Title: RC Ventures' initial letter to bed bath. It's staring us right in the face. This wasn't a simple play for RCV.
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for failure and recently had to materially revise guidance, which we believe it should have never issued in the first place:[8]

Metric	Prior Fiscal Year 2021 Guidance	Revised Fiscal Year 2021 Guidance
Sales	\$8.1 Billion to \$8.3 Billion	Approximately \$7.9 Billion
Same-Store Sales	Low Double-Digits	High Single-Digits
Adjusted SG&A	Approximately 32%	Approximately 34%
Adjusted EBITDA	\$425 Million to \$465 Million	\$290 Million to \$310 Million

In light of our long-term focus, we are not an investor that demands guidance. In fact, we appreciate that Apple, one of our long-term holdings, suspended guidance amidst pandemic-related uncertainty and has never given away a detailed strategy for all of its competitors to see. We dislike when a management team spends time accommodating Wall Street, engaging with television pundits and telegraphing forecasts to the competition. We believe management's time is best spent focusing on execution that drives a better customer experience and tangible value creation.

2. **Seek to Monetize the Ultimate Destination for Babies** – Another path that can streamline Bed Bath's strategy and unlock value trapped within the Company's underperforming shares is a sale or spin-off of the BABY banner. Given that BABY is estimated to reach \$1.5 billion in sales in Fiscal Year 2023 with a double-digit growth profile and at least 50% digital penetration, we believe it is likely much more valuable than the Company's entire market capitalization today.[9] Assuming continued growth and low double-digit margins, we estimate that BABY could be valued at a double-digit earnings multiple on a standalone basis. We believe under the right circumstances, BABY could be valued on a revenue multiple, like other ecommerce-focused retailers, and justify a valuation of several billion dollars.

   In the event Bed Bath pursued a full or partial sale of BABY, it could position itself to pay off debt, put cash on the balance sheet and continue reducing its share count, thereby creating significant value for shareholders. Spinning off shares of BABY would be an even more efficient way to transfer value to shareholders. Notably, BABY's high online penetration would likely ease operational hurdles. We assume Bed Bath and BABY could still have a shared services agreement to maintain an omnichannel experience for customers.

3. **Evaluate a Full Sale to a Well-Capitalized Acquirer** – The final path we want to raise for consideration is a full sale of Bed Bath, in its current form, to one of the many well-capitalized financial sponsors with track records in the retail and consumer sectors and the ability to pay a meaningful premium. The past 10 years have shown that Bed Bath faces a difficult existence in the public market. The market is not giving the Company nearly enough credit for BABY's value. A sale that can lock in a substantial premium for shareholders and provide Bed Bath the flexibility of the private market could be an ideal outcome for customers, employees and investors.

   We believe Bed Bath presently satisfies financial sponsors' interest in specialty retailers with recognizable brands, niche assets and sub-banners, and margin expansion opportunities. A private

[8] Page 14 of the Company's Third Quarter Fiscal Year 2021 earnings presentation, which was released on January 6, 2022.
[9] Page 121 of the Company's Investor Day presentation, which was released on October 28, 2020.