

Date: October 14 2012

Analyst Name: Justin L. Jaena

CIF Stock Recommendation Report (Fall 2012)

Company Name and Ticker: BBBY

Section (A) Summary

Recommendation Buy: Yes		Target Price: 70	Stop-Loss Price: 52.23
Sector: CND	Industry: Retail	Market Cap (in Billions): 14.079	# of Shrs. O/S (in Millions): 229.20
Current Price: 61.45	52 WK Hi: 75.84	52 WK Low: 56.72	EBO Valuation: 75.84
Morningstar (MS) Fair Value Est.: 70	MS FV Uncertainty: Medium	MS Consider Buying: 49	MS Consider Selling: 94.50
EPS (TTM): 12.69	EPS (FY1): 3.91	EPS (FY2): 4.63	MS Star Rating: Standard
Next Fiscal Yr. End "Year": 2012 "Month": February	Last Fiscal Qtr. End: Less Than 8 WK: Y	If Less Than 8 WK, next Earnings Ann. Date: February 25, 2013	Analyst Consensus Recommendation: Outperform
Forward P/E: 13.27	Mean LT Growth: 12.69%	PEG: 1.05	Beta: 1.04
% Inst. Ownership: 91.46	Inst. Ownership- Net Buy: N	Short Interest Ratio: 1.8	Short as % of Float: 2.9%
<u>Ratio Analysis</u>	<u>Company</u>	<u>Industry</u>	<u>Sector</u>

P/E (TTM)	14.32	21.28	73.13
P/S (TTM)	1.42	1.85	1.40
P/B (MRQ)	3.59	3.32	1.39
P/CF (TTM)	11.76	12.27	10.40
Dividend Yield	0	1.92	0.84
Total Debt/Equity (MRQ)	0.00	7.91	56.92
Net Profit Margin (TTM)	10.22	11.07	7.42
ROA (TTM)	17.05	13.41	7.97
ROE (TTM)	25.81	23.01	13.31

Investment Thesis

Overall, Bed Bath and Beyond should be a buy if the price drops to below 58 dollars before December 20. Or as a stock to hold for the long term (over 1 year).

- The implied value metric using fundamental evaluation shows that the stock is undervalued. The implied price is 77.80 for the 1 year period and the current price of the stock is 61.45. However with no dividends it is prudent to remain skeptical. It is possible with their new acquisitions in

Summary

Bed Bath and Beyond (BBBY) is a retail business that own stores across the United States, Canada, and Puerto Rico. They sell household furnishings and other domestic products which includes but is not limited to bed linens, bath items, kitchen textiles, kitchen items, tabletop items, fine tabletop, basic house wares, and other general home furnishings. They also sell their products through their online website. BBBY stores are usually named Bed Bath and Beyond, Christmas Tree Shops, Harmon and Harmon Face Values, and BuyBuy. In addition, they have engaged in a joint venture to operate 2 stores in Mexico under the name “Home and More”. (Reuters, Company Profile: BBBY, Overview).

During the past three years BBBY has reported revenue of 9499.9, 8,758.5, 7,828.8 (millions) respectively. In addition it has reported net incomes of 989.5, 791.3, 600.0 (millions) in the past three years respectively. Net income and revenue has steadily been increasing. BBBY sells about the same products in all their stores though they operate

<p>Linen Holdings and prospective acquisition of Cost Plus, BBBY has opportunity to grow.</p> <ul style="list-style-type: none"> • Through looking at their relative evaluation, BBBY has a current price of 61.45 while their implied price is 72.93 average. Their low implied price is 65.03, still less than that of its current price. In this metric it is acceptable to conclude they are undervalued. In addition, compared to their competitors BBBY has had a higher return on equity • BBBY has reported increasing net income and revenue for the past three years. With their estimated growth rate, we have reason to believe these increases are sustainable. • BBBY is in a very strong financial position with current assets three times their total liabilities. In addition, their current assets not including inventory is still 1.15 times their total liabilities. This puts them at a very good position to be able to cover their debts. • Looking at past quarterly earnings, BBBY has always reported significantly higher revenue and earnings per share values in their last quarter of the fiscal year ending in February. This is due to the holiday season where sales spike. A 	<p>under different names. There is no reason to believe they should be separated by different divisions.</p> <p>Bed Bath and Beyond has a few main competitors. Those include Target, Walmart, Pier 1 Imports, and Williams-Sonoma. They differentiate themselves by focusing primarily on home furnishings and general domestic products as well as offering a wider selection of products in these categories. Target and Walmart offer many other products in their stores. Williams-Sonoma on the other hand primarily focuses on selling their products online while Bed Bath and Beyond has many retail stores. Pier 1 Imports uses the same model as Bed Bath and Beyond where they try to compete on customer service and low costs.</p> <p>Currently Bed Bath and Beyond is in the growth cycle. They are keeping much of their income for retained earnings and making a substantial amount of capital expenditures. Recently they have bought Linen Holdings for \$105 million and are in the process of buying Cost Plus.</p> <p>Bed Bath and Beyond is a cyclical industry having a beta of 1.04. They rely on consumers having increased disposable income for their products. Also, seasonal fluctuations in sales can be expected as well. Their sales in the last quarter are significant with the holiday season.</p>
	<p><u>Company Profile:</u></p> <p>“Bed Bath & Beyond Inc. is a chain of retail stores, operating under the names Bed Bath & Beyond (BBB), Christmas Tree Shops (CTS), Harmon and Harmon Face Values (Harmon) and buybuy BABY. In addition, the Company is a partner in a joint venture, which operates two stores in the Mexico City market under the name Home & More. The Company sells a range 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. During fiscal year ended February 25, 2012 (fiscal 2011), the Company opened a total of 38 stores, including 13 BBB stores throughout the United States and Canada, five CTS stores, one Harmon store and 19 buybuy BABY stores, and closed two BBB stores and two Harmon stores. In June 2012, the Company acquired Linen Holdings, LLC.</p>

corresponding increase in late February has also been prevalent for the past two years with increases again in the summer months.

The Company's 1,173 stores are located in 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 20,000 and 50,000 square feet. Most of the Company's stores are located in suburban areas. The Company's Websites, www.bedbathandbeyond.com, www.christmastreeshops.com, www.harmondiscout.com, www.facevalues.com, www.buybuybaby.com and www.bedbathandbeyond.ca, as well as the Company's facebook pages are available for customers to access 24 hours a day, seven days a week. As of February 25, 2012, the Company occupied approximately 465,000 square feet of office space at five locations. Two owned facilities in Union, New Jersey and one owned facility in Middleboro, Massachusetts consists of approximately 345,000 square feet with the remaining 120,000 square feet within leased facilities in Farmingdale and Garden City, New York. 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." (Reuters, Company Profile: BBBY, Overview).

Fundamental Valuation:

The discount rate of the company puts their implied price at 75.84 for the 1 year period and 85.37 for the two year period. This is with no expected dividends to be paid. Looking at this they are currently undervalued. But analysts should be wary due to the lack of dividends.

Relative Valuation:

BBBY implied price metric through relative evaluation is 72.93 as an average. The low on the implied price is 65.03. Their current price is 61.45. In this aspect, BBBY is also undervalued. In comparison to competitors, BBBY stands at a good position. In addition, in comparison to its competitors, BBBY has a relatively high return on equity and similar long term growth rate. Finally the relative valuation metric gives a significantly more generous high/low metric than does the Reuter's 52 week high/low.

	<p><u>Revenue and Earnings Estimates:</u> Sales and Revenue have steadily been increasing over the past three years. With expansions, there is reason to believe this growth is sustainable. BBBY has also shown to have a spike in sales and earnings per share during the last quarter of the fiscal year. This must be due to the increased sales of the holiday season.</p>
	<p><u>Analyst Recommendations:</u> Analyst’s recommendations average at 2.17 currently favoring a buy or outperform. There are about the same number of buy recommendations as there are hold recommendations for the periods given. The conclusion is that analyst recommendations are overall in favor of the stock.</p>
	<p><u>Institutional Ownership:</u> Institutional ownership accounts for 91.46% of the shares outstanding, a very significant portion. Institutional positions on BBBY have remained neutral and there has been an overall but slight increase in shares held with institutions. There are no solid conclusions from analysis of institutional ownership.</p>
	<p><u>Short Interest:</u> Short Interest has increased in the past two years. However the increase is very small and the trend is very weak. In the past month, short interest has decreased. Moving from a short interest ratio of 2.54 to 1.13. There are no solid conclusions that can be made from the short interest analysis.</p>
	<p><u>Stock Price Chart:</u> The stock price charts show that BBBY has outperformed the sector, the S&P 500, and all competitors listed in this analysis with the exception of PIR since 2010. However BBBY has not been able to outperform any of the listed metrics for the majority of the 1 year and 3 month periods.</p>

Section (B) Company Profile (two pages maximum)

Company Summary

Summary

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Bed Bath and Beyond has a few main competitors. Those include Target, Walmart, Pier 1 Imports, and Williams-Sonoma. They differentiate themselves by focusing primarily on home furnishings and general domestic products as well as offering a wider selection of products in these categories. Target and Walmart offer many other products in their stores. Williams-Sonoma on the other hand primarily focuses on selling their products online while Bed Bath and Beyond has many retail stores. Pier 1 Imports uses the same model as Bed Bath and Beyond where they try to compete on customer service and low costs.

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Business Model, Competition, Environment and Strategy

Bed Bath and Beyond primarily focuses on sales through its retail stores but does offer customers the opportunity to purchase through their website. The environment for which they do business is very competitive as many of their products can be bought in regular grocery stores or other general stores. Walmart for example offers many of the same products that Bed Bath and Beyond does while selling many other products they do not in their stores. While Amazon has a very large market share already for online purchases of most products that Bed Bath and Beyond sells. Their strategy to counter this is to provide, "...excellent customer service, an extensive breadth and depth of assortment, everyday low prices and introduction of new merchandise offerings, supported by the continuous development and improvement of its infrastructure." (Bed Bath and Beyond, Investor Overview).

Revenue and Earnings History

This information is available in *Reuters.com*, "*Financials*" tab. Copy/paste the quarterly revenue and earnings per share numbers for the most recent three years. Add the numbers over four fiscal quarters to get annual revenue and earnings. For the current fiscal year, go ahead add up as many quarters as are available. **NOTE:** revenue numbers are "*in millions*".

Discuss any pattern in revenue and earnings (e.g., increasing year over year; seasonal; etc.)

Periods	2011	2012	2013
May	1923.05	2109.95	2218.29
August	2136.73	2314.06	2593.01

November	2193.75	2343.56
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February	2504.97	2732.31
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EARNINGS PER SHARE

Periods	2011	2012	2013
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May	0.52175	0.72289	0.88892
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August	0.69925	0.93037	0.97829
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November	0.7368	0.9455
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February	1.12118	1.47804
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Revenue	2011	2010	2009
	9,499.90	8,758.50	7,828.80
EPS	4.123	3.112	2.328

Overall revenue and earnings per share in the past three years have steadily increased. The 4th quarter ending in February has always had the largest reported revenue and earnings per share. This must be due to the increased sales from the holiday season.

Section (C) Fundamental Valuation

BBBY	PARAMETERS	FY1	FY2	Ltg									
	EPS Forecasts	3.91	4.63	12.69%	Model 1: 12-year forecasting horizon (T=12). and a 7-year growth period.								
	Book value/share (last fye)	16.66											
	Discount Rate	5.20%			Please download and save this template to your own storage device You only need to input values to cells highlighted in "yellow" The rest of the spreadsheet is calculated automatically Please read "Guidelines_for_FundamentalValuation_ProfLee_Spreadsheet" file carefully								
	Dividend Payout Ratio (POR)	0.00%											
	Next Fsc Year end	2013											
	Current Fsc Mth (1 to 12)	2											
	Target ROE (industry avg.)	15.42%											
	Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Long-term EPS Growth Rate (Ltg)			0.1269	0.1269	0.1269	0.1269	0.1269					
	Forecasted EPS	3.91	4.63	5.22	5.88	6.63	7.47	8.41					
	Beg. of year BV/Shr	16.660	20.570	25.200	30.418	36.297	42.923	50.390					
	Implied ROE		0.225	0.207	0.193	0.183	0.174	0.167					
ROE	(Beg. ROE, from EPS forecasts)	0.235	0.225	0.207	0.193	0.183	0.174	0.167	0.164	0.162	0.159	0.157	0.154
Abnormal ROE	(ROE-k)	0.183	0.173	0.155	0.141	0.131	0.122	0.115	0.112	0.110	0.107	0.105	0.102
growth rate for B	(1-POR)*(ROE-1)	0.000	0.235	0.225	0.207	0.193	0.183	0.174	0.167	0.164	0.162	0.159	0.157
Compounded growth		1.000	1.235	1.513	1.826	2.179	2.576	3.025	3.530	4.110	4.775	5.536	6.404
growth*AROE		0.183	0.214	0.235	0.258	0.284	0.314	0.348	0.397	0.452	0.512	0.580	0.654
required rate (k)	0.052	0.052	0.052	0.052	0.052	0.052	0.052	0.052	0.052	0.052	0.052	0.052	0.052
Compound discount rate		1.052	1.107	1.164	1.225	1.288	1.355	1.426	1.500	1.578	1.660	1.747	1.837
div. payout rate (k)	0.000												
Add to P/B	PV(growth*AROE)	0.17	0.19	0.20	0.21	0.22	0.23	0.24	0.26	0.29	0.31	0.33	0.36
Cum P/B		1.17	1.37	1.57	1.78	2.00	2.23	2.48	2.74	3.03	3.33	3.67	4.02
Add: Perpetuity													
beyond current yr	(Assume this yr's AROE forever)	3.34	3.71	3.87	4.05	4.24	4.46	4.69	5.09	5.50	5.94	6.39	6.85
Total P/B	(P/B if we stop est. this period)	4.51	5.08	5.44	5.83	6.24	6.69	7.17	7.83	8.53	9.27	10.05	10.87
Implied price		75.84	85.37	91.45	97.96	104.93	112.41	120.41	131.52	143.32	155.78	168.92	182.71
Check:													
Beg. BV/Shr		16.66	20.57	25.20	30.42	36.30	42.92	50.39	58.80	68.47	79.56	92.23	106.69
Implied EPS		3.91	4.63	5.22	5.88	6.63	7.47	8.41	9.67	11.08	12.67	14.46	16.45
Implied EPS growth			0.184	0.127	0.127	0.127	0.127	0.127	0.149	0.146	0.144	0.141	0.138

Inputs (provide below input values used in your analysis)

EPS forecasts (FY1 & FY2): 3.91 and 4.63
Long-term growth rate: 12.69
Book value /share (along with book value and number of shares outstanding):
 Book value: 5724500000
 # of shares outstanding: 229200000
 Book value / share: 24.98
Dividend payout ratio: 0
Next fiscal year end: February 25, 2012
Current fiscal month: October
Target ROE: 15.42%

Output

Above normal growth period chosen: 2013
EBO valuation (Implied price from the spreadsheet): 77.80

Sensitivity Analysis

EBO valuation would be (you can include more than one scenario in each of the following):

- 85.37 if changing above normal growth period to 2014
- 76.81 if changing growth rate from mean (consensus) to the highest estimate (Lt Growth: 18%, FY1: 3.96, FY2:4.76)
- 74.87 if changing growth rate from mean (consensus) to the lowest estimate(Lt Growth: 8%, FY1: 3.86, FY2: 4.73)
- 40.63 if changing discount rate to 9.78%
- 75.84 changing target ROE to 20.50

Section (D) Relative Valuation

Copy/paste your completed relative valuation spreadsheet here

BBBY													
				Mean FY2									
Ticker	Name	Mkt Cap	Current Price	Earnings Estimate (next fiscal year)	Forward P/E	Mean LT Growth Rate	PEG	P/B (MRQ)	ROE 5 yr ave	Value Ratio	P/S TTM	P/CF TTM	
1	PIR	Pier 1 Imports	\$ 2,016.14	\$ 18.83	\$ 1.17	16.09	19.30%	0.83	4.37	8.40%	0.52	1.27	9.73
2	TGT	Target	\$ 41,035.11	\$ 61.52	\$ 4.38	14.05	12.60%	1.11	2.58	17.73%	0.15	0.58	8.04
3	WMT	Walmart	\$ 253,520.09	\$ 75.81	\$ 4.92	15.41	8.79%	1.75	3.62	21.37%	0.17	0.55	10.01
4	WSM	William-Sonoma	\$ 4,493.14	\$ 46.60	\$ 2.54	18.35	1.90%	9.66	0.99	12.12%	0.08	1.25	4.87
	BBBY	Bed Bath and Beyond	\$ 73,381.73	\$ 61.45	\$ 4.63	13.27	12.69%	1.05	3.59	20.50%	0.18	1.42	11.76
Implied Price based on:					P/E	PEG	P/B		Value	P/S	P/CF		
1	PIR	Pier 1 Imports			\$74.52	\$48.99	\$74.80		\$182.55	\$54.96	\$50.84		
2	TGT	Target			\$65.03	\$65.50	\$44.16		\$51.06	\$25.10	\$42.01		
3	WMT	Walmart			\$71.34	\$102.99	\$61.96		\$59.44	\$23.80	\$52.31		
4	WSM	William-Sonoma			\$84.94	\$567.34	\$16.95		\$28.66	\$54.09	\$25.45		
		High			\$84.94	\$567.34	\$74.80		\$182.55	\$54.96	\$52.31		
		Low			\$65.03	\$48.99	\$16.95		\$28.66	\$23.80	\$25.45		
		Median			\$72.93	\$84.25	\$53.06		\$55.25	\$39.60	\$46.43		

BBBY has a lower P/E ratio than its competitors. This is potentially a good sign as it shows that BBBY has room to grow. However it is important to note that BBBY has near the same earnings per share as Walmart and Target. Possibly because Walmart and Target are currently overpriced or BBBY is not expected to grow much in the coming period which is unlikely. With their recent acquisition of Linen Holdings, lack of dividends, high capital expenditures, and prospective acquisition of Cost Plus there is much reason to believe that BBBY is a growth company. Implied price derived from P/E is also the most comparable with that of BBBY's competitors, as other valuation metrics give too much a difference between prices.

BBBY has relatively similar PEG ratio compared to its competitors with the exception of Williams-Sonoma who has an extraordinarily high PEG. WSM has a very low growth rate compared to the other company's presented in the relative evaluation making the PEG so high. Williams-Sonoma sells products primarily online. One reason their growth rate could be so low is due to major competitors like Amazon who have such a high market share.

BBBY also has a very similar price to book ratio compared to its competitors with the exception of Williams-Sonoma having an extraordinarily low P/B. Due to such a low growth rate, it can be concluded that their stock is valued low causing this low metric. However, being an online company, price to book ratio may not be a good indicator of Williams-Sonoma's performance.

In price to sales ratio, BBBY is similar to that of Williams-Sonoma and Pier 1 Imports. Walmart and Target have reported much lower P/S ratios compared to the previous three. Both Walmart and Target have stock prices higher than BBBY. This leads to the conclusion that Walmart and Target have had larger revenues than BBBY.

Finally in looking at price to cash flow, BBBY is similar to that of its competitors again with the exception of Williams-Sonoma. Williams-Sonoma reported a lower price to cash flow. WMS has reported two big cash outflows, retirement of stock and capital expenditures.

According to the relative evaluation Pier 1 Imports and Williams-Sonoma is grossly undervalued. While Bed Bath and Beyond and Target are slightly undervalued. Finally, Walmart is slightly overvalued. Bed Bath and Beyond is currently undervalued by 11.48 dollars when comparing their current price (61.45) to their average implied price (72.93). When comparing the current price to the high and low implied price, BBBY is still undervalued by at least 3.58 dollars.

Relative evaluation shows an implied high price of 84.94, while the 52 week high is 75.84. As well as a low implied price of 65.03 in comparison to the 52 week low of 56.72. The relative evaluation metrics are quite more generous than the Reuters 52 week high and low.

In terms of which valuation metric is most relevant to BBBY, Return on Equity and P/E ratio stand out the most. This is the best way to tell whether the stock is expensive or cheap. These companies hold a lot of stockholder equity and have engaged in retirement of stock in the recent years.

From the bottom panel

Section (E) Revenue and Earnings Estimates

HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Aug-12	2,560.48	2,593.01	32.53	1.27
Quarter Ending May-12	2,247.07	2,218.29	-28.78	-1.28
Quarter Ending Feb-12	2,661.78	2,732.31	70.53	2.65
Quarter Ending Nov-11	2,353.89	2,343.56	-10.32	-0.44
Quarter Ending Aug-11	2,311.09	2,314.06	2.98	0.13
Earnings (per share)				
Quarter Ending Aug-12	1.02	0.98	-0.04	-3.85
Quarter Ending May-12	0.84	0.89	0.05	5.39
Quarter Ending Feb-12	1.33	1.48	0.15	11.60
Quarter Ending Nov-11	0.88	0.95	0.07	7.64

Quarter Ending Aug-11	0.84	0.93	0.09	10.35
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BBBY has not had a pattern of being able to surprise the market. Most of their estimates were quite close to the actual earnings and sales. In summation of the differences between the estimates and actual sales presented, BBBY had more actual sales than was estimated. As well as having more total actual earnings than was estimated in the period presented. The quarter ending in February 12 did surprise the market by having a significantly higher difference between estimated and actual earnings. BBBY managed to have a much actual higher earnings than expected. Due to the large surprise in earnings per share during February, there was an abrupt increase in BBBY's price.

CONSENSUS ESTIMATES ANALYSIS

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Nov-12	21	2,734.79	2,772.10	2,680.61	2,518.02
Quarter Ending Feb-13	21	3,413.00	3,467.26	3,288.87	2,879.18
Year Ending Feb-12	26	9,430.58	9,485.00	9,401.80	--
Year Ending Feb-13	24	10,960.60	11,025.70	10,781.10	10,082.10

Year Ending Feb-14	23	11,764.80	12,236.00	11,375.40	10,658.40
Earnings (per share)					
Quarter Ending Nov-12	23	1.02	1.06	0.99	1.02
Quarter Ending Feb-13	24	1.75	1.86	1.66	1.51
Year Ending Feb-12	30	3.91	3.96	3.86	--
Year Ending Feb-13	27	4.63	4.76	4.53	4.37
Year Ending Feb-14	26	5.15	5.38	4.93	4.92
LT Growth Rate (%)	7	12.69	18.00	8.00	14.67

	of Estimates	Mean	High	Low	1 Year Ago		
SALES (in millions)						Mean/High % Difference	Mean/Low % Difference
Quarter Ending Nov-12	21	2,734.79	2,772.10	2,680.61	2,518.02	1.35%	1.98%
Quarter Ending Feb-13	21	3,413.00	3,467.26	3,288.87	2,879.18	1.56%	3.64%
Year Ending Feb-12	26	9,430.58	9,485.00	9,401.80	--	0.57%	0.31%
Year Ending Feb-13	24	10,960.60	11,025.70	10,781.10	10,082.10	0.59%	1.64%
Year Ending Feb-14	23	11,764.80	12,236.00	11,375.40	10,658.40	3.85%	3.31%
Earnings (per share)							
Quarter Ending Nov-12	23	1.02	1.06	0.99	1.02	3.77%	2.94%
Quarter Ending Feb-13	24	1.75	1.86	1.66	1.51	5.91%	5.14%
Year Ending Feb-12	30	3.91	3.96	3.86	--	1.26%	1.28%
Year Ending Feb-13	27	4.63	4.76	4.53	4.37	2.73%	2.16%
Year Ending Feb-14	26	5.15	5.38	4.93	4.92	4.28%	4.27%
LT Growth Rate (%)	7	12.69	18	8	14.67	29.50%	36.96%

The FY2 is projected to have higher sales and earnings per share than FY1 or the current year. Changes are not more notable between FY1 and FY1, as well as Revenues and Earnings. Long term growth rate is expected to go down however only 7 analysts provided this estimate. The smallest amount of analysts providing estimates for all previous earnings and sales presented is 21 analysts.

CONSENSUS ESTIMATES TREND

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
SALES (in millions)					
Quarter Ending Nov-12	2,734.79	2,733.96	2,701.43	2,699.09	2,518.02
Quarter Ending Feb-13	3,413.00	3,412.75	3,369.20	3,366.27	2,879.18
Year Ending Feb-12	9,430.58	--	--	--	--
Year Ending Feb-13	10,960.60	10,959.80	10,866.50	10,858.80	10,082.10
Year Ending Feb-14	11,764.80	11,766.00	11,629.20	11,626.90	10,658.40
Earnings (per share)					
Quarter Ending Nov-12	1.02	1.02	1.02	1.02	1.02

Quarter Ending Feb-13	1.75	1.76	1.77	1.77	1.51
Quarter Ending Feb-12	3.91	--	--	--	--
Quarter Ending Feb-13	4.63	4.63	4.71	4.70	4.37
Quarter Ending Feb-14	5.15	5.15	5.17	5.16	4.92

Earnings and Sales are trending upward as presented by analysts. The trend is notable in both yearly earnings and sales, as well as in sales and earnings. It is also more notable in the change from FY1 to FY2 in terms of yearly revenues.

ESTIMATES REVISIONS SUMMARY

Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
Revenue				
Quarter Ending Nov-12	0	0	9	4

Quarter Ending Feb-13	0	0	6	7
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Year Ending Feb-12	--	--	--	--
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Year Ending Feb-13	0	0	9	6
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Year Ending Feb-14	1	0	9	6
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Earnings

Quarter Ending Nov-12	0	0	6	6
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Quarter Ending Feb-13	0	1	6	7
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Year Ending Feb-12	--	--	--	--
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Year Ending Feb-13	0	0	4	11
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Year Ending Feb-14	0	0	4	9
--------------------	---	---	---	---

In the last week there have only been two revisions. However in the last 4 weeks there have been 109 revisions. Entire revisions for the past for weeks are 57 up and 56 down. The revisions are almost split evenly. There are no notable differences in revision changes in the last week compared to the last four weeks.

Morningstar direct has made many favorable analyst recommendations about the stock. BBBY has a good chance of meeting analyst's expectations. This company is in a financially strong position and is posed for expansion. BBBY has already purchased Linen Holdings for 105 million and they report more than acceptable returns on investment. The company has a very ambitious goals in taking more of the market share in the department store arena and are set up to open more stores. BBBY has also been expanding into the food industry. Their balance sheet is set at a very strong financial position with current assets greater than total liabilities, even after excluding inventories. BBBY believes that a staggering economy will make it difficult for them to gain the returns they want in the future. However the coming holiday season, with its promise of increased sales should make this stock an attractive buy for the short term at least. (Peter Wahlstrom 2012)

Section (F) Analysts' Recommendations

Copy/paste the “Analyst Recommendations and Revisions” Table from *Reuters.com*, “Analysts” tab. NOTE: Make sure you copy the entire table including the “Mean Rating” at the bottom of the table.

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	12	13	12	12
(2) OUTPERFORM	3	3	3	3
(3) HOLD	13	13	14	14
(4) UNDERPERFORM	2	1	1	1

(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.17	2.07	2.13	2.13

There is no notable change in analyst opinion for the last three months. In the current, 1 month, 2 month, and three month period BBY received all but the 5 rating. The mean rating is hovering between 2.07 and 2.17 which makes this a somewhat attractive stock. The Morningstar analysis seems to coincide with this recommendation as well. BBY is reporting expansion and significant returns on investment.

Section (G) Institutional Ownership

Cougar Investment Fund Institutional Ownership Template

Please download and save this template to your own storage device

You only need to input values to cells highlighted in "yellow"

The rest of the spreadsheet is calculated automatically

Please read "Stock Recommendation Guidelines" document carefully

BBBY

Ownership Activity	# of Holders	% Beg. Holders	Shares	% Shares
Shares Outstanding			229,198,868	100.00%
# of Holders/Tot Shares Held	688	100.29%	209,625,285	91.46%
# New Positions	12	1.75%		
# Closed Positions	10	1.46%		
# Increased Positions	36	5.25%		
# Decreased Positions	37	5.39%		
Beg. Total Inst. Positions	686	100.00%	209,179,890	91.27%
# Net Buyers/3 Mo. Net Chg	-1	49.32%	445,395	0.19%

Ownership Information	% Outstanding
Top 10 Institutions % Ownership	45.90%
Mutual Fund % Ownership	1.45%
Float %	95.16%

> 5% Ownership

Holder Name	% Outstanding	Report Date
Fidelity Management & Research Company	13	06.30.12
Davis Selected Advisers, L.P.	10	06.30.12
Davis New York Venture Fund	5.40%	07.31.12

The net decrease in institutional positions on BBBY is 1. There has been a net increase in shares held by institutions however. The stock has a very sizable institution interest and support as 91.46% of the shares are held by institutions. There are only 3 owners that own more than 5%. Fidelity Management & Research Company holds the largest share of 13%. With the almost neutral movement in the institution ownership position, there is no reason to believe from the ownership data whether BBBY is bullish or bearish.

Section (H) Short Interest (two pages)

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
9/28/2012	5,937,474	5,260,610	1.128666
9/14/2012	5,538,721	2,183,156	2.537025
8/31/2012	5,807,252	1,787,351	3.249083
8/15/2012	5,588,883	1,971,082	2.835439
7/31/2012	4,500,482	2,164,380	2.07934
7/13/2012	4,373,521	2,105,902	2.076792
6/29/2012	3,822,804	5,488,134	1
6/15/2012	4,804,098	2,738,407	1.75434
5/31/2012	5,651,795	2,597,158	2.176146
5/15/2012	5,839,245	2,905,248	2.009896
4/30/2012	5,194,361	2,018,613	2.573233
4/13/2012	5,456,587	3,778,204	1.444228
3/30/2012	6,702,926	2,554,289	2.624185
3/15/2012	7,535,045	2,827,059	2.66533
2/29/2012	7,295,746	3,386,362	2.15445
2/15/2012	7,007,741	3,332,898	2.102597
1/31/2012	6,337,924	2,614,871	2.4238
1/13/2012	5,328,901	2,805,391	1.899522
12/30/2011	4,039,208	3,407,850	1.185266
12/15/2011	4,007,293	1,787,411	2.241954
11/30/2011	4,395,183	1,998,338	2.199419
11/15/2011	4,872,537	2,267,318	2.149031
10/31/2011	4,990,523	2,765,464	1.804588
10/14/2011	5,625,572	2,854,407	1.970837

Days to cover



Volume



Looking at the short interest ratio for each period it is low. The short interest has slightly increased over time, but at a very weak trend. In comparison to competitors, Walmart's short interest has increased slightly, but at a very weak trend as well. Target's short interest has decreased slightly as well, and at a strong trend.

From <http://finance.yahoo.com/>

Complete the following table with information from the “*share statistics*” table.

Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
2,560,770	2,707,250	229.20 Million	217.72 Million
Shares Short (Most recent date)	Short Ratio (Most recent date)	Short % of Float (Most recent date)	Shares Short (2 weeks prior)
5.94 Million	1.80	2.90%	5.54M

Short interest in BBBY has increased. But at a very small amount and the trend is weak. The market sentiment on the stock considering only the short interest is mostly neutral. In the recent month , short interest has gone down which is a good sign for prospect of buying BBBY stock.

Section (I) Stock Charts
A three months price chart

Bed Bath & Beyond Inc.

■ **BBBY**

Oct 12, 2012



A one year price chart

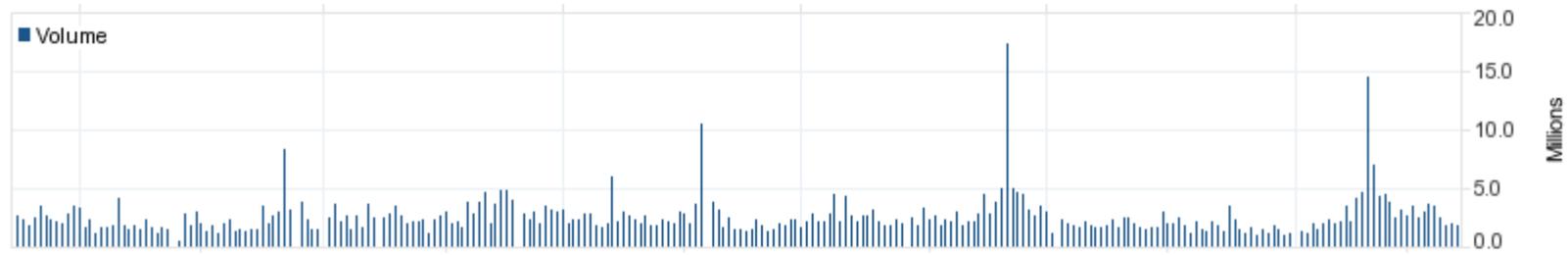
Bed Bath & Beyond Inc.

■ BBBY

Oct 12, 2012



© Yahoo!



Millions

A five year price chart

Bed Bath & Beyond Inc.

■ BBBY

Oct 12, 2012



Discuss what you observe from the stock charts. This should include comparing your stock to competitors, sector, and SP500 over the three different time horizons.

Since July of 2010, BBY has outperformed their sector, the S&P 500 and all their competitors except PIR. Unfortunately, BBY has not been able to outperform m any those for the majority of the 1 year and 3 month periods.

Sources

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