

# BED BATH & BEYOND INC. AND SUBSIDIARIES

*Consolidated Balance Sheets*  
(in thousands, except per share data)

	March 3, 2018	February 25, 2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 346,140	\$ 488,329
Short term investment securities	378,039	-
Merchandise inventories	2,730,874	2,905,660
Prepaid expenses and other current assets	516,025	197,912
Total current assets	3,971,078	3,591,901
Long term investment securities	19,517	89,592
Property and equipment, net	1,909,289	1,837,129
Goodwill	716,283	697,085
Other assets	424,639	606,948
Total assets	\$ 7,040,806	\$ 6,822,655
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,197,504	\$ 1,179,088
Accrued expenses and other current liabilities	633,100	484,114
Merchandise credit and gift card liabilities	335,081	309,478
Current income taxes payable	-	59,821
Total current liabilities	2,165,685	2,032,501
Deferred rent and other liabilities	431,592	511,303
Income taxes payable	62,823	67,971
Long term debt	1,492,078	1,491,603
Total liabilities	4,152,178	4,103,378
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 341,795 and 339,533 shares, respectively; outstanding 140,498 and 146,274 shares, respectively	3,418	3,395
Additional paid-in capital	2,057,975	1,974,781
Retained earnings	11,343,503	11,003,890
Treasury stock, at cost	(10,467,972)	(10,215,539)
Accumulated other comprehensive loss	(48,296)	(47,250)
Total shareholders' equity	2,888,628	2,719,277
Total liabilities and shareholders' equity	\$ 7,040,806	\$ 6,822,655

See accompanying Notes to Consolidated Financial Statements.

# BED BATH & BEYOND INC. AND SUBSIDIARIES

## *Consolidated Statements of Earnings* (in thousands, except per share data)

	Twelve Months Ended		
	March 3, 2018	February 25, 2017	February 27, 2016
Net sales	\$ 12,349,301	\$ 12,215,757	\$ 12,103,887
Cost of sales	7,906,286	7,639,407	7,483,577
Gross profit	4,443,015	4,576,350	4,620,310
Selling, general and administrative expenses	3,681,694	3,441,140	3,205,407
Operating profit	761,321	1,135,210	1,414,903
Interest expense, net	65,661	69,555	87,458
Earnings before provision for income taxes	695,660	1,065,655	1,327,445
Provision for income taxes	270,802	380,547	485,956
Net earnings	\$ 424,858	\$ 685,108	\$ 841,489
Net earnings per share - Basic	\$ 3.05	\$ 4.61	\$ 5.15
Net earnings per share - Diluted	\$ 3.04	\$ 4.58	\$ 5.10
Weighted average shares outstanding - Basic	139,238	148,590	163,257
Weighted average shares outstanding - Diluted	139,739	149,708	165,016
Dividends declared per share	\$ 0.60	\$ 0.50	\$ -

See accompanying Notes to Consolidated Financial Statements.

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

	Twelve Months Ended		
	March 3, 2018	February 25, 2017	February 27, 2016
Net earnings	\$ 424,858	\$ 685,108	\$ 841,489
Other comprehensive (loss) income:			
Change in temporary impairment of auction rate securities, net of taxes	95	(351)	1,584
Pension adjustment, net of taxes	2,021	1,710	(351)
Currency translation adjustment	(2,548)	6,389	(13,918)
Reclassification due to the adoption of ASU 2018-02	(614)	-	-
Other comprehensive (loss) income	(1,046)	7,748	(12,685)
Comprehensive income	\$ 423,812	\$ 692,856	\$ 828,804

See accompanying Notes to Consolidated Financial Statements.

# BED BATH & BEYOND INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows (in thousands)

	Twelve Months Ended		
	March 3, 2018	February 25, 2017	February 27, 2016
<b>Cash Flows from Operating Activities:</b>			
Net earnings	\$ 424,858	\$ 685,108	\$ 841,489
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	313,107	290,914	273,947
Stock-based compensation	70,510	71,911	66,965
Deferred income taxes	175,351	24,878	56,997
Other	(69)	(1,032)	398
Decrease (increase) in assets, net of effect of acquisitions:			
Merchandise inventories	176,672	(38,493)	(121,748)
Trading investment securities	(16,036)	(18,780)	(2,270)
Other current assets	(258,853)	(18,464)	(16,171)
Other assets	(4,754)	(14,480)	(27,904)
Increase (decrease) in liabilities, net of effect of acquisitions:			
Accounts payable	13,210	49,458	(48,148)
Accrued expenses and other current liabilities	80,375	(8,586)	6,694
Merchandise credit and gift card liabilities	25,510	11,390	(7,872)
Income taxes payable	(64,941)	(8,307)	(15,036)
Deferred rent and other liabilities	(75,251)	17,754	15,213
Net cash provided by operating activities	859,689	1,043,271	1,022,554
<b>Cash Flows from Investing Activities:</b>			
Purchase of held-to-maturity investment securities	(292,500)	-	(103,017)
Redemption of held-to-maturity investment securities	-	86,240	126,875
Redemption of available-for-sale investment securities	-	-	28,905
Capital expenditures	(375,793)	(373,574)	(328,395)
Investment in unconsolidated joint venture	-	(3,318)	-
Payment for acquisitions, net of cash acquired	(6,119)	(201,277)	-
Net cash used in investing activities	(674,412)	(491,929)	(275,632)
<b>Cash Flows from Financing Activities:</b>			
Proceeds from exercise of stock options	10,313	20,424	9,109
Payment of other liabilities	(434)	-	(7,646)
Payment of dividends	(80,877)	(55,612)	-
Repurchase of common stock, including fees	(252,433)	(547,022)	(1,100,585)
Net cash used in financing activities	(323,431)	(582,210)	(1,099,122)
Effect of exchange rate changes on cash and cash equivalents	(4,035)	3,624	(7,801)
Net decrease in cash and cash equivalents	(142,189)	(27,244)	(360,001)
<b>Cash and cash equivalents:</b>			
Beginning of period	488,329	515,573	875,574
End of period	\$ 346,140	\$ 488,329	\$ 515,573

See accompanying Notes to Consolidated Financial Statements.