

Henry Schein Reports Record Fourth Quarter and Full Year Results

February 25, 2008

Fourth quarter diluted EPS from continuing operations increases 19% to \$0.83 Annual diluted EPS from continuing operations increases 27%

MELVILLE, N.Y., Feb 25, 2008 (BUSINESS WIRE) -- Henry Schein, Inc. (NASDAQ: HSIC), the largest provider of healthcare products and services to office-based practitioners in the combined North American and European markets, today reported financial results for the quarter ended December 29, 2007.

Net sales for the fourth quarter of 2007 were \$1.7 billion, an increase of 16.4% compared with the fourth quarter of 2006. This increase includes 12.3% local currency growth (3.8% internally generated and 8.5% from acquisitions) and 4.1% related to foreign currency exchange. (See Exhibit A for details of sales growth.)

Income from continuing operations for the fourth quarter of 2007 was \$76.4 million or \$0.83 per diluted share, up 21.3% and 18.6%, respectively, compared with the prior-year fourth quarter.

Net income for the fourth quarter of 2007 was \$78.3 million or \$0.85 per diluted share. Results include income from discontinued operations of approximately \$1.8 million or \$0.02 per diluted share, primarily related to the gain on the sale of the Company's specialty pharmacy business.

"Our strong fourth quarter financial results close out a very solid year for Henry Schein," said Stanley M. Bergman, Chairman and Chief Executive Officer of Henry Schein. "For the year our Dental, Medical, International and Technology Groups each reported double-digit sales growth and market share gains, and we are proud to have once again achieved our key long-term financial objectives for internal sales growth, operating margin expansion, EPS growth and cash flow from operations."

Dental Group sales increased 12.8% during the fourth quarter, including 11.2% growth in local currencies (9.4% internally generated and 1.8% from acquisitions) and 1.6% growth related to foreign currency exchange. Of the 11.2% local currency growth, Dental consumable merchandise sales increased 6.5% (4.6% internal growth and 1.9% acquisition growth) and Dental equipment sales and service revenues were up 21.3% (19.6% internal growth and 1.7% acquisition growth).

"Our Dental Group continues to be successful in delivering profitable growth and expanding our presence in the marketplace," commented Mr. Bergman. "Fourth quarter performance was highlighted by impressive internal growth in equipment sales and service revenues, with strong gains in both traditional equipment and high-tech products."

Medical Group sales declined 5.5% during the fourth quarter (6.0% decline in internal growth and 0.5% acquisition growth). Medical Group sales were impacted by the timing of influenza vaccine sales which, while higher in the third quarter of 2007 due to earlier shipments, were significantly lower in the fourth quarter of 2007 when compared with the fourth quarter of 2006. Excluding sales of influenza vaccine, Medical Group sales increased 3.8% for the quarter, with 3.3% internal growth. For the year influenza vaccine sales were more than 20% higher than 2006.

"During the fourth quarter we achieved our stated goal of reducing sales of certain lower-margin pharmaceutical products, thereby allowing our Medical Group to focus on driving profitable revenue growth in the office-based physician market," said Mr. Bergman.

"Early in 2008 we announced the appointment of Michael Racioppi to Chief Merchandising Officer, a new corporate leadership position with responsibility for optimizing the Company's global gross profit, and named David McKinley as President of Henry Schein's Medical Group," he added. "I am very excited about the future contributions of each of these two executives."

For the quarter International Group sales increased 42.5%, including 30.1% growth in local currencies (5.0% internally generated and 25.1% from acquisitions) and 12.4% related to foreign currency exchange.

"Sales growth in our International Group was driven by strong gains in the United Kingdom, Spain, Italy and the Benelux countries," commented Mr. Bergman. "I am pleased to report that W. & J. Dunlop, a leading United Kingdom animal health products supplier we acquired during the third quarter of 2007, is performing consistent with our expectations."

Technology and Value-Added Services Group sales increased 44.8% during the fourth quarter of 2007, including 44.0% growth in local currencies (15.5% internally generated and 28.5% acquisition growth) and 0.8% growth related to foreign currency exchange.

"Technology and Value-Added Services results reflect continued strong electronic services, software and financial services revenue growth," stated Mr. Bergman. "Revenue includes a full quarter contribution from Software of Excellence, a leading supplier of practice management systems in the United Kingdom, Australia and New Zealand."

Full-Year 2007 Results

For 2007 net sales of \$5.9 billion represent an increase of 17.3% compared with 2006. This increase includes 14.3% local currency growth (7.3% internally generated and 7.0% from acquisitions, net of divestiture) and 3.0% related to foreign currency exchange. Income from continuing operations for 2007 was \$235.0 million or \$2.58 per diluted share, up 28.6% and 27.1%, respectively, compared with 2006.

2008 EPS Guidance

Henry Schein affirms 2008 financial guidance, as follows:

-- 2008 diluted EPS is expected to be \$2.93 to \$3.00, representing growth of 14% to 16% compared with 2007.

-- This 2008 diluted EPS guidance includes Henry Schein's expectation that it will distribute 12 million to 15 million doses of influenza vaccine during the year, representing earnings of \$0.13 to \$0.16 per diluted share.

-- 2008 diluted EPS guidance is for current continuing operations including completed or previously announced acquisitions, and does not include the impact of potential future acquisitions, if any.

Fourth Quarter Conference Call Webcast

The Company will hold a conference call to discuss fourth quarter financial results today, beginning at 10:00 a.m. Eastern time. Individual investors are invited to listen to the conference call over the Internet through Henry Schein's Web site at www.henryschein.com. In addition, a replay will be available beginning shortly after the call has ended.

About Henry Schein

Henry Schein, a Fortune 500(R) company and a member of the NASDAQ 100(R) Index, 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 550,000 customers worldwide, including dental practitioners and laboratories, physician practices and animal health clinics, as well as government and other institutions. The Company operates through a centralized and automated distribution network, which provides customers in more than 200 countries with a comprehensive selection of more than 90,000 national and Henry Schein private-brand products in stock, as well as more than 100,000 additional products available as special-order items.

Henry Schein also offers a wide range of innovative value-added practice solutions for healthcare professionals, such as ArubA(R), the Company's electronic catalog and ordering system. Its leading practice-management software solutions have an installed user base of more than 52,000 practices, including DENTRIX(R), Easy Dental(R), Oasis(R) and EXACT(R) for dental practices, MicroMD(R) for physician practices, and AVImark(R) for animal health clinics.

Headquartered in Melville, N.Y., Henry Schein employs over 12,000 people and has operations or affiliates in 20 countries. The Company's net sales reached a record \$5.9 billion in 2007. 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, we provide 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 that may cause our 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 our operations and financial condition, including factors that may affect our business and future prospects, is contained in documents we have filed with the SEC and will be contained in all subsequent periodic filings we make with the SEC. These documents identify in detail important risk factors that could cause our actual performance to differ materially from current expectations.

Risk factors and uncertainties that 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 regulatory requirements that affect us; risks associated with our international operations; fluctuations in quarterly earnings; our dependence on third parties for the manufacture and supply of our products; transitional challenges associated with acquisitions, including the failure to achieve anticipated synergies; financial risks associated with acquisitions; regulatory and litigation risks; the dependence on our continued product development, technical support and successful marketing in the technology segment; our dependence upon sales personnel and key customers; our dependence on our senior management; possible increases in the cost of shipping our products or other service trouble with our third-party shippers; risks from rapid technological change; risks from potential increases in variable interest rates; possible volatility of the market price of our common stock; certain provisions in our governing documents that may discourage third-party acquisitions of us; and changes in tax legislation that affect us. The order in which these factors appear should not be construed to indicate their relative importance or priority.

We caution that these factors may not be exhaustive and that many of these factors are beyond our ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. We undertake no duty and have no obligation to update forward-looking statements.

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

	Three Months Ended		Years Ended	
	December	December	December	December
	29,	30,	29,	30,
	2007	2006	2007	2006
	(unaudited) (unaudited)			
Net sales	\$1,717,470	\$1,475,064	\$5,920,190	\$5,048,191
Cost of sales	1,233,339	1,054,931	4,201,906	3,576,234
Gross profit	484,131	420,133	1,718,284	1,471,957
Operating expenses:				

Selling, general and administrative	359,145	315,594	1,332,025	1,167,822
Operating income	124,986	104,539	386,259	304,135
Other income (expense):				
Interest income	3,765	4,398	16,531	16,378
Interest expense	(6,796)	(6,520)	(25,177)	(27,627)
Other, net	288	(120)	4,630	2,045
Income from continuing operations before taxes, minority interest and equity in earnings (losses) of affiliates	122,243	102,297	382,243	294,931
Income taxes	(39,974)	(35,870)	(129,762)	(104,932)
Minority interest in net income of subsidiaries	(6,438)	(3,643)	(17,442)	(8,090)
Equity in earnings (losses) of affiliates	614	254	(73)	835
Income from continuing operations	76,445	63,038	234,966	182,744
Discontinued operations:				
Income (loss) from operations of discontinued components (including write- down of long-lived assets of \$32.7 million in 2007 and a net gain on sale of discontinued operations of \$1.1 million in 2007 and a \$32.3 million loss on sale of discontinued operation in 2006)	2,882	(7)	(31,420)	(31,608)
Income tax benefit (expense)	(1,058)	(34)	11,627	12,623
Income (loss) from discontinued operations	1,824	(41)	(19,793)	(18,985)
Net income	\$ 78,269	\$ 62,997	\$ 215,173	\$ 163,759

Earnings from
continuing
operations per

share:				
Basic	\$ 0.86	\$ 0.71	\$ 2.65	\$ 2.08
	=====	=====	=====	=====
Diluted	\$ 0.83	\$ 0.70	\$ 2.58	\$ 2.03
	=====	=====	=====	=====

Income (loss) from discontinued operations per share:				
Basic	\$ 0.02	\$ 0.00	\$ (0.22)	\$ (0.22)
	=====	=====	=====	=====
Diluted	\$ 0.02	\$ 0.00	\$ (0.22)	\$ (0.21)
	=====	=====	=====	=====

Earnings per share:				
Basic	\$ 0.88	\$ 0.71	\$ 2.43	\$ 1.86
	=====	=====	=====	=====
Diluted	\$ 0.85	\$ 0.70	\$ 2.36	\$ 1.82
	=====	=====	=====	=====

Weighted-average common shares outstanding:				
Basic	89,082	88,580	88,559	87,952
	=====	=====	=====	=====
Diluted	92,031	90,488	91,163	89,820
	=====	=====	=====	=====

Note: The above prior period amounts have been restated to reflect the effects of our discontinued operations.

HENRY SCHEIN, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 29, 2007	December 30, 2006
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 247,590	\$ 248,647
Available-for-sale securities	997	47,999
Accounts receivable, net of reserves of \$41,315 and \$40,536	708,307	610,020
Inventories, net	666,786	584,103
Deferred income taxes	32,827	28,240
Prepaid expenses and other	192,292	125,839
	-----	-----
Total current assets	1,848,799	1,644,848
Property and equipment, net	247,671	225,038
Goodwill	917,194	773,801
Other intangibles, net	192,420	161,542
Investments and other	107,900	75,917
	-----	-----
Total assets	\$ 3,313,984	\$ 2,881,146
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 474,009	\$ 414,062
Bank credit lines	8,977	2,528
Current maturities of long-term debt	24,319	41,036

Accrued expenses:		
Payroll and related	136,291	110,401
Taxes	73,278	59,007
Other	223,765	183,054
	-----	-----
Total current liabilities	940,639	810,088
Long-term debt	423,274	455,806
Deferred income taxes	80,260	62,334
Other liabilities	53,906	60,209
Minority interest	35,923	21,746
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 1,000,000 shares authorized, none outstanding	-	-
Common stock, \$.01 par value, 240,000,000 shares authorized, 89,603,660 outstanding on December 29, 2007 and 88,499,321 outstanding on December 30, 2006	896	885
Additional paid-in capital	673,763	614,551
Retained earnings	1,005,055	808,164
Accumulated other comprehensive income	100,268	47,363
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Total stockholders' equity	1,779,982	1,470,963
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Total liabilities and stockholders' equity	\$ 3,313,984	\$ 2,881,146
	=====	=====

HENRY SCHEIN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended		Years Ended	
	December	December	December	December
	29,	30,	29,	30,
	2007	2006	2007	2006
	-----		-----	
	(unaudited)		(unaudited)	
Cash flows from operating activities:				
Net income	\$ 78,269	\$ 62,997	\$ 215,173	\$ 163,759
Adjustments to reconcile net income to net cash provided by operating activities:				
Loss (gain) on sale of discontinued operation, net of tax	(1,602)	-	(673)	19,363
Depreciation and amortization	20,915	18,039	73,936	64,930
Stock-based compensation expense	5,833	5,531	22,553	19,464
Impairment from write down of				

long-lived assets of discontinued operations	-	-	32,667	-
Provision for losses on trade and other accounts receivable	322	529	1,384	2,872
Provision for (benefit from) deferred income taxes	9,326	3,959	(7,404)	1,297
Stock issued to 401(k) plan	-	-	4,104	3,565
Undistributed (earnings) losses of affiliates	(614)	(254)	73	(835)
Minority interest in net income of subsidiaries	6,438	3,643	17,442	8,090
Other	(3,642)	483	(6,512)	(2,066)
Changes in operating assets and liabilities, net of acquisitions:				
Accounts receivable	60,557	(287)	(21,964)	(9,705)
Inventories	15,995	(5,991)	(15,946)	(41,958)
Other current assets	(48,353)	11,048	(58,194)	18,424
Accounts payable and accrued expenses	(23,158)	70,994	13,572	(11,883)
Net cash provided by operating activities	120,286	170,691	270,211	235,317
Cash flows from investing activities:				
Purchases of fixed assets	(23,798)	(17,073)	(56,821)	(67,000)
Payments for equity investment and business acquisitions, net of cash acquired	(81,884)	(13,748)	(206,182)	(199,880)
Cash received from business divestitures	10,766	-	15,827	36,527
Purchases of available-for-sale securities	-	(57,999)	(115,066)	(222,036)
Proceeds from sales of available-for-sale securities	27,750	8,000	163,065	294,767
Proceeds from maturities of available-for-sale securities	-	2,000	-	3,280
Net payments for foreign exchange forward contract settlements	(15,261)	(5,633)	(32,241)	(22,528)

Other	408	3,113	(10,629)	(3,491)

Net cash used in investing activities	(82,019)	(81,340)	(242,047)	(180,361)

Cash flows from financing activities:				
Proceeds from issuance of long-term debt	-	1,201	483	1,201
Proceeds from (repayments of) bank borrowings	5,766	(113)	1,212	184
Principal payments for long-term debt	(5,374)	(3,860)	(47,903)	(34,537)
Proceeds from issuance of stock upon exercise of stock options	2,740	2,722	35,459	35,622
Payments for repurchases of common stock	-	(14,563)	(30,689)	(40,263)
Excess tax benefits related to stock-based compensation	1,071	1,700	12,668	14,850
Other	(471)	4	(2,350)	1,669

Net cash provided by (used in) financing activities	3,732	(12,909)	(31,120)	(21,274)

Net change in cash and cash equivalents	41,999	76,442	(2,956)	33,682
Effect of exchange rate changes on cash and cash equivalents	(1,867)	(3,865)	1,899	4,282
Cash and cash equivalents, beginning of period	207,458	176,070	248,647	210,683

Cash and cash equivalents, end of period	\$247,590	\$248,647	\$ 247,590	\$ 248,647
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Exhibit A

Henry Schein, Inc.
2007 Fourth Quarter
Sales Growth Rate Summary
(unaudited)

Q4 2007 over Q4 2006

Consolidated Dental Medical International Technology					

Internal Sales Growth	3.8%	9.4%	-6.0%	5.0%	15.5%

Acquisitions	8.5%	1.8%	0.5%	25.1%	28.5%
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Local Currency Sales Growth	12.3%	11.2%	-5.5%	30.1%	44.0%
Foreign Currency Exchange	4.1%	1.6%	-	12.4%	0.8%
	-----	-----	-----	-----	-----
Total Sales Growth	16.4%	12.8%	-5.5%	42.5%	44.8%
	=====	=====	=====	=====	=====

Q4 YTD 2007 over Q4 YTD 2006

	Consolidated	Dental	Medical	International	Technology
	-----	-----	-----	-----	-----
Internal Sales Growth	7.3%	10.0%	5.5%	4.3%	18.4%
Acquisitions, net of divestiture	7.0%	4.6%	4.8%	12.3%	15.6%
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Local Currency Sales Growth	14.3%	14.6%	10.3%	16.6%	34.0%
Foreign Currency Exchange	3.0%	0.6%	-	9.6%	0.3%
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Total Sales Growth	17.3%	15.2%	10.3%	26.2%	34.3%
	=====	=====	=====	=====	=====

SOURCE: Henry Schein, Inc.

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