

BED BATH & BEYOND INC. AND SUBSIDIARIES

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

	February 27, 2016	February 28, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 515,573	\$ 875,574
Short term investment securities	86,197	109,992
Merchandise inventories	2,848,119	2,731,881
Other current assets	376,073	366,156
Total current assets	3,825,962	4,083,603
Long term investment securities	71,289	97,160
Property and equipment, net	1,725,043	1,676,700
Goodwill	487,169	486,279
Other assets	389,477	415,251
Total assets	\$ 6,498,940	\$ 6,758,993
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,100,958	\$ 1,156,368
Accrued expenses and other current liabilities	409,445	403,547
Merchandise credit and gift card liabilities	297,930	306,160
Current income taxes payable	58,892	76,606
Total current liabilities	1,867,225	1,942,681
Deferred rent and other liabilities	499,368	493,137
Income taxes payable	72,807	79,985
Long term debt	1,500,000	1,500,000
Total liabilities	3,939,400	4,015,803
Commitments and contingencies		
Shareholders' equity:		
Preferred stock - \$0.01 par value; authorized - 1,000 shares; no shares issued or outstanding	-	-
Common stock - \$0.01 par value; authorized - 900,000 shares; issued 337,613 and 336,667 shares, respectively; outstanding 156,690 and 174,178 shares, respectively	3,377	3,367
Additional paid-in capital	1,884,813	1,796,692
Retained earnings	10,394,865	9,553,376
Treasury stock, at cost	(9,668,517)	(8,567,932)
Accumulated other comprehensive loss	(54,998)	(42,313)
Total shareholders' equity	2,559,540	2,743,190
Total liabilities and shareholders' equity	\$ 6,498,940	\$ 6,758,993

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Earnings
Bed Bath & Beyond Inc. and Subsidiaries

	FISCAL YEAR ENDED		
	February 27, 2016	February 28, 2015	March 1, 2014
<i>(in thousands, except per share data)</i>			
Net sales	\$ 12,103,887	\$ 11,881,176	\$ 11,503,963
Cost of sales	7,483,577	7,261,397	6,938,381
Gross profit	4,620,310	4,619,779	4,565,582
Selling, general and administrative expenses	3,205,407	3,065,486	2,950,995
Operating profit	1,414,903	1,554,293	1,614,587
Interest expense, net	87,458	50,458	1,140
Earnings before provision for income taxes	1,327,445	1,503,835	1,613,447
Provision for income taxes	485,956	546,361	591,157
Net earnings	\$ 841,489	\$ 957,474	\$ 1,022,290
Net earnings per share - Basic	\$ 5.15	\$ 5.13	\$ 4.85
Net earnings per share - Diluted	\$ 5.10	\$ 5.07	\$ 4.79
Weighted average shares outstanding - Basic	163,257	186,659	210,710
Weighted average shares outstanding - Diluted	165,016	188,880	213,363

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income
Bed Bath & Beyond Inc. and Subsidiaries

	FISCAL YEAR ENDED		
	February 27, 2016	February 28, 2015	March 1, 2014
<i>(in thousands)</i>			
Net earnings	\$ 841,489	\$ 957,474	\$ 1,022,290
Other comprehensive (loss) income:			
Change in temporary valuation adjustment of auction rate securities, net of taxes	1,584	143	(792)
Pension adjustment, net of taxes	(351)	(5,552)	3,249
Currency translation adjustment	(13,918)	(23,057)	(11,984)
Other comprehensive loss	(12,685)	(28,466)	(9,527)
Comprehensive income	\$ 828,804	\$ 929,008	\$ 1,012,763

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
Bed Bath & Beyond Inc. and Subsidiaries

	FISCAL YEAR ENDED		
	February 27, 2016	February 28, 2015	March 1, 2014
<i>(in thousands)</i>			
Cash Flows from Operating Activities:			
Net earnings	\$ 841,489	\$ 957,474	\$ 1,022,290
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	273,947	239,193	220,116
Stock-based compensation	66,965	66,539	56,244
Excess tax benefit from stock-based compensation	(10,370)	(14,561)	(19,126)
Deferred income taxes	56,997	(22,295)	11,729
Other	398	(2,244)	(1,784)
(Increase) decrease in assets:			
Merchandise inventories	(121,748)	(161,506)	(117,926)
Trading investment securities	(2,270)	(9,530)	(11,382)
Other current assets	(16,171)	19,012	(5,287)
Other assets	(27,904)	(254)	(3,812)
(Decrease) increase in liabilities:			
Accounts payable	(48,148)	44,563	179,522
Accrued expenses and other current liabilities	6,694	18,494	(1,336)
Merchandise credit and gift card liabilities	(7,872)	22,520	33,014
Income taxes payable	(15,036)	17,656	15,729
Deferred rent and other liabilities	15,213	3,428	3,735
Net cash provided by operating activities	1,012,184	1,178,489	1,381,726
Cash Flows from Investing Activities:			
Purchase of held-to-maturity investment securities	(103,017)	(298,094)	(1,156,634)
Redemption of held-to-maturity investment securities	126,875	677,500	1,117,500
Redemption of available-for-sale investment securities	28,905	-	-
Capital expenditures	(328,395)	(330,637)	(320,812)
Investment in unconsolidated joint venture	-	-	(3,436)
Net cash (used in) provided by investing activities	(275,632)	48,769	(363,382)
Cash Flows from Financing Activities:			
Proceeds from exercise of stock options	9,109	41,197	54,815
Proceeds from issuance of senior unsecured notes	-	1,500,000	-
Payment of deferred financing costs	-	(10,092)	-
Payment of other liabilities	(7,646)	-	-
Excess tax benefit from stock-based compensation	10,370	14,561	19,126
Repurchase of common stock, including fees	(1,100,585)	(2,250,597)	(1,283,995)
Net cash used in financing activities	(1,088,752)	(704,931)	(1,210,054)
Effect of exchange rate changes on cash and cash equivalents	(7,801)	(13,269)	(6,745)
Net (decrease) increase in cash and cash equivalents	(360,001)	509,058	(198,455)
Cash and cash equivalents:			
Beginning of period	875,574	366,516	564,971
End of period	\$ 515,573	\$ 875,574	\$ 366,516

See accompanying Notes to Consolidated Financial Statements.