HENRY SCHEIN
SOLUTIONS FOR HEALTH CARE PROFESSIONALS

Henry Schein Announces Third Quarter Results; 17% Sales Growth; EPS of $.40; Company Provides Further Outlook

October 21, 1999

MELVILLE, N.Y.--(BUSINESS WIRE)--Oct. 21, 1999--Henry Schein, Inc. (NASDAQ: HSIC) today announced financial results for the 1999 third quarter.

For the three months ended September 25, 1999, net sales increased 17% to $579 million, from $493 million for the third quarter last year. Excluding merger and integration costs and including pro-forma adjustments, adjusted net income increased 5% to $16.6 million, as compared with $15.8 million for the same quarter last year. Diluted earnings per share after adjustments grew 5% to $.40 versus $.38 in the 1998 third quarter.

The 1999 third quarter results were impacted by: -- Lower than anticipated profitability in the Company's North American Dental business;

-- Reduced influenza vaccine sales caused by supplier production delays; and

-- Delayed shipment of anesthetic product by an affiliated company.

The Company stated that while total Dental sales for the third quarter were consistent with its expectations at $259 million, or 2.5% below the 1998 third quarter, the gross profit margin of the North American Dental business was approximately 70 basis points below expectations. This is primarily a result of continued weakness in the dental equipment sales and service business, which carries a higher gross profit margin. Also contributing to the gross profit margin decline was reduced manufacturers' rebates due to lower than expected annual sales volume.

The Company further noted that third quarter influenza vaccine sales were impacted by a delay in the manufacturers' delivery of the product. Henry Schein added, however, that it expects receipt of this product during the fourth quarter. In addition, Novocol Pharmaceutical of Canada, Inc., an affiliated company in which Henry Schein owns a non-controlling interest, experienced shipment delays of its anesthetic product while awaiting approval to resume production from the United States Food and Drug Administration.

Year to date, net sales of $1.67 billion represent an 18% increase over last year. Adjusted net income, excluding merger and integration costs and including pro-forma adjustments, grew by 15% to $44.3 million compared to the same period last year. Diluted earnings per share after adjustments improved by 16% to $1.07 from $.92 in the prior year.

Based on its third quarter financial results, the Company has revised its outlook for the 1999 fourth quarter, and expects Dental sales to be below prior year fourth quarter levels, driven largely by additional softness in the equipment sales and service business. Fourth quarter 1999 gross profit margin will likely continue to be impacted by the same factors affecting the 1999 third quarter. Henry Schein also anticipates that the shortfalls in Dental sales and margin will result in net income and earnings per share for the fourth quarter to be flat to slightly down as compared with the third quarter of 1999. For the year 2000, the Company expects to resume positive earnings growth.

Stanley M. Bergman, Chairman, Chief Executive Officer and President of Henry Schein, Inc., stated, "Our newly structured Dental management team has developed a comprehensive turnaround plan and has begun immediate and strategic initiatives. We are highly confident that these actions will translate into a more profitable dental business." Highlights of the plan include:

-- Rightsizing the Dental infrastructure to accommodate our current level of business;

-- Cancelling the planned opening of a new 136,000 square foot distribution center in Jacksonville, Florida;

-- Creating a distinct, fully-dedicated management team for the equipment segment of our U.S. Dental business, which will provide focus on growth in sales and profitability; and

-- Recruiting a new Vice President of U.S. Dental Sales.

In conclusion, Mr. Bergman stated, "Although we are disappointed with our third quarter financial results given the Company's past performance, we remain confident in our long-term business prospects and success. We continue to enjoy strong profitability highlighted by expanding operating margins, a solid balance sheet and positive cash flow. We also are extremely enthusiastic about capitalizing on our emerging e-commerce business. In addition, our Medical, Veterinary, Technology and International businesses, which comprise more than one-half of our total revenues, continue to expand and contribute to the strength of our business."

Henry Schein, Inc. is the largest distributor of healthcare products and services to office-based healthcare practitioners, including dental practices and laboratories, physician practices and veterinary clinics. The Company, recognized for its excellent customer service and low prices, serves more than 300,000 customers worldwide.

Headquartered in Melville, New York, the Company employs over 6,000 people in 16 countries. Sales in 1998 were $1.9 billion. For more information, visit the Henry Schein website at http://www.henryschein.com.

Certain information contained herein includes information that is forward-looking. The matters referred to in forward-looking statements may be affected by the risks and uncertainties involved in the Company's business. These forward-looking statements are qualified in their entirety by the cautionary statements contained in the Company's Securities and Exchange Commission filings. (TABLES TO FOLLOW) -0-

HENRY SCHEIN, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

(unaudited)

	Three Months Ended		Nine Months Ended	
	Sept. 25, 1999	Sept. 26, 1998	Sept. 25, 1999	Sept. 26, 1998
Net sales	$578,794	$492,634	$1,674,439	$1,418,968
Cost of sales	404,830	338,935	1,163,008	978,979
Gross profit	173,964	153,699	511,431	439,989
Operating expenses:				
Selling, general and administrative	141,452	128,631	423,222	377,272
Merger and integration costs	5,993	20,240	13,467	32,640
Operating income	26,519	4,828	74,742	30,077
Other income (expense):				
Interest income	1,386	1,638	5,207	4,826
Interest expense	(5,526)	(2,606)	(16,566)	(8,556)
Other - net	207	289	315	850
Income before taxes on income, minority interest and equity in earnings (losses) of affiliates	22,586	4,149	63,698	27,197
Taxes on income	10,114	2,572	26,199	12,483
Minority interest in net income (loss) of subsidiaries	353	86	1,272	(57)
Equity in earnings (losses) of affiliates	(596)	815	(1,454)	1,470
Net income	$11,523	$2,306	$34,773	$16,241
Adjusted net income:				
Net income	$11,523	$2,306	$34,773	$16,241
Adjustments:				
Merger and integration costs	5,993	20,240	13,467	32,640
Tax effect on merger and integration costs	(961)	(4,504)	(3,983)	(7,835)
Pro-forma tax adjustment - Meer	--	(2,240)	--	(2,579)
Adjusted net income	$16,555	$15,802	$44,257	$38,467
Adjusted net income per common share:				
Basic	$0.41	$0.40	$1.09	$0.97
Diluted	$0.40	$0.38	$1.07	$0.92
Weighted average shares:				
Basic	40,608	39,787	40,546	39,729
Diluted	41,104	41,828	41,437	41,588

HENRY SCHEIN, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	Sept. 25, 1999 (unaudited)	Dec. 26, 1998 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 39,065	$ 28,222
Accounts receivable, less reserves of $21,107 and $20,136, respectively	386,997	338,121
Inventories	267,824	270,008
Deferred income taxes	12,926	14,532
Prepaid expenses and other	61,681	53,646
Total current assets	768,493	704,529
Property and equipment, net of accumulated depreciation and amortization of $63,716 and $53,756, respectively	74,955	67,646
Goodwill and other intangibles, net of accumulated amortization of $28,556 and $18,123, respectively	282,249	148,428
Investments and other	43,166	41,437
	$ 1,168,863	$ 962,040
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 185,607	$ 169,860
Bank credit lines	46,238	19,372
Accruals:		
Salaries and related expenses	30,718	29,675
Merger and integration costs	15,739	21,992
Other	75,086	50,404
Current maturities of long-term debt	5,571	9,634
Total current liabilities	358,959	300,937
Long-term debt	293,503	180,445
Other liabilities	10,095	11,720
Total liabilities	662,557	493,102
Minority interest	7,259	5,904
Stockholders' equity:		
Common stock, $.01 par value, authorized 120,000,000; issued and outstanding 40,760,532 and 40,250,936, respectively	407	402
Additional paid-in capital	357,380	348,119
Retained earnings	152,269	119,064
Treasury stock, at cost		

(62,479 shares)	(1,156)	(1,156)
Accumulated comprehensive income	(8,684)	(2,057)
Deferred compensation	(1,169)	(1,338)
Total stockholders' equity	499,047	463,034
	$ 1,168,863	$ 962,040

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