Stock Selection Guide ®

NATIONAL ASSOCIATION OF INVESTORS CORPORATION
NAIC
INVESTMENT EDUCATION FOR INDIVIDUALS AND CLUBS SINCE 1951

The most widely used aid to good investment judgment

Company	**BED BATH & BEYOND INC**		Date	**09/02/04**
Prepared by	**jah**		Data taken from	**NAIC Data**
Where traded	**NASDAQ**		Major product/service	**Specialty S**

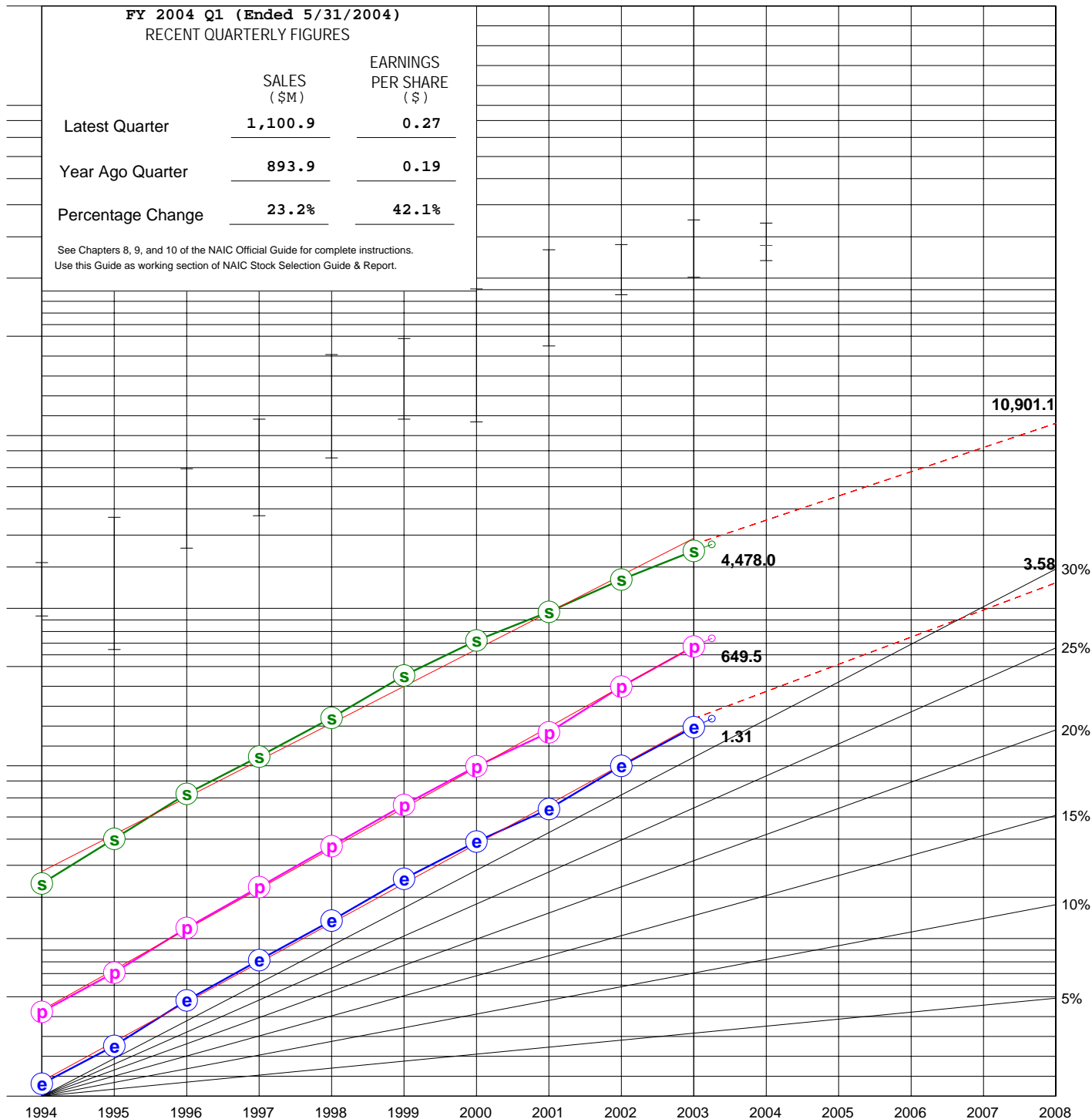| CAPITALIZATION --- Outstanding Amounts		Reference _____	
Preferred($M)	**0.0**	% Insiders	% Institution
Common(M Shares)	**300.6**	**0.0**	**0.0**
Debt($M)	**0.0** % to Tot.Cap.	**0.0** % Potential Dil.	**None**

1 VISUAL ANALYSIS of Sales, Earnings and Price

FY 2004 Q1 (Ended 5/31/2004)
RECENT QUARTERLY FIGURES

	SALES ($M)	EARNINGS PER SHARE ($)
Latest Quarter	1,100.9	0.27
Year Ago Quarter	893.9	0.19
Percentage Change	23.2%	42.1%

See Chapters 8, 9, and 10 of the NAIC Official Guide for complete instructions.
Use this Guide as working section of NAIC Stock Selection Guide & Report.

10,901.1

4,478.0

3.58

649.5

1.31

| Year | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |

(1) Historical Sales Growth	**29.5** %	
(2) Estimated Future Sales Growth	**18.4** %	
(3) Historical Earnings Per Share Growth	**31.7** %	
(4) Estimated Future Earnings Per Share Growth	**20.9** %	

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	LAST 5 YEAR AVG.	TREND UP	TREND DOWN
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	11.6	11.1	11.1	11.4	11.6	11.5	11.8	12.2	13.4	14.5	12.7	UP	
B	% Earned on Equity (E/S ÷ Book Value)	27.1	25.5	25.0	24.1	23.1	22.9	20.8	19.7	20.3	19.8	20.7		DOWN

3 **PRICE-EARNINGS HISTORY as an indicator of the future**

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE ___37.650___   HIGH THIS YEAR ___44.000___   LOW THIS YEAR ___33.880___

	Year	A PRICE HIGH	B PRICE LOW	C Earnings Per Share	D Price Earnings Ratio HIGH A ÷ C	E Price Earnings Ratio LOW B ÷ C	F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
1	1999	19.7	11.2	0.46	43.3	24.7	0.000	0.0	0.0
2	2000	27.8	11.0	0.59	47.1	18.6	0.000	0.0	0.0
3	2001	36.5	18.7	0.74	49.4	25.3	0.000	0.0	0.0
4	2002	37.9	26.7	1.00	37.9	26.7	0.000	0.0	0.0
5	2003	45.0	30.2	1.31	34.4	23.0	0.000	0.0	0.0
6	TOTAL		97.8		212.1	118.3		0.0	
7	AVERAGE		19.6		42.4	23.7		0.0	
8	AVERAGE PRICE EARNINGS RATIO 33.1								
9	CURRENT PRICE EARNINGS RATIO 27.1								

4   Proj. P/E [22.41] Based on Next 4 qtr. EPS [1.68]   Current P/E Based on Last 4 qtr. EPS [1.39]
EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~42.4~~ **30.0** X Estimate High Earnings/Share ___3.58___ = Forecast High Price $ ___107.4___
(3D7 as adj.)   (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~23.7~~ **20.0** X Estimated Low Earnings/Share ~~1.31~~ 1.39 = $ ___27.8___
(3E7 as adj.)

(b) Avg. Low Price of Last 5 Years = ___19.6___
(3B7)

(c) Recent Severe Market Low Price = ___26.7___

(d) Price Dividend Will Support   Present Divd. = 0.000 = 0.0
High Yield (H)   0.000

Selected Estimate Low Price   = $ ___27.8___
(4B1)

C ZONING

107.4 High Forecast Price Minus **27.8** Low Forecast Price Equals **79.6** Range. 1/3 of Range = **19.9**
(4A1)   (4B1)   (C)   (4CD)

(4C2) Lower 1/3 = (4B1) **27.8** to **47.7** (Buy)   Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = **47.7** to **87.5** (Maybe)

(4C4) Upper 1/3 = **87.5** to **107.4** (4A1) (Sell)

Present Market Price of ___37.650___ is in the ___**Buy**___ Range
(4C5)

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) **107.4** Minus Present Price **37.650**
_____   =   69.8   =   7.1   To 1
Present Price **37.650** Minus Low Price (4B1) **27.8**   9.9   (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) **107.4**
_____   = (**2.853**) X 100 = (**285.3**) - 100 = **185.3**   % Appreciation
Present Market Price **37.650**   (4E)

Relative Value: 81.9%   Proj. Relative Value: 67.7%

5 **5-YEAR POTENTIAL**   *This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.*

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend $ ___0.000___
_____ = 0.000 X 100 = 0.0 Present Yield or % Returned on Purchase Price
Present Price of Stock $ ___37.650___   (5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years ___2.45___ X Avg. % Payout (3G7) 0.0 = 0.0 = 0.0 %
_____   (5B)
Present Price $ ___37.650___

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) **185.3**
_____ = 37.1 %
5

Average Yield (5B) _____ = 0.0 %

Average Total Annual Return Over the Next 5 Years (5C) = 37.1 %

	P.A.R.	Tot. Ret.
Average Yield	0.0%	0.0%
Annual Appreciation	18.9%	23.3%
% Compd Ann Rate of Ret	18.9%	23.3%

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Quarterly Data Points

PERT Worksheet-A Graph

Company <u>BED BATH & BEYOND INC</u>   (BBBY)