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Henry Schein Provides Testimony on Influenza Vaccine Shortage to Congress

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MELVILLE, N.Y.--(BUSINESS WIRE)--Nov. 19, 2004-- Urges public-private partnership to distribute vaccine, target high-risk individuals, increase vaccination levels, and strengthen market

Henry Schein, Inc. (NASDAQ:HSIC), a leading supplier of influenza vaccine and numerous other vaccines in the United States, yesterday provided testimony to the Congressional committee examining the influenza vaccine shortage. Mark Mlotek, Henry Schein executive vice president, testified before the House Energy and Commerce Committee's Subcommittee on Health at the hearing, "Flu Vaccine: Protecting High-Risk Individuals and Strengthening the Market." He was one of several persons from both the public and private sectors who were invited to provide testimony to the subcommittee.

Representing Henry Schein, which last year distributed about 25 percent of the nation's flu vaccine and shipped more than 20 million doses of flu vaccine in 2003, Mr. Mlotek offered a number of insights while speaking with the subcommittee members. He noted that in times of emergency, like this year, as a result of Chiron's announcement that it would not be sending any vaccine to the U.S. market, the challenge immediately becomes one of distribution, or how to get available vaccine to the high-risk population. He stressed the contributions that Henry Schein and other members of the Healthcare Distribution Management Association (HDMA) and Health Industry Distributors Association (HIDA) could make in such emergency situations.

Mr. Mlotek described the Company's cold-chain distribution expertise, which is essential for vaccine distribution; its ability to receive large quantities, break these down into small tailored packages, and redistribute vaccine and other healthcare supplies to multiple sites around the country quickly and efficiently; and Henry Schein's 15-year track record of success in flu vaccine distribution.

Recommendations

Regarding the targeting of high risk individuals, Mr. Mlotek detailed the Company's collaboration with the Centers for Disease Control and Prevention (CDC) following Chiron's announcement, and Henry Schein's subsequent distribution process that provided many physician customers with some supply of vaccine for use with their high-risk patients. Because 70 percent of influenza vaccinations are administered in physicians' offices, Mr. Mlotek suggested that the distribution community, which services the entire market, be included in the allocation and reallocation planning process for the future, supporting the work of the CDC and U.S. Department of Health and Human Services (HHS).

To strengthen the market, Mr. Mlotek urged the Food and Drug Administration (FDA) to expedite the review process for new vaccine manufacturers for the 2005-2006 influenza seasons. He observed that the CDC's goal of vaccinating 150 million people is not only an admirable public health objective, but also an essential level of manufacturing capacity if the nation is to have sufficient vaccine to respond to an influenza pandemic. If manufacturers could depend on that level of demand, he believed that competition would flourish, but he noted that only 80 million doses of flu vaccine have been sold consistently in the market over the past several years. To help bridge this gap, Mr. Mlotek called for an aggressive promotional campaign to be undertaken jointly by the CDC, manufacturers and distributors over the next four years aimed at increasing vaccination rates.

To ensure adequate supply in the early stages, he noted that government market support would probably be needed to encourage competition and provide a safety net for manufacturers wary of overproduction and distributors wary of being stuck without return privileges. He pointed out that distributors already provide market support to manufacturers by committing to firm orders each year. He urged the Committee to consider the significant advantages to the government from building its safety net within the existing distribution network. Working in a close partnership with HHS and CDC, Mr. Mlotek stated his belief that the distribution community could most effectively and efficiently help build an adequate vaccine supply. If the 150 million for demand could be achieved, Mr. Mlotek reiterated his confidence that market competition would increase production.

In closing, Mr. Mlotek stressed the fact that distributors deliver one-half of the influenza vaccine to the market each year. He voiced his agreement with the findings of the Government Accountability Office (GAO) that distribution, along with purchasing and administration, are critical elements in the effective and efficient delivery of vaccines to high-risk populations. He told the subcommittee members that Henry Schein and other members of HDMA and HIDA stood ready to do what they could to help HHS, the CDC, and other governmental representatives respond to public health crises.

Other panel members testifying at the subcommittee's hearing included representatives from the CDC; FDA; National Institute of Allergy and Infectious Diseases; GAO; Pennsylvania Health Care Association; Michigan Department of Community Health; Wyeth; and MedImmune.

About Henry Schein, Inc.

Henry Schein, a Fortune 500(R) company and the largest provider of healthcare products and services to office-based practitioners in the combined North American and European markets, is recognized for its excellent customer service and highly competitive prices. The Company's four business groups--Dental, Medical, International and Technology--serve more than 450,000 customers worldwide, including dental practices and laboratories, physician practices and veterinary clinics, as well as government and other institutions. The Company's sales reached a record $3.4 billion in 2003. The Company operates through a centralized and automated distribution network, which provides customers in more than 125 countries with a comprehensive selection of over 90,000 national and Henry Schein private-brand products.

Henry Schein also offers a wide range of innovative value-added practice solutions, including such leading practice management software systems as DENTRIX(R) and Easy Dental(R) for dental practices, and AVImark(R) for veterinary clinics, which are installed in over 50,000 practices; and ArubA(R), Henry Schein's electronic catalog and ordering system.

Headquartered in Melville, N.Y., Henry Schein employs more than 9,000 people and operates in 17 countries. For more information, visit the Henry Schein Web site at www.henryschein.com.

In accordance with the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary

remarks regarding important factors which, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. All forward-looking statements made by us are subject to risks and uncertainties and are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance and achievements, or industry results to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. These statements are identified by the use of such terms as "may," "could," "expect," "intend," "believe," "plan," "estimate," "forecast," "project," "anticipate," or other comparable terms. A full discussion of the Company's operations and financial condition, including factors that may affect its business and future prospects, is contained in documents the Company has filed with the SEC and will be contained in all subsequent periodic filings made with the SEC. These documents identify, in detail, important risk factors that could cause the Company's actual performance to differ materially from current expectations.

Risk factors and uncertainties which could cause actual results to differ materially from current and historical results include, but are not limited to: competitive factors; changes in the healthcare industry; changes in government regulations that affect the Company; financial risks associated with the Company's international operations; fluctuations in quarterly earnings; transitional challenges associated with acquisitions; regulatory and litigation risks; the dependence on the Company's continued product development, technical support and successful marketing in the technology segment; the Company's dependence upon sales personnel and key customers; the Company's dependence on its senior management; the Company's dependence on third parties for the manufacture and supply of its products; possible increases in the cost of shipping the Company's products or other service trouble with the Company's third-party shippers; risks from rapid technological change; and risks from potential increases in variable interest rates.

The order in which these factors appear should not be construed to indicate their relative importance or priority. The Company cautions that these factors may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty and has no obligation to update forward-looking statements.

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