BED BATH & BEYOND INC
Form 10-K
April 30, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

For the fiscal year ended March 2, 2013

Commission File Number 0-20214

BED BATH & BEYOND INC.

(Exact name of registrant as specified in its charter)

New York	**11-2250488**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

650 Liberty Avenue, Union, New Jersey 07083

(Address of principal executive offices) (Zip Code)

Registrant s telephone number, including area code: **908/688-0888**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common stock, $.01 par value	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of August 25, 2012, the aggregate market value of the common stock held by non-affiliates (which was computed by reference to the closing price on such date of such stock on the NASDAQ National Market) was $14,555,560,334.*

The number of shares outstanding of the registrant s common stock (par value $0.01 per share) at March 30, 2013: 220,044,578.

Documents Incorporated by Reference

Portions of the Registrant s definitive proxy statement for the 2013 Annual Meeting of Shareholders to be filed pursuant to Regulation 14A are incorporated by reference in Part III hereof.

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* For purposes of this calculation, all outstanding shares of common stock have been considered held by non-affiliates other than the 9,986,661 shares beneficially owned by directors and executive officers, including in the case of the Co-Chairmen trusts and foundations affiliated with them. In making such calculation, the Registrant does not determine the affiliate or non-affiliate status of any shares for any other purpose.

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PART I

Unless otherwise indicated, the term Company refers collectively to Bed Bath & Beyond Inc. and subsidiaries as of March 2, 2013. The Company s fiscal year is comprised of the 52 or 53 week period ending on the Saturday nearest February 28. Accordingly, fiscal 2012 represented 53 weeks and ended on March 2, 2013. Fiscal 2011 and 2010 represented 52 weeks and ended on February 25, 2012 and February 26, 2011, respectively. Unless otherwise indicated, all references herein to periods of time (e.g., quarters and years) are to fiscal periods.

ITEM 1 BUSINESS

Introduction

Bed Bath & Beyond Inc. and subsidiaries (the Company) operates a chain of 1,471 retail stores under the names Bed Bath & Beyond (BBB), Christmas Tree Shops or andThat! (collectively, CTS), Harmon or Harmon Face Values (collectively, Harmon), buybuy BABY and World Market or Cost Plus World Market (collectively, World Market). The Company includes Linen Holdings, a distributor of a variety of textile products, amenities and other goods to institutional customers in the hospitality, cruise line, food service, healthcare and other industries. Additionally, the Company is a partner in a joint venture which operates three retail stores in Mexico under the name Bed Bath & Beyond.

The Company sells a wide assortment of domestics merchandise and home furnishings. Domestics merchandise includes categories such as bed linens and related items, bath items and kitchen textiles. Home furnishings include categories such as kitchen and tabletop items, fine tabletop, basic housewares, general home furnishings, consumables and certain juvenile products. The Company offers a breadth and depth of selection in most of its product categories that exceeds what is generally available in department stores or other specialty retail stores.

History

The Company was founded in 1971 by Leonard Feinstein and Warren Eisenberg, the Co-Chairmen of the Company. Each has more than 50 years of experience in the retail industry.

The Company commenced operations in 1971 with the opening of two stores, which primarily sold bed linens and bath accessories. In 1985, the Company introduced its first store carrying a full line of domestics merchandise and home furnishings. The Company began using the name Bed Bath & Beyond in 1987 in order to reflect the expanded product line offered by its stores and to distinguish its stores from conventional specialty retail stores offering only domestics merchandise or home furnishings. In 2002, the Company acquired Harmon, a health and beauty care retailer, which operated 27 stores at the time located in Connecticut, New Jersey and New York. In 2003, the Company acquired CTS, a retailer of giftware and household items, which operated 23 stores at the time located in Connecticut, Maine, Massachusetts, New Hampshire, New York and Rhode Island. In 2007, the Company acquired buybuy BABY, a retailer of infant and toddler merchandise, which operated 8 stores at the time located in Maryland, New Jersey, New York and Virginia. In 2007, the Company opened its first international BBB store in Ontario, Canada. In 2008, the Company became a partner in a joint venture which operated two stores in the Mexico City market under the name Home & More, which were rebranded as Bed Bath & Beyond in fiscal 2012. In June 2012, the Company acquired Linen Holdings, LLC (Linen

Holdings), a distributor of a variety of textile products, amenities and other goods to institutional customers in the hospitality, cruise line, food service, healthcare and other industries, and Cost Plus, Inc. (World Market), a retailer selling a wide range of home decorating items, furniture, gifts, holiday and other seasonal items, and specialty food and beverages, which operated 258 stores in 30 states at the time of acquisition under the names of World Market or Cost Plus World Market.

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

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Total net sales of the Company were $10.915 billion, $9.500 billion and $8.759 billion for fiscal 2012, 2011 and 2010, respectively. Net sales outside of the U.S. were not material for fiscal 2012, 2011 and 2010. Refer to Part II, Item 7 and Item 8 of this Form 10-K for additional financial information.

Operations

It is the Company s goal to offer quality merchandise at everyday low prices; to maintain a wide assortment of merchandise; to present merchandise in a distinctive manner designed to maximize customer convenience and reinforce customer perception of wide selection; and to emphasize dedication to customer service and satisfaction.

Pricing. The Company believes in maintaining everyday low prices. The Company regularly monitors price levels at its competitors in order to ensure that its prices are in accordance with its pricing philosophy. The Company believes that the application of its everyday low price philosophy is an important factor in establishing its reputation among customers.

Merchandise Assortment. The Company sells a wide assortment of domestics merchandise and home furnishings. Domestics merchandise includes categories such as bed linens and related items, bath items and kitchen textiles. Home furnishings include categories such as kitchen and tabletop items, fine tabletop, basic housewares, general home furnishings, consumables and certain juvenile products. The Company strives to tailor the merchandise mix as appropriate to respond to changing trends and conditions. The factors taken into account in selecting the merchandise mix for a particular store include store size, configuration and local market conditions, such as climate and demographics. The Company, on an ongoing basis, tests new merchandise categories and adjusts the categories of merchandise carried in its stores and may add new departments or adjust the size of existing departments as required. Additionally, the Company continues to integrate the merchandise assortments among its concepts. The Company believes that the process of adding new departments, integrating the Company s merchandise within concepts, and expanding or reducing the size of various departments in response to changing conditions is an important part of its merchandising strategy.

Merchandise Presentation. The Company has developed a style of merchandise presentation where all of its stores have groups of related product lines presented together in separate areas of each store. The Company believes that this format of merchandise presentation makes it easy for customers to locate products, reinforces customer perception of wide selection and communicates to customers that its stores offer a level of customer service generally associated with smaller specialty stores.

The Company believes that its extensive merchandise selection, rather than fixturing, should be the focus of customer attention and, accordingly, primarily uses simple modular fixturing throughout its stores. This fixturing is primarily designed so that it can be easily reconfigured to adapt to changes in the store s merchandise mix and presentation. The Company believes that its merchandise displays create an exciting and attractive shopping environment that encourages impulse purchases of additional items.

Advertising. In general, the Company relies on word of mouth advertising, its reputation for offering a wide assortment of quality merchandise at everyday low prices and the use of paid advertising. Primary vehicles of paid advertising used by the Company include full-color circulars and other advertising pieces distributed via direct mail or inserts, as well as digital media including email, mobile, social and search advertising. Also, to support the opening of new stores, the Company primarily uses grand opening newspaper advertising and email.

Customer Service. The Company places a strong focus on customer service and seeks to make shopping at its stores as pleasant and convenient as possible. Most stores are open seven days and six evenings a week in order to enable customers to shop at times that are convenient for them. In addition, the Company s websites, www.bedbathandbeyond.com, www.christmastreeshops.com, www.harmondiscount.com, www.facevalues.com, www.buybuybaby.com, www.bedbathandbeyond.ca and www.worldmarket.com as well as the Company s Facebook pages are available for customers to access 24 hours a day, seven days a week.

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Suppliers

In fiscal 2012, the Company purchased its merchandise from approximately 7,800 suppliers with the Company s largest supplier accounting for approximately 5% of the Company s merchandise purchases and the Company s 10 largest suppliers accounting for approximately 18% of such purchases. The Company purchases substantially all of its merchandise in the United States, the majority from domestic sources and the balance from importers. The Company purchases a small amount of its merchandise directly from overseas sources. The Company has no long term contracts for the purchase of merchandise. The Company believes that most merchandise, other than brand name goods, is available from a variety of sources and that most brand name goods can be replaced with comparable merchandise.

Distribution of Merchandise

A substantial portion of the Company s merchandise is shipped to stores or customers through its supply chain network, which includes distribution facilities which are either owned or leased by the Company or managed by third parties, with the remaining merchandise shipped to stores or customers directly from a vendor. The Company utilizes 15 distribution facilities totaling approximately 6.0 million square feet. In addition, the Company maintains a number of supplemental storage locations to either enhance the warehouse facilities in the Company s stores in proximity to these locations or to fulfill orders for customers.

Employees

As of March 2, 2013, the Company employed approximately 57,000 persons in full-time and part-time positions. The Company believes that its relations with its employees are very good and that the labor turnover rate among its management employees is lower than that generally experienced within the industry.

Seasonality

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

Expansion Program

The Company is engaged in an ongoing expansion program involving the opening of new stores in both new and existing markets, the expansion or relocation of existing stores and the continuous review of strategic acquisitions. In the 21 year period from the beginning of fiscal 1992 to the end of fiscal 2012, the Company has grown from 34 stores to 1,471 stores, including the 258 World Market stores acquired on June 29, 2012. The Company s 1,471 stores operate in all 50 states, the District of Columbia, Puerto Rico and Canada, including: 1,004 BBB stores operating in all 50 states, the District of Columbia, Puerto Rico and Canada; 74 CTS stores operating in 22 states; 47 Harmon stores operating in four states; 82 buybuy BABY stores operating in 29 states; and 264 World Market stores operating in 31 states and the District of Columbia. Total square footage grew from approximately 0.9 million square feet at the beginning of fiscal 1992 to approximately 42.0 million square feet at the end of fiscal 2012, including the 264 World Market stores. During fiscal 2012, the Company opened a total of 41 new stores, including 12 BBB stores throughout the United States and Canada and three CTS stores, two Harmon stores, 18 buybuy BABY stores and six World Market stores throughout the United States and closed one BBB store, all of which resulted in the aggregate addition of approximately 5.9 million square feet of store space, including approximately 4.8 million square feet of store space for the 258 World Market stores acquired on June 29, 2012. Additionally, the Company is a partner in a joint venture which opened one store during fiscal 2012 and as of March 2, 2013, operated a total of three retail stores in Mexico under the name Bed Bath & Beyond.

The Company intends to continue its expansion program and believes that the continued growth of the Company is dependent, in large part, on the success of this program. As part of its expansion program, the Company expects to open new stores and expand existing stores as opportunities arise. The Company believes throughout the United States and Canada, there is an opportunity to operate in excess of 1,300 BBB stores as well as grow World Market, CTS and buybuy BABY from coast to coast.

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In determining where to open new stores, the Company evaluates a number of factors, including the availability of real estate, demographic information (such as data relating to income and education levels, age and occupation) and distribution. The Company has built its management structure with a view toward its expansion and believes that, as a result, it has the management depth necessary to support its anticipated expansion program.

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

Competition

The Company operates in the fragmented and highly competitive retail industry. The Company competes with many different types of retail stores that sell many or most of the same products. Such competitors include but are not limited to: (i) department stores, which often carry many of the same product lines as the Company s stores but do not typically have the same depth or breadth of product selection, (ii) specialty stores, which often have a depth of product selection but typically carry only a limited portion of the product lines carried by the Company s stores, (iii) discount and mass merchandise stores, (iv) national chains and (v) online and multi-channel retailers. In addition, the Company s stores compete, to a more limited extent, with factory outlet stores that typically offer limited quantities or limited lines of quality merchandise at discount prices. Other entities continue to introduce new concepts that include many of the product lines carried by the Company s stores. There can be no assurance that the operation of competitors will not have a material adverse effect on the Company.

Tradenames and Service Marks

The Company uses the service marks Bed Bath & Beyond, buybuy BABY, Christmas Tree Shops, andThat!, Harmon, Face Values, Cos World Market and Cost Plus World Market in connection with its retail services. The Company has registered trademarks and service marks or is seeking registrations for these and other trademarks and service marks with the United States Patent and Trademark Office. The Company also has registered or has applications pending with the trademark registries of several foreign countries, including having registered the Bed Bath & Beyond name and logo in Canada and Mexico. The Company also files patent applications and seeks copyright registrations where it deems such to be advantageous to the business. Management believes that its name recognition and service marks are important elements of the Company s merchandising strategy.

Available Information

The Company makes available as soon as reasonably practicable after filing with the Securities and Exchange Commission (SEC), free of charge, through its website, www.bedbathandbeyond.com, the Company s annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, electronically filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

Executive Officers of the Registrant

The following table sets forth the name, age and business experience of the Executive Officers of the Registrant:

Name	Age	Positions
Warren Eisenberg	*82*	*Co-Chairman and Director*
Leonard Feinstein	*76*	*Co-Chairman and Director*
Steven H. Temares	*54*	*Chief Executive Officer and Director*
Arthur Stark	*58*	*President and Chief Merchandising Officer*
Matthew Fiorilli	*56*	*Senior Vice President Stores*
Eugene A. Castagna	*47*	*Chief Financial Officer and Treasurer*

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

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

Steven H. Temares has been Chief Executive Officer since 2003 and has served as a Director since 1999. Mr. Temares was President and Chief Executive Officer from 2003 to 2006, President and Chief Operating Officer from 1999 to 2003 and Executive Vice President and Chief Operating Officer from 1997 to 1999. Mr. Temares joined the Company in 1992.

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

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

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

The Company s executive officers are elected by the Board of Directors for one-year terms and serve at the discretion of the Board of Directors. No family relationships exist between any of the executive officers or directors of the Company.

ITEM 1A RISK FACTORS

FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The Company s actual results and future financial condition may differ materially from those expressed in any such forward-looking statements as a result of many factors. Such factors include the following:

General economic factors beyond the Company s control and changes in the economic climate could adversely affect the Company s performance.

General economic factors that are beyond the Company s control impact the Company s forecasts and actual performance. These factors include housing markets, recession, inflation, deflation, consumer credit availability, consumer debt levels, fuel and energy costs, interest rates, tax rates and policy, unemployment trends, the impact of natural disasters, civil disturbances and terrorist activities, conditions affecting the retail environment for the home and other matters that influence consumer spending. Changes in the economic climate could adversely affect the Company s performance.

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The Company operates in the highly competitive retail business where the use of emerging technologies as well as unanticipated changes in the pricing and other practices of competitors may adversely affect the Company s performance.

The retail business is highly competitive. The Company competes for customers, employees, locations, merchandise, technology, services and other important aspects of the business with many other local, regional and national retailers. Those competitors range from specialty retail stores to department stores and discounters as well as online and multi-channel retailers. Specifically, rapidly evolving technologies are altering the manner in which the Company and its competitors communicate and transact with customers, and the Company s own omni channel strategy to adapt to these changes in relation to its competitors actions in doing so presents a specific risk. Further, unanticipated changes in the pricing and other practices of the Company s competitors, including promotional activity, may adversely affect the Company s performance.

The Company s failure to anticipate and respond in a timely fashion to changes in consumer preferences and demographic factors could have a material adverse affect on the Company s financial condition and results of operations.

The Company s success depends on its ability to anticipate and respond in a timely manner to changing merchandise trends, customer demands and demographics. The Company s failure to anticipate, identify or react appropriately to changes in customer tastes, preferences, spending patterns and other lifestyle decisions could lead to, among other things, excess inventories or a shortage of products and could have a material adverse affect on the Company s financial condition and results of operations.

Unusual weather patterns could adversely affect the Company s performance.

The Company s operating results could be negatively impacted by unusual weather patterns. Frequent or unusually heavy snow, ice or rain storms, hurricanes, floods, tornados or extended periods of unseasonable temperatures could adversely affect the Company s performance.

A major disruption of the Company s information technology systems could negatively impact operating results.

The Company s operating results could be negatively impacted by a major disruption of the Company s information technology systems. The Company relies heavily on these systems to process transactions, manage inventory replenishment, summarize results and control distribution of products. Despite numerous safeguards and careful contingency planning, these systems are still subject to power outages, computer viruses, telecommunication failures, security breaches and other catastrophic events. A major disruption of the systems and their backup mechanisms may cause the Company to incur significant costs to repair the systems, experience a critical loss of data and result in business interruptions.

A privacy breach of the Company s data security systems or those of its third party service providers could have a negative impact on the Company s operating results and financial performance due to possible loss of consumer confidence, as well as potential government penalties and private litigation.

The Company stores certain information about its customers and employees in the ordinary course of business. The Company invests considerable resources in protecting this sensitive information but is still subject to a possible security event. A breach of its security systems or those of its third party service providers resulting in unauthorized access to stored personal information could negatively impact the Company s operating results and financial performance. Certain aspects of the business, particularly the Company website, heavily depend on consumers entrusting personal financial information to be transmitted securely over public networks. A loss of consumer confidence could result in lost future sales and have a material adverse effect on the Company s reputation. In addition, a privacy breach could cause the Company to incur significant costs to restore the integrity of its systems, and could result in significant costs in government penalties and private litigation.

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A failure of the Company s suppliers to adhere to appropriate laws or standards could negatively impact its reputation.

The Company purchases substantially all of its merchandise in the United States, the majority from domestic sources and the balance from importers. The Company purchases a small amount of its merchandise directly from overseas sources. The failure of one of the Company s domestic or foreign suppliers to adhere to labor, environmental, health and safety laws and standards could negatively impact the Company s reputation and have an adverse effect on the Company s results of operations.

Changes in statutory, regulatory, and other legal requirements at a local, state and national level could potentially impact the Company s operating and financial results.

The Company is subject to numerous statutory, regulatory and legal requirements at a local, state and national level. The Company s operating results could be negatively impacted by developments in these areas due to the costs of compliance in addition to possible government penalties and litigation in the event of deemed noncompliance. Changes in the regulatory environment in the area of product safety, environmental protection, privacy and information security, wage and hour laws, among others, could potentially impact the Company s operations and financial results.

New, or developments in existing, litigation, claims or assessments could potentially impact the Company s operating and financial results.

The Company is involved in litigation, claims and assessments incidental to the Company s business, the disposition of which is not expected to have a material effect on the Company s financial position or results of operations. It is possible, however, that future results of operations for any particular quarterly or annual period could be materially affected by changes in the Company s assumptions related to these matters. While outcomes of such actions vary, any such claim or assessment against the Company could potentially impact the Company s operations and financial results.

Changes to accounting rules, regulations and tax laws, or new interpretations of existing accounting standards or tax laws could negatively impact the Company s operating results and financial position.

The Company s operating results and financial position could be negatively impacted by changes to accounting rules and regulations or new interpretations of existing accounting standards. These changes may include, without limitation, changes to lease accounting standards. The Company s effective income tax rate could be impacted by changes in accounting standards as well as changes in tax laws or the interpretations of these tax laws by courts and taxing authorities which could negatively impact the Company s financial results.

The success of the Company is dependent, in part, on managing costs of labor, merchandise and other expenses that are subject to factors beyond the Company s control.

The Company s success depends, in part, on its ability to manage operating costs and to look for opportunities to reduce costs. The Company s ability to meet its labor needs while controlling costs is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation, labor organizing activities and changing demographics. The Company s ability to find qualified vendors and obtain access to products in a timely and efficient manner can be adversely affected by political instability, the financial instability of suppliers, suppliers noncompliance with applicable laws, transportation costs and other factors beyond the Company s control.

The Company depends upon its employees in all areas of the organization to execute its business plan and, ultimately, to satisfy its customers.

The Company s ability to attract and retain qualified employees in all areas of the organization may be affected by a number of factors, including geographic relocation of employees, operations or facilities and the highly competitive markets in which the Company operates, including the markets for the types of skilled individuals needed to support the Company s continued growth domestically, interactively and, over the longer term, internationally.

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The Company s growth depends, in part, on its ability to open new stores, execute its interactive strategies and operate profitably.

The Company s growth depends, in part, on its ability to open new stores, execute its interactive strategies and operate profitably. The Company s ability to open additional stores successfully will depend on a number of factors, including its identification and availability of suitable store locations; its success in negotiating leases on acceptable terms; its hiring and training of skilled store operating personnel, especially management; and its timely development of new stores, including the availability of construction materials and labor and the absence of significant construction and other delays in store openings based on weather or other events. This increases the cost of doing business and the risk that the Company s business practices could result in liabilities that may adversely affect its performance, despite the exercise of reasonable care.

The continued uncertainty in the financial markets could have an adverse effect on the Company s ability to access its cash and cash equivalents.

The Company may have amounts of cash and cash equivalents at financial institutions that are in excess of federally insured limits. While the Company closely manages its cash and cash equivalents balances to minimize risk, with the current financial environment and instability of financial institutions, the Company can not be assured that it will not experience losses on its deposits.

The Company has acquired several businesses and continues to evaluate potential business initiatives, including acquisitions, any of which could adversely impact the Company s performance.

The Company believes it carefully evaluates and plans for the integration of newly acquired businesses, as well as carefully prepares for and executes on other business combinations and strategic initiatives that are part of the growth of its business. However, such activities involve certain inherent risks, including the failure to retain key personnel from an acquired business; undisclosed or subsequently arising liabilities; challenges in the successful integration of operations, aligning standards, policies and systems; and the potential diversion of management resources from existing operations to respond to unforeseen issues arising in the context of the integration of a new business or initiative.

ITEM 1B UNRESOLVED STAFF COMMENTS

None.

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ITEM 2 PROPERTIES

Most of the Company s stores are located in suburban areas of medium and large-sized cities. These stores are situated in strip and power strip shopping centers, as well as in major off-price and conventional malls, and in free standing buildings.

The Company s 1,471 stores are located in all 50 states, the District of Columbia, Puerto Rico and Canada and range in size from approximately 5,000 to 100,000 square feet, but are predominantly between 18,000 and 50,000 square feet. Approximately 85% to 90% of store space is used for selling areas and the balance for warehouse, receiving and office space.

The table below sets forth the locations of the Company s stores as of March 2, 2013:

Alabama	21
Alaska	2
Arizona	43
Arkansas	7
California	187
Colorado	33
Connecticut	23
Delaware	4
Florida	97
Georgia	37
Hawaii	1
Idaho	9
Illinois	58
Indiana	24
Iowa	10
Kansas	11
Kentucky	10
Louisiana	19
Maine	8
Maryland	21
Massachusetts	43
Michigan	43
Minnesota	14
Mississippi	7
Missouri	22
Montana	8
Nebraska	5
Nevada	13
New Hampshire	14
New Jersey	84
New Mexico	8
New York	92
North Carolina	43
North Dakota	2
Ohio	50
Oklahoma	8

Oregon	17
Pennsylvania	42
Rhode Island	5
South Carolina	24
South Dakota	3
Tennessee	27
Texas	114
Utah	15
Vermont	3
Virginia	44
Washington	36
West Virginia	3
Wisconsin	15
Wyoming	2
District of Columbia	3
Puerto Rico	3
Alberta, Canada	8
British Columbia, Canada	7
New Brunswick, Canada	2
Newfoundland, Canada	1
Novia Scotia, Canada	1
Ontario, Canada	14
Prince Edward Island, Canada	1
Total	**1,471**

The Company leases primarily all of its existing stores. The leases provide for original lease terms that generally range from 10 to 15 years and most leases provide for renewal options, often at increased rents. The Company evaluates leases on an ongoing basis which may lead to renegotiated lease terms, including rents during renewal options, or the possible relocation of stores. Certain leases provide for scheduled rent increases (which, in the case of fixed increases, the Company accounts for on a straight-line basis over the expected lease term, beginning when the Company obtains possession of the premises) and/or for contingent rent (based upon store sales exceeding stipulated amounts).

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The Company has distribution facilities totaling approximately 5.8 million square feet consisting of three owned facilities and eight leased facilities.

As of March 2, 2013, the Company occupied approximately 450,000 square feet of office space at five locations for procurement and corporate office functions. The corporate headquarters within two owned facilities in Union, New Jersey includes approximately 305,000 square feet with the remaining approximately 145,000 square feet within owned and leased facilities in Massachusetts, California, New Jersey and Florida. During 2012, the Company completed the relocation of the Company s Farmingdale and Garden City, New York offices to its corporate headquarters in Union, New Jersey. In addition, the Company has seven locations, totaling approximately 14,000 square feet, which are utilized primarily for institutional sales related functions.

ITEM 3 LEGAL PROCEEDINGS

The Company is party to various legal proceedings arising in the ordinary course of business, which the Company does not believe to be material to the Company s business or financial condition.

ITEM 4 MINE SAFETY DISCLOSURES

Not Applicable.

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PART II

ITEM 5 MARKET FOR REGISTRANT S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth the high and low reported closing prices of the Company s common stock on the NASDAQ National Market System for the periods indicated.

	High	Low
Fiscal 2012:		
1st Quarter	$ 72.47	$ 59.74
2nd Quarter	74.72	59.34
3rd Quarter	71.60	56.40
4th Quarter	60.39	54.91

	High	Low
Fiscal 2011:		
1st Quarter	$ 57.30	$ 45.07
2nd Quarter	60.31	49.73
3rd Quarter	63.44	55.26
4th Quarter	63.22	57.46

The common stock is quoted through the NASDAQ National Market System under the symbol BBBY. On March 30, 2013, there were approximately 5,300 shareholders of record of the common stock (without including individual participants in nominee security position listings). On March 30, 2013, the last reported sale price of the common stock was $64.42.

The Company has not paid cash dividends on its common stock since its 1992 initial public offering and does not currently plan to pay dividends on its common stock. The payment of any future dividends will be determined by the Board of Directors in light of conditions then existing, including the Company s earnings, financial condition and requirements, business conditions and other factors. See Item 8 - Financial Statements and Supplementary Data.

Since 2004 through the end of fiscal 2012, the Company has repurchased approximately $5.0 billion of its common stock through share repurchase programs. The Company s purchases of its common stock during the fourth quarter of fiscal 2012 were as follows:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1) (2)

November 25, 2012 December 22, 2012	1,326,400	$	58.38	1,326,400	$	2,645,688,672
December 23, 2012 - January 19, 2013	1,655,900	$	56.14	1,655,900	$	2,552,729,759
January 20, 2013 - March 2, 2013	2,316,700	$	58.10	2,316,700	$	2,418,133,888
Total	5,299,000	$	57.56	5,299,000	$	2,418,133,888

(1) Between December 2004 and December 2012, the Company s Board of Directors authorized, through share repurchase programs, the repurchase of $7.450 billion of its shares of common stock. The Company has authorization to make repurchases from time to time in the open market or through other parameters approved by the Board of Directors pursuant to existing rules and regulations. Shares purchased indicated in this table also include the withholding of a portion of restricted shares to cover taxes on vested restricted shares.

(2) Excludes brokerage commissions paid by the Company.

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Stock Price Performance Graph

The graph shown below compares the performance of the Company s common stock with that of the S&P 500 Index, the S&P Specialty Retail Index and the S&P Retail Composite Index over the same period (assuming the investment of $100 in the Company s common stock and each of the three Indexes on March 1, 2008, and the reinvestment of dividends, if any).

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ITEM 6 SELECTED FINANCIAL DATA

Consolidated Selected Financial Data (in thousands, except per share and selected operating data)	Fiscal Year Ended (1) March 2, 2013 (2)	February 25, 2012	February 26, 2011	February 27, 2010	February 28, 2009
Statement of Earnings Data:					
Net sales	$ 10,914,585	$ 9,499,890	$ 8,758,503	$	