7 million in fiscal 2015, $0.7 million in fiscal 2016, $0.8 million in fiscal 2017, $0.8 million in fiscal 2018 and $78.1 million thereafter.

10. EMPLOYEE BENEFIT PLANS

Defined Contribution Plans

The Company has five defined contribution savings plans covering all eligible employees of the Company (''the Plans''). During fiscal 2011, a 401(k) savings plan was merged into one of the Plans. Participants of the Plans may defer annual pre-tax compensation subject to statutory and Plan limitations. In addition, a certain percentage of an employee's contributions are matched by the Company and vest over a specified period of time, subject to certain statutory and Plan limitations. The Company's match was approximately $12.5 million, $10.9 million and $9.4 million for fiscal 2013, 2012 and 2011, respectively, which was expensed as incurred.

Nonqualified Deferred Compensation Plan

The Company has a nonqualified deferred compensation plan (''NQDC'') for the benefit of employees defined by the Internal Revenue Service as highly compensated. Participants of the NQDC may defer annual pre-tax compensation subject to statutory and plan limitations. In addition, a certain percentage of an employee's contributions may be matched by the Company and vest over a specified period of time, subject to certain plan limitations. The Company's match was approximately $0.5 million, $0.5 million and $0.4 million in fiscal 2013, 2012 and 2011, respectively, which was expensed as incurred.

Changes in the fair value of the trading securities related to the NQDC and the corresponding change in the associated liability are included within interest income and selling, general and administrative expenses respectively, in the consolidated statements of earnings. Historically, these changes have resulted in no impact to the consolidated statements of earnings.

Defined Benefit Plan

The Company has a non-contributory defined benefit pension plan for the CTS employees, hired on or before July 31, 2003, who meet specified age and length-of-service requirements. The benefits are based on years of service and the employee's compensation up until retirement. The Company recognizes the overfunded or underfunded status of the pension plan as an asset or liability in its statement of financial position and recognizes changes in the funded status in the year in which the changes occur. For the years ended March 1, 2014, March 2, 2013 and February 25, 2012, the net periodic pension cost was not material to the Company's results of operations. The Company has a $9.2 million and $14.4 million liability, which is included in deferred rent and other liabilities as of March 1, 2014 and March 2, 2013, respectively. In addition, as of March 1, 2014 and March 2, 2013, the Company recognized a loss of $0.5 million, net of taxes of $0.4 million, and a loss of $3.8 million, net of taxes of $2.5 million, respectively, within accumulated other comprehensive loss.

11. COMMITMENTS AND CONTINGENCIES

The Company maintains employment agreements with its Co-Chairmen, which extend through February 25, 2017. The agreements provide for a base salary (which may be increased by the Board of Directors), termination payments, postretirement benefits and other terms and conditions of employment. In addition, the Company maintains employment agreements with other executives which provide for severance pay and, in some instances, certain other supplemental retirement benefits.

The Company records an estimated liability related to its various claims and legal actions arising in the ordinary course of business when and to the extent that it concludes a liability is probable and the amount of the loss can be reasonably estimated. Such estimated loss 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 claims and legal actions and revises its estimated liabilities, as appropriate. The Company expects 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. The Company also cannot predict the nature and validity of claims which could be asserted in the future, and future claims could have a material impact on its earnings.

12. SUPPLEMENTAL CASH FLOW INFORMATION

The Company paid income taxes of $562.4 million, $550.6 million and $568.6 million in fiscal 2013, 2012 and 2011, respectively. In addition, the Company had interest payments of approximately $9.2 million and $6.0 million in fiscal 2013 and 2012, respectively. The amount of interest paid by the Company in fiscal 2011 was not material.

The Company recorded an accrual for capital expenditures of $50.2 million, $37.0 million and $28.8 million as of March 1, 2014, March 2, 2013 and February 25, 2012, respectively.

13. STOCK-BASED COMPENSATION

The Company measures all employee stock-based compensation awards using a fair value method and records such expense, net of estimated forfeitures, in its consolidated financial statements. Currently, the Company's stock-based compensation relates to restricted stock awards and stock options. The Company's restricted stock awards are considered nonvested share awards.

Stock-based compensation expense for the fiscal year ended March 1, 2014, March 2, 2013 and February 25, 2012 was approximately $56.2 million ($35.6 million after tax or $0.17 per diluted share), $47.2 million ($30.0 million after tax or $0.13 per diluted share) and approximately $45.2 million ($28.5 million after tax or $0.12 per diluted share), respectively. In addition, the amount of stock-based compensation cost capitalized for the years ended March 1, 2014 and March 2, 2013 was approximately $1.6 million and $1.3 million, respectively.

Incentive Compensation Plans

The Company currently grants awards under the Bed Bath & Beyond 2012 Incentive Compensation Plan (the ''2012 Plan''), which amended and restated the Bed Bath & Beyond 2004 Incentive Compensation Plan (the ''2004 Plan''). The 2012 Plan includes an aggregate of 43.2 million common shares authorized for issuance and the ability to grant incentive stock options. Outstanding awards that were covered by the 2004 Plan continue to be in effect under the 2012 Plan.

The 2012 Plan is a flexible compensation plan that enables the Company to offer incentive compensation through stock options (whether nonqualified stock options or incentive stock options), restricted stock awards, stock appreciation rights, performance awards and other stock based awards, including cash awards. Under the 2012 Plan, grants are determined by the Compensation Committee for those awards granted to executive officers and by an appropriate committee for all other awards granted. Awards of stock options and restricted stock generally vest in five equal annual installments beginning one to three years from the date of grant.

The Company generally issues new shares for stock option exercises and restricted stock awards. As of March 1, 2014, unrecognized compensation expense related to the unvested portion of the Company's stock options and restricted stock awards was $25.4 million and $130.3 million, respectively, which is expected to be recognized over a weighted average period of 2.7 years and 3.5 years, respectively.

Stock Options

Stock option grants are issued at fair market value on the date of grant and generally become exercisable in either three or five equal annual installments beginning one year from the date of grant for options issued since May 10, 2010, and beginning one to three years from the date of grant for options issued prior to May 10, 2010, in each case, subject, in general to the recipient remaining in the Company's employ or service on specified vesting dates. Option grants expire eight years after the date of grant for stock options issued since May 10, 2004, and expire ten years after the date of grant for stock options issued prior to May 10, 2004. All option grants are nonqualified.

The fair value of the stock options granted was estimated on the date of the grant using a Black-Scholes option-pricing model that uses the assumptions noted in the following table.

	FISCAL YEAR ENDED		
Black-Scholes Valuation Assumptions[1]	**March 1, 2014**	March 2, 2013	February 25, 2012
Weighted Average Expected Life (in years)[2]	**6.6**	6.5	6.2
Weighted Average Expected Volatility[3]	**29.27%**	31.07%	30.59%
Weighted Average Risk Free Interest Rates[4]	**1.11%**	1.14%	2.34%
Expected Dividend Yield	**—**	—	—

[1] *Forfeitures are estimated based on historical experience.*

[2] *The expected life of stock options is estimated based on historical experience.*

[3] *Expected volatility is based on the average of historical and implied volatility. The historical volatility is determined by observing actual prices of the Company's stock over a period commensurate with the expected life of the awards. The implied volatility represents the implied volatility of the Company's call options, which are actively traded on multiple exchanges, had remaining maturities in excess of twelve months, had market prices close to the exercise prices of the employee stock options and were measured on the stock option grant date.*

[4] *Based on the U.S. Treasury constant maturity interest rate whose term is consistent with the expected life of the stock options.*

Changes in the Company's stock options for the fiscal year ended March 1, 2014 were as follows:

(Shares in thousands)	Number of Stock Options	Weighted Average Exercise Price
Options outstanding, beginning of period	5,006	$42.32
Granted	563	69.78
Exercised	(1,375)	39.75
Forfeited or expired	(2)	39.12
Options outstanding, end of period	4,192	$46.85
Options exercisable, end of period	2,403	$39.11

The weighted average fair value for the stock options granted in fiscal 2013, 2012 and 2011 was $22.28, $22.95 and $19.65, respectively. The weighted average remaining contractual term and the aggregate intrinsic value for options outstanding as of March 1, 2014 was 3.9 years and $89.7 million, respectively. The weighted average remaining contractual term and the aggregate intrinsic value for options exercisable as of March 1, 2014 was 2.7 years and $69.1 million, respectively. The total intrinsic value for stock options exercised during fiscal 2013, 2012 and 2011 was $44.6 million, $38.8 million and $101.5 million, respectively.

Net cash proceeds from the exercise of stock options for fiscal 2013 were $54.8 million and the net associated income tax benefit was $20.1 million.

Restricted Stock

Restricted stock awards are issued and measured at fair market value on the date of grant and generally become vested in five equal annual installments beginning one to three years from the date of grant, subject, in general, to the recipient remaining in the Company's employ or service on specified vesting dates. Vesting of restricted stock awarded to certain of the Company's executives is dependent on the Company's achievement of a performance-based test for the fiscal year of grant and, assuming achievement of the performance-based test, time vesting, subject, in general, to the executive remaining in the Company's employ on specified vesting dates. The Company recognizes compensation expense related to these awards based on the assumption that the performance-based test will be achieved. Vesting of restricted stock awarded to the Company's other employees is based solely on time vesting.

Changes in the Company's restricted stock for the fiscal year ended March 1, 2014 were as follows:

(Shares in thousands)	Number of Restricted Shares	Weighted Average Grant-Date Fair Value
Unvested restricted stock, beginning of period	4,063	$45.98
Granted	1,016	69.82
Vested	(988)	38.76
Forfeited	(148)	53.34
Unvested restricted stock, end of period	3,943	$53.66

14. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

(in thousands, except per share data)	FISCAL 2013 QUARTER ENDED			
	June 1, 2013	August 31, 2013	November 30, 2013	March 1, 2014
Net sales	$2,612,140	$2,823,672	$2,864,837	$3,203,314
Gross profit	1,032,971	1,113,484	1,121,690	1,297,437
Operating profit	323,101	389,766	374,647	527,073
Earnings before provision for income taxes	322,876	388,091	375,961	526,519
Provision for income taxes	120,386	138,787	138,764	193,220
Net earnings	$ 202,490	$ 249,304	$ 237,197	$ 333,299
EPS-Basic[1]	$ 0.94	$ 1.18	$ 1.13	$ 1.62
EPS-Diluted[1]	$ 0.93	$ 1.16	$ 1.12	$ 1.60

(in thousands, except per share data)	FISCAL 2012 QUARTER ENDED			
	May 26, 2012	August 25, 2012	November 24, 2012	March 2, 2013
Net sales	$2,218,292	$2,593,015	$2,701,801	$3,401,477
Gross profit	887,199	1,032,669	1,074,010	1,394,877
Operating profit	313,398	365,137	361,649	598,034
Earnings before provision for income taxes	312,342	365,406	358,527	597,784
Provision for income taxes	105,506	141,076	125,777	223,912
Net earnings	$ 206,836	$ 224,330	$ 232,750	$ 373,872
EPS-Basic[1]	$ 0.90	$ 0.99	$ 1.04	$ 1.70
EPS-Diluted[1]	$ 0.89	$ 0.98	$ 1.03	$ 1.68

[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.*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Bed Bath & Beyond Inc. and subsidiaries as of March 1, 2014 and March 2, 2013, and the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for each of the fiscal years in the three-year period ended March 1, 2014. In connection with our audits of the consolidated financial statements, we also have audited the consolidated financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, 2014 and March 2, 2013, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended March 1, 2014, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 1, 2014, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in September 1992, and our report dated April 29, 2014 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP

Short Hills, New Jersey
April 29, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

We have audited Bed Bath & Beyond Inc. and subsidiaries' (the ''Company'') internal control over financial reporting as of March 1, 2014, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in September 1992. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in ''Management's Report on Internal Control Over Financial Reporting,'' appearing in Item 9A, Controls and Procedures. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 1, 2014, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in September 1992.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Bed Bath & Beyond Inc. and subsidiaries as of March 1, 2014 and March 2, 2013, and the related consolidated statements of earnings, comprehensive income, shareholders' equity and cash flows for each of the fiscal years in the three-year period ended March 1, 2014, and our report dated April 29, 2014 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Short Hills, New Jersey
April 29, 2014

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Our management assessed the effectiveness of our internal control over financial reporting as of March 1, 2014. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (''COSO'') in Internal Control-Integrated Framework.

Our management has concluded that, as of March 1, 2014, our internal control over financial reporting is effective based on these criteria.

April 29, 2014

BED BATH & BEYOND INC.
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
JULY 7, 2014

TIME	9:00 A.M. on Monday, July 7, 2014
PLACE	Madison Hotel One Convent Road Morristown, New Jersey 07960
ITEMS OF BUSINESS	(1) To elect ten directors until the Annual Meeting in 2015 and until their respective successors have been elected and qualified (Proposal 1). (2) To ratify the appointment of KPMG LLP as independent auditors for the 2014 fiscal year (Proposal 2). (3) To consider the approval, by non-binding vote, of the 2013 compensation paid to the Company's named executive officers (commonly known as a ''say-on-pay'' proposal) (Proposal 3). (4) To transact such other business as may properly be brought before the Annual Meeting or any adjournment or adjournments.
RECORD DATE	You can vote if you were a shareholder of record on May 9, 2014.
PROXY VOTING	It is important that your shares be represented and voted at the Annual Meeting. Whether or not you plan to attend the Annual Meeting, we urge you to vote online, via telephone or to fill out the enclosed proxy card and return it to us in the envelope provided. No postage is required.

Important Notice Regarding the Availability of Proxy Material for the Annual Meeting of Shareholders to be held on July 7, 2014: this Notice of the 2014 Annual Meeting of Shareholders, Proxy Statement and the Company's 2013 Annual Report are available at www.bedbathandbeyond.com/annualmeeting2014.

June 4, 2014

Warren Eisenberg
Co-Chairman

Leonard Feinstein
Co-Chairman

Bed Bath & Beyond Inc.
650 Liberty Avenue
Union, New Jersey 07083

PROXY STATEMENT

These proxy materials are delivered in connection with the solicitation by the Board of Directors of Bed Bath & Beyond Inc. (the ''Company'', ''we'', or ''us''), a New York corporation, of proxies to be voted at our 2014 Annual Meeting of Shareholders and at any adjournment or adjournments.

QUESTIONS ABOUT THE MEETING AND THESE PROXY MATERIALS

This Proxy Statement, the proxy card and our 2013 Annual Report are being mailed starting June 4, 2014. The information regarding stock ownership and other matters in this Proxy Statement is as of the record date, May 9, 2014, unless otherwise indicated.

What may I vote on?

You may vote on the following proposals:

- election of ten directors to hold office until the Annual Meeting in 2015 (Proposal 1);
- ratification of the appointment of KPMG LLP as independent auditors for the fiscal year ending February 28, 2015 (''fiscal 2014'') (Proposal 2); and
- consider the approval, by non-binding vote, of the 2013 compensation paid to the Company's named executive officers (commonly known as a ''say-on-pay'' proposal) (Proposal 3).

THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF THE TEN DIRECTORS, FOR THE RATIFICATION OF THE APPOINTMENT OF AUDITORS AND FOR THE SAY-ON-PAY PROPOSAL.

Who may vote?

Shareholders of record of the Company's common stock at the close of business on May 9, 2014 are entitled to receive this notice and to vote their shares at the Annual Meeting. As of that date, there were 202,607,888 shares of common stock outstanding. Each share of common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

How do I vote?

The Company encourages you to use the electronic means available to you to vote your shares. How you vote will depend on how you hold your shares of Bed Bath & Beyond Inc. stock.

Shareholder of Record

If your shares are registered directly in your name with Bed Bath & Beyond Inc.'s transfer agent, American Stock Transfer & Trust Company, you are considered the shareholder of record with respect to those shares, and these proxy materials are being sent directly to you. If you hold restricted stock under the Company's 2012 Incentive Compensation Plan, you are also considered the shareholder of record with respect to those shares. As the shareholder of record, you have the right to vote by proxy.

There are three ways you can do so:

- **Vote by Internet — www.proxyvote.com**

Use the Internet to transmit your voting instructions and for electronic delivery of information. Have your proxy card in hand when you access the website.

- **Vote by phone — 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions. Have your proxy card in hand when you call.

- **Vote by mail**

Mark, sign and date your proxy card and return it in the postage-paid envelope we've provided, or return it to Bed Bath & Beyond Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

Voting by any of these methods will not affect your right to attend the Annual Meeting and vote in person. However, for those who will not be voting at the Annual Meeting in person, your final voting instructions must be received by no later than 11:59 p.m. on July 6, 2014.

Beneficial Owner

Most shareholders of Bed Bath & Beyond Inc. hold their shares through a stockbroker, bank or other nominee, rather than directly in their own name. If you hold your shares in one of these ways, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker on how to vote. Your broker or nominee has enclosed a voting instruction form for you to use in directing the broker or nominee on how to vote your shares. If you hold your shares through a New York Stock Exchange member brokerage firm, such member brokerage firm has the discretion to vote shares held on your behalf with respect to the appointment of the Company's auditors, but not with respect to the election of directors or the say-on-pay proposal, as more fully described under ''What is a broker 'non-vote'?''.

Can I change my vote?

Yes. If you are the shareholder of record, you may revoke your proxy before it is exercised by doing any of the following:

- sending a letter to the Company stating that your proxy is revoked;
- signing a new proxy and sending it to the Company; or
- attending the Annual Meeting and voting by ballot.

Beneficial owners should contact their broker or nominee for instructions on changing their vote.

How many votes must be present to hold the Annual Meeting?

A ''quorum'' is necessary to hold the Annual Meeting. A quorum is a majority of the votes entitled to be cast by the shareholders entitled to vote at the Annual Meeting. They may be present at the Annual Meeting or represented by proxy. Abstentions and broker ''non-votes'' are counted as present and entitled to vote for purposes of determining a quorum, but are not counted for purposes of determining any of the proposals to be voted on.

How many votes are needed to approve the proposals?

At the 2014 Annual Meeting of Shareholders, a ''FOR'' vote by a majority of votes cast is required for the election of directors, to ratify the selection of KPMG LLP as the Company's independent auditors for fiscal 2014 and to approve, by non-binding vote, the say-on-pay proposal.

A ''FOR'' vote by a ''majority of votes cast'' means that the number of shares voted ''FOR'' exceeds the number of votes ''AGAINST.'' Abstentions and broker non-votes shall not constitute votes ''FOR'' or votes ''AGAINST.''

What is an abstention?

An abstention is a properly signed proxy card which is marked ''abstain.''

What is a broker ''non-vote''?

A broker ''non-vote'' occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. Under current applicable rules, Proposal 2 is a ''discretionary'' item upon which New York Stock Exchange member brokerage firms that hold shares as nominee may vote on behalf of the beneficial owners if such beneficial owners have not furnished voting instructions by the tenth day before the Annual Meeting.

However, New York Stock Exchange member brokerage firms that hold shares as nominee may not vote on behalf of the beneficial owners on the following proposals unless you provide voting instructions: Proposal 1, the election of directors and Proposal 3, the say-on-pay proposal. Therefore, if your shares are held by such nominee, please instruct your broker regarding how to vote your shares on each of these proposals. This will ensure that your shares are counted with respect to each of these proposals.

Will any other matters be acted on at the Annual Meeting?

If any other matters are properly presented at the Annual Meeting or any adjournment, the persons named in the proxy will have discretion to vote on those matters. As of March 31, 2014, which is the date by which any proposal for consideration at the Annual Meeting submitted by a shareholder must have been received by the Company to be presented at the Annual Meeting, and as of the date of this Proxy Statement, we did not know of any other matters to be presented at the Annual Meeting.

Who pays for this proxy solicitation?

The Company will pay the expenses of soliciting proxies. In addition to solicitation by mail, proxies may be solicited in person or by telephone or other means by directors or associates of the Company. The Company has engaged D.F. King & Co., Inc., for a fee to be determined, to assist in the solicitation of proxies. The Company will reimburse brokerage firms and other nominees, custodians and fiduciaries for costs incurred by them in mailing proxy materials to the beneficial owners of shares held of record by such persons.

Whom should I call with other questions?

If you have additional questions about this Proxy Statement or the Annual Meeting or would like additional copies of this document or our 2013 Annual Report on Form 10-K, please contact: Bed Bath & Beyond Inc., 650 Liberty Avenue, Union, NJ 07083, Attention: Investor Relations Dept., Telephone: (908) 688-0888.

ELECTION OF DIRECTORS (PROPOSAL 1)

How is the Board of Directors structured and who has been nominated?

The Board of Directors, upon recommendation of its Nominating and Corporate Governance Committee, has nominated for reelection as directors, for a one year term expiring at the 2015 Annual Meeting, each of the current members of the Board.

Information concerning our directors as of the record date, and the key experience, qualifications and skills they bring to our Board, is provided below.

Warren Eisenberg, 83, is a Co-Founder of the Company and has served as Co-Chairman since 1999. He has served as a director since 1971. Mr. Eisenberg served as Chairman from 1992 to 1999, and served as Co-Chief Executive Officer from 1971 to 2003.

Leonard Feinstein, 77, is a Co-Founder of the Company and has served as Co-Chairman since 1999. He has served as a director since 1971. Mr. Feinstein served as President from 1992 to 1999, and served as Co-Chief Executive Officer from 1971 to 2003.

Messrs. Eisenberg and Feinstein remain active as part of the senior leadership of the Company and bring to the Board, among other benefits, their experience in building the Company during its 43-year history and their overall experience in the retail industry, in each case for over 50 years.

Steven H. Temares, 55, has served as Chief Executive Officer of the Company since 2003. He was President and Chief Executive Officer from 2003 to 2006 and was President and Chief Operating Officer from 1999 to 2003. Mr. Temares joined the Company in 1992 and has served as a director since 1999. Mr. Temares has been part of the leadership of the Company throughout its entire history as a public company.

Dean S. Adler, 57, is a Co-Founder and Chief Executive Officer of Lubert-Adler Partners, L.P., a private real estate investment firm. He has served as a Principal of Lubert-Adler Partners, L.P. for over ten years. He has been a director of the Company since 2001. Mr. Adler also previously has served as a director of Developers Diversified Realty Corp., a shopping center real estate investment trust, and Electronics Boutique, Inc., a mall retailer. Mr. Adler has wide experience and involvement in commercial real estate including, in particular, retail real estate.

Stanley F. Barshay, 74, has served in a variety of senior executive positions at consumer healthcare companies. He served as Executive Vice President of Merck & Co. (formerly Schering-Plough Corporation) and President of its Consumer Health Care Division from November 2009 until his retirement on April 1, 2010; prior to November 2009, Mr. Barshay was Chairman, Consumer Health Care, at Schering-Plough Corporation since June 2003. For many years, Mr. Barshay served in a variety of senior executive positions at American Home Products (now part of Pfizer). He has been a director of the Company since 2003. Among other things, Mr. Barshay brings to the Board specialized knowledge about the marketing of consumer goods, and in particular health and beauty care products.

Geraldine T. Elliott, 57, is Executive Vice President, Strategic Advisor at Juniper Networks, Inc. She served as Executive Vice President and Chief Customer Officer at Juniper Networks, Inc. from March 2013 to February 2014 after prior roles as Executive Vice President and Chief Sales Officer, and as Executive Vice President of Strategic Alliances. In January 2014, Ms. Elliott announced her personal decision to retire from Juniper, effective later in the year. Ms. Elliott joined Juniper in 2009 after seven years at Microsoft Corporation, where she held a series of senior executive positions, including Corporate Vice President of the company's Industry Solutions Group, Worldwide Public Sector organization, and their North American Enterprise Sales region. Prior to joining Microsoft, Ms. Elliott spent 22 years at IBM Corporation, where she held executive and management positions in North America and Asia Pacific in sales, services, consulting, strategy development, and product management. She has been a director of the Company since February 2014. Ms. Elliott is also a director of Whirlpool Corporation. Among other things, Ms. Elliott brings to the Board her strategic understanding of transformative digital technologies, as well as her global marketing, sales and service experience. A third party search firm specializing in board placements recommended Ms. Elliott to the Company's Nominating and Corporate Governance Committee and Board.

Klaus Eppler, 84, has been a pensioned partner in the law firm of Proskauer Rose LLP, counsel to the Company, since 2001. Mr. Eppler was an equity partner of Proskauer Rose LLP from 1965 to 2001, when he ceased active partnership with responsibilities for clients. He has been a director of the Company since 1992 and has served as outside Lead Director since 2002. Mr. Eppler is also a director of Ascena Retail Group, Inc., an apparel retailer. Mr. Eppler has served as a director of one or more retailers continuously for over 35 years. Throughout his career as a practicing attorney, he represented numerous public companies or their boards of directors, including many retail companies. Among other things, Mr. Eppler brings to the Board his experience with a wide variety of retailers.

Patrick R. Gaston, 56, has been President of the Western Union Foundation, which supports education and disaster relief efforts throughout the world with the support of the Western Union Company, since January 2013. From January to December 2012, he was the CEO of Gastal Networks, LLC, a consulting firm specializing in corporate social responsibility initiatives. From January to December 2011, he served a one-year term as Executive in Residence and Senior Advisor with the Clinton Bush Haiti Fund to support the rebuilding efforts in Haiti. Until January 2011, Mr. Gaston was President of the Verizon Foundation since 2003. Prior to assuming that position, Mr. Gaston held a variety of management positions at Verizon Communications Inc. and its predecessors since 1984, including positions in operations, marketing, human resources, strategic planning and government relations. He has been a director of the Company since 2007. Among other things, Mr. Gaston brings to the Board experience with respect to very large and complex public companies as well as extensive experience with other local, national and international organizations through his non-profit work.

Jordan Heller, 53, has been President of Heller Wealth Advisors LLC, a provider of financial advisory services, since 2008. Mr. Heller was previously a partner with The Schonbraun McCann Group LLP from 2005 to 2008. Prior to joining The Schonbraun McCann Group, Mr. Heller was a Managing Director at American Economic Planning Group. He has been a director of the Company since 2003. Mr. Heller is also a director of Equity One, Inc., a shopping center developer and owner. Among other things, Mr. Heller brings to the Board experience in and knowledge of various financial matters. He is a certified public accountant, chartered financial analyst and Certified Financial Planner™, and serves as an ''audit committee financial expert'' on the Company's Audit Committee.

Victoria A. Morrison, 61, has been the Executive Vice President & General Counsel of Edison Properties, LLC, a diversified real estate company, since 2007. Ms. Morrison was previously practicing law as a partner in the law firm of Riker, Danzig, Scherer, Hyland & Perretti LLP since 1986. She has been a director of the Company since 2001. Among other things, Ms. Morrison brings to the Board experience in and knowledge of real estate law and transactions.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE ELECTION OF THE TEN NOMINEES AS DIRECTORS.

OTHER BOARD OF DIRECTORS INFORMATION

How many times did the Board of Directors meet last year?

The Board of Directors held seven meetings during the fiscal year ended March 1, 2014 (''fiscal 2013'').

Director Attendance

Each director of the Company attended more than 75% of the total number of meetings of the Board of Directors and committees on which he or she served. The Company encourages, but does not require, the directors to attend the Company's Annual Meeting of Shareholders. All of the Company's directors attended the 2013 Annual Meeting of Shareholders (except for Ms. Elliott, who was not a director at the time).

How were directors compensated for fiscal 2013?

The following table provides compensation information for each member of our Board of Directors during fiscal 2013, other than Warren Eisenberg, Leonard Feinstein and Steven H. Temares, each of whom is a named executive officer of the Company and none of whom received any additional compensation for his service as a director of the Company.

Annual director fees for fiscal 2013 were $100,000. In addition, directors serving on standing committees of the Board of Directors were paid as follows: an additional $10,000 for Audit Committee members, an additional $7,500 for Compensation Committee members, and (other than for the Lead Director) an additional $5,000 for Nominating and Corporate Governance Committee members. The Lead Director received an additional $15,000 for acting in that capacity. Director fees are paid on a quarterly basis. Directors have the right to elect to receive all or fifty percent of their fees in stock or cash. In addition to the fees above, each director received an automatic grant of restricted stock under the Company's 2012 Incentive Compensation Plan with a fair market value on the date of the Company's Annual Meeting of Shareholders during such fiscal year (the average of the high and low trading prices on such date) equal to $90,000, such restricted stock to vest on the last day of the fiscal year of grant provided that the director remains in office until the last day of the fiscal year. The following table provides director compensation information for fiscal 2013.

Director Compensation Table for Fiscal 2013

As described more fully below, the following table summarizes the annual compensation for the non-employee directors as members of our Board of Directors during fiscal 2013.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Total ($)
Dean S. Adler	112,500 (2)	90,000 (1)	202,500
Stanley F. Barshay	117,500	90,000 (1)	207,500
Geraldine T. Elliott	2,747 (4)	—	2,747
Klaus Eppler	115,000	90,000 (1)	205,000
Patrick R. Gaston	110,000 (3)	90,000 (1)	200,000
Jordan Heller	110,000	90,000 (1)	200,000
Victoria A. Morrison	112,500	90,000 (1)	202,500

(1) Represents the value of 1,268 restricted shares of common stock of the Company granted under the Company's 2012 Incentive Compensation Plan at fair market value on the date of the Company's 2013 Annual Meeting of Shareholders ($71.03 per share, the average of the high and low trading prices on June 28, 2013), such restricted stock to vest on the last day of the fiscal year of grant provided that the director remains in office until the last day of the fiscal year. No stock awards were outstanding for each director as of March 1, 2014.

(2) This director fee was paid in shares of common stock of the Company pursuant to the Bed Bath & Beyond Plan to Pay Directors Fees in Stock and the number of shares was determined (in accordance with the terms of such plan) based on the fair market value per share on the second business day following the announcement of the Company's financial results for its fiscal third quarter, which was $69.68 per share, the average of the high and low trading prices on January 10, 2014.

(3) Fifty percent of this director fee was paid in shares of common stock of the Company pursuant to the Bed Bath & Beyond Plan to Pay Directors Fees in Stock and the number of shares was determined (in accordance with the terms of such plan) as described in footnote (2).

(4) Ms. Elliott received a prorated annual fee and was not granted a stock award due to her election to the Board of Directors effective February 20, 2014.

Director Independence

The Board of Directors, upon the advice of the Nominating and Corporate Governance Committee, has determined that Mses. Elliott and Morrison and Messrs. Adler, Barshay, Eppler, Gaston and Heller each are ''independent directors'' under the independence standards set forth in NASDAQ Listing Rule 5605(a)(2). This determination was based on the fact that each of these directors is not an executive officer or employee of the Company or has any other relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Board of Directors' independence determination is analyzed annually in both fact and appearance to promote arms-length oversight. In making its independence determination this year, the Board of Directors considered relationships and transactions since the beginning of its 2013 fiscal year. The Board of Directors' independence determinations included reviewing the following relationships, and a determination that the relationships and the amounts involved, in each case, were immaterial.

- Mr. Eppler is a (non-equity) pensioned partner of Proskauer Rose LLP. In 2001, he ceased active partnership with responsibilities for clients. The firm receives fees for legal services from the Company which represented a fraction of 1% of the revenues of Proskauer Rose LLP.
- Mr. Adler is a principal or executive officer of several private equity funds, each with broad commercial real estate holdings. One such fund has among its investments interests in entities which hold retail properties, and portions of one such property are under lease to the Company or subsidiaries for the operation of three of the over 1,400 stores operated by the Company. The interest of this fund in the rentals from the three stores represented a fraction of 1% of the rental income of the funds of which Mr. Adler is a principal or executive officer.
- Ms. Elliott has served as an executive of Juniper Networks, which provides network services to a significant number of companies around the world, including the Company, which obtains such services on terms and pricing generally available to Juniper customers. Ms. Elliott has announced her retirement from Juniper effective later in 2014. Ms. Elliott recently joined the Board of Directors of Whirlpool Corporation, which manufactures a wide array of kitchen and other products, some of which are purchased by the Company at market rates for resale in the ordinary course of business.

- The Company leases 14 stores (or less than 1% of the Company's total stores) from Equity One, Inc. (or its affiliates), whose Board of Directors Mr. Heller recently joined. The rental income from these stores represents approximately 1.8% of the total annual minimum rent received by Equity One.

As the Board determined, in each case, that the relationships and the amounts involved were immaterial, the Board does not believe that the relationships or transactions might reasonably impair the ability of the directors to act in the shareholders' best interests.

Information about Committees of the Board; Compensation Committee Interlocks and Insider Participation

All members of the Audit, Compensation and Nominating and Corporate Governance Committees are considered independent pursuant to applicable Securities and Exchange Commission (''SEC'') and NASDAQ rules. None of the members of the Compensation Committee was (i) during fiscal 2013, an officer or employee of the Company or any of its subsidiaries or (ii) formerly an officer of the Company or any of its subsidiaries.

None of our executive officers currently serves, or in fiscal 2013 has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

Leadership Structure

Messrs. Eisenberg, Feinstein and Temares function together as the senior leaders of the Company. Since Messrs. Eisenberg, Feinstein and Temares are not ''independent directors'' within the meaning of NASDAQ Listing Rule 5605(a)(2), the Board of Directors appointed an independent director to serve as the outside Lead Director. Mr. Eppler has served as the outside Lead Director since 2002. The general authority and responsibilities of the outside Lead Director are established by the Board of Directors. In that capacity, Mr. Eppler presides at all executive sessions of the independent directors, has the authority to call meetings of the independent directors, acts as a liaison between the members of the Board and management, functions as Secretary of the Board (including with respect to the proposal and maintenance of Board agendas and schedules for meetings), arranges for Board committee functions and acts as Secretary of Board committees and receives communications from the Company's shareholders.

Director Qualifications

The Board has adopted a policy regarding specific, minimum qualifications for potential directors. These factors, and others as considered useful by the Board and the Nominating and Corporate Governance Committee, are reviewed in the context of an assessment of the perceived needs of the Board at a particular point in time. The Company's policies regarding director qualifications and skills are included on the Company's website at www.bedbathandbeyond.com under the Investor Relations section.

Qualified candidates for membership on the Board will be considered without regard to race, color, creed, religion, national origin, age, gender, sexual orientation or disability. The Nominating and Corporate Governance Committee reviews and evaluates each candidate's character, judgment, skills (including financial literacy), background, experience and other qualifications (without regard to whether a nominee has been recommended by the Company's shareholders), as well as the overall composition of the Board, and recommends to the Board for its approval the slate of directors to be nominated for election at the annual meeting of the Company's shareholders. While the Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, the Committee believes that it is desirable that Board members represent a diversity of backgrounds, including gender and race, as well as diversity of viewpoints and experience.

Board Committees

Our Board of Directors has standing Audit, Compensation and Nominating and Corporate Governance Committees. Information about each of these Committees follows.

Audit Committee

The function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by (i) overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements, and (ii) reviewing the financial reports and other financial information provided by the Company to the public. In addition, the functions of this Committee have included, among other things, recommending to the Board the engagement or discharge of independent auditors, discussing with the auditors their review of the Company's quarterly results and the results of their annual audit and reviewing the Company's internal accounting controls.

The Audit Committee held seven meetings during fiscal 2013. The current members of the Committee are Messrs. Barshay, Gaston and Heller. The Board of Directors has determined that Mr. Heller is an ''audit committee financial expert'' as defined in Item 407(d)(5)(ii) of Regulation S-K and all of the members of the Committee meet the applicable independence standards for audit committee members in NASDAQ Listing Rule 5605(c)(2)(A).

Compensation Committee

The function of the Compensation Committee is to assist the Board of Directors by (i) considering and determining all matters relating to the compensation of the Company's Co-Chairmen, Chief Executive Officer and other executive officers (as defined in Rule 3b-2 of the Securities Exchange Act of 1934, as amended (the ''Exchange Act'')), and such other key executives as the Committee shall determine; (ii) administering and functioning as the Committee that is authorized to make grants and awards of equity compensation to executive officers and such other key executives as the Committee shall determine under the Company's equity compensation plans; and (iii) reviewing and reporting to the Board on such other matters as may be appropriately delegated by the Board for the Committee's consideration.

The Committee has the authority to engage consultants and other advisors.

The Compensation Committee held seven meetings during fiscal 2013. The current members of the Compensation Committee are Messrs. Adler and Barshay and Ms. Morrison. The Committee meets the NASDAQ independence requirements, the ''non-employee directors'' requirements under applicable SEC rules and the ''outside directors'' requirements for purposes of applicable tax law.

Nominating and Corporate Governance Committee

The function of the Nominating and Corporate Governance Committee is to assist the Board of Directors by (i) reviewing and recommending changes in certain policies regarding the nomination of directors to the Board for its approval; (ii) identifying individuals qualified to become directors; (iii) evaluating and recommending for the Board's selection nominees to fill positions on the Board; and (iv) recommending changes in the Company's corporate governance policies to the Board for its approval. The Committee also oversees Board and management succession planning. The Committee's policy is to identify potential nominees based on properly submitted suggestions from any source and has established procedures to do so. In addition, the Board may determine that it requires a director with a particular expertise or qualification and will actively recruit such a candidate. The Nominating and Corporate Governance Committee also has the authority to retain third party search firms to evaluate or assist in identifying or evaluating potential nominees. Shareholders wishing to propose a director candidate for nomination must provide timely notice of such nomination in accordance with the Company's Amended By-laws. The Nominating and Corporate Governance Committee held four meetings during fiscal 2013. The current members of the Committee are Messrs. Adler and Eppler and Ms. Morrison.

Committee Charters; Additional Information; Risk Management

A complete copy of the charter of each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, as well as the Company's policies on director attendance at the Annual Meeting and how shareholders can communicate with the Board of Directors, are available on the Company's website at www.bedbathandbeyond.com.

The Company maintains directors and officers indemnification insurance coverage. This insurance covers directors and officers individually where exposures exist other than those for which the Company is able to provide indemnification. This coverage is from June 1, 2013 through June 1, 2014, at a total cost of approximately $255,000. The primary carrier is Arch Insurance Company. Similar coverage has been obtained from June 1, 2014 through June 1, 2015, at a total cost of approximately $259,000.

Management regularly reports to the Board of Directors with respect to compliance and risk management matters through a formal risk management process and committee. The committee, which consists of a number of key executives, meets with executives of each principal business function to identify and assess the significant risks in each such business function's areas of responsibility, then analyzes what risk mitigation efforts are or should be in place to eliminate or minimize such risks to acceptable levels.

RATIFICATION OF APPOINTMENT OF AUDITORS (PROPOSAL 2)

Who has been appointed as the Auditors?

The Audit Committee has appointed KPMG LLP to serve as our independent auditors for fiscal 2014, subject to ratification by our shareholders. Representatives of KPMG LLP will be present at the Annual Meeting to answer questions. They will also have the opportunity to make a statement if they desire to do so. If the proposal to ratify their appointment is not approved, other certified public accountants will be considered by the Audit Committee. Even if the proposal is approved, the Audit Committee, in its discretion, may direct the appointment of new independent auditors at any time during the year if it believes that such a change would be in the best interest of the Company and its shareholders.

What were the fees incurred by the Company for professional services rendered by and products purchased from KPMG LLP?

The fees incurred by the Company for professional services rendered by and products purchased from KPMG LLP for fiscal 2013 and the fiscal year ended March 2, 2013 (''fiscal 2012'') were as follows:

	2013	2012
Audit Fees	$1,214,000	$1,481,000
Audit-Related Fees	—	7,500
Tax Fees	210,000	59,000
All Other Fees	3,000	3,000
	$1,427,000	$1,550,500

In fiscal 2013 and fiscal 2012, in accordance with the SEC's definitions and rules, ''audit fees'' included fees associated with the annual audit of the Company's financial statements, the assessment of the Company's internal control over financial reporting as integrated with the annual audit of the Company's financial statements and the quarterly reviews of the financial statements included in its Form 10-Q filings. In fiscal 2012, ''audit fees'' also included fees for additional procedures required due to the acquisitions of Linen Holdings, LLC and Cost Plus, Inc. and ''audit-related fees'' included fees for procedures required due to a Form S-8 registration statement. In fiscal 2013 and fiscal 2012, ''tax fees'' included fees associated with tax planning, tax compliance (including review of tax returns) and tax advice (including tax audit assistance). The Audit Committee has concluded that the provision of the foregoing services is compatible with maintaining KPMG LLP's independence. In addition to fees for audit and non-audit services, in fiscal 2013 and 2012, the Company paid a subscription fee for a KPMG sponsored research product, reflected above in the ''all other fees.''

In accordance with the Audit Committee charter, the Audit Committee must pre-approve all audit and non-audit services provided to the Company by its outside auditor. To the extent permitted by applicable laws, regulations and NASDAQ rules, the Committee may delegate pre-approval of audit and non-audit services to one or more members of the Committee. Such member(s) must then report to the full Committee at its next scheduled meeting if such member(s) pre-approved any audit or non-audit services.

In fiscal 2013 and fiscal 2012, all (100%) audit and non-audit services were pre-approved in accordance with the Audit Committee charter.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE <u>FOR</u> THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS INDEPENDENT AUDITORS FOR FISCAL 2014.

AUDIT COMMITTEE REPORT

The Board of Directors has determined that the membership of the Audit Committee meets the SEC and NASDAQ independence and experience requirements. The Board of Directors has also determined that Mr. Heller qualifies as an ''audit committee financial expert.''

The Audit Committee discussed the auditors' review of quarterly financial information with the auditors prior to the release of that information and the filing of the Company's quarterly reports with the SEC; the Audit Committee also met and held discussions with management and the independent auditors with respect to the audited year end financial statements.

Further, the Audit Committee discussed with the independent auditors the matters required to be discussed by the Public Company Accounting Oversight Board Auditing Standard No. 16, ''Communications with Audit Committees,'' received the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and discussed with the auditors the auditors' independence. The Committee also discussed with the auditors and the Company's financial management matters related to the Company's internal control over financial reporting. Based on these discussions and the written disclosures received from the independent auditors, the Committee recommended that the Board of Directors include the audited financial statements in the Company's Annual Report on Form 10-K for the year ended March 1, 2014, filed with the SEC on April 29, 2014.

This audit committee report is not deemed filed under the Securities Act of 1933 or the Securities Exchange Act of 1934 and is not incorporated by reference into any filings that the Company may make with the SEC.

AUDIT COMMITTEE

Stanley F. Barshay

Patrick R. Gaston

Jordan Heller

EXECUTIVE OFFICERS

Set forth below is information concerning our executive officers as of May 9, 2014.

Name	Age	Position
Warren Eisenberg	83	Co-Chairman and Director
Leonard Feinstein	77	Co-Chairman and Director
Steven H. Temares	55	Chief Executive Officer and Director
Arthur Stark	59	President and Chief Merchandising Officer
Eugene A. Castagna	48	Chief Operating Officer
Susan E. Lattmann	46	Chief Financial Officer and Treasurer
Matthew Fiorilli	57	Senior Vice President – Stores

The biographies for Messrs. Eisenberg, Feinstein and Temares are set forth above under Election of Directors (Proposal 1). Biographies for our other executive officers are as follows:

Arthur Stark has been President and Chief Merchandising Officer since 2006. Mr. Stark has served as Chief Merchandising Officer since 1999 and was a Senior Vice President from 1999 to 2006. Mr. Stark joined the Company in 1977.

Eugene A. Castagna has been Chief Operating Officer since February 2014. Mr. Castagna served as Chief Financial Officer and Treasurer from 2006 to 2014, as Assistant Treasurer from 2002 to 2006 and as Vice President — Finance from 2000 to 2006. Mr. Castagna is a certified public accountant and joined the Company in 1994.

Susan E. Lattmann has been Chief Financial Officer and Treasurer since February 2014. Ms. Lattmann served as Vice President — Finance from 2006 to 2014, as Vice President — Controller from 2001 to 2006 and as Controller from 2000 to 2001. Ms. Lattmann is a certified public accountant and joined the Company in 1996.

Matthew Fiorilli has been Senior Vice President — Stores since 1999. Mr. Fiorilli joined the Company in 1973.

In addition, the following officers (who are not considered to be executive officers under the Exchange Act) report directly to Mr. Temares: Barry Feld, Chief Executive Officer — Cost Plus, Inc., Scott Hames, Vice President — Marketing and Analytics, Richard McMahon, Chief Strategy Officer and Vice President — Corporate Operations and President — BBB Canada Ltd., Allan N. Rauch, Vice President — Legal and General Counsel, and G. William Waltzinger, Jr., Vice President — Corporate Development and President — Harmon Stores, Inc.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The following is a discussion and analysis of our compensation programs as they apply to the Company's principal executive officer, the two executives who served as principal financial officer at any time during fiscal 2013, and the four most highly compensated executive officers of the Company (other than its principal executive officer and executives serving as principal financial officer) for fiscal 2013 (''named executive officers'') whose compensation information is presented in the Summary Compensation Table and other tables following this discussion and analysis.

Objectives of our Executive Compensation Program

The Compensation Committee's principal objective is to develop and implement compensation policies that align the compensation of our executives with the Company's performance and enhancements to shareholder value, while at the same time retaining an executive team that drives the success of the Company. The Company believes that a key factor in the Company's performance has been the stability of its executive team. To that end, the Company's policy is to seek whenever possible, at all levels, to promote from within and to compensate executives in a manner designed to promote the long-term success of the organization. This policy has enabled the Company to develop an executive team with deep institutional knowledge of the Company and the retail industry, an average tenure with the Company of over 30 years, and correspondingly productive and collaborative working relationships with their fellow executives. The recent promotions of Mr. Castagna to the position of Chief Operating Officer and Ms. Lattmann to the positions of Chief Financial Officer and Treasurer and Principal Financial and Accounting Officer in February 2014 reflect this policy and approach and are intended to further bolster the Company's performance, with the goal of increasing shareholder value.

Executive Summary

Committee Actions in Fiscal 2013. The Compensation Committee deliberated and determined the compensation programs for the named executive officers described below during the spring of 2013, culminating in the adjustment of salaries and awards of equity compensation made on May 10, 2013. At that time, the most recent Annual Meeting of Shareholders had been held June 22, 2012 and included a vote where approximately 94% of the Company's shareholders voting on the say-on-pay proposal approved the compensation of the Company's named executive officers for the then most recently completed fiscal year ending on February 25, 2012. Given the strong approval of the say-on-pay proposal, the compensation decisions made in the spring of 2013 did not include any structural changes to the Company's policies or programs.

- Consistent with its prior practice, in fiscal 2013, the Compensation Committee continued to award performance-based restricted stock and stock options with substantial time vesting, and did not implement a short term cash bonus program, because it believes that equity compensation incentivizes executives to remain with the Company and focus on creating real, long-term value for the Company's shareholders more effectively than annual cash bonuses.
- For fiscal 2013, for the group of named executive officers whose compensation was determined by the Compensation Committee in the spring of 2013, approximately 65% of their total compensation was in the form of equity awards vesting, in most cases, over a period of five years. Of that group determined in the spring of 2013, 59% of their equity compensation was in the form of performance-based restricted stock, and 41% was in the form of stock options.
- Ms. Lattmann, who was promoted to her current position in February 2014, was not part of the group of named executive officers whose compensation was determined by the Compensation Committee in the spring of 2013.
- Based on the recommendation of the Compensation Committee, the Board of Directors amended the employment agreements of Messrs. Eisenberg and Feinstein to eliminate their ability to terminate employment following a change in control and receive change in control severance payments and benefits. Under the amendment, the executives may receive severance payments and benefits in the event of the executives' termination of employment without cause or due to a constructive termination without cause, in each case, upon or within the two-year period following a change in control.

Shareholder Outreach and Engagement in Fiscal 2013. At the Company's Annual Meeting of Shareholders held on June 28, 2013, approximately 78% of the shareholders voting on the say-on-pay proposal approved the compensation of our named executive officers for the fiscal year ending on March 2, 2013. While the 2013 approval rate for the compensation of our named executive officers for fiscal 2012 indicated continuing shareholder support, in light of the decline in the percentage of approval votes between the 2012 and 2013 Annual Meetings, members of the Compensation and Nominating and Corporate Governance Committees, together with senior management, embarked on an effort to gather feedback from key outside shareholders regarding our executive compensation programs and decisions made in 2013 as follows:

- The Company contacted holders of approximately 56% of the Company's outstanding shares, and Committee members, together with members of management, met or spoke with holders of approximately 61% of the shares held by the shareholders who had been contacted, or approximately 34% of outstanding shares, to obtain their views and suggestions with respect to executive compensation and corporate governance matters.
- During the course of this outreach, management spoke with shareholders representing approximately an additional 18% of outstanding shares, who indicated no current interest in engaging on these issues.
- Shareholders representing approximately an additional 4% of outstanding shares did not respond to our outreach.
- The results of these discussions were then shared with the full Board of Directors.

As part of this effort, the Compensation and the Nominating and Corporate Governance Committees also reviewed and considered feedback from proxy advisory services firms, analyzed market practices at peer companies, engaged in discussions with management and received advice from the independent compensation consultant and the Committees' legal counsel, including their independent counsel.

Changes Made in Fiscal 2014 in Response to Shareholder Feedback. Members of the Compensation Committee and members of the Nominating and Governance Committee, with members of management, discussed various compensation and governance matters with the Company's shareholders, with the structure of the Company's equity incentive programs being the most common topic raised by the Company's shareholders. As a result of this outreach to and engagement with the Company's shareholders and other feedback, the Board of Directors and the Compensation Committee took the following key actions, among others, to address the views of our shareholders and to reflect the results of their own review and analysis:

- Equity Incentives — The Company significantly redesigned its equity incentive program for the named executive officers with respect to fiscal 2014 compensation, with a view towards creating a more direct link between pay and performance and providing performance metrics fundamental to the business and directed toward shareholder value creation, and that apply during a one-year period and a three-year period. In connection with the redesign of the equity incentive program, the Company eliminated the prior one-year performance test and made the following changes.
  - Performance during the one-year period will be based on Earnings Before Income Tax (EBIT) margin relative to a peer group of the Company comprising 50 companies selected within the first 90 days of the performance period.
  - Performance during the three-year period will be based on Return on Invested Capital (ROIC) relative to such peer group.
  - Awards based on EBIT margin and ROIC are capped at 150% of target achievement, with a floor of zero, and generally vest over a four-year period.
  - As payouts under these awards are contingent upon achievement of various levels of EBIT margin and ROIC relative to such peer group and the continued performance of services by the executives, the awards will be made in the form of ''performance share units'' (''PSUs''), rather than in the form of performance-based restricted stock.
  - The equity incentive of all executive officers is weighted so that at least two-thirds of its value is in PSUs and no more than one-third in stock options.
  - The base salary of the Company's Chief Executive Officer for fiscal 2014 has not been increased from 2013, with such executive receiving an increase in 2014 equity compensation in line with the increase in total compensation for other members of senior management if performance targets are met.
  - The Compensation Committee believes this redesign is a positive change and it intends to continue to evaluate the appropriate design of the equity incentive awards, together with all aspects of compensation, from time to time as may be appropriate.

  Equity incentive awards continue to constitute the largest portion of the compensation of our named executive officers.

- No Hedge/No Pledge Policy — On the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors adopted restrictions on engaging in hedging transactions involving the Company's common stock and on pledging such common stock, in each case, by the Company's directors and executive officers.

- Stock Ownership Guidelines — On the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors adopted stock ownership guidelines that require the Company's Chief Executive Officer and each outside director to hold the Company's common stock with a value of at least $6,000,000 and $300,000, respectively.

- Annual Board and Committee Self-Assessments — On the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors adopted a policy under which the Company's Board of Directors and its committees will conduct a formal self-assessment at least annually.

- Limits on Other Board Service — On the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors adopted a policy limiting service by the Company's directors on other public company boards of directors to no more than two other directorships (in the case of the Company's Co-Chairmen and Chief Executive Officer) and four other directorships (in the case of non-executive directors).

The balance of this Compensation Discussion and Analysis relates to the compensation decisions made in the spring of 2013. As noted above, at the time these decisions were made, the most recent say-on-pay vote at the Company's Annual Shareholder Meeting in 2012 had resulted in approximately 94% shareholder support. These decisions also took into account, among other things, the following:

- Net sales increased from $9.500 billion in fiscal 2011 to $10.915 billion in fiscal 2012, and net earnings per diluted share increased from $4.06 to $4.56.

- Acquisitions consummated in June 2012 added to the scope of the Company's operations and required substantial integration efforts.

- From fiscal 2009 through fiscal 2012, the Company had returned approximately 70%, or approximately $3.0 billion, of its cash flow from operations to its shareholders through the Company's share repurchase programs.

- As of March 2, 2013, at the end of the fiscal year during which approximately $643 million was utilized in strategic acquisitions, approximately $1.0 billion was returned to shareholders through share repurchases and $315 million was invested in capital expenditures, the Company's balance sheet included approximately $1.1 billion of cash and cash equivalents and investment securities.

In making its determinations regarding executive compensation for fiscal 2013, the Compensation Committee solicited input from the Co-Chairmen when considering decisions concerning the compensation of the Chief Executive Officer, and input from the Co-Chairmen and the Chief Executive Officer when considering decisions concerning the compensation of the other named executive officers and any other executive whose compensation the Compensation Committee determines. The Compensation Committee generally accepted the recommendations of the Co-Chairmen, who are the Co-Founders of the Company, who have been continuously involved in the affairs of the Company since its organization in 1971, and who continue to have substantial interests as shareholders.

Based on the recommendations and data from Arthur J. Gallagher & Co., formerly James F. Reda & Associates, a division of Gallagher Benefit Services, Inc. (''Gallagher''), the independent compensation consultant retained by the Compensation Committee, and other factors, and in light of the Company's strong financial results for fiscal 2012 (as described above), and the growth in the size and scope of the Company, the Compensation Committee determined that the named executive officers of the Company should receive the total compensation packages for fiscal 2013, as further described below.

Role of the Compensation Committee

The Compensation Committee provides overall guidance for the Company's executive compensation policies and determines the amounts and elements of compensation for its named executive officers as well as for certain other key executives. No executive is present during voting or deliberations with respect to matters relating to such executive's compensation. The Compensation Committee charter, which describes the Compensation Committee's function, responsibilities and duties, is available on our website at www.bedbathandbeyond.com under the Investor Relations section.

The Compensation Committee consists of three members of our Board of Directors, all of whom are ''independent'' as defined by the NASDAQ listing standards and the applicable tax and securities rules and regulations. The Compensation Committee members since the spring of 2013 have been Ms. Morrison and Messrs. Adler and Barshay. The Compensation Committee meets on a regular basis for various reasons as outlined in its charter.

Use of Outside Advisors

In making its determinations with respect to executive compensation, the Compensation Committee has periodically engaged the services of compensation consultants. The Compensation Committee has the authority to retain, terminate and set the terms of the Company's relationship with any consultants and other outside advisors who assist the Compensation Committee in carrying out its responsibilities. In connection with making its determinations regarding executive compensation for fiscal 2013 and for several prior years, the Compensation Committee retained Gallagher to conduct a compensation review for the named executive officers and certain other executives. Gallagher has not served the Company in any capacity except as consultants to the Compensation Committee. Both the Compensation and the Nominating and Corporate Governance Committees also receive advice and assistance from the law firm of Chadbourne & Parke LLP, which has acted as counsel only to the Company's independent directors and its Board committees. The Compensation Committee has assessed the independence of Gallagher and Chadbourne & Parke LLP pursuant to the SEC rules and concluded that no conflict of interest exists that will prevent them from being independent consultants to the Compensation Committee.

Methodology

Under the direction of the Compensation Committee, the compensation review in each year included a peer group competitive market review and total compensation recommendations by Gallagher. The peer group developed by Gallagher upon which it based its recommendations for fiscal 2011 consisted of 18 companies that included direct competitors and retailing companies with a chairman among its named executive officers, who is also a founder. For fiscal 2012, Gallagher developed and recommended a revised peer group consisting of 23 companies. The revised peer group consists of companies of a size range based on revenue more closely aligned with the Company's revenue, all of them in the retail industry. The 23 company peer group was also used by Gallagher in connection with its recommendations for fiscal 2013. The group consists of the following companies:

Advance Auto Parts, Inc.
AutoZone, Inc.
Barnes & Noble, Inc.
Dick's Sporting Goods, Inc.
Dillard's, Inc.
DSW Inc.
Family Dollar Stores, Inc.
Foot Locker, Inc.
GameStop Corp.
The Gap, Inc.
Kohl's Corporation
Limited Brands, Inc.
Macy's, Inc.
Nordstrom, Inc.
O'Reilly Automotive, Inc.
J.C. Penney Company, Inc.
PetSmart, Inc.
Pier 1 Imports, Inc.
Ross Stores, Inc.
Saks Incorporated
Starbucks Corporation
The TJX Companies, Inc.
Williams-Sonoma, Inc.

The methodology used by Gallagher also included reviewing available data based on the Company's industry, revenue size and financial performance. The peer group analyses prepared by Gallagher used public company proxy statements, third party industry compensation surveys and other publicly available information.

The compensation approved by the Compensation Committee for each of Messrs. Eisenberg, Feinstein and Temares for fiscal 2013 was determined by the Compensation Committee taking into account recommendations of and certain data received from Gallagher and, in the case of Mr. Temares, the recommendations of the Co-Chairmen. The compensation approved by the Compensation Committee for the named executive officers, other than the Co-Chairmen and Mr. Temares, for fiscal 2013 was determined by the Compensation Committee, taking into account the recommendations of the Co-Chairmen, Chief Executive Officer and Gallagher and certain data the Compensation Committee requested from Gallagher.

In making its determinations for fiscal 2013, the Compensation Committee engaged Gallagher to conduct a compensation review for executive officers, including the named executive officers, other than Ms. Lattmann due to the timing of her promotion, and for certain other executives. Under the direction of the Compensation Committee and in connection with this review, Gallagher benchmarked the named executive officers' total compensation and separately their cash compensation against data from the 23 company peer group. In light of the Company's continued strong financial results for fiscal 2012, and the growth and increasing complexity of the Company's operations, the Compensation Committee determined, early in fiscal 2013, that all of the executive officers of the Company, other than the Co-Chairmen, should receive increases in their total compensation packages for fiscal 2013.

Elements of Compensation

The Company seeks to provide total compensation packages to its associates, including its named executive officers, which implement its compensation philosophy. The components of the Company's compensation programs are base salary, equity compensation (consisting, for 2013 and prior, of stock options and restricted stock awards), retirement and other benefits (consisting of health plans, a limited 401(k) plan match and a nonqualified deferred compensation plan) and perquisites. The Company places greater emphasis in the compensation packages for named executive officers on equity incentive compensation rather than cash compensation in order to align compensation more closely with performance results and the creation of shareholder value. The Company does not have a cash bonus program for executive officers.

Base Salary

The Company pays base salaries to provide its named executive officers with current, regular compensation that is appropriate for their position, experience and responsibilities. Changes in base salary, if any, are generally effective in May of each fiscal year.

Equity Compensation

The overall approach to equity compensation in fiscal 2013 was to make equity awards comprised of a combination of stock options and performance-based restricted stock to executive officers, including the named executive officers (other than Ms. Lattmann, who was not an executive officer at the time), and a small number of other executives. The Company's allocation between these two forms of equity awards considers the retention component and the role of the executive in the enhancement of shareholder value. For the named executive officers receiving such awards in the spring of 2013 other than the Chief Executive Officer and the Co-Chairmen, the allocation was more weighted toward performance-based restricted stock in light of this retention component, yet provides a grant of stock options recognizing the role of these executives in the enhancement of shareholder value. For the Co-Chairmen, the allocation reflects that each of them owns in excess of 1% of the outstanding common stock of the Company. For the Chief Executive Officer, the even allocation of equity awards between performance-based restricted stock and stock options was based on the view at that time that stock options reward executives more directly for enhancing shareholder value and, therefore, as the executive primarily responsible for that enhancement, the Chief Executive Officer should have a greater proportion of his equity awards allocated to stock options as compared to the other executive officers. These grants are made on May 10 of each year (or the following trading day should such date fall on a weekend or holiday). The vesting provisions relating to equity compensation have been and continue to be determined with the principal purpose of retaining the Company's executives and key associates. The Company believes its equity compensation policies have been highly successful in the long term retention of its executives and key associates, including its named executive officers.

Consistent with the Company's historic practice, the stock options vest over time, subject, in general, to the named executive officers remaining in the Company's employ on specified vesting dates. Vesting of the restricted stock awarded to the named executive officers in May of 2013 (other than Ms. Lattmann, who was not an executive officer at the time) is dependent on (i) the Company's achievement of a performance-based test for the 2013 fiscal year and (ii) assuming achievement of the performance-based test, time vesting, subject, in general, to the executive remaining in the Company's employ on the specified vesting dates.

The performance-based test in fiscal 2013 required that the Company's net income in that fiscal year be greater than or equal to the Company's net income in the prior fiscal year or that the Company's net income as a percentage of sales placed it in the top half of the companies in the S&P 500 Retailing Index with respect to such measurement. Net income may be adjusted for such purpose to reflect items, such as: (i) mergers, acquisitions, consolidations or dispositions, (ii) changes in accounting methods, (iii) extraordinary items, as defined in Accounting Standards Codification Topic No. 225, ''Income Statement,'' and (iv) funds deployed for stock repurchase or dividend activity, to the extent permitted by Section 162(m) (''Section 162(m)'') of the Internal Revenue Code of 1986, as amended (the ''Code''). The Company believes that this performance-based test meets the standard for performance-based compensation under Section 162(m) of the Code, so that the restricted stock awards will be deductible compensation by the Company for certain executives if their annual compensation exceeds $1 million. The Compensation Committee believed that this test was an appropriate measure of performance for companies in the retail industry and, specifically, for companies in the Company's sector. In addition, even if the performance-based test was met, the executive must remain in the Company's employ for an extended period in order to earn the restricted stock, further aligning the executive's interest with the long-term interests of the Company and the creation of shareholder value over time.

The performance-based test was satisfied in that the Company's fiscal 2013 net income as a percentage of sales placed it in the top half of the companies in the S&P 500 Retailing Index with respect to such measurement.

All executives (other than named executive officers and other key executives whose compensation is determined by the Compensation Committee) and associates awarded incentive compensation receive grants consisting solely of restricted stock. Vesting of restricted stock awarded to these associates is based solely on time-vesting with no performance-based test.

Consistent with the Company's practice since fiscal 2008, stock option awards are made in dollars (with the number of shares covered by the options determined by dividing the dollar amount of the grant by the Stock Option Fair Value, as described below). The Compensation Committee believes that making stock option awards in dollar amounts rather than share amounts is advisable because making stock option awards in dollar amounts allows the Compensation Committee to align stock option

awards with the value of the option grants. Making stock option awards in dollars also enables the Compensation Committee to more readily evaluate appropriate aggregate compensation amounts and percentage increases or decreases for executives, in comparison to making stock option awards in share amounts (the value of which varies depending on the trading price of the Company's stock and other factors). In making the awards, the Compensation Committee considered the fair value of these options on the date of grant determined in accordance with Accounting Standards Codification Topic No. 718, ''Compensation — Stock Compensation'' (the ''Stock Option Fair Value'').

All awards of restricted stock and stock options are made under the Company's 2012 Incentive Compensation Plan (formerly known as the 2004 Incentive Compensation Plan), approved by the Company's shareholders (the performance goals under such plan having been re-approved in 2012), which is the only equity incentive plan under which the Company can currently make awards of equity compensation.

Senior Executive Compensation

In addition to considering the Company's compensation policies generally, the Compensation Committee reviews executive compensation and concentrates on the compensation packages for the Company's senior executive officers, namely, the Co-Chairmen (Warren Eisenberg and Leonard Feinstein, who are the Company's Co-Founders) and the Chief Executive Officer (Steven H. Temares), believing that these three named executive officers are the most important and influential in determining the continued success of the Company. The Company has enjoyed considerable success in the years it has been a public company, and in both fiscal 2012 and fiscal 2013 achieved strong financial results.

For fiscal 2013, the base salaries for the Co-Chairmen remained at $1,100,000, the same as they were for the prior seven fiscal years. For fiscal 2013, the base salary for Mr. Temares increased by $517,500 to $3,967,500. The Compensation Committee determined that Mr. Temares' base salary increase was warranted based on the Company's strong financial performance and Mr. Temares' strong individual performance. Since Mr. Temares did not receive a cash bonus, his salary constitutes his total cash compensation. According to the analysis prepared by Gallagher, Mr. Temares' increased base salary for fiscal 2013 resulted in total cash compensation at the 88th percentile of the 23-company peer group.

For fiscal 2013, the base salary for Mr. Stark increased by $110,000 and the base salary for Mr. Castagna increased by $150,000. The Compensation Committee determined that these increases were warranted based on the Company's growth and strong financial results in 2012 and based on the results and recommendations of Gallagher's compensation review discussed above.

The aggregate equity awards to Mr. Temares for fiscal 2013 increased from fiscal 2012 by $1,750,000 to $13,500,000, with the increase comprised of $1,000,000 in stock options and $750,000 in performance-based restricted stock. Of the total of $13,500,000 of equity awards to Mr. Temares for fiscal 2013, $6,750,000 consisted of stock options (based on the Stock Option Fair Value) and $6,750,000 consisted of performance-based restricted stock (based on the average of the high and low trading price of the Company's common stock on the date of grant). Thus, approximately 71% of Mr. Temares' total compensation for fiscal 2013 was dependent on Company performance or increase in shareholder value and vests over a five year period.

The equity awards to Messrs. Eisenberg and Feinstein for fiscal 2013 remained unchanged from fiscal 2012 at $2,000,000 for each such executive, comprised of $1,500,000 of performance-based restricted stock and $500,000 of stock options (valued on the same basis as Mr. Temares' awards).

The aggregate equity awards to each of Mr. Stark and Mr. Castagna for fiscal 2013 increased from 2012 by $100,000, with the increase comprised of performance-based restricted stock. In connection with his promotion to Chief Operating Officer in February 2014, Mr. Castagna's base salary was increased by the Compensation Committee effective upon his promotion to $1,590,000, and he was awarded 3,683 shares of restricted stock.

The base salary of Ms. Lattmann, who was promoted to Chief Financial Officer in February 2014, was increased by the Compensation Committee effective upon her promotion to $650,000, and she was awarded 1,473 shares of restricted stock in connection with the promotion.

For fiscal 2013, the Compensation Committee set Mr. Fiorilli's base salary at $1,475,000 and granted him aggregate equity awards totaling $1,800,000, comprised of $1,200,000 of performance-based restricted stock and $600,000 of stock options (valued on the same basis as Mr. Temares' awards).

In the view of the Compensation Committee, the base salary and equity awards constitute compensation packages for the Chief Executive Officer and for the Co-Chairmen, as well as the other named executive officers, which are appropriate for a company with the revenues and earnings of the Company. The stock options granted to the Chief Executive Officer vest in five equal annual installments, while the stock options awarded to the Co-Chairmen vest in three equal annual installments, in

each case commencing on the first anniversary of the grant date and based on continued service to the Company. The performance-based restricted stock awards to each such executive are conditioned on the performance-based test described above with time vesting in five equal annual installments, in each case commencing on the first anniversary of the grant date and based on continued service to the Company.

For further discussion related to equity grants to the named executive officers in fiscal 2013, see ''Potential Payments Upon Termination or Change in Control'' below.

Other Benefits

The Company provides the named executive officers with the same benefits offered to all other associates. The cost of these benefits constitutes a small percentage of each named executive officer's total compensation. Key benefits include paid vacation, premiums paid for long-term disability insurance, a matching contribution to the named executive officer's 401(k) plan account, and the payment of a portion of the named executive officer's premiums for healthcare and basic life insurance.

The Company has a nonqualified deferred compensation plan for the benefit of certain highly compensated associates, including the named executive officers. The plan provides that a certain percentage of an associate's contributions may be matched by the Company, subject to certain limitations. This matching contribution will vest over a specified period of time. See the ''Nonqualified Deferred Compensation Table'' below.

The Company provides named executive officers with certain perquisites including tax preparation services and car service, in the case of Messrs. Eisenberg and Feinstein, and a car allowance, in the case of the named executive officers, other than Ms. Lattmann. The Compensation Committee believes all such perquisites are reasonable and consistent with its overall objective of attracting and retaining our named executive officers.

See the ''All Other Compensation'' column in the Summary Compensation Table for further information regarding these benefits and perquisites, and ''Potential Payments Upon Termination or Change in Control'' below for information regarding termination and change in control payments and benefits.

Impact of Accounting and Tax Considerations

The Compensation Committee considers the accounting cost associated with equity compensation and the impact of Section 162(m) of the Code, which generally prohibits any publicly held corporation from taking a federal income tax deduction for compensation paid in excess of $1 million in any taxable year to certain executives, subject to certain exceptions for performance-based compensation. Stock options and performance-based compensation granted to our named executive officers are intended to satisfy the performance-based exception and be deductible. Base salary amounts in excess of $1 million are not deductible by the Company.

Policy on the Recovery of Incentive Compensation

In fiscal 2009, the Board adopted a policy as part of the Company's Corporate Governance Guidelines on the recovery of incentive compensation, commonly referred to as a ''clawback policy,'' applicable to the Company's named executive officers (as defined under Item 402(a)(3) of Regulation S-K). The policy appears in the Company's Corporate Governance Guidelines, available in the Investor Relations section of the Company's website at www.bedbathandbeyond.com. The Compensation Committee is monitoring the issuance of regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to incentive compensation recoupment and will amend its policy to the extent necessary to comply with such Act.

Conclusion

After careful review and analysis, the Company believes that each element of compensation and the total compensation provided to each of its named executive officers for fiscal 2013 was reasonable and appropriate. The value of the compensation payable to the named executive officers is significantly tied to the Company's performance and the return to its shareholders over time. The Company believes that its compensation programs will allow it to retain the executives who are part of the Company's executive team, attract highly qualified executives when new executives are required, and motivate its executives to maximize shareholder value.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Company's Board of Directors has submitted the following report for inclusion in this Proxy Statement:

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement. Based on the Compensation Committee's review of and the discussions with management with respect to the Compensation Discussion and Analysis, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in the Company's Annual Report on Form 10-K for fiscal 2013 for filing with the SEC.

The foregoing report is provided by the following directors, who constitute the fiscal year 2013 Compensation Committee:

COMPENSATION COMMITTEE

Dean S. Adler

Stanley F. Barshay

Victoria A. Morrison

SUMMARY COMPENSATION TABLE FOR FISCAL 2013, FISCAL 2012 AND FISCAL 2011

The following table sets forth information concerning the compensation of the Company's named executive officers.

Name and Principal Position	Fiscal Year	Salary[1][2] ($)	Stock Awards[3][4] ($)	Option Awards[3] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Warren Eisenberg [5] [6]	2013	1,100,000	1,500,023	500,019	—	153,138	3,253,180
Co-Chairman	2012	1,142,308	1,500,033	499,991	—	136,688	3,279,020
	2011	1,100,000	1,500,027	500,000	—	115,564	3,215,591
Leonard Feinstein [7] [8]	2013	1,100,000	1,500,023	500,019	—	163,564	3,263,606
Co-Chairman	2012	1,142,308	1,500,033	499,991	—	145,025	3,287,357
	2011	1,100,000	1,500,027	500,000	—	123,264	3,223,291
Steven H. Temares [9] [10] [11]	2013	3,867,981	6,750,034	6,750,011	1,753,736	22,993	19,144,755
Chief Executive Officer	2012	3,478,846	5,999,994	5,749,992	684,106	22,211	15,935,149
	2011	2,894,231	5,225,036	5,000,003	790,392	17,572	13,927,234
Arthur Stark [12] [13]	2013	1,568,846	1,450,064	600,014	—	14,352	3,633,276
President and Chief	2012	1,513,847	1,350,016	600,003	—	12,262	3,476,128
Merchandising Officer	2011	1,353,558	1,250,004	600,000	—	9,729	3,213,291
Eugene A. Castagna [14] [15]	2013	1,421,154	1,450,126	600,014	—	16,416	3,487,710
Chief Operating Officer	2012	1,326,923	1,100,010	600,003	—	13,782	3,040,718
	2011	1,166,154	1,000,037	600,000	—	15,395	2,781,586
Susan E. Lattmann [16] [17]	2013	534,908	300,058	—	—	7,820	842,786
Chief Financial Officer							
and Treasurer							
Matthew Fiorilli [18] [19]	2013	1,453,846	1,200,060	600,014	—	21,825	3,275,745
Senior Vice							
President – Stores							

(1) Except as otherwise described in this Summary Compensation Table, salaries to named executive officers were paid in cash in fiscal 2013, fiscal 2012 and fiscal 2011, and increases in salary, if any, were effective in May of the fiscal year.

(2) Due to fiscal 2012 being a 53 week year and the timing of the pay cycles, the fiscal 2012 salary amounts include an additional pay period. Without this additional pay period, fiscal 2012 salaries would have been $1,100,000 each for Messrs. Eisenberg and Feinstein as their salaries were for the prior six fiscal years and $3,346,154, $1,456,924 and $1,276,923 for Messrs. Temares, Stark and Castagna, respectively.

(3) The value of stock awards and option awards represents their respective total fair value on the date of grant calculated in accordance with Accounting Standards Codification Topic No. 718, ''Compensation — Stock Compensation'' (''ASC 718''), without regard to the estimated forfeiture related to service-based vesting conditions. All assumptions made in the valuations are contained and described in footnote 13 to the Company's financial statements in the Company's Form 10-K for fiscal 2013. Stock awards and option awards are rounded up to the nearest whole share when converted from dollars to shares. The amounts shown in the table reflect the Company's accounting expense and do not necessarily reflect the actual value, if any, that may be realized by the named executive officers.

(4) The vesting of restricted stock awards depends on (i) the Company's achievement of a performance-based test for the fiscal year of the grant, and (ii) assuming the performance-based test is met, time vesting, subject in general to the executive remaining in the Company's employ on specific vesting dates. The performance-based tests for fiscal years 2013, 2012 and 2011 were met. The fair value of the performance-based stock awards are reported above at 100% of target, their maximum value assuming the highest level of performance. The vesting of restricted stock awards granted to Ms. Lattmann and a portion of restricted stock awards granted to Mr. Castagna are based solely on time vesting.

(5) Salary for Mr. Eisenberg includes a deferral of $546,504, $317,308 and $275,000 for fiscal 2013, 2012 and 2011, respectively, pursuant to the terms of the Company's Nonqualified Deferred Compensation Plan. Such amount for fiscal 2013 is also reported in the Nonqualified Deferred Compensation Table below.

(6) All Other Compensation for Mr. Eisenberg includes incremental costs to the Company for tax preparation services of $42,950, $29,825 and $25,063, car service of $77,214, $74,906, and $59,740 and car allowance of $25,325, $24,457 and $23,411, and an employer nonqualified deferred compensation plan matching contribution of $7,650, $7,500 and $7,350 for fiscal 2013, 2012 and 2011, respectively.

(7) Salary for Mr. Feinstein includes a deferral of $550,000, $317,308 and $275,000 for fiscal 2013, 2012 and 2011, respectively, pursuant to the terms of the Company's Nonqualified Deferred Compensation Plan. Such amount for fiscal 2013 is also reported in the Nonqualified Deferred Compensation Table below.

(8) All Other Compensation for Mr. Feinstein includes incremental costs to the Company for tax preparation services of $42,950, $29,825 and $25,063, car service of $82,905, $80,492 and $62,400 and car allowance of $30,059, $27,208 and $28,451 and an employer nonqualified deferred compensation plan matching contribution of $7,650, $7,500 and $7,350 for fiscal 2013, 2012 and 2011, respectively.

(9) Salary for Mr. Temares includes a deferral of $36,684, $30,923 and $26,615 for fiscal 2013, 2012 and 2011, respectively, pursuant to the terms of the Company's Nonqualified Deferred Compensation Plan. Such amount for fiscal 2013 is also reported in the Nonqualified Deferred Compensation Table below.

(10) The change in pension value for fiscal 2013, 2012 and 2011 is an increase in the actuarial present value of the benefits payable under the supplemental executive retirement benefit agreement with Mr. Temares, reflecting increases in salary, and which is discussed more fully below. There was no cash payment as a result of this increase. See also ''Potential Payments Upon Termination or Change in Control — Messrs. Temares, Stark, Castagna and Fiorilli'' below.

(11) All Other Compensation for Mr. Temares includes incremental costs to the Company for car allowance of $15,344, $14,702 and $10,225 and employer 401(k) plan and nonqualified deferred compensation plan matching contributions of $7,649, $7,509 and $7,347 for fiscal 2013, 2012 and 2011, respectively.

(12) Salary for Mr. Stark includes a deferral of $10,937, $10,154 and $10,000 for fiscal 2013, 2012 and 2011 pursuant to the terms of the Company's Nonqualified Deferred Compensation Plan. Such amount for fiscal 2013 is also reported in the Nonqualified Deferred Compensation Table below.

(13) All Other Compensation for Mr. Stark includes incremental costs to the Company for car allowance of $6,702, $4,757 and $2,383 and employer 401(k) plan and nonqualified deferred compensation plan matching contributions of $7,650, $7,505 and $7,346 for fiscal 2013, 2012 and 2011, respectively.

(14) Salary for Mr. Castagna includes a deferral of $141,538, $127,692 and $136,246 for fiscal 2013, 2012 and 2011, respectively, pursuant to the terms of the Company's Nonqualified Deferred Compensation Plan. Such amount for fiscal 2013 is also reported in the Nonqualified Deferred Compensation Table below.

(15) All Other Compensation for Mr. Castagna includes incremental costs to the Company for car allowance of $8,766, $6,280 and $8,046 and employer 401(k) plan and nonqualified deferred compensation plan matching contributions of $7,650, $7,502 and $7,349 for fiscal 2013, 2012 and 2011, respectively.

(16) Salary for Ms. Lattmann includes a deferral of $25,598 pursuant to the terms of the Company's Nonqualified Deferred Compensation Plan. Such amount is also reported in the Nonqualified Deferred Compensation Table below.

(17) All Other Compensation for Ms. Lattmann includes incremental costs to the Company for employer 401(k) plan and nonqualified deferred compensation plan matching contributions of $7,820.

(18) Salary for Mr. Fiorilli includes a deferral of $83,827 pursuant to the terms of the Company's Nonqualified Deferred Compensation Plan. Such amount is also reported in the Nonqualified Deferred Compensation Table below.

(19) All Other Compensation for Mr. Fiorilli includes incremental costs to the Company for car allowance of $14,175 and employer 401(k) plan and nonqualified deferred compensation plan matching contributions of $7,650.

Employment Agreements

Messrs. Eisenberg and Feinstein

Messrs. Eisenberg and Feinstein have employment agreements with the Company with terms currently expiring February 25, 2017, or as further extended by mutual agreement. These agreements provide for salaries at the rate of $800,000 per year which may be increased from time to time by the Company. The current annual salary for each of Messrs. Eisenberg and Feinstein is $1,100,000. Under these agreements, each of Messrs. Eisenberg and Feinstein may at any time elect senior status (i.e., to be continued to be employed to provide non-line executive consultative services) at an annual salary of the greater of $400,000 (increased for cost of living adjustments) or 50% of his average salary over the three-year period prior to such election for a period (the ''Senior Status Period'') of up to ten years from the date of such election. During the Senior Status Period, the executive must provide services at a level of at least 25% of the average level of services the executive performed for the prior 36 month period. During the Senior Status Period, the Company is required to provide to the executive an office at a location specified by the executive, a secretary, car service and car allowance, all on a basis comparable to that which is currently provided to the executive. The agreements contain non-competition, non-solicitation and confidentiality provisions. These provisions generally apply through the term of employment, including the Senior Status Period and any other time when salary payments are required to be made under the agreements. The agreements provide, in addition, for some of Messrs. Eisenberg's and Feinstein's employee benefits to continue during their active employment, their Senior Status Period and during the period of supplemental pension payments. For a complete description of payments due to Messrs. Eisenberg and Feinstein upon termination of their employment with the Company, see ''Potential Payments Upon Termination or Change in Control'' below.

Messrs. Temares, Stark, Castagna and Fiorilli

Messrs. Temares, Stark, Castagna and Fiorilli have employment agreements with the Company which provide for severance pay and other benefits upon a termination of their employment. For a complete description of payments due to Messrs. Temares, Stark, Castagna and Fiorilli upon termination of their employment with the Company, see ''Potential Payments Upon Termination or Change in Control'' below. These agreements also provide for non-competition and non-solicitation of the Company's employees during the term of employment and for one year thereafter (two years in the case of Mr. Castagna), and confidentiality during the term of employment and surviving the end of the term of employment.

Potential Payments Upon Termination or Change in Control

The foregoing employment agreements and certain of the plans in which the executives participate require the Company to pay compensation to the executives if their employment terminates.

The estimated amount of compensation payable to such named executive officers in each termination situation is listed in the table below. The table is presented using an assumed termination date and an assumed change in control date of March 1, 2014, the last day of fiscal 2013 and a price per share of common stock of $67.82 (the ''Per Share Closing Price''), the closing per share price as of February 28, 2014, the last business day of fiscal 2013. Descriptions of the agreements under which such payments would be made follow.

Messrs. Eisenberg and Feinstein

Pursuant to their employment agreements, following the Senior Status Period, Messrs. Eisenberg and Feinstein are each entitled to supplemental pension payments of $200,000 per year (as adjusted for a cost of living increase) until the death of the survivor of him and his current spouse. The agreements provide, in addition, for some of Messrs. Eisenberg's and Feinstein's employee benefits to continue during their Senior Status Period and during the period of supplemental pension payments or following a termination other than due to ''cause'' (as defined below). Under the agreements, if Messrs. Eisenberg and Feinstein are terminated without cause or if the executive elects to terminate his employment due to a ''constructive termination'' (as defined below), the executive shall be paid through the end of the term of employment and the Senior Status Period.

The agreements were amended, effective March 1, 2014, to eliminate the executives' ability to terminate employment for any reason following a change in control and receive change in control severance payments and benefits. The agreements now provide that, following a termination without cause or a constructive termination, in each case, occurring on a change in control of the Company (as defined in the agreements) or within two years following upon a change in control, each of the executives shall be paid an amount equal to three times salary then in effect, if the written notice is given before the Senior

Status Period, or, if during the Senior Status Period, one half of Senior Status Salary for the number of years (including fractions), if any, remaining in the Senior Status Period, payable over such applicable period in accordance with normal payroll practices. The agreements provide that in the event any amounts paid or provided to the executive in connection with a change in control are determined to constitute ''excess parachute payments'' under Section 280G of the Code which would be subject to the excise tax imposed by Section 4999 of the Code, the payments and benefits due to the executive will be reduced if the reduction would result in a greater amount payable to the executive after taking into account the excise tax imposed by Section 4999 of the Code. The agreements also provide that upon a change in control of the Company, the Company will fund a ''rabbi trust'' for each of the executives to hold an amount equal to the value of the payments and certain benefits payable to each of the executives upon his termination of employment with the Company. In the event of termination of employment, the executives are under no obligation to seek other employment and there is no reduction in the amount payable to the executive on account of any compensation earned from any subsequent employment. In the event of termination due to death of either of the executives, the executive's estate or beneficiary shall be entitled to his salary for a period of one year following his death and payment of expenses incurred by executive and not yet reimbursed at the time of death. In the event of termination due to the inability to substantially perform his duties and responsibilities for a period of 180 consecutive days, the executive shall be entitled to his salary for a period of one year following the date of termination (less any amounts received under the Company's benefit plans as a result of such disability). To the extent that any payments under the employment agreements due following the termination of Messrs. Eisenberg and Feinstein are considered to be deferred compensation under Section 409A, such amounts will commence to be paid on the earlier of the six-month anniversary of termination of employment or the executive's death.

Either of the executives may be terminated for cause upon written notice of the Company's intention to terminate his employment for cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for cause is based. The executives shall have ten days after such notice is given to cure such conduct, to the extent a cure is possible. ''Cause'' generally means (i) the executive is convicted of a felony involving moral turpitude or (ii) the executive is guilty of willful gross neglect or willful gross misconduct in carrying out his duties under the agreement, resulting, in either case, in material economic harm to the Company, unless the executive believed in good faith that such act or non-act was in the best interests of the Company. ''Constructive termination'' generally means the executive's election to terminate employment due to (i) a reduction in the executive's salary or a material reduction in the executive's benefits or perquisites (other than as part of any across-the-board action applicable to all executive officers of the Company), (ii) removal from, or failure to reelect the executive to, the position of co-chairman or chairman or as a director, (iii) a material diminution in the executive's duties, the assignment of duties materially inconsistent with the executive's duties or that materially impairs the executive's ability to function as the co-chairman or chairman or (iv) the Company's principal office or the executive's own office location provided by the Company is relocated and, in any case, not timely cured by the Company. In addition, pursuant to their respective restricted stock agreements, shares of restricted stock granted to Messrs. Eisenberg and Feinstein will vest upon death, disability, termination of employment without cause or constructive termination, and for restricted stock awards granted since fiscal 2009, vesting upon termination without cause or constructive termination will be subject to attainment of performance goals.

In substitution for a split dollar insurance benefit previously provided to such executives, in fiscal 2003, the Company entered into deferred compensation agreements with Messrs. Eisenberg and Feinstein under which the Company is obligated to pay Messrs. Eisenberg and Feinstein $2,125,000 and $2,080,000, respectively, in each case payable only on the last day of the first full fiscal year of the Company in which the total compensation of Mr. Eisenberg or Feinstein, as applicable, will not result in the loss of a deduction for such payment pursuant to applicable federal income tax law.

Messrs. Temares, Stark, Castagna and Fiorilli

The agreements with Messrs. Temares, Stark and Fiorilli provide for severance pay equal to three years' salary, and the agreement with Mr. Castagna provides for severance pay equal to one year's salary, if the Company terminates their employment other than for ''cause'' (including by reason of death or disability) and one year's severance pay if the executive voluntarily leaves the employ of the Company. Severance pay will be paid in accordance with normal payroll, however any amount due prior to the six months after termination of employment will be paid in a lump sum on the date following the six month anniversary of termination of employment. Any severance payable to these executives will be reduced by any monetary compensation earned by them as a result of their employment by another employer or otherwise. ''Cause'' is defined in the agreements as when the executive has: (i) acted in bad faith or with dishonesty; (ii) willfully failed to follow reasonable and lawful directions of the Company's Chief Executive Officer or the Board of Directors, as applicable, commensurate with his titles and duties; (iii) performed his duties with gross negligence; or (iv) been convicted of a felony. Upon a termination of

employment by the Company for any reason other than for cause, all unvested options will vest and become exercisable. In addition, pursuant to their respective restricted stock agreements, shares of restricted stock granted to Messrs. Temares, Stark, Castagna and Fiorilli will vest upon death, disability or termination of employment without cause, and for restricted stock awards granted since fiscal 2009, vesting upon termination without cause will be subject to attainment of performance goals. These agreements also provide for non-competition and non-solicitation during the term of employment and for one year thereafter (two years in the case of Mr. Castagna), and confidentiality during the term of employment and surviving the end of the term of employment.

Mr. Temares has a supplemental executive retirement benefit agreement and a related escrow agreement, under which he is entitled to receive a supplemental retirement benefit on his retirement or other separation from service from the Company. The retirement benefit will be payable in the form of a lump sum equal to the present value of an annual amount equal to 50% of Mr. Temares' annual base salary on the date of termination of employment if such annual amount were paid for a period of 10 years in accordance with the Company's normal payroll practices. Except in the case of Mr. Temares' death (in which case the supplemental retirement benefit will be immediately payable) and the agreement as to escrow, the supplemental retirement benefit will be paid on the first business day following the six month anniversary of Mr. Temares' termination and will be includible in his income for tax purposes at such time.

In the event Mr. Temares elects to retire or voluntarily terminates his employment with the Company, a portion of the supplemental retirement benefit, net of withholdings, will be deposited into an escrow account governed by a separate agreement. No portion of the supplemental retirement benefit will be deposited into the escrow account, however, in the event Mr. Temares dies, is terminated by the Company without cause (as such term is defined in his employment agreement), terminates due to disability, or terminates employment within 12 months following a change of control. In the event Mr. Temares elects to retire or voluntarily terminates his employment with the Company, 1⁄10 of the lump sum supplemental retirement benefit distribution (net of applicable withholding taxes) will be distributed to Mr. Temares; and 9⁄10 of the lump sum supplemental retirement benefit distribution (net of applicable withholding taxes) will be deposited into an escrow account to be distributed in nine equal annual installments on each of the following nine anniversaries of the deposit date, subject to acceleration in the case of Mr. Temares' death or a change of control of the Company. The entire escrow account will be distributed to Mr. Temares' beneficiary no later than 30 days following his death or to Mr. Temares no later than 30 days following a change of control of the Company. If Mr. Temares does not comply with the restrictive covenant not to compete with the Company (as described in his employment agreement, for the term of the escrow agreement) prior to the payment of the entire escrow amount, the Company will have the right to direct the escrow agent to pay the remaining escrow amount to the Company no later than 15 days after notice to the escrow agent and Mr. Temares will forfeit any and all rights to such remaining escrow amount. Mr. Temares has agreed that in the event any amount in escrow is forfeited, he will use commercially reasonable efforts to obtain a refund of applicable taxes and remit such refund to the Company and the Company has agreed to reimburse Mr. Temares, or to pay on his behalf, reasonable legal fees and expenses incurred in connection with such a refund request. Although the amended SERP provides that Mr. Temares will be protected from any impact resulting from the possible application of Section 409A to the terms of the SERP due to the complexities surrounding Section 409A, the Company believes that no such payment will be required.

Table and related footnotes follow:

	Cash Severance	Senior Status Salary Continuation[3]	Option Acceleration[4]	Restricted Stock Acceleration[4]
Warren Eisenberg[9]				
Termination Without Cause/ Constructive Termination [1] [2]	$ 3,288,706	$5,646,396	$ —	$ 5,583,417
Change in Control (No Termination)	$ —	$ —	$ —	$ —
Change in Control + Termination [10]	$ 3,300,000	$ —	$ —	$ 5,583,417
Leonard Feinstein [9]				
Termination Without Cause/ Constructive Termination [1] [2]	$ 3,288,706	$5,646,396	$ —	$ 5,583,417
Change in Control (No Termination)	$ —	$ —	$ —	$ —
Change in Control + Termination [10]	$ 3,300,000	$ —	$ —	$ 5,583,417
Steven H. Temares [11]				
Termination Without Cause [10]	$11,902,500	$ —	$6,502,682	$19,445,893
Voluntary Termination [12]	$ 3,967,500	$ —	$ —	$ —
Change in Control (No Termination)	$ —	$ —	$ —	$ —
Change in Control + Termination [10]	$11,902,500	$ —	$6,502,682	$19,445,893
Arthur Stark [13]				
Termination Without Cause [10]	$ 4,770,000	$ —	$2,268,999	$ 8,339,147
Voluntary Termination [12]	$ 1,590,000	$ —	$ —	$ —
Change in Control (No Termination)	$ —	$ —	$ —	$ —
Change in Control + Termination [10]	$ 4,770,000	$ —	$2,268,999	$ 8,339,147
Eugene A. Castagna [13]				
Termination Without Cause [12]	$ 1,590,000	$ —	$2,268,999	$ 6,600,378
Voluntary Termination [12]	$ 1,590,000	$ —	$ —	$ —
Change in Control (No Termination)	$ —	$ —	$ —	$ —
Change in Control + Termination [12]	$ 1,590,000	$ —	$2,268,999	$ 6,600,378
Susan E. Lattmann				
Termination Without Cause	$ —	$ —	$ —	$ —
Change in Control (No Termination)	$ —	$ —	$ —	$ —
Change in Control + Termination	$ —	$ —	$ —	$ —
Matthew Fiorilli [13]				
Termination Without Cause [10]	$ 4,425,000	$ —	$2,268,999	$ 6,600,378
Voluntary Termination [12]	$ 1,475,000	$ —	$ —	$ —
Change in Control (No Termination)	$ —	$ —	$ —	$ —
Change in Control + Termination [10]	$ 4,425,000	$ —	$2,268,999	$ 6,600,378

(1) Cash severance represents current salary continuation through February 25, 2017.

(2) In the event of a termination of employment due to death or disability, each of Messrs. Eisenberg and Feinstein (or their respective estates) will receive the same payments as if there was a ''Termination Without Cause/Constructive Termination,'' except that neither Mr. Eisenberg nor Mr. Feinstein (nor their respective estates) will receive either ''Senior Status Salary Continuation'' or ''Benefit Continuation'' payments.

(3) Represents $400,000, adjusted for the cost of living increase between June 30, 2000 and June 30, 2013 for the CPI-U for NY, Northern NJ and LI, for 10 years during the Senior Status Period.

(4) Represents the value of unvested outstanding stock options and restricted stock that would accelerate and vest on a termination occurring on March 1, 2014. In the case of stock options, the value is calculated by multiplying the number of shares underlying each accelerated unvested stock option by the difference between the Per Share Closing Price and the per share exercise price. In the case of restricted stock, the value is calculated by multiplying the number of shares of restricted stock that accelerate and vest by the Per Share Closing Price.

(5) Represents the estimated present value of continued health and welfare benefits and other perquisites for the life of the executive and his spouse.

(6) Reflects executives' vested account balances as of March 1, 2014.

(7) For Messrs. Eisenberg and Feinstein, represents the estimated present value of lifetime supplemental pension payments, commencing six months following the conclusion of the Senior Status Period. For Mr. Temares, present value will be paid out six months following (1) termination without cause or (2) any termination (including voluntary termination) following a change in control.

Benefit Continuation[5]	Nonqualified Deferred Compensation Balance[6]	Supplemental Pension[7]	Split-Dollar Life Insurance Substitute Payment[8]	Total
$1,393,681	$2,824,822	$ 333,562	$2,125,000	$21,195,584
$ —	$ —	$ —	$ —	$ —
$1,393,681	$2,824,822	$ 2,165,499	$2,125,000	$17,392,419
$1,770,558	$2,829,922	$ 894,214	$2,080,000	$22,093,213
$ —	$ —	$ —	$ —	$ —
$1,770,558	$2,829,922	$ 2,834,294	$2,080,000	$18,398,191
$ —	$ 295,924	$19,561,678	$ —	$57,708,677
$ —	$ 295,924	$19,561,678	$ —	$23,825,102
$ —	$ —	$ —	$ —	$ —
$ —	$ 295,924	$19,561,678	$ —	$57,708,677
$ —	$ 17,940	$ —	$ —	$15,396,086
$ —	$ 17,940	$ —	$ —	$ 1,607,940
$ —	$ —	$ —	$ —	$ —
$ —	$ 17,940	$ —	$ —	$15,396,086
$ —	$1,101,126	$ —	$ —	$11,560,503
$ —	$1,101,126	$ —	$ —	$ 2,691,126
$ —	$ —	$ —	$ —	$ —
$ —	$1,101,126	$ —	$ —	$11,560,503
$ —	$ 214,550	$ —	$ —	$ 214,550
$ —	$ —	$ —	$ —	$ —
$ —	$ 214,550	$ —	$ —	$ 214,550
$ —	$ 672,432	$ —	$ —	$13,966,809
$ —	$ 672,432	$ —	$ —	$ 2,147,432
$ —	$ —	$ —	$ —	$ —
$ —	$ 672,432	$ —	$ —	$13,966,809

(8) This amount will be paid on the last day of the following fiscal year.

(9) The employment agreements of Messrs. Eisenberg and Feinstein provide that in the event any amounts paid or provided to the executive in connection with a change in control are determined to constitute ''excess parachute payments'' under Section 280G of the Code which would be subject to the excise tax imposed by Section 4999 of the Code, the payments and benefits due to the executive will be reduced if the reduction would result in a greater amount payable to the executive after taking into account the excise tax imposed by Section 4999 of the Code. However, no reduction of payments and benefits are disclosed above since neither of these executives would have been subject to excise taxes as a result of payments subject to Section 280G of the Code that would have been made in connection with a change in control occurring on March 1, 2014.

(10) Cash severance represents three times current salary payable over a period of three years following a termination without cause; or, in the cases of Messrs. Eisenberg and Feinstein, following a termination without cause or constructive termination occurring on a change in control or within two years following a change in control.

(11) In the event of a termination of employment due to death or disability, Mr. Temares (or his estate) will receive the same payments as if there was a ''Termination Without Cause.''

(12) Cash severance represents one times current salary payable over a period of one year.

(13) In the event of a termination of employment due to death or disability, the named executive officer (or the executive's estate) will receive the same payments as if there were a ''Termination Without Cause.''

Grants of Stock Options and Restricted Stock Awards for Fiscal 2013

The following table sets forth information with respect to stock options granted and restricted stock awarded during fiscal 2013 to each of the named executive officers under the Company's 2012 Incentive Compensation Plan (the ''2012 Plan''). The Company did not grant any non-equity incentive plan awards in fiscal 2013.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units[1] (#)	All Other Option Awards: Number of Securities Underlying Options[1] (#)	Exercise or Base Price of Option Awards[2] ($/Sh)	Closing Market Price on Date of Grant ($/Sh)	Grant Date Fair Value of Stock and Option Awards[3] ($)
Warren Eisenberg	5/10/13	21,498	22,442	$69.775	$69.83	$ 2,000,042
Leonard Feinstein	5/10/13	21,498	22,442	$69.775	$69.83	$ 2,000,042
Steven H. Temares	5/10/13	96,740	302,956	$69.775	$69.83	$13,500,045
Arthur Stark	5/10/13	20,782	26,930	$69.775	$69.83	$ 2,050,078
Eugene A. Castagna	5/10/13	17,199	26,930	$69.775	$69.83	$ 1,800,074
	2/26/14	3,683	—	—	$68.14	$ 250,066
Susan E. Lattmann	5/10/13	2,867	—	—	$69.83	$ 200,045
	2/26/14	1,473	—	—	$68.14	$ 100,013
Matthew Fiorilli	5/10/13	17,199	26,930	$69.775	$69.83	$ 1,800,074

(1) Number of shares when converted from dollars to shares, which number is rounded up to the nearest whole share.

(2) The exercise price of option awards is the average of the high and low trading prices of the Company's common stock on the date of grant.

(3) Pursuant to the SEC rules, stock option awards are valued in accordance with ASC 718. See footnote 3 to the Summary Compensation Table in this Proxy Statement.

Vesting of the restricted stock awards granted on May 10, 2013, to the named executive officers other than Ms. Lattmann, depends on (i) the Company's achievement of a performance-based test for the fiscal year of the grant, and (ii) assuming the performance-based test is met, time vesting, subject in general to the executive remaining in the Company's employ on specific vesting dates. The performance-based test for fiscal 2013 was met. The performance test is designed to meet the standard for performance-based compensation under the Code, so that restricted stock awards will be deductible compensation for certain executives if their annual compensation exceeds $1,000,000. The vesting of the restricted stock awards granted on May 10, 2013 to Ms. Lattmann depends solely on time vesting, subject in general to Ms. Lattmann remaining in the Company's employ on specific vesting dates.

Vesting of the restricted stock awards granted on February 26, 2014 in connection with the promotions of Mr. Castagna and Ms. Lattmann depends solely on time vesting, subject in general to the executive remaining in the Company's employ on specific vesting dates.

The stock awards granted on May 10, 2013 to the named executive officers (other than Ms. Lattmann, who was not an executive officer at the time), and the stock awards granted on February 26, 2014 time vest in five equal installments starting on the first anniversary of the grant date. The stock awards granted to Ms. Lattmann on May 10, 2013 time vest in five equal installments starting on the third anniversary of the grant date.

Vesting of stock option awards depends on time vesting, subject in general to the executive remaining in the Company's employ on specific vesting dates. The options granted in fiscal 2013 to Messrs. Eisenberg and Feinstein vest in three equal installments starting on the first anniversary of the grant date. The options granted in fiscal 2013 to Messrs. Temares, Stark, Castagna and Fiorilli vest in five equal installments starting on the first anniversary of the grant date. At the time of grant or thereafter, option awards and underlying shares of common stock are not transferable other than by will or the laws of descent and distribution, except as the Compensation Committee may permit.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table sets forth information for each of the named executive officers with respect to the value of all unexercised options and unvested restricted stock awards as of March 1, 2014, the end of fiscal 2013.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested[1] ($)
Warren Eisenberg	100,000	—	$38.5150	4/17/14	82,327 [5]	$ 5,583,417
	100,000	—	$41.1150	5/10/15		
	81,367	—	$32.8700	5/12/16		
	84,603	—	$28.3300	5/11/17		
	29,326	—	$45.2000	5/10/18		
	16,960	8,480 [2]	$56.1850	5/10/19		
	7,228	14,454 [2]	$68.9100	5/10/20		
	—	22,442 [2]	$69.7750	5/10/21		
Leonard Feinstein	100,000	—	$38.5150	4/17/14	82,327 [5]	$ 5,583,417
	100,000	—	$41.1150	5/10/15		
	81,367	—	$32.8700	5/12/16		
	84,603	—	$28.3300	5/11/17		
	29,326	—	$45.2000	5/10/18		
	16,960	8,480 [2]	$56.1850	5/10/19		
	7,228	14,454 [2]	$68.9100	5/10/20		
	—	22,442 [2]	$69.7750	5/10/21		
Steven H. Temares	14,286 [11]	—	$38.5150	4/17/14	286,728 [6]	$19,445,893
	200,000	—	$41.1150	5/10/15		
	374,288 [11]	—	$32.8700	5/12/16		
	236,887	59,222 [3]	$28.3300	5/11/17		
	158,358	105,572 [3]	$45.2000	5/10/18		
	101,760	152,640 [3]	$56.1850	5/10/19		
	49,869	199,478 [3]	$68.9100	5/10/20		
	—	302,956 [3]	$69.7750	5/10/21		
Arthur Stark	10,000	—	$38.7950	4/17/14	122,960 [7]	$ 8,339,147
	10,000	5,000 [4]	$41.1150	5/10/15		
	16,412	16,412 [4]	$32.8700	5/12/16		
	17,865	26,799 [4]	$28.3300	5/11/17		
	19,260	12,841 [4]	$45.2000	5/10/18		
	12,211	18,317 [4]	$56.1850	5/10/19		
	5,203	20,816 [4]	$68.9100	5/10/20		
	—	26,930 [4]	$69.7750	5/10/21		
Eugene A. Castagna	20,000	5,000 [4]	$41.1150	5/10/15	101,005 [8]	$ 6,850,159
	24,617	16,412 [4]	$32.8700	5/12/16		
	17,865	26,799 [4]	$28.3300	5/11/17		
	19,260	12,841 [4]	$45.2000	5/10/18		
	12,211	18,317 [4]	$56.1850	5/10/19		
	5,203	20,816 [4]	$68.9100	5/10/20		
	—	26,930 [4]	$69.7750	5/10/21		
Susan E. Lattmann	—	—			21,986 [9]	$ 1,491,091
Matthew Fiorilli	25,000	—	$38.7950	4/17/14	97,322 [10]	$ 6,600,378
	20,000	5,000 [4]	$41.1150	5/10/15		
	24,617	16,412 [4]	$32.8700	5/12/16		
	17,865	26,799 [4]	$28.3300	5/11/17		
	19,260	12,841 [4]	$45.2000	5/10/18		
	12,211	18,317 [4]	$56.1850	5/10/19		
	5,203	20,816 [4]	$68.9100	5/10/20		
	—	26,930 [4]	$69.7750	5/10/21		

(1) Market value is based on the closing price of the Company's common stock of $67.82 per share on February 28, 2014, the last trading day in fiscal 2013.

(2) Messrs. Eisenberg and Feinstein's unvested option awards are scheduled to vest as follows: (a) 8,480 on May 10, 2014, (b) 7,227 on each of May 10, 2014 and 2015, and (c) 7,481 on each of May 10, 2014 and 2016 and 7,480 on May 10, 2015.

(3) Mr. Temares' unvested option awards are scheduled to vest as follows: (a) 59,222 on May 11, 2014, (b) 52,786 on each of May 10, 2014 and 2015, (c) 50,880 on each of May 10, 2014, 2015 and 2016, (d) 49,869 on each of May 10, 2014 and 2016 and 49,870 on each of May 10, 2015 and 2017, and (e) 60,591 on each of May 10, 2014, 2015, 2016 and 2017 and 60,592 on May 10, 2018.

(4) Messrs. Stark, Castagna and Fiorilli's unvested option awards are scheduled to vest as follows: (a) 5,000 on May 10, 2014, (b) 8,206 on each of May 12, 2014 and 2015, (c) 8,933 on each of May 11, 2014, 2015 and 2016, (d) 6,420 on May 10, 2014 and 6,421 on May 10, 2015, (e) 6,105 on May 10, 2014 and 6,106 on each of May 10, 2015 and 2016, (f) 5,204 on each of May 10, 2014, 2015, 2016 and 2017, and (g) 5,386 on each of May 10, 2014, 2015, 2016, 2017 and 2018.

(5) Messrs. Eisenberg and Feinstein's unvested stock awards are scheduled to vest as follows: (a) 14,120 on May 11, 2014, (b) 6,637 on May 10, 2014 and 6,638 on May 10, 2015, (c) 5,339 on May 10, 2014 and 5,340 on each of May 10, 2015 and 2016, (d) 4,354 on each of May 10, 2014, 2016 and 2017 and 4,353 on May 10, 2015, and (e) based on the Company's achievement of a performance-based test for the fiscal year of the grant, 4,299 on each of May 10, 2014 and 2016 and 4,300 on each of May 10, 2015, 2017 and 2018.

(6) Mr. Temares' unvested stock awards are scheduled to vest as follows: (a) 24,709 on May 11, 2014, (b) 19,912 on each of May 10, 2014 and 2015, (c) 18,600 on each of May 10, 2014 and 2016, and 18,599 on May 10, 2015, (d) 17,414 on each of May 10, 2014, 2015, 2016 and 2017, and (e) based on the Company's achievement of a performance-based test for the fiscal year of the grant, 19,348 on each of May 10, 2014, 2015, 2016, 2017 and 2018.

(7) Mr. Stark's unvested stock awards are scheduled to vest as follows: (a) 4,865 on May 10, 2014, (b) 6,085 on each of May 12, 2014 and 2015, (c) 7,060 on each of May 11, 2014, 2015 and 2016, (d) 5,531 on each of May 10, 2014, 2015, 2016 and 2017, (e) 4,449 on each of May 10, 2014 and 2016 and 4,450 on each of May 10, 2015, 2017 and 2018, (f) 3,918 on each of May 10, 2015, 2016, 2017 and 2018 and 3,919 on May 10, 2019, and (g) based on the Company's achievement of a performance-based test for the fiscal year of the grant, 4,156 on each of May 10, 2014, 2015 and 2017 and 4,157 on each of May 10, 2016 and 2018.

(8) Mr. Castagna's unvested stock awards are scheduled to vest as follows: (a) 3,649 on May 10, 2014, (b) 4,563 on May 12, 2014 and 4,564 on May 12, 2015, (c) 5,295 on each of May 11, 2014, 2015 and 2016, (d) 4,425 on each of May 10, 2014, 2015, 2016 and 2017, (e) 3,559 on May 10, 2014 and 3,560 on each of May 10, 2015, 2016, 2017 and 2018, (f) 3,192 on each of May 10, 2015 and 2017 and 3,193 on each of May 10, 2016, 2018 and 2019, (g) based on the Company's achievement of a performance-based test for the fiscal year of the grant, 3,439 on May 10, 2014 and 3,440 on each of May 10, 2015, 2016, 2017 and 2018, and (h) 736 on each of February 26, 2015 and 2017 and 737 on each of February 26, 2016, 2018 and 2019.

(9) Ms. Lattmann's unvested stock awards are scheduled to vest as follows: (a) 973 on May 10, 2014, (b) 1,217 on each of May 12, 2014 and 2015, (c) 1,412 on each of May 11, 2014, 2015 and 2016, (d) 885 on each of May 10, 2014, 2015, 2016 and 2017, (e) 712 on each of May 10, 2014, 2015, 2016, 2017 and 2018, (f) 580 on each of May 10, 2015 and 2017 and 581 on each of May 10, 2016, 2018 and 2019, (g) 573 on each of May 10, 2016, 2017 and 2019 and 574 on each of May 10, 2018 and 2020, and (h) 294 on each of February 26, 2015 and 2017 and 295 on each of February 26, 2016, 2018 and 2019.

(10) Mr. Fiorilli's unvested stock awards are scheduled to vest as follows: (a) 3,649 on May 10, 2014, (b) 4,563 on May 12, 2014 and 4,564 on May 12, 2015, (c) 5,295 on each of May 11, 2014, 2015 and 2016, (d) 4,425 on each of May 10, 2014, 2015, 2016 and 2017, (e) 3,559 on May 10, 2014 and 3,560 on each of May 10, 2015, 2016, 2017 and 2018, (f) 3,192 on each of May 10, 2015 and 2017 and 3,193 on each of May 10, 2016, 2018 and 2019, and (g) based on the Company's achievement of a performance-based test for the fiscal year of the grant, 3,439 on May 10, 2014 and 3,440 on each of May 10, 2015, 2016, 2017 and 2018.

(11) Mr. Temares' 14,286 exercisable option awards that expire on April 17, 2014 include option awards held by a family limited partnership; and 374,288 exercisable option awards that expire on May 12, 2016 include 187,144 option awards held by him individually and 187,144 option awards held by a family limited partnership.

OPTION EXERCISES AND STOCK VESTED

Option Exercises and Restricted Stock Vested for Fiscal 2013

The following table includes certain information with respect to the exercise of options and vesting of restricted stock by named executive officers during fiscal 2013.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Warren Eisenberg [(1)]	—	—	42,619	2,973,741
Leonard Feinstein [(1)]	—	—	42,619	2,973,741
Steven H. Temares [(1)] [(4)]	745,600	25,148,280	95,236	6,645,092
Arthur Stark [(2)]	—	—	27,435	1,898,911
Eugene A. Castagna [(2)] [(5)]	125,000	3,661,713	21,047	1,456,262
Susan E. Lattmann [(3)]	—	—	5,301	362,507
Matthew Fiorilli [(2)] [(6)]	125,000	4,251,048	21,047	1,456,262

(1) Messrs. Eisenberg, Feinstein and Temares each acquired shares on May 10, 2013, May 11, 2013 and May 12, 2013, upon the lapse of restrictions on previously granted shares of restricted stock.

(2) Messrs. Stark, Castagna and Fiorilli each acquired shares on April 17, 2013, May 10, 2013, May 11, 2013 and May 12, 2013, upon the lapse of restrictions on previously granted shares of restricted stock.

(3) Ms. Lattmann acquired shares on March 15, 2013, May 10, 2013, May 11, 2013 and May 12, 2013, upon the lapse of restrictions on previously granted shares of restricted stock.

(4) Mr. Temares exercised stock options on April 12, 2013, April 15, 2013, April 16, 2013, April 17, 2013, April 18, 2013, April 19, 2013, April 23, 2013, July 11, 2013, July 12, 2013, July 15, 2013, July 16, 2013, July 22, 2013, July 25, 2013, October 1, 2013, October 2, 2013, October 4, 2013, October 17, 2013, October 21, 2013, October 22, 2013, October 23, 2013, October 24, 2013, October 29, 2013, October 30, 2013, November 1, 2013, November 5, 2013, November 13, 2013, November 14, 2013, November 15, 2013 and November 18, 2013.

(5) Mr. Castagna exercised stock options on May 7, 2013.

(6) Mr. Fiorilli exercised stock options on April 12, 2013 and September 27, 2013.

NONQUALIFIED DEFERRED COMPENSATION

Effective January 1, 2006, the Company adopted a nonqualified deferred compensation plan for the benefit of employees defined by the Internal Revenue Service as highly compensated. A certain percentage of an employee's contributions may be matched by the Company, subject to certain plan limitations, as more fully described below. The following table provides compensation information for the Company's nonqualified deferred compensation plan for each of the named executive officers for fiscal 2013.

Nonqualified Deferred Compensation for Fiscal 2013

Name	Executive Contributions for Fiscal 2013[1] ($)	Company Contributions for Fiscal 2013[2] ($)	Aggregate Earnings (Losses) in Fiscal 2013[3] ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Fiscal Year End 2013[4] ($)
Warren Eisenberg	546,504	7,650	611,596	—	2,824,822
Leonard Feinstein	550,000	7,650	612,076	—	2,829,922
Steven H. Temares	36,684	1,800	46,212	—	295,924
Arthur Stark	10,937	5,150	(7,765)	690,774	17,940
Eugene A. Castagna	141,538	4,400	174,032	—	1,101,126
Susan E. Lattmann	25,598	3,575	39,102	—	214,550
Matthew Fiorilli	83,827	1,800	116,443	—	672,432

(1) All amounts reported in this column were also reported in this Proxy Statement in the ''Salary'' column of the Summary Compensation Table for the applicable named executive officer.

(2) All amounts reported in this column were also reported in this Proxy Statement in the ''All Other Compensation'' column of the Summary Compensation Table for the applicable named executive officer.

(3) Amounts reported in this column represent returns on participant-selected investments.

(4) Amounts reported in this column that were also reported in previously filed Proxy Statements in the ''Salary'' or ''All Other Compensation'' columns of the Summary Compensation Tables for Messrs. Eisenberg, Feinstein, Temares, Stark, Castagna and Fiorilli were $1,474,324, $1,474,324, $170,998, $1,693, $645,321 and $5,385, respectively.

Under the Company's nonqualified deferred compensation plan, a participant's regular earnings may be deferred at the election of the participant, excluding bonus or incentive compensation, welfare benefits, fringe benefits, noncash remuneration, amounts realized from the sale of stock acquired under a stock option or grant, and moving expenses.

When a participant elects to make a deferral under the plan, the Company credits the account of the participant with a matching contribution equal to fifty percent of the deferral, offset dollar for dollar by any matching contribution that the Company makes to the participant under the Company's 401(k) plan. The payment of this matching contribution is made upon the conclusion of the fiscal year. The maximum matching contribution to be made by the Company to a participant between the Company's nonqualified deferred compensation plan and the Company's 401(k) plan cannot exceed the lesser of $7,650 or three percent of a participant's eligible compensation.

A participant is fully vested in amounts deferred under the nonqualified deferred compensation plan. A participant has a vested right in matching contributions made by the Company under the nonqualified deferred compensation plan, depending on the participant's years of service with the Company: twenty percent at one to two years of service, forty percent at two to three years of service, sixty percent at three to four years of service, eighty percent at four to five years of service and one hundred percent at five or more years of service. As each of the named executive officers has more than five years of service to the Company, they are each fully vested in the matching contributions made by the Company under the plan.

Amounts in a participant's account in the nonqualified deferred compensation plan are payable either in a lump sum or substantially equal annual installments over a period of five or ten years, as elected by the participant. Such distributions may be delayed to a period of six months following a participant's termination of employment to comply with applicable law.

ADVISORY VOTE ON EXECUTIVE COMPENSATION (PROPOSAL 3)

In accordance with the requirements of Section 14A of the Securities Exchange Act of 1934 (which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act and the related rules of the SEC), the Company is providing its shareholders the opportunity to cast an advisory vote on the compensation of its named executive officers for fiscal 2013. This proposal, commonly known as a ''say-on-pay'' proposal, gives the Company's shareholders the opportunity to express their views on named executive officers' compensation.

As described in detail in the Compensation Discussion and Analysis beginning on page 50 of this Proxy Statement, the Company's executive officer compensation program is designed to attract and retain the caliber of officers needed to ensure the Company's continued growth and profitability and to reward them for their performance, the Company's performance and for creating long-term value for shareholders. The primary objectives of the program are to:

- align rewards with performance that creates shareholder value;
- support the Company's strong team orientation;
- encourage high potential team players to build a career at the Company; and
- provide rewards that are cost-efficient, competitive with other organizations and fair to employees and shareholders.

The Company seeks to accomplish these goals in a manner that is aligned with the long-term interests of the Company's shareholders. The Company believes that its executive officer compensation program achieves this goal with its emphasis on long-term equity awards and performance-based compensation, which has enabled the Company to successfully motivate and reward its named executive officers. The Company believes that its compensation program is appropriate and has played an essential role in its continuing financial success by aligning the long-term interests of its named executive officers with the long-term interests of its shareholders.

For these reasons, the Board of Directors recommends a vote in favor of the following resolution:

''RESOLVED, that the compensation paid to the Company's named executive officers for fiscal 2013, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.''

As an advisory vote, this proposal is not binding upon the Company. The affirmative vote of the holders of a majority of the votes cast by our shareholders in person or represented by proxy and entitled to vote is required to approve this Proposal 3. The Compensation Committee, which is responsible for designing and administering the Company's executive officer compensation program and making changes in such program, expects to continue to engage with shareholders and seek feedback with respect to future executive compensation matters.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS FOR FISCAL 2013 AS DISCLOSED IN THIS PROXY STATEMENT.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of shares of our common stock as of May 9, 2014 by (i) each person or group of affiliated persons known by us to beneficially own more than five percent of our common stock; (ii) our named executive officers; (iii) each of our directors and nominees for director; and (iv) all of our directors and executive officers as a group.

The following table gives effect to the shares of common stock issuable within 60 days of May 9, 2014 upon the exercise of all options and other rights beneficially owned by the indicated stockholders on that date. Beneficial ownership is determined in accordance with Rule 13d-3 promulgated under Section 13 of the Exchange Act, and includes voting and investment power with respect to shares. Percentage of beneficial ownership is based on 202,607,888 shares of our common stock outstanding at May 9, 2014. Except as otherwise noted below, each person or entity named in the following table has sole voting and investment power with respect to all shares of our common stock that he, she or it beneficially owns.

Unless otherwise indicated, the address of each beneficial owner listed below is c/o Bed Bath & Beyond Inc., 650 Liberty Avenue, Union, New Jersey 07083.

Name	Position	Number of Shares of Common Stock Beneficially Owned and Percent of Class as of May 9, 2014		
Davis Selected Advisers, L.P.		19,921,965	(1)	9.8%
FMR LLC		15,386,122	(2)	7.6%
BlackRock, Inc.		10,903,117	(3)	5.4%
Brown Brothers Harriman & Co.		10,272,619	(4)	5.1%
Warren Eisenberg	Co-Chairman and Director	3,390,168	(5)	1.7%
Leonard Feinstein	Co-Chairman and Director	2,304,202	(6)	1.1%
Steven H. Temares	Chief Executive Officer and Director	2,008,472	(7)	*
Arthur Stark	President and Chief Merchandising Officer	296,858	(8)	*
Eugene A. Castagna	Chief Operating Officer	289,708	(9)	*
Susan E. Lattmann	Chief Financial Officer and Treasurer	28,657	(10)	*
Matthew Fiorilli	Senior Vice President – Stores	283,057	(11)	*
Dean S. Adler	Director	21,845		*
Stanley F. Barshay	Director	21,100		*
Geraldine T. Elliott	Director	—	(12)	*
Klaus Eppler	Director	11,645		*
Patrick R. Gaston	Director	12,789		*
Jordan Heller	Director	13,557		*
Victoria A. Morrison	Director	11,340		*
All Directors and Executive Officers as a Group (14 persons)		8,693,398		4.3%

* Less than 1% of the outstanding common stock of the Company.

(1) Information regarding Davis Selected Advisers, L.P. was obtained from a Schedule 13G filed with the SEC on February 14, 2014 by Davis Selected Advisers, L.P. The Schedule 13G states that Davis Selected Advisers, L.P. is deemed to have beneficial ownership of 19,921,965 shares of common stock, acquired in the ordinary course of business. The Schedule 13G also states that Davis Selected Advisers, L.P. has the sole power to dispose or to direct the disposition of 19,921,965 shares of common stock. The address of Davis Selected Advisers, L.P. is 2949 East Elvira Road, Suite 101, Tucson, AZ 85756.

(2) Information regarding FMR LLC was obtained from a Schedule 13G filed with the SEC on February 14, 2014 by FMR LLC. The Schedule 13G states that FMR LLC is deemed to have beneficial ownership of 15,386,122 shares of common stock, acquired in the ordinary course of business. The Schedule 13G also states that FMR LLC has the sole power to dispose or to direct the disposition of 15,386,122 shares of common stock. The address of FMR LLC is 245 Summer Street, Boston, MA 02210.

(3) Information regarding BlackRock, Inc. was obtained from a Schedule 13G filed with the SEC on January 28, 2014 by BlackRock, Inc. The Schedule 13G states that BlackRock, Inc. is deemed to have beneficial ownership of 10,903,117 shares of common stock, acquired in the ordinary course of business. The Schedule 13G also states that BlackRock, Inc. has the sole power to dispose or to direct the disposition of 10,903,117 shares of common stock. The address of BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022.

(4) Information regarding Brown Brothers Harriman & Co. was obtained from a Schedule 13G filed with the SEC on May 13, 2014 by Brown Brothers Harriman & Co. The Schedule 13G states that Brown Brothers Harriman & Co. is deemed to have beneficial ownership of 10,272,619 shares of common stock, acquired in the ordinary course of business. The Schedule 13G also states that Brown Brothers Harriman & Co. has the sole power to dispose or to direct the disposition of 3,060,708 shares of common stock. The address of Brown Brothers Harriman & Co. is 140 Broadway, New York, NY 10005.

(5) The shares shown as being owned by Mr. Eisenberg include: (a) 1,263,430 shares owned by Mr. Eisenberg individually; (b) 342,672 shares issuable pursuant to stock options granted to Mr. Eisenberg that are or become exercisable within 60 days; (c) 500,000 shares owned by a foundation of which Mr. Eisenberg and his family members are trustees and officers; (d) 532,671 shares owned by trusts for the benefit of Mr. Eisenberg and his family members; (e) 669,068 shares owned by his spouse; and (f) 82,327 shares of restricted stock. Mr. Eisenberg has sole voting power with respect to the shares held by him individually and in trust for his benefit but disclaims beneficial ownership of any of the shares not owned by him individually and in trust for the benefit of his family members.

(6) The shares shown as being owned by Mr. Feinstein include: (a) 1,187,963 shares owned by Mr. Feinstein individually; (b) 342,672 shares issuable pursuant to stock options granted to Mr. Feinstein that are or become exercisable within 60 days; (c) 350,000 shares owned by a foundation of which Mr. Feinstein and his family members are trustees and officers; (d) 341,240 shares owned by his spouse; and (e) 82,327 shares of restricted stock. Mr. Feinstein has sole voting power with respect to the shares held by him individually and in trust for his benefit but disclaims beneficial ownership of any of the shares not owned by him individually and in trust for the benefit of his family members.

(7) The shares shown as being owned by Mr. Temares include: (a) 307,948 shares owned by Mr. Temares individually; (b) 1,207,366 shares issuable pursuant to stock options granted to Mr. Temares that are or become exercisable within 60 days; (c) 187,144 shares issuable pursuant to stock options that are exercisable held by a family limited partnership, of which Mr. Temares and his spouse are the sole general partners, and of which Mr. Temares and his spouse serve as limited partners together with trusts for the benefit of Mr. Temares, his spouse and his children; (d) 14,286 shares owned by the above described family limited partnership; (e) 5,000 shares owned by a family limited partnership established by Mr. Temares' mother; and (f) 286,728 shares of restricted stock. Mr. Temares has sole voting power with respect to the shares held by him individually and the above described family limited partnership but disclaims beneficial ownership of the shares owned by the family limited partnership established by Mr. Temares' mother, except to the extent of his pecuniary interest therein.

(8) The shares shown as being owned by Mr. Stark include: (a) 47,693 shares owned by Mr. Stark individually; (b) 126,205 shares issuable pursuant to stock options that are or become exercisable within 60 days; and (c) 122,960 shares of restricted stock.

(9) The shares shown as being owned by Mr. Castagna include: (a) 44,293 shares owned by Mr. Castagna individually; (b) 144,410 shares issuable pursuant to stock options that are or become exercisable within 60 days; and (c) 101,005 shares of restricted stock.

(10) The shares shown as being owned by Ms. Lattmann include: (a) 6,671 shares owned by Ms. Lattmann individually; and (b) 21,986 shares of restricted stock.

(11) The shares shown as being owned by Mr. Fiorilli include: (a) 39,725 shares owned by Mr. Fiorilli individually; (b) 144,410 shares issuable pursuant to stock options that are or become exercisable within 60 days; (c) 1,600 shares owned by an immediate family member; and (d) 97,322 shares of restricted stock. Mr. Fiorilli has sole voting power with respect to the shares held by him individually but disclaims beneficial ownership of the shares owned by an immediate family member.

(12) Ms. Elliott was elected to the Board of Directors effective February 20, 2014.

Certain Relationships and Related Transactions

The Company's Audit Committee reviews and, if appropriate, approves transactions brought to the Committee's attention in which the Company is a participant and the amount involved exceeds $120,000, and in which, in general, beneficial owners of more than 5% of the Company's common stock, the Company's directors, nominees for director, executive officers, and members of their immediate families, have a direct or indirect material interest. The Committee's responsibility with respect to the review and approval of these transactions is set forth in the Audit Committee's charter.

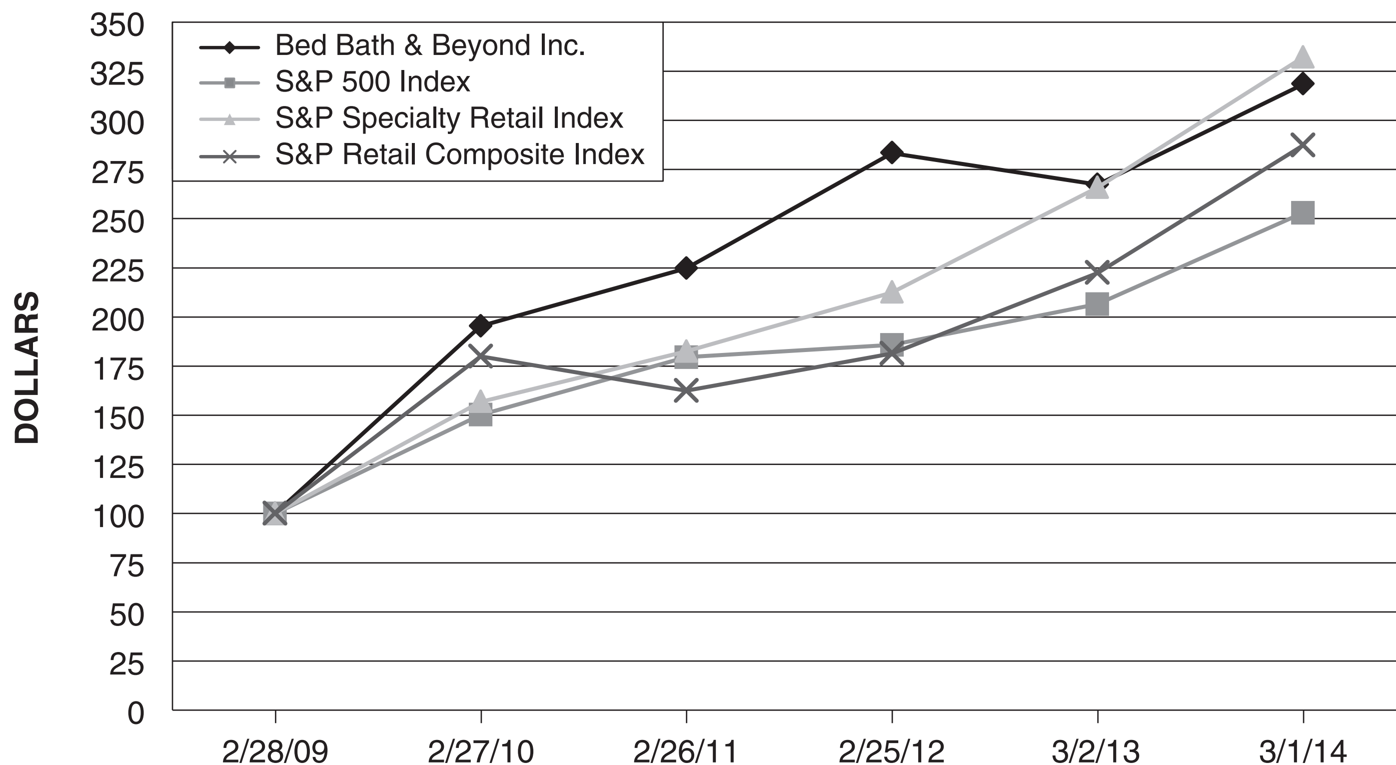
A brother-in-law of Arthur Stark, the Company's President, earned in his capacity as a sales representative employed by Blue Ridge Home Fashions commissions (aggregating approximately $290,000) on sales of merchandise in fiscal 2013 by Blue Ridge Home Fashions to the Company in the amount of approximately $28.9 million, and a son-in-law of Mr. Stark is a managing member and has a minority equity interest in Colordrift LLC which had aggregate sales of merchandise to the Company of approximately $1.2 million in fiscal 2013. Colordrift LLC had a pre-existing sales relationship with the Company at the time such managing member became Mr. Stark's son-in-law, which was during the Company's fiscal 2012 year.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The members of our Board of Directors, our executive officers and persons who hold more than 10% of our outstanding common stock are subject to the reporting requirements of Section 16(a) of the Exchange Act, which requires them to file reports with respect to their ownership of our common stock and their transactions in such common stock. Based solely upon a review of the copies of Section 16(a) reports that we have received from such persons or entities for transactions in our common stock and their common stock holdings for fiscal 2013, we believe that all reporting requirements under Section 16(a) for such fiscal year were met in a timely manner by our directors and executive officers.

STOCK PRICE PERFORMANCE GRAPH

The graph shown below compares the performance of the Company's common stock with that of the S&P 500 Index, the S&P Specialty Retail Index and the S&P Retail Composite Index over the same period (assuming the investment of $100 in the Company's common stock and each of the three Indexes on February 28, 2009, and the reinvestment of dividends, if any).



NEXT YEAR'S ANNUAL MEETING

Proposals which shareholders intend to present at the 2015 Annual Meeting of Shareholders must be received by the Company no later than February 4, 2015, to be presented at the meeting or to be eligible for inclusion in next year's proxy statement under the SEC's proxy rules. Such proposals can be sent to the Company at 650 Liberty Avenue, Union, New Jersey 07083, Attn: Warren Eisenberg, Co-Chairman and Secretary.

In addition, under the Company's Amended By-laws, any proposal for consideration at the 2015 Annual Meeting of Shareholders submitted by a shareholder other than pursuant to Rule 14a-8 will be considered timely if it is received by the Secretary of the Company at its principal executive offices at 650 Liberty Avenue, Union, New Jersey 07083 between the close of business on March 9, 2015 and the close of business on April 8, 2015, and is otherwise in compliance with the requirements set forth in the Company's Amended By-laws. If the date of the 2015 Annual Meeting of Shareholders is more than 30 days before or more than 60 days after the anniversary date of the 2014 Annual Meeting of Shareholders, notice must be received not earlier than the 120th day prior to the 2015 Annual Meeting of Shareholders and not later than the close of business on the 90th day prior to the 2015 Annual Meeting of Shareholders, or if the first public announcement of the date of the 2015 Annual Meeting of Shareholders is less than 100 days prior to the date of the 2015 Annual Meeting of Shareholders, the 10th day following the date on which notice of the date of the meeting is given to shareholders or made public, whichever occurs first.

CORPORATE AND SHAREHOLDER INFORMATION

Corporate Office
650 Liberty Avenue
Union, New Jersey 07083
Telephone: 908/688-0888

Shareholder Information
A copy of the Company's 2013 Form 10-K as filed with the Securities and Exchange Commission (''SEC'') may be obtained from the Investor Relations Department at the Corporate Office.
Telephone: 908/688-0888

The Company provides access to the documents filed with the SEC through the Investor Relations section of our website, www.bedbathandbeyond.com. A copy of the Company's Policy of Ethical Standards for Business Conduct is also provided at this location.

Stock Listing
Shares of Bed Bath & Beyond Inc. are traded on the NASDAQ Stock Market under the symbol BBBY.

Annual Meeting
The Annual Meeting of Shareholders will be held at 9 a.m. July 7, 2014, at the Madison Hotel, One Convent Road, Morristown, New Jersey 07960.

Independent Auditors
KPMG LLP
51 John F. Kennedy Parkway
Short Hills, New Jersey 07078

Stock Activity
The following table sets forth the high and low reported closing prices of the Company's common stock on the NASDAQ National Market System during fiscal 2013 and fiscal 2012:

Quarter	High	Low
Fiscal 2013		
First	**$70.07**	**$56.75**
Second	**78.18**	**66.98**
Third	**78.58**	**71.78**
Fourth	**80.48**	**62.68**
Fiscal 2012		
First	$72.47	$59.74
Second	74.72	59.34
Third	71.60	56.40
Fourth	60.39	54.91

At May 9, 2014, there were approximately 5,500 shareholders of record. This number excludes individual shareholders holding stock under nominee security position listings.

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

American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, New York 11219
Telephone: 800/937-5449

Websites
www.andthat.com
www.bedbathandbeyond.com
www.buybuybaby.com
www.christmastreeshops.com
www.facevalues.com
www.harborlinen.com
www.harmondiscount.com
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www.worldmarket.com
www.bedbathandbeyond.ca

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BED BATH & BEYOND INC.

650 Liberty Avenue
Union, NJ 07083
908-688-0888