

BED BATH & BEYOND INC  
Form 10-Q  
January 10, 2008

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

**Quarterly Report Pursuant to Section 13 or 15(d)**  
**of the Securities Exchange Act of 1934**

**For the quarterly period ended December 1, 2007**

**Commission File Number 0-20214**

**BED BATH & BEYOND INC.**

(Exact name of registrant as specified in its charter)

**New York**  
(State of incorporation)

**11-2250488**  
(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**

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.

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Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

**Number of shares outstanding of the issuer's Common Stock:**

<b>Class</b>
Common Stock - \$0.01 par value

<b>Outstanding at December 1, 2007</b>
261,952,704

**BED BATH & BEYOND INC. AND SUBSIDIARIES**



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## BED BATH &amp; BEYOND INC. AND SUBSIDIARIES

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

	December 1, 2007	March 3, 2007
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 190,433	\$ 213,381
Short term investment securities	186,797	774,881
Merchandise inventories	1,797,784	1,505,800
Other current assets	314,800	204,552
<b>Total current assets</b>	<b>2,489,814</b>	<b>2,698,614</b>
Long term investment securities	128	102,692
Property and equipment, net	1,064,081	929,507
Other assets	309,869	228,491
<b>Total assets</b>	<b>\$ 3,863,892</b>	<b>\$ 3,959,304</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 680,716	\$ 615,156
Accrued expenses and other current liabilities	263,231	245,267
Merchandise credit and gift card liabilities	156,789	143,737
Current income taxes payable	15,668	140,913
<b>Total current liabilities</b>	<b>1,116,404</b>	<b>1,145,073</b>
Deferred rent and other liabilities	187,588	165,080
Income taxes payable	86,365	
<b>Total liabilities</b>	<b>1,390,357</b>	<b>1,310,153</b>
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 311,667 and 309,750 shares, respectively; outstanding 261,953 and 277,074 shares, respectively	3,117	3,098
Additional paid-in capital	790,598	737,209
Retained earnings	3,556,845	3,153,856
Treasury stock, at cost; 49,714 and 32,676 shares, respectively	(1,881,092)	(1,249,397)
Accumulated other comprehensive income	4,067	4,385
<b>Total shareholders' equity</b>	<b>2,473,535</b>	<b>2,649,151</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,863,892</b>	<b>\$ 3,959,304</b>

See accompanying Notes to Consolidated Financial Statements.





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

	Three Months Ended		Nine Months Ended	
	December 1, 2007	November 25, 2006	December 1, 2007	November 25, 2006
Net sales	\$ 1,794,747	\$ 1,619,240	\$ 5,115,756	\$ 4,622,442
Cost of sales	1,046,881	915,167	2,989,623	2,650,022
Gross profit	747,866	704,073	2,126,133	1,972,420
Selling, general and administrative expenses	544,714	492,939	1,547,553	1,392,914
Operating profit	203,152	211,134	578,580	579,506
Interest income	4,968	10,643	21,575	30,230
Earnings before provision for income taxes	208,120	221,777	600,155	609,736
Provision for income taxes	69,888	79,341	210,268	221,334
Net earnings	\$ 138,232	\$ 142,436	\$ 389,887	\$ 388,402
Net earnings per share - Basic	\$ 0.53	\$ 0.51	\$ 1.46	\$ 1.38
Net earnings per share - Diluted	\$ 0.52	\$ 0.50	\$ 1.44	\$ 1.36
Weighted average shares outstanding - Basic	261,588	281,097	267,074	280,629
Weighted average shares outstanding - Diluted	265,006	285,664	270,929	285,112

See accompanying Notes to Consolidated Financial Statements.

## BED BATH &amp; BEYOND INC. AND SUBSIDIARIES

*Consolidated Statements of Cash Flows**(in thousands, unaudited)*

	Nine Months Ended	
	December 1, 2007	November 25, 2006
<b>Cash Flows from Operating Activities:</b>		
Net earnings	\$ 389,887	\$ 388,402
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	116,284	95,634
Amortization of bond premium	1,446	2,774
Stock-based compensation	31,233	43,085
Excess tax benefit from stock-based compensation	1,363	3,773
Deferred income taxes	(6,936)	(28,664)
(Increase) decrease in assets, net of effect of acquisition:		
Merchandise inventories	(277,476)	(337,635)
Trading investment securities	(2,705)	(2,295)
Other current assets	(85,067)	(80,251)
Other assets	435	(323)
Increase (decrease) in liabilities, net of effect of acquisition:		
Accounts payable	76,197	135,506
Accrued expenses and other current liabilities	26,301	19,976
Merchandise credit and gift card liabilities	9,512	11,871
Income taxes payable	(61,384)	(56,142)
Deferred rent and other liabilities	20,847	22,004
<b>Net cash provided by operating activities</b>	<b>239,937</b>	<b>217,715</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of held-to-maturity investment securities		(124,125)
Redemption of held-to-maturity investment securities	366,232	212,586
Purchase of available-for-sale investment securities	(841,805)	(824,830)
Redemption of available-for-sale investment securities	1,167,480	783,815
Capital expenditures	(257,054)	(235,187)
Payment for acquisition, net of cash acquired	(85,893)	
<b>Net cash provided by (used in) investing activities</b>	<b>348,960</b>	<b>(187,741)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from exercise of stock options	15,741	23,701
Excess tax benefit from stock-based compensation	4,109	6,607
Repurchase of common stock, including fees	(631,695)	(988)
Payment of deferred purchase price for acquisition		(6,667)
<b>Net cash (used in) provided by financing activities</b>	<b>(611,845)</b>	<b>22,653</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(22,948)</b>	<b>52,627</b>
<b>Cash and cash equivalents:</b>		