Stock Selection Guide ®

The most widely used aid to good investment judgment

Company	BED BATH & BEYOND INC	Date 04/01/05
Prepared by	jah	Data taken from NAIC Data
Where traded	NASDAQ	Major product/service Specialty S

CAPITALIZATION --- Outstanding Amounts | Reference

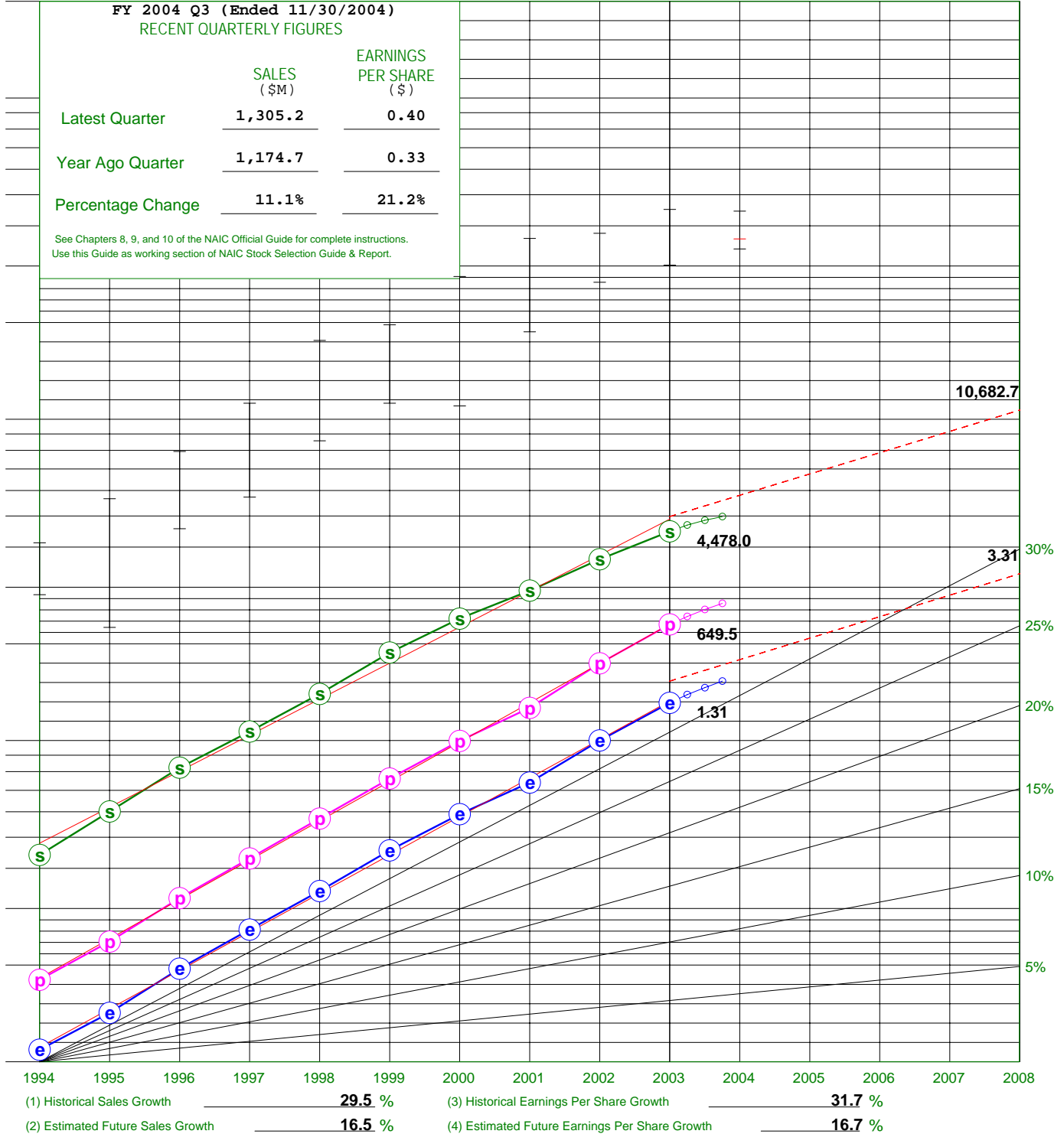|		% Insiders	% Institution
Preferred ($M)	0.0		
Common (M Shares)	302.6	0.0	0.0
Debt ($M)	0.0	% to Tot.Cap. 0.0	% Potential Dil. None

1 VISUAL ANALYSIS of Sales, Earnings and Price

BBBY

FY 2004 Q3 (Ended 11/30/2004)
RECENT QUARTERLY FIGURES

	SALES ($M)	EARNINGS PER SHARE ($)
Latest Quarter	1,305.2	0.40
Year Ago Quarter	1,174.7	0.33
Percentage Change	11.1%	21.2%

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.

10,682.7

4,478.0

649.5

1.31

3.31

30%
25%
20%
15%
10%
5%

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

(1) Historical Sales Growth	29.5 %	(3) Historical Earnings Per Share Growth	31.7 %
(2) Estimated Future Sales Growth	16.5 %	(4) Estimated Future Earnings Per Share Growth	16.7 %

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2 EVALUATING MANAGEMENT

Company **BED BATH & BEYOND INC** **(BBBY)** 04/01/05

		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 ___36.400___   HIGH THIS YEAR ___44.430___   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		72.3	49.7		0.0	
7	AVERAGE		19.6		36.2	24.9		0.0	
8	AVERAGE PRICE EARNINGS RATIO	30.6			9 CURRENT PRICE EARNINGS RATIO		23.8		

Proj. P/E [20.39] Based on Next 4 qtr. EPS [1.78]   Current P/E Based on Last 4 qtr. EPS [1.53]

4 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   36.2   32.0   X Estimate High Earnings/Share   3.31   = Forecast High Price $ 105.9
(3D7 as adj.)   (4A1)

B LOW PRICE -- NEXT 5 YEARS
(a) Avg. Low P/E   24.9   16.0   X Estimated Low Earnings/Share   1.31   1.53   = $ 24.5
(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   = $ 24.5   (4B1)

C ZONING
105.9 (4A1) High Forecast Price Minus   24.5 (4B1) Low Forecast Price Equals   81.4 (C) Range. 1/3 of Range =   20.4 (4CD)

(4C2) Lower 1/3 = (4B1) 24.5 to 44.9   (Buy)   Note: Ranges changed to 25%/50%/25%
(4C3) Middle 1/3 = 44.9 to 85.5   (Maybe)
(4C4) Upper 1/3 = 85.5 to 105.9 (4A1)   (Sell)

Present Market Price of   36.400   is in the   **Buy** (4C5)   Range

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

$$\frac{\text{High Price (4A1) } 105.9 \text{ Minus Present Price } 36.400}{\text{Present Price } 36.400 \text{ Minus Low Price (4B1) } 24.5} = \frac{69.5}{11.9} = 5.8 \text{ (4D) To 1}$$

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

$$\frac{\text{High Price (4A1) } 105.9}{\text{Present Market Price } 36.400} = (2.909) \text{ X 100 = (} 290.9 \text{) - 100 = } 190.9 \text{ (4E) \% Appreciation}$$

Relative Value: 77.8%   Proj. Relative Value: 66.6%

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
Present Price of Stock $ 36.400 = 0.000 X 100 = 0.0 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS
Avg. Earnings Per Share Next 5 Years   2.43   X Avg. % Payout (3G7) 0.0 = 0.0 = 0.0 % (5B)
Present Price $ 36.400

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS
5 Year Appreciation Potential (4E) 190.9

$$\frac{190.9}{5} = 38.2 \%$$

Average Yield (5B) — — — — — — — — — — — 0.0 %

Average Total Annual Return Over the Next 5 Years (5C) 38.2 %

	P.A.R.	Tot. Ret.
Average Yield	0.0%	0.0%
Annual Appreciation	16.9%	23.8%
% Compd Ann Rate of Ret	16.9%	23.8%

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PERT Worksheet-A Graph

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