UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
X Quarterly report pursuant to Section 13 or 15(d) of
- - ---
the Securities Exchange Act of 1934

For the period ended March 30, 1996

OR

__ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-27078

HENRY SCHEIN, INC.
(Exact name of registrantas specified in its charter)

Delaware	11-3136595
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

135 Duryea Road
Melville, New York 11747
(Address of principal executives offices

Telephone Number (516) 843-5500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes X No
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As of May 10, 1996, there were 18,306,994 shares of the Registrant's Common Stock outstanding.

HENRY SCHEIN, INC.

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PART II. OTHER INFORMATION

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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

	March 30, 1996	December 30, 1995
ASSETS	(unaudited)	
Current assets:		
Cash and cash equivalents	$7,500	$7,603
Accounts receivable, less reserves of $5,891 and $6,335, respectively	104,859	91,248
Inventories	87,897	96,515
Deferred income taxes	6,715	6,896
Other	18,579	19,492
Total current assets	225,550	221,754
Property and equipment, net of accumulated depreciation of $35,120 and $33,904, respectively	30,816	29,713
Goodwill and other intangibles, net of accumulated amortization of $2,144 and 1,795, respectively . .	26,186	24,389
Investments and other	21,181	21,011
	$303,733	$296,867
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$56,184	$65,105
Bank credit lines	8,085	9,325
Accruals:		
Salaries and related expenses . .	9,999	9,074
Premium coupon redemptions . . .	4,354	4,474
Other	19,012	26,534
Current maturities of long-term debt	3,861	3,343
Total current liabilities	101,495	117,855
Long-term debt	51,701	30,381
Other liabilities	1,236	1,233
Total liabilities	154,432	149,469
Minority interest	4,361	4,547
Commitments and contingencies		
Stockholders' equity:		
Common stock, $.01 par value, authorized 60,000,000; issued and outstanding 18,358,673	183	183
Additional paid-in capital	123,866	123,866
Retained earnings	22,210	19,746
Treasury stock, at cost, 51,679 shares	(769)	(769)
Foreign currency translation adjustment	(550)	(175)
Total stockholders' equity . .	144,940	142,851

$303,733	$296,867
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See accompanying notes to consolidated financial statements.

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

	Three months ended	
	March 30, 1996	April 1, 1995
Net sales	$185,359	$136,040
Cost of sales	130,410	95,725
Gross profit	54,949	40,315
Operating expenses:		
Selling, general and administrative . .	50,245	37,329
Operating income .	4,704	2,986
Other income (expense):		
Interest income . . .	395	69
Interest expense . .	(961)	(1,288)
Other-net	(97)	97
Income before taxes on income, minority interest and equity in earnings of affiliates . . .	4,041	1,864
Taxes on income	1,783	781
Minority interest in net income (loss) of subsidiaries	(70)	172
Equity in earnings of affiliates	136	25
Net income	$2,464	$936
Net income per common	$ .13	$ .08
Weighted average common and common equivalent shares outstanding .	18,670	12,184

See accompanying notes to consolidated financial statements.

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

	Three months ended	
	March 30, 1996	April 1, 1995
Cash flows from operating activities:		
Net income	$2,464	$936
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	1,716	914
Provision (benefit) for losses on accounts receivable	(360)	154
Provision (benefit) for deferred income taxes . .	168	(787)
Undistributed earnings of affiliates	(136)	(25)
Minority interest in net income (loss) of subsidiaries	(70)	172
Other	24	62
Changes in assets and liabilities:		
Increase in accounts receivable	(11,898)	(6,692)
Decrease in inventories .	10,037	5,378
Decrease in other current assets	1,454	2,168
Decrease in accounts payable and accruals . .	(19,435)	(4,901)
Net cash used in operating activities	(16,036)	(2,621)
Cash flows from investing activities:		
Capital expenditures	(1,956)	(1,652)
Business acquisitions, net of cash acquired	(1,925)	(280)
Other	149	(488)
Net cash used in investing activities	(3,732)	(2,420)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	662	269
Principal payments on long-term debt	(924)	(459)
Proceeds from borrowings from banks	23,960	6,254
Payments on borrowings from banks	(3,559)	(293)
Other	(474)	906
Net cash provided by financing activities	19,665	6,677
Net increase (decrease) in cash and cash equivalents	(103)	1,636
Cash and cash equivalents,		

beginning of period	7,603	4,450
Cash and cash equivalents, end of period	$7,500	$6,086

See accompanying notes to consolidated financial statements.

HENRY SCHEIN, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share data)
(unaudited)

Note 1. Basis of Presentation

The consolidated financial statements include the accounts of Henry Schein, Inc. and its wholly-owned and majority-owned subsidiaries (collectively, the "Company").

In the opinion of the Company's management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the information set forth therein. These consolidated financial statements are condensed and therefore do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 30, 1995. The Company follows the same accounting policies in preparation of interim reports. The results of operations for the three months ended March 30, 1996 are not necessarily indicative of the results to be expected for the fiscal year ending December 28, 1996.

Note 2. Business Acquisitions

During 1995, the Company acquired fourteen healthcare distribution businesses including the distribution business of The Veratex Corporation ("Veratex"), a national direct marketer of medical, dental and veterinary products. Veratex had net sales of approximately $9,927 for the three months ended April 1, 1995.

The Veratex acquisition also provides for contingent payments of up to approximately $2,000 if certain financial targets are satisfied.

These acquisitions, except as set forth below, were accounted for using the purchase method of accounting. One acquisition is from an affiliate and has been accounted for using the purchase method of accounting, with carry-over of predecessor basis with respect to the affiliate's proportionate share of net assets. Operations of these businesses have been included in the consolidated financial statements from their respective acquisition dates.

Acquisitions completed during the three months ended March 30, 1996 were not material.

The excess of the acquisition costs over the fair value of identifiable net assets acquired will be amortized on a straight-line basis over 30 years.

Note 2. Business Acquisitions (cont'd)

The summarized unaudited pro forma results of operations set forth below for the three months ended April 1, 1995 assume the 1995 acquisitions occurred as of the beginning of the period.

	Three Months Ended April 1, 1995
Net sales	$156,873
Net income	417
Net income per common share	$0.03

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Three Months Ended March 30, 1996 compared to
Three Months Ended April 1, 1995

Net sales increased $49.4 million, or 36.3%, to $185.4 million for the three months ended March 30, 1996 from $136.0 million for the three months ended April 1, 1995. Of the $49.4 million increase, approximately $22.7 million represented a 31.6% increase in the Company's dental business, $13.2 million represented a 49.1% increase in its medical business, $11.3 million represented a 45.2% increase in its international business, $1.8 million represented a 26.9% increase in its veterinary business and $0.4 million represented a 5.9% increase in the Company's technology business. The dental net sales increase was primarily the result of the Company's increased emphasis on its integrated sales and marketing approach (which coordinates the efforts of its field sales consultants with its direct marketing and telesales personnel), entering the U.S. market for large dental equipment, and acquisitions. Of the approximately $13.2 million increase in medical net sales, approximately $6.1 million, or 46.2%, represented increased net sales to renal dialysis centers, with the effects of acquisitions and increased outbound telesales activity primarily accounting for the balance of the increase in net sales. In the international market, the increase in net sales was primarily due to acquisitions and increased unit volume growth. In the veterinary market, the increase in net sales was primarily due to increased account penetration.

Gross profit increased by $14.6 million, or 36.2%, to $54.9 million for the three months ended March 30, 1996, from $40.3 million for the three months ended April 1, 1995, while gross profit margin remained consistent at 29.6% for the same period. The $14.6 million increase in gross profit was primarily due to increased account penetration and the effects of acquisitions.

Selling, general and administrative expenses increased by $12.9 million, or 34.6%, to $50.2 million for the three months ended March 30, 1996 from $37.3 million for the three months ended April 1, 1995. Selling and shipping expenses increased by $10.5 million, or 44.3%, to $34.2 million for the three months ended March 30, 1996 from $23.7 million for the three months ended April 1, 1995. As a percentage of net sales, selling and shipping expenses increased 1.0% to 18.4% for the three months ended March 30, 1996 from 17.4% for the three months ended April 1, 1995. The increase in selling and shipping expenses as a percentage of net sales was primarily due to an increase in the number of field sales consultants. General and administrative expenses increased $2.4 million, or 17.6%, to $16.0 million for the three months ended March 30, 1996 from $13.6 million for the three months ended April 1, 1995, primarily as a result of acquisitions. As a percentage of net sales, general and administrative expenses decreased 1.4% to 8.6% for the three months ended March 30, 1996 from 10.0% for the three months ended April 1, 1995 due primarily to the relatively fixed nature of general and administrative expenses when compared to the 36.3% increase in sales volume for the same period.

Other Income (Expense) in the aggregate decreased $0.4 million, or 36.4%, to $0.7 million for the three months ended March 30, 1996 from $1.1 million for the three months ended April 1, 1995. This decrease was primarily due to a reduction in interest expense which resulted from a decline in average interest rates to 7.2% for the three months ended March 30, 1996 from 8.0% for the three months ended April 1, 1995 and a $10.7 million decrease in the Company's average borrowings which primarily resulted from the availability of additional equity capital from the Company's initial public offering in November 1995, reduced by cash used for acquisitions.

Equity in earnings of affiliates increased by $0.1 million to $0.1 million for the three months ended March 30, 1996. This increase in equity in earnings of affiliates was primarily due to the acquisition of an unconsolidated affiliate during the fourth quarter of 1995.

For the three months ended March 30, 1996, the Company's provision for taxes was $1.8 million, while pre-tax income was $4.0 million, resulting in an effective tax rate of 44.1%. The difference between the effective tax rate and the Federal statutory rate relates primarily to state income taxes and currently non-deductible net operating losses of certain foreign subsidiaries in France, which are not included in the Company's consolidated tax return. For the three months ended April 1, 1995, the Company's provision for taxes was $0.8 million, while pre-tax income was $1.9 million. The effective tax rate of 41.9% for the three months ended April 1, 1995 differed from the Federal statutory rate, primarily due to state income taxes.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal capital requirements have been to fund (a) working capital needs resulting from increased sales, extended payment terms on various products and special inventory buying opportunities, (b) capital expenditures, and (c) acquisitions. Since sales are strongest during the fourth quarter and special inventory buying opportunities are most prevalent just before the end of the year, the Company's working capital requirements are generally higher from the end of the third quarter to the end of the first quarter of the following year. The Company currently finances its business primarily through a revolving credit facility.

Net cash used in operating activities for the three months ended March 30, 1996 of $16.0 million resulted primarily from a net increase of $19.8 million in working capital offset by net income (adjusted for non-cash charges relating to depreciation and amortization) of $4.2 million. The increase in working capital was primarily due to an increase in accounts receivable resulting from increased sales and extended payment terms, and a decrease in accounts payable partially offset by a decrease in inventory.

Net cash used in investing activities for the three months ended March 30, 1996 of $3.7 million resulted primarily from cash outlays for acquisitions and capital expenditures.

Net cash provided by financing activities for the three months ended March 30, 1996 of $19.7 million resulted primarily from additional bank borrowings of $24.0 million offset in part by repayments.

In addition, with respect to the acquisitions completed during fiscal 1995, as well as certain other acquisitions and ventures which have been completed or for which agreements have been executed, minority shareholders have the right at certain times to require the Company to acquire their shares at either fair market value or a formula price based on earnings of the entity. One of the acquisitions also provides for contingent consideration of up to approximately $2.0 million if certain financial targets are satisfied.

The Company entered into its $65.0 million main revolving credit facility on July 5, 1995. Borrowings under the facility were $39.0 million at March 30, 1996. At March 30, 1996, the Company's main revolving credit facility was unsecured. In addition, the Company's subsidiaries have revolving credit facilities that total approximately $13.9 million.

The Company believes that its anticipated cash flow from operations, as well as the availability of funds under its existing credit agreements, will provide it with liquidity sufficient to meet its ongoing capital needs for at least the balance of its fiscal year.

Disclosure Regarding Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This report contains forward-looking statements based on current expectations that could be affected by the risks and uncertainties involved in the Company's business. These risks and uncertainties include, but are not limited to, the effect of economic and market conditions, the impact of the consolidation of healthcare practitioners, the impact of healthcare reform, opportunities for acquisitions and the Company's ability to effectively integrate acquired companies, the acceptance and quality of software products, acceptance and ability to manage operations in foreign markets, possible disruptions in the Company's computer systems or telephone systems, possible increases in shipping rates or interruptions in shipping service, the level and volatility of interest rates and currency values, the impact of current or pending legislation and regulation, as well as the risks described from time to time in the Company's reports to the Securities and Exchange Commission, which include the Company's Annual Report on Form 10-K for the year ended December 30, 1995. Subsequent written or oral statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements in this Form 10-Q and those in the Company's reports previously filed with the Securities and Exchange Commission.

PART II. OTHER INFORMATION

Item 6 -- Exhibits and Reports on Form 8-K

(a) Exhibits.

11.1 - Computation of Earnings per Share
27.1 - Financial Data Schedule

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the quarter ended March 30, 1996.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

HENRY SCHEIN, INC.
(Registrant)

Dated: May 10, 1996

By: /s/ Steven Paladino

Steven Paladino
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
11.1 -	Computation of Earnings per Share
27.1 -	Financial Data Schedule

EXHIBIT 11.1

HENRY SCHEIN, INC. AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
(unaudited)

	Three months ended March 30, 1996	Three months ended April 1, 1995
Net income per consolidated statements of operations (in thousands)	$ 2,464	$ 936
Weighted average common shares outstanding:		
Shares outstanding at December 25, 1993	11,390,544	11,390,544
1994 issuances:		
Shares issued, in part, to extinguish liability under long-term executive incentive compensation plan	489,456	489,456
Shares issued to ESOP trust in 12/94	128,257	128,257
Stock options granted at an exercise price of $4.21 per share (1)	221,397	237,897
IPO Options (Class B)	408,400	---
IPO Shares	5,090,000	---
1995 issuances:		
Shares issued as of September 1, 1995 in connection with an Acquisition	1,260,416	---
	18,988,470	12,246,154
Less treasury stock	(51,679)	---
	18,936,791	12,246,154
Less assumed repurchase of shares under treasury stock method based on an average price of $27.96 per share (2):		
Stock options---221,397 shares x $4.21 = $932,081 /$27.96	(33,336)(3)	(62,597)(4)
IPO options-----408,400 shares x $16.00 = $6,534,400 / $27.96	(233,705)(3)	---
Weighted average common shares outstanding	18,669,750	12,183,557
Net income per common share	$ 0.13	$ 0.08

(1) Considered "cheap stock" and treated as outstanding since January 1, 1995.
(2) The treasury stock method was not used for the shares issued to settle the long-term incentive plan liability and the compensatory portion of the stock options granted because the related special compensation charges have been/will be excluded from net income and, therefore, were not assumed to be proceeds.
(3) Computed using the average closing value per share for the three months ended March 30, 1996.
(4) Computed using IPO value of $16.00 per share on 237,897 Class A options.

EXHIBIT 27.1

HENRY SCHEIN, INC. AND SUBSIDIARIES
FINANCIAL DATA SCHEDULE

The schedule contains summary financial information extracted from the consolidated financial statements and is qualified in its entirety by reference to such financial statements.

1,000

3-MOS
DEC-28-1996
DEC-31-1995
MAR-30-1996
7,500
0
104,859
(2,734)
87,897
225,550
65,936
(35,120)
303,733
101,495
55,562
0
0
183
144,757
303,733
185,359
185,359
130,410
130,410
50,245
36
961
4,041
1,783
2,464
0
0
0
2,464
0.13
0.13