



**notice of 2022
annual meeting of
shareholders and
proxy statement**

2021 annual report

home, happier

BED BATH & **BEYOND**

PURPOSE

**make it easy to
feel at home**

MISSION

re-establish our authority and be the preferred
omni-channel home destination driven by teams
consistently delivering balanced durable growth

PRINCIPLES

customer inspired omni-always people powered performance driven

PILLARS & PROFICIENCIES

product



price



promise



place



people



proficiencies

PERFORMANCE

sales

margin

cash flow

TSR



message from the president and chief executive officer, and the chair of the board of directors

JUNE 1, 2022

to our shareholders:

The past year was incredibly important for Bed Bath and Beyond's future. In this first year of our multi-year turnaround strategy, we increased investments in structurally critical parts of our business – including supply chain infrastructure and technology, ecommerce and customer experience solutions, and store remodels. We also began replacing outdated technology systems and continued to build on and enhance omni-channel capabilities that were rapidly deployed at the outset of the COVID pandemic. These improvements are intended to provide the Company with foundational enablers and a platform that can support challenging environments over the long term.

In terms of creating value for shareholders, our focus in 2020 was delivering approximately \$600 million in proceeds from asset sales. In 2021, we continued to focus on returning capital to our shareholders, including significantly increasing our three-year share repurchase program. The Company completed approximately \$600 million in share repurchases in fiscal 2021 and completed the majority of its \$1 billion share repurchase program ahead of our 2023 target. In the core business, we introduced eight new, margin-supportive Owned Brands in key destination categories, more than doubling penetration versus fiscal 2020. Further, after successfully executing improvements to our buybuy BABY business, we are exploring strategic alternatives to unlock even greater value from the banner.

Over the past year, we made changes to board composition and added new directors with the skills and experience necessary to provide oversight of strategy and business performance. We also restructured the executive compensation program to reflect an operating environment beyond 2020, when we built a new executive team and supported operations during the onset of the COVID-19 pandemic. While the vast majority of direct pay for the CEO and other Named Executive Officers (NEO) remained tied to targeted performance metrics in 2021, we increased its proportion within our long-term compensation plans. The Board remains highly committed to executive incentive payouts that are aligned with achieving financial targets, creating long-term shareholder value, and informed by shareholder feedback.

We appreciate and recognize the tireless dedication of our exceptional associates who, against an extraordinary macroeconomic environment, have shown tremendous commitment to our strategy and dedication to serving our customers. We will continue to support our associate base through actions to achieve the Company's diversity, equity, and inclusion (DE&I) goals, while providing competitive total rewards, learning and development, and upskilling opportunities.

The Board and management team remain focused on creating value for all stakeholders. We look forward to greeting you at this year's virtual Annual Meeting.






Mark J. Tritton
President and
Chief Executive Officer



Harriet Edelman
Chair of the Board of
Directors

notice of 2022 annual meeting of shareholders

Items of Business	Board Voting Recommendations
<p>PROPOSAL 1 To elect eleven directors to serve until the Annual Meeting in 2023 and until their respective successors have been elected and qualified.</p>	 FOR each director nominee
<p>PROPOSAL 2 To ratify the appointment of KPMG LLP as independent auditors for fiscal 2022.</p>	 FOR
<p>PROPOSAL 3 To approve, by non-binding vote, the 2021 compensation paid to the Company's Named Executive Officers (NEOs) (commonly known as a "say-on-pay" proposal).</p>	 FOR

Such other business as may properly be brought before the Annual Meeting or any adjournment or adjournments.

proxy voting

It is important that your shares be represented and voted at the Annual Meeting of Shareholders (the "Annual Meeting") of Bed Bath & Beyond Inc. (the "Company," "we," or "us"), a New York corporation. Whether or not you plan to attend the Annual Meeting, we urge you to vote online, via telephone or by mail, in each case prior to the date of the Annual Meeting by following the instructions in our proxy statement. Proxies are being solicited by the Board to be used at the Annual Meeting and the approximate date on which this Proxy Statement and accompanying Form of Proxy will be available to shareholders is on or about June 1, 2022.

This year's Annual Meeting will be in a virtual-only meeting format. Shareholders will be able to listen, vote and submit questions via the internet by visiting www.virtualshareholdermeeting.com/BBBY2022. Please retain the 16-digit control number included on your proxy card or in the voting instructions that accompanied your proxy materials as you will need this number to attend the meeting virtually, vote at the meeting or to submit a question to management at the meeting. We have designed the virtual meeting to offer the same participation opportunities as an in-person meeting.



DATE AND TIME

Thursday, July 14, 2022
10:00 A.M.
Eastern Daylight Time



VIRTUAL MEETING LOCATION

www.virtualshareholdermeeting.com/BBBY2022



WHO CAN VOTE

You can vote if you were a shareholder of record as of the close of business on May 16, 2022.

PRINCIPAL EXECUTIVE OFFICE

650 Liberty Avenue,
Union, NJ 07083

Important Notice Regarding the Availability of Proxy Material for the Annual Meeting of Shareholders to be held on July 14, 2022:

This Notice of the 2022 Annual Meeting of Shareholders, Proxy Statement and the Company's 2021 Annual Report are available at www.proxyvote.com.

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fiscal 2021 highlights

fiscal 2021: rebuilding our foundation during the first year of our comprehensive transformation

navigated a complex operating environment while executing our multi-year turnaround strategy

Fiscal 2021 marked the beginning of our multi-year transformation. We took important steps to improve the structural foundation of our Company amidst a still turbulent operating landscape impacted by the derailment of the global supply chain, disruptions from COVID-19 variants, and rising inflation. While these factors highlighted operational vulnerabilities in the near-term, the need for our long-term structural transformation has never been more apparent.

met key milestones on our long-term strategic roadmap

We have been charting a new course for the Company by reconstructing our operating model to drive greater long-term efficiency and effectiveness. In 2021, we began implementing key catalysts across our core strategic pillars. Despite the current headwinds we face, our long-term strategic execution continues to build momentum. We will have structural capabilities to bring us closer to industry standards and renew our business for long-term growth and profitability. We remain steadfastly dedicated to our associates, customers, brand and our strategy.

embedded an ESG strategy into our comprehensive transformation

Our core ESG pillars – people, community, and planet – anchor our purpose and actions. Over the past year, we have remained steadfast in our commitment to the robust ESG strategy announced last year and made measurable progress towards our purpose to make it easy to feel at home – wherever that may be. The challenges facing business and society today require collective action. Our focus on the fundamental issues that impact our global society will ensure Bed Bath & Beyond Inc. is part of the solution.

- ✓ **\$8 billion** in net sales driven by Bed Bath & Beyond
- ✓ **\$3 billion** of digital sales, maintaining 37% penetration
- ✓ **\$1.4 billion** in buybuy Baby sales, growing double-digit
- ✓ **\$1 billion** share repurchase program completed ahead of schedule
- ✓ **\$1.4 billion** total liquidity position, including a new \$1.0 billion ABL facility
- ✓ **\$182 million** adjusted EBITDA*

- ✓ **8 new Owned Brands** launched with sales penetration rate above Fiscal 21 goal
- ✓ Enhanced digital-first, omni-always presence with key partnerships (**DoorDash, Uber**), **cross-banner website** and new digital **Marketplace**
- ✓ **>30%** digital sales fulfilled by stores
- ✓ **2 million** Beyond+ members, 8% increase vs. fiscal 2020
- ✓ **Collaboration with Kroger** for Bed Bath & Beyond and buybuy BABY banners
- ✓ **130 remodels** commenced, with 80 completed, including the grand re-opening of **Chelsea, NYC flagship**
- ✓ **200+** store fleet optimization program completed

- ✓ ESG vision and principles incorporated into **all business activities**, yielding progress in 2021:
- ✓ **70%** women representation across total workforce, including **58%-72%** across management and non-management
- ✓ **>50%** racial and ethnic diversity across total workforce
- ✓ **100%** parental leave at all levels
- ✓ **~\$300 thousand** contributed to Associate Relief Fund
- ✓ **\$29.65 million** in product donations
- ✓ **>40%** waste diverted from landfill in our operations
- ✓ **>27%** reduction in water usage in our overall footprint vs. 2019
- ✓ **>28%** packaging weight from recycled materials

* Adjusted EBITDA is a non-GAAP financial measure. See *Appendix A* for a reconciliation of GAAP to non-GAAP measures for fiscal 2021 used in this proxy statement.

voting roadmap

PROPOSAL 1












election of directors



The Board recommends a vote **FOR** each director nominee

➔ See [page 8](#)

our director nominees at-a-glance

Name, Age and Primary Occupation	Independent	# of other Current Public Company Directorships	Director Since	Committees		
				A	P	N
 Harriet Edelman, 66 (Chair) Vice Chair, Emigrant Bank	✓	2	2019			
 Mark J. Tritton, 58 President and Chief Executive Officer, Bed Bath & Beyond Inc.		1	2019			
 Marjorie Bowen, 57 Private investor and public company director	✓	1	2022			
 Sue E. Gove, 63 President, Excelsior Advisors, LLC	✓	2	2019	✓●		✓
 Jeffrey A. Kirwan, 55 Chairman, Maurices Inc.	✓	0	2019		✓	
 Shelly Lombard, 62 Private investor, independent consultant and public company director	✓	1	2022			
 Benjamin Rosenzweig, 37 Partner, Privet Fund Management LLC	✓	2	2022			
 Joshua E. Schechter, 49 Private investor and public company director	✓	2	2019	✓●		
 Minesh Shah, 48 Chief Operations Officer, Stitch Fix, Inc.	✓	0	2022			
 Andrea M. Weiss, 67 Founding Partner, The O Alliance, LLC; Chief Executive Officer and Founder, Retail Consulting Inc.	✓	3	2019	✓●		
 Ann Yerger, 60 Advisor, Spencer Stuart North America Board Practice	✓	0	2019		✓	✓

A

Audit Committee

P

People, Culture and Compensation Committee

N

Nominating and Corporate Governance Committee



Committee Chair



Audit Committee Financial Expert

demographics

tenure

100%

appointed within the last 4 years



women representation

55%

includes the Chair of the Board



racial and/or ethnically diverse representation

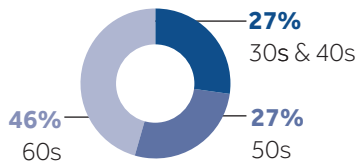
18%



age

57

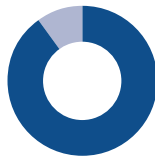
average age



independence

90%

Independent

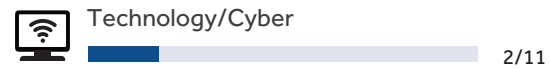
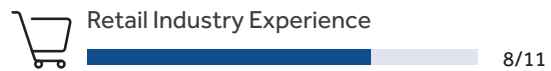
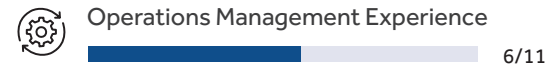
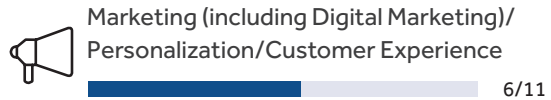


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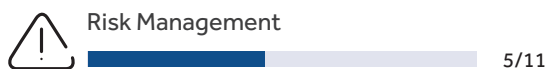
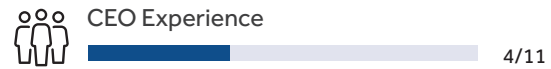
non-independent (CEO)

skills and experience

core skills for oversight of our strategy



core skills for effective board oversight and corporate governance



PROPOSAL 2

ratification of auditors

 See [page 34](#)



The Board recommends a vote **FOR** this proposal

PROPOSAL 3

say-on-pay

 See [page 37](#)



The Board recommends a vote **FOR** the approval, by non-binding vote, of the 2021 compensation paid to the Company's NEOs

our board of directors and corporate governance

PROPOSAL 1

election of directors



The Board recommends that the shareholders vote **FOR** the election of the eleven nominees as directors

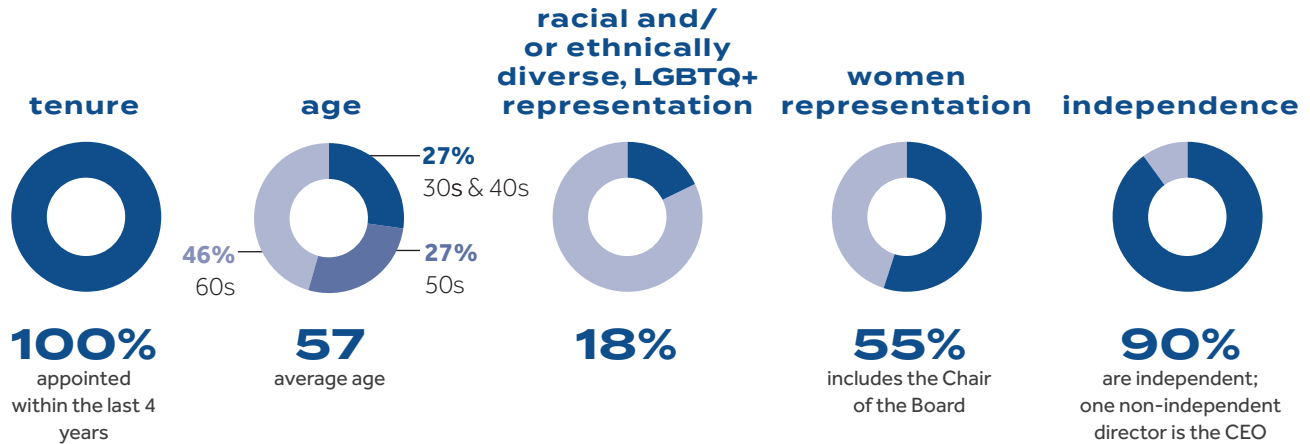
who we are

The Board, upon recommendation of its Nominating and Corporate Governance Committee, has nominated the eleven people named below for election as directors, with all eleven individuals being nominated to serve for a one-year term that expires at the 2023 Annual Meeting. In connection with the Cooperation Agreement entered into by the Company and RC Ventures in March 2022, the Company agreed to add Marjorie Bowen, Shelly Lombard and Benjamin Rosenzweig to the Board, and to nominate each of them for election as directors at the Annual Meeting. The Company further agreed that, effective at the Annual Meeting, the size of the Board will be reduced to a total of eleven directors.

Beginning in April 2022, the Nominating and Corporate Governance Committee, together with an independent, third party consultant engaged for this purpose, conducted an assessment of the Board's composition and the complement of skills and experiences appropriate for a public company in the retail sector. There was also an independent review of each director's skills, qualifications and time commitments. In addition, each director was consulted regarding Board composition overall and their personal interest in continuing to serve. As a result of this process, the Nominating and Corporate Governance Committee recommended, and the Board approved, the eleven people named below to be nominated for election to the Board at the Annual Meeting. John Fleming, Virginia Ruesterholz, and Mary Winston will not stand for re-election. The Board has also reviewed certain changes to the composition of the Committees of the Board, including the respective Chairs, which will be effective immediately following the Annual Meeting. Each director will serve until the next annual meeting of shareholders or until their respective successors have been elected and qualified, if earlier. All of the nominees for director currently serve as directors.

Information concerning our nominees as of the record date, and the key experience, qualifications and skills they bring to our Board, is provided below. A particular director may possess additional experience, qualifications, attributes or skills, even if not expressly indicated. Our Board's diversity, tenure, age and independence are also shown below. The Board recommends that shareholders vote FOR the election of the eleven director nominees.

demographics of director nominees



BED BATH & BEYOND BOARD DIVERSITY MATRIX (AS OF JUNE 1, 2022)*

Total Number of Directors:	11		
	FEMALE	MALE	NON-BINARY
Part I: Gender Identity			
Directors	6	5	0
Part II: Demographic Background			
African American or Black	1	0	0
Alaskan Native or Native American	0	0	0
Asian	0	1	0
Hispanic or Latinx	0	0	0
Native Hawaiian or Pacific Islander	0	0	0
White	5	4	0
Two or More Races or Ethnicities	0	0	0
LGBTQ+		0	
Did Not Disclose Demographic Background or Gender		0	

* The Bed Bath & Beyond Board Diversity Matrix includes director nominees only.

the core skills we seek from directors and why

CORE SKILLS FOR OVERSIGHT OF OUR STRATEGY, EFFECTIVE BOARD OVERSIGHT AND CORPORATE GOVERNANCE

Bed Bath & Beyond is engaged in a strategic transformation to become the preferred omni-channel home destination driven by teams consistently delivering balanced durable growth.

Our Board has identified certain core skills necessary to effectively oversee management and implement our transformation strategy. In addition, our Board values directors with experience successfully leading and serving on boards of other large, complex businesses.

Our director nominees bring an important mix of these core skills, as well as additional attributes and qualifications, such as diversity of gender, race and/or ethnicity and background to our Board.

OUR BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

BED BATH & BEYOND DIRECTOR CORE SKILLS MATRIX

	<i>Harriet Edelman</i>	<i>Mark J. Tritton</i>	<i>Marjorie Bowen</i>	<i>Sue E. Gove</i>	<i>Jeffrey A. Kirwan</i>	<i>Shelly Lombard</i>	<i>Benjamin Rosenzweig</i>	<i>Joshua E. Schechter</i>	<i>Mihesh Shah</i>	<i>Andrea M. Weiss</i>	<i>Ann Yerger</i>
Digital / Omni-channel	●	●		●	●		●		●	●	
Growth / Business Transformation	●	●	●	●	●	●	●		●	●	
Marketing (including Digital Marketing / Personalization / Customer Experience)	●	●		●	●				●	●	
Operations Management Experience	●	●		●	●				●	●	
Retail Industry Experience	●	●	●	●	●			●	●	●	
Technology / Cyber	●								●		
CEO Experience		●		●	●					●	
Financial Expertise	●	●	●	●		●	●	●		●	
Corporate Governance / ESG	●	●	●	●		●	●	●		●	●
Public Company Board Service	●	●	●	●		●	●	●		●	
Risk Management	●	●		●	●				●		

The Board has considered each director based on, among others, the experiences, qualifications and skills indicated above in concluding such director should serve on our Board.

board nominees and qualifications



Harriet Edelman

Vice Chair, Emigrant Bank

Age: 66

Chair of the Board since
May 2020

Independent Director
since 2019

EXPERIENCE

Ms. Edelman is an accomplished senior executive with over 30 years of global operating experience in consumer goods and financial services. Since 2010, she has served as the Vice Chair of Emigrant Bank, a private financial institution, after serving as Special Advisor to the Chairman from June 2008 to October 2010. Prior to that, she spent more than 25 years with Avon Products, Inc. holding various senior global leadership positions in sales, marketing, supply chain, information technology and product development. She has served on large public company boards for nearly 20 years in the U.S. and Europe and in multiple Board leadership positions. The consumer goods business has been central to Ms. Edelman's career, and she has a strong passion for our Company and brand. She brings strong leadership to our Board to help deliver on our business transformation.

EDUCATION

- Bachelor of Music, Bucknell University
- MBA, Fordham Gabelli School of Business

PUBLIC BOARD MEMBERSHIPS

- Assurant, Inc.
- Brinker International, Inc.

SELECT NOT-FOR-PROFIT

- Bucknell University Board of Trustees, Vice Chair (until 2020)



Mark J. Tritton

President and Chief
Executive Officer, Bed
Bath & Beyond Inc.

Age: 58

Director since 2019

EXPERIENCE

Mr. Tritton has over 30 years of experience in the retail industry. Since November 2019, Mr. Tritton has served as our President and Chief Executive Officer. Prior to joining the Company, he was the Executive Vice President and Chief Merchandising Officer of Target Corporation, one of the largest retailers in the U.S., from June 2016 to November 2019. During his tenure with Target Corporation, he was instrumental in transforming the omnichannel shopping experience. He has end-to-end retail industry experience in merchandising, design, manufacturing, marketing and distribution at some of the world's leading iconic retailers and brands, including Nordstrom, Timberland and Nike.

EDUCATION

- Bachelor of Education in English and History, University of Sydney, Australia

PUBLIC BOARD MEMBERSHIPS

- Nordstrom, Inc.

SELECT NOT-FOR-PROFIT

- St. Jude Children's Research Hospital



Marjorie Bowen

Private investor and public company director

Age: 57

Independent Director since 2022

EXPERIENCE

Ms. Bowen is a private investor, active public company director, and former investment banker. Ms. Bowen has served on over a dozen boards of both public and private companies and has extensive board experiences with companies undergoing transformations. Ms. Bowen’s directorship experiences include several companies engaged in the retail industry. Previously, from 1989 through 2007, Ms. Bowen was a senior executive, Managing Director, and head of the fairness opinion practice at the multinational investment banking firm of Houlihan Lokey. Ms. Bowen was an active deal advisor and regularly assisted public company boards on transaction, strategic and other shareholder matters. Her significant prior directorship experience as well as her experience working with companies in transitional situations supports our ongoing business transformation.

EDUCATION

- BA, Colgate University
- MBA, University of Chicago

PUBLIC BOARD MEMBERSHIPS

- CBL & Associates Properties
- Sequential Brands (until 2021)
- Centric Brands (until 2020)
- Navient (until 2020)
- Genesco (until 2019)
- ShoreTel (until 2017)

PRIVATE BOARD MEMBERSHIPS

- Voyager Aviation Holdings, LLC



Sue E. Gove

President, Excelsior Advisors, LLC

Age: 63

Independent Director since 2019

EXPERIENCE

Ms. Gove is the founder of Excelsior Advisors, LLC, a retail consulting and advisory firm, where she has advised clients on key issues impacting the retail industry since 2014. She served as a Senior Advisor for Alvarez & Marsal, a global professional services firm, from March 2017 to March 2019. Prior to her consulting career, Ms. Gove spent more than 30 years in the retail industry where she served in senior financial, operating and strategic roles, leading to her positions as President and Chief Executive Officer of Golfsmith International Holdings, Inc. and Chief Operating Officer of Zale Corporation. In addition, Ms. Gove has served on various public company boards within the retail industry, providing significant leadership experience and diverse perspectives to our Board.

EDUCATION

- BBA, Accounting, University of Texas at Austin

PUBLIC BOARD MEMBERSHIPS

- Conn’s, Inc.
- IAA, Inc.
- Tailored Brands (until 2020)
- Iconix Brand Group, Inc. (until 2019)
- Logitech International S.A. (until 2018)
- Autozone, Inc. (until 2017)

PRIVATE BOARD MEMBERSHIPS

- The Fresh Market
- Truck Hero, Inc.

SELECT NOT-FOR-PROFIT

- The University of Texas System, Audit Committee



Jeffrey A. Kirwan

Chairman, Maurices Inc.

Age: 55

Independent Director since 2019

EXPERIENCE

Mr. Kirwan currently serves as the Chairman of Maurices Incorporated, a specialty retailer focused on women’s value apparel. Previously, he served as the Global President of the Gap Division of The Gap, Inc., a worldwide clothing and accessories retailer, from December 2014 to February 2018. He also led the Gap’s operations in China from 2011 to 2014. During his tenure with The Gap, Inc., he contributed to significant operational progress, including strong marketing and customer engagement, increased traffic and improved sales and digital business. Mr. Kirwan’s executive experience in large, multinational retailers, his knowledge of our customer base as well as his strong consumer marketing and sales experience is an important asset for our Board.

EDUCATION

- BS, Rhode Island College
- Masters of Science, the University of Maryland University College

PRIVATE BOARD MEMBERSHIPS

- Maurices Inc.



Shelly Lombard

Private investor, independent consultant and public company director

Age: 62

Independent Director since 2022

EXPERIENCE

Ms. Lombard currently serves as an independent consultant, focusing on investment analysis and financial training. She has over 30 years of experience analyzing, valuing, and investing in companies. Prior to becoming a consultant, she served as Director of High Yield and Special Situation Research for Britton Hill Capital, a broker dealer specializing in high yield and special situation bank debt and bonds and value equities, from 2011 to 2014. Prior to that, she was a high yield and special situation bond analyst and was also involved in analyzing, managing, and restructuring proprietary investments for various financial institutions. She was named by NACD as one of its 100 Directorship Honorees for 2021. Ms. Lombard brings strong financial analysis, investment, capital markets, and public company director experience to our Board.

EDUCATION

- BA, Communications and Government, Simmons University
- MBA, Finance, Columbia University

PUBLIC BOARD MEMBERSHIPS

- INNOVATE Corporation
- Spartacus Acquisition Corporation (until 2021)
- Alaska Communications Systems (until 2021)



Benjamin Rosenzweig

Partner, Privet Fund Management LLC

Age: 37

Independent Director since 2022

EXPERIENCE

Mr. Rosenzweig has been a Partner at Privet Fund Management LLC, an investment firm focused on event-driven, value-oriented investments in small capitalization companies, since 2008. Prior to that, Mr. Rosenzweig served as an Investment Banking Analyst in the corporate finance group of Alvarez & Marsal, a global professional services firm, from 2007 to 2008. During his tenure with Alvarez & Marsal, he advised clients on multiple M&A transactions, restructurings, capital formation transactions and similar financial advisory engagements across several industries. He currently serves on various public company boards, including as Chairman of the Board of Synalloy Corporation. Mr. Rosenzweig brings significant public company board experience and financial expertise to our Board.

EDUCATION

- BBA, Finance and Economics, Emory University

PUBLIC BOARD MEMBERSHIPS

- Synalloy Corporation
- PFSweb, Inc.
- Potbelly Corporation (until 2022)
- Cicero, Inc. (until 2020)
- StarTek, Inc. (until 2018)

PRIVATE BOARD MEMBERSHIPS

- Hardinge Inc.



Joshua E. Schechter

Private investor and public company director

Age: 49

Independent Director since 2019

EXPERIENCE

Mr. Schechter is a private investor and public company director. He has strong public company board leadership expertise, previously serving as Chairman of the Board of SunWorks, Inc., a premier provider of high-performance solar power solutions, and Chairman of the Board of Support.com, a leading provider of cloud-based software and services. He spent 13 years in investment services for Steel Partners and its affiliates, including Managing Director of Steel Partners Ltd. and Co-President, Steel Partners Japan Asset Management, LP. His significant experience with complex business and strategic transactions, M&A, corporate governance matters and capital markets, together with his public company board leadership experience provides valuable insight to our Board.

EDUCATION

- BBA, University of Texas at Austin
- MPA, Professional Accounting, University of Texas at Austin

PUBLIC BOARD MEMBERSHIPS

- Landec Corp.
- Viad Corp
- Support.com (until 2021)
- SunWorks, Inc. (until 2020)
- Genesco Inc. (until 2019)



Minesh Shah

**Chief Operations Officer,
Stitch Fix, Inc.**

Age: **48**

Independent Director
since **2022**

EXPERIENCE

Mr. Shah has served as Chief Operations Officer at Stitch Fix, the world's leading online shopping experience, since October 2020 and is responsible for the company's operations and client experiences. He also served as Vice President, Operations at Stitch Fix from September 2018 to October 2020. Previously, Mr. Shah served as Senior Director of Delivery Operations at Tesla Motors, Inc. from February 2017 to June 2018. He has spent most of his career in high growth, consumer-driven companies – focused on operations, customer experience, omnichannel programs, marketing and digital retail, including as Vice President of Global eCommerce for Uniqlo Co. Ltd. Mr. Shah's extensive consumer, supply chain, marketing, technology and operational experience, as well as his deep knowledge and expertise in retail offer valuable perspective and oversight to our ongoing transformation.

EDUCATION

- BS, Chemical Engineering, Northwestern University
- MBA, Marketing, Management and Strategy, Northwestern University



**Andrea M.
Weiss**

**Founding Partner,
The O Alliance, LLC;
Chief Executive Officer
and Founder, Retail
Consulting Inc.**

Age: **67**

Independent Director
since **2019**

EXPERIENCE

Ms. Weiss was an early innovator in multi-channel commerce and brings nearly 30 years of entrepreneurial leadership experience in the retail industry, currently serving as Founding Partner of The O Alliance, LLC since 2014 and Chief Executive Officer and Founder of Retail Consulting Inc. since 2002. She is recognized as a pioneer in creating a seamless customer experience and has been a key player in transforming retail into the digital space. She also has extensive experience developing high-level business strategy and tactical execution plans, including implementing turnaround initiatives for leading brands in the U.S. and Europe. Ms. Weiss was named by NACD as one of the Top 100 Best Public Directors in 2016. Our Board benefits from Ms. Weiss' extensive retail and transformation experience, as well as her experience serving on public company boards.

EDUCATION

- BFA, Virginia Commonwealth University
- Masters of Administrative Science, The Johns Hopkins University
- Post-Graduate Studies at Harvard Business School and The Kellogg School of Management at Northwestern University
- NACD Board Leadership Fellow and Directorship Certification

PUBLIC BOARD MEMBERSHIPS

- Cracker Barrel Old Country Store, Inc.
- O'Reilly Automotive, Inc.
- RPT Realty
- Chico's FAS, Inc. (until 2018)

SELECT NOT-FOR-PROFIT

- Delivering Good, Inc., Chair of the Board
- Hampton University Board of Trustees, Vice Chair



Ann Yerger

**Advisor, Spencer Stuart
North America Board
Practice**

Age: **60**

Independent Director
since **2019**

EXPERIENCE

Ms. Yerger has dedicated her career to the advancement of corporate governance and investor protection initiatives. She has held various governance advisory roles, including her current position as Advisor with Spencer Stuart North America Board Practice, a leading board consulting firm, which she has held since 2017. She has also served as a Member of the Grant Thornton Audit Quality Advisory Council since 2019. Previously, Ms. Yerger served as Executive Director, Center for Board Matters at Ernst & Young LLP from 2015 to 2017. In addition, she has served as a member of several advisory boards and committees, including the Investor Advisory Committee of the U.S. Securities and Exchange Commission and the Nasdaq Listing and Hearing Review Council. She has been recognized by the International Corporate Governance Network and NACD for her contributions to investor collaboration and the improvement of corporate governance. Ms. Yerger's deep corporate governance and shareholder-oriented work provide our Board with important insight and guidance with respect to our corporate governance practices and engagement with key stakeholders.

EDUCATION

- BA, Economics, Duke University
- MBA, Tulane University
- CFA charterholder

PRIVATE BOARD MEMBERSHIPS

- Hershey Entertainment and Resorts

how we are selected and evaluated

Directors are elected at each annual meeting to serve until the next annual meeting and until their respective successors are duly elected and qualified, subject to their earlier death, resignation or removal.












The Board has adopted a policy regarding minimum qualifications for potential directors. These qualifications are considered by the Board and the Nominating and Corporate Governance Committee, together with further core skills deemed useful in the context of an assessment of the current needs of the Board. All candidates for election to our Board must participate in a rigorous evaluation process. As part of this process, candidates are required to undergo a third-party background and conflicts check, complete our director questionnaire, and interview with, at a minimum, members of our Nominating and Corporate Governance Committee, Independent Chair of the Board, CEO and any external search firm or advisor engaged on these matters. Shareholders may recommend nominees to the Nominating and Corporate Governance Committee by submitting the names and supporting information in writing to the Company's Corporate Secretary at 650 Liberty Avenue, Union, New Jersey 07083 in accordance with the Company's Bylaws.

The Nominating and Corporate Governance Committee believes the director nominees possess the experience, skills and qualifications established by the Corporate Governance Guidelines and necessary to continue the Company's strategic transformation. In addition, the Company's Corporate Governance Guidelines limit the number of outside board memberships of our directors.

Minimum qualifications to serve as a director:

- ✓ are of high character and integrity;
- ✓ are accomplished in their respective fields, with superior credentials and recognition;
- ✓ have relevant expertise and experience upon which to be able to offer advice and guidance to management;
- ✓ have sufficient time available to devote to the affairs of the Company;
- ✓ are able to work with the other members of the Board and contribute to the success of the Company;
- ✓ can represent the long-term interests of the Company's shareholders as a whole; and
- ✓ are selected such that the Board represents a range of backgrounds, experience, ages and diversity of gender, race, and ethnicity.

Additional skills for effective Board oversight of our strategy, risk and corporate governance:

- | | |
|---|---|
|  Digital/Omni-channel Experience |  Senior Leadership & Strategic Planning |
|  Growth/Business Transformation |  CEO Experience |
|  International Experience |  Financial Literacy/Expertise |
|  Marketing (including Digital Marketing)/Personalization/Customer Experience |  Public Affairs/Corporate Governance/ESG |
|  Operations Management Experience |  Public Company Board Service |
|  Retail Industry Experience |  Risk Management |
| |  Technology/Cyber |

Applicable legal and regulatory requirements:

The Nominating and Corporate Governance Committee also considers applicable legal and regulatory requirements that govern the composition of the Board, including but not limited to, Nasdaq and SEC requirements with respect to independence, diversity, financial literacy and other matters.

All members of all Committees are independent

consideration of diversity

Qualified candidates for membership on the Board will be considered without regard to race, color, creed, religion, national origin, age, gender identity, sexual orientation or disability. As detailed in our Corporate Governance Guidelines, the Nominating and Corporate Governance Committee endeavors to include diverse candidates (including women and candidates who self-identify as either an underrepresented minority or LGBTQ+) in the qualified pool from which Board candidates are chosen and, when nominated and elected, to consider such directors for leadership on the Board and its committees. The Nominating and Corporate Governance Committee reviews and evaluates each candidate's character, judgment, skills, 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. The Nominating and Corporate Governance Committee is committed to, and actively applies, its policy of inclusiveness as a critical component of its board refreshment efforts.

board refreshment and succession planning

As part of our continuing Board refreshment initiative, the Nominating and Corporate Governance Committee regularly assesses the current needs of the Board, including through its oversight of the Board's composition and peer assessment process as further described under "board self-assessment and board composition & peer assessment processes" below. This effort is intended to help ensure that directors possess an appropriate mix of skills and experience, including a balance between new and experienced directors and a further alignment of the attributes of the directors with the Company's strategic needs, and to help inform the Board's succession planning process.

The Nominating and Corporate Governance Committee also evaluates our director succession planning needs, including through the consideration of any possible retirements or other departures from the Board and the active consideration of new director candidates that would best complement the skills and attributes of the existing directors, and continue to best position the Board to assess, challenge and oversee the Company's long-term strategy. The Nominating and Corporate Governance Committee evaluates any candidates against the standards and qualifications set forth in our Corporate Governance Guidelines as well as other relevant factors, including the candidate's potential contribution to the diversity of the Board.

To assist the Nominating and Corporate Governance Committee in identifying prospective Board nominees when undertaking a search, the Company may retain an outside search firm. The Nominating and Corporate Governance Committee also considers candidates suggested by its members, other directors, management and shareholders.

Through this evaluation and assessment process in 2021, the Board, by recommendation from the Nominating and Corporate Governance Committee, identified the need for representation of additional skills and attributes on our Board. As a result, the Nominating and Corporate Governance Committee engaged a third-party independent search firm to assist with the identification of potential candidates, which resulted in the appointment of Minesh Shah on March 1, 2022.

how we are governed and govern

corporate governance at Bed Bath & Beyond

The Board believes that good corporate governance accompanies and aids the Company's long-term success, and, in coordination with the Nominating and Corporate Governance Committee, regularly reviews the Company's corporate governance policies and practices. The Company's governance policies and practices, including the Corporate Governance Guidelines, were most recently updated in fiscal 2021 based upon a comprehensive review against peer and market leading practices.

Our current corporate governance policies and practices include, among other things:

Practice	Description
accountability to shareholders	
ANNUAL ELECTIONS	All directors are elected annually, which reinforces our Board's accountability to shareholders.
MAJORITY VOTING STANDARD	Our Amended and Restated Bylaws provide for a "majority voting" standard in uncontested director elections. An incumbent director that does not meet the majority voting standard must promptly offer to resign from the Board.
BOARD REFRESHMENT	The Board has undergone a complete transformation, with all our directors standing for re-election appointed within the last four years.
PROXY ACCESS	Our Amended and Restated Bylaws provide that any shareholder or group of up to 20 shareholders owning 3% or more of the Company's common stock continuously for at least the previous three years may nominate and include in our proxy materials director nominees totaling up to the greater of 20% of the Board or at least two directors.
SHAREHOLDER ENGAGEMENT	We are committed to active and ongoing shareholder engagement, including by directors, to capture investor perspectives. We regularly engage with our shareholders to better understand their perspectives in a variety of areas, and these discussions ensure the Company's interests remain well-aligned with those of our shareholders.
strong, independent leadership	
INDEPENDENCE	A majority of our directors must be independent. Currently, all of our directors other than our CEO are independent. The Board and its committees hold regular executive sessions of independent directors, including in conjunction with regular meetings.
INDEPENDENT CHAIR	We currently have an independent Chair of the Board. If in the future, our CEO is also the Chair of the Board or the Chair of the Board is otherwise not independent, our Corporate Governance Guidelines require an independent director to serve as Lead Director.
BOARD COMMITTEES	The Nominating and Corporate Governance Committee reviews and recommends committee membership. All of the members of the Audit Committee, People, Culture and Compensation Committee and Nominating and Corporate Governance Committee are independent directors. Each of our committees is chaired by an independent director, and each committee has an extensively detailed charter outlining the committee's duties and responsibilities, which are reviewed at least on an annual basis.
BOARD EDUCATION	Our comprehensive board education program begins with a new director orientation process that includes individual discussions with the Chair of the Board, the CEO and other senior executives and visits to one or more stores or other Company facilities. Director education continues at each Board meeting, through reports and presentations by Company officers and outside experts. The Board also encourages directors to periodically attend appropriate continuing education seminars or programs.

Practice	Description
board structure	
DIVERSITY	Our directors have a diversity of perspectives, backgrounds, ages, genders, races and ethnicities reflecting the diversity of the Company’s loyal customers and dedicated associates. As detailed in our Corporate Governance Guidelines, the Nominating and Corporate Governance Committee endeavors to include diverse candidates (including women and candidates who self-identify as either an underrepresented minority or LGBTQ+) in the qualified pool from which Board candidates are chosen and, when nominated and elected, to consider such directors for leadership on the Board and its committees.
DIRECTOR OVERBOARDING POLICY	Our CEO and non-executive directors who are employed as the chief executive officer or are otherwise a “Named Executive Officer” of any public company are expected to serve on no more than one other public company board. Other directors are expected to serve on no more than three other public company boards.
SELF-ASSESSMENTS	The Board and each of its committees conduct rigorous annual self-assessments.
BOARD COMPOSITION AND PEER ASSESSMENTS	The Board conducts board composition and peer assessments on a biennial basis, which may be facilitated by an independent third-party. The last assessment was conducted in fiscal 2020 by an independent third-party.
RISK OVERSIGHT	The Board and the Audit Committee at least annually review and engage with the Company’s Enterprise Risk Management (ERM) process and monitor both the risk culture and emerging and current strategic risks.
ESG OVERSIGHT	The Board and the Nominating and Corporate Governance Committee regularly review the Company’s ESG strategies, policies and practices. The Board and the People, Culture and Compensation Committee regularly review the Company’s strategies, policies and practices with respect to people and culture matters, including diversity, equity and inclusion (“DE&I”) policies, programs and initiatives.
MANAGEMENT SUCCESSION PLANNING	The People, Culture and Compensation Committee is responsible for the oversight of regular management succession planning for the CEO and other executive officers of the Company. The Nominating and Corporate Governance Committee is responsible for the oversight of emergency management succession planning.
compensation practices and alignment with shareholders	
COMPENSATION PRACTICES	The People, Culture and Compensation Committee is dedicated to aligning the Company’s executive compensation practices with the long-term strategy of the Company and the Company’s compensation design pillars.
COMPENSATION RECOUPMENT	The Company has the right to recover cash and equity incentive compensation paid to current and former officers in a broad range of covered events, including conduct detrimental to the Company.
ANTI-HEDGING AND PLEDGING POLICIES	The Company does not permit our executive officers to hedge the Company’s securities and restricts their ability to pledge the Company’s securities.
STOCK OWNERSHIP GUIDELINES FOR OFFICERS AND DIRECTORS	The Company’s stock ownership guidelines contain minimum ownership requirements for executive officers and directors, which are regularly reviewed and benchmarked against our peers.

board leadership

As stated in our Corporate Governance Guidelines, the Board’s general policy, based on experience, is that the positions of Chair and Chief Executive Officer (“CEO”) should be held by separate persons. Our current independent Chair of the Board is Harriet Edelman. As independent Chair of the Board, Ms. Edelman presides at all meetings of the shareholders and of the Board, and has such powers and performs such other duties required by statute or the Company’s Amended and Restated Bylaws and as set forth in the Corporate Governance Guidelines or as the Board may from time to time determine.



Harriet Edelman
Independent
Chair of the Board

Our Corporate Governance Guidelines provide that the independent Chair will:

- seek to promote a strong board culture, including the participation of all directors in an environment of open dialogue, constructive feedback and effective communication across Board committees and among the Chair, the Board as a whole, and with regard to senior management;
- preside at all meetings of the Board, including executive sessions of the independent directors;
- preside at all meetings of the shareholders;
- have the authority to call meetings of the Board and of the independent directors;
- determine the agendas, schedule and information sent to the directors for Board meetings, including to assure sufficient time for discussion of agenda items, prioritize matters and promote effective information flow and follow-up;
- work with the applicable committee chairs and Board committees with respect to the annual performance review of the CEO and the Board’s self-assessment and board composition and peer assessment processes;
- act as a liaison between the members of the Board and management; and
- be available for consultation with the Company’s shareholders as appropriate.

Under the Company’s Corporate Governance Guidelines, if the Board, upon the recommendation of the Nominating and Corporate Governance Committee, decides in the future that, given the then current circumstances, combining the positions of independent Chair and CEO would foster a more effective and efficient Board, or the independent Chair is otherwise determined by the Board to not be independent, then the independent directors will designate an independent director to serve as Lead Director. The Lead Director would generally have the duties and responsibilities of the current independent Chair of the Board, unless otherwise determined by the Board.

director independence

The Board, upon the recommendation of the Nominating and Corporate Governance Committee, has determined that all of our directors other than Mr. Tritton are “independent directors” under the independence standards set forth in our Corporate Governance Guidelines and Nasdaq Listing Rule 5605(a)(2).

BOARD INDEPENDENCE



10 Independent, including our Chair
1 Non-independent (CEO)

The Board conducts an annual review of director independence. As part of this review, independence is assessed in both fact and appearance to promote arms-length oversight and is designed to identify relationships and transactions between a director or their immediate family and the Company or members of executive management. In the ordinary course of business, transactions may occur between the Company and entities with which some of our directors or their family members are or have been affiliated. In connection with its evaluation of director independence, our Board reviewed such transactions, and it has determined that these transactions do not impair the independence of the respective director.

committees of the board of directors

The Board has established standing committees to assist with the performance of its responsibilities. These committees are the Audit Committee, the People, Culture and Compensation Committee and the Nominating and Corporate Governance Committee.

All members of the Audit, People, Culture and Compensation and Nominating and Corporate Governance Committees are considered independent pursuant to applicable SEC and Nasdaq rules, and all members of the People, Culture and Compensation Committee meet the "outside directors" requirements for purposes of applicable tax law.

The Board has adopted written charters for the Audit, People, Culture and Compensation, and Nominating and Corporate Governance Committees. The charters are available in the Investor Relations section of the Company's website at www.bedbathandbeyond.com.^{*} Each Committee reviews its charter annually and recommends charter changes to the Board, as appropriate.

^{*} Web links throughout this document are provided for convenience only. Information from the Bed Bath & Beyond website is not incorporated by reference into this proxy statement.

audit committee

Fiscal 2021 Meetings: 9

Current Members (all independent): **Joshua E. Schechter***, Chair | **Sue E. Gove*** | **Virginia P. Ruesterholz*** | **Andrea M. Weiss***

* Audit Committee Financial Experts

The Audit Committee assists the Board by:

- overseeing the Company's accounting and financial reporting processes and the integrity of the Company's quarterly and annual financial statements;
- reviewing the Company's earnings announcements, as well as financial information and earnings guidance provided to analysts and ratings agencies;
- reviewing audits of the Company's financial statements;
- overseeing the Company's internal control system and the quality of internal control by management;
- overseeing management's practices to ensure adequate risk management;
- overseeing the Company's corporate compliance program, including compliance with legal and regulatory requirements and the Company's ethical conduct policy;
- reviewing and overseeing the independent auditor's qualifications, independence and performance;
- overseeing the performance of the Company's internal audit function;
- overseeing cybersecurity, data privacy, information technology and information protection programs; and
- overseeing procedures for receipt and treatment of complaints received by the Company from its customers, vendors or associates relating to accounting, internal accounting controls or auditing matters.

The Audit Committee has the authority to engage independent counsel and other advisors.

people, culture and compensation committee

Fiscal 2021 Meetings: **11**

Current Members (all independent): **John E. Fleming, Chair | Jeffrey Kirwan | Ann Yerger**

The People, Culture and Compensation Committee assists the Board by:

- considering and determining all matters relating to the compensation of the CEO, the Executive Chair (if applicable) and other executive officers (as defined in Rule 3b-7 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), and such other key executives as the Committee shall determine;
- 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;
- overseeing the Company's management succession planning for the CEO and other executive officers;
- overseeing the Company's people and culture matters, including associate diversity and inclusion policies, programs and initiatives; and
- reviewing and reporting to the Board on such other matters as may be appropriately delegated by the Board for the Committee's consideration.

The People, Culture and Compensation Committee has the authority to engage compensation consultants and other advisors.

nominating and corporate governance committee

Fiscal 2021 Meetings: **17**

Current Members (all independent): **Virginia P. Ruesterholz, Chair | Sue E. Gove | Mary A. Winston | Ann Yerger**

The Nominating and Corporate Governance Committee assists the Board by:

- reviewing and recommending to the Board changes in certain policies regarding the nomination of directors;
- identifying individuals qualified to become directors;
- evaluating and recommending for the Board's selection nominees to fill positions on the Board;
- advising the Board with respect to leadership of the Board and the structure and composition of the committees of the Board;
- facilitating the annual assessment of the performance of the Board and its committees;
- facilitating a composition and peer assessment review of the Board not less than biennially;
- advising and making recommendations to the Board with respect to corporate governance matters, including the Company's Corporate Governance Guidelines and other corporate governance policies;
- overseeing the Company's ESG strategies, policies and practices; and
- overseeing the Company's emergency management succession planning.

The Nominating and Corporate Governance Committee also has the authority to retain advisors, including third-party search firms to evaluate or assist in identifying or evaluating potential director nominees.

management succession planning

While the full Board is responsible for ensuring that the Company engages in robust succession planning discussions for the CEO position and for ultimately determining who holds such position, the Board has delegated the responsibility for overseeing succession planning for the CEO and other executive officers to (i) the People, Culture and Compensation Committee for regular succession planning and (ii) the Nominating and Corporate Governance Committee for emergency succession planning. This oversight responsibility includes periodically reviewing the management succession plan and identifying potential successors for the CEO. The People, Culture and Compensation Committee and the Nominating and Corporate Governance Committee periodically report to the Board regarding succession planning matters. In addition, the CEO periodically reports to the People, Culture and Compensation Committee regarding succession plans for certain key officers and also makes recommendations to the Board regarding his/her own succession.

people, culture and compensation committee interlocks and insider participation

John E. Fleming, Jeffrey Kirwan and Ann Yerger served as members of the People, Culture and Compensation Committee during fiscal 2021. No director who served on the People, Culture and Compensation Committee during fiscal 2021 was an officer or associate of the Company or any of its subsidiaries in fiscal 2021 or previously was an officer of the Company.

None of our executive officers currently serve, or in fiscal 2021 has served, as a member of the board or compensation committee of any entity that has one or more executive officers serving on our Board or the People, Culture and Compensation Committee.

meetings of the board and committees

Our Board and its committees hold regular meetings each quarter and special meetings when necessary. All incumbent directors attended at least 75% of the total Board and committee meetings on which he or she served during 2021. All of our directors who were serving on the day of last year's annual meeting of shareholders attended that meeting. Under our Corporate Governance Guidelines, absent unusual circumstances, Board members are expected to attend all Board meetings, all committee meetings on which they serve and our annual meeting of shareholders. Our non-employee directors, all of whom are currently independent, meet in executive session, without the presence of any corporate officer or member of management, in conjunction with regular meetings of the Board and its committees.

	Number of Meetings in 2021
Board of Directors	9
Audit Committee	9
People, Culture and Compensation Committee	11
Nominating and Corporate Governance Committee	17

risk oversight

We are committed to Board-level risk management. The Board monitors the Company’s “tone at the top” and risk culture and oversees current and emerging strategic risks. Risk management is overseen by the Board and facilitated through the work of the Board committees which are comprised entirely of independent directors and provide regular reports to the Board regarding matters reviewed by their committees.

AUDIT COMMITTEE

- Financial reporting
- Legal and regulatory compliance
- Operational risk
- Cybersecurity and data privacy
- Internal controls
- Corporate compliance program

PEOPLE, CULTURE AND COMPENSATION COMMITTEE

- People and culture matters, including DE&I
- Associate talent retention and development
- Compensation policies and practices
- Conflicts of interest involving advisors to the compensation committee
- Management succession planning for the CEO and other executive officers

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

- ESG strategy, policies and practices
- Board composition, emergency management succession, and Board and CEO evaluations
- Governance-related risks, including assessing and monitoring the effectiveness of our Corporate Governance Guidelines

enterprise risk management

The Company employs enterprise risk management (“ERM”) practices designed to identify and assess risks to our business and to develop strategies to mitigate and manage those risks. Our ERM risk assessment and related reporting involve cross-functional engagement to ensure appropriate prioritization and alignment across the Company. These activities, which are overseen by the Company’s Controls, Audit and Risk Services team, were recently refreshed in 2021. As part of its oversight responsibility, the Board receives reports on the material risks facing the Company, which are identified through multiple means, including the Company’s ERM process. The Audit Committee of our Board receives regular reports on the Company’s risks, mitigation efforts and related controls to manage such risks. Areas of risk and mitigation efforts reviewed with the Board and its committees in furtherance of the Board’s oversight responsibilities include: economic forces; competition; weather; people and culture risks such as recruitment and retention, safety, and succession; cybersecurity and data security risks; compliance risks associated with the range of legal, accounting, tax and financial reporting systems under which the Company operates; supply chain risks, including disruption arising from political instability or labor disturbances, supplier financial stability and legal compliance; and compliance with a variety of product, labor, social and environmental standards. The ERM process also informs the more detailed risk factor disclosure in the Company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the SEC.

Additional details on the Company’s risks can be found in the Company’s Annual Report on Form 10-K for the fiscal year ended February 26, 2022.

board self-assessment and board composition & peer assessment processes

The Board conducts a rigorous annual process to assess effectiveness of the Board and each of its committees. As part of this process, the Board and each of the committees are required to review and evaluate its performance. The Board has delegated to the Nominating and Corporate Governance Committee the responsibility to facilitate this self-assessment and report the results thereof to the Board, using such resources or methods as it determines to be appropriate.

The Board also conducts a board composition review and peer assessment process on a biennial basis, which may be facilitated by an independent third-party consultant. As part of this process, all Board members are interviewed to provide input on each director, assess the Board's effectiveness and identify opportunities to further improve performance. At completion of the evaluation, results are delivered to and reviewed by the Board. The last board composition review and peer assessment was completed at the end of fiscal 2020.

board education program

The Company and the Board believe that directors should continually update their skills and knowledge in order to effectively oversee the management of the affairs of the Company. The Board's comprehensive board education program begins with a new director orientation process that includes individual discussions with the Chair of the Board, the CEO and other senior executives; visits to one or more stores and other Company facilities; and orientation by the Chief Legal Officer and Corporate Secretary regarding various Company programs and policies. Director education continues at each Board meeting, through reports and presentations by Company officers and outside experts and through the sharing of information among directors. Additionally, the Board recognizes the value of independent learning and keeping abreast of legal and business developments to ensure effective discharge of director duties. In order to advance these goals, the agenda at various Board meetings includes discussion of key business and governance issues. The Board also encourages directors to periodically attend appropriate continuing education seminars or programs. The Company reimburses directors for all reasonable fees and expenses associated with attending such programs, up to \$10,000 per director in any fiscal year.

anti-hedging and anti-pledging policies

Our directors and executive officers are prohibited from engaging in hedging or monetization transactions with respect to Company securities, including through the use of financial instruments such as prepaid variable forward contracts, equity swaps, collars, exchange funds, puts, calls, forwards and other derivative instruments, or through the establishment of a short position in the Company's securities. In addition, our directors and executive officers are prohibited from pledging Company securities as collateral for a loan or from holding Company securities in a margin account, unless they certify to the Company's Chief Legal Officer their financial capacity to repay the covered loan without resorting to the pledged securities.

stock ownership guidelines

As a further measure to align the interests of its non-employee directors with the interests of the Company, the Company's stock ownership guidelines require all non-employee directors to achieve ownership of Company stock (inclusive of restricted stock), calculated in total share value, of not less than six times such director's base annual cash retainer. In addition, until a non-employee director has achieved the minimum share ownership, such director is required to hold one hundred percent (100%) of the shares acquired through the vesting of restricted stock received from the Company. The People, Culture and Compensation Committee evaluates compliance with this policy on an annual basis. Once a director satisfies the ownership guideline as of a measurement date, they will be considered in compliance regardless of share price fluctuations or an increase in the director's annual cash retainer, as long as their holdings remain at or above the number of shares held at the time they first met the ownership guideline. These enhanced requirements reflect the Board's strong commitment to best-in-class governance policies and represent highest standards as measured against the Company's peers. As of the end of fiscal 2021, all the Company's directors owned shares in excess of the applicable guideline or were in compliance with the retention requirement described above.

governance guidelines and policies; additional information

The Investor Relations section of the Company's website contains the following information:

- Corporate Governance Guidelines, including the Company's Policies on Director Nominations and Director Attendance at the Annual Meeting;
- the Company's Policy of Ethical Standards for Business Conduct that applies to all associates (including all officers) and members of the Board;
- the Company's Compensation Recoupment Policy that applies to any current or former executive officer (as defined by the Exchange Act) and such other senior executives who may be deemed subject to the policy by the Board;
- the 2021 ESG Report, reporting on the environmental, social and governance issues most important to our business; and
- how shareholders can communicate with the Board.

environmental, social and governance (ESG)

As Chairs of the Board and the Nominating and Corporate Governance Committee, we believe it is essential that the Board of Directors is directly engaged in the Company’s ESG strategy. This includes providing appropriate oversight to all aspects of the strategy and ensuring sufficient links to our Company’s unique business model, business plans, investments, and risk management processes.

During 2021, our Company published an enhanced ESG Report for the fiscal year 2020 and established important short- and long-term targets for the environment, the communities we serve, our associates and customers. Our ESG strategy embeds important principles and programs across our business — with functional plans, leadership ownership, metrics and targets. Through this framework, we aspire to be the most responsible partner we can for our associates, customers, communities, shareholders and planet.

The Board provides oversight to ESG matters in each Board committee and at the full Board level. This includes monitoring progress on our ESG and DE&I goals and further advancing our strategy through the identification of additional opportunities. In 2022, the Company tuned objectives first shared in 2021 and enhanced our overall program.

We look forward to our ESG initiatives further distinguishing our Company, driving success, making a positive impact on our customers and communities and responding to the interests of all stakeholders.



Harriet Edelman
Chair of the Board of Directors



Virginia P. Ruesterholz
Chair of the Nominating and
Corporate Governance Committee

our approach to ESG

Aligned with our purpose to make it easy to feel at home, our ESG vision and principles are embedded in all business activities. Our strategy is made up of three key pillars – People, Community and Planet – focusing on the areas where we believe we can contribute the most.



People:
create an equitable, inclusive work environment where all associates feel at home and can thrive



Community:
provide a sense of home to the people and communities we serve



Planet:
do our part to protect the planet we call home

We are committed to a strong governance framework, designed to elevate and embed strong ethical values and governance throughout the business to enable the ESG strategy. As part of that framework, our Board provides our Company’s highest level of oversight for ESG matters. In addition, the Nominating and Corporate Governance Committee has express authority over our ESG programs, strategies, policies and practices, the People, Culture and Compensation Committee regularly review the Company’s strategies, policies and practices with respect to people and culture matters, including DE&I and the Audit Committee oversees the Company’s compliance program and risk management practices, including sustainability-related risks.

For more information about our Board committee oversight responsibilities, see “committees of the board of directors.”

ESG highlights

Our ESG journey is only beginning, and we are committed to making continued progress in 2022 and beyond. Our ESG vision and principles and 2021 progress is highlighted below. For more information on our ESG program and performance, please review our 2021 ESG Report, which is available on our website at www.bedbathandbeyond.com.

people

We deeply believe our associates are our greatest asset. Being 'people powered' is a key principle of our multi-year business transformation strategy. Over the past year, we have made progress on improving the associate experience, including:

- implementing 100% paid parental leave at all levels
- conducting an all-associate engagement survey, the results of which will help us continue to improve our work environment and address associate feedback
- creating our Stronger, Together Relief Fund as a resource for associates facing short-term financial hardship in the event of an unforeseen personal event or natural disaster
- hiring our first Senior Vice President and Chief Diversity, Equity & Inclusion Officer responsible for the strategy and execution of our DE&I commitments

For more information about our people commitments, see "*compensation, discussion and analysis - people & culture highlights*."

community

Community support is an integral part of our heritage and we have a long-standing tradition of providing aid to our neighbors in need. We believe a sense of home is critical for the well-being of individuals and communities. In partnership with local and national non-profits, along with product donations and volunteering, we are working to advance this sense of home to positively impact communities in need.

Our commitments are supported by our partnerships with two national non-profit organizations, Good360 and Rebuilding Together, and our thousands of associates across North America who want to contribute and give back to the communities in which we operate. In 2021, we donated products representing \$29.65 million in value.

planet

We understand the urgency of the environmental issues that face us today, and we focus our sustainability work on the critical issues of climate change, sustainable products, and eliminating waste. As we transform our business, we have the unique opportunity to deeply embed environmental considerations in the critical choices we make. We've made progress on our environmental goals, including:

- the acceleration of our greenhouse gas reduction goals for Scopes 1 and 2 emissions by 2030
- publishing our Environmental Policy, which describes our commitments on environmental issues
- launching our first circular economy initiative with buybuy Baby's partnership with GoodBuy Gear to take back used baby gear for resale in exchange for store credit

how we are paid

The Director Compensation Table provides compensation information for each member of our Board during fiscal 2021, other than Mr. Tritton, our President and CEO, whose compensation is reflected in the Summary Compensation Table. Mr. Tritton did not receive any director fees for fiscal 2021, since he received compensation in his capacity as an executive of the Company.

Annual director fees for fiscal 2021 were \$90,000. In addition to annual fees, directors serving on standing committees of the Board were paid as follows: an additional \$10,000 for Audit Committee members (or \$25,000 for the Chair of the Audit Committee); an additional \$7,500 for People, Culture and Compensation Committee members (or \$25,000 for the Chair of the People, Culture and Compensation Committee); and an additional \$5,000 for Nominating and Corporate Governance Committee members (or \$16,500 for the Chair of the Nominating and Corporate Governance Committee). The independent Chair of the Board also receives an annual retainer in the amount of \$200,000 (in addition to the standard annual director fees received by the independent Chair of the Board), with 75% payable in cash and 25% payable in restricted stock on the date of the Annual Meeting of Shareholders (calculated based on the average of the high and low trading prices on such date).

The Company does not pay per meeting fees. Director fees are paid on a quarterly basis. Directors may elect to receive all or 50% of their fees in stock.

In addition to the fees above, each director, other than Mr. Tritton, received a grant of restricted stock under the Company's 2012 Incentive Compensation Plan (the "2012 Plan") on the date of the Company's 2021 Annual Meeting of Shareholders with a grant date value equal to \$150,000. The number of shares were calculated using the average of the high and low trading prices of the Company's common stock on the date of the 2021 Annual Meeting of Shareholders.

In an effort to further align the interests of our Board and the Company, the non-employee members of our Board are required to maintain ownership of Bed Bath & Beyond stock (inclusive of restricted stock) of not less than six times a director's base annual cash retainer (measured at the close of the fiscal year and subject to later fluctuations in share price). In addition, until a non-employee director has achieved the minimum share ownership, the director is required to hold one hundred percent (100%) of the shares acquired through the vesting of restricted stock received from the Company. As of the end of fiscal 2021, all the Company's directors owned shares in excess of the applicable guideline or were in compliance with the retention requirement described above.

OUR BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

As described above and more fully below, the following table summarizes the annual compensation for the directors, other than Mr. Tritton, during fiscal 2021.

	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾⁽²⁾	Total (\$)
Marjorie Bowen ⁽⁶⁾	0	—	0
Harriet Edelman	240,000 ⁽³⁾	200,020 ⁽⁴⁾	440,020
John E. Fleming	115,000	150,000	265,000
Sue E. Gove	105,000	150,000	255,000
Jeffrey A. Kirwan	97,500 ⁽³⁾	150,000	247,500
Shelly Lombard ⁽⁶⁾	0	—	0
Johnathan B. (“JB”) Osborne ⁽⁵⁾	31,731	—	31,731
Harsha Ramalingam ⁽⁵⁾	31,731	—	31,731
Benjamin Rosenzweig ⁽⁶⁾	0	—	0
Virginia P. Ruesterholz	116,500	150,000	266,500
Joshua E. Schechter	115,000	150,000	265,000
Minesh Shah ⁽⁶⁾	0	—	0
Andrea M. Weiss	100,000	150,000	250,000
Mary A. Winston	95,000	150,000	245,000
Ann Yerger	102,500 ⁽³⁾	150,000	252,500

⁽¹⁾ The value of stock awards represents their respective total fair value on the date of grant calculated in accordance with Accounting Standards Codification (“ASC”) 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 Note 15 to the Company’s financial statements in the Company’s Annual Report on Form 10-K for fiscal 2021. Stock awards are rounded up to the nearest whole share when converted from dollars to shares. The amounts shown in the table reflect the total fair value on the date of grant and do not necessarily reflect the actual value, if any, that may be realized by the directors.

⁽²⁾ For all directors who did not resign before the end of fiscal 2021, includes the value of 5,071 restricted shares of common stock of the Company granted under the Company’s 2012 Plan on the date of the Company’s 2021 Annual Meeting of Shareholders and valued under ASC 718 at fair market value on such date (\$29.58 per share, the average of the high and low trading prices on June 17, 2021). Such restricted stock vested on the last day of the fiscal year of grant, subject to the applicable director remaining in office until the last day of the fiscal year.

⁽³⁾ 50% of each of Mmes. Edelman’s and Yerger’s, and Mr. Kirwan’s fees were paid in unrestricted 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 \$13.16 per share, the average of the high and low trading prices on January 10, 2022.

⁽⁴⁾ In addition to the 5,071 restricted shares of common stock mentioned in note 2 above, Ms. Edelman also received 1,691 restricted shares of common stock of the Company representing the amount of the Independent Chair of the Board retainer for fiscal 2021, granted under the Company’s 2012 Plan on the date of the Company’s 2021 Annual Meeting of Shareholders and valued under ASC 718 at fair market value on such date (\$29.58 per share, the average of the high and low trading prices on June 17, 2021). Such restricted stock vested on the last day of the fiscal year of grant, subject to remaining in office until the last day of the fiscal year.

⁽⁵⁾ No longer serving as a director as of June 17, 2021.

⁽⁶⁾ Mr. Shah was appointed to the Board on March 1, 2022. Mmes. Bowen and Lombard and Mr. Rosenzweig were appointed to the Board on March 24, 2022.

delinquent section 16(a) reports

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, officers and beneficial owners of 10% or more of our common shares to file reports with the SEC relating to their common share ownership and changes in such ownership, and to confirm that all required Section 16(a) forms were filed with the SEC. Based on a review of our records and certain written representations received from our executive officers and directors, we believe that all reports, except one, that were required to be filed under Section 16(a) during fiscal 2021, were timely filed. There was one late filing disclosing one transaction for Ms. Hong due to a filing code process issue.

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 respective 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.

how we engage with and listen to our shareholders; how to communicate with us

We actively engage with a significant and diverse group of our shareholders on topics important to them and to the Company. Topics discussed have included an increased focus on areas such as executive compensation; governance practices, including board assessment and refreshment; board composition; business strategy; environmental and social topics such as people and culture and DE&I; balance sheet and capital allocation; and other topics suggested by our shareholders. In addition, our Investor Relations team, together with members of senior management, regularly engage with investors.

Shareholder feedback is discussed by the Board periodically throughout the year. This includes input through direct discussions and prior shareholder votes, as well as engagement with proxy advisory firms that represent the interests of a wide array of shareholders. Feedback and insight from these discussions, in addition to emerging best practices, policies, and other market standards, are considered and evaluated by our Board and management to enhance our disclosures and practices.

As part of our fiscal 2021 shareholder engagement plans, we reached out to our top shareholders, representing the majority of our total shares outstanding, which group included index funds, hedge funds, public pension funds and actively-managed funds. The Chair of our Board, members of the Board (including the Chair of our Nominating and Corporate Governance Committee) and management participated in these meetings. During the course of these discussions, we covered the important topics listed above. In addition, we provided information on the strengthening of our executive leadership team, board refreshment and diversity, executive compensation, ESG and the progress being made in transforming the Company and driving long-term sustainable growth.


We plan to continue increasing shareholder and stakeholder outreach and are working to create a regular cadence of two-way communication opportunities as we seek to understand priorities from all perspectives. We also plan to launch a regular, ongoing governance outreach program overseen by our Board.

Shareholders and interested parties may direct communications to individual directors, to a Board committee, to the independent directors as a group or to the Board as a whole, by addressing the communications to the appropriate party and sending them to Bed Bath & Beyond Inc., c/o Corporate Secretary, 650 Liberty Avenue, Union, NJ 07083. The Corporate Secretary will review all communications so addressed and will forward to the addressee(s) all communications determined to bear substantively on the business, management or governance of the Company.

audit matters

PROPOSAL 2

ratification of the appointment of auditors for fiscal 2022

 The Board recommends that the shareholders vote **FOR** the ratification of the appointment of KPMG LLP as independent auditors for fiscal 2022.

appointment of KPMG LLP

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the Company's independent registered public accounting firm. The Audit Committee has appointed KPMG LLP to serve as our independent auditors for fiscal 2022, subject to ratification by our shareholders. The Company's auditors have been KPMG LLP for every year that it has been a public company. The Audit Committee and the Board believe that the continued retention of KPMG LLP as our independent registered public accounting firm is in the best interest of the Company and 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.

fees paid to KPMG LLP for services and products

The Audit Committee is responsible for the approval of the audit fees associated with the Company's retention of KPMG LLP. The fees incurred by the Company for professional services rendered by and products purchased from KPMG LLP for fiscal 2021 and the fiscal year ended February 27, 2021 ("fiscal 2020") were as follows:

	2021	2020
Audit Fees	\$1,730,000	\$1,984,000
Tax Fees	115,000	52,000
All Other Fees	3,000	3,000
	\$1,848,000	\$2,039,000

In fiscal 2021 and fiscal 2020, 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 2020, "Audit Fees" also includes fees for additional procedures related to the divestitures of certain non-core banners, upgrades to information technology systems, the accelerated share repurchase program and fees for procedures due to consents on Form S-8 registration statements. In fiscal 2021 and 2020, "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 2021 and 2020, the Company paid a subscription fee for a KPMG sponsored research product, reflected above in "All Other Fees." The Audit Committee has concluded that the provision of the foregoing services and products is compatible with maintaining KPMG LLP's independence.

pre-approval policies and procedures

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 the Chair of the Audit Committee or one or more members of the Committee, within certain parameters. 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 2021 and fiscal 2020, all (100%) audit and non-audit services were pre-approved in accordance with the Audit Committee charter.

audit committee report for the fiscal year ended february 26, 2022

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. 1301, "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 include the audited financial statements in the Company's Annual Report on Form 10-K for the year ended February 26, 2022, filed with the SEC on April 21, 2022.

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

Joshua E. Schechter, Chair
Sue E. Gove
Virginia P. Rueterholz
Andrea M. Weiss

information about our executive officers

Set forth below is information concerning individuals who were our executive officers as of May 16, 2022:

Name	Age	Position
Mark J. Tritton	58	President and Chief Executive Officer and Director
Gustavo Arnal	52	Executive Vice President, Chief Financial Officer
Anu Gupta	53	Executive Vice President, Chief Growth Officer
John Hartmann	58	Executive Vice President, Chief Operating Officer of the Company, and President, buybuy BABY, Inc.
Joe Hartsig	58	Executive Vice President and Chief Merchandising Officer of the Company, and President, Harmon Stores Inc.
Arlene Hong	53	Executive Vice President, Chief Legal Officer and Corporate Secretary
Rafeh Masood	43	Executive Vice President, Chief Customer Officer
Lynda Markoe	55	Executive Vice President, Chief People & Culture Officer
Gregg Melnick	52	Executive Vice President, Chief Stores Officer



Mark J. Tritton has served as President and Chief Executive Officer of the Company and as a director since November of 2019. Mr. Tritton's biography and work history is set forth above under "Our Directors."



Gustavo Arnal joined the Company as Executive Vice President, Chief Financial Officer in May 2020. Prior to joining the Company, Mr. Arnal served as Group CFO of Avon from 2019 to 2020, and as CFO, International Divisions and Global Functions of Walgreens Boots Alliance from 2017 to 2018. Prior to Walgreens Boots Alliance, Mr. Arnal worked at Procter & Gamble for over twenty years, including senior global CFO positions in the U.S. and Europe.



Anu Gupta has been Executive Vice President, Chief Growth Officer since November 2021 and previously served as Chief Strategy and Transformation Officer from September 2020 to November 2021. Prior to joining the Company, Ms. Gupta served as Chief Operating Officer of Jyve Corporation from 2018 to 2020, Senior Vice President Strategy Execution and Operational Excellence of Target from 2015 to 2018 and Senior Operating Executive of Hellman & Friedman LLC, a private equity firm, from 2013 to 2015. She has also held senior-level operational roles at The Michaels Companies, Inc. and Safeway, Inc.



John Hartmann joined the Company as Executive Vice President, Chief Operating Officer of the Company and President of buybuy BABY, Inc. in May 2020. Prior to joining the Company, Mr. Hartmann served as President and Chief Executive Officer of True Value Company from 2013 to 2020.



Joe Hartsig joined the Company as Executive Vice President, Chief Merchandising Officer of the Company and President of Harmon Stores Inc. in March 2020. Prior to joining the Company, Mr. Hartsig served as Chief Merchandising Officer of Walgreens Boots Alliance from 2016 to 2020, as Head of Marketing and Digital Commerce at Walgreens Boots Alliance from 2015 to 2016 and as Chief Merchandising and Marketing Officer at Essendant from 2013 to 2015.



Arlene Hong joined the Company as Executive Vice President, Chief Legal Officer and Corporate Secretary in May 2020. Prior to joining the Company, Ms. Hong served as Senior Vice President, Chief Legal Officer and Corporate Secretary of FULLBEAUTY Brands from 2018 to 2020. Prior to that, she worked at Amazon from 2014 to 2018 as General Counsel of Quidsi, Amazon's largest retail subsidiary, and as Senior Corporate Counsel for the Softlines business. She also previously served as Senior Vice President, General Counsel and Corporate Secretary at J. Crew and Ideeli.



Rafeh Masood has been Executive Vice President, Chief Customer Officer since November 2021 and joined the Company as Executive Vice President, Chief Digital Officer in May 2020. Prior to joining the Company, Mr. Masood served as Chief Digital Officer of BJ's Wholesale Club from 2017 to 2020 and as Vice President, Customer Innovation Technology at Dick's Sporting Goods from 2013 to 2017.



Lynda Markoe joined the Company as Executive Vice President, Chief People & Culture Officer in September 2020. Prior to joining the Company, Ms. Markoe held various leadership roles at J.Crew Group, Inc. since 2003, including serving as its Chief Administrative Officer and Global Head of Human Resources. Prior to that, Ms. Markoe was a human resources leader at Gap Inc.



Gregg Melnick has been Executive Vice President, Chief Stores Officer since May 2020. Mr. Melnick served as interim Chief Digital Officer of the Company from December 2019 to May 2020 and as Chief Operations Officer, Digital from 2018 to 2019. Prior to joining the Company in 2018, Mr. Melnick was President of Party City Holdings from 2014 to 2018.

executive compensation

PROPOSAL 3

approval, by non-binding vote, of the 2021 compensation paid to the Company's NEOs

In accordance with the requirements of Section 14A of the Exchange Act, the Company is providing its shareholders the opportunity to cast an advisory vote on the compensation of its NEOs for fiscal 2021. This proposal, commonly known as a "say-on-pay" proposal, gives the Company's shareholders the opportunity to express their views on the NEOs' compensation.

The Board recommends a vote in favor of the following resolution:

"RESOLVED, that the compensation paid to the Company's NEOs for fiscal 2021, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED."

This proposal is not binding upon the Company. However, the People, Culture and Compensation Committee, which is responsible for designing and administering the Company's executive officer compensation program, values the opinions expressed by shareholders through this vote and considers the views provided by shareholders when making future compensation decisions for NEOs. 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.

The compensation framework for fiscal 2021 is based on our three design pillars, which are: (i) supporting our business transformation strategy; (ii) responding to shareholder views; and (iii) reflecting market-leading practices. While fiscal 2021 performance continued to be impacted by the COVID-19 pandemic, our primary objective has been to establish a compensation program that motivates our executive team to focus on our key strategic initiatives and shareholder value creation. The People, Culture and Compensation Committee supports the recommendation by the Board of a vote approving the fiscal 2021 executive compensation program.

We currently hold a say-on-pay vote annually, and the next say-on-pay vote is expected to occur at our 2023 Annual Meeting of shareholders.



The Board recommends that the shareholders vote **FOR** the approval, by non-binding vote, of the 2021 compensation paid to the Company's NEOs.

message from the chair of our people, culture & compensation committee

to our shareholders:

Over the past several years, the People, Culture and Compensation Committee has dedicated extensive time and resources to develop an executive compensation framework to support the future of Bed Bath & Beyond Inc. Underlying our compensation design pillars that guided the development of this framework – supporting our business transformation strategy, responding to shareholder views and reflecting market-leading practices – is our core pay-for-performance philosophy.

For fiscal 2021, we structured our compensation program specifically to drive change through our transformation as we transitioned from development to execution in year one of our multi-year strategy. As detailed in Mark and Harriet's earlier letter, fiscal 2021 represented a challenging operational year for the industry, and for Bed Bath & Beyond Inc. While our team achieved certain critical strategic milestones that we believe lay the foundation for our long-term success, we could not overcome certain unforeseen macroeconomic challenges amidst internal operational deficits. Our performance did not meet expectations and we were disappointed in our near-term results. In adherence to our strict pay-for-performance philosophy, executive compensation in fiscal 2021 fell significantly below established target levels.

We remain committed to directly linking pay to the achievement of financial targets aligned with our strategic goals and creating long-term shareholder value. The changes made to our compensation programs in 2021 to be more focused on critical drivers of success and more performance-oriented align with these objectives.

In summary, decisions relating to fiscal 2021 executive compensation include:

- Selecting adjusted EBITDA (70% weighting) and comparable sales growth (30% weighting) as short-term incentive plan (STIP) performance metrics to focus our leadership team on driving results during the initial execution of our transformation priorities. We established performance goals in line with our aggressive annual financial plan, with target representing improvement over 2020 results.
 - Increasing the weighting of our performance-driven long-term incentive (LTI) awards, resulting in an LTI mix of 60% PSUs and 40% RSUs versus 30% PSUs and 70% RSUs in fiscal 2020.
 - Maintaining a heavy focus on relative total shareholder return (TSR) as a metric (50% weighting) for our PSUs to underscore the importance of measuring and gauging achievement versus our peers; however, we also added gross margin as a performance metric (50% weighting).
- The key metrics of our long-term transformation remain sales, gross margin, EBITDA and cash flow to drive value creation.
- Reflecting our financial performance in fiscal 2021, our incentive programs did not yield compensation rewards for our executive team. Specifically, performance against adjusted EBITDA and comparable sales goals under our STIP did not meet the minimum achievement level, resulting in a \$0 payout. Our NEOs' equity awards, which are granted in part to align executives' pay with shareholder interests, were also impacted by stock price declines in fiscal 2021. Taking into account no bonus payout, current projections of our performance shares and the impact of stock price decline, realizable total direct compensation for our CEO was approximately 58% below the target total direct compensation established at the beginning of the year.

We believe that recent say-on-pay results, combined with feedback received from shareholders during our 2021 engagement, demonstrate support for our approach to executive compensation and related governance policies and best practices. Given the stringent alignment of pay with performance in fiscal 2021, continued shareholder support, and the need to continue to focus our team on our strategic transformation, the People, Culture and Compensation Committee approved a consistent executive compensation structure for fiscal 2022. Consistent with the earlier references to the macroeconomic challenges we faced in fiscal 2021, the 2022 fiscal year-to-date period has shown considerable volatility across the consumer landscape. To support our pay-for-performance culture and drive sequential improvement amidst the unprecedented early-2022 environment, we continue to analyze the timing and measurement of performance metrics and goals to further align our executives' compensation to performance and achievement of our goals.

Our transformation strategy is people powered. To continue honoring our commitment to our hard-working associates and creating a culture where they can thrive, we changed our committee's name in fiscal 2022 to the People, Culture and Compensation Committee. As part of our oversight responsibilities, we recently engaged in a dynamic review of our broad-based people strategies and programs, and we remain dedicated to providing opportunities for all associates to thrive.

On behalf of the People, Culture and Compensation Committee of the Board, we appreciate your continued support of Bed Bath & Beyond Inc.



John E. Fleming

Chair, People, Culture and Compensation Committee

people, culture and compensation committee report

The directors named below, who constitute the People, Culture and Compensation Committee, have submitted the following report for inclusion in this Proxy Statement.

The People, Culture and Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement. Based on this review and the discussions with management with respect to the Compensation Discussion and Analysis, the People, Culture and Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement for filing with the SEC and be incorporated by reference in the Company's Annual Report on Form 10-K for fiscal 2021.

PEOPLE, CULTURE AND COMPENSATION COMMITTEE

John E. Fleming, Chair






Jeffrey Kirwan

Ann Yerger

compensation discussion & analysis (CD&A)

CD&A summary

Our NEOs

	<p>Mark J. Tritton President and Chief Executive Officer since November 2019</p>		<p>Gustavo Arnal Executive Vice President, Chief Financial Officer since May 2020</p>		<p>Rafeh Masood Executive Vice President, Chief Customer Officer since November 2021 (Chief Digital Officer since May 2020)</p>
	<p>John Hartmann Executive Vice President, Chief Operating Officer, and President, buybuy BABY, Inc. since May 2020</p>		<p>Joe Hartsig Executive Vice President, Chief Merchandising Officer and President, Harmon Stores, Inc. since March 2020</p>		

FISCAL 2021: YEAR ONE OF OUR STRATEGIC TRANSFORMATION

With an entirely new leadership team and a clearly articulated strategy to rebuild and reimagine our Company, we began year one of our multi-year transformational plan energized and ready to execute on our mission: to re-establish our authority and be the preferred omni-channel home destination driven by teams consistently delivering balanced durable growth.

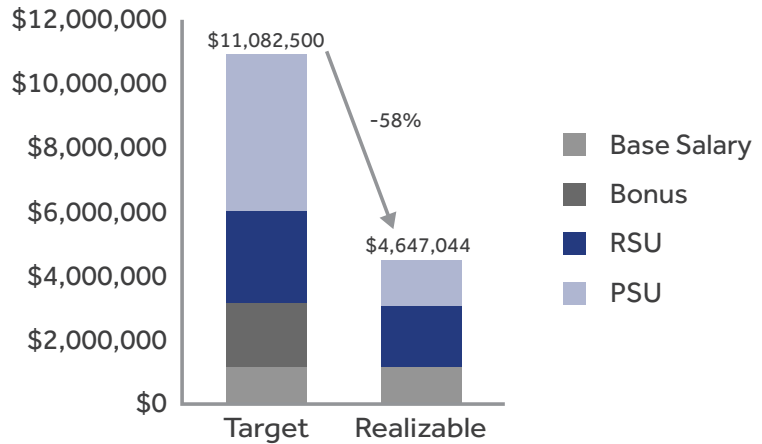
Our fiscal 2021 financial results reflect the complexities of executing a comprehensive transformation during a turbulent operating environment. Macroeconomic challenges, such as the ongoing effects of COVID-19, as well as global supply chain disruptions, highlighted our ill-equipped legacy infrastructure. Lower available inventory to sell and accelerated cost inflation impacted our sales and gross margin performance significantly.

Although fiscal 2021 presented several significant operating and environmental challenges, the efforts of our senior executives and our extended teams resulted in the achievement of our 2021 transformational milestones, which are critical catalysts for future growth and profitability. We launched eight new owned brands with sales penetration that exceeded our goals, added key omnichannel delivery and pick-up solutions for our customers while leveraging our powerful digital and store connections, substantially completed our current store fleet optimization program by closing approximately 200 stores, and elevated our existing stores by continuing our remodel program by initiating 130 remodels (80 complete). Finally, we began the long-term, structural reformation of our supply chain and technological foundation through investments in key IT systems and the opening of our first of four planned regional distribution centers.

Despite the achievement of these strategic milestones on our long-term transformational roadmap, we fell short of our near-term financial targets, which is reflected in the year-end determinations of the People, Culture and Compensation Committee (referred to in this section as the "Committee"). *For additional strategic highlights, see "fiscal 2021 highlights."*

Our primary goal for the fiscal 2021 compensation program was to incentivize and reward balanced, sustainable growth with key financial metrics directly aligned with our transformation strategy and driving long-term shareholder value. For the performance-based cash short-term incentive plan (STIP), the Committee approved aggressive adjusted EBITDA and comparable sales growth goals. For long-term incentives, as disclosed previously, the Committee approved a more highly performance-weighted mix of PSUs (60% weighting) and time-vested RSUs (40% weighting). The goals approved by the Committee for the fiscal 2021 PSUs incorporate our emphasis on expanding gross margin (50% weighting) and also continues to measure relative TSR (50% weighting) performance. The PSUs vest at the end of a three-year performance period (2021-2023), subject to continued employment and achievement of the performance goals.

Upon review of goal performance under the STIP in April 2022, it was concluded that threshold achievement levels were not met and, accordingly, the Committee awarded no STIP payouts for fiscal 2021. Further, as of fiscal year-end, the value of the fiscal 2021 LTI awards had decreased 56% for our CEO due to the impact of stock price decline and current projections of our performance shares. Total realizable direct compensation for our CEO was approximately 58% below the target total direct compensation established at the beginning of the year. Consistent with our program design, we believe these incentive plan outcomes continue to demonstrate our compensation philosophy of strongly correlating pay with performance.

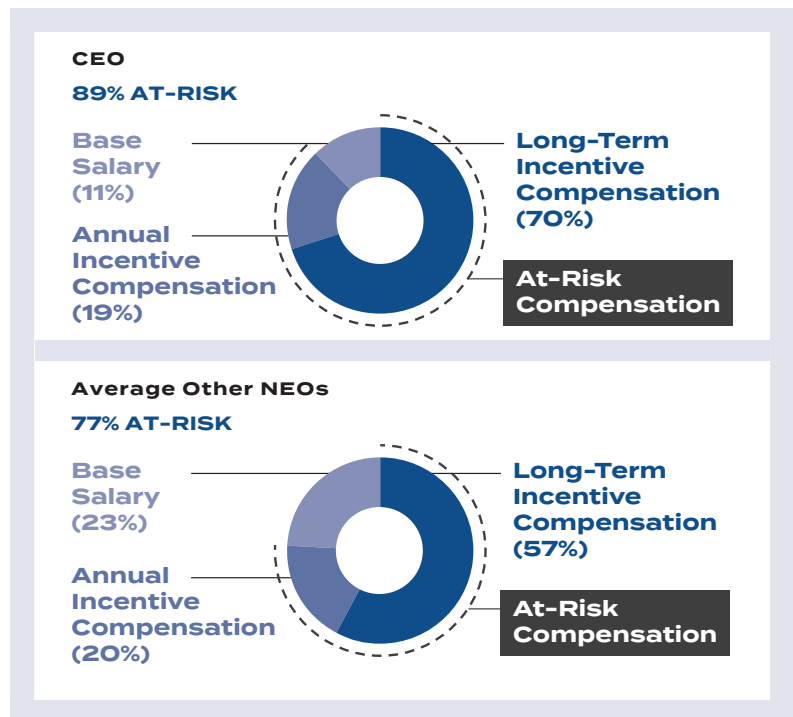


our 2021 executive compensation framework

emphasis on pay-for-performance

The 2021 executive compensation program was designed to drive performance, recognize achievement of strategic and transformation objectives for the year, and motivate and retain our new leadership team. Our program emphasizes at-risk pay and is consistent with the compensation design pillars established by the Committee in fiscal 2019, which communicate our pay-for-performance compensation philosophy and state that our program should support our business transformation strategy, be responsive to shareholder views and reflect market-leading practices. For more information, see "how we design our compensation program" and "executive compensation program elements."



Total Direct Compensation (At Target)



incentive plans aligned with our transformation goals



Fiscal 2021 Program Design. In fiscal 2021, we made several changes to our incentive plans to further link performance and execution of our transformation strategy. The structure of both the short- and long-term incentive plans were determined taking into consideration key strategic initiatives relating to our multi-year transformation, and, as always, increasing long-term shareholder value. It was of paramount importance to us to remain committed to our performance focus, update our incentive plan designs to align with our current strategic initiatives and motivate our leadership team. For more information about our incentive plans, including selection of metrics and setting of performance goals, see “annual cash incentive compensation” and “long-term equity incentive compensation.”

FISCAL 2021 SHORT TERM INCENTIVE PLAN (STIP)

Metric		Actual	Achievement	Weighted Payout %
ADJUSTED EBITDA*		\$182M	DID NOT MEET THRESHOLD	0%
COMPARABLE SALES GROWTH		- 7.0%	DID NOT MEET THRESHOLD	0%
FISCAL 2021 PAYOUT:				0%

The STIP performance metrics for fiscal 2021 continued to focus on adjusted EBITDA (70% weighting) as the primary driver of performance. For our secondary metric, rather than focusing on digital sales growth and reduction in SG&A expense, which were fiscal 2020 STIP metrics during the onset of the COVID-19 pandemic, our new metric focuses on growth in comparable sales (30% weighting). We chose this metric because it reflects our strategic emphasis on accelerating omni-channel, top-line growth. The goals for the STIP were designed to be challenging with targets established based on our annual financial plan and in the mid-range of our initial, publicly communicated outlook at the beginning of the fiscal year.

60% PERFORMANCE-BASED STOCK UNITS (PSUs)

Metric	Actual
THREE-YEAR ADJUSTED GROSS MARGIN*	
THREE-YEAR RELATIVE TSR VERSUS OTHER RETAIL PEERS	

BASED ON ACHIEVEMENT OVER FISCAL 2021-2023 PERFORMANCE PERIOD

40% RESTRICTED STOCK UNITS (RSUs)

Time-vested RSUs vest over a three-year period (fiscal 2024)

Our fiscal 2021 LTI focused on a more performance-driven mix of LTI awards weighted more heavily toward performance-based PSUs (60% weighting) – as compared to fiscal 2020, where we temporarily weighted more heavily toward time-vested RSUs (70% weighting) during the first year of the COVID-19 pandemic and as we hired a new leadership team and built out the elements of our overall business transformation efforts in a volatile environment. While the pandemic continued to impact fiscal 2021 performance, we considered principal drivers of long-term, sustainable growth and prioritized our objective of aligning executive and shareholder interests. The fiscal 2021 PSUs are based on achievement of aggressive adjusted gross margin goals, as well as a continued emphasis on outperformance of our peer group through relative total shareholder return.

* Adjusted EBITDA and adjusted gross margin are non-GAAP financial measures. See Appendix A for a reconciliation of GAAP to non-GAAP measures for fiscal 2021 used in this proxy statement.

EXECUTIVE COMPENSATION

Fiscal 2022 Program Design. The structure of our fiscal 2022 executive compensation program reflects our on-going commitment to pursue a compensation plan based on our pay-for-performance design pillars. Acknowledging strong shareholder support, the program structure for fiscal 2022 largely follows the same format as for fiscal 2021. Performance metrics for the short- and long-term incentive plans remain relatively the same except for the addition of a traffic metric as we continue to focus our leadership team on financial and operational goals tied to our foundational transformation initiatives. As part of the Committee's ongoing review of the Company's compensation program, in consultation with our independent compensation consultant, the RSU portion of equity awards for fiscal 2022 were granted in the form of cash-settled RSUs rather than stock-settled RSUs to be good stewards of our share pool given the current remaining share availability under our equity compensation plan. Consistent with the earlier references to the macroeconomic challenges we faced in fiscal 2021, the 2022 fiscal year-to-date period has shown considerable volatility across the consumer landscape as many retailers have reported. To support our pay-for-performance culture and drive sequential improvement amidst the unprecedented early-2022 environment (in addition to our continuing navigation of COVID-19), we continue to analyze the timing and measurement of performance metrics and goals to further align our executives' compensation to performance and achievement of our goals, including evaluating whether targets based on a half year plan may be appropriate given the significant challenges presented already during fiscal 2022.

people & culture

oversight of people & culture

Emphasizing the importance of our associates to our people-powered strategy, we recently changed the name of the Committee and amended its charter to not only reflect the name change, but to expressly state its responsibilities relating to broad-based people and culture programs. In April 2021, the Committee engaged in a comprehensive review of our company-wide people strategy. This deep-dive discussion, led by our Chief People & Culture Officer, also included an analysis of DE&I, turnover and other key labor and talent metrics. The Committee also receives regular people and culture updates.

PEOPLE AND CULTURE HIGHLIGHTS

At Bed Bath & Beyond Inc., we are committed to creating and sustaining a talent culture that attracts, retains and develops high performing teams who consistently deliver operational excellence and business results. We strive to create a work environment in which all associates feel at home and can thrive by ensuring they have the resources that supports their physical, mental, social, and emotional well-being.

associate engagement & retention

Our culture of listening and learning creates a platform for all associates to provide feedback, and an opportunity for us to focus on what matters most to them. In 2021, we engaged associates through our first enterprise-wide associate survey, resulting in more than 70% associate participation. We shared the results from the survey – including key themes, top strengths, priority areas and next steps – with our Board, senior management, and associates to continue the dialogue and respond to the feedback we heard through action plans and continuous learning.

As a result of engagement feedback, we have begun to develop key programs and policies to support and retain our critical talent. This work includes associate benefits and workplace programs, including 100% paid parental leave, a flexible time off policy and dedicated wellness spaces in our corporate offices. We conducted listening circles in response to societal topics that arose throughout the year to provide a safe space for associates to share their experiences as well as provide ideas for how we can support them.

associate development & training

Maintaining and sustaining an engaging workplace culture that provides development opportunities for associates is a top priority for us. A key focus area is our performance management process that includes goals and objectives that drive business transformation while leveraging the individual strengths and talents of associates.

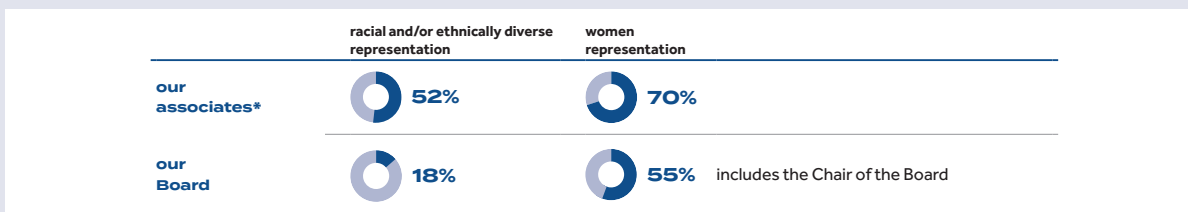
We are building comprehensive learning and development programs, which will include an expansion of our skill development programs and upskilling training courses designed to provide associates with technical and competency-based skills applicable across a range of career paths. Additionally, we have developed strategic partnerships with learning organizations to curate development content on daily tools and on-demand learnings.

Our regional and district store leaders, as well as supply chain leaders, participate in a newly-launched Foundational Leadership Course, which supports their career development and provides them with the tools and resources needed to lead associates and create a strong culture in our stores and our Distribution/Fulfillment facilities. Our role framework, completed in 2021, provides the foundation for career path options which in addition to performance management, serves as to further clarify the development and advancement opportunities for associates.

In addition, associates receive annual training on a variety of topics, which is targeted based on their roles and job function and focus on our commitment to high ethical standards and fostering a culture of honesty, integrity, and compliance.

diversity, equity & inclusion

We embrace diversity, equity, and inclusion (DE&I) and strive to model a culture of trust and accountability where all associates feel they belong. By building upon our recruitment, development, and promotion practices, we are committed to equitably distributing opportunities and achieving a workforce that reflects the world we live in and the customers we serve. We monitor the representation of women and racially or ethnically diverse associates at all levels of our organization and continue to make progress toward our 2030 goals of 50% female and 25% racial and ethnic diversity at each level. In 2021, we appointed a Chief DE&I Officer, implemented educational programming to increase awareness, empathy and understanding and launched several associate resource groups aimed at building community, providing a platform for meaningful discussion and advancing a culture of DE&I to create safe and supportive spaces for our associates.



*Data for our associates provided as of December 31, 2021

compensation & benefits

To support associate recruitment and retention, we recently redesigned our total rewards program to provide incentives, recognition and benefit programs that reflect the changing needs of our associates. Our compensation packages include, but are not limited to, competitive wage rates, an annual short-term incentive program, long-term incentive program, a 401(k) plan with matching contributions, paid vacation and holidays, a flexible time off policy, health, dental and vision insurance, paid parental leave, disability insurance, life insurance, health savings and flexible spending accounts, free health and wellness subscriptions and support via an associate relief fund. Eligibility for, and the level of, benefits vary depending on associates' full-time or part-time status, work location, role, and tenure.

associate health & safety

The health and wellbeing of our customers and associates is one of our top priorities. We implement health, safety, and security programs and strive to maintain a safe and secure environment for our associates and customers. We tailor our programs to address potential risks in all our workplaces, from stores, distribution centers, and corporate offices, to business travel. This includes our safety and security standards and policies, emergency response and crisis management protocol and associate training related to the risks and exposures in their areas of responsibility.

In response to the COVID-19 pandemic, we expanded our policies to include a new vaccination time off policy, and sick time policies as required by state and local law, associate rapid response programs with COVID-19 protocols and safety tips and a new store safety plan, which includes requirements with respect to masks, social distancing and cleaning measures, among others. We've also introduced other remote work benefits including a hybrid corporate office schedule and dedicated weekly focus time to create time to innovate.

More information about our People efforts can be found in our *2021 ESG Report*, which is available on our website at www.bedbathandbeyond.com.

compensation governance practices

We continue to evaluate and enhance our executive compensation program to reflect our pay-for-performance philosophy and consider governance practices that benefit all shareholders.

what we do

- ✓ Align pay with our transformation strategy, performance and creation of value for shareholders
- ✓ Engage directly with shareholders to discuss compensation
- ✓ Use an appropriate mix of fixed and variable, and short- and long-term, compensation elements
- ✓ Pay a substantial portion of executive compensation in the form of at-risk equity grants (in the form of RSUs and PSUs)
- ✓ Vary incentive payouts commensurate with results, including capping long-term incentive awards if TSR is negative
- ✓ Require double-trigger change in control vesting provisions
- ✓ Maintain market-leading provisions in our Compensation Recoupment Policy
- ✓ Maintain rigorous stock ownership guidelines for all executive officers and directors

what we don't do

- ✗ No performance goals for incentive awards that encourage excessive risk taking
- ✗ No hedging and restricted pledging of Company stock
- ✗ No repricing or backdating of stock options
- ✗ No payment of dividends or dividend equivalents on unearned PSU and RSU awards
- ✗ No excessive perquisites or other supplemental benefits
- ✗ No excise tax gross-ups on severance payments



how we design our executive compensation program

customer inspired

We unlock the value delivered to our leaders and our shareholders when we deliver on our promise to inspire our customers to *home, happier* — they are the center of all we do

omni-always

To accelerate the evolution of our business with an integrated approach of both brick & mortar and digital, we take a multi-faceted and holistic approach to making compensation decisions. We consider numerous factors, including market practice and benchmarking but also role and specific talent markets, individual performance and potential and internal equity

people powered

We invest in attracting and retaining the talent required to deliver on our customer and shareholder promise to re-establish our authority as the preferred omni-channel home destination

performance driven

We align a majority of the compensation of our leaders to quantifiable performance goals, emphasizing long-term value allowing us to unlock balanced durable growth and strong sustainable total shareholder growth

In 2019, the Committee established new compensation design pillars. These pillars guided our fiscal 2021 decisions as we continued to establish a compensation program that attracts, motivates and retains experienced and driven leaders to accelerate our transformation.

Our fiscal 2021 executive compensation program is based on the following:



SUPPORTING BUSINESS TRANSFORMATION STRATEGY



RESPONDING TO SHAREHOLDER VIEWS



REFLECTING MARKET-LEADING PRACTICES

Compensation Design Pillars



SHORT- AND LONG-TERM INCENTIVES

- Establish a short-term incentive program with metrics based on key objectives that support the Company's long-term strategic goals.
- Set metrics for long-term incentives that are closely aligned with TSR.
- Develop payout curves for annual and long-term incentive opportunities that provide strong incentives for superior performance and meaningful downside risk for under-performance.
- Establish rigorous performance goals for target incentive payouts.
- Incorporate terms for incentive awards that include risk of forfeiture for misconduct.
- Ensure that directors and executives are subject to meaningful stock ownership guidelines to align their interests with those of our shareholders.



Fiscal 2021 Compensation Design

STIP

- Earned based on adjusted EBITDA* (70%) and comparable sales growth (30%).
- Potential payout ranges are between 0% and 200% of target.
- Target goals were established based on our annual budget process.

PSUs and RSUs

- Increased use of PSUs in LTI award compared to fiscal 2020 to enhance performance focus and alignment of executive and shareholder interests.
- **PSUs:**
 - Earned based on adjusted gross margin* (50%) and three-year relative TSR (50%).
 - Used different metrics from our STIP.
 - Potential payout ranges for 2021 PSUs are between 0% and 200% of target.
 - Portion earned based on relative TSR is capped at 100% of target if absolute TSR over the performance period is negative.
- **RSUs:** Provide added retention over vesting period.

SHARE OWNERSHIP GUIDELINES

- Our share ownership guidelines require covered individuals to hold Bed Bath & Beyond common stock with a value equal to a multiple of their base salary or cash retainer, as applicable.

PEER GROUP



- Establish a single relevant peer group to use consistently to benchmark Company performance and compensation levels and practices.
- Review the peer group annually to ensure all companies remain appropriate in terms of both size and industry.



- Continued to use a single peer group to benchmark compensation and assess relative TSR performance.
- Peer group reviewed in October 2021 as part of annual pay review process, with five companies removed due to size misalignment and/or non-standard pay practices.
- New peer group applicable for 2022 benchmarking and assessment of relative TSR for 2022 PSUs.

COMPENSATION BENCHMARKING



- Establish fixed, short-term, long-term, and total target pay levels that are rigorously and appropriately benchmarked against our peer group.
- Utilize a reasonable blend of compensation elements, with the majority of target total compensation linked to long-term performance and TSR.
- Set annual compensation and long-term incentive targets generally at the median range for the peer group.



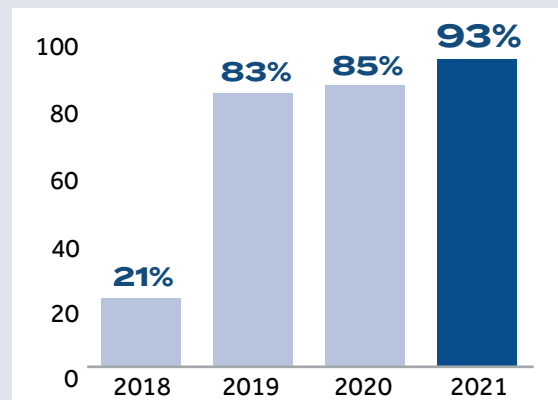
- Target total direct compensation for our NEOs in fiscal 2021 is based on numerous factors, including market practice and benchmarking, but also role and specific talent markets, individual performance and potential and internal equity.
- 89% of CEO's target total direct compensation is at risk (in the form of short-and long-term incentive opportunities); 77% of other NEO target pay (on average) is at risk.

* Adjusted EBITDA and adjusted gross margin are non-GAAP financial measures. See Appendix A for a reconciliation of GAAP to non-GAAP measures for fiscal 2021 used in this proxy statement.

how we consider shareholder feedback

say-on-pay

At the 2021 Annual Meeting, our executive compensation program received advisory approval of approximately 93% of the shares voted. We believe the improvement in say-on-pay results over the last several years reflects the development by the Committee of a pay-for-performance philosophy and a framework that became the basis of our compensation design pillars. The Committee considers the results of the say-on-pay vote as part of its decision-making process and is committed to remain responsive to shareholder priorities, with the goal of earning consistent high levels of shareholder support.



FISCAL 2021 ENGAGEMENT

As part of our fiscal 2021 plans, we reached out to our top shareholders, representing the majority of our total shares outstanding, which group included index funds, hedge funds, public pension funds and actively-managed funds. The Chair of the Board, members of the Board and management participated in virtual and telephone meetings with the majority of our largest shareholders. We covered executive compensation, as well as other important topics, including strategy and performance, Board refreshment and ESG. The feedback received from shareholders was positive and supportive of our compensation program, including our pay-for-performance philosophy.

Going forward, we plan to continue our shareholder and stakeholder outreach and maintain a regular cadence of two-way communication opportunities, as we continue to understand priorities from all perspectives. We also plan to launch a regular, ongoing governance outreach program overseen by our Board which includes engagement on executive compensation matters and other relevant topics. [For more information about how we engage directly with shareholders, see "how we engage with and listen to our shareholders; how to communicate with us."](#)

how our NEOs were paid in 2021

executive compensation program elements

Our fiscal 2021 performance driven compensation program for the NEOs and certain other key executives included the following elements:

total direct compensation			
BASE SALARY	STIP	LONG-TERM INCENTIVE	RETIREMENT AND OTHER BENEFITS
<ul style="list-style-type: none"> Fixed Delivered in cash 	<ul style="list-style-type: none"> Variable Delivered in cash Rewards achievement against objective, pre-established performance metrics 	<ul style="list-style-type: none"> Variable Delivered in equity Aligns the interest of associates and shareholders Incentivizes retention during critical transformation period PSUs reward achievement against objective, pre-established performance metrics 	<ul style="list-style-type: none"> Health plan Limited 401(k) plan match Limited prerequisites

The Committee focuses primarily on the elements of total direct compensation, including base salary, STIP and long-term incentives, when structuring and assessing compensation for the leadership team. We aim to set target total direct compensation and related elements generally at the median range for our peer group, but also consider role and specific talent markets, individual performance and potential and internal equity. [For more information on our peer group and benchmarking, see “our compensation decision-making process.”](#)

base salary

Base salaries represent fixed cash compensation tied to the size, scope and complexity of each executive’s position and the depth of each executive’s experience. The Committee considered these factors in setting base salaries that would attract and retain executives leading the Company’s transformation.

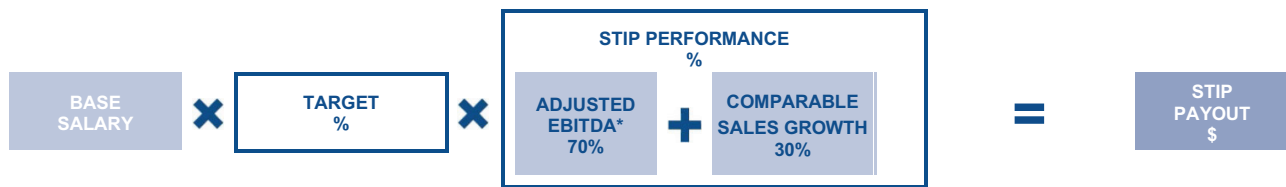
The Committee reviews base salaries for executives on an annual basis to determine whether such salaries remain appropriate. This annual review considers each individual executive’s performance, as well as the results of peer group benchmarking. Any approved adjustments generally become effective in April of the applicable fiscal year.

As part of its annual review and benchmarking of base salaries with its independent compensation consultant, the Committee approved (i) a 2.5% merit-based increase for Mr. Tritton in recognition of his continued leadership driving our strategic transformation, successful recruitment of a distinguished executive leadership team, and balanced and focused decision-making during the pandemic and (ii) an 18% adjustment for Mr. Masood to close the competitive gap to market and recognize the growth in importance of this role over time. The increases became effective April 2021.

short-term incentive compensation

For fiscal 2021, the Committee continued the use of its performance-based cash STIP, which was implemented in 2020 to ensure a mix of short-term fixed and variable pay tied to aggressive, quantitative objectives. The fiscal 2021 metrics included adjusted EBITDA and comparable sales growth, both of which align with our near-term transformation priorities of driving top-and bottom-line growth, including through our omni-always approach and focus on assortment, as well as resetting our cost structure through store remodels and fleet optimization.

The STIP provides for the calculation of award payouts as follows:



The Committee approves annual target STIP awards expressed as a percentage of each NEO's base salary. Initial STIP target opportunities were determined in connection with the hiring of each of our NEOs. As part of its annual review and benchmarking of total target direct compensation with its independent compensation consultant, the Committee approved an increase in fiscal 2021 STIP target opportunity for Mr. Tritton from 150% to 175% of his base salary, in part to reflect his demonstrated growth in the role, to continue to focus his energy and attention on the transformational journey in a more meaningful way and to reflect a competitive market position aligned with similarly situated peer executives in similar roles. The Committee also increased the STIP target opportunity for Mr. Masood from 70% to 80% in connection with his promotion to Chief Customer Officer.

Performance metrics for the fiscal 2021 STIP were determined by the Committee based on our key transformation priorities in year one of our three-year strategy. In connection with setting the threshold, target and maximum achievement goals for the STIP, the Committee worked closely with its independent compensation consultant and approved goals that it deemed to be challenging and that would require significant progress toward our strategic transformation milestones in order to be met.

To enhance market competitiveness, and to reward for outsized performance, the Committee increased the maximum payout opportunity for the fiscal 2021 STIP from 150% to 200%. Balancing its decision to widen the payout scale, the Committee also reduced the payout for threshold performance from 50% to 25%.

how we align our STIP performance metrics with our strategy

ADJUSTED EBITDA*

EBITDA is a common metric used to assess operating performance, particularly for our peer retail companies. We have selected adjusted EBITDA (70%) because we believe it directly measures achievement against all of our strategic goals collectively, including sales growth, margin expansion and cost control.

COMPARABLE SALES GROWTH

Comparable sales growth (30%) aligns with our strategy and therefore takes into account our revenue base after divestitures of noncore banners and rightsizing of our store fleet. Additionally, due to the impact of COVID-19 and resulting store closures in the first quarter of fiscal 2020, the metric in fiscal 2021 was designed to measure comparable sales growth in the second through fourth quarters. *Comparable sales is defined in our 2021 Annual Report on Form 10-K, which was filed with the SEC on April 21, 2022.*

* Adjusted EBITDA is a non-GAAP financial measure. See *Appendix A* for a reconciliation of GAAP to non-GAAP measures for fiscal 2021 used in this proxy statement.

how we set our STIP performance goals

The fiscal 2021 STIP goals were based on our annual financial plan and in the mid-range of our initial, publicly communicated outlook at the beginning of the fiscal year. The target adjusted EBITDA goal established for the STIP required improved performance over fiscal 2020 results. Comparable sales growth, by nature of the measure, requires year-over-year improvement. Achievement of maximum-level payouts for both goals required significantly exceeding the operating plans in place at the time the goals were approved.

Following completion of the fiscal year, the Committee evaluated performance against the adjusted EBITDA and comparable sales growth goals and calculated the fiscal 2021 payout. As discussed above in the *CD&A Summary*, our performance did not meet threshold levels under the STIP.

FISCAL 2021 STIP PERFORMANCE AND PAYOUT CALCULATIONS

	Weighting	Threshold (25% Payout)	Target (100% Payout)	Maximum (200% Payout)	% of Target	Weighted Performance
ADJUSTED EBITDA*	70%	ACTUAL \$440	\$515	\$600	0%	0%
COMPARABLE SALES GROWTH	30%	ACTUAL -1.0%	0.0%	4.0%	0%	0%
					Payout	0%

* Adjusted EBITDA is a non-GAAP financial measure. See *Appendix A* for a reconciliation of GAAP to non-GAAP measures for fiscal 2021 used in this proxy statement.

Based on the Committee’s certification of performance results, our NEOs did not receive any 2021 STIP payouts.

long-term incentive compensation

Our long-term incentive program is designed to focus our executives on increasing shareholder value, to reward their contributions to our sustainable, long-term growth and performance, and to attract and retain key talent. For 2021, the Committee approved long-term incentive grants for our NEOs, consisting of a mix of PSUs and time-vested RSUs.

Considerations for Fiscal 2021 LTI Mix

In determining the split between PSUs and RSUs, the Committee considered:

- the need to motivate and retain our entirely new leadership team as it leads the Company’s business transformation;
- emphasis on performance-based, at-risk pay; and
- the goal of aligning executive and shareholder interests.

The Committee will continue to evaluate LTI pay mix as our transformation progresses to ensure alignment between pay and performance.

PSUs

60%

Fiscal 2021 PSUs are earned based on three-year adjusted gross margin (50%) and three-year relative TSR (50%). Payouts for PSUs based on relative TSR are also subject to a TSR “regulator” that caps award payouts at 100% of target if our TSR over the performance period is negative.

RSUs

40%

Time-vested RSUs vest ratably on the first, second and third anniversary of the date of grant, generally subject to the executive’s continued employment through such date

The Committee also approved target long-term incentive award values for each NEO. These values are determined in connection with the benchmarking and setting of target total direct compensation and related compensation elements

for each NEO, as contemplated in applicable employment agreements. The Committee approved a 10% adjustment to Mr. Tritton's target value at grant for fiscal 2021 in order to further align to market and continue to reward for achievements of longer-term objectives of the business. For more information, see "executive compensation program elements."

FISCAL 2021 TARGET LTI VALUE

Mark J. Tritton	\$7,700,000
John Hartmann	\$3,500,000
Gustavo Arnal	\$1,937,500
Joseph Hartsig	\$1,750,000
Rafeh Masood	\$1,137,500

Mr. Masood received an additional LTI award in connection with assuming his new position as Chief Customer Officer. This equity grant was structured consistently with the fiscal 2021 awards, including mix of PSUs (60% weighting) and RSUs (40% weighting), performance metrics, vesting conditions and goals. For more information, see "fiscal 2021 NEO compensation decisions."

2021 PSUs – grants

The Committee selected adjusted gross margin and relative TSR as the performance metrics, with equal weighting, for the 2021 PSUs and established: (i) for adjusted gross margin, aggressive threshold, target and maximum performance goals and related payout percentages based on achievement; and (2) for relative TSR, the payout percentages based on achievement versus other peer retailers. As noted in our compensation design pillars, the peer group for performance comparisons is the same as the peer group used for benchmarking. To further enhance shareholder alignment, the Committee continued its past practice of including an element in the terms and conditions of the 2021 PSUs based on relative TSR that caps any payouts at target (regardless of relative performance) if our absolute TSR over the performance period is negative.

how we align our PSUs with increased shareholder value

ADJUSTED GROSS MARGIN*

Gross margin is a key component of our transformation strategy and reflects achievement across all our critical drivers, including digital growth, owned brand penetration, focus on cost and sourcing savings and optimizing our costs of fulfillment. We believe that gross margin is critical to long-term value creation.

RELATIVE TSR

Relative TSR rewards shareholder returns and long-term performance relative to our peer group, and we believe also provides the right balance with our annual incentive metrics that focus on near-term strategic priorities. The risk of any excessive payouts in the event we are not delivering value to our shareholders is controlled by the cap on payouts at target in the event absolute TSR over the performance period is negative.

* Adjusted gross margin is a non-GAAP financial measure. See Appendix A for a reconciliation of GAAP to non-GAAP measures for fiscal 2021 used in this proxy statement.

how we set our PSU performance goals

We set challenging threshold, target and maximum adjusted gross margin goals, with target alignment to our three-year transformation objectives. The payout scale for PSUs based on adjusted gross margin ranges from 50% (threshold) to 200% (maximum).

We require TSR performance above the 50th percentile of our peer group to payout at target (55th percentile). We believe this performance hurdle is higher than typical market practice and reflects robust goal-setting. For the TSR-based PSUs, the Committee changed the 25% (threshold) to 150% (maximum) payout scale used in fiscal 2020 to 25% (threshold) to 200% (maximum) for fiscal 2021, to align with market practice and our pay-for-performance culture. The Committee also focuses on carefully and thoughtfully identifying our peer group, including retailers with business characteristics similar to ours and companies of varying sizes in terms of revenue and market capitalization.

2019 PSUs – payouts

In connection with Mr. Tritton’s appointment as CEO, he received several inducement and make-whole awards (to replace certain awards forfeited when he resigned from his prior employer). These awards included a make-whole PSU award with a value at grant of \$3,500,000 vesting on November 4, 2021 (2019 PSUs). The 2019 PSUs were based on two-year performance tests relating to the development of our rigorous transformation strategy, including specific objectives and goals relating to same-store sales, EBIT growth, talent management, expense reduction and margin increase, and regular achievement updates to the Board. Following certification by the Committee that the performance goals were achieved, Mr. Tritton vested in 273,735 shares on November 4, 2021, with a value of \$5,459,645.

retirement and other benefits

The NEOs generally are entitled to the same retirement and other benefits offered to all Bed Bath & Beyond associates. The cost of these benefits constitutes a small percentage of each NEO’s total compensation. Key benefits include paid vacation, premiums paid for short- and long-term disability insurance, a matching contribution to the NEO’s 401(k) plan account and payment of a portion of the NEO’s premiums for healthcare and basic life insurance. We do not provide any pension or retirement benefits, other than the 401(k) plan, or any nonqualified deferred compensation plans.

We generally have provided our leadership team with certain perquisites, including an automobile allowance and an annual financial planning benefit. The Committee believes such limited perquisites are reasonable and consistent with our overall objective of attracting and retaining talented NEOs.

See the “*all other compensation*” column in the Summary Compensation Table for further information regarding these benefits and perquisites, and the “*potential payments upon termination or change in control*” table for information regarding termination and change in control payments and benefits.

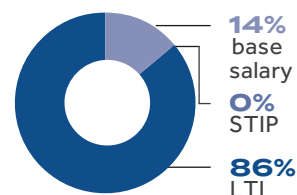
fiscal 2021 NEO compensation decisions

The following provides fiscal 2021 summary compensation information for each of our continuing NEOs. Pay mix for each NEO represents fiscal 2021 total direct compensation, including actual STIP payout of \$0 and target LTI value. For more information, see “*employment agreements and potential payments upon termination or change in control.*”



Mark J. Tritton
 president and chief executive officer

We entered into an employment agreement with Mr. Tritton in connection with his appointment as President and CEO in November 2019. The terms and conditions of this agreement were designed to establish a competitive compensation framework that aligns with our compensation design pillars. Mr. Tritton’s fiscal 2021 compensation consisted of the elements described below.

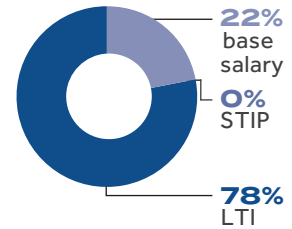


base salary	\$1,230,000 annually
STIP	No STIP bonus awarded for fiscal 2021 • Target STIP opportunity: 175% of base salary
LTI	\$7,700,000 target award value for fiscal 2021
other awards	No other awards granted in 2021 For more information about outstanding awards, including inducement and make-whole awards granted in connection with Mr. Tritton’s appointment in 2019, see “ <i>outstanding equity awards at fiscal year end.</i> ”
tailored perquisites	• Financial planning • Automobile allowance



John Hartmann
chief operating officer and president buybuy BABY

We entered into an employment agreement with Mr. Hartmann in connection with his appointment as Chief Operating Officer and President, buybuy BABY in May 2020. The terms and conditions of this agreement were designed to establish a competitive compensation framework that aligns with our compensation design pillars. Mr. Hartmann’s fiscal 2021 compensation consisted of the elements described below.

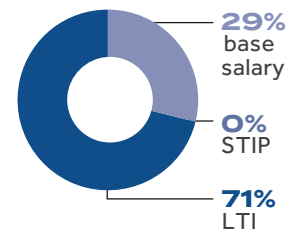


base salary	\$1,000,000 annually
STIP	No STIP bonus awarded for fiscal 2021 <ul style="list-style-type: none"> • Target STIP opportunity: 125% of base salary
LTI	\$3,500,000 target award value for fiscal 2021
other awards	No other awards granted in 2021 For more information about outstanding awards, including inducement and make-whole awards granted in connection with Mr. Hartmann’s appointment in 2020, see “outstanding equity awards at fiscal year end.”
tailored prerequisites	<ul style="list-style-type: none"> • Relocation assistance in connection with Mr. Hartmann’s relocation to the New York metropolitan area • Automobile allowance



Gustavo Arnal
chief financial officer

In connection with Mr. Arnal’s appointment as Chief Financial Officer in April 2020, we entered into an employment agreement with Mr. Arnal in April 2020. The terms and conditions of this agreement were designed to establish a competitive compensation framework that aligns with our compensation design pillars. Mr. Arnal’s fiscal 2021 compensation consisted of the elements described below.

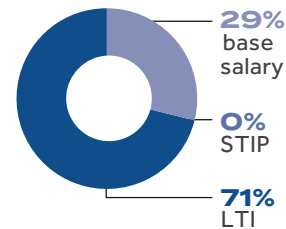


base salary	\$775,000 annually
STIP	No STIP bonus awarded for fiscal 2021 <ul style="list-style-type: none"> • Target STIP opportunity: 85% of base salary
LTI	\$1,937,500 target award value for fiscal 2021
other awards	No other awards granted in 2021 For more information about outstanding awards, including inducement and make-whole awards granted in connection with Mr. Arnal’s appointment in 2020, see “outstanding equity awards at fiscal year end.”
tailored prerequisites	<ul style="list-style-type: none"> • Financial planning • Automobile allowance



Joseph Hartsig
chief merchandising officer and president Harmon Stores Inc.

We entered into an employment agreement with Mr. Hartsig in connection with his appointment as Chief Merchandising Officer and President, Harmon Stores Inc. in March 2020. The terms and conditions of this agreement were designed to establish a competitive compensation framework that aligns with our compensation design pillars. Mr. Hartsig’s fiscal 2021 compensation consisted of the elements described below.

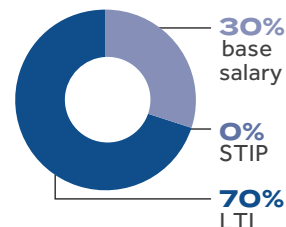


base salary	\$700,000 annually
STIP	No STIP bonus awarded for fiscal 2021 <ul style="list-style-type: none"> Target STIP opportunity: 80% of base salary for fiscal 2021
LTI	\$1,750,000 target award value for fiscal 2021
other awards	No other awards granted in 2021 For more information about outstanding awards, including inducement and make-whole awards granted in connection with Mr. Hartsig’s appointment in 2020, see “outstanding equity awards at fiscal year end.”
tailored perquisites	<ul style="list-style-type: none"> Financial planning Automobile allowance



Rafeh Masood
chief customer officer

We entered into an employment agreement with Mr. Masood in connection with his appointment as Chief Digital Officer in May 2020, which was amended in connection with his promotion to Chief Customer Officer in November 2021. The terms and conditions of this agreement were designed to establish a competitive compensation framework that aligns with our compensation design pillars. Mr. Masood’s fiscal 2021 compensation consisted of the elements described below and reflect increases related to his promotion.



base salary	\$650,000 annually
STIP	No STIP bonus awarded for fiscal 2021 <ul style="list-style-type: none"> Target STIP opportunity: 80% of base salary (increased from 70% in November 2021)
LTI	\$1,137,500 target award value for fiscal 2021
other awards	<ul style="list-style-type: none"> One-time LTI award with a value of \$350,000 consisting of 60% PSUs and 40% RSUs in connection with appointment to Chief Customer Officer. The PSUs and RSUs vest pursuant to the same terms as the PSUs and RSUs awarded to NEOs as part of the fiscal 2021 executive compensation program described above. For more information about outstanding awards, including inducement and make-whole awards granted in connection with Mr. Masood’s appointment as Chief Digital Officer in 2020, see “outstanding equity awards at fiscal year end.”
tailored perquisites	<ul style="list-style-type: none"> Financial planning Automobile allowance

our compensation decision-making process

role of the people, culture and compensation committee

The Committee, which is comprised entirely of independent directors, reviews and establishes our management compensation and benefits philosophy, policies, plans and programs. In this role, the Committee is responsible for considering and determining all matters relating to the compensation of the CEO and other executive officers, including the NEOs, as well as administering and functioning as the committee that is authorized to make grants and awards of equity compensation to our NEOs. Pursuant to its charter, the Committee may form subcommittees and delegate its authority to any such subcommittee or to any designated officer of the Company as it deems appropriate, to the extent permitted by law or by applicable policies and rules of the Company.

role of management

Subsequent to the appointment of our new leadership team, meetings of the Committee have been regularly attended by our Chief People & Culture Officer and other members of our People & Culture management team. Our CEO also provides input as requested and, together with our CFO, contributes to the discussion of our internal operating budget and related calculation of goals for our incentive plans.

independent consultants

In fiscal 2021, the Committee engaged the services of an independent compensation consultant, Meridian Compensation Partners, LLC (Meridian). Meridian reports directly to the Committee and attended most meetings during the year. Meridian assisted with the development of competitive market data and benchmarking, helped the Committee design and implement our revised incentive compensation programs and provided information on trends and emerging best practices. Meridian has not served the Company in any other capacity except as consultant to the Committee.

The Committee receives advice and assistance from the law firm of Winston & Strawn LLP.

The Committee has concluded that no conflict of interest exists (or existed) that prevents (or prevented) Meridian or Winston & Strawn from being independent advisors to the Committee.

benchmarking peer group

Consistent with our compensation design pillars, the Committee established a single, updated and relevant peer group for setting total direct compensation levels and measuring relative performance. Until 2019, we relied on two peer groups: one group for compensation benchmarking and an expanded group for performance comparisons. In 2019, the Committee determined that having a single peer group would increase alignment between pay and performance, reduce complexity and increase transparency. This peer group was reaffirmed in 2020 and served as our peer group for fiscal 2021 compensation benchmarking. In October 2021, the Committee reassessed our peer group for fiscal 2022, based on a review by Meridian, and removed five companies due to size misalignment and/or non-standard pay practices. We continue to believe the peer group has an appropriate number and breadth of companies to support both purposes.

The peer group consists primarily of retailers with business characteristics that make them similar to the Company. The Committee also considered various size parameters, including revenue and market capitalization.

Based on the parameters reviewed, the following 22 companies (our Peer Group) were identified as competitors for business, talent or both. We aim to set target total direct compensation and related elements generally at the median range for our peer group, but also consider role and specific talent markets, individual performance and potential and internal equity.

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FISCAL 2021 PEER GROUP

Advance Auto Parts, Inc.	Dollar Tree, Inc.	The Gap, Inc.
AutoZone, Inc.	Foot Locker, Inc.	The ODP Corporation
Bath & Body Works, Inc.	Kohl's Corporation	The Michaels Companies, Inc.
Big Lots, Inc.	Macy's, Inc.	Tractor Supply Company
Burlington Stores, Inc.	Nordstrom, Inc.	Ulta Beauty, Inc.
Dick's Sporting Goods, Inc..	O'Reilly Automotive, Inc.	Wayfair Inc.
Dillard's Inc.	Ross Stores, Inc.	Williams-Sonoma, Inc.
Dollar General Corporation		

TO BE REMOVED FROM PEER GROUP FOR 2022: Dillard's, Inc., Dollar General Corporation, Dollar Tree, Inc., The Michaels Companies, Inc., and Wayfair Inc.

BED BATH & BEYOND COMPARED TO PEER GROUP

	REVENUE - TTM (\$M)		MARKET CAP (\$M)		NUMBER OF ASSOCIATES	
75 th Percentile	\$16,670	100%	\$22,982	100%	88,857	100%
Median	\$12,731	75%	\$12,383	75%	38,599	75%
25 th Percentile	\$ 8,631	50%	\$ 5,433	50%	30,400	50%
Bed Bath & Beyond Inc.	\$ 7,868	25%	\$ 1,618	25%	32,000	25% 28%
Percentile Rank	10%	0%	3%	0%	28%	0%

Data sourced from S&P Capital IQ effective as of February 28, 2022. Revenue and number of associates data based on trailing twelve months. Market cap presented as of February 2022.

The Committee reviews market data from compensation surveys to benchmark pay for executive officer positions when relevant Peer Group data are not available.

additional compensation information

impact of accounting and tax considerations

The Committee considers various accounting and tax implications of cash, equity-based and other compensation.

When determining the amounts of equity-based awards to be granted, the Committee examines the accounting cost associated with the grants. Under ASC 718, grants of stock options, PSUs and other equity-based awards result in an accounting charge for the Company equal to the fair value of the awards being granted.

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), generally disallows a federal income tax deduction for compensation in excess of \$1 million in any taxable year paid to certain covered executive officers. There is limited transitional relief for "qualified performance-based compensation" and certain other items of compensation that were in place before November 2, 2017. While the Committee generally considers this limit when determining executive compensation, the Committee reserves the discretion to decide that it is appropriate to exceed the limitation on deductibility so we have the flexibility to attract and retain talented executives and to ensure those executives are

compensated in a manner that is consistent with the best interests of the Company and our shareholders. Interpretations of and changes in the tax laws and other factors beyond the Committee's control also may affect the deductibility of compensation.

employment agreements

We have entered into employment agreements with our NEOs that set forth generally the elements of compensation discussed above and provide for termination payments in qualifying termination scenarios. We believe that it is in the best interests of the Company and its shareholders to enter into these employment arrangements as they provide a level of certainty to the Company and our executives on their fixed compensation and termination entitlements. [For more information, see "employment agreements and potential payments upon change in control."](#)

policy on the recovery of incentive compensation

We have a stand-alone Compensation Recoupment Policy regarding the recovery of incentive compensation applicable to current and former senior officers. The Compensation Recoupment Policy is a stand-alone policy to underscore the importance of these principles and generally provides that we will seek to recoup incentive-based cash and equity compensation paid or awarded to current and former senior officers, where (i) there has been a restatement of the Company's financial results or there was an error in the calculation of the achievement of applicable performance goals, which should have resulted in no performance-based award or a lower payment relating to such performance or (ii) the Board determines in good faith that the executive engaged in conduct detrimental to the Company (including fraud causing financial or reputational harm, commission of a felony, or material breach of restrictive covenants). The full policy is available in the Governance Documents section of our Investor Relations website available at www.bedbathandbeyond.com. The Committee continues to monitor the issuance of regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to incentive compensation recoupment and will amend our Compensation Recoupment Policy to the extent necessary to comply with any such regulations.

policies prohibiting hedging and pledging

We do not permit executive officers to hedge the Company's securities, and we also restrict their ability to pledge the Company's securities. [Additional detail regarding the Company's anti-hedging and pledging policies can be found above under the heading "Anti-Hedging and Anti-Pledging Policies."](#)

compensation risk assessment

In March 2021, the Committee performed a risk assessment of our compensation programs, which included an analysis of the risk associated with our executive compensation program conducted by the Committee's independent compensation consultant. In its review, the Committee considered the balance between pay components, measures of performance, magnitude of pay, pay caps, plan time horizons and overlapping performance cycles, program design and administration and other features that are designed to mitigate risk (such as stock ownership guidelines and a Compensation Recoupment Policy). Following its review, the Committee, with confirmation by the independent compensation consultant, determined that our compensation practices and policies do not create risks that are reasonably likely to have a material adverse effect on the Company.

executive stock ownership guidelines

We encourage our executives to own our common stock so that they share the same long-term investment risk as our shareholders. Our stock ownership guidelines, recently enhanced in 2020, require all executive officers, including our NEOs to maintain an ongoing and substantial investment in our common stock. The guidelines are based on multiples of base salary, varying by role, as follows:

MINIMUM STOCK OWNERSHIP REQUIREMENT

6x BASE SALARY	3x BASE SALARY	2x BASE SALARY
Chief Executive Officer	Chief Financial Officer Chief Operating Officer Chief Merchandising Officer	Chief Stores Officer Chief Customer Officer Chief Growth Officer Chief Legal Officer Chief People and Culture Officer

- All covered individuals must hold 50% of the net after-tax shares they receive in connection with the Company’s compensation programs or pursuant to such individuals’ employment agreements until their ownership requirement is met;
- Once the covered individual satisfies the ownership requirement, he or she is considered in compliance as long as such covered individual’s eligible holdings do not decline below the number of shares held when he or she first met the applicable ownership guideline; and
- The price used to determine compliance with the guidelines will be the 20-day trading average at each fiscal year-end.

The Committee evaluates compliance with this policy on an annual basis. Once an executive satisfies the ownership guideline as of a measurement date, they will be considered in compliance regardless of share price fluctuations or an increase in base salary, as long as their holdings remain at or above the number of shares held at the time they first met the ownership guideline. As of the end of fiscal 2021, all of the Company’s executives subject to the policy owned shares in excess of the applicable guideline or were in compliance with the retention requirement described above.

compensation tables

summary compensation table for fiscal 2021, fiscal 2020 and fiscal 2019

The following table sets forth information concerning the compensation of the Company's NEOs for the last three completed fiscal years (except with regard to Messrs. Arnal, Hartmann and Hartsig, who had not yet joined the Company in fiscal 2019 and consequently, have information included for fiscal 2021 and fiscal 2020 only, and Mr. Masood, who was not an NEO for fiscal 2020 or fiscal 2019 and, consequently, has information included for fiscal 2021 only).

Name and Principal Position	Year	Salary ⁽¹⁾ (\$)	Bonus (\$)	Stock Awards ⁽²⁾⁽³⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽⁴⁾ (\$)	All Other Compensation ⁽⁵⁾ (\$)	Total (\$)
Mark J. Tritton ⁽⁶⁾	2021	1,225,385	0	8,351,225	0	199,012	9,775,622
President and Chief Executive Officer	2020	1,144,615	710,000	6,931,834	2,700,000	1,440,503	12,926,952
	2019	346,154	375,000	11,632,199	750,000	661,045	13,764,398
Gustavo Arnal ⁽⁷⁾	2021	775,000	0	2,101,371	0	37,094	2,913,465
Executive Vice President, Chief Financial Officer	2020	611,058	—	2,740,375	988,125	310,841	4,650,399
John Hartmann ⁽⁸⁾	2021	1,000,000	0	3,796,011	0	545,649	5,341,660
Chief Operating Officer and President, buybuy BABY	2020	750,000	687,500	6,635,377	1,473,214	103,553	9,649,644
Joseph Hartsig ⁽⁹⁾	2021	700,000	70,000	1,897,993	0	208,798	2,876,790
Executive Vice President, Chief Merchandising Officer, and President, Harmon Stores Inc.	2020	635,385	260,000	2,556,051	420,000	61,974	3,933,410
Rafeh Masood ⁽¹⁰⁾	2021	634,615	192,500	1,551,564	0	273,693	2,652,372
Executive Vice President, Chief Customer Officer							

(1) Except as otherwise described in this Summary Compensation Table, salaries to NEOs were paid in cash in fiscal 2021, fiscal 2020 and fiscal 2019, and increases in salary were effective in April for fiscal 2021 for Messrs. Tritton and Masood. Messrs. Arnal, Hartmann and Hartsig did not have salary increases in fiscal 2021. None of our NEOs had salary increases in fiscal 2020.

(2) The value of stock awards represents their respective total fair value on the date of grant calculated in accordance with ASC 718, without regard to the estimated forfeiture related to service-based vesting conditions, and in the case of PSUs, is based on the performance conditions applicable to such PSUs being achieved at the target payout level, which was determined to be the probable outcome as of the grant date. All assumptions made in the valuations are contained and described in Note 15 to the Company's consolidated financial statements in the Company's Form 10-K for fiscal 2021. Stock awards are rounded up to the nearest whole share when converted from dollars to shares. The amounts shown in the table reflect the total fair value on the date of grant and do not necessarily reflect the actual value, if any, that may be realized by the NEOs.

(3) The value of stock awards consists of (i) PSU and RSU awards granted in fiscal 2021 to Messrs. Tritton, Arnal, Hartmann, Hartsig and Masood, (ii) PSU and RSU awards granted in fiscal 2020 to Messrs. Tritton, Arnal, Hartmann and Hartsig and (iii) a PSU award (the "Tritton Make-Whole PSU Award") and RSU awards (the "Tritton Sign-On RSU Award" and the "Tritton Make-Whole RSU Award") granted in fiscal 2019 to Mr. Tritton as an inducement material to his entering into an employment agreement and commencing employment with the Company.

The fair value of the PSU awards that have not yet been certified is reported at 100% of target, which is the estimated outcome of performance conditions associated with the PSU awards on the grant date. If the Company achieves the highest level of performance for the PSU awards granted in fiscal 2021, then the fair value of such PSU awards would be \$10,528,298, \$2,649,156, \$4,785,599, \$2,392,774 and \$1,943,207 for Messrs. Tritton, Arnal, Hartmann, Hartsig and Masood, respectively. If the Company achieves the highest level of performance for the PSU awards granted in fiscal 2020, then the fair value of such PSU awards would be \$3,051,466, \$844,608, \$1,525,738 and \$762,874 for Messrs. Tritton, Arnal, Hartmann and Hartsig, respectively. The performance metrics for Mr. Tritton's PSU awards granted in fiscal 2019 did not provide for performance above 100% of the target. The vesting of the Tritton Sign-On RSU Award and the Tritton Make-Whole RSU Award granted in fiscal 2019 is based solely on time.

(4) For fiscal 2020, the People, Culture and Compensation Committee implemented a new cash short-term incentive plan (the "STIP"), which re-balanced the mix of short-term fixed and variable pay tied to aggressive, quantitative objectives. Following completion of the fiscal year, the People, Culture and Compensation Committee evaluated performance against the adjusted EBITDA, digital sales growth and reduction in adjusted SG&A goals, and calculated the fiscal 2020 payout. Based on the People, Culture and Compensation Committee's

EXECUTIVE COMPENSATION

certification of performance results, NEOs earned an actual bonus payout for fiscal 2020 of 150% achievement. For fiscal 2021 the People, Culture and Compensation Committee set performance objectives of adjusted EBITDA and comparable sales growth under the STIP. Based on the People, Culture and Compensation Committee's certification of performance results, no bonus was paid under the STIP for fiscal 2021.

- (5) Includes, inter alia, dividends or dividend equivalents on equity-based awards based on the amounts paid to all shareholders as of the record date for each dividend declared. For Mr. Tritton in fiscal 2021, the All Other Compensation column, includes (i) car allowance of \$47,489, which includes \$40,566 for an amount not paid in prior periods due to an administrative error, (ii) company match of 401K contributions, and (iii) a payment for financial planning benefits. In fiscal 2021, total dividend income of \$138,275 was paid to Mr. Tritton. The amount reflected for Mr. Arnal in fiscal 2021 includes (i) car allowance of \$27,094, and (ii) a payment for financial planning benefits. The amount reflected for Mr. Hartmann in fiscal 2021 includes (i) payment for his relocation assistance benefits of \$275,884, (ii) \$219,419 in gross-up payments to reimburse applicable taxes resulting from relocation expenses that were imputed as income to him, including federal, state and FICA taxes, (iii) car allowance of \$42,653, and (iv) company match of 401K contributions. The amount reflected for Mr. Hartsig in fiscal 2021 includes (i) payment for his relocation assistance benefits of \$86,888, (ii) \$69,105 in gross-up payments to reimburse applicable taxes resulting from relocation expenses that were imputed as income to him, including federal, state and FICA taxes, (iii) car allowance of \$26,489, (iv) company match of 401K contributions, (v) a payment for financial planning benefits, and (vi) a dividend payment intended to vest in FY 2022 that was inadvertently paid in FY 2021 due to an administrative error discovered after such payment vested and would otherwise have been payable to Mr. Hartsig. The amount reflected for Mr. Masood in fiscal 2021 includes (i) payment for his relocation assistance benefits of \$121,146, (ii) \$113,240 in gross-up payments to reimburse applicable taxes resulting from relocation expenses that were imputed as income to him, including federal, state and FICA taxes, (iii) car allowance of \$26,721, (iv) company match of 401K contributions, and (v) a payment for financial planning benefits.
- (6) Mr. Tritton commenced employment as President and Chief Executive Officer of the Company, effective as of November 4, 2019. With respect to fiscal 2020, Mr. Tritton earned a cash bonus under the STIP in the total amount of \$2,700,000, which is reflected in Non-Equity Incentive Plan Compensation and was paid in fiscal 2021. Additionally, in accordance with his employment agreement, Mr. Tritton was entitled to a make-whole cash award in the amount of \$710,000 (the "Tritton Make-Whole Cash Award"), which is reflected in the Bonus column. The amount of base salary paid to Mr. Tritton during fiscal 2020 reflects the portion of his annual base salary of \$1,200,000 that was earned during fiscal 2020 and also reflects a 30% salary reduction between April 10 and May 16, 2020, in response to the COVID-19 pandemic. With respect to fiscal 2019, Mr. Tritton was entitled to a performance-based cash bonus under the terms of his employment agreement with the Company with the target bonus opportunity of \$750,000. The People, Culture and Compensation Committee determined that Mr. Tritton exceeded the performance objective with respect to his bonus for fiscal 2019 and determined that it should be paid out at 150% of target, in the total amount of \$1,125,000. Of this total amount, \$750,000 is reflected in the Non-Equity Incentive Plan Compensation, and \$375,000 is reflected in the Bonus column.
- (7) Mr. Arnal commenced employment as Executive Vice President, Chief Financial Officer of the Company, effective as of May 4, 2020. The amount reflected in the Salary column for Mr. Arnal during fiscal 2020 reflects the portion of his annual base salary of \$775,000 that was earned during fiscal 2020. With respect to fiscal 2020, Mr. Arnal earned a cash bonus under the STIP in the total amount of \$988,125, which is reflected in Non-Equity Incentive Plan Compensation column and was paid in fiscal 2021.
- (8) Mr. Hartmann commenced employment as the Chief Operating Officer and President, buybuy BABY, effective as of May 18, 2020. The amount reflected in the Salary column for Mr. Hartmann during fiscal 2020 reflects the portion of his annual base salary of \$1,000,000 that was earned during fiscal 2020. With respect to fiscal 2020, Mr. Hartmann earned a cash bonus payout under the STIP in the total amount of \$1,473,214 which is reflected in the Non-Equity Incentive Plan Compensation and was paid in fiscal 2021. In accordance with his employment agreement, Mr. Hartmann was also entitled to a make-whole cash award in the amount of \$187,500 and a sign-on cash award in the amount of \$500,000, both of which are reflected in the Bonus column.
- (9) Mr. Hartsig commenced employment as the Executive Vice President, Chief Merchandising Officer, and President, Harmon Stores Inc., effective as of March 4, 2020. The amount reflected in the Salary column for Mr. Hartsig during fiscal 2020 reflects the portion of his annual base salary of \$700,000 that was earned during fiscal 2020, and also reflects a 30% salary reduction between April 10 and May 16, 2020 in response to the COVID-19 pandemic. With respect to fiscal 2020, Mr. Hartsig earned a cash bonus payout under the STIP in the total amount of \$420,000, which is reflected in the Non-Equity Incentive Plan Compensation column and was paid in fiscal 2021. In accordance with his employment agreement, Mr. Hartsig was entitled to a retention bonus of \$70,000 per quarter for a one year period for a total amount of \$280,000. In fiscal 2021 and 2020, Mr. Hartsig received \$70,000 and \$210,000, respectively, related to this retention bonus and is reflected in the Bonus column. In addition, in fiscal 2020, Mr. Hartsig was entitled to a sign-on cash award of \$50,000, which is also reflected in the Bonus column.
- (10) Mr. Masood has been Executive Vice President, Chief Customer Officer since November 2021 and joined the Company as Executive Vice President, Chief Digital Officer in May 2020.

grants of plan based awards

grants of non-equity incentive plan awards, restricted stock units and performance stock units for fiscal 2021

The following table sets forth information with respect to RSUs and PSUs awarded during fiscal 2021 to each of the NEOs under the 2012 Plan.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards ⁽³⁾⁽⁴⁾ (\$)
		Threshold ⁽¹⁾ (\$)	Target ⁽¹⁾ (\$)	Maximum ⁽¹⁾ (\$)	Threshold ⁽²⁾ (#)	Target ⁽²⁾ (#)	Maximum ⁽²⁾ (#)		
Mark J. Tritton	5/10/2021 ⁽¹⁾	538,125	2,152,500	4,305,000	—	—	—	—	\$ —
	5/10/2021 ⁽⁵⁾				45,283	90,566	181,132		\$ 2,315,320
	5/10/2021 ⁽⁶⁾				22,642	90,566	181,132		\$ 2,948,829
	5/10/2021 ⁽⁷⁾							120,754	\$ 3,087,076
Gustavo Arnal	5/10/2021 ⁽¹⁾	164,688	658,750	1,317,500	—	—	—	—	\$ —
	5/10/2021 ⁽⁵⁾				11,395	22,789	45,578		\$ 582,601
	5/10/2021 ⁽⁶⁾				5,697	22,788	45,576		\$ 741,977
	5/10/2021 ⁽⁷⁾							30,385	\$ 776,793
John Hartmann	5/10/2021 ⁽¹⁾	312,500	1,250,000	2,500,000	—	—	—	—	\$ —
	5/10/2021 ⁽⁵⁾				20,584	41,167	82,334		\$ 1,052,434
	5/10/2021 ⁽⁶⁾				10,292	41,166	82,332		\$ 1,340,365
	5/10/2021 ⁽⁷⁾							54,888	\$ 1,403,212
Joseph Hartsig	5/10/2021 ⁽¹⁾	140,000	560,000	1,120,000	—	—	—	—	\$ —
	5/10/2021 ⁽⁵⁾				10,292	20,583	41,166		\$ 526,204
	5/10/2021 ⁽⁶⁾				5,146	20,583	41,166		\$ 670,182
	5/10/2021 ⁽⁷⁾							27,444	\$ 701,606
Rafeh Masood	5/10/2021 ⁽¹⁾	118,973	475,893	951,786	—	—	—	—	\$ —
	5/10/2021 ⁽⁵⁾				6,690	13,379	26,758		\$ 342,034
	5/10/2021 ⁽⁶⁾				3,345	13,379	26,758		\$ 435,620
	5/10/2021 ⁽⁷⁾							17,839	\$ 456,054
	11/10/2021 ⁽⁸⁾				2,129	4,257	8,514		\$ 92,930
	11/10/2021 ⁽⁹⁾				1,065	4,257	8,514		\$ 101,019
	11/10/2021 ⁽¹⁰⁾						5,676	\$ 123,907	

⁽¹⁾ Represents the threshold, target and maximum amount of the fiscal 2021 non-equity incentive plan award granted to Messrs. Tritton, Arnal, Hartmann, Hartsig and Masood for fiscal 2021 pursuant to the STIP. Mr. Masood's amounts have been prorated. See footnote (4) to the Summary Compensation Table in this Proxy Statement.

⁽²⁾ Number of shares when converted from dollars to shares, which number is rounded up to the nearest whole share. Amounts represent the threshold, target and maximum amounts for equity incentive plan awards with performance conditions for each NEO.

⁽³⁾ No option awards were granted to the NEOs in fiscal 2021.

⁽⁴⁾ Pursuant to the SEC rules, PSU and RSU awards are valued in accordance with ASC 718. See footnote (2) to the Summary Compensation Table in this Proxy Statement. The fair value of PSU awards is reported at 100% of target, which is the estimated outcome of performance conditions associated with the PSU awards on the grant date.

⁽⁵⁾ Represents an award of PSUs granted to the NEOs on May 10, 2021, under the Company's 2012 Plan. Vesting of these PSUs granted to the NEOs depends on (i) the achievement of the Company's Gross Margin Percentage, and, if the Gross Margin Percentage is achieved, (ii) the NEO's continuous employment by the Company from the grant date until the third anniversary of the grant date. The awards are capped at 200% of target achievement, with a floor of zero. PSUs are converted into shares of common stock upon payment following vesting.

⁽⁶⁾ Represents an award of PSUs granted to the NEOs on May 10, 2021, under the Company's 2012 Plan. Vesting of these PSUs granted to the NEOs depends on (i) the Company's achievement of a three-year performance goal based on the Company's Total Shareholder Return compared with the Company's peer group as determined by the People, Culture and Compensation Committee of the Company's Board

EXECUTIVE COMPENSATION

of Directors, and, if the Total Shareholder Return goal is achieved, (ii) the NEOs' continuous employment by the Company from the grant date until the third anniversary of the grant date. The awards are capped at 200% of target achievement, with a floor of zero. PSUs are converted into shares of common stock upon payment following vesting.

- (7) Represents an award of RSUs granted to the NEOs on May 10, 2021, under the Company's 2012 Plan. The RSUs will vest in three equal annual installments beginning one year from the date of grant, provided that the NEO remains continuously employed by the Company from the grant date until the vesting date.
- (8) Represents an award of PSUs granted to Mr. Masood on November 10, 2021, under the Company's 2012 Plan. Vesting of these PSUs granted to Mr. Masood depends on (i) the achievement of the Company's Gross Margin Percentage, and, if the Gross Margin Percentage is achieved, (ii) Mr. Masood's continuous employment by the Company from the grant date until the third anniversary of the grant date. The award is capped at 200% of target achievement, with a floor of zero. PSUs are converted into shares of common stock upon payment following vesting.
- (9) Represents an award of PSUs granted to Ms. Masood on November 10, 2021, under the Company's 2012 Plan. Vesting of these PSUs granted to Mr. Masood depends on (i) the Company's achievement of a three-year performance goal based on the Company's Total Shareholder Return compared with the Company's peer group as determined by the People, Culture and Compensation Committee of the Company's Board of Directors, and, if the Total Shareholder Return goal is achieved, (ii) Mr. Masood's continuous employment by the Company from the grant date until the third anniversary of the grant date. The award is capped at 200% of target achievement, with a floor of zero. PSUs are converted into shares of common stock upon payment following vesting.
- (10) Represents an award of RSUs granted to Mr. Masood on November 10, 2021, under the Company's 2012 Plan. The RSUs will vest in three equal annual installments beginning one year from the date of grant, provided that the NEO remains continuously employed by the Company from the grant date until the vesting date.

outstanding equity awards at fiscal year-end

The following table sets forth information for each of the NEOs with respect to the value of all unvested RSUs and unvested PSUs as of February 26, 2022, the last day of fiscal 2021.

Name	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ⁽¹⁾ (\$)
Mark J. Tritton	1,008,243 ⁽²⁾	\$16,303,289
Gustavo Arnal	367,413 ⁽³⁾	\$ 5,941,068
John Hartmann	831,727 ⁽⁴⁾	\$13,449,026
Joseph Hartsig	300,837 ⁽⁵⁾	\$ 4,864,534
Rafeh Masood	155,911 ⁽⁶⁾	\$ 2,521,081

(1) Market value is based on the closing price of the Company's common stock of \$16.17 per share on February 25, 2022, the last trading day in fiscal 2021.

(2) The amounts reflected for Mr. Tritton include (i) 120,754 RSUs that will vest as follows: (x) 40,252 RSUs vested on May 10, 2022 and (y) 40,251 RSUs that will vest on each of May 10, 2023 and 2024, subject, in general, to Mr. Tritton remaining in the Company's employ through the vesting date, and to the terms, conditions and restrictions of the award agreement governing the grant; (ii) 494,450 RSUs that will vest on June 8, 2023, subject, in general, to Mr. Tritton remaining in the Company's employ through the vesting date, and to the terms, conditions and restrictions of the award agreement governing the grant; (iii) 211,907 PSUs that will vest on June 8, 2023, subject to the terms, conditions and restrictions of the award agreement governing the grant; and (iv) 181,132 PSUs that will vest on May 10, 2024, subject to the terms, conditions and restrictions of the award agreement governing the grant. See footnote (4) to the Grants of Plan Based Awards table in this Proxy Statement. Unvested PSU awards are valued at target achievement.

(3) The amounts reflected for Mr. Arnal include (i) 95,941 RSUs that will vest as follows: (x) 47,970 RSUs vested on May 4, 2022 and (y) 47,971 RSUs that will vest on May 4, 2023, subject to the terms, conditions and restrictions of the award agreement governing the grant; (ii) 30,385 RSUs that will vest as follows: (x) 10,129 RSUs vested on May 10, 2022 and (y) 10,128 RSUs will vest on each of May 10, 2023 and 2024, subject to the terms, conditions and restrictions of the award agreement governing the grant; (iii) 136,857 RSUs will vest on June 8, 2023, subject to the terms, conditions and restrictions of the award agreement governing the grant; (iv) 58,653 PSUs will vest on June 8, 2023, subject to the terms, conditions and restrictions of the award agreement governing the grant; (v) and (v) 45,577 PSUs will vest on May 10, 2024, subject to the terms, conditions and restrictions of the award agreement governing the grant. See footnote (4) to the Grants of Plan Based Awards table in this Proxy Statement. Unvested PSU awards are valued at target achievement.

(4) The amounts reflected for Mr. Hartmann include (i) 54,888 RSUs that will vest as follows: 18,296 RSUs vested on May 10, 2022, and 18,296 RSUs will vest on each of May 10, 2023, and May 10, 2024, subject to the terms, conditions and restrictions of the award agreement governing the grant; (ii) 341,327 RSUs that will vest as follows: (x) 170,663 RSUs vested on May 18, 2022 and (y) 170,664 RSUs will vest on May 18, 2023, subject to the terms, conditions and restrictions of the award agreement governing the grant; (iii) 247,225 RSUs that will vest on June 8, 2023, subject to the terms, conditions and restrictions of the award agreement governing the grant; (iv) 105,954 PSU awards that will vest on June 8, 2023, subject to the terms, conditions and restrictions of the award agreement governing the grant; and (v) 82,333 PSU awards that will vest on May 10, 2024, subject to the terms, conditions and restrictions of the award agreement governing the grant. See footnote (4) to the Grants of Plan Based Awards table in this Proxy Statement. Unvested PSU awards are valued at target achievement.

- (5) The amounts reflected for Mr. Hartsig include (i) 55,637 RSUs that will vest as follows: (x) 27,818 RSUs vested on March 4, 2022 and (y) 27,819 RSUs will vest on March 4, 2023, subject to the terms, conditions and restrictions of the award agreement governing the grant; (ii) 27,444 RSUs that will vest as follows: 9,148 RSUs vested on May 10, 2022, and 9,148 RSUs will vest on each of May 10, 2023, and May 10, 2024, subject to the terms, conditions and restrictions of the award agreement governing the grant; (iii) 123,613 RSUs that will vest on June 8, 2023, subject to the terms, conditions and restrictions of the award agreement governing the grant; (iv) 52,977 PSU awards that will vest on June 8, 2023, subject to the terms, conditions and restrictions of the award agreement governing the grant; and (v) 41,166 PSU awards that will vest on May 10, 2024, subject to the terms, conditions and restrictions of the award agreement governing the grant. See footnote (4) to the Grants of Plan Based Awards table in this Proxy Statement. Unvested PSU awards are valued at target achievement.
- (6) The amounts reflected for Mr. Masood include (i) 17,839 RSUs that will vest as follows: (x) 5,947 RSUs vested on May 10, 2022 and (y) 5,946 RSUs will vest on each of May 10, 2023 and 2024, subject to the terms, conditions and restrictions of the award agreement governing the grant; (ii) 5,676 RSUs that will vest as follows: 1,892 RSUs will vest on each of November 10, 2022, 2023, and 2024, subject to the terms, conditions and restrictions of the award agreement governing the grant; (iii) 67,987 RSUs that will vest on June 8, 2023, subject to the terms, conditions and restrictions of the award agreement governing the grant; (iv) 29,137 PSU awards that will vest on June 08, 2023, subject to the terms, conditions and restrictions of the award agreement governing the grant; (v) 26,758 PSU awards that will vest on May 10, 2024, subject to the terms, conditions and restrictions of the award agreement governing the grant; and (vi) 8,514 PSU awards that will vest on November 10, 2024, subject to the terms, conditions and restrictions of the award agreement governing the grant. See footnote (4) and (6) to the Grants of Plan Based Awards table in this Proxy Statement. Unvested PSU awards are valued at target achievement.

option exercises and stock vested

option exercises and stock awards vested for fiscal 2021

The following table includes certain information with respect to the exercise of options and vesting of stock awards by NEOs during fiscal 2021.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Mark J. Tritton⁽¹⁾	406,692	\$9,367,916
Gustavo Arnal⁽²⁾	47,971	\$1,181,526
John Hartmann⁽³⁾	170,664	\$4,295,613
Joseph Hartsig⁽⁴⁾	27,819	\$ 797,432
Rafeh Masood⁽⁵⁾	89,720	\$2,190,962

(1) Mr. Tritton acquired 406,692 shares in total on March 31, 2021 and November 4, 2021, upon the vesting of previously granted PSUs and RSUs.

(2) Mr. Arnal acquired 47,971 shares in total on May 4, 2021, upon the vesting of previously granted RSUs.

(3) Mr. Hartmann acquired 170,664 shares in total on May 18, 2021, upon the vesting of previously granted RSUs.

(4) Mr. Hartsig acquired 27,819 shares in total on March 4, 2021, upon the vesting of previously granted RSUs.

(5) Mr. Masood acquired 89,720 shares in total on May 11, 2021, upon the vesting of previously granted RSUs.

employment agreements and potential payments upon termination or change in control

employment agreements

Each NEO has an employment agreement with the Company that provides for severance pay and other benefits upon a termination of his or her employment. For a complete description of payments due to each NEO upon termination of his or her employment with the Company, see “Potential Payments Upon Termination or Change in Control” below. Each NEO’s employment agreement provides for non-competition, non-solicitation, and non-interference during the term of employment and for a certain period thereafter. Mr. Tritton’s restricted period extends two years after separation from the Company; Mr. Hartmann’s restricted period is 18 months following termination; and Mr. Arnal’s, Mr. Hartsig’s, and Mr. Masood’s extends 12 months after termination. Each NEO employment agreement provides for confidentiality during the term of employment and surviving the end of the term of employment.

potential payments upon termination or change in control

The employment agreement of each NEO and certain of the plans in which the NEOs participate require the Company to pay compensation to the executives if their employment terminates.

On April 20, 2022, as part of the Company’s annual review process that began in 2021, the People, Culture and Compensation Committee of the Company’s Board of Directors approved the adoption of an Executive Change in Control Severance Plan (the “Change in Control Plan”). This plan, similar to those of benchmarked peers, provides for enhanced cash severance to be paid to members of the Company’s executive leadership team and specific other employees as a result of certain events that would trigger a change in control of the Company, as defined in the Change in Control Plan, and based on a tier system. Mr. Tritton, as CEO, is a Tier I Executive and all other NEOs are Tier II Executives.

Upon the occurrence of a termination of an NEO by us without Cause or by an NEO for Good Reason at any time three (3) months prior to a Change in Control or two (2) years following a Change in Control, such NEO would be entitled to the following:

- a cash severance payment equal to (a) two times (2x) in the case of a Tier I Executive, or (b) one and a half times (1.5x) in the case of Tier II Executives, the sum of the executive’s annual base salary and the executive’s target bonus, both as in effect immediately prior to the Change in Control;
- a prorated portion of the executive’s annual bonus for the period in which the termination date occurs, at target level of performance and paid at such time as other executives receive their bonuses;
- any equity or long-term compensation grant or award outstanding in accordance with the terms of the applicable compensation plan and award agreement;
- any Accrued Obligations; and
- continuation of an executive’s (and eligible dependents) health benefit coverage for (a) up to twenty-four (24) months for a Tier I Executive, or (b) up to eighteen (18) months for a Tier II Executive.

The table below lists the estimated amount of compensation payable to each of Messrs. Tritton, Hartmann, Arnal, Hartsig and Masood in each termination situation using an assumed termination date and an assumed change in control date of February 26, 2022, the last day of fiscal 2021 and a price per share of common stock of \$16.17 (the “Per Share Closing Price”), the closing per share price as of February 25, 2022, the last trading day of fiscal 2021. The salary and annual bonus otherwise payable to each NEO through February 26, 2022 are included in the Summary Compensation Table.

employment agreement with Mr. Tritton

The Board appointed Mark J. Tritton as the President and Chief Executive Officer of the Company, and in connection therewith, the Company entered into an employment agreement with Mr. Tritton (the "Tritton Employment Agreement") on October 6, 2019. The Tritton Employment Agreement provides that in the event of a termination of Mr. Tritton's employment due to his death or disability:

- the Company will pay Mr. Tritton any base salary that had accrued but had not been paid on or before the date of separation, any reimbursement due in accordance with the terms of the relevant employment agreement and any other vested benefits or vested amounts due and owed to the executive under the terms of any plan, program or arrangement of the Company (collectively, with respect to each applicable executive, the "Accrued Obligations"); and
- the Tritton Sign-On RSU Award and the Tritton Make-Whole RSU Award, to the extent not previously vested, will immediately vest in full and the Tritton Make-Whole PSU Award, to the extent not previously vested, will immediately vest in full at 100% of target level of performance (collectively, the "Tritton Make-Whole Award Acceleration"). The number of RSUs subject to the Tritton Sign-On RSU Award and the Tritton Make-Whole RSU Award were determined by dividing the grant values set forth in the employment agreement by the volume-weighted average closing price of a share of the Company's common stock over the twenty trading day period ending immediately prior to Mr. Tritton's start date (the "20-Day Volume-Weighted Average Determination").

The Tritton Employment Agreement provides that if the Company terminates Mr. Tritton's employment without "Cause," or in the event Mr. Tritton terminates with "Good Reason," in each case, not in connection with a "change in control" (as defined in the 2018 Plan), then in addition to the Accrued Obligations and the Tritton Make-Whole Award Acceleration, Mr. Tritton will receive: (i) severance pay equal to the sum of (x) two times Mr. Tritton's base salary and (y) his target annual bonus for the performance year in which the termination date occurs (payable over the 24 months following his termination date), (ii) any earned but unpaid annual bonus for the performance year prior to the year of termination, and (iii) up to 24 months of COBRA benefits at active employee rates. 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. If the Company terminates Mr. Tritton's employment without "Cause," or in the event Mr. Tritton terminates with "Good Reason," in each case, within 30 days prior to, or two years following, a "change in control" (as defined in the 2018 Plan), then Mr. Tritton will receive the entitlements described in the preceding two sentences, except that the severance pay will be paid in lump sum, Mr. Tritton's other outstanding time-based equity awards will immediately vest in full, and any other outstanding performance-based equity awards will vest, based on actual performance and prorated based on the number of days during the applicable performance period that Mr. Tritton remained employed by the Company, at the time that such awards would have otherwise vested had Mr. Tritton remained employed up to the vesting date. Mr. Tritton (or his estate or legal representative, in the event of Mr. Tritton's death or disability) is required to deliver a formal release of all claims prior to, and as a condition of, his receipt of any of the severance payments, accelerated vesting, and other post-employment benefits under the Tritton Employment Agreement.

In the event Mr. Tritton's employment is terminated by the Company, and any compensation, payment or distribution by the Company would constitute an "excess parachute payment" as defined in Section 280G of the Code ("Section 280G"), payments would be reduced to the extent that such cutback would result in a better net after tax position for Mr. Tritton (as applicable to the relevant NEO, a "Cutback").

"Cause" is defined in the Tritton Employment Agreement as Mr. Tritton's: (i) indictment for or plea of *nolo contendere* to a felony or commission of an act involving moral turpitude; (ii) commission of fraud, theft, embezzlement, self-dealing, misappropriation or other malfeasance against the business of the Company Group; (iii) indictment for or plea of *nolo contendere* to any serious offense that results in or would reasonably be expected to result in material financial harm, materially negative publicity or other material harm to any member of the Company Group; (iv) failure to perform any material aspect of his lawful duties or responsibilities for the Company or the Company Group (other than by reason of disability), and if curable, failure to cure in a timely manner; (v) failure to comply with any lawful written policy of the Company or reasonable directive of the Board, and in either case, if curable, failure to cure in a timely manner; (vi) commission of acts or omissions constituting gross negligence or gross misconduct in the performance of any aspect of his lawful duties or responsibilities; (vii) breach of any fiduciary duty owed to the Company Group; (viii) violation or breach of any restrictive covenant or any material term of the Tritton Employment Agreement, and, if curable, failure to

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cure in a timely manner; or (ix) commission of any act or omission that damages or is reasonably likely to damage the financial condition or business of the Company or materially damages or is reasonably likely to materially damage the reputation, public image, goodwill, assets or prospects of the Company. In addition, Mr. Tritton's employment will be deemed to have terminated for "Cause" if, on the date Mr. Tritton's employment terminates, facts and circumstances exist that would have justified a termination for Cause, to the extent that such facts and circumstances are discovered within four months after such termination.

"Good Reason" is defined in the Tritton Employment Agreement as any of the following occurring without Mr. Tritton's written consent: (i) a reduction of Mr. Tritton's base salary, other than a reduction of less than ten percent in connection with a comparable decrease applicable to all senior executives of the Company; (ii) the Company's relocation of Mr. Tritton's place of employment by more than thirty-five miles; (iii) a material diminution in Mr. Tritton's duties, authority or responsibilities; or (iv) a change in Mr. Tritton's reporting line (such that he no longer reports directly to the Board) or in his title of Chief Executive Officer; provided, in each case, that a resignation will be with "Good Reason" only if Mr. Tritton provides the Company with written notice detailing the specific circumstances alleged to constitute "Good Reason" within sixty calendar days after the occurrence of such circumstances, the Company fails to cure such circumstances in all material respects within thirty days of receipt of notice, and Mr. Tritton actually resigns within one hundred and twenty days following the first occurrence of any grounds for "Good Reason"; provided further, that the removal of Mr. Tritton's title as President and the subsequent appointment of a President who would report to Mr. Tritton would not constitute grounds for "Good Reason."

The Tritton Employment Agreement provides for non-competition and non-solicitation during the term of employment and for two years thereafter. The agreement also provides for non-disparagement and confidentiality during the term of employment and surviving the end of the term of employment.

employment agreement with Mr. Hartmann

The Board appointed John Hartmann as Chief Operating Officer of the Company and President, buybuy BABY, and in connection therewith, the Company entered into an employment agreement with Mr. Hartmann (the "Hartmann Employment Agreement") on April 1, 2020. The Hartmann Employment Agreement provides that in the event of a termination of Mr. Hartmann's employment due to his death or disability:

- the Company will pay Mr. Hartmann (or his estate) any Accrued Obligations;
- the Hartmann Make-Whole RSU Award (the number of RSUs subject to which were calculated using the 20-Day Volume-Weighted Average Determination), to the extent not previously vested, will immediately vest in full as of the date of termination (the "Hartmann Make-Whole Award Acceleration"); and
- the Company will pay Mr. Hartmann (or his estate) any earned but unpaid annual bonus for a fiscal year occurring before the fiscal year in which the termination occurs.

The Hartmann Employment Agreement provides that if the Company terminates Mr. Hartmann's employment as a result of non-renewal of the employment term or otherwise without "Cause," or in the event Mr. Hartmann terminates with "Good Reason," then in addition to the Accrued Obligations and the Hartmann Make-Whole Award Acceleration, Mr. Hartmann will receive: (i) cash severance pay equal to one and a half times the sum of (x) Mr. Hartmann's then-current base salary and (y) his then-current target annual bonus, payable over the 18 months following his termination date, (ii) any earned but unpaid annual bonus for the fiscal year prior to the fiscal year in which the termination occurs, and (iii) up to 78 weeks of COBRA benefits at active employee rates. Mr. Hartmann (or his estate or legal representative, in the event of Mr. Hartmann's death or disability) is required to deliver a formal release of all claims prior to, and as a condition of, his receipt of any of the severance payments, accelerated vesting, and other post-employment benefits under the Hartmann Employment Agreement.

In the event Mr. Hartmann's employment is terminated by the Company, and any compensation, payment or distribution by the Company would constitute an "excess parachute payment" as defined in Section 280G, payments would be subject to the Cutback.

"Cause," for each of Messrs. Hartmann, Arnal, Hartsig and Masood, unless otherwise noted, is generally defined in their respective employment agreements as the executive's: (i) indictment for or plea of *nolo contendere* to a felony or commission of an act involving moral turpitude; (ii) commission of fraud, theft, embezzlement, self-dealing,

misappropriation or other malfeasance against the business of the Company Group; (iii) indictment for or plea of *nolo contendere* to any serious offense that results in or would reasonably be expected to result in material financial harm, materially negative publicity or other material harm to any member of the Company Group; (iv) failure to perform any material aspect of his lawful duties or responsibilities for the Company or the Company Group (other than by reason of disability), and if curable, failure to cure in a timely manner; (v) failure to comply with any lawful written policy of the Company or reasonable directive of the CEO or the Board, and in either case, if curable, failure to cure in a timely manner; (vi) commission of acts or omissions constituting gross negligence or gross misconduct in the performance of any aspect of his lawful duties or responsibilities; (vii) breach of any fiduciary duty owed to the Company Group; (viii) violation or breach of any restrictive covenant or any material term of the applicable employment agreement, and, if curable, failure to cure in a timely manner; or (ix) commission of any act or omission that damages or is reasonably likely to damage the financial condition or business of the Company or materially damages or is reasonably likely to materially damage the reputation, public image, goodwill, assets or prospects of the Company. In addition, the executive's employment will be deemed to have terminated for "Cause" if, on the date the executive's employment terminates, facts and circumstances exist that would have justified a termination for Cause, to the extent that such facts and circumstances are discovered within four months after such termination.

"Good Reason," for each of Messrs. Hartmann, Arnal, Hartsig and Masood, is generally defined in the their respective employment agreements as any of the following occurring without applicable executive's written consent: (i) a reduction of the executive's base salary, other than a reduction of less than ten percent in connection with a comparable decrease applicable to all senior executives of the Company; (ii) the Company's relocation of the executive's place of employment by more than thirty-five miles; (iii) a material diminution in the executive's duties, authority or responsibilities; or (iv) a change in the executive's reporting line (such that he or she no longer reports directly to the CEO or the Board); provided, in each case, that a resignation will be with "Good Reason" only if the executive provides the Company with written notice detailing the specific circumstances alleged to constitute "Good Reason" within sixty calendar days after the occurrence of such circumstances, the Company fails to cure such circumstances in all material respects within thirty days of receipt of notice, and the applicable executive actually resigns within one hundred and twenty days following the first occurrence of any grounds for "Good Reason."

The Hartmann Employment Agreement provides for non-competition and non-solicitation during the term of employment and for 18 months thereafter. The agreement also provides for non-disparagement and confidentiality during the term of employment and surviving the end of the term of employment.

employment agreement with Mr. Arnal

The Board appointed Gustavo Arnal Executive Vice President and Chief Financial Officer of the Company, and in connection therewith, the Company entered into an employment agreement with Mr. Arnal (the "Arnal Employment Agreement") on April 24, 2020. The Arnal Employment Agreement provides that in the event of a termination of Mr. Arnal's employment due to his death or disability:

- the Company will pay Mr. Arnal (or his estate) any Accrued Obligations; and
- the Arnal Sign-On RSU Award (the number of RSUs subject to which were calculated using the 20-Day Volume-Weighted Average Determination), to the extent not previously vested, will immediately vest in full as of the date of termination (the "Arnal Sign-On Award Acceleration").

The Arnal Employment Agreement provides that if the Company terminates Mr. Arnal's employment as a result of non-renewal of the employment term or otherwise without "Cause," or in the event Mr. Arnal terminates for "Good Reason," then in addition to the Accrued Obligations and the Arnal Sign-On Award Acceleration, Mr. Arnal will receive: (i) cash severance pay equal to the sum of (x) Mr. Arnal's then-current base salary and (y) his then-current target annual bonus, payable over the 12 months following his termination date, (ii) any earned but unpaid annual bonus for the fiscal year prior to the fiscal year in which the termination occurs, (iii) full vesting of any 2020 equity awards, (based on actual performance with respect to performance-based 2020 equity awards, and prorated for the number of days in the performance period before Mr. Arnal's termination), and (iv) up to 52 weeks of COBRA benefits at active employee rates. Mr. Arnal (or his estate or legal representative, in the event of Mr. Arnal's death or disability) is required to deliver a formal release of all claims prior to, and as a condition of, his receipt of any of the severance payments, accelerated vesting, and other post-employment benefits under the Arnal Employment Agreement.

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The Arnal Employment Agreement provides for non-competition and non-solicitation during the term of employment and for 12 months thereafter. The agreement also provides for non-disparagement and confidentiality during the term of employment and surviving the end of the term of employment.

employment agreement with Mr. Hartsig

The Board appointed Joseph Hartsig Executive Vice President, Chief Merchandising Officer of the Company and President, Harmon Stores Inc., and in connection therewith, the Company entered into an employment agreement with Mr. Hartsig (the "Hartsig Employment Agreement") on February 26, 2020. The Hartsig Employment Agreement provides that in the event of a termination of Mr. Hartsig's employment due to his death or disability:

- the Company will pay Mr. Hartsig (or his estate) any Accrued Obligations;
- the Hartsig Make-Whole RSU Award (the number of RSUs subject to which were calculated using the 20-Day Volume-Weighted Average Determination), to the extent not previously vested, will immediately vest in full as of the date of termination (the "Hartsig Make-Whole Award Acceleration");
- the Company will pay Mr. Hartsig (or his estate) any earned but unpaid annual bonus for a fiscal year prior to the fiscal year in which the termination occurs; and
- The Company will pay Mr. Hartsig (or his estate) any portion of the Hartsig Retention Bonus that has not been paid as of the termination.

The Hartsig Employment Agreement provides that if the Company terminates Mr. Hartsig's employment as a result of non-renewal of the employment term or otherwise without "Cause," or in the event Mr. Hartsig terminates for "Good Reason," then in addition to the Accrued Obligations and the Hartsig Make-Whole Award Acceleration, Mr. Hartsig will receive: (i) cash severance pay equal to the sum of (x) Mr. Hartsig's then-current base salary and (y) his then-current target annual bonus, payable over the 12 months following his termination date, (ii) any earned but unpaid annual bonus for the fiscal year prior to the fiscal year in which the termination occurs, (iii) if such termination occurs in the last 6 months of the fiscal year in which the termination occurs, a portion of the annual bonus for such fiscal year (based on actual performance and prorated for the number of days in the performance period before Mr. Hartsig's termination), (iv) any portion of the Hartsig Retention Bonus that has not been paid as of the termination date, and (v) up to 52 weeks of COBRA benefits at active employee rates. Mr. Hartsig (or his estate or legal representative, in the event of Mr. Hartsig's death or disability) is required to deliver a formal release of all claims prior to, and as a condition of, his receipt of any of the severance payments, accelerated vesting, and other post-employment benefits under the Hartsig Employment Agreement.

In the event Mr. Hartsig's employment is terminated by the Company, and any compensation, payment or distribution by the Company would constitute an "excess parachute payment" as defined in Section 280G, payments would be subject to the Cutback.

The Hartsig Employment Agreement provides for non-competition and non-solicitation during the term of employment and for 12 months thereafter. The agreement also provides for non-disparagement and confidentiality during the term of employment and surviving the end of the term of employment.

employment agreement with Mr. Masood

The Board appointed Rafeh Masood Executive Vice President, Chief Digital Officer of the Company, and in connection therewith, the Company entered into an employment agreement with Mr. Masood on April 22, 2020, which was later amended to reflect his appointment to Executive Vice President, Chief Customer Officer on November 2, 2021 (collectively, the "Masood Employment Agreement"). The Masood Employment Agreement provides that in the event of a termination of Mr. Masood's employment due to his death or disability:

- the Company will pay Mr. Masood (or his estate) any Accrued Obligations;
- the Masood Sign-on RSU Award (the number of RSUs subject to which were calculated using the 20-Day Volume-Weighted Average Determination), to the extent not previously vested, will immediately vest in full as of the date of termination (the "Masood Sign-on RSU Award Acceleration");

- the Company will pay Mr. Masood (or his estate) any earned but unpaid annual bonus for a fiscal year prior to the fiscal year in which the termination occurs; and
- The Company will pay Mr. Masood (or his estate) any portion of the Masood Retention Bonus that has not been paid as of the termination.

The Masood Employment Agreement provides that if the Company terminates Mr. Masood's employment as a result of non-renewal of the employment term or otherwise without "Cause," or in the event Mr. Masood terminates for "Good Reason," then in addition to the Accrued Obligations and the Masood Sign-on RSU Award Acceleration, Mr. Masood will receive: (i) cash severance pay equal to the sum of (x) Mr. Masood's then-current base salary and (y) his then-current target annual bonus, payable over the 12 months following his termination date, (ii) any earned but unpaid annual bonus for the fiscal year prior to the fiscal year in which the termination occurs, (iii) any portion of the Masood Retention Bonus that has not been paid as of the termination date, and (iv) up to 52 weeks of COBRA benefits at active employee rates. Mr. Masood (or his estate or legal representative, in the event of Mr. Masood's death or disability) is required to deliver a formal release of all claims prior to, and as a condition of, his receipt of any of the severance payments, accelerated vesting, and other post-employment benefits under the Masood Employment Agreement.

In the event Mr. Masood's employment is terminated by the Company, and any compensation, payment or distribution by the Company would constitute an "excess parachute payment" as defined in Section 280G, payments would be subject to the Cutback.

The Masood Employment Agreement provides for non-competition and non-solicitation during the term of employment and for 12 months thereafter. The agreement also provides for non-disparagement and confidentiality during the term of employment and surviving the end of the term of employment.

PSU and RSU Award Agreements

The award agreements applicable to the PSUs and RSUs held by our NEOs provide for accelerated vesting upon certain termination events, including in connection with a change in control (as defined in the 2018 Plan). Upon a termination due to death or disability (as defined in an applicable employment agreement or, if not there defined, the 2012 Plan), the RSUs will immediately vest in full, and upon a termination by the Company without Cause or for Good Reason, subject to the NEO's timely execution, delivery, and non-revocation of a release of claims in favor of the Company, a pro-rated portion of the RSUs will vest on the original vesting date. In the event of a termination by the Company without Cause or for Good Reason, in each case, within ninety (90) days prior to, or two (2) years following, a change in control, subject to the NEO's timely execution, delivery, and non-revocation of a release of claims in favor of the Company, the RSUs will immediately vest in full.

The award agreements applicable to the PSUs held by our NEOs provide that (i) upon a termination due to the NEO's death, the awards will vest at target, (ii) upon a termination due to disability (as defined in an applicable employment agreement or, if not there defined, the 2012 Plan), the awards will remain outstanding and eligible to vest in full based on actual performance on the original vesting date, (iii) upon a termination by the Company without Cause or for Good Reason, subject to the NEO's timely execution, delivery, and non-revocation of a release of claims in favor of the Company, the awards will remain outstanding and eligible to vest based on actual performance on the original vesting date, prorated for the portion of the period during which the NEO was employed and (iv) upon a termination by the Company without Cause or for Good Reason within ninety (90) days prior to, or two (2) years following, a change in control, subject to the NEO's timely execution, delivery, and non-revocation of a release of claims in favor of the Company, the awards will immediately vest in full based on actual performance during the portion of the performance period ending on the date of such termination.

EXECUTIVE COMPENSATION

Table and related footnotes follow:

	Cash Severance ⁽¹⁾	Pro Rata Bonus ⁽²⁾	PSU and RSU Acceleration	COBRA Continuation ⁽³⁾	Total ⁽⁴⁾
Mark J. Tritton					
Termination due to death or disability ⁽⁵⁾	\$ —	\$ —	\$16,303,289	\$ —	\$16,303,289
Termination without Cause or with Good Reason ⁽⁶⁾	\$6,765,000	\$ —	\$ 7,792,242	\$31,984	\$14,589,226
Change in Control + Termination ⁽⁷⁾	\$6,765,000	\$2,152,500	\$16,303,289	\$31,984	\$25,252,773
Gustavo Arnal					
Termination due to death or disability ⁽⁵⁾	\$ —	\$ —	\$ 5,941,068	\$ —	\$ 5,941,068
Termination without Cause or with Good Reason ⁽⁶⁾	\$1,433,750	\$ —	\$ 4,632,414	\$ —	\$ 6,066,164
Change in Control + Termination ⁽⁷⁾	\$2,150,625	\$ 658,750	\$ 5,941,068	\$ —	\$ 8,750,443
John Hartmann					
Termination due to death or disability ⁽⁵⁾	\$ —	\$ —	\$13,449,026	\$ —	\$13,449,026
Termination without Cause or with Good Reason ⁽⁶⁾	\$3,375,000	\$ —	\$ 9,356,835	\$25,949	\$12,757,784
Change in Control + Termination ⁽⁷⁾	\$3,375,000	\$1,250,000	\$13,449,026	\$25,949	\$18,099,975
Joseph Hartsig					
Termination due to death or disability ⁽⁵⁾	\$ —	\$ —	\$ 4,864,534	\$ —	\$ 4,864,534
Termination without Cause or with Good Reason ⁽⁶⁾	\$1,260,000	\$ —	\$ 2,823,176	\$15,288	\$ 4,098,464
Change in Control + Termination ⁽⁷⁾	\$1,890,000	\$ 560,000	\$ 4,864,534	\$22,933	\$ 7,337,467
Rafeh Masood					
Termination due to death or disability ⁽⁵⁾	\$ —	\$ —	\$ 2,521,081	\$ —	\$ 2,521,081
Termination without Cause or with Good Reason ⁽⁶⁾	\$1,170,000	\$ —	\$ 1,106,917	\$17,300	\$ 2,294,217
Change in Control + Termination ⁽⁷⁾	\$1,755,000	\$ 520,000	\$ 2,521,081	\$25,949	\$ 4,822,030

(1) If an NEO is terminated during the three (3) months preceding a Change in Control or two (2) years following, the severance would be paid out in a lump sum within 60 days of the termination date. If the termination is not in connection with a Change in Control, severance payments will be made in installments in accordance with the regular payroll payment schedule; provided that if severance payments are subject to Section 409A of the Code ("Section 409A"), certain payments may be delayed until six months following separation from the Company.

(2) If an NEO is terminated during the three (3) months preceding a Change in Control or two (2) years following, the pro rata share of the NEO's bonus, at target level, would be paid at such time as other executives receive their bonuses.

(3) Represents the employer portion of COBRA continuation coverage at active employee rates. Upon a termination without Cause or for Good Reason, (i) Mr. Tritton would be entitled to 24 months of benefits continuation, (ii) Mr. Hartmann would be entitled to 18 months of benefits continuation, and (iii) Messrs. Hartsig and Masood would be entitled to 12 months of benefit continuation. Upon a termination without Cause or for Good Reason during the three (3) months preceding a Change in Control of two (2) years following, (i) Mr. Tritton would be entitled to 24 months of benefits continuation, (ii) Messrs. Hartmann, Hartsig and Masood would be entitled to 18 months of benefits continuation. Because Mr. Arnal has elected not to receive coverage under the Company's health and welfare programs as of the last day of fiscal 2021, no amount would be payable or is reflected in respect of COBRA continuation coverage at active employee rates in the event of a termination of employment by Mr. Arnal as of the last date of fiscal 2021.

(4) Assumes for Messrs. Tritton, Arnal, Hartmann, Hartsig, and Masood that no Cutback applies.

(5) In the event of termination by reason of death or disability, outstanding 2020 and 2021 RSU awards will vest in full. In the event of disability, the outstanding 2020 and 2021 PSU awards will vest in full based on actual performance. For purposes of this analysis, the values above assume target performance. In the event of death, the outstanding 2020 and 2021 PSU awards will vest in full based on target performance.

(6) Upon a termination without Cause or for Good Reason, (i) Mr. Tritton would become entitled to a severance payment equal to two times the sum of his base salary and his target fiscal 2021 annual bonus, (ii) Mr. Hartmann would be entitled to a severance payment equal to one and one-half times the sum of base salary and target fiscal 2021 annual bonus, and (iii) Messrs. Arnal, Hartsig and Masood would become entitled to a severance payment equal to one time the sum of base salary and target fiscal 2021 annual bonus. With respect to equity compensation, the 2020 and 2021 outstanding RSU awards will vest pro-rata and the 2020 and 2021 PSU awards will vest based on actual performance and prorated based on the portion of the performance period the NEO remained employed by the Company, at the time that such awards would have otherwise vested had the NEO remained employed up to the vesting date. For purposes of this analysis, the values above assume target performance. Mr. Arnal's 2020 outstanding RSU award will vest in full pursuant to the terms of his employment agreement. All of the above severance payments are subject to the execution and non-revocation of a release of claims.

(7) Upon a termination without Cause or for Good Reason during the three (3) months preceding a Change in Control of two (2) years following, (i) Mr. Tritton would become entitled to a severance payment equal to two times the sum of his base salary and his target annual bonus and a pro rata share of his annual bonus, at target level, for the performance period in which the termination occurs and (ii) Messrs. Arnal, Hartmann, Hartsig and Masood would become entitled to a severance payment equal to one and one half times the sum of their base salary

and target annual bonus and a pro rata share of their annual bonus, at target level, for the performance period in which the termination occurs. With respect to equity compensation, all of Mr. Tritton's other outstanding time-based equity awards will immediately vest in full, and any other outstanding performance-based equity awards will vest, based on actual performance and prorated based on the portion of the performance period that Mr. Tritton remained employed by the Company, at the time that such awards would have otherwise vested had Mr. Tritton remained employed up to the vesting date. For the remaining NEOs, the 2020 and 2021 RSU awards will vest in full, while the 2020 and 2021 PSU awards will vest in full based on actual performance through the date of termination. For purposes of this analysis, the values above assume target performance. All of the above severance payments are subject to the execution and non-revocation of a release of claims.

CEO pay ratio

The Company has prepared the following information required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, regarding the ratio of the compensation of our CEO to that of the Company's median associate, using certain permitted methodologies.

The median associate at the Company, not counting the CEO, was determined by:

- using our total associate population (whether employed on a full-time, part-time, seasonal or temporary basis), which as of February 26, 2022, the Company's fiscal year end, includes approximately 32,000 associates (of which more than 62% were part-time and more than 90% were hourly), comprised of approximately 30,000 US associates and approximately 2,000 non-US associates; and
- using payroll records as of February 26, 2022, the Company's fiscal year end.

The median associate was identified using total cash compensation, which, for this purpose, included base salary, bonus and commissions, per payroll records for the twelve months ended February 26, 2022 and pay for any permanent full-time and part-time associates (whether salaried or hourly) who were not employed for the full fiscal year was annualized.

The individual identified as the median associate is a part-time hourly associate working in a Bed Bath & Beyond store receiving a total annual compensation for fiscal 2021 of \$18,652. The identification of the median associate was influenced by the Company having a workforce significantly composed of part-time, hourly store associates.

The compensation of the Company's CEO for fiscal 2021 as reported in the Summary Compensation Table was \$9,775,622. The ratio of the annual total compensation of the Company's CEO to that of the median associate is estimated to be 524:1. This estimate was calculated in a manner consistent with the applicable SEC rules and guidance, based upon the payroll and employment records of the Company. The rules and guidance applicable to this disclosure permit a variety of methods and a range of reasonable estimates and assumptions to reflect compensation practices. Therefore, the pay ratio reported by other companies in similar industries may well not be comparable to the pay ratio reported above.

In connection with the preparation of the foregoing disclosure, management has provided the People, Culture and Compensation Committee with the analysis of the CEO to median associate pay ratio and accompanying contextual narrative, for its information when setting executive pay decisions.

our shareholders

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 16, 2022 by (i) each person or group of affiliated persons known by us to beneficially own more than 5% of our common stock; (ii) our NEOs; (iii) each of our directors and nominees for director; and (iv) all of our directors and executive officers as a group. Ownership data with respect to our institutional shareholders is based upon information publicly available as described in the footnotes below.

The following table gives effect to the shares of common stock issuable within 60 days of May 16, 2022 upon the exercise of all options and other rights beneficially owned by the indicated shareholders 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 79,886,442 shares of our common stock outstanding at May 16, 2022. 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	
BlackRock, Inc.		16,527,076 ⁽¹⁾	20.7%
FMR LLC		13,801,041 ⁽²⁾	17.3%
The Vanguard Group		10,719,381 ⁽³⁾	13.4%
RC Ventures LLC		9,450,100 ⁽⁴⁾	11.8%
Mark J. Tritton	President and Chief Executive Officer and Director	414,883 ⁽⁵⁾	*
Gustavo Arnal	Executive Vice President, Chief Financial Officer	105,325 ⁽⁶⁾	*
John Hartmann	Executive Vice President, Chief Operating Officer and President, buybuy BABY, Inc.	239,409 ⁽⁷⁾	*
Joseph Hartsig	Executive Vice President, Chief Merchandising Officer and President, Harmon Stores, Inc.	40,667 ⁽⁸⁾	*
Rafeh Masood	Executive Vice President, Chief Customer Officer	65,799 ⁽⁹⁾	*
Marjorie L. Bowen	Director	—	*
Harriet Edelman	Director	63,789	*
John E. Fleming	Director	51,587	*
Sue E. Gove	Director	55,587	*
Jeffrey A. Kirwan	Director	33,455	*
Shelly Lombard	Director	—	*
Benjamin L. Rosenzweig	Director	—	*
Virginia P. Rueterholz	Director	32,347	*
Joshua E. Schechter	Director	35,087	*
Minesh Shah	Director	—	*
Andrea M. Weiss	Director	25,096	*
Mary A. Winston	Director	107,434	*
Ann Yerger	Director	37,424	*
All Directors and Executive Officers as a Group (22 persons)		1,373,527	1.7%

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

- (1) Information regarding BlackRock, Inc. was obtained from a Schedule 13G filed with the SEC on February 7, 2022 by BlackRock, Inc. The Schedule 13G states that BlackRock, Inc. has sole voting power of 16,185,182 shares of common stock and sole dispositive power of 16,527,076 shares of common stock. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.
- (2) Information regarding FMR LLC was obtained from a Schedule 13G filed with the SEC on February 9, 2022 by FMR LLC. The Schedule 13G states that FMR LLC has sole voting power of 1,505,668 shares of common stock and sole dispositive power of 13,801,041 shares of common stock. The address of FMR LLC is 245 Summer Street, Boston, MA 02210.
- (3) Information regarding The Vanguard Group was obtained from a Schedule 13G filed with the SEC on February 9, 2022 by The Vanguard Group. The Schedule 13G states that The Vanguard Group has shared voting power of 111,109 shares of common stock, sole dispositive power of 10,526,689 shares of common stock and shared dispositive power of 192,692 shares of common stock. The address of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.
- (4) Information regarding RC Ventures LLC was obtained from a Schedule 13D filed with the SEC on March 24, 2022 by RC Ventures LLC. The Schedule 13D states that RC Ventures LLC has sole voting power of 9,450,100 shares of common stock and sole dispositive power of 9,450,100 shares of common stock. The address of RC Ventures LLC is P.O. Box 25250, PMB 30427, Miami, Florida 33102-5250.
- (5) The shares reported as being owned by Mr. Tritton are owned by him individually.
- (6) The shares reported as being owned by Mr. Arnal are owned by him individually.
- (7) The shares reported as being owned by Mr. Hartmann include 170,663 RSUs that will vest within 60 days of the reporting date.
- (8) The shares reported as being owned by Mr. Hartsig are owned by him individually.
- (9) The shares reported as being owned by Mr. Masood are owned by him individually.

other matters

frequently asked questions

These proxy materials are delivered in connection with the solicitation by the Board of Bed Bath & Beyond Inc., a New York corporation, of proxies to be voted at the Annual Meeting and at any adjournment or adjournments.

This year we have elected to take advantage of the SEC's rule that allows us to furnish proxy materials to you online. We believe electronic delivery will expedite shareholders' receipt of materials, while lowering costs and reducing the environmental impact of our 2022 Annual Meeting by reducing printing and mailing of full sets of materials. We mailed the Notice of Internet Availability of Proxy Materials ("Notice") containing instructions on how to access our proxy statement and annual report online on or about June 1, 2022. If you would like to receive a paper copy of the proxy materials, the Notice contains instructions on how to receive a paper copy.

The information regarding stock ownership and other matters in this Proxy Statement is as of the record date, May 16, 2022, unless otherwise indicated.

What may I vote on?

You may vote on the following proposals:

- election of eleven directors to hold office until the Annual Meeting in 2023 or until their respective successors have been elected and qualified (Proposal 1);
- ratification of the appointment of KPMG LLP as independent auditors for fiscal 2022 (Proposal 2); and
- the approval, by non-binding vote, of the 2021 compensation paid to the Company's NEOs (commonly known as a "say-on-pay" proposal) (Proposal 3).

THE BOARD RECOMMENDS THAT YOU VOTE:

- FOR the election of the eleven 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 16, 2022 are entitled to receive this notice and to vote their shares at the Annual Meeting. As of that date, there were 79,886,442 shares of common stock outstanding. Each share of common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

Where will the Annual Meeting be held?

This year's Annual Meeting will be held virtually. We have scheduled the Annual Meeting to be held online at www.virtualshareholdermeeting.com/BBBY2022 on Thursday, July 14, 2022 at 10:00 A.M. Eastern Daylight Time. There will not be a physical location for the Annual Meeting and you will not be able to attend the meeting in person. Shareholders will be able to listen, vote and submit questions via the internet by visiting www.virtualshareholdermeeting.com/BBBY2022. Please retain the 16-digit control number included on your proxy card or in the voting instructions that accompanied your proxy materials as you will need this number to attend the meeting virtually. We have designed the virtual meeting to offer the same participation opportunities as an in-person meeting.

Who is entitled to attend the Annual Meeting?

All of our shareholders of record as of the close of business on the record date, or their duly appointed proxy holders, may attend the Annual Meeting online at www.virtualshareholdermeeting.com/BBBY2022. If you are not a shareholder of record but hold shares through a broker, bank or other nominee, you should contact your broker, bank, or other nominee as soon as possible, so that you can be provided with a control number and gain access to the meeting.

How do I attend the Annual Meeting and submit questions or make comments?

If you are a registered holder of the Company's common stock, you do not need to register in advance to attend the Annual Meeting. To be admitted to the Annual Meeting at www.virtualshareholdermeeting.com/BBBY2022, you must enter the control number found on your proxy card. If you hold your shares in street name, contact your broker, bank, or other nominee as soon as possible, so that you can be provided with a control number and gain access to the meeting. Shareholders may vote electronically and submit questions online while attending the Annual Meeting.

If you wish to submit a question or make a comment during the Annual Meeting, you may log into the virtual meeting at www.virtualshareholdermeeting.com/BBBY2022 and type a question into the "Ask a Question" field and click "Submit." This year, shareholders may also submit questions in advance of the meeting by visiting www.proxyvote.com and selecting the "Submit Questions" option. Please have your control number available as you will need it when accessing www.proxyvote.com. Questions that are substantially similar may be grouped and answered to avoid repetition.

Questions or comments pertinent to meeting matters will be addressed during the Annual Meeting, subject to time constraints. Questions or comments that relate to proposals that are not properly before the Annual Meeting, relate to matters that are not proper subject for action by shareholders, are irrelevant to the Company's business, relate to material non-public information of the Company, relate to personal concerns or grievances, are derogatory to individuals or that are otherwise in bad taste, are in substance repetitious of a question or comment made by another shareholder, or are not otherwise suitable for the conduct of the Annual Meeting as determined in the sole discretion of the Company, will not be answered.

What if I have trouble accessing the Annual Meeting?

Technical support will be available by phone to address any technical difficulties beginning 15 minutes before the start time of the Annual Meeting and will remain available until the meeting has ended. The phone numbers for contacting technical support will be posted on the log-in page for the virtual meeting at www.virtualshareholdermeeting.com/BBBY2022.

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. common 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 the Notice is being sent directly to you. If you hold restricted stock under the 2012 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 through any of the below methods.



Vote by Internet
www.proxyvote.com



Vote by Phone
1-800-690-6903



Vote by Mail
*if you received a paper copy
of the proxy materials*
Vote Processing,
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 online at www.virtualshareholdermeeting.com/BBBY2022. However, for those who will not be voting at the Annual Meeting, your proxy must be received by no later than 11:59 P.M. Eastern Daylight Time on July 13, 2022.

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 any other 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;
- delivering a later-dated proxy to the Company (either in writing, by telephone or over the internet); or
- attending the Annual Meeting virtually 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 Annual Meeting, a “FOR” vote by a majority of votes cast is required to (i) elect each nominee for director (Proposal 1), (ii) ratify the selection of KPMG LLP as the Company’s independent auditors for fiscal 2022 (Proposal 2) and (iii) approve, by non-binding vote, the say-on-pay proposal (Proposal 3).

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.”

With respect to Proposal 1, the election of directors, if a nominee who is an incumbent director fails to receive a “FOR” vote by a majority of votes cast, then such nominee must immediately tender his or her resignation, and the Board will decide, through a process managed by the Nominating and Corporate Governance Committee (excluding from the process such nominee), whether to accept the resignation. In the event of such a situation, the Board intends to complete this process promptly after the Annual Meeting but no later than 90 days from the date of the certification of the election results. The Company will file a Form 8-K to disclose its decision and an explanation of such decision.

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 brokers 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, brokers 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.

What if I receive more than one proxy card and/or voting instruction card?

This means that you have multiple accounts holding shares of the Company. These may include: accounts with our transfer agent; shares held by the administrator of our employee stock purchase plan; and accounts with a broker, bank or other holder of record. In order to vote all of the shares held by you in multiple accounts, you will need to vote the shares held in each account separately. Please follow the voting instructions provided on each proxy card to ensure that all of your shares are voted.

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 19, 2022, 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, the Company 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. None of those directors or associates will receive special compensation for such services. We have retained Innisfree M&A Incorporated to assist in proxy solicitation for the Annual Meeting at an estimated cost of \$20,000 plus expenses. The Company will also 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 contact 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 2021 Annual Report on Form 10-K, please contact: Bed Bath & Beyond Inc., 650 Liberty Avenue, Union, NJ 07083, Attention: Investor Relations Dept., Email: ir@bedbath.com. These documents are also available in the Investor Relations section of the Company's website at www.bedbathandbeyond.com.

householding

Unless we have received contrary instructions, we are mailing one copy of the proxy materials (other than the proxy card) to record holders who have the same address and last name. Such record holders will continue to receive separate proxy cards. We refer to this practice as householding.

If you are a record holder who participates in householding and wish to receive separate copies of the proxy materials for the 2022 Annual Meeting or future Annual Meetings, then please contact the Company's Investor Relations Department at 650 Liberty Avenue, Union, New Jersey 07083, or by emailing ir@bedbath.com. We will promptly deliver separate copies of the proxy materials for the 2022 Annual Meeting upon receiving your request.

If you are a record holder who is eligible for householding and do not currently participate in the program but would like to, then please contact Investor Relations at the address or phone number indicated above.

If you are a beneficial owner, then please contact your stockbroker, bank or other holder of record to receive one or separate copies of the proxy materials.

next year's annual meeting

Proposals that shareholders intend to be eligible for inclusion in the Company's proxy materials for the 2023 Annual Meeting of Shareholders pursuant to the SEC's proxy rules (i.e., Rule 14a-8) must be received by the Company no later than February 1, 2023.

Any shareholder intending to include a director nominee in the Company's proxy materials for the 2022 Annual Meeting of Shareholders pursuant to Article II, Section 11 of the Company's Amended and Restated Bylaws (i.e. proxy access) should carefully review the requirements for using proxy access, as described in such Section. The Company must receive a shareholder's nomination, with all required information, between the close of business on January 2, 2023 and the close of business on February 1, 2023.

Under the Company's Amended and Restated Bylaws, any proposal for consideration at the 2023 Annual Meeting of Shareholders submitted by a shareholder other than pursuant to the two methods described above will be considered timely only if it is received by the Company between the close of business on March 16, 2023 and the close of business on April 15, 2023, and is otherwise in compliance with the requirements set forth in the Company's Amended and Restated Bylaws. If the date of the 2023 Annual Meeting of Shareholders is more than 30 days before or more than 60 days after the anniversary date of the 2022 Annual Meeting of Shareholders, notice must be received no earlier than the close of business on the 120th day prior to the 2023 Annual Meeting of Shareholders and not later than the close of business on the 90th day prior to the 2023 Annual Meeting of Shareholders, or if the first public announcement of the date of the 2023 Annual Meeting of Shareholders is less than 100 days prior to the date of the 2023 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.

Any information required to be received by the Company, as described above, should be sent to the Company's Corporate Secretary at 650 Liberty Avenue, Union, New Jersey 07083, Attn: c/o Corporate Secretary.

cautionary note regarding forward-looking statements

This proxy statement and related materials contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, including, but not limited to, our progress and anticipated progress towards our long-term objectives, as well as more generally the status of our future liquidity and financial condition and our outlook for our 2022 Fiscal year. Many of these forward-looking statements can be identified by use of words such as may, will, expect, anticipate, approximate, estimate, assume, continue, model, project, plan, goal, preliminary, and similar words and phrases, although the absence of those words does not necessarily mean that statements are not forward-looking. Our 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 recent supply chain disruptions, labor shortages, wage pressures, rising inflation and the ongoing military conflict between Russia and Ukraine; a challenging overall macroeconomic environment and a highly competitive retailing environment; risks associated with the ongoing COVID-19 pandemic and the governmental responses to it, including its impacts across our businesses on demand and operations, as well as on the operations of our suppliers and other business partners, and the effectiveness of our and governmental actions taken in response to these risks; changing consumer preferences, spending habits and demographics; demographics and other macroeconomic factors that may impact the level of spending for the types of merchandise sold by us; challenges in executing our omni-channel and transformation strategy, including our ability to establish and profitably maintain the appropriate mix of digital and physical presence in the markets we serve; our ability to successfully execute our store fleet optimization strategies, including our ability to achieve anticipated cost savings and to not exceed anticipated costs; our ability to execute on any additional strategic transactions and realize the benefits of any acquisitions, partnerships, investments or divestitures; disruptions to our information technology systems, including but not limited to security breaches of systems protecting consumer and employee information or other types of cybercrimes or cybersecurity attacks; damage to our reputation in any aspect of our operations; the cost of labor, merchandise, logistical costs and other costs and expenses; potential supply chain disruption due to trade restrictions or otherwise, and other factors such as natural disasters, pandemics, including the COVID-19 pandemic, political instability, labor disturbances, product recalls, financial or operational instability of suppliers or carriers, and other items; inflation and the related increases in costs of materials, labor and other costs; inefficient management of relationships and dependencies on third-party service providers; our ability to attract and retain qualified employees in all areas of the organization; unusual weather patterns and natural disasters, including the impact of climate change; uncertainty and disruptions in financial markets; volatility in the price of our common stock and its effect, and the effect of other factors, including the COVID-19 pandemic, on our capital allocation strategy; changes to statutory, regulatory and other legal requirements or deemed noncompliance with such requirements; changes to accounting rules, regulations and tax laws, or new interpretations of existing accounting standards or tax laws; new, or developments in existing, litigation, claims or assessments; and a failure of our business partners to adhere to appropriate laws, regulations or standards. . A further description of these and other risks and uncertainties can be found in the Company's Annual Report on Form 10-K for the year ended February 26, 2022 and the Company's other filings with the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. Except as required by law, we do not undertake any obligation to update our forward-looking statements.

appendix A

non-GAAP financial measures

The Company reports its financial results in accordance with GAAP. The Company also reports certain non-GAAP financial measures that it believes provide management, analysts, investors and other users of the Company's financial information with meaningful supplemental information regarding the performance of the Company's business. These non-GAAP financial measures include, but are not limited to, adjusted earnings before interest, income taxes, depreciation and amortization ("EBITDA"). The Company also uses certain non-GAAP financial measures in its short term annual incentive compensation program ("STIP"). These non-GAAP financial measures should not be considered superior to, but rather in addition to other financial measures prepared by the Company in accordance with GAAP. The Company's method of determining these non-GAAP financial measures may be different from other companies' methods and, therefore, may not be comparable to those used by other companies and the Company does not recommend the sole use of these non-GAAP measures to assess its financial and earnings performance.

NON-GAAP RECONCILIATION RECONCILIATION OF NET (LOSS) INCOME TO EBITDA AND ADJUSTED EBITDA

(IN MILLIONS)
(UNAUDITED)

	Twelve Months Ended February 26, 2022										
	Reported	Excluding							Total income tax impact	Total impact	Adjusted
		(Gain) loss on sale of businesses	(Gain) loss on sale of property	Restructuring and transformation expenses	Impairment Charges	Gain on extinguishment of debt					
Net (loss) income	\$(560)	\$18	\$(1)	\$281	\$37	\$—	\$127	\$462	\$(98)		
Depreciation and amortization	294	—	—	(39)	—	—	—	(39)	255		
Gain on extinguishment of debt	—	—	—	—	—	—	—	—	—		
Interest expense	65	—	—	—	—	—	—	—	65		
(Benefit) provision for income taxes	87	—	—	—	—	—	(127)	(127)	(40)		
EBITDA	\$(114)	\$18	\$(1)	\$242	\$37	\$—	\$ —	\$ 296	\$182		

**BED BATH &
BEYOND**

2021 annual report

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

OVERVIEW

Bed Bath & Beyond Inc. and subsidiaries (the "Company", "we", "our", "us", or "ourselves") is an omni-channel retailer that makes it easy for our customers to feel at home. We sell a wide assortment of merchandise in the Home, Baby, Beauty & Wellness markets and operate under the names Bed Bath & Beyond, buybuy BABY ("BABY"), and Harmon, Harmon Face Values, or Face Values (collectively, "Harmon"). We also operate Decorist, an online interior design platform that provides personalized home design services. In addition, we are a partner in a joint venture, which operates retail stores in Mexico under the name Bed Bath & Beyond.

We account for our operations as one North American Retail reporting segment. For Fiscal 2020 and 2019, we accounted for our operations as two operating segments: North American Retail and Institutional Sales, the latter of which did not meet the quantitative thresholds under GAAP and, therefore, was not a reportable segment, and which was divested in October 2020.

We are driving a digital-first, omni-always growth strategy and optimizing our digital and physical store channels to provide our customers with a seamless omni-channel shopping experience. Digital purchases, including web and mobile, can be shipped to a customer from our distribution facilities, directly from vendors, or from a store. Store purchases are primarily fulfilled from that store's inventory or may also be shipped to a customer from one of our distribution facilities, from a vendor, or from another store. Customers can also choose to pick up orders using our BOPIS and contactless Curbside Pickup services, as well as return online purchases to a store. Customers can also make purchases through one of our customer contact centers and in-store through The Beyond Store, our proprietary web-based platform. These capabilities allow us to better serve our customers across various channels.

Across our banners, we carry a wide variety of domestics and home furnishings merchandise. 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 (including furniture and wall décor), consumables and certain juvenile products.

Business Transformation and Restructuring

Since 2019, we have undertaken significant changes to transform our business and adapt to the dynamic retail environment and the evolving needs of our customers in order to position ourselves for long-term success. As part of these changes, our management team, led by President and Chief Executive Officer (CEO) Mark Tritton, has been focused on driving an omni-always, customer-inspired strategy to re-establish our authority in the Home, Baby, Beauty & Wellness markets. We have created a more focused portfolio through the divestiture of non-core assets and further strengthened our financial flexibility through key actions such as corporate restructurings and operating expense control to re-set our cost structure and support our ongoing business transformation.

We are implementing a growth strategy that will harness the power of data and insights to engage customers across our four core banners (Bed Bath & Beyond, buybuy BABY, Harmon and Decorist) in an enterprise-wide plan to accelerate our omni-channel transformation. Our strategy is underpinned by five key pillars of strategic focus and investment: product, price, promise, place and people. Through this approach, we are becoming a digital-first, customer-focused omni-channel retailer with a more curated, inspirational and differentiated product collection across categories, and creating a more convenient and inspirational shopping experience.

In March 2021, we announced our plan to introduce at least eight new Owned Brands during Fiscal 2021. During Fiscal 2021 the following Owned Brands were launched:

First Quarter	Second Quarter	Third Quarter
Nestwell™	Our Table™	Studio 3B™
Haven™	Wild Sage™	H For Happy™
Simply Essential™	Squared Away™	

The assortment for these Owned Brands includes thousands of new products across our key destination categories of Bed, Bath, Kitchen Food Prep, Home Organization and Indoor Decor. We also continue to redefine certain of our existing Owned Brands, such as Bee & Willow™ and Marmalade™, including new brand imagery and packaging as well as refined product assortment and presentation.

We will continue to build on this strong foundation as we execute our three-year growth strategy to further elevate the shopping experience, modernize our operations and unlock strong and sustainable shareholder value.

As part of our business transformation plan, we are also pursuing a comprehensive cost restructuring program, to drive improved financial performance. We expect to reinvest a portion of the expected cost savings into future growth initiatives. Key components of the expected financial improvement include:

- Approximately \$100 million in annual savings from our previously disclosed store fleet optimization program which included the planned closure of approximately 200 mostly Bed Bath & Beyond stores. This program was largely completed by February 26, 2022. During Fiscal 2021, we closed 63 stores (bringing the total store closures to 207 since the program's inception). We continue to believe that our physical store channel is an asset for our transformation into a digital-first company, especially with new omni-fulfillment capabilities in BOPIS, Curbside Pickup, Same Day Delivery and fulfill-from-store.
- Approximately \$200 million in annual savings from product sourcing, through renegotiations with existing vendors.
- Approximately \$100 to \$150 million in annual selling, general and administrative expense savings from continued optimization of our corporate overhead cost structure and reductions in other discretionary expense. During the second quarter of Fiscal 2020, we implemented a workforce reduction of approximately 2,800 roles from across our corporate headquarters and retail stores, designed to further reduce layers at the corporate level, significantly reposition field operations to better serve customers in a digital-first environment and realign our technology, supply chain and merchandising teams to support our strategic growth initiatives.
- In the fourth quarter of Fiscal 2021, we announced that we are pursuing additional expense optimization measures of approximately \$100 million annualized that will explore areas such as additional store fleet optimization, fixed costs and discretionary savings opportunities.

In connection with the above restructuring and transformation initiatives, during Fiscal 2021, we recorded total expense of \$281.2 million including \$137.2 million in cost of sales, primarily associated with the transition of our product assortment to Owned Brands and, to a lesser extent, to redefine certain existing Owned Brands, as well as \$144.0 million in restructuring and transformation initiative expenses for costs associated with our planned store closures as part of the store fleet optimization program and other transformation initiatives. We also recorded impairment charges of approximately \$36.5 million, primarily related to store assets. At this point, we are unable to estimate the amount or range of amounts expected to be incurred in connection with future restructuring and transformation initiatives, including additional Owned Brand introductions and further store closures, and will provide such estimates as they become available.

Additionally, as part of these efforts, we completed the divestitures of the following banners:

- In December 2020, we entered into a definitive agreement to sell Cost Plus World Market to Kingswood Capital Management.
- In October 2020, we entered into definitive agreements to sell Christmas Tree Shops ("CTS") to Handil Holdings LLC.

- In October 2020, we entered into a definitive agreement to sell Linen Holdings to The Linen Group, LLC, an affiliate of Lion Equity Partners.
- In February 2020, we entered into a definitive agreement to sell PersonalizationMall.com ("PMall") to 1-800-FLOWERS.COM.
- During the first quarter of Fiscal 2020, we also sold One Kings Lane to a third party.

The net proceeds from these transactions have been reinvested in our core business operations to drive growth, fund share repurchases and reduce our outstanding debt.

During Fiscal 2021, we recognized a charge of approximately \$18.2 million in loss on sale of businesses in the consolidated statement of operations, primarily associated with the Fiscal 2021 settlement of the CTS pension plan (see "Employee Benefit Plans," Note 11 to the accompanying consolidated financial statements) and certain working capital and other adjustments related to the above divestitures. During Fiscal 2020, we recognized a loss of approximately \$1.1 million on the sale of businesses related to certain of the above divestitures.

Executive Summary

The following represents a summary of key financial results and related business developments for the periods indicated:

- Net sales for Fiscal 2021 were \$7.868 billion, a decrease of approximately 14.8% as compared with Fiscal 2020.
- Excluding the impact of the business divestitures described above, which represented net sales of \$1.290 billion for Fiscal 2020, net sales for our four core banners for Fiscal 2021 decreased by approximately 1% compared with Fiscal 2020.
- During Fiscal 2021, we continued to execute against key initiatives under our transformation program, including:
 - *Owned Brands.* We launched eight new Owned Brands, under which there are thousands of new products across our key Destination Categories of Bed, Bath, Kitchen Food Prep, Home Organization and Indoor Decor.

First Quarter	Second Quarter	Third Quarter
Nestwell™	Our Table™	Studio 3B™
Haven™	Wild Sage™	H For Happy™
Simply Essential™	Squared Away™	

- *New York City Flagship Renovation.* We completed the renovation of our Bed Bath & Beyond flagship store in New York City, which reopened in July 2021 after undergoing a complete transformation since closing in December 2020. The renovated flagship store is an expression of the new Bed Bath & Beyond, with a significant focus on our five core destination categories of bed, bath, kitchen & dining, indoor décor and organization.
- *Omni-Channel Capabilities.* We continued our focus on being a digital-first, omni-always retailer:
 - We announced separate partnerships with DoorDash and Uber to provide on-demand delivery of essential homeware products and items from more than 700 Bed Bath & Beyond locations and nearly 120 BABY locations nationwide.
 - In November 2021, we launched our new digital marketplace to build on our existing authority in key Home & Baby categories, with an assortment of products from a highly curated selection of third-party brand partners that will be integrated into our digital platform.
 - In November 2021, we announced a strategic collaboration to directly offer Kroger customers an extensive selection of the most sought-after goods for the Home & Baby products carried by the Bed Bath & Beyond and buybuy BABY banners through Kroger.com as well as a small-scale physical store pilot at select Kroger Family of Companies stores beginning in Fiscal 2022.
- *Additional Product Initiatives.* Our Bed Bath & Beyond banner launched the **Home, Happier Team**, the brand's first-ever curated advisory panel of industry experts who will serve as "host and hostesses of the home," providing

ideas, innovative solutions and compelling content to help customers personalize their living spaces and make it easy to feel at home. Our buybuy BABY banner introduced its "welcome to parenthood" program in-store and online through educational resources, reimagined shopping experiences, a revised registry, new digital offerings and a new marketing campaign to inspire customers to embrace every aspect of parenthood. Additionally, we announced key partnerships with Casper Sleep Inc. (including a first branded shop-in shop in our New York City flagship store), and with Safely™, an eco-friendly line of home care and cleaning products which made its retail debut exclusively in Bed Bath & Beyond, buybuy BABY and Harmon stores nationwide.

- *Supply Chain Transformation.* In the second half of Fiscal 2021, we started operations at our first regional distribution center, an approximately one million square foot facility in Frackville, Pennsylvania, and executed a lease for our second regional distribution center in Jurupa Valley, California, which is expected to be operational by late 2022. Ryder Systems, Inc. will operate these two regional distribution centers under a strategic partnership, with the objective of reducing product replenishment times and improving the customer experience.
- *Store Fleet Optimization.* We continue to believe that our physical store channel is an asset for our transformation into a digital-first company, especially with omni-fulfillment capabilities in BOPIS, Curbside Pickup, Same Day Delivery and fulfill-from-store. During Fiscal 2021:
 - We commenced renovations on approximately 130 stores, of which approximately 80 were completed, to bring the expression of the new Bed Bath & Beyond to our customers in many of our markets.
 - We largely completed the planned optimization of our store fleet through the closure of 63 mostly Bed Bath & Beyond stores during Fiscal 2021, bringing total store closures for the overall program to 207 as of February 26, 2022.

We plan to continue to actively manage our real estate portfolio to permit store sizes, layouts, locations and offerings to evolve over time to optimize market profitability and to renovate, remodel or reposition stores within markets as appropriate.

- In connection with these restructuring and transformation initiatives, during Fiscal 2021, we recorded total expense of \$281.2 million including \$137.2 million in cost of sales and \$144.0 million in restructuring and transformation initiative expenses in the consolidated statement of operations, as well as \$36.5 million of impairments and \$18.2 million of losses on sales of businesses.
- During Fiscal 2021, we announced plans to complete our \$1 billion three-year repurchase plan by the end of Fiscal 2021, which was two years ahead of schedule. During Fiscal 2021, we repurchased approximately 27.7 million shares of our common stock under the share repurchase plan approved by our Board of Directors, at a total cost of approximately \$574.9 million, which combined with the accelerated share repurchase programs entered into in Fiscal 2020 totaling \$375.0 million, resulted in the repurchase of \$950.0 million shares under this plan as of February 26, 2022. An additional approximately \$40.0 million was repurchased in March of 2022.
- Net loss for Fiscal 2021 was \$559.6 million, or \$5.64 per diluted share, compared with net loss of \$150.8 million, or \$1.24 per diluted share, for Fiscal 2020. Net loss for Fiscal 2021 included a net unfavorable impact of \$4.66 per diluted share associated with restructuring and other transformation initiatives, non-cash impairments, loss on sale of business and loss on debt extinguishment, as well as the impact of recording a valuation allowance against the Company's U.S. federal and state deferred tax assets (see "Provision for Income Taxes," Note 8 to the accompanying consolidated financial statements). Net loss for Fiscal 2020 included a net unfavorable impact of \$0.23 per diluted share associated with the loss on sale of business, non-cash impairments and charges recorded in connection with the restructuring program and transformation initiatives offset by a gain on extinguishment of debt and decrease in the incremental inventory reserve for future markdowns recorded in Fiscal 2019, as well as the associated tax effects.

Impact of the COVID-19 Pandemic

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. That same month, as a result of the COVID-19 pandemic, we began to temporarily close certain store locations that did not have a health and personal care department, and as of March 23, 2020, all of our retail stores across the U.S. and Canada were temporarily closed except for most stand-alone buybuy BABY and Harmon stores, subject to state and local regulations. In May 2020,

we announced a phased approach to re-open our stores in compliance with relevant government directives, and as of the end of July 2020, nearly all of our stores re-opened. During portions of Fiscal 2021, a limited number of stores in Canada either closed temporarily or continued to operate under restrictions in compliance with local governmental orders. As of February 26, 2022, all of our stores were operating without restriction subject to compliance with applicable mask and vaccine requirements.

The COVID-19 pandemic materially adversely impacted our results of operations and cash flows for Fiscal 2021. We are continuing to closely monitor the impact of the COVID-19 pandemic on our business, results of operations, and financial results, as numerous significant uncertainties continue to surround the pandemic and its ultimate impact on us, including but not limited to:

- the timing and extent of recovery in consumer traffic and spending;
- potential delays, interruptions and disruptions in our supply chain, including higher freight charges;
- labor shortages, wage pressures and competition for talent;
- the extent of dissemination and public acceptance of COVID-19 vaccines and their effectiveness against COVID-19 and its evolving strains, some of which may be more transmissible or virulent than the initial strain;
- additional widespread resurgences in COVID-19 infections; and
- evolving safety protocols such as requirements for proof of vaccination or regular testing in certain of our markets.

RESULTS OF OPERATIONS

The fiscal years discussed below were each comprised of 52 weeks.

Net Sales

<i>(in millions)</i>	Fiscal Year Ended			Change from Prior Year			
	February 26, 2022	February 27, 2021	February 29, 2020	February 26, 2022		February 27, 2021	
Net sales	\$7,867.8	\$9,233.0	\$11,158.6	\$(1,365.2)	(14.8)%	\$(1,925.6)	(17.3)%
Sales from divested banners	—	1,290.1	2,151.1	(1,290.1)	(100.0)%	(861.0)	(40.0)%

Excluding the impact of the divestitures described above, which represented net sales of \$1.290 billion for Fiscal 2020, net sales for our four core banners for Fiscal 2021 decreased by approximately 1% compared with Fiscal 2020, as net sales improvements in the first half of Fiscal 2021, including due to the impact of the COVID-19 pandemic in the first quarter of 2020, were offset by the impact of traffic declines and the supply chain disruptions in the second half of the year. Store closures as part of our store fleet optimization program also contributed to the decline in sales from Fiscal 2020 to Fiscal 2021.

The decrease in net sales for Fiscal 2020 was primarily due to the impact of the COVID-19 pandemic during the first quarter of Fiscal 2020, as well as the impact of our transformation initiatives, primarily our store fleet optimization program and the business divestitures described above (see Business Transformation and Restructuring).

During Fiscal 2021, Fiscal 2020 and Fiscal 2019, net sales consummated through digital channels represented approximately 37%, 38% and 17%, respectively, of our sales. Sales consummated on a mobile device while physically in a store location and BOPIS orders are recorded as customer facing digital channel sales. Customer orders taken in-store by an associate through The Beyond Store, our proprietary, web-based platform, are recorded as in-store sales. Prior to implementation of BOPIS and contactless Curbside Pickup services, customer orders reserved online and picked up in a store were recorded as in-store sales. Sales originally consummated from customer facing digital channels and subsequently returned in-store are recorded as a reduction of in-store sales.

As a result of the extended closure of the majority of our stores in the first quarter and in June of Fiscal 2020 due to the COVID-19 pandemic and our policy of excluding extended store closures from our comparable sales calculation, we believe that comparable sales* was not a meaningful metric for the first quarter of Fiscal 2020 as well as for the month of June in Fiscal 2020 and, therefore, are not a meaningful metric for Fiscal 2021 and Fiscal 2020.

* Comparable sales normally include sales consummated through all retail channels that have been operating for twelve full months following the opening period (typically six to eight weeks), excluding the impact of store fleet optimization program. We are an omni-channel retailer with capabilities that allow a customer to use more than one channel when making a purchase, including in-store, online, with a mobile device or through a customer contact center, and have it fulfilled, in most cases, either through in-store customer pickup or by direct shipment to the customer from one of our distribution facilities, stores or vendors.

Our comparable sales metric considers sales consummated through all retail channels – in-store, online, with a mobile device or through a customer contact center. Our omni-channel environment allows our customers to use more than one channel when making a purchase. We believe in an integrated and seamless customer experience. A few examples are: a customer may be assisted by an in-store associate to create a wedding or baby registry, while the guests may ultimately purchase a gift from our websites; or a customer may research a particular item, and read other customer reviews on our websites before visiting a store to consummate the actual purchase; or a customer may buy an item online for in-store or curbside pickup; or while in a store, a customer may make the purchase on a mobile device for in home delivery from either a distribution facility, a store or directly from a vendor. In addition, we accept returns in-store without regard to the channel in which the purchase was consummated, therefore resulting in reducing store sales by sales originally consummated through customer facing digital channels. As our retail operations are integrated and we cannot reasonably track the channel in which the ultimate sale is initiated, we can however, provide directional information on where the sale was consummated.

Sales of domestics merchandise accounted for approximately 37.4%, 34.7%, and 35.2%, of net sales in Fiscal 2021, 2020 and 2019, respectively. Sales of home furnishings accounted for approximately 62.6%, 65.3% and 64.8% of net sales, respectively, for Fiscal 2021, 2020, and 2019.

Gross Profit

<i>(in millions)</i>	Fiscal Year Ended			Change from Prior Year			
	February 26, 2022	February 27, 2021	February 29, 2020	February 26, 2022	February 27, 2021	February 26, 2022	February 27, 2021
Gross profit	\$2,483.5	\$3,118.1	\$3,541.7	\$(634.6)	(20.4)%	\$(423.6)	(12.0)%
Gross profit percentage	31.6%	33.8%	31.7%	(2.2)%	(6.5)%	2.1%	6.6%

Gross profit in Fiscal 2021 was negatively impacted by markdown activity associated with inventory being removed from our assortment in connection with the launches of new Owned Brands and, to a lesser extent, the redefinition of certain existing Owned Brands, as well as markdown activity associated with store closures as part of our store fleet optimization program. Gross profit for Fiscal 2021 included the impact of charges of \$137.2 million for these higher markdowns on inventory sold, as well as an adjustment to reduce the cost of inventory on hand to be removed from the product assortment as part of these initiatives to its estimated realizable value. In addition, higher freight expenses, both for inbound product shipments and direct-to-customer fulfillment and in part due to industry wide, global supply chain challenges, negatively impacted gross margin in Fiscal 2021 compared with Fiscal 2020, which offset the favorable impact of a shift in product assortment toward new Owned Brands and a more normalized mix of digital sales.

The increase in the gross margin between Fiscal 2020 and Fiscal 2019 was primarily attributable to a shift in product mix and the leverage of distribution and fulfillment costs, partially offset by the impact of channel mix, including higher net-direct-to-customer shipping expense. In addition, our gross margin for Fiscal 2020 included the impact of a net benefit of \$20.2 million from the reduction of incremental markdown reserves taken in Fiscal 2019, partially offset by restructuring and transformation initiatives.

Selling, General and Administrative Expenses

(in millions)	Fiscal Year Ended			Change from Prior Year			
	February 26, 2022	February 27, 2021	February 29, 2020	February 26, 2022	February 26, 2022	February 27, 2021	February 27, 2021
Selling, general and administrative expenses	\$2,692.3	\$3,224.4	\$3,732.5	\$(532.1)	(16.5)%	\$(508.1)	(13.6)%
As a percentage of net sales	34.2%	34.9%	33.4%	(0.7)%	(2.0)%	1.5%	4.5%

The decrease in SG&A expenses for Fiscal 2021 was primarily attributable to cost reductions resulting from our transformation initiatives, including reductions in corporate overhead, divestitures of non-core assets and lower rent and occupancy expenses as a result of our store fleet optimization program. The decrease in SG&A expenses as a percentage of net sales for Fiscal 2021 was also largely due to the factors above, as well as the de-leveraging effect caused by sales declines in Fiscal 2020 as a result of the COVID-19 pandemic.

For Fiscal 2020, the increase was primarily attributable to increases in fixed costs such as rent and occupancy and depreciation, and consulting costs related to our strategic initiatives, partially offset by decreases in payroll and payroll-related expenses and advertising.

In addition, during Fiscal 2021 and Fiscal 2020, we recorded credits of approximately \$7.8 million and \$33.3 million, respectively, as an offset to SG&A expenses as a result of the employee retention credits made available under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") for U.S. employees and under the Canada Emergency Wage Subsidy for Canadian employees.

Goodwill and Other Impairments

Goodwill and other impairments were \$36.5 million for Fiscal 2021, \$127.3 million in Fiscal 2020 and \$509.2 million in Fiscal 2019. For Fiscal 2021, impairment charges included \$30.8 million related to certain store-level assets (including leasehold improvements and operating lease assets) and tradename impairments of \$5.7 million. For Fiscal 2020, impairment charges included \$92.9 million related to certain store-level assets (including leasehold improvements and operating lease assets) and tradename impairments of \$35.1 million. For Fiscal 2019, impairment charges included goodwill impairments of \$391.1 million (primarily as the result of a sustained decline in our market capitalization), tradename impairments of \$41.8 million, long-lived assets impairments of \$75.1 million and other impairments of \$1.2 million.

Restructuring and Transformation Initiative Expenses

During Fiscal 2021 and Fiscal 2020, we recorded charges of \$144.0 million and \$102.2 million, respectively, in connection with our restructuring and transformation initiatives. In Fiscal 2021, these charges were primarily for costs associated with the store fleet optimization program described above, including for the termination of facility leases, as well as technology transformation and business strategy and operating model transformation programs across core functions, including merchandising, supply chain and finance. In Fiscal 2020, these costs primarily related to severance costs recorded in connection with our workforce reduction and store fleet optimization programs as well as other restructuring activities (see "Restructuring and Transformation Activities," Note 3 to the accompanying consolidated financial statements).

Loss on Sale of Businesses

During Fiscal 2021, we recognized approximately \$18.2 million in loss on sale of businesses in the consolidated statement of operations, primarily related to a \$13.5 million charge associated with the Fiscal 2021 settlement of the CTS pension plan (see "Assets Held for Sale and Divestitures," Note 16 to the accompanying consolidated financial statements), as well as certain working capital and other adjustments related to the Fiscal 2020 divestitures. During Fiscal 2020, we recognized a loss of approximately \$1.1 million on the sale of businesses related to these divestitures discussed above (see Business Transformation and Restructuring).

Operating Loss

<i>(in millions)</i>	Fiscal Year Ended			Change from Prior Year			
	February 26, 2022	February 27, 2021	February 29, 2020	February 26, 2022		February 27, 2021	
Operating Loss	\$(407.6)	\$(336.9)	\$(700.1)	\$(70.7)	21.0%	\$363.2	(51.9)%
As a percentage of net sales	(5.2)%	(3.6)%	(6.3)%	(1.6)%	44.4%	2.7%	(42.9)%

Operating loss for Fiscal 2021 included the impact of pre-tax charges of \$137.2 million included in gross profit primarily associated with the transition of our product assortment to Owned Brands and, to a lesser extent, our store fleet optimization program, as well as \$144.0 million associated with restructuring and other transformation initiatives, \$36.5 million for non-cash impairments and \$18.2 million for loss on sale of business (each as described above). The change in operating loss as a percentage of net sales between Fiscal 2021 and 2020 was primarily due to the decline in gross margin, as discussed above, as well as higher restructuring and transformation expenses in Fiscal 2021 compared to Fiscal 2020.

The favorable change in operating loss as a percentage of net sales between Fiscal 2020 and Fiscal 2019 was primarily due to an increase in the gross margin, lower goodwill and other impairments compared to the prior year period, partially offset by increased SG&A expenses and restructuring and transformation initiative expenses as well as the impact of reductions of net sales, which reflected the impact of the temporary nationwide closure of the majority of our stores due to COVID-19, nearly all of which reopened as of July 2020, and of the divestitures discussed above (see Business Transformation and Restructuring).

Interest Expense, net

Interest expense, net was \$64.7 million, \$76.9 million, and \$64.8 million in Fiscal 2021, 2020, and 2019, respectively. The decrease in Fiscal 2021 interest expense, net was primarily driven by decreased interest costs attributable to our revolving credit facilities and the impact of the repurchase of a portion of our senior unsecured notes in Fiscal 2020. For Fiscal 2020, the increase in interest expense, net was primarily driven by lower interest income on investments and increased interest costs attributable to our revolving credit facilities, primarily relating to the ABL Facility entered into in Fiscal 2020, partially offset by lower interest costs for our senior unsecured notes, primarily related to the repurchase of a portion of the senior unsecured notes in August 2020. For Fiscal 2019, interest expense, net primarily related to interest on the senior unsecured notes issued in July 2014.

(Loss) Gain on Extinguishment of Debt

During Fiscal 2021, we recorded a \$0.4 million loss on the partial repayment of senior unsecured notes. During Fiscal 2020, we recorded a \$77 million gain on the repurchase of \$75 million principal amount of 4.915% senior unsecured notes due August 1, 2034 and \$225 million principal of 5.165% senior unsecured notes due August 1, 2044 (see "Long Term Debt," Note 7 to the accompanying consolidated financial statements).

Income Taxes

The effective tax rate was (18.4)% for Fiscal 2021, 55.2% for Fiscal 2020, and 19.7% for Fiscal 2019.

For Fiscal 2021, the effective tax rate reflects the recording of a valuation allowance against our U.S. federal and state deferred tax assets (discussed below), as well as a benefit resulting from an adjustment to the estimated net operating loss incurred in Fiscal 2020 which was carried back, under the provisions of the CARES Act, to a year in which the tax rate was 35%.

For Fiscal 2020, the effective tax rate reflected the carry back of the net operating loss to a year in which the tax rate was 35% under the CARES Act, and included the impact of the benefit of certain tax planning strategies the Company deployed, in addition to the losses from the divestitures of CTS, Linen Holdings and Cost Plus, partially offset by the

impact of impairment charges for tradename and certain store-level assets, the gain on the divestiture of PMall, a benefit related to the carry back of the Fiscal 2019 net operating loss under the CARES Act, and other discrete tax items resulting in net after tax benefits.

For Fiscal 2019, the effective tax rate reflected the impact of charges, portions of which are non-deductible for tax purposes, for goodwill and other impairments, an incremental charge for markdowns, severance costs, shareholder activity costs and a loss from a sale-leaseback transaction, including transaction costs.

In assessing the recoverability of our deferred tax assets, we evaluated the available objective positive and negative evidence to estimate whether it is more likely than not that sufficient future taxable income will be generated to permit use of existing deferred tax assets in each taxpaying jurisdiction. A valuation allowance is a non-cash charge, and does not limit our ability to utilize our deferred tax assets, including our ability to utilize tax loss and credit carryforward amounts, against future taxable income.

During Fiscal 2021, we concluded that, based on our evaluation of available objective positive and negative evidence, it is no longer more likely than not that our net U.S. federal and state deferred tax assets are recoverable. In assessing the realizability of deferred tax assets, the key assumptions used to determine positive and negative evidence included our cumulative taxable loss for the past three years, current trends related to actual taxable earnings or losses, and expected future reversals of existing taxable temporary differences, as well as timing and cost of our transformation initiatives and their expected associated benefits. Accordingly, we recorded a charge of \$181.5 million in the third quarter of Fiscal 2021 as a reserve against our net U.S. federal and state deferred tax assets. As of February 26, 2022, the total valuation allowance relative to U.S. federal and state deferred tax assets was \$224.3 million.

The amount of the deferred tax assets considered realizable, and the associated valuation allowance, could be adjusted in a future period if estimates of future taxable income change or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as projections for future growth.

On March 27, 2020, the CARES Act was enacted in the United States, which provided for certain changes to tax laws which impacted our results of operations, financial position and cash flows. We implemented certain provisions of the CARES Act, such as deferring employer payroll taxes and utilizing the ability to carry back and deduct losses to offset prior income in previously filed tax returns. As of February 27, 2021, the Company had deferred \$3.1 million of employer payroll taxes, which were deposited by December 2021. As of February 26, 2022 and February 27, 2021, under the CARES Act, we recorded income tax benefits of \$18.7 million and \$152.0 million, respectively, as a result of the Fiscal 2020 and Fiscal 2019 net operating losses were carried back to prior years during which the federal tax rate was 35%.

For Fiscal 2021, 2020, and 2019, the effective tax rate included net benefit of approximately \$6.0 million, net benefit of approximately \$2.1 million, and net expense of approximately \$4.3 million, respectively, due to the recognition of discrete federal and state tax items.

Potential volatility in the effective tax rate from year to year may occur as we are required each year to determine whether new information changes our assessment of both the probability that a tax position will effectively be sustained and the appropriateness of the amount of recognized benefit.

Net Loss

As a result of the factors described above, the net loss for Fiscal 2021, 2020, and 2019, was \$559.6 million, \$150.8 million, and \$613.8 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

We ended Fiscal 2021 in a solid cash and liquidity position, which we anticipate maintaining, to provide us the flexibility to fund our ongoing initiatives and act upon other opportunities that may arise. As of February 26, 2022, we had approximately \$439.5 million in cash and cash equivalents, a decrease of approximately \$913.5 million as compared with February 27, 2021, which included \$589.4 million for share repurchases. We believe that existing and internally generated funds, as well as availability under our existing credit facilities, will be sufficient to continue to finance our operations for the next twelve months. If necessary, we have the ability to borrow under our ABL Facility, which matures on

August 9, 2026. Our ability to borrow under the ABL Facility is subject to customary conditions, including no default, the accuracy of representations and warranties and borrowing base availability. Borrowing base availability under the ABL Facility is based upon a specified borrowing base consisting of a percentage of our eligible inventory and credit card receivables as defined in the ABL Facility, net of applicable reserves (see "Long Term Debt," Note 7 to the accompanying consolidated financial statements). As of February 26, 2022, the Company had no loans outstanding and had outstanding letters of credit of \$96.4 million under the ABL Facility.

In Fiscal 2020, similar to other retailers, we withheld portions of and/or delayed payments to certain of our business partners as we sought to renegotiate payment terms, in order to further maintain liquidity during the period of temporary store closures. In some instances, the renegotiations of lease terms have led to agreements with landlords for rent abatements or rental deferrals. Total payments withheld and/or delayed or deferred as of February 26, 2022 were approximately \$1.9 million and are included in current liabilities. During Fiscal 2021, we recognized reduced rent expense of \$2.7 million related to rent abatement concessions. Additional negotiations of payment terms are still in process, and there can be no assurance that we will be able to successfully renegotiate payment terms with all such business partners, and the ultimate outcome of these activities including the responses of certain business partners are not yet known. We are also executing on our business transformation program, which includes the closure, as of February 26, 2022, of 207 mostly Bed Bath & Beyond stores under our store fleet optimization program and the introduction of new Owned Brand products in a number of categories.

Our liquidity may continue to be negatively impacted by the uncertainty regarding the spread of COVID-19 and the timing of economic recovery.

Capital Expenditures

Capital expenditures for Fiscal 2021 were \$354.2 million, and for Fiscal 2022 are projected to be approximately \$390.0 million to \$410.0 million. Our capital expenditures in Fiscal 2021 were related to digital and omni-channel capabilities, store remodels and investments in technology across a number of areas including supply chain, merchandising and finance.

We continue to review and prioritize our capital needs and remain committed to making the required investments in our infrastructure to help position us for continued growth and success. Key areas of investment include: continuing to improve the presentation and content as well as the functionality, general search and navigation across our customer facing digital channels; improving customer data integration and customer relations management capabilities; continuing to enhance service offerings to our customers; continuing to strengthen and deepen our information technology, analytics, marketing, e-commerce, merchandising and finance capabilities; and creating more flexible fulfillment options designed to improve our delivery capabilities and lower our shipping costs. These and other investments are expected to, among other things, provide a seamless and compelling customer experience across our omni-channel retail platform.

Stock Repurchases

During Fiscal 2021, we repurchased approximately 28.3 million shares of our common stock, at a total cost of approximately \$589.4 million, which included approximately 27.7 million shares at a total cost of approximately \$574.9 million repurchased under our share repurchase programs as authorized by our Board of Directors, as well as approximately 0.6 million shares, at a total cost of approximately \$14.5 million to cover employee related taxes withheld on vested restricted stock, restricted stock unit awards and performance stock unit awards.

During Fiscal 2021, we announced that we intended to complete our \$1 billion three-year share repurchase plan two years ahead of schedule. The repurchases made during Fiscal 2021 of \$574.9 million, combined with the accelerated share repurchase programs entered into in Fiscal 2020 totaling \$375.0 million (discussed below), resulted in the repurchase of \$950.0 million under this plan as of February 26, 2022. An additional approximately \$40.0 million was repurchased in March of 2022.

In the first quarter of Fiscal 2020, the Company had postponed share repurchases, but lifted this postponement in October 2020. In October 2020, the Company entered into an accelerated share repurchase agreement with JPMorgan

Chase Bank, National Association to repurchase \$225.0 million of its common stock, subject to market conditions, which settled in the fourth quarter of Fiscal 2020, resulting in the repurchase of a total of 10.8 million shares. In January 2021, the Company entered into a second accelerated share repurchase agreement to repurchase an aggregate \$150.0 million of its common stock, subject to market conditions. This resulted in the repurchase of 5.0 million shares in the fourth quarter of Fiscal 2020, and an additional 0.2 million shares received upon final settlement in the first quarter of Fiscal 2021. During Fiscal 2020, the Company also repurchased approximately 0.6 million shares of its common stock, at a total cost of approximately \$5.1 million, to cover employee related taxes withheld on vested restricted stock, restricted stock unit awards and performance stock unit awards.

Between December 2004 and April 2021, the Company's Board of Directors authorized, through several share repurchase programs, the repurchase of \$12.950 billion of its shares of common stock. Since 2004 through the end of Fiscal 2021, the Company has repurchased approximately \$11.685 billion of its common stock through share repurchase programs. The Company also acquires shares of its common stock to cover employee related taxes withheld on vested restricted stock, restricted stock units and performance stock unit awards. Since the initial authorization in December 2004, the aggregate total of common stock repurchased is approximately 262.2 million shares for a total cost of approximately \$11.685 billion. The Company had approximately \$1.267 billion remaining of authorized share repurchases as of February 26, 2022.

Decisions regarding share repurchases are within the discretion of the Board of Directors, and are influenced by a number of factors, including the price of our common stock, general business and economic conditions, our financial condition and operating results, the emergence of alternative investment or acquisition opportunities, changes in business strategy and other factors. Our share repurchase program could change, and could be influenced by several factors, including business and market conditions, such as the impact of the COVID-19 pandemic on our business operations or stock price. We review our alternatives with respect to our capital structure on an ongoing basis. Any future share repurchases will be subject to the determination of the Board of Directors, based on an evaluation of our earnings, financial condition and requirements, business conditions and other factors, including the restrictions on share repurchases under the ABL Facility (see "Long Term Debt," Note 7 to the accompanying consolidated financial statements).

Debt Repurchases

During Fiscal 2021 we purchased approximately \$11.0 million aggregate principal amount of our outstanding 3.749% senior unsecured notes due August 1, 2024. During Fiscal 2020, we purchased approximately \$300.0 million aggregate principal amount of our outstanding 4.915% Senior Notes due 2034 and 5.165% Senior Notes due 2044.

Cash flow from operating activities

Net cash provided by operating activities for Fiscal 2021 was \$17.9 million, compared with net cash provided by operating activities of \$268.1 million in Fiscal 2020. The year-over-year change in operating cash flow was primarily due to higher net loss, adjusted for non-cash expenses, which included the impact of higher restructuring and transformation expenses in Fiscal 2021, as well as investments in inventory, including as a result of changing the timing of purchasing in response to the potential impact of global supply chain disruptions on timing of inventory receipts and availability of product in our stores and on our websites, and lower accounts payable, due primarily to timing of payments for merchandise, and accrued liabilities, including lower incentive compensation accruals. There were partially offset by a decrease in other current assets primarily due to the receipt of income tax refunds in Fiscal 2021. For Fiscal 2020, the decrease in cash provided by operating activities was primarily due to the net decrease in cash provided by components of working capital (primarily merchandise inventories and other current assets, partially offset by accounts payable). This decrease was partially offset by a decrease in net loss, adjusted for non-cash expenses.

Retail inventory, which includes inventory in our distribution facilities for direct to customer shipments, was approximately \$1.725 billion at February 26, 2022, an increase of 3.2% compared with retail inventory at February 27, 2021. We continue to focus on our inventory optimization strategies while also responding to the potential impact of global supply chain disruptions on product availability. Retail inventory at February 27, 2021 decreased approximately 18.0% compared to retail inventory at February 29, 2020, which was primarily related to the Fiscal 2020 divestitures.

Cash flow from investing activities

Net cash used in investing activities for Fiscal 2021 was \$349.2 million, compared with net cash provided by investing activities of \$737.9 million in Fiscal 2020. For Fiscal 2021, net cash used in investing activities included \$354.2 million of capital expenditures. For Fiscal 2020, net cash provided by investing activities was comprised of \$386.5 million of redemptions of investment securities and \$534.5 million in proceeds from the sale of PMall, CTS and Linen Holdings businesses, partially offset by \$183.1 million of capital expenditures.

Cash flow from financing activities

Net cash used in financing activities for Fiscal 2021 was \$606.0 million, compared with net cash used in financing activities of \$632.3 million in Fiscal 2020. Net cash used in financing activities in Fiscal 2021 was primarily comprised of repurchases of common stock of \$589.4 million, of which \$574.9 million was related to our share repurchase program, repayments of long-term debt of \$11.4 million and payments of deferred financing costs of \$3.4 million. Net cash used in financing activities in Fiscal 2020 was comprised of net repayments of long-term debt of \$221.4 million, a \$47.6 million prepayment under an accelerated share repurchase agreement with JPMorgan Chase Bank, National Association entered into in October 2020, repurchases of our common stock of \$332.5 million, payments of deferred financing costs of \$7.7 million and dividend payments of \$23.1 million.

Contractual Obligations

Our contractual obligations as of February 26, 2022 consist mainly of (i) principal and interest related to our senior unsecured notes (see "Long Term Debt," Note 7 to the Consolidated Financial Statements), (ii) leases for stores, offices, distribution facilities and equipment (see "Leases," Note 10 to the Consolidated Financial Statements) and (iii) purchase obligations, primarily under purchase orders issued for merchandise and for certain capital expenditures. Total capital expenditures for Fiscal 2021 were \$354.2 million, and for Fiscal 2022 are projected to be approximately \$390.0 million to \$410.0 million.

Approximately \$284.4 million in principal amount of our senior unsecured notes are due August 1, 2024, with the remaining principal balances due August 1, 2034 and August 1, 2044. Our lease obligations include both operating and finance leases, and have various terms extending through 2041, with approximately \$451.9 million in minimum lease payments due in Fiscal 2022, and declining amounts due each year thereafter.

These obligations are considered as part of our overall capital allocation and liquidity management processes referred to above.

SEASONALITY

Our business is subject to seasonal influences. Generally, our sales volumes are higher in the calendar months of August, November, and December, and lower in February.

INFLATION

In Fiscal 2021, we experienced inflationary pressures in various parts of our business, including, but not limited to, product cost pressure as well as increased freight and shipping costs across our supply chain. We continue to monitor the impact of inflation on the costs of materials, labor, and other costs required to manage our business in order to minimize its effects through pricing strategies, productivity improvements and cost reductions. There can be no assurance, however, that our 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 us 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. We base our estimates on historical experience and on other assumptions that we believe 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 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 inputs associated with determining the cost-to-retail ratio include: merchandise purchases, net of returns to vendors, discounts and volume and incentive rebates; inbound freight expenses; import charges, including duties, insurance and commissions.

The retail inventory method contains certain management judgments that may affect inventory valuation. At any one time, inventories include items that have been written down to our best estimate of their realizable value. Judgment is required in estimating realizable value and factors considered are the age of merchandise, anticipated demand based on factors such as customer preferences and fashion trends and anticipated changes in product assortment (including related to the launch of our Owned Brands), as well as anticipated markdowns to reduce the price of merchandise from its recorded retail price to a retail price at which it is expected to be sold in the future. These estimates are based on historical experience and current information about future events which are inherently uncertain. Actual realizable value could differ materially from this estimate based upon future customer demand or economic conditions, including the duration and severity of the COVID-19 pandemic.

We estimate our 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 our 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, our shrinkage has not been volatile.

We accrue for merchandise in transit once we take legal ownership and title to the merchandise; as such, an estimate for merchandise in transit is included in our merchandise inventories.

Impairment of Long-Lived Assets: We review 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. Judgment is required in estimating the fair value of the assets including assumptions related to sales growth rates and market rental rates. These estimates are based on historical experience and current information about future events which are inherently uncertain.

In Fiscal 2021, 2020, and 2019, we recorded \$30.8 million, \$92.9 million, and \$75.1 million, respectively, of non-cash pre-tax impairment charges within goodwill and other impairments in the consolidated statement of operations for certain store-level assets, including leasehold improvements and operating lease assets. Of the stores impaired during Fiscal 2021, partial impairments were recorded at 50 stores resulting in a remaining net book value of long-lived assets at risk of \$46.4 million as of February 26, 2022, inclusive of leasehold improvements and right-of-use assets. We will continue to monitor these stores closely. If actual results differ from the estimated undiscounted future cash flows or the estimated price market participants would be willing to pay to sublease store operating leases and acquire remaining store assets, which among other factors, may be impacted by the duration and severity of the COVID-19 pandemic, we may be exposed to additional impairment losses that may be material. If events or market conditions affect the estimated

fair value to the extent that a long-lived asset is impaired, we will adjust the carrying value of these long-lived assets in the period in which the impairment occurs.

Other Indefinite Lived Intangible Assets: We review other intangibles that have indefinite lives for impairment annually as of the end of the fiscal year 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. Significant assumptions and estimates are required, including, but not limited to, projecting future cash flows, determining appropriate discount rates, margins, growth rates, and other assumptions, to estimate the fair value of indefinite lived intangible assets. Although we believe that the assumptions and estimates made are reasonable and appropriate, different assumptions and estimates could materially impact our reported financial results.

Other indefinite lived intangible assets were recorded as a result of acquisitions and primarily consist of tradenames. We value our tradenames using a relief-from-royalty approach, which assumes the value of the tradename is the discounted cash flows of the amount that would be paid by a hypothetical market participant had they not owned the tradename and instead licensed the tradename from another company. For Fiscal 2021, 2020, and 2019, for certain tradenames within other indefinite lived intangible assets, we completed a quantitative impairment analysis by comparing the fair value of the tradenames to their carrying value and recognized non-cash pre-tax tradename impairment charges of \$5.7 million, \$35.1 million, and \$41.8 million, respectively, within goodwill and other impairments in the consolidated statement of operations. For the remaining other indefinite lived intangible assets, we assessed qualitative factors as of February 26, 2022 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 other indefinite lived assets did not exceed their carrying values and concluded no such events or circumstances existed which would require an impairment test be performed. As of February 26, 2022, we have \$16.3 million of remaining other indefinite lived intangible assets. If actual results differ from the estimated future cash flows, which, among other factors, may be impacted by the duration and severity of the COVID-19 pandemic, we may be exposed to additional impairment losses that may be material. In the future, if events or market conditions affect the estimated fair value to the extent that an asset is impaired, we will adjust the carrying value of these assets in the period in which the impairment occurs.

Self-Insurance: We utilize a combination of third-party insurance and self-insurance for a number of risks including workers' compensation, general liability, cyber liability, property liability, automobile liability and employee related health care benefits (a portion of which is paid by our employees). Liabilities associated with the risks that we retain are not discounted and are estimated by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions. Although our claims experience has not displayed substantial volatility in the past, actual experience could materially vary from our 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 we conclude an adjustment to self-insurance accruals is required, the liability will be adjusted accordingly.

Beginning in the fourth quarter of Fiscal 2020, we began insuring portions of our workers' compensation and medical insurance through a wholly owned captive insurance subsidiary (the "Captive") to enhance our risk financing strategies. The Captive is subject to regulations in Vermont, including those relating to its levels of liquidity. The Captive was in compliance with all regulations as of February 26, 2022.

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.

In assessing the recoverability of our deferred tax assets, we evaluate the available objective positive and negative evidence to estimate whether it is more likely than not that sufficient future taxable income will be generated to permit use of existing deferred tax assets in each taxpaying jurisdiction. For any deferred tax asset in excess of the amount for which it is more likely than not that we will realize a benefit, we establish a valuation allowance. A valuation allowance is a non-cash charge, and does not limit our ability to utilize our deferred tax assets, including our ability to utilize tax loss and credit carryforward amounts, against future taxable income.

During Fiscal 2021, we concluded that, based on our evaluation of available objective positive and negative evidence, it is no longer more likely than not that our net U.S. federal and state deferred tax assets are recoverable. In assessing the realizability of deferred tax assets, the key assumptions used to determine positive and negative evidence included our cumulative book loss for the past three years, current trends related to actual taxable earnings or losses, and expected future reversals of existing taxable temporary differences, as well as timing and cost of our transformation initiatives and their expected associated benefits. Accordingly, we recorded a charge of \$181.5 million in the third quarter of Fiscal 2021 as a reserve against our net U.S. federal and state deferred tax assets. As of February 26, 2022, the total valuation allowance relative to U.S. federal and state deferred tax assets was \$224.3 million.

The amount of the deferred tax assets considered realizable, and the associated valuation allowance, could be adjusted in a future period if estimates of future taxable income change or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as projections for future growth.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Act. The Tax Act included a mandatory one-time tax on accumulated earnings of foreign subsidiaries, and as a result, all previously unremitted earnings for which no U.S. deferred tax liability had been previously accrued has now been subject to U.S. tax. Notwithstanding the U.S. taxation of these amounts, the Company intends to continue to reinvest the unremitted earnings of its Canadian subsidiary. Accordingly, no additional provision has been made for U.S. or additional non-U.S. taxes with respect to these earnings, except for the transition tax resulting from the Tax Act. In the event of repatriation to the U.S., it is expected that such earnings would be subject to non-U.S. withholding taxes offset, in whole or in part, by U.S. foreign tax credits.

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.

Potential volatility in the effective tax rate from year to year may occur as 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 its operations.

Judgment is required in determining the provision for income and other taxes and related accruals, and 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.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk for changes in interest rates relates primarily to our investment securities and the ABL Facility. As of February 26, 2022, our investments include cash and cash equivalents of approximately \$439.5 million, restricted cash of \$31.4 million, and long term investments in auction rate securities of approximately \$19.2 million, at weighted average interest rates of 0.01% and 0.30%, respectively. The book value of these investments is representative of their fair values.

Our senior unsecured notes have fixed interest rates and are not subject to interest rate risk. As of February 26, 2022, the fair value of the senior unsecured notes was \$956.0 million, which is based on quoted prices in active markets for identical instruments compared to the carrying value of approximately \$1.184 billion.

FORWARD-LOOKING STATEMENTS

This Annual Report and Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements within the meaning of Section 21 E of the Securities Exchange Act of 1934 including, but not limited to, our progress and anticipated progress towards our long-term objectives, as well as more generally the status of our future liquidity and financial condition and our outlook for our 2022 Fiscal year. Many of these forward-looking statements can be identified by use of words such as may, will, expect, anticipate, approximate, estimate, assume, continue, model, project, plan, goal, preliminary, and similar words and phrases, although the absence of those words does not necessarily mean that statements are not forward-looking. Our 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 recent supply chain disruptions, labor shortages, wage pressures, rising inflation and the ongoing military conflict between Russia and Ukraine; a challenging overall macroeconomic environment and a highly competitive retailing environment; risks associated with the ongoing COVID-19 pandemic and the governmental responses to it, including its impacts across our businesses on demand and operations, as well as on the operations of our suppliers and other business partners, and the effectiveness of our and governmental actions taken in response to these risks; changing consumer preferences, spending habits and demographics; demographics and other macroeconomic factors that may impact the level of spending for the types of merchandise sold by us; challenges in executing our omni-channel and transformation strategy, including our ability to establish and profitably maintain the appropriate mix of digital and physical presence in the markets we serve; our ability to successfully execute our store fleet optimization strategies, including our ability to achieve anticipated cost savings and to not exceed anticipated costs; our ability to execute on any additional strategic transactions and realize the benefits of any acquisitions, partnerships, investments or divestitures; disruptions to our information technology systems, including but not limited to security breaches of systems protecting consumer and employee information or other types of cybercrimes or cybersecurity attacks; damage to our reputation in any aspect of our operations; the cost of labor, merchandise, logistical costs and other costs and expenses; potential supply chain disruption due to trade restrictions or otherwise, and other factors such as natural disasters, pandemics, including the COVID-19 pandemic, political instability, labor disturbances, product recalls, financial or operational instability of suppliers or carriers, and other items; inflation and the related increases in costs of materials, labor and other costs; inefficient management of relationships and dependencies on third-party service providers; our ability to attract and retain qualified employees in all areas of the organization; unusual weather patterns and natural disasters, including the impact of climate change; uncertainty and disruptions in financial markets; volatility in the price of our common stock and its effect, and the effect of other factors, including the COVID-19 pandemic, on our capital allocation strategy; changes to statutory, regulatory and other legal requirements or deemed noncompliance with such requirements; changes to accounting rules, regulations and tax laws, or new interpretations of existing accounting standards or tax laws; new, or developments in existing, litigation, claims or assessments; and a failure of our business partners to adhere to appropriate laws, regulations or standards. A further description of these and other risks and uncertainties can be found in the Company's Annual Report on Form 10-K for the year ended February 26, 2022. Except as required by law, we do not undertake any obligation to update our forward-looking statements.

A copy of the Company's 2021 Form 10-K, as filed with the SEC, may be obtained from the Investor Relations Department at the corporate headquarters of the Company, located at 650 Liberty Avenue, Union, NJ 07083 or by emailing ir@bedbath.com.

BED BATH & BEYOND INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands, except per share data)

	February 26, 2022	February 27, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 439,496	\$ 1,352,984
Merchandise inventories	1,725,410	1,671,909
Prepaid expenses and other current assets	198,248	595,152
Total current assets	2,363,154	3,620,045
Long term investment securities	19,212	19,545
Property and equipment, net	1,027,387	918,418
Operating lease assets	1,562,857	1,587,101
Other assets	157,962	311,821
Total assets	\$ 5,130,572	\$ 6,456,930
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 872,445	\$ 986,045
Accrued expenses and other current liabilities	529,371	636,329
Merchandise credit and gift card liabilities	326,465	312,486
Current operating lease liabilities	346,506	360,061
Total current liabilities	2,074,787	2,294,921
Other liabilities	102,438	82,279
Operating lease liabilities	1,508,002	1,509,767
Income taxes payable	91,424	102,664
Long term debt	1,179,776	1,190,363
Total liabilities	4,956,427	5,179,994
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 344,146 and 343,241, respectively; outstanding 81,979 and 109,621 shares, respectively	3,441	3,432
Additional paid-in capital	2,235,894	2,152,135
Retained earnings	9,666,091	10,225,253
Treasury stock, at cost; 262,167 and 233,620 shares, respectively	(11,685,267)	(11,048,284)
Accumulated other comprehensive loss	(46,014)	(55,600)
Total shareholders' equity	174,145	1,276,936
Total liabilities and shareholders' equity	\$ 5,130,572	\$ 6,456,930

See accompanying Notes to Consolidated Financial Statements.

BED BATH & BEYOND INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(in thousands, except per share data)

	Fiscal Year Ended		
	February 26, 2022	February 27, 2021	February 29, 2020
Net sales	\$7,867,778	\$9,233,028	\$11,158,580
Cost of sales	5,384,287	6,114,947	7,616,920
Gross profit	2,483,491	3,118,081	3,541,660
Selling, general and administrative expenses	2,692,292	3,224,363	3,732,498
Impairments, including on assets held for sale	36,531	127,341	509,226
Restructuring and transformation initiative expenses	144,025	102,202	—
Loss on sale of businesses	18,221	1,062	—
Operating loss	(407,578)	(336,887)	(700,064)
Interest expense, net	64,702	76,913	64,789
Loss (gain) on extinguishment of debt	376	(77,038)	—
Loss before provision (benefit) from income taxes	(472,656)	(336,762)	(764,853)
Provision (benefit) from income taxes	86,967	(185,989)	(151,037)
Net loss	\$ (559,623)	\$ (150,773)	\$ (613,816)
Net loss per share - Basic	\$ (5.64)	\$ (1.24)	\$ (4.94)
Net loss per share - Diluted	\$ (5.64)	\$ (1.24)	\$ (4.94)
Weighted average shares outstanding - Basic	99,249	121,446	124,352
Weighted average shares outstanding - Diluted	99,249	121,446	124,352
Dividends declared per share	\$ —	\$ —	\$ 0.68

See accompanying Notes to Consolidated Financial Statements.

BED BATH & BEYOND INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Loss
(in thousands)

	Fiscal Year Ended		
	February 26, 2022	February 27, 2021	February 29, 2020
Net loss	\$(559,623)	\$(150,773)	\$(613,816)
Other comprehensive (loss) income:			
Change in temporary impairment of auction rate securities, net of tax	(251)	(617)	276
Pension adjustment, net of tax	(1,562)	(1,396)	(4,791)
Reclassification adjustment on settlement of the pension plan, net of tax	9,938	1,522	—
Currency translation adjustment	1,461	9,800	(1,784)
Other comprehensive income (loss)	9,586	9,309	(6,299)
Comprehensive loss	\$(550,037)	\$(141,464)	\$(620,115)

See accompanying Notes to Consolidated Financial Statements.

BED BATH & BEYOND INC. AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity
(in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total
	Shares	Amount			Shares	Amount		
Balance at March 2, 2019	342,582	\$3,426	\$2,118,673	\$11,112,887	(210,349)	\$(10,616,045)	\$(58,610)	\$2,560,331
Net loss	—	—	—	(613,816)	—	—	—	(613,816)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(6,299)	(6,299)
Effect of Adoption of ASU 2016-02	—	—	—	(40,700)	—	—	—	(40,700)
Dividends declared	—	—	—	(83,545)	—	—	—	(83,545)
Shares sold under employee stock option plans, net of tax	139	1	2,345	—	—	—	—	2,346
Issuance of restricted shares, net	370	4	(4)	—	—	—	—	—
Payment and vesting of performance stock units	580	5	(5)	—	—	—	—	—
Stock-based compensation expense, net	—	—	46,159	—	—	—	—	46,159
Director fees paid in stock	12	—	169	—	—	—	—	169
Repurchase of common stock, including fees	—	—	—	—	(6,806)	(99,710)	—	(99,710)
Balance at February 29, 2020	343,683	3,436	2,167,337	10,374,826	(217,155)	(10,715,755)	(64,909)	1,764,935
Net loss	—	—	—	(150,773)	—	—	—	(150,773)
Other comprehensive income, net of tax	—	—	—	—	—	—	9,309	9,309
Dividends forfeited	—	—	—	1,200	—	—	—	1,200
Forfeiture of restricted shares, net	(786)	(8)	8	—	—	—	—	—
Payment and vesting of performance stock units	344	4	(4)	—	—	—	—	—
Stock-based compensation expense, net	—	—	32,344	—	—	—	—	32,344
Accelerated share repurchase program	—	—	(47,550)	—	(15,833)	(327,450)	—	(375,000)
Repurchase of common stock, including fees	—	—	—	—	(632)	(5,079)	—	(5,079)
Balance at February 27, 2021	343,241	3,432	2,152,135	10,225,253	(233,620)	(11,048,284)	(55,600)	1,276,936
Net loss	—	—	—	(559,623)	—	—	—	(559,623)
Other comprehensive income, net of tax	—	—	—	—	—	—	9,586	9,586
Dividends forfeited	—	—	—	461	—	—	—	461
Issuance of restricted shares, net	624	6	(6)	—	—	—	—	—
Payment and vesting of performance stock units	274	3	(3)	—	—	—	—	—
Stock-based compensation expense, net	—	—	36,080	—	—	—	—	36,080
Accelerated share repurchase program	—	—	47,550	—	(200)	(47,550)	—	—
Director fees paid in stock	7	—	138	—	—	—	—	138
Repurchase of common stock, including fees	—	—	—	—	(28,347)	(589,433)	—	(589,433)
Balance at February 26, 2022	344,146	\$3,441	\$2,235,894	\$ 9,666,091	(262,167)	\$(11,685,267)	\$(46,014)	\$ 174,145

See accompanying Notes to Consolidated Financial Statements.

BED BATH & BEYOND INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(in thousands)

	Fiscal Year Ended		
	February 26, 2022	February 27, 2021	February 29, 2020
Cash Flows from Operating Activities:			
Net loss	\$ (559,623)	\$ (150,773)	\$ (613,816)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	293,626	340,912	342,511
Impairments, including on assets held for sale	36,531	127,341	509,226
Stock-based compensation	35,061	31,594	45,676
Deferred income taxes	125,711	148,741	(145,543)
Loss on sale of businesses	18,221	1,062	—
Loss (gain) on debt extinguishment	376	(77,038)	—
Loss on sale leaseback transaction	—	—	27,357
Other	(8,298)	(396)	(3,446)
Decrease (increase) in assets:			
Merchandise inventories	(53,339)	64,947	506,334
Other current assets	387,746	(387,172)	(4,781)
Other assets	607	1,519	239
Increase (decrease) in liabilities:			
Accounts payable	(132,785)	168,556	(124,206)
Accrued expenses and other current liabilities	(100,356)	15,538	61,864
Merchandise credit and gift card liabilities	13,981	(12,110)	1,154
Income taxes payable	(11,257)	54,958	(22,783)
Operating lease assets and liabilities, net	(14,162)	(32,813)	(2,899)
Other liabilities	(14,186)	(26,758)	14,054
Net cash provided by operating activities	17,854	268,108	590,941
Cash Flows from Investing Activities:			
Purchases of held-to-maturity investment securities	(29,997)	—	(443,500)
Redemption of held-to-maturity investment securities	30,000	386,500	545,000
Net proceeds from sales of businesses	—	534,457	—
Net proceeds from sales of property	5,000	—	—
Proceeds from sale-leaseback transaction	—	—	267,277
Capital expenditures	(354,185)	(183,077)	(277,401)
Net cash (used in) provided by investing activities	(349,182)	737,880	91,376
Cash Flows from Financing Activities:			
Borrowing of long-term debt	—	236,400	—
Repayments of long-term debt	(11,360)	(457,827)	—
Repayments of finance leases	(1,033)	—	—
Prepayment under share repurchase agreement	—	(47,550)	—
Repurchase of common stock, including fees	(589,433)	(332,529)	(99,710)
Payment of dividends	(749)	(23,108)	(85,482)
Payment of deferred financing fees	(3,443)	(7,690)	—
Proceeds from exercise of stock options	—	—	2,346
Net cash used in financing activities	(606,018)	(632,304)	(182,846)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	1,006	5,075	(977)
Net (decrease) increase in cash, cash equivalents and restricted cash	(936,340)	378,759	498,494
Change in cash balances classified as held-for-sale	—	4,815	(4,815)
Net (decrease) increase in cash, cash equivalents and restricted cash	(936,340)	383,574	493,679
Cash, cash equivalents and restricted cash:			
Beginning of period	1,407,224	1,023,650	529,971
End of period	\$ 470,884	\$1,407,224	\$1,023,650

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Bed Bath & Beyond Inc. and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS

A. Nature of Operations

Bed Bath & Beyond Inc. and subsidiaries (the "Company") is an omni-channel retailer that makes it easy for its customers to feel at home. The Company sells a wide assortment of merchandise in the Home, Baby, Beauty & Wellness markets and operates under the names Bed Bath & Beyond ("BBB"), buybuy BABY ("BABY"), and Harmon, Harmon Face Values, or Face Values (collectively, "Harmon"). Customers can purchase products either in-store, online, with a mobile device or through a customer contact center. The Company generally has the ability to have customer purchases picked up in-store, curbside or shipped direct to the customer from the Company's distribution facilities, stores or vendors. The Company also operates Decorist ("Decorist"), an online interior design platform that provides personalized home design services. In addition, the Company is a partner in a joint venture which operates retail stores in Mexico under the name Bed Bath & Beyond.

We offer a broad assortment of national brands and a growing assortment of proprietary Owned Brand merchandise – including eight new Owned Brands launched in Fiscal 2021 – in key destination categories including bedding, bath, kitchen food prep, home organization, indoor décor, baby and personal care.

We account for our operations as one North American Retail reporting segment. In Fiscal 2020 and 2019, we accounted for our operations as two operating segments: North American Retail and Institutional Sales, the latter of which was divested in October 2020, did not meet the quantitative thresholds under GAAP and, therefore, was not a reportable segment. Net sales outside of the U.S. for the Company were not material for Fiscal 2021, 2020, and 2019. As the Company operates in the retail industry, its results of operations are affected by general economic conditions and consumer spending habits.

B. Fiscal Year

The Company's Fiscal year is comprised of the 52 or 53-week period ending on the Saturday nearest February 28th. Accordingly, Fiscal 2021, Fiscal 2020, and Fiscal 2019 represented 52 weeks and ended on February 26, 2022, February 27, 2021, and February 29, 2020, respectively.

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 referred to above under the equity method.

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

D. Recent Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04 Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendment provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on contracts, hedging relationships and other transactions that reference LIBOR. These updates are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company is currently evaluating its contracts and the optional expedients provided by this update, but does not expect the adoption of this guidance to have a material impact to the financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes, to simplify the accounting for income taxes. The guidance eliminates certain exceptions related to the approach for intraperiod tax allocations, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences related to changes in ownership of equity method investments and foreign subsidiaries. The guidance also simplifies aspects of accounting for franchise taxes, enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The standard is effective for fiscal years beginning after

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 15, 2020 and interim periods within those fiscal years with early adoption permitted. The Company adopted this standard in Fiscal 2021; upon adoption, this guidance did not have a material impact on its consolidated financial statements.

E. 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.

F. 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 five business days, of \$47.9 million and \$64.0 million as of February 26, 2022 and February 27, 2021, respectively.

Short-term restricted cash was zero and \$5.0 million as of February 26, 2022 and February 27, 2021, respectively, and is included in prepaid expenses and other current assets on the consolidated balance sheet. Long-term restricted cash of \$31.4 million and \$49.2 million as of February 26, 2022 and February 27, 2021, respectively, is included in other long-term assets on the consolidated balance sheet.

G. Investment Securities

Investment securities consist primarily of auction rate securities, which are securities with interest rates that reset periodically through an auction process, and U.S. Treasury Bills, when outstanding. The U.S. Treasury Bills with original maturities of greater than three months were classified as short term held-to-maturity securities and stated at their amortized cost which approximated 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, during the global financial crisis of 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 and affect their estimated fair values at February 26, 2022 and February 27, 2021, but do not affect the underlying collateral of the securities (see "Fair Value Measurements," Note 4 and "Investment Securities," Note 5). 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.

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.

H. 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 inputs associated with determining the cost-to-retail ratio include: merchandise purchases, net of returns to vendors, discounts and volume and incentive rebates; inbound freight expenses; and import charges, including duties, insurance and commissions.

The retail inventory method contains certain management judgments that may affect inventory valuation. 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, anticipated demand based on factors such as customer preferences and fashion trends, and anticipated changes in product assortment (including related to the launch of Owned Brands) as well as anticipated markdowns to reduce the price of merchandise from its recorded retail price to a retail price at which it is expected to be sold in the future. These estimates are based on historical experience and current information about future events which are inherently uncertain. Actual realizable value could differ materially from this estimate based upon future customer demand or economic conditions, including uncertainty related to the ongoing COVID-19 pandemic (see "Impact of the COVID-19 Pandemic," Note 2).

The Company estimates its reserve for inventory shrinkage throughout the year based on historical shrinkage and any current trends, if applicable. Actual shrinkage is recorded at fiscal 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.

I. Property and Equipment

Property and equipment are stated at cost and are depreciated primarily using the straight-line method over the estimated useful lives of the assets (40 years for buildings; 5 to 20 years for furniture, fixtures and equipment; and 3 to 10 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. (see "Property and Equipment," Note 6).

The cost of maintenance and repairs is charged to earnings as incurred; significant renewals and betterments are capitalized. Maintenance and repairs amounted to \$80.0 million, \$117.7 million, and \$133.9 million for Fiscal 2021, 2020, and 2019, respectively.

J. 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 asset. 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 are separately presented in the appropriate asset and liability sections of the balance sheet (see "Assets Held for Sale and Divestitures," Note 16). In Fiscal 2021 and Fiscal 2020, the Company recorded non-cash pre-tax impairment charges of \$30.8 million and \$92.9 million, respectively, for certain store-level assets, including leasehold improvements and operating lease 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.

K Goodwill and Other Indefinite Lived Intangible Assets

Included within other assets in the accompanying consolidated balance sheets as of February 26, 2022 and February 27, 2021, respectively, are \$16.3 million and \$22.0 million for indefinite lived tradenames and trademarks.

The Company reviews its intangible assets that have indefinite lives for impairment annually as of the end of the fiscal year 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. Significant assumptions and estimates are required, including, but not limited to, projecting future cash flows, determining appropriate discount rates and terminal growth rates, and other assumptions, to estimate the fair value of goodwill and indefinite lived intangible

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

assets. Although the Company believes the assumptions and estimates made are reasonable and appropriate, different assumptions and estimates could materially impact its reported financial results.

Other indefinite lived intangible assets were recorded as a result of acquisitions and primarily consist of tradenames. The Company values its tradenames using a relief-from-royalty approach, which assumes the value of the tradename is the discounted cash flows of the amount that would be paid by a hypothetical market participant had they not owned the tradename and instead licensed the tradename from another company. For the fiscal years ended February 26, 2022, February 27, 2021, and February 29, 2020, the Company completed a quantitative impairment analysis for certain other indefinite lived intangible assets, by comparing the fair value of the tradenames to their carrying value and recognized non-cash pre-tax tradename impairment charges of \$5.7 million, \$35.1 million, and \$41.8 million, respectively, within goodwill and other impairments in the consolidated statement of operations. As of February 26, 2022, for the remaining 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 other indefinite lived assets did not exceed their carrying values and concluded no such events or circumstances existed which would require an impairment test be 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.

As of June 1, 2019, the Company completed a quantitative impairment analysis of goodwill related to its reporting units by comparing the fair value of a reporting unit with its carrying amount. The Company performed a discounted cash flow analysis and market multiple analysis for each reporting unit. Based upon the analysis performed, the Company recognized non-cash pre-tax goodwill impairment charges of \$391.1 million for the North American Retail reporting unit. Cumulatively, the Company has recognized non-cash pre-tax goodwill impairment charges of \$676.2 million and \$40.1 million for the North American Retail and Institutional Sales reporting units, respectively. The Institutional Sales unit was divested in October 2020. As of February 26, 2022 and February 27, 2021, the Company did not have any goodwill recorded on its consolidated balance sheet.

L. Self-Insurance

The Company utilizes a combination of insurance and self-insurance for a number of risks including workers' compensation, general liability, cyber liability, property 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 not discounted and 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.

Beginning in the fourth quarter of Fiscal 2020, the Company began insuring portions of its workers' compensation and medical insurance through a wholly owned captive insurance subsidiary (the "Captive") to enhance its risk financing strategies. The Captive is subject to regulations in Vermont, including those relating to its levels of liquidity and other requirements. The Captive was in compliance with all regulations as of February 26, 2022.

M. Shareholders' Equity

The Company has authorization to make repurchases of its common shares from time to time in the open market or through other programs approved by the Board of Directors pursuant to existing rules and regulations (see "Shareholders' Equity," Note 14).

N. Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, investment securities, accounts payable, long term debt 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 consisting of preferred shares of closed end municipal bond funds, which are stated at their approximate fair value. The book value of the financial instruments, excluding the Company's long term debt, is representative of their fair values (see "Fair Value Measurements," Note 4).

O. Leases

The Company determines if an arrangement is a lease or contains a lease at the inception of the contract. The Company's leases generally contain fixed and variable components. Variable components are primarily contingent rents based upon store sales exceeding stipulated amounts. Lease agreements may also include non-lease components, such as certain taxes, insurance and common area maintenance, which the Company combines with the lease component to account for both as a single lease component. Lease liabilities, which represent the Company's obligation to make lease payments arising from the lease, and corresponding right-of-use assets, which represent the Company's right to use an underlying asset for the lease term, are recognized at the commencement date of the lease, which is typically the date the Company obtains possession of the leased premises, based on the present value of fixed future payments over the lease term. The Company utilizes the lease term for which it is reasonably certain to use the underlying asset, including consideration of options to extend or terminate the lease. Incentives received from landlords are recorded as a reduction to the lease right-of-use assets. The Company does not recognize lease right-of-use assets and corresponding lease liabilities for leases with initial terms of 12 months or less.

The Company calculates the present value of future payments using the discount rate implicit in the lease, if available, or its incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term at an amount equal to the lease payments in a similar economic environment. The Company determined discount rates based on the rates of its unsecured borrowings, which are then adjusted for the appropriate lease term and effects of full collateralization. In determining the Company's operating lease assets and operating lease liabilities, the Company applied these incremental borrowing rates to the minimum lease payments within each lease agreement.

For operating leases, lease expense relating to fixed payments is recognized on a straight-line basis over the lease term and lease expense relating to variable payments is expensed as incurred. For finance leases, the amortization of the asset is recognized over the shorter of the lease term or useful life of the underlying asset (see "Leases," Note 10).

P. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets in the accompanying consolidated balance sheets as of February 26, 2022 and February 27, 2021, respectively, are \$198.2 million and \$595.2 million, which includes income tax receivables as of February 26, 2022 and February 27, 2021 of \$26.5 million and \$318.1 million, respectively (see "Provision for Income Taxes," Note 8).

Q. 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. In Fiscal 2021 and Fiscal 2020, the Company recognized net sales for gift card and merchandise credit redemptions of approximately \$72.3 million and \$98.0 million, which were included in merchandise credit and gift card liabilities on the consolidated balance sheet as of February 27, 2021 and February 29, 2020, respectively.

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 is required due to material changes in the returns activity, the liability for estimated returns and the corresponding right of return asset will be adjusted accordingly. As of February 26, 2022 and February 27, 2021, the liability for estimated returns of \$23.6 million and \$36.2 million is included in accrued expenses and other current liabilities and the corresponding right of return asset for merchandise of \$14.6 million and \$23.4 million, respectively, is included in prepaid expenses and other current assets, respectively.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as kitchen and tabletop items, fine tabletop, basic housewares, general home furnishings (including furniture and wall décor), consumables and certain juvenile products. Sales of domestics merchandise and home furnishings accounted for approximately 37.4% and 62.6% of net sales, respectively, for Fiscal 2021, 34.7% and 65.3% of net sales, respectively, for Fiscal 2020 and 35.2% and 64.8% of net sales, respectively, for Fiscal 2019.

R. 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, import charges (including duties), distribution facility costs, receiving costs, internal transfer costs and shipping and handling costs.

S. 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 \$35.8 million, \$28.9 million, and \$30.9 million for Fiscal 2021, 2020, and 2019, respectively.

T. 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.

U. Advertising Costs

Advertising expenses related to direct response advertising are expensed on the first day of the direct response advertising event. All other advertising expenses associated with store advertising are charged to earnings as incurred. Net advertising costs amounted to \$407.1 million, \$347.8 million, and \$478.5 million for Fiscal 2021, 2020, and 2019, respectively.

V. 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. The Company's stock-based compensation relates to restricted stock awards, stock options, restricted stock units and performance stock units. The Company's restricted stock awards are considered nonvested share awards (see "Stock-Based Compensation," Note 15).

W. 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.

In assessing the recoverability of its deferred tax assets, the Company evaluates the available objective positive and negative evidence to estimate whether it is more likely than not that sufficient future taxable income will be generated to permit use of existing deferred tax assets in each taxpaying jurisdiction. For any deferred tax asset in excess of the amount for which it is more likely than not that the Company will realize a benefit, a valuation allowance is established. A valuation allowance is a non-cash charge, and does not limit the Company's ability to utilize its deferred tax assets, including its ability to utilize tax loss and credit carryforward amounts against future taxable income.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Act. The Tax Act included a mandatory one-time tax on accumulated earnings of foreign subsidiaries, and as a result, all previously unremitted earnings for which no U.S. deferred tax liability had been previously accrued has now been subject to U.S. tax. Notwithstanding the U.S. taxation of these amounts, the Company intends to continue to reinvest the unremitted earnings of its Canadian subsidiary. Accordingly, no additional provision has been made for U.S. or additional non-U.S. taxes with respect to these earnings, except for the transition tax resulting from the Tax Act. In the event of repatriation to the U.S., it is expected that such earnings would be subject to non-U.S. withholding taxes offset, in whole or in part, by U.S. foreign tax credits.

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 and other taxes and related accruals, and 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 (see "Provision for Income Taxes", Note 8).

X. Earnings per Share

The Company presents earnings per share on a basic and diluted basis. Basic earnings per share is computed by dividing net earnings by the weighted average number of shares outstanding. Diluted earnings per share is 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 2.9 million, 2.4 million, and 5.4 million shares were excluded from the computation of diluted earnings per share as the effect would be anti-dilutive for Fiscal 2021, 2020, and 2019, respectively.

2. IMPACT OF THE COVID-19 PANDEMIC

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. That same month, as a result of the COVID-19 pandemic, the Company began to temporarily close certain store locations that did not have a health and personal care department, and as of March 23, 2020, all of the Company's retail stores across the U.S. and Canada were temporarily closed except for most stand-alone buybuy BABY and Harmon stores, subject to state and local regulations. In May 2020, the Company announced a phased approach to re-open its stores in compliance with relevant government directives, and as of the end of July 2020, nearly all of its stores re-opened. During portions of Fiscal 2021, a limited number of stores in Canada either closed temporarily or continued to operate under restrictions in compliance with local governmental orders. As of February 26, 2022, all of the Company's stores were operating without restriction subject to compliance with applicable mask and vaccine requirements.

In the first half of Fiscal 2020, the Company had also suspended its plans for debt reduction and postponed share repurchases, but lifted the debt repurchase suspension in August 2020 and the postponement of share repurchases in October 2020.

Similar to other retailers, the Company also withheld portions of and/or delayed payments to certain of its business partners as the Company negotiated revisions to its payment terms, in order to further maintain liquidity given the temporary store closures (see "Leases," Note 10).

Further, on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in the United States. The CARES Act is an emergency economic aid package to help mitigate the impact of the COVID-19 pandemic. Among other things, the CARES Act provides certain changes to tax laws, which may impact the Company's results of operations, financial position and cash flows. The Company is currently implementing certain provisions of the CARES Act such as deferring employer payroll taxes. As of February 27, 2021, the Company had deferred \$3.1 million of employer payroll taxes, which were deposited by December 2021. In addition, during Fiscal 2021 and 2020, the Company recorded credits of approximately \$7.8 million and \$33.3 million, respectively, as an offset to selling, general and

administrative expenses as a result of the employee retention credits and rent and property expense support made available under the CARES Act for U.S. employees and under the Canada Emergency Wage Subsidy for Canadian employees and the Canada Emergency Rent Subsidy.

During the Fiscal years ended February 26, 2022 and February 27, 2021, under the CARES Act, the Company recorded income tax benefits of \$18.7 million and \$152.0 million, respectively, as a result of the Fiscal 2020 and Fiscal 2019 net operating losses that were carried back to prior years during which the federal tax rate was 35%.

The COVID-19 pandemic materially adversely impacted the Company's results of operations and cash flows for the fiscal year ended February 27, 2021. Numerous uncertainties continue to surround the pandemic and its ultimate impact on the Company.

3. RESTRUCTURING AND TRANSFORMATION ACTIVITIES

Fiscal 2021 Restructuring and Transformation Initiative Expenses

The Company recorded \$281.2 million in its consolidated statements of operations for the fiscal year ended February 26, 2022 for costs associated with restructuring and other transformation initiatives, of which approximately \$137.2 million is included in cost of sales and approximately \$144.0 million is included in restructuring and transformation initiative expenses in the consolidated statements of operations. These charges were comprised of, and classified in the Company's consolidated statement of operations, as follows:

Cost of Sales

- \$125.2 million primarily related to the Company's initiatives to introduce certain new Owned Brand merchandise and, to a lesser extent, to redefine certain existing Owned Brands and to rationalize product assortment across the Bed Bath & Beyond banner store base. The costs incurred in connection with these activities included higher markdowns on inventory sold in Fiscal 2021, as well as an adjustment to reduce to its estimated realizable value inventory on hand that will be removed from the product assortment as part of these initiatives.
- \$12.0 million related to store closures for which the closing process had commenced, related primarily to higher markdowns on inventory sold during the period between final announcement of closing and the final closure of the store.

Restructuring and Transformation Initiative Expenses

- *Store Closures.* During Fiscal 2021, the Company closed 63 mostly Bed Bath & Beyond stores as part of its store fleet optimization program which commenced in Fiscal 2020 and included the closure of 207 mostly Bed Bath & Beyond stores through the end of Fiscal 2021 (including the 144 stores closed in Fiscal 2020). For the fiscal year ended February 26, 2022, the Company recorded costs associated with store closures for which the store closing process has commenced of \$2.4 million of severance costs and \$45.5 million of lease-related and other costs within restructuring and transformation initiative expenses in its consolidated statements of operations. At this point, the Company is unable to estimate the amount or range of amounts expected to be incurred in connection with future store closures.
- *Other transformation initiatives.* During the fiscal year ended February 26, 2022, the Company recorded costs of \$96.1 million which include costs recorded in connection with other transformation initiatives, including technology transformation and business strategy and operating model transformation programs across core functions including merchandising, supply chain and finance.

Fiscal 2020 Restructuring Charges

The Company recorded \$149.3 million within cost of sales and restructuring and transformation initiative expenses in its consolidated statement of operations for Fiscal 2020 for costs associated with its planned store closures as part of the fleet optimization plan for which the store closure process has commenced, workforce reduction and other transformation initiatives.

As part of the Company's ongoing business transformation, on July 6, 2020, the Board of Directors of the Company approved the planned closure of approximately 200 mostly Bed Bath & Beyond stores by the end of Fiscal 2021 as part of the Company's store fleet optimization program, 144 of which were closed as of February 27, 2021. In Fiscal 2020, the Company recorded costs associated with its planned store closures for which the store closing process has commenced of \$21.0 million within cost of sales, \$5.3 million of severance costs and \$39.2 million of lease-related and other costs within restructuring and transformation initiative expenses in its consolidated statements of operations.

In addition, during the second quarter of Fiscal 2020, the Company announced a realignment of its organizational structure as part of its transformation initiative, to further simplify the Company's operations, support investment in its strategic growth plans, and provide additional financial flexibility. In connection with the organizational realignment, the Company implemented a workforce reduction of approximately 2,800 roles from across its corporate headquarters and retail stores. During the second quarter of Fiscal 2020, the Company recorded pre-tax restructuring charges of approximately \$23.1 million within restructuring and transformation initiative expenses in its consolidated statements of operations, related to severance and associated costs for this workforce reduction, all of which have been paid during Fiscal 2020.

During Fiscal 2020, the Company also recorded costs of approximately \$26.1 million within cost of sales and \$34.6 million within restructuring and transformation initiative expenses in its consolidated statements of operations related to other transformation initiatives.

Fiscal 2019 Restructuring Charges

During Fiscal 2019, the Company expensed pre-tax restructuring charges of approximately \$102.5 million, primarily for severance and related costs in conjunction with its transformation initiatives and extensive leadership changes, within selling, general and administrative expenses in its consolidated statement of operations.

As of February 26, 2022 and February 27, 2021, the remaining accrual for severance and related costs related to these various initiatives was \$15.0 million and \$23.0 million, respectively.

4. 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. 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. 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.

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- 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.

The Company's financial instruments include cash and cash equivalents, investment securities, accounts payable, long term debt and certain other liabilities. The book value of the Company's financial instruments, excluding long term debt, is representative of their fair values. The Company's investment securities at February 26, 2022 consisted primarily of U.S. Treasury securities, which are stated at amortized cost and are based on quoted prices in active markets for identical instruments (Level 1 valuation). As of February 26, 2022 and February 27, 2021, the fair value of the Company's long term debt was approximately \$956.0 million and \$1.118 billion, respectively, which is based on quoted prices in active markets for identical instruments (i.e., Level 1 valuation), compared to the carrying value of approximately \$1.184 billion and \$1.195 billion, respectively.

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 5).

5. INVESTMENT SECURITIES

As of both February 26, 2022 and February 27, 2021, the Company's long term available-for-sale investment securities represented approximately \$20.3 million par value of auction rate securities, less temporary valuation adjustments of approximately \$1.1 million and \$0.8 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. The Company had no short-term available-for-sale investment securities as of February 26, 2022 or February 27, 2021.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<i>(in thousands)</i>	February 26, 2022	February 27, 2021
Land and buildings	\$ 21,597	\$ 24,840
Furniture, fixtures and equipment ⁽¹⁾	594,443	502,869
Leasehold improvements	746,365	721,039
Computer equipment and software	1,494,457	1,355,758
Total	2,856,862	2,604,506
Less: Accumulated depreciation ⁽¹⁾	(1,829,475)	(1,686,088)
Property and equipment, net	\$ 1,027,387	\$ 918,418

⁽¹⁾ Furniture, fixtures and equipment includes \$39.0 million in assets held under finance leases as of February 26, 2022. Accumulated depreciation includes \$0.2 million in accumulated depreciation for assets held under finance leases as of February 26, 2022.

Depreciation expense was \$292.3 million, \$338.7 million, \$339.0 million in Fiscal 2021, 2020, and 2019, respectively.

7. LONG TERM DEBT

Senior Unsecured Notes

On July 17, 2014, the Company issued \$300.0 million aggregate principal amount of 3.749% senior unsecured notes due August 1, 2024, \$300.0 million aggregate principal amount of 4.915% senior unsecured notes due August 1, 2034 and \$900.0 million aggregate principal amount of 5.165% senior unsecured notes due August 1, 2044 (collectively, the "Notes"). Interest on the Notes is payable semi-annually on February 1 and August 1 of each year.

The Notes were issued under an indenture (the “Base Indenture”), as supplemented by a first supplemental indenture (together, with the Base Indenture, the “Indenture”), which contains various restrictive covenants, which are subject to important limitations and exceptions that are described in the Indenture. The Company was in compliance with all covenants related to the Notes as of February 26, 2022.

During Fiscal 2021, the Company purchased approximately \$11.0 million aggregate principal amount of its outstanding 3.749% senior unsecured notes due August 1, 2024. The total consideration paid for the notes accepted for purchase of \$11.4 million during the fiscal year ended February 26, 2022 included accrued and unpaid interest up to, but not including, the early settlement date. The Company recorded a loss on extinguishment of debt of \$0.4 million in its consolidated statement of operations for the fiscal year ended February 26, 2022, including the write off of unamortized debt financing costs related to the extinguished portion of the notes accepted for purchase and reacquisition costs.

During Fiscal 2020, the Company purchased \$75.0 million aggregate principal amount of its outstanding 4.915% senior unsecured notes due 2034 and approximately \$225.0 million aggregate principal amount of its outstanding 5.165% senior unsecured notes due 2044. The total consideration paid for the notes accepted for purchase of \$220.9 million included an early tender premium of \$50 per \$1,000 principal amount of the notes accepted for purchase, plus accrued and unpaid interest up to, but not including, the early settlement date. The Company recorded a gain on extinguishment of debt of \$77.0 million in its consolidated statement of operations for the fiscal year ended February 27, 2021, including the write off of unamortized debt financing costs related to the extinguished portion of the notes accepted for purchase and reacquisition costs. The Company did not purchase any of its outstanding unsecured notes during Fiscal 2019.

As of February 26, 2022 and February 27, 2021, unamortized deferred financing costs associated with the Company’s 3.749% senior unsecured notes due 2024, 4.915% senior unsecured notes due 2034 and 5.165% senior unsecured notes due 2044 were \$4.6 million and \$5.0 million, respectively, and are included in long-term debt in the Company’s consolidated balance sheets.

Asset-Based Credit Agreement

On August 9, 2021, the Company amended its asset-based credit agreement (the “Amended Credit Agreement”) among the Company, certain of the Company’s U.S. and Canadian subsidiaries party thereto, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (in such capacity, the “Agent”), and the lenders party thereto, which replaced the Company’s previous \$850.0 million Credit Agreement which was due to mature on June 19, 2023.

The Amended Credit Agreement provides for an asset-based revolving credit facility (the “ABL Facility”) with aggregate revolving commitments established at closing of \$1.0 billion, including a swingline subfacility and a letter of credit subfacility. The Amended Credit Agreement has an uncommitted expansion feature which allows the borrowers to request, at any time following the delivery of an initial field exam and appraisal, an increase in aggregate revolving commitments under the ABL Facility or elect to enter into a first-in-last-out loan facility, collectively, in an aggregate amount of up to \$375.0 million, subject to certain customary conditions. The Amended Credit Agreement matures on August 9, 2026.

As of February 26, 2022, the Company had no loans outstanding under the ABL Facility, but had outstanding letters of credit of \$96.4 million.

The ABL Facility is secured on a first priority basis (subject to customary exceptions) on all accounts receivable (including credit card receivables), inventory, certain deposit accounts and securities accounts, and certain related assets, of the Company and its subsidiaries that are borrowers or guarantors under the ABL Facility. Amounts available to be drawn from time to time under the ABL Facility (including, in part, in the form of letters of credit) are equal to the lesser of (i) outstanding revolving commitments under the Amended Credit Agreement and (ii) a borrowing base equal to the sum of (a) 90% of eligible credit card receivables plus (b) 90% of eligible inventory, valued at the lower of cost or market value, determined on a weighted average cost basis, minus (c) customary reserves.

Subject to customary exceptions and restrictions, the Company may voluntarily repay outstanding amounts under the ABL Facility at any time without premium or penalty. Any voluntary prepayments made will not reduce commitments

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under the ABL Facility. If at any time the outstanding amount under the ABL Facility exceeds the lesser of (i) the aggregate revolving commitments and (ii) the borrowing base, the Company will be required to prepay outstanding amounts or cash collateralize letter of credit obligations under the ABL Facility.

Outstanding amounts under the Amended Credit Agreement bear interest at a rate per annum equal to, at the applicable borrower's election: (i) in the case of loans denominated in U.S. dollars, such loans shall be comprised entirely of Alternate Base Rate ("ABR") loans and London Inter-Bank Offered ("LIBO") Rate loans and (ii) in the case of loans denominated in Canadian dollars, such loans shall be comprised entirely of Canadian Prime Rate loans and Canadian Dollar Offered Rate ("CDOR") loans, in each case as set forth in the Amended Credit Agreement, plus an interest rate margin based on average quarterly availability ranging from (i) in the case of ABR loans and Canadian Prime Rate loans, 0.25% to 0.75%; provided that if ABR or the Canadian Prime Rate is less than 1.00%, such rate shall be deemed to be 1.00%, as applicable, and (ii) in the case of LIBO Rate loans and CDOR Loans, 1.25% to 1.75%; provided that if the CDOR or LIBO Rate is less than 0.00%, such rate shall be deemed to be 0.00%, as applicable.

The Amended Credit Agreement contains customary representations and warranties, events of default and financial, affirmative and negative covenants for facilities of this type, including but not limited to a springing financial covenant relating to a fixed charge coverage ratio, and restrictions on indebtedness, liens, investments and acquisitions, asset dispositions, restricted payments and prepayment of certain indebtedness. The Company was in compliance with all covenants related to the Amended Credit Agreement as of February 26, 2022.

As of February 26, 2022 and February 27, 2021, unamortized deferred financing costs associated with the Company's revolving credit facilities were \$7.4 million and \$6.1 million, respectively, and were recorded in other assets in the Company's consolidated balance sheets.

The Company amortizes deferred financing costs for the Notes and the ABL Facility over their respective terms and such amortization is included in interest expense, net in the consolidated statements of operations. Interest expense related to the Notes and the revolving credit facilities, including the commitment fee and the amortization of deferred financing costs, was approximately \$64.1 million, \$73.6 million, and \$73.0 million for the fiscal years ended February 26, 2022, February 27, 2021, and February 29, 2020, respectively.

8. PROVISION FOR INCOME TAXES

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

<i>(in thousands)</i>	Fiscal Year Ended		
	February 26, 2022	February 27, 2021	February 29, 2020
Current:			
Federal	\$ (43,740)	\$(336,506)	\$ 2,455
State and local	3,397	1,211	(7,973)
	(40,343)	(335,295)	(5,518)
Deferred:			
Federal	73,006	150,861	(124,578)
State and local	54,304	(1,555)	(20,941)
	127,310	149,306	(145,519)
	\$ 86,967	\$(185,989)	\$(151,037)

At February 26, 2022 and February 27, 2021, included in other assets are net deferred income tax assets of \$(0.1) million and \$130.0 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:

<i>(in thousands)</i>	February 26, 2022	February 27, 2021
Deferred tax assets:		
Inventories	\$ 4,077	\$ 13,040
Operating lease liabilities	473,397	484,290
Insurance	6,416	9,086
Stock-based compensation	1,592	1,014
Merchandise credits and gift card liabilities	56,690	52,584
Accrued expenses	23,412	31,914
Intangibles	1,685	1,008
Goodwill	90	1,596
Carryforwards and other tax credits	189,746	86,914
Other	34,991	34,104
	(249,529)	(26,011)
Deferred tax liabilities:		
Depreciation	(146,970)	(105,649)
Prepaid expenses	(1,155)	(26,356)
Operating lease assets	(376,079)	(409,535)
Other	(18,499)	(17,977)
	\$ (136)	\$ 130,022

At February 26, 2022, the Company has federal net operating loss carryforwards of \$67.2 million (tax effected), of which \$4.6 million will expire between 2025 and 2039, state net operating loss carryforwards of \$87.1 million (tax effected), which will expire between 2021 and 2041, California state enterprise zone credit carryforwards of \$2.1 million (tax effected), which will expire in 2023, but require taxable income in the enterprise zone to be realizable.

In assessing the recoverability of its deferred tax assets, the Company evaluates the available objective positive and negative evidence to estimate whether it is more likely than not that sufficient future taxable income will be generated to permit use of existing deferred tax assets in each taxpaying jurisdiction. For any deferred tax asset in excess of the amount for which it is more likely than not that the Company will realize a benefit, the Company establishes a valuation allowance. A valuation allowance is a non-cash charge, and does not limit the Company's ability to utilize its deferred tax assets, including its ability to utilize tax loss and credit carryforward amounts, against future taxable income.

The Company assessed all available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of existing deferred tax assets in each taxpaying jurisdiction. On the basis of this evaluation, as of February 26, 2022, a valuation allowance of \$224.3 million was recorded against the Company's net federal and state deferred tax assets as it is not more likely than not that these assets would be realized.

As of February 26, 2022 and February 27, 2021, the Company had also recorded a valuation allowance of \$25.2 million and \$15.5 million, respectively, relative to the Company's Canadian net deferred tax asset, as the Company did not believe the deferred tax assets in that jurisdiction were more likely than not to be realized.

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

<i>(in thousands)</i>	February 26, 2022	February 27, 2021
Balance at beginning of year	\$105,749	\$ 51,781
Increase related to current year positions	1,125	69,106
Decrease related to prior year positions	(1,902)	(2,797)
Settlements	(2,340)	(4,981)
Lapse of statute of limitations	(7,114)	(7,360)
Balance at end of year	\$ 95,518	\$105,749

Gross unrecognized tax benefits are classified in non-current income taxes payable (or a contra deferred tax asset) on the consolidated balance sheet for uncertain tax positions taken (or expected to be taken) on a tax return. As of February 26, 2022 and February 27, 2021, approximately \$95.5 million and \$105.7 million, respectively, of gross unrecognized tax benefits would impact the Company's effective tax rate. As of February 26, 2022 and February 27, 2021, the liability for gross unrecognized tax benefits included approximately \$8.6 million and \$8.1 million, respectively, of accrued interest. The Company recognizes interest and penalties for unrecognized tax benefits, as applicable, in income tax expense. The Company recorded an increase to accrued interest of approximately \$0.5 million for the fiscal year ended February 26, 2022 and a decrease of approximately \$1.5 million for the fiscal year ended February 27, 2021 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 \$5.8 million in the next twelve months. However, actual results could differ from those currently anticipated.

As of February 26, 2022, the Company operated in all 50 states, the District of Columbia, Puerto Rico, Canada, and Mexico 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 the tax year 2017. The Company is open to examination for state, foreign and local jurisdictions with varying statutes of limitations, generally ranging from 3 to 5 years.

The following table summarizes the reconciliation between the effective income tax rate and the federal statutory rate:

	Fiscal Year Ended		
	February 26, 2022	February 27, 2021	February 29, 2020
Federal statutory rate	21.00%	21.00%	21.00%
State income tax rate, net of federal impact	3.87	3.94	4.28
Uncertain tax positions	2.16	1.63	1.33
Goodwill non-deductible impairment charges	—	—	(4.84)
Tax deficiencies related to stock-based compensation	(0.81)	(3.18)	(3.07)
Tax credits	0.38	0.41	0.49
CARES Act	0.94	35.98	—
Valuation Allowance	(48.01)	(7.74)	—
Canadian Branch Earnings	1.60	0.78	0.90
Other	0.47	2.35	(0.34)
	(18.40)%	55.17%	19.75%

9. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

On April 21, 2019, Warren Eisenberg and Leonard Feinstein transitioned to the role of Co-Founders and Co-Chairmen Emeriti of the Board of Directors of the Company. As a result of this transition, Messrs. Eisenberg and Feinstein ceased to be officers of the Company effective as of April 21, 2019, and became entitled to the payments and benefits provided under their employment agreements that apply in the case of termination without cause, which generally include continued senior status payments until May 2027 and continued participation for Co-Founders (and their spouses, if applicable) at the Company's expense in employee plans and programs. In addition, the Co-Founders remain entitled to supplemental pension payments specified in their employment agreements of \$200,000 per year (as adjusted for a cost of living increase), until the death of the survivor of the applicable Co-Founder and his spouse, reduced by the continued senior status payments referenced above.

Pursuant to their respective restricted stock and performance stock unit agreements, shares of restricted stock and performance-based stock units granted to Messrs. Eisenberg and Feinstein vested upon their resignation as members of the Board of Directors effective May 1, 2019, subject, however, to attainment of any applicable performance goals and the certification of the applicable performance-based tests by the Compensation Committee, as provided under their award agreements.

10. LEASES

The Company leases retail stores, as well as distribution facilities, offices and equipment, under agreements expiring at various dates through 2041. The leases provide for original lease terms that generally range from 10 to 15 years and most leases provide for a series of five year renewal options, often at increased rents, the exercise of which is at the Company's sole discretion. Certain leases provide for contingent rents (which are based upon store sales exceeding stipulated amounts and are immaterial in Fiscal 2021, 2020, and 2019), 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.

The Company subleases certain real estate to unrelated third parties, all of which have been classified as operating leases. The Company recognizes sublease income on a straight-line basis over the sublease term, which generally ranges from 5 to 10 years. Most sublease arrangements provide for a series of five year renewal options, the exercise of which are at the Company's sole discretion.

The Company regularly negotiates lease terms with landlords, including in connection with its transformation initiatives. Beginning in the first quarter of Fiscal 2020, in order to maintain liquidity given temporary store closures as a result of the COVID-19 pandemic (see "Impact of the COVID-19 Pandemic," Note 2), the Company withheld portions of and/or delayed or deferred payments to certain landlords, including in connection with renegotiations of lease terms. In some instances, the renegotiations led to agreements with landlords for rent abatements or rental deferrals. In Fiscal 2021, the Company has continued to withhold payments to certain landlords in connection with certain negotiations of payment terms. Total payments withheld and/or delayed or deferred as of February 26, 2022 and February 27, 2021 were approximately \$1.9 million and \$9.6 million, respectively, and are included in current liabilities.

In accordance with the FASB's Staff Q&A regarding rent concessions related to the effects of the COVID-19 pandemic, the Company has elected to account for the concessions agreed to by landlords that do not result in a substantial increase in the rights of the lessor or the obligations of the lessee as though enforceable rights and obligations for those concessions existed in the original lease agreements and the Company has elected to not remeasure the related lease liabilities and right-of-use assets. For qualifying rent abatement concessions, the Company has recorded negative lease expense for the amount of the concession during the period of relief, and for qualifying deferrals of rental payments, the Company has recognized a non-interest bearing payable in lieu of recognizing a decrease in cash for the lease payment that would have been made based on the original terms of the lease agreement, which will be reduced when the deferred payment is made in the future. During the fiscal year ended February 26, 2022 and February 27, 2021, the Company recognized reduced rent expense of \$2.7 million and \$10.3 million, respectively, related to rent abatement concessions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of total lease cost for the fiscal year ended February 26, 2022 and February 27, 2021 were as follows:

<i>(in thousands)</i>	Statement of Operations Location	February 26, 2022	February 27, 2021
Operating lease cost	Cost of sales and SG&A	\$449,394	\$582,168
Finance lease cost:			
Depreciation of property	SG&A	184	2,500
Interest on lease liabilities	Interest expense, net	1,886	7,755
Variable lease cost	Cost of sales and SG&A	152,259	189,485
Sublease income	SG&A	(43,922)	(12,574)
Total lease cost		\$559,801	\$769,334

As of February 26, 2022 and February 27, 2021, assets and liabilities related to the Company's operating and finance leases were as follows:

<i>(in thousands)</i>	Consolidated Balance Sheet Location	February 26, 2022	February 27, 2021
Assets			
Operating leases	Operating lease assets	\$1,562,857	\$1,587,101
Finance leases	Property and equipment, net	38,790	—
Total Lease assets		\$1,601,647	\$1,587,101
Liabilities			
Current:			
Operating leases	Current operating lease liabilities	\$ 346,506	\$ 360,061
Finance leases	Accrued expenses and other current liabilities	2,494	—
Noncurrent:			
Operating leases	Operating lease liabilities	1,508,002	1,509,767
Finance leases	Other liabilities	35,447	—
Total lease liabilities		\$1,892,449	\$1,869,828

At February 26, 2022, the Company has entered into two operating leases, which have not yet commenced, for a regional distribution center and a store, both expected to open in Fiscal 2022. The aggregate minimum rental payments over the term of the lease of approximately \$107.2 million and \$4.1 million, respectively, are not included in the above table.

As of February 26, 2022, the Company's lease liabilities mature as follows:

<i>(in thousands)</i>	Operating Leases	Finance Leases
Fiscal Year:		
2022	\$ 444,562	\$ 7,369
2023	388,183	11,636
2024	334,178	11,636
2025	272,790	11,636
2026	202,690	11,636
Thereafter	643,824	59,531
Total lease payments	\$2,286,227	\$113,444
Less imputed interest	(431,719)	(75,503)
Present value of lease liabilities	\$1,854,508	\$ 37,941

The Company's lease terms and discount rates were as follows:

	February 26, 2022	February 27, 2021
Weighted-average remaining lease term (in years)		
Operating leases	7.0 years	6.8 years
Finance leases	10.0 years	—
Weighted-average discount rate		
Operating leases	6.0%	6.4%
Finance leases	8.4%	—%

Other information with respect to the Company's leases is as follows:

<i>(in thousands)</i>	February 26, 2022	February 27, 2021
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$450,082	\$646,981
Operating cash flows from finance leases	1,886	9,295
Financing cash flows from finance leases	1,033	—
Operating lease assets obtained in exchange for new operating lease liabilities	359,933	305,614
Financing lease assets obtained in exchange for new financing lease liabilities	38,974	—

In Fiscal 2019, the Company completed a sale-leaseback transaction on approximately 2.1 million square feet of owned real estate, which generated approximately \$267.3 million in proceeds. As a result of the transaction, the Company recorded a loss, including transaction costs of approximately \$5.7 million, of approximately \$33.1 million which is included in selling, general and administrative expenses in the consolidated statement of operations for the fiscal year ended February 29, 2020. All leases entered into as a result of the sale-leaseback transaction were classified as operating leases. For certain assets included in the transaction, the Company determined that the fair value of the assets was less than the consideration received. As a result, the Company recognized a financing obligation in the amount of \$14.5 million, for the additional financing obtained from the buyer. As of February 26, 2022 and February 27, 2021, the financing obligation amounted to approximately \$13.0 million and \$13.8 million, respectively, of which approximately \$0.7 million and \$0.7 million, respectively, is included in accrued expenses and other current liabilities, and approximately \$12.3 million and \$13.1 million, respectively, is included in other liabilities, in the consolidated balance sheets.

11. EMPLOYEE BENEFIT PLANS

Defined Contribution Plans

The Company has three defined contribution savings plans covering all eligible employees of the Company (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 \$6.2 million, \$10.6 million, and \$13.7 million for Fiscal 2021, 2020, and 2019, respectively, which was expensed as incurred.

Defined Benefit Plan

During Fiscal 2020, upon the divestiture of CTS, the Company retained liability for a non-contributory defined benefit pension plan for CTS employees hired on or before July 31, 2003, who met specified age and length-of-service requirements.

During Fiscal 2021, the Company received final approval to terminate the plan, upon which the Company contributed \$5.1 million to the plan. Using plan assets, the Company purchased a non-participating group annuity contract for certain participants and made lump sum distributions to all remaining participants. Net periodic pension cost included in the consolidated statement of operations includes the pre-tax release of \$13.5 million from other comprehensive income in connection with the settlement of the plan, which is recorded within loss on sale of businesses. As of February 26, 2022, the Company had no liability remaining related to the plan.

During Fiscal 2020, the Company released \$2.1 million from other comprehensive income in connection with the partial settlement of the plan, recorded within loss on sale of businesses, including impairment of assets held for sale, in the consolidated statements of operations. In addition, as of February 27, 2021, the Company recognized a loss of \$8.4 million, net of tax of \$3.0 million, within accumulated other comprehensive loss. As of February 27, 2021, the Company had liabilities of \$3.6 million, which is included in other liabilities in the Company's consolidated balance sheets.

The remaining net periodic pension cost recorded during Fiscal 2021, 2020, and 2019 was not material to the Company's results of operations.

12. COMMITMENTS AND CONTINGENCIES

A putative securities class action was filed on April 14, 2020 against the Company and three of its officers and/or directors (Mark Tritton, Mary Winston (the Company's former Interim Chief Executive Officer) and Robyn D'Elia (the Company's former Chief Financial Officer and Treasurer)) in the United States District Court for the District of New Jersey (the "New Jersey federal court"). The case, which is captioned *Vitiello v. Bed Bath & Beyond Inc., et al.*, Case No. 2:20-cv-04240-MCA-MAH, asserts claims under §§ 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") on behalf of a putative class of purchasers of the Company's securities from October 2, 2019 through February 11, 2020. The Complaint alleges that certain of the Company's disclosures about financial performance and certain other public statements during the putative class period were materially false or misleading. A similar putative securities class action, asserting the same claims on behalf of the same putative class against the same defendants, was filed on April 30, 2020. That case, captioned *Kirkland v. Bed Bath & Beyond Inc., et al.*, Case No. 1:20-cv-05339-MCA-MAH, is also pending in the United States District Court for the District of New Jersey. On August 14, 2020, the court consolidated the two cases and appointed Kavin Bakhda as lead plaintiff pursuant to the Private Securities Litigation Reform Act of 1995 (as consolidated, the "Securities Class Action"). Lead plaintiff and additional named plaintiff Richard Lipka filed an Amended Class Action Complaint on October 20, 2020, on behalf of a putative class of purchasers of the Company's securities from September 4, 2019 through February 11, 2020. Defendants moved to dismiss the Amended Complaint on December 21, 2020.

After a mediation held in August 2021, a settlement in principle was reached between the Company and lead plaintiff in the Securities Class Action. The settlement has been executed and was preliminarily approved by the New Jersey Federal Court in February 2022. If the settlement is granted final approval, the Securities Class Action will be fully resolved and the matter will be dismissed. The Company has recorded a liability for the Securities Class Action, based on the agreed settlement amount and insurance coverage available.

On July 10, 2020, the first of three related shareholder derivative actions was filed in the New Jersey federal court on behalf of the Company against various present and former directors and officers. The case, which is captioned *Salu v. Tritton, et al.*, Case No. 2:20-cv-08673-MCA-MAH (D.N.J.), asserts claims under §§ 10(b) and 20(a) of the Exchange Act and for breach of fiduciary duty, unjust enrichment, and waste of corporate assets under state law arising from the events underlying the securities class actions described above and from the Company's repurchases of its own shares during the class period pled in the securities cases. The two other derivative actions, which assert similar claims, are captioned *Grooms v. Tritton, et al.*, Case No. 2:20-cv-09610-SDW-RDW (D.N.J.) (filed July 29, 2020), and *Mantia v. Fleming, et al.*, Case No. 2:20-cv-09763-MCA-MAH (D.N.J.) (filed July 31, 2020). On August 5, 2020, the court signed a stipulation by the parties in the *Salu* case to stay that action pending disposition of a motion to dismiss in the Securities Class Action, subject to various terms outlined in the stipulation. The parties in all three derivative cases have moved to consolidate them and to apply the *Salu* stay of proceedings to all three actions. The court granted the motion on October 14, 2020, but the stay was subsequently lifted. On January 4, 2022, the defendants filed a motion to dismiss this case.

On August 28, 2020, another related shareholder derivative action, captioned *Schneider v. Tritton, et al.*, Index No 516051/2020, was filed in the Supreme Court of the State of New York, County of Kings. The claims pled in the Schneider case are similar to those pled in the three federal derivative cases, except that the Schneider complaint does not plead claims under the Exchange Act. On September 21, 2020, the parties filed a stipulation seeking to stay that action pending disposition of a motion to dismiss in the securities class action, subject to various terms and conditions.

On June 11, 2021, an additional related derivative action was filed on behalf of the Company against certain present and former directors and officers. This Complaint is entitled *Michael Anthony v Mark Tritton et. al.*, Index No. 514167/2021 and

was filed in the Supreme Court of the State of New York, Kings County. The claims are substantially the same as in the other two derivative actions. On October 26, 2021, the court consolidated the *Schneider* and *Anthony* actions, and the plaintiffs subsequently filed a consolidated complaint. On January 10, 2022, the defendants filed a motion to dismiss this case.

The derivative cases were not included in the August 2021 settlement referred to above, but after mediation, a settlement in principle was reached subsequent to year-end. The settlement remains subject to documentation and must be approved by the Court.

The District Attorney's office for the County of Ventura, together with District Attorneys for other counties in California (together, the "District Attorneys"), recently concluded an investigation regarding the management and disposal at the Company's stores in California of certain materials that may be deemed hazardous or universal waste under California law. On March 19, 2019, the District Attorneys provided the Company with a settlement demand that included a proposed civil penalty, reimbursement of investigation costs, and certain injunctive relief, including modifications to the Company's existing compliance program, which already includes associate training, ongoing review of disposal rules applicable to various product categories, and specialized third-party disposal. During Fiscal 2020, the Company and the District Attorneys agreed to final terms on a settlement payment of approximately \$1.5 million to resolve the matter. The Company has also agreed to spend \$171,000 over the next 36 months on refinements to its compliance program. The Company and District Attorneys executed a Stipulated Judgment to this effect, which was recently filed with the court. As of February 29, 2020, the Company had recorded an accrual for the estimated probable loss for this matter, and the Company made the related settlement payment during the fourth quarter of Fiscal 2020.

On April 21, 2019, Warren Eisenberg and Leonard Feinstein transitioned to the role of Co-Founders and Co-Chairmen Emeriti of the Board of Directors of the Company. As a result of this transition, Mr. Eisenberg and Mr. Feinstein ceased to be officers of the Company effective as of April 21, 2019, and became entitled to the payments and benefits provided under their employment agreements that apply in the case of a termination without cause, which generally include continued senior status payments until May 2027 and continued participation for the Co-Founders (and their spouses, if applicable) at the Company's expense in employee plans and programs. In addition, the Co-Founders remain entitled to supplemental pension payments specified in their employment agreements of \$200,000 per year (as adjusted for a cost of living increase), until the death of the survivor of the applicable Co-Founder and his spouse, reduced by the continued senior status payments referenced above.

Pursuant to their respective restricted stock and performance stock unit agreements, shares of restricted stock and performance-based stock units granted to Messrs. Eisenberg and Feinstein vested upon their resignation as members of the Board of Directors effective May 1, 2019, subject, however, to attainment of any applicable performance goals and the certification of the applicable performance-based tests by the Compensation Committee, as provided under their award agreements.

The Company's former Chief Executive Officer (the "Former CEO") departed the Company effective as of May 12, 2019. In accordance with the terms of the Former CEO's employment and equity award agreements, the Former CEO was entitled to three times his then-current salary, payable over three years in normal payroll installments, except that any amount due prior to the six months after his departure, was paid in a lump sum after such six month period. Such amounts will be reduced by any compensation earned with any subsequent employer or otherwise and will be subject to the Former CEO's compliance with a one-year non-competition and non-solicitation covenant. On October 21, 2019, the Former CEO entered into an agreement (the "Former CEO PSU Settlement Agreement") with the Company to reduce the PSUs held by him by an excess amount of outstanding PSUs granted to the Former CEO in the Company's 2018 fiscal year as a result of the use of the Fiscal 2017 peer group in lieu of the Fiscal 2018 peer group. Further, as a result of this departure, the time-vesting component of the Former CEO's stock-based awards accelerated, including (i) stock options (which were "underwater" and expired without having been exercised by the Former CEO), (ii) PSU awards which had previously met the related performance-based test, had been certified by the Compensation Committee, and remained subject solely to time-vesting, and (iii) PSU awards (assuming target level of performance) which remain subject to attainment of any performance goals and the certification of the applicable performance-based tests by the Compensation Committee, as provided under his award agreements and subject to the terms of the Former CEO PSU Settlement Agreement.

In addition, the Company maintains employment agreements with other executives which provide for severance pay.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In connection with the sale of PMall (see "Assets Held for Sale and Divestitures", Note 16), the Company agreed to indemnify 1-800-FLOWERS.COM for certain litigation matters then existing at the time of the close of the transaction, including certain matters for which the Company is entitled to indemnification from the former owner of PMall in connection with the Company's purchase of PMall in Fiscal 2016. During Fiscal 2021, the Company recorded a liability for one such matter and a corresponding asset based on the Company's assessment of the ability to recover the expected loss under the indemnification provided at the time of its purchase of PMall.

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.

13. SUPPLEMENTAL CASH FLOW INFORMATION

The Company paid income taxes of \$5.2 million, \$4.8 million, and \$44.8 million in Fiscal 2021, 2020, and 2019, respectively. In addition, the Company had interest payments of approximately \$66.0 million, \$75.5 million, and \$81.2 million in Fiscal 2021, 2020, and 2019, respectively.

In Fiscal 2021, the Company acquired property, plant and equipment of approximately \$39.0 million under finance lease arrangements.

The Company recorded an accrual for capital expenditures of \$63.4 million, \$44.6 million, and \$36.9 million as of February 26, 2022, February 27, 2021, and February 29, 2020, respectively.

In addition, the Company recorded an accrual for dividends payable of \$0.9 million, \$2.1 million, \$26.4 million as of February 26, 2022, February 27, 2021, and February 29, 2020, respectively.

14. SHAREHOLDERS' EQUITY

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

Between December 2004 and April 2021, the Company's Board of Directors authorized, through several share repurchase programs, the repurchase of \$12.950 billion of its shares of common stock. The Company also acquires shares of its common stock to cover employee related taxes withheld on vested restricted stock, restricted stock units and performance stock unit awards. Since the initial authorization in December 2004, the aggregate total of common stock repurchased is approximately 262.2 million shares for a total cost of approximately \$11.685 billion. The Company had approximately \$1.267 billion remaining of authorized share repurchases as of February 26, 2022.

Decisions regarding share repurchases are within the discretion of the Board of Directors, and are influenced by a number of factors, including the price of the Company's common stock, general business and economic conditions, the Company's financial condition and operating results, the emergence of alternative investment or acquisition opportunities, changes in business strategy and other factors. The Company's share repurchase program could change, and could be influenced by several factors, including business and market conditions, such as the impact of the COVID-19 pandemic. The Company reviews its alternatives with respect to its capital structure on an ongoing basis. Any future share repurchases will be subject to the determination of the Board of Directors, based on an evaluation of the Company's earnings, financial condition and requirements, business conditions and other factors, including the restrictions on share repurchases under the ABL Facility (see "Long Term Debt," Note 7).

In connection with its share repurchase program, during the twelve months ended February 26, 2022, the Company repurchased approximately 27.7 million shares of its common stock, at a total cost of approximately \$574.9 million,

including fees. Additionally, during the twelve months ended February 26, 2022, the Company repurchased approximately 0.6 million shares of its common stock, at a total cost of approximately \$14.5 million, to cover employee related taxes withheld on vested restricted stock, restricted stock unit awards and performance stock unit awards.

In the first quarter of Fiscal 2020, the Company had postponed share repurchases, but lifted this postponement in October 2020. In October 2020, the Company entered into an accelerated share repurchase agreement with JPMorgan Chase Bank, National Association to repurchase \$225.0 million of its common stock, subject to market conditions, which settled in the fourth quarter of Fiscal 2020, resulting in the repurchase of a total of 10.8 million shares. In January 2021, the Company entered into a second accelerated share repurchase agreement to repurchase an aggregate \$150.0 million of its common stock, subject to market conditions. This resulted in the repurchase of 5.0 million shares in the fourth quarter of Fiscal 2020, and an additional 0.2 million shares received upon final settlement in the first quarter of Fiscal 2021.

During Fiscal 2016, the Company's Board of Directors authorized a quarterly dividend program. In March 2020, the Company suspended its future quarterly declarations of cash dividends as a result of the COVID-19 pandemic. During Fiscal 2021, 2020, and 2019, total cash dividends of \$0.7 million, \$23.1 million, and \$85.5 million, respectively, were paid. Any future quarterly cash dividend payments on its common stock will be subject to the determination by the Board of Directors, based on an evaluation of the Company's earnings, financial condition and requirements, business conditions and other factors, including the restrictions on the payment of dividends contained in the Amended Credit Agreement (see "Long Term Debt," Note 7).

Cash dividends, if any, are accrued as a liability on the Company's consolidated balance sheets and recorded as a decrease to retained earnings when declared.

15. STOCK-BASED COMPENSATION

The Company measures all stock-based compensation awards for employees and non-employee directors 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, restricted stock units, performance stock units, and stock options. The Company's restricted stock awards are considered nonvested share awards.

Stock-based compensation expense for the fiscal year ended February 26, 2022, February 27, 2021, and February 29, 2020 was approximately \$35.1 million, \$31.6 million, and \$45.7 million, respectively. In addition, the amount of stock-based compensation cost capitalized for the years ended February 26, 2022 and February 27, 2021 was approximately \$1.0 million and \$0.8 million, respectively.

Incentive Compensation Plans

The Company may grant awards under the Bed Bath & Beyond 2018 Incentive Compensation Plan (the "2018 Plan") and the Bed Bath & Beyond 2012 Incentive Compensation Plan (the "2012 Plan"). The 2018 Plan includes an aggregate of 4.6 million common shares authorized for issuance of awards permitted under the 2018 Plan, including stock options, stock appreciation rights, restricted stock awards, performance awards and other stock based awards. The 2018 Plan supplements 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 of awards permitted under the 2012 Plan (similar to the 2018 Plan). Outstanding awards that were covered by the 2004 Plan continue to be in effect under the 2012 Plan.

The terms of the 2012 Plan and the 2018 Plan are substantially similar and enable 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, and cash-based awards. Grants are determined by the Compensation Committee of the Board of Directors of the Company for those awards granted to executive officers, and by the Board of Directors of the Company for awards granted to non-employee directors. Stock option grants generally become exercisable in either three or five equal annual installments beginning one year from the date of grant. Restricted stock awards generally become vested in five to seven equal annual installments beginning one to three years from the date of grant. Restricted stock units generally become vested in one to three equal annual

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

installments beginning one year from the date of grant. Performance stock units generally vest at the end of the performance period dependent on the Company's achievement of performance-based tests. Vesting of each of these types of awards is subject, in general, to the recipient remaining in the Company's service on specified vesting dates.

The Company generally issues new shares for stock option exercises, restricted stock awards and vesting of restricted stock units and performance stock units. The 2018 Plan expires in May 2028. The 2012 Plan expires in May 2022.

As described in further detail below, in Fiscal 2020 and 2019, the Company granted stock-based awards to certain of the Company's new executive officers as inducements material to their commencement of employment and entry into an employment agreement with the Company. The inducement awards were made in accordance with Nasdaq Listing Rule 5635(c)(4) and were not made under the 2012 Plan or the 2018 Plan.

Restricted Stock Awards

Restricted stock awards are issued and measured at fair market value on the date of grant and generally become vested in five to seven equal annual installments beginning one to three years from the date of grant, subject, in general, to the recipient remaining in the Company's service on specified vesting dates. Vesting of restricted stock is based solely on time vesting. As of February 26, 2022, unrecognized compensation expense related to the unvested portion of the Company's restricted stock awards was \$8.9 million, which is expected to be recognized over a weighted average period of 2.3 years.

Changes in the Company's restricted stock awards for the fiscal year ended February 26, 2022 were as follows:

<i>(Shares in thousands)</i>	Number of Restricted Shares	Weighted Average Grant-Date Fair Value
Unvested restricted stock awards, beginning of period	935	\$34.34
Granted	47	29.58
Vested	(324)	39.01
Forfeited	(186)	29.96
Unvested restricted stock awards, end of period	472	\$32.38

Restricted Stock Units ("RSUs")

RSUs are issued and measured at fair market value on the date of grant and generally become vested in one to three equal annual installments beginning one year from the date of grant, subject, in general, to the recipient remaining in the Company's service on specified vesting dates. RSUs are converted into shares of common stock upon vesting. As of February 26, 2022, unrecognized compensation expense related to the unvested portion of the Company's RSUs was \$29.7 million, which is expected to be recognized over a weighted average period of 1.9 years.

Changes in the Company's RSUs for the fiscal year ended February 26, 2022 were as follows:

<i>(Shares in thousands)</i>	Number of Restricted Stock Units	Weighted Average Grant-Date Fair Value
Unvested restricted stock units, beginning of period	2,270	\$14.04
Granted	1,108	24.91
Vested	(420)	17.03
Forfeited	(358)	22.16
Unvested restricted stock units, end of period	2,600	\$17.07

Performance Stock Units (“PSUs”)

PSUs are issued and measured at fair market value on the date of grant using the following performance periods and performance metrics. The performance metrics generally include one or more of Earnings Before Interest and Taxes (“EBIT”), Total Shareholder Return relative to a peer group (“TSR”), Return on Invested Capital (“ROIC”) or Gross Margin Percentage (“GM”) compared with the Company’s peer groups as determined by the Compensation Committee of the Company’s Board of Directors.

Fiscal Year	Performance Period	Performance Metrics	Target Achievement Range (%)
2019	3 years	TSR and EBIT	0% - 150%
2020	3 years	TSR	0% - 150%
2021	3 years	TSR and GM	0% - 200%

For the PSUs granted in Fiscal 2018, the three year performance-based tests based on a combination of EBIT margin and ROIC were not met in the first quarter of Fiscal 2021 and therefore, there was no payment of these awards following vesting.

Vesting of PSUs awarded to certain of the Company’s executives is dependent on the Company’s achievement of a performance-based test from the date of grant, during the performance period and, assuming achievement of the performance-based test, vest at the end of the performance period noted above, subject, in general, to the executive remaining in the Company’s service on specified vesting dates. PSUs are converted into shares of common stock upon payment following vesting. Upon grant of the PSUs, the Company recognizes compensation expense related to these awards based on the Company’s estimate of the percentage of the award that will be achieved. The Company evaluates the estimate on these awards on a quarterly basis and adjusts compensation expense related to these awards, as appropriate. As of February 26, 2022, there was \$15.8 million of unrecognized compensation expense associated with these awards, which is expected to be recognized over a weighted average period of 2.0 years.

The fair value of the PSUs granted in Fiscal 2021 for which performance during the three-year period will be based on a relative three-year Total Shareholder Return (“TSR”) goal relative to a peer group was estimated on the date of the grant using a Monte Carlo simulation that uses the assumptions noted in the following table.

Monte Carlo Simulation Assumptions	Fiscal Year Ended February 26, 2022
Risk Free Interest Rate	0.29%
Expected Dividend Yield	—%
Expected Volatility	52.21%
Expected Term (in years)	3 years

Changes in the Company’s PSUs for the fiscal year ended February 26, 2022 were as follows:

(Shares in thousands)	Number of Performance Stock Units	Weighted Average Grant-Date Fair Value
Unvested performance stock units, beginning of period	1,475	\$14.36
Granted	634	29.00
Vested	(17)	12.38
Forfeited	(794)	17.62
Unvested performance stock units, end of period	1,298	\$19.55

Stock Options

Stock option grants were issued at fair market value on the date of grant and generally became exercisable in either three or five equal annual installments beginning one year from the date of grant, subject, in general, to the recipient remaining in the Company’s service on specified vesting dates. Option grants expired eight years after the date of grant. All option grants were nonqualified. During the fiscal year ended February 27, 2021, the remaining 822,633 options outstanding were forfeited and there were no options outstanding as of February 27, 2021.

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For the fiscal years ended February 26, 2022 and February 27, 2021, no stock options were granted. For stock options granted in Fiscal 2019, the fair value of these stock options granted were estimated on the date of grant using a Black-Scholes option-pricing model that used the assumptions noted in the table below. The weighted average fair value for the stock options granted in Fiscal 2019 was \$4.18.

Black-Scholes Valuation Assumptions ⁽¹⁾	Fiscal Year Ended February 29, 2020
Weighted Average Expected Life (in years) ⁽²⁾	7.6 years
Weighted Average Expected Volatility ⁽³⁾	39.41%
Weighted Average Risk Free Interest Rates ⁽⁴⁾	2.39%
Expected Dividend Yield ⁽⁵⁾	4.34%

(1) Forfeitures were estimated based on historical experience.

(2) The expected life of stock options was estimated based on historical experience.

(3) Expected volatility was based on the average of historical and implied volatility. The historical volatility was determined by observing actual prices of the Company's stock over a period commensurate with the expected life of the awards. The implied volatility represented the implied volatility of the Company's call options, which were 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 was consistent with the expected life of the stock options.

(5) Expected dividend yield was estimated based on anticipated dividend payouts.

No stock options were exercised during Fiscal 2021 and 2020. The total intrinsic value for stock options exercised during Fiscal 2019 was \$0.1 million.

Inducement Awards

In Fiscal 2020 and 2019, the Company granted stock-based awards to certain of the Company's new executive officers as inducements material to their commencement of employment and entry into an employment agreement with the Company. These inducement awards were approved by the Compensation Committee of the Board of Directors of the Company and did not require shareholder approval in accordance with Nasdaq Listing Rule 5635(c)(4).

RSUs granted as inducement awards are issued and measured at fair market value on the date of grant and generally become vested in one to three equal annual installments beginning one year from the date of grant, subject, in general, to the recipient remaining in the Company's service on specified vesting dates. Changes in the RSUs granted as inducement awards for the fiscal year ended February 26, 2022 were as follows:

(Shares in thousands)	Number of Restricted Stock Units	Weighted Average Grant-Date Fair Value
Unvested restricted stock units, beginning of period	949	\$7.36
Granted	—	—
Vested	(512)	8.43
Forfeited	—	—
Unvested restricted stock units, end of period	437	\$6.10

On November 4, 2019, in connection with the appointment of the Company's President and Chief Executive Officer, the Company also granted inducement awards consisting of 273,735 PSU awards, which are not included above. The PSUs vested over two years, based on performance goals requiring the President and CEO to prepare and deliver to the Board of Directors key objectives and goals for the Company and the strategies and initiatives for the achievement of such objectives and goals, and the President and CEO's provision of updates to the Board of Directors regarding achievement of such goals and objectives. Vesting of the PSUs was also subject, in general, to the President and CEO remaining in the Company's service through the vesting date of November 4, 2021. On November 2, 2021, the Compensation Committee of the Board of Directors determined that the performance goals established for the awards had been met, and the awards vested in full.

Other than with respect to the vesting terms described above for the inducement awards to the Company's President and Chief Executive Officer, inducement awards are generally subject to substantially the same terms and conditions as awards that are made under the 2018 Plan.

During Fiscal 2020, the Company granted 816,158 RSUs to executive officers of the Company, pursuant to inducement award agreements. During Fiscal 2021, an executive officer's employment with the Company was terminated and, as a result, 160,255 awards vested in accordance with the terms of the awards.

As of February 26, 2022, unrecognized compensation expense related to the unvested portion of the Company's inducement awards was \$1.6 million and is expected to be recognized over a weighted average period of 1.2 years. Each inducement award recipient must hold at least fifty percent (50%) of the after-tax shares of common stock received pursuant to the inducement awards until they have satisfied the terms of the Company's stock ownership guidelines.

16. ASSETS HELD FOR SALE AND DIVESTITURES

Assets Held for Sale

The Company has included businesses classified as held for sale within its continuing operations as their dispositions do not represent a strategic shift that will have a major effect on the Company's operations and financial results. As of February 26, 2022 and February 27, 2021, the Company did not have any businesses classified as held for sale.

Prior to the end of Fiscal 2020, certain assets and liabilities of Cost Plus World Market, Personalization Mall.com ("PMall") and One Kings Lane ("OKL") were classified as held for sale on the Company's consolidated balance sheet. CPWM, PMall, and OKL were sold during Fiscal 2020, as further described below.

Divestitures

Cost Plus World Market. On December 14, 2020, the Company announced that it entered into a definitive agreement to sell Cost Plus World Market to Kingswood Capital Management. On January 15, 2021, the Company completed the sale of Cost Plus World Market. Proceeds from the sale were approximately \$63.7 million, subject to certain working capital and other adjustments. The Company recognized a loss on sale of approximately \$72.0 million in loss on sale of businesses including impairment of assets held for sale in its consolidated statements of operations for the fiscal year ended February 27, 2021. The \$72.0 million loss on sale includes an impairment of \$54.0 million recorded in the third quarter of Fiscal 2020 to remeasure the disposal group that was classified as held for sale to the lower of carrying value or fair value less costs to sell, recorded in impairments, including on assets held for sale.

Christmas Tree Shops. On October 11, 2020, the Company entered into definitive agreements to sell Christmas Tree Shops ("CTS") to Handil Holdings LLC and to sell one of the CTS distribution facilities to an institutional buyer, with a leaseback term of nine months, to provide business continuity to the Company for some of its operations currently using the facility. These transactions were completed during the third quarter of Fiscal 2020, generating approximately \$233.3 million in proceeds, subject to certain working capital and other adjustments, and the Company recognized a loss on sale of approximately \$53.8 million, which was recorded in loss on sale of businesses including impairment of assets held for sale in its consolidated statements of operations for the fiscal year ended February 27, 2021. In Fiscal 2021, the Company recorded an additional loss of sale of CTS of \$13.5 million related to the settlement of the CTS Pension Plan.

Linen Holdings. On October 11, 2020, the Company entered into a definitive agreement to sell Linen Holdings to The Linen Group, LLC, an affiliate of Lion Equity Partners. On October 24, 2020, the Company completed the sale of Linen Holdings for approximately \$10.1 million, subject to certain working capital and other adjustments, and recognized a loss on the sale of \$64.6 million, which was recorded in loss on sale of businesses including impairment of assets held for sale in its consolidated statements of operations for the fiscal year ended February 27, 2021.

PersonalizationMall.com. On February 14, 2020, the Company entered into a definitive agreement to sell PersonalizationMall.com ("PMall") to 1-800-FLOWERS.COM, Inc. for \$252.0 million, subject to certain working capital and other adjustments. The buyer was required to close the transaction on March 30, 2020, but failed to do so. Accordingly, the Company had filed an action to require the buyer to close the transaction. On July 20, 2020, the Company entered into a settlement agreement with respect to the litigation. Under this agreement, 1-800-FLOWERS.COM agreed to move

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

forward with its purchase of PMall from the Company for \$245.0 million, subject to certain working capital and other adjustments. The transaction closed on August 3, 2020. Net proceeds from the sale of PMall were \$244.6 million, subject to certain working capital and other adjustments, and the Company recognized a gain on the sale of approximately \$189.3 million, which was recorded in loss on sale of businesses including impairment of assets held for sale in its consolidated statement of operations for the fiscal year ended February 27, 2021. Upon the close of the transaction, Bed Bath & Beyond withdrew the litigation against 1-800-FLOWERS.COM and 800-FLOWERS, INC.

In connection with the sale of PMall, the Company agreed to indemnify 1-800-FLOWERS.COM for certain litigation matters then existing at the time of the close of the transaction, including certain matters for which the Company is entitled to indemnification from the former owner of PMall in connection with the Company's purchase of PMall in Fiscal 2016 (see "Commitments and Contingencies" Note 12 for additional information.)

One Kings Lane. On April 13, 2020, the Company completed the sale of One Kings Lane ("OKL"). Proceeds from the sale were not material.

During the fiscal year ended February 26, 2022, the Company recognized approximately \$18.2 million of loss on the sale of these businesses primarily associated with the Fiscal 2021 settlement of the CTS pension plan (see "Employee Benefit Plans" Note 11) and certain working capital and other adjustments related to the above divestitures.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Bed Bath & Beyond Inc. and subsidiaries (the Company) as of February 26, 2022 and February 27, 2021, the related consolidated statements of operations, comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended February 26, 2022 and the related notes and financial statement schedule (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of February 26, 2022 and February 27, 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended February 26, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of February 26, 2022, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated April 21, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of impairment of store-level long-lived assets

As discussed in Note 1 to the consolidated financial statements, 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. Based upon the analysis performed, the Company recognized pre-tax impairment charges for store-level long-lived assets of \$30.8 million in Fiscal 2021.

We identified the assessment of impairment of store-level long-lived assets as a critical audit matter. Specifically, complex auditor judgment was required to assess the sales growth rates used to estimate the forecasted cash flows as they involve a high degree of subjectivity. In determining the fair value of certain store-level long-lived assets, specialized knowledge was required to assess the Company's assumption of market rental rates from sub-lessors.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's store-level impairment assessment process, including controls related to the assumptions described above. We evaluated the sales growth rates by comparing to historical results, the Company's future operating plans, and industry reports. We involved valuation professionals with specialized skills and knowledge who assisted in evaluating the market rental rates for certain stores by comparing the sublease income to an independently developed range using publicly available market data for comparable store sites.

/s/ KPMG LLP

We have served as the Company's auditor since 1992.

Short Hills, New Jersey

April 21, 2022

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

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

Opinion on Internal Control Over Financial Reporting

We have audited Bed Bath & Beyond Inc. and subsidiaries' (the Company) internal control over financial reporting as of February 26, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 26, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of February 26, 2022 and February 27, 2021, the related consolidated statements of operations, comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended February 26, 2022, and the related notes and financial statement schedule (collectively, the consolidated financial statements), and our report dated April 21, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

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 the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting 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.

Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ KPMG LLP
Short Hills, New Jersey
April 21, 2022

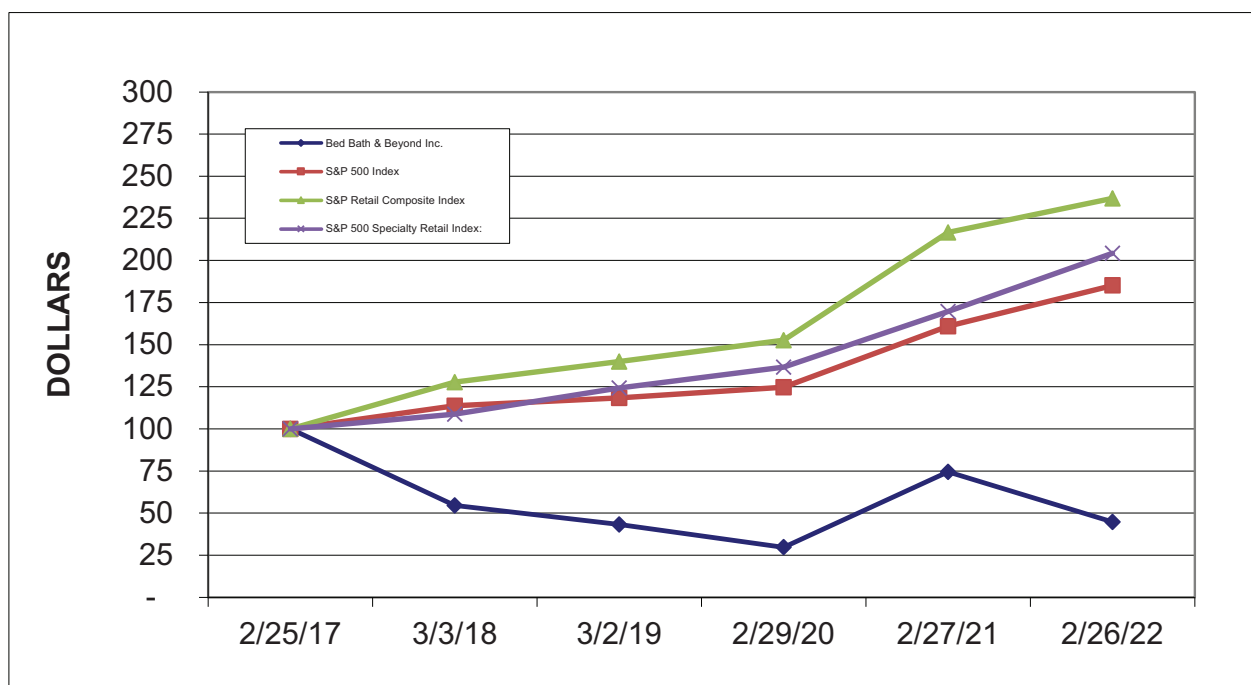
Management’s Report on Internal Control over Financial Reporting

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 February 26, 2022. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), released in 2013, Internal Control-Integrated Framework.

Our management has concluded that, as of February 26, 2022, our internal control over financial reporting is effective based on these criteria.

Stock Price Performance Graph

The graph shown below compares the performance of our common stock with that of the S&P 500 Index, the S&P Retail Composite Index and the S&P 500 Specialty Retail Index over the same period (assuming the investment of \$100 in our common stock and each of the three Indexes on February 25, 2017, and the reinvestment of dividends, if any).



Shares of Bed Bath & Beyond Inc. are traded on The Nasdaq Global Select Market under the symbol BBBY. As of May 16, 2022, there were approximately 1,256 shareholders of record. This number excludes individual shareholders holding stock under nominee security position listings.

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