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 September 28, 2002

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 REGISTRANT AS 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
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)
11747
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (631) 843-5500

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

As of November 08, 2002 there were 44,000,348 shares of the Registrant's Common Stock outstanding.

HENRY SCHEIN, INC. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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

	September 28, 2002 (unaudited)	December 29, 2001 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 149,299	$ 193,367
Marketable securities	35,285	-
Accounts receivable, less reserves of $33,088 and $31,929, respectively	415,585	363,700
Inventories	314,499	291,231
Deferred income taxes	29,168	25,751
Prepaid expenses and other	63,123	52,922
Total current assets	1,006,959	926,971
Property and equipment, net of accumulated depreciation and amortization of $101,060 and $90,823, respectively	137,163	117,980
Goodwill, net	294,439	279,981
Other intangibles, net of accumulated amortization of $4,160 and $3,348, respectively	8,919	8,023
Investments and other	69,652	52,473
	$ 1,517,132	$ 1,385,428
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 260,197	$ 263,190
Bank credit lines	6,081	4,025
Accruals:		
Salaries and related expenses	42,920	41,602
Merger and integration, and restructuring costs	4,308	5,867
Acquisition earnout payments	-	26,800
Taxes and other expenses	110,470	80,355
Current maturities of long-term debt	2,665	15,223
Total current liabilities	426,641	437,062
Long-term debt	242,140	242,169
Other liabilities	21,077	18,954
Total liabilities	689,858	698,185
Minority interest	7,067	6,786
Stockholders' equity:		
Preferred stock, $.01 par value, authorized 1,000,000, issued and outstanding: 0 and 0, respectively	-	-
Common stock, $.01 par value, authorized 120,000,000, issued: 43,999,524 and 42,745,204, respectively	440	427
Additional paid-in capital	435,021	393,047
Retained earnings	399,426	312,402
Treasury stock, at cost, 62,479 shares	(1,156)	(1,156)
Accumulated comprehensive loss	(13,277)	(23,922)
Deferred compensation	(247)	(341)
Total stockholders' equity	820,207	680,457
	$ 1,517,132	$ 1,385,428

See accompanying notes to consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	September 28, 2002	September 29, 2001	September 28, 2002	September 29, 2001
Net sales	$ 759,073	$ 659,774	$ 2,077,598	$ 1,859,954
Cost of sales	542,601	480,918	1,490,340	1,354,849
Gross profit	216,472	178,856	587,258	505,105
Operating expenses:				
Selling, general and administrative	152,187	136,981	440,786	400,375
Operating income	64,285	41,875	146,472	104,730
Other income (expense):				
Interest income	2,536	2,266	7,456	6,684
Interest expense	(4,787)	(3,843)	(13,982)	(14,107)
Other - net	877	87	1,017	384
Income before taxes on income, minority interest and equity in earnings of affiliates	62,911	40,385	140,963	97,691
Taxes on income	23,468	14,942	52,528	36,146
Minority interest in net income of subsidiaries	337	322	1,838	1,647
Equity in earnings of affiliates	122	74	427	339
Net income	$ 39,228	$ 25,195	$ 87,024	$ 60,237
Comprehensive income:				
Net income	$ 39,228	$ 25,195	$ 87,024	$ 60,237
Foreign currency translation adjustments	(2,150)	5,111	11,232	(2,127)
Other	(644)	(159)	(587)	(250)
Comprehensive income	$ 36,434	$ 30,147	$ 97,669	$ 57,860
Net income per common share:				
Basic	$ 0.90	$ 0.59	$ 2.01	$ 1.42
Diluted	$ 0.87	$ 0.58	$ 1.94	$ 1.39
Weighted average common shares outstanding:				
Basic	43,808	42,488	43,329	42,276
Diluted	45,000	43,517	44,779	43,188

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended	
	September 28, 2002	September 29, 2001
Cash flows from operating activities:		
Net income	$ 87,024	$ 60,237
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,086	26,249
Provision for losses and allowances on accounts receivable	1,159	4,921
Stock issued to ESOP trust	1,340	2,224
Benefit for deferred income taxes	(2,147)	(3,943)
Undistributed earnings of affiliates	(427)	(339)
Minority interest in net income of subsidiaries	1,838	1,647
Other	(31)	5,465
Changes in operating assets and liabilities (net of purchase acquisitions):		
Increase in accounts receivable	(49,003)	(47,442)
(Increase) decrease in inventories	(18,136)	24,723
(Increase) decrease in other current assets	(8,662)	14,701
Increase (decrease) in accounts payable and accruals	32,609	(9,320)
Net cash provided by operating activities	65,650	79,123
Cash flows from investing activities:		
Capital expenditures	(36,260)	(30,010)
Business acquisitions, net of cash acquired	(34,887)	(336)
Purchase of marketable securities with maturities of more than three months	(50,293)	-
Other	(3,047)	(2,587)
Net cash used in investing activities	(124,487)	(32,933)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	-	10,166
Principal payments on long-term debt	(14,388)	(11,972)
Proceeds from issuance of stock upon exercise of stock options by employees	32,753	12,374
Proceeds from borrowings from banks	2,659	6,193
Payments on borrowings from banks	(916)	(12,017)
Other	(2,757)	(396)
Net cash provided by financing activities	17,351	4,348
Net (decrease) increase in cash and cash equivalents	(41,486)	50,538
Effect of foreign exchange rate changes on cash	(2,582)	(1,046)
Cash and cash equivalents, beginning of period	193,367	58,362
Cash and cash equivalents, end of period	$ 149,299	$ 107,854

See accompanying notes to consolidated financial statements.

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 adjustments) 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 accounting principles generally accepted in the United States for complete financial statements. The consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and supplementary data included in the Company's Annual Report on Form 10-K for the year ended December 29, 2001. The Company follows the same accounting policies in preparation of interim financial statements.

The results of operations and cash flows for the nine months ended September 28, 2002 are not necessarily indicative of the results to be expected for the fiscal year ending December 28, 2002 or any other period. Certain amounts from prior periods have been reclassified to conform to the current period's presentation.

NOTE 2. Goodwill and Intangible Assets

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, Business Combinations ("FAS 141"), and No. 142, Goodwill and Other Intangible Assets ("FAS 142"), effective for fiscal years beginning after December 15, 2001. Under the new standards, goodwill and intangible assets deemed to have indefinite lives are no longer amortized but are subject to annual impairment tests in accordance with FAS 142. Other intangible assets continue to be amortized over their estimated useful lives.

The Company adopted the new standards beginning in the first quarter of fiscal 2002. Effective with the adoption of FAS 142, goodwill, which is substantially related to the healthcare distribution segment, is no longer amortized but is instead subject to an annual impairment test. The Company has reassessed the estimated useful lives of its intangible assets, which primarily consist of non-compete agreements, and no changes have been deemed necessary. The Company completed the transitional goodwill impairment test in connection with the adoption of FAS 142 during the second quarter of fiscal 2002, and has determined that there is no impairment as of the adoption date, December 30, 2001.

(In thousands, except employee and per share data)

Note 2. Goodwill and Intangible Assets--(Continued)

Other intangible assets as of September 28, 2002 and December 29, 2001 are as follows:

	September 28, 2002		December 29, 2001	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Other intangible assets:				
Non-compete agreements ..	$11,713	$(3,593)	$10,426	$(2,850)
Other	1,366	(567)	945	(498)
Total	$13,079	$(4,160)	$11,371	$(3,348)

Amortization of other intangible assets for the nine months ended September 28, 2002 and September 29, 2001 was approximately $806 and $597, respectively. The annual amortization expense expected for the years 2002 through 2006 is $1,138, $1,012, $926, $613, and $342, respectively.

The changes in the carrying amount of goodwill for the nine months ended September 28, 2002 are as follows:

	Healthcare Distribution	Technology	Total
Balance as of December 29, 2001	$ 279,666	$ 315	$ 279,981
Adjustments to goodwill:			
Acquisition costs incurred during the nine months ended September 28, 2002	7,768	20	7,788
Foreign currency translation	6,912	-	6,912
Other	(242)	-	(242)
Balance as of September 28, 2002	$ 294,104	$ 335	$ 294,439

The acquisition costs incurred during the nine months ended September 28, 2002 related to contingent earnout payments relating to acquisitions in prior years, increased ownership interest in a consolidated subsidiary, and the acquisition of a dental consumable supply business. The acquisition of the dental consumable supply business was not considered material.

With the adoption of FAS 142, the Company ceased amortization of goodwill as of December 30, 2001. The following table presents the results of the Company for all periods presented on a comparable basis:

	Three Months Ended		Nine Months Ended	
	September 28, 2002	September 29, 2001	September 28, 2002	September 29, 2001
Net income	$ 39,228	$ 25,195	$ 87,024	$ 60,237
Add back goodwill amortization, net of tax provision	-	1,824	-	5,472
Adjusted net income	$ 39,228	$ 27,019	$ 87,024	$ 65,709
Diluted net income per share:				
Net income	$ 0.87	$ 0.58	$ 1.94	$ 1.39
Add back goodwill amortization, net of tax provision	-	0.04	-	0.13
Adjusted diluted net income per share	$ 0.87	$ 0.62	$ 1.94	$ 1.52

(In thousands, except employee and per share data)

Note 3. Business Acquisitions

In connection with prior years' acquisitions, the Company incurred certain merger and integration costs. The following table shows amounts paid against the merger and integration accrual during the nine months ended September 28, 2002:

	Balance at December 29, 2001	Payments	Balance at September 28, 2002
Severance and other direct costs ..	$ 365	$ (161)	$ 204
Direct transaction and other integration costs	2,183	(521)	1,662
	$ 2,548	$ (682)	$ 1,866

For the nine months ended September 28, 2002, one employee received severance and was still owed severance at September 28, 2002.

Note 4. Plan of Restructuring

On August 1, 2000, the Company announced a comprehensive restructuring plan designed to improve customer service and increase profitability by maximizing the efficiency of the Company's infrastructure. In addition to closing or downsizing certain facilities, this world-wide initiative included the elimination of approximately 300 positions, including open positions, or about 5% of the total workforce, throughout all levels within the organization. The restructuring plan was substantially completed at December 30, 2000.

The following table shows amounts paid against the restructuring accrual during the nine months ended September 28, 2002:

	Balance at December 29, 2001	Payments	Balance at September 28, 2002
Severance costs (1)	$ 633	$ (392)	$ 241
Facility closing costs (2)..	2,645	(484)	2,161
Other	41	(1)	40
	$ 3,319	$ (877)	$ 2,442

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(1) Represents salaries and related benefits for employees separated from the Company.
(2) Represents costs associated with the closing of certain equipment branches (primarily lease termination costs).

For the nine months ended September 28, 2002, six employees received severance and one was owed severance at September 28, 2002.

(In thousands, except employee and per share data)

Note 5. Segment Data

The Company has two reportable segments: healthcare distribution and technology. The healthcare distribution segment, which is comprised of the Company's dental, medical and international business groups, distributes healthcare products (primarily consumable) and services to office-based healthcare practitioners and professionals in the combined North American and international markets. Products, which are similar for each business group, are maintained and distributed from strategically located distribution centers. The technology segment consists primarily of the Company's practice management software business and certain other value-added products and services that are distributed primarily to healthcare professionals in the North American market.

The Company's reportable segments are strategic business units that offer different products and services, albeit to the same customer base. Most of the technology business was acquired as a unit, and the management at the time of acquisition was retained. The following tables present information about the Company's business segments:

	Three Months Ended		Nine Months Ended	
	September 28, 2002	September 29, 2001 (1)	September 28, 2002	September 29, 2001 (1)
Net Sales:				
Healthcare distribution (2):				
Dental (3)	$ 300,714	$ 279,577	$ 902,282	$ 828,909
Medical (4)	337,529	273,434	811,634	697,869
International (5)	103,386	92,811	316,003	291,284
Total healthcare distribution ..	741,629	645,822	2,029,919	1,818,062
Technology (6)	17,444	13,952	47,679	41,892
	$ 759,073	$ 659,774	$2,077,598	$1,859,954

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(1) Reclassified to conform to current period presentation.
(2) Includes consumable products, small equipment, laboratory products, large dental equipment, branded and generic pharmaceuticals, surgical products, diagnostic tests, infection control and vitamins.
(3) Consists of products sold in the U.S. and Canadian Dental markets.
(4) Consists of products sold in the U.S. Medical and Veterinary markets.
(5) Consists of products primarily sold in the European Dental and Medical (including Veterinary) markets.
(6) Consists of practice management software and other value-added products and services that are distributed primarily to healthcare professionals in the U.S. and Canadian markets.

(In thousands, except employee and per share data)

Note 5. Segment Data -- (Continued)

	Three Months Ended		Nine Months Ended	
	September 28, 2002	September 29, 2001 (1)	September 28, 2002	September 29, 2001 (1)
Operating income:				
Healthcare distribution.....	$ 57,487	$ 36,796	$ 127,580	$ 88,875
Technology	6,798	5,079	18,892	15,855
Total	$ 64,285	$ 41,875	$ 146,472	$104,730

	September 28, 2002	September 29, 2001 (1)
Total assets:		
Healthcare distribution	$ 1,486,899	$ 1,247,023
Technology	114,044	97,363
Total assets for reportable segments	1,600,943	1,344,386
Receivables due from healthcare distribution segment	(82,038)	(58,478)
Receivables due from technology segment	(1,773)	(4,472)
Consolidated total assets	$ 1,517,132	$ 1,281,436

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(1) Reclassified to conform to current period presentation.

Note 6. Earnings per Share

A reconciliation of shares used in calculating basic and diluted earnings per share follows:

	Three Months Ended		Nine Months Ended	
	September 28, 2002	September 29, 2001	September 28, 2002	September 29, 2001
Basic	43,808	42,488	43,329	42,276
Effect of assumed conversion of employee stock options	1,192	1,029	1,450	912
Diluted	45,000	43,517	44,779	43,188

Weighted average options to purchase approximately 17 and 1,142 shares of common stock at prices ranging from $48.25 to $50.39 and $35.38 to $46.00 per share, which were outstanding during the three months ended September 28, 2002 and September 29, 2001, respectively, were excluded from the computation of diluted earnings per share. Weighted average options to purchase approximately 23 and 1,528 shares of common stock at prices ranging from $46.00 to $50.39 and $35.13 to $46.00 per share, which were outstanding during the nine months ended September 28, 2002 and September 29, 2001, respectively, were excluded from the computation of diluted earnings per share. In each of the respective periods, the options' exercise prices exceeded the fair market value of the Company's common stock.

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

THREE MONTHS ENDED SEPTEMBER 28, 2002 COMPARED TO THREE MONTHS ENDED SEPTEMBER 29, 2001

Net sales increased $99.3 million, or 15.1%, to $759.1 million for the three months ended September 28, 2002 from $659.8 million for the three months ended September 29, 2001. Of the $99.3 million increase, approximately $95.8 million, or 96.5%, represented a 14.8% increase in the Company's healthcare distribution business. As part of this increase approximately $64.1 million represented a 23.4% increase in the Company's medical business, $21.1 million represented a 7.6% increase in its dental business, and $10.6 million represented an 11.4% increase in its international business. In the medical market, approximately $43.7 million of the increase in net sales was due to earlier availability and shipments of influenza vaccine, with the balance primarily due to increased sales to core physicians' office and alternate care markets. In the dental market, the increase in net sales was primarily due to increased account penetration. Net sales of dental consumable merchandise increased by 5.5%, while net sales of dental equipment increased by 16.9%. In the international market, the increase in net sales was primarily due to favorable exchange rates to the U.S. dollar, increased penetration in France, the United Kingdom, Australia, and Spain, and an acquisition. Had net sales for the international market been translated at the same rates as 2001, international net sales would have increased by 2.1%. The remaining increase in third quarter 2002 net sales was due to the technology business, which increased $3.5 million, or 25.0%, to $17.4 million for the three months ended September 28, 2002, from $13.9 million for the three months ended September 29, 2001. The increase in the technology business net sales was primarily due to increased sales of practice management software products, electronic services and other value-added services. As part of a new marketing initiative, MarketOne, certain technology and equipment products were sold directly to end-user customers beginning with the third quarter of 2002, rather than through resellers, which resulted in a higher growth rate for the technology business. Without this change, the technology business net sales would have increased by 19.6%.

Gross profit increased by $37.6 million, or 21.0%, to $216.5 million for the three months ended September 28, 2002 from $178.9 million for the three months ended September 29, 2001. Gross profit margin increased 1.4% to 28.5% from 27.1% for the same period last year. Healthcare distribution gross profit increased $34.2 million, or 20.3%, to $202.9 million for the three months ended September 28, 2002 from $168.7 million for the three months ended September 29, 2001, primarily due to sales volume. Healthcare distribution gross profit margin increased by 1.3% to 27.4% for the three months ended September 28, 2002 from 26.1% for the three months ended September 29, 2001, primarily due to changes in sales mix and purchasing efficiencies. Technology gross profit increased by $3.4 million or 33.3% to $13.6 million for the three months ended September 28, 2002 from $10.2 million for the three months ended September 29, 2001 primarily due to sales volume. Technology gross profit margins increased by 4.8%, of which 1.0% was attributable to the MarketOne initiative referred to above, to 78.2% for three months ended September 28, 2002 from 73.4% for the three months ended September 29, 2001, primarily due to changes in sales mix.

Selling, general and administrative expenses increased by $15.2 million, or 11.1%, to $152.2 million for the three months ended September 28, 2002 from $137.0 million for the three months ended September 29, 2001. Selling and shipping expenses increased by $9.7 million, or 11.6%, to $93.6 million for the three months ended September 28, 2002 from $83.9 million for the three months ended September 29, 2001, primarily due to increased sales volume and leveraging of the Company's expense infrastructure. As a percentage of net sales, selling and shipping expenses decreased by 0.4% to 12.3% for the three months ended September

28, 2002 from 12.7% for the three months ended September 29, 2001. General and administrative expenses increased $5.5 million, or 10.4%, to $58.6 million for the three months ended September 28, 2002 from $53.1 million for the three months ended September 29, 2001, primarily due to increased sales volume. As a percentage of net sales, general and administrative expenses decreased by 0.3% to 7.7% for the three months ended September 28, 2002 from 8.0% for the three months ended September 29, 2001, primarily due to the elimination of goodwill amortization expense in accordance with FAS 142.

Other income (expense) - net decreased by $0.1 million, to $(1.4) million for the three months ended September 28, 2002, compared to $(1.5) million for the three months ended September 29, 2001, due primarily to the favorable settlement of a disputed real estate transaction and higher interest income, offset by higher interest expense and foreign currency losses.

Equity in earnings of affiliates was substantially unchanged from the prior period.

For the three months ended September 28, 2002, the Company's effective tax rate was 37.3%. For the three months ended September 29, 2001, the Company's effective tax rate was 37.0%. The difference between the Company's effective tax rates and the Federal statutory rate relates primarily to state income taxes.

NINE MONTHS ENDED SEPTEMBER 28, 2002 COMPARED TO NINE MONTHS ENDED SEPTEMBER 29, 2001

Net sales increased $217.6 million, or 11.7%, to $2,077.6 million for the nine months ended September 28, 2002 from $1,860.0 million for the nine months ended September 29, 2001. Of the $217.6 million increase, approximately $211.8 million, or 97.3%, represented an 11.6% increase in the Company's healthcare distribution business. As part of this increase approximately $113.7 million represented a 16.3% increase in the Company's medical business, $73.4 million represented an 8.9% increase in its dental business, and $24.7 million represented an 8.5% increase in its international business. In the medical market, approximately $43.7 million of the increase in net sales was due to earlier availability and shipments of influenza vaccine, with the balance primarily due to increased sales to core physicians' office and alternate care markets. In the dental market, the increase in net sales was primarily due to increased account penetration. Net sales of dental consumable merchandise increased by 7.8%, while net sales of dental equipment increased by 13.7%. In the international market, the increase in net sales was primarily due to penetration in the United Kingdom, France, Germany, and Australia, favorable exchange rates to the U.S. dollar, and an acquisition. Had net sales for the international market been translated at the same rates as 2001, international net sales would have increased by 5.3%. The remaining increase in 2002 net sales was due to the technology business, which increased $5.8 million, or 13.8%, to $47.7 million for the nine months ended September 28, 2002, from $41.9 million for the nine months ended September 29, 2001. The increase in the technology business net sales was primarily due to increased sales of practice management software products, electronic services and other value-added services. As part of a new marketing initiative, MarketOne, certain technology and equipment products were sold directly to end-user customers beginning with the third quarter of 2002, rather than through resellers, which resulted in a higher growth rate for the technology business. Without this change, the technology business net sales would have increased by 12.0%.

Gross profit increased by $82.2 million, or 16.3%, to $587.3 million for the nine months ended September 28, 2002 from $505.1 million for the nine months ended September 29, 2001. Gross profit margin increased 1.1% to 28.3% from 27.2% for the same period last year. Healthcare distribution gross profit increased $76.4 million, or 16.1%, to $550.9 million for the nine months ended September

28, 2002 from $474.5 million for the nine months ended September 29, 2001, primarily due to sales volume. Healthcare distribution gross profit margin increased by 1.0% to 27.1% for the nine months ended September 28, 2002 from 26.1% for the nine months ended September 29, 2001, primarily due to changes in sales mix and purchasing efficiencies. Technology gross profit increased by $5.8 million or 19.0% to $36.4 million for the nine months ended September 28, 2002 from $30.6 million for the nine months ended September 29, 2001 primarily due to sales volume. Technology gross profit margins increased by 3.3%, of which 0.3% was attributable to the MarketOne initiative referred to above, to 76.3% for the nine months ended September 28, 2002 from 73.0% for the nine months ended September 29, 2001, primarily due to changes in sales mix.

Selling, general and administrative expenses increased by $40.4 million, or 10.1%, to $440.8 million for the nine months ended September 28, 2002 from $400.4 million for the nine months ended September 29, 2001. Selling and shipping expenses increased by $29.1 million, or 12.0%, to $272.3 million for the nine months ended September 28, 2002 from $243.2 million for the nine months ended September 29, 2001, primarily due to increased sales volume. As a percentage of net sales, selling and shipping expenses remained constant at 13.1% for the nine months ended September 28, 2002 compared to the nine months ended September 29, 2001. General and administrative expenses increased $11.3 million, or 7.2%, to $168.5 million for the nine months ended September 28, 2002 from $157.2 million for the nine months ended September 29, 2001, primarily due to increased sales volume and leveraging of the Company's expense infrastructure. As a percentage of net sales, general and administrative expenses decreased 0.4% to 8.1% for the nine months ended September 28, 2002 from 8.5% for the nine months ended September 29, 2001, primarily due to the elimination of goodwill amortization expense in accordance with FAS 142.

Other income (expense) - net decreased by $1.5 million, to $(5.5) million for the nine months ended September 28, 2002, compared to $(7.0) million for the nine months ended September 29, 2001, due primarily to the favorable settlement of a disputed real estate transaction and higher interest income.

Equity in earnings of affiliates increased $0.1 million to $0.4 million for the nine months ended September 28, 2002 from $0.3 million in the comparable prior year period.

For the nine months ended September 28, 2002, the Company's effective tax rate was 37.3%. For the nine months ended September 29, 2001, the Company's effective tax rate was 37.0%. The difference between the Company's effective tax rates and the Federal statutory rate relates primarily to state income taxes.

SEASONALITY

The Company's business is subject to seasonal and other quarterly influences. Net sales and operating profits are generally higher in the fourth quarter due to timing of sales of software and equipment, year-end promotions and purchasing patterns of office-based healthcare practitioners and are generally lower in the first quarter due primarily to the increased purchases in the prior quarter. Quarterly results also may be materially affected by a variety of other factors, including the timing of acquisitions and related costs, timing of purchases and/or sales, special promotional campaigns, seasonal products, fluctuations in exchange rates associated with international operations and adverse weather conditions.

E-COMMERCE

Traditional healthcare supply and distribution relationships are being challenged by electronic on-line commerce solutions. The Company's distribution business is characterized by rapid technological developments and intense competition. The rapid evolution of on-line commerce will require continuous improvement in performance, features and reliability of Internet content and technology by the Company, particularly in response to competitive offerings. Through the Company's proprietary technologically based suite of products, customers are offered a variety of competitive alternatives. The Company's tradition of reliable service, proven name recognition, and large customer base built on solid customer relationships makes it well situated to participate fully in this rapidly growing aspect of the distribution business. The Company is exploring ways and means of improving and expanding its Internet presence and will continue to do so.

INFLATION

Management does not believe inflation had a material adverse effect on the financial statements for the periods presented.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal capital requirements have been to fund (a) working capital needs resulting from increased sales, and special inventory forward buy-in opportunities, (b) capital expenditures, and (c) acquisitions. Since sales tend to be strongest during the fourth quarter and special inventory forward buy-in opportunities are most prevalent just before the end of the year, the Company's working capital requirements have been generally higher from the end of the third quarter to the end of the first quarter of the following year. The Company has financed its business primarily through operations, its revolving credit facilities, private placement loans and stock issuances.

Net cash provided by operating activities for the nine months ended September 28, 2002 of $65.7 million resulted primarily from net income of $87.0 million and non-cash charges of approximately $21.9 million, offset by a net increase in working capital of approximately $43.2 million. The increase in net working capital was primarily due to an increase in accounts receivable of $49.0 million, an $18.1 million increase in inventory, and an $8.7 million increase in other current assets, partially offset by an increase in accounts payable and accruals of $32.6 million. The Company's annualized accounts receivable days sales outstanding ratio improved to 49.4 days for the nine months ended September 28, 2002 from 55.7 days for the nine months ended September 29, 2001. The Company's annualized inventory turns were 6.6 turns for the nine months ended September 28, 2002 compared to 6.8 turns for the nine months ended September 29, 2001. The Company anticipates future increases in working capital requirements as a result of its continued sales growth and special inventory forward buy-in opportunities.

Net cash used in investing activities for the nine months ended September 28, 2002 of $124.5 million resulted primarily from cash used for the purchases of United States government and agency bonds rated AAA by Moody's (or an equivalent rating) and commercial paper rated P-1 by Moody's (or an equivalent rating) with maturities of more than three months of $50.3 million, capital expenditures of $36.3 million, of which approximately $11.6 million was for the purchase of a building used for the Company's corporate headquarters, and business acquisition related payments of $34.9 million, of which $27.4 million represented contingent earnout payments associated with acquisitions made in prior years. The Company expects that it will invest more than $50.0 million during the year ending December 28, 2002 in capital projects to modernize and expand facilities, on computer infrastructure systems and to integrate operations.

Net cash provided by financing activities for the nine months ended

September 28, 2002 of $17.4 million resulted primarily from proceeds from the issuance of stock upon exercise of stock options of $32.8 million, offset primarily by debt repayments of $15.3 million.

Certain holders of minority interests in acquired entities or ventures have the right at certain times to require the Company to acquire their interest at either fair market value or a formula price based on earnings of the entity.

The Company's cash and cash equivalents as of September 28, 2002 of $149.3 million consist of bank balances and investments in money market funds. These investments have staggered maturity dates, none of which exceed three months, and have a high degree of liquidity since the securities are actively traded in public markets.

On May 2, 2002, the Company renewed and increased its revolving credit facility to $200.0 million from $150.0 million. The new facility is a four year committed line. As of September 28, 2002, none of the credit facility was utilized.

The Company also has one uncommitted bank line of $15.0 million, none of which had been borrowed at September 28, 2002. Certain of the Company's subsidiaries have revolving credit facilities that total approximately $42.4 million at September 28, 2002, under which $6.1 million had been borrowed.

On June 30, 1999 and September 25, 1998, the Company completed private placement transactions under which it issued $130.0 million and $100.0 million, respectively, in Senior Notes. The $130.0 million notes come due on June 30, 2009 and bear interest at a rate of 6.94% per annum. Principal payments totaling $20.0 million are due annually starting September 25, 2006 on the $100.0 million notes and bear interest at a rate of 6.66% per annum. Interest on both notes is payable semi-annually.

The Company believes that its cash and cash equivalents of $149.3 million and its investment in short-term marketable securities of $35.3 million as of September 28, 2002, its ability to access public and private debt and equity markets, and the availability of funds under its existing credit agreements will provide it with sufficient liquidity to meet its currently foreseeable short-term and long-term capital needs.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There were no material changes to the disclosures made in our report 10-K for the year ended December 29, 2001, on this matter.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information in this Form 10-Q contains information that is forward-looking, such as the Company's opportunities to increase sales through, among other things, acquisitions; its exposure to fluctuations in foreign currencies; its anticipated liquidity and capital requirements; competitive product and pricing pressures and the ability to gain or maintain share of sales in global markets as a result of actions by competitors; and the results of legal proceedings. The matters referred to in forward-looking statements 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 health care practitioners, the impact of health care 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, the ability to maintain favorable supplier arrangements and relationships, 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, economic and political conditions in international markets, including civil unrest, government changes and restrictions on the ability to transfer capital across borders, the impact of current or pending legislation, regulation and changes in accounting standards and taxation requirements, environmental laws in domestic and foreign jurisdictions, as well as certain other risks described in this Form 10-Q. Subsequent written and oral forward looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere described in this Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES

Controls and Procedures

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Company's Chief Executive Officer and its Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-14(c) and 15d-14(c) as of a date within 90 days of the filing date of this quarterly report on Form 10-Q (the "Evaluation Date")), have concluded that as of the Evaluation Date, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities, particularly during the period in which this quarterly report on Form 10-Q was being prepared.

(b) CHANGES IN INTERNAL CONTROLS. There were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's disclosure controls and procedures subsequent to the Evaluation Date, nor any significant deficiencies or material weaknesses in such disclosure controls and procedures requiring corrective actions. As a result, no corrective actions were taken.

PART II. OTHER INFORMATION
ITEM 1. LEGAL PROCEEDINGS

The Company's business involves a risk of product liability claims and other claims in the ordinary course of business, and from time to time the Company is named as a defendant in cases as a result of its distribution of pharmaceutical and other healthcare products. As of September 28, 2002, the Company was named a defendant in approximately 68 product liability cases. Of these claims, 49 involve claims made by healthcare workers who claim allergic reaction relating to exposure to latex gloves. In each of these cases, the Company acted as a distributor of both brand name and "Henry Schein" private brand latex gloves, which were manufactured by third parties. To date, discovery in these cases has generally been limited to product identification issues. The manufacturers in these cases have withheld indemnification of the Company pending product identification; however, the Company is taking steps to implead those manufacturers into each case in which the Company is a defendant. The Company is also a named defendant in nine lawsuits involving the sale of phentermine and fenfluramin. Plaintiffs in the cases allege injuries from the combined use of the drugs known as "Phen/fen." The Company expects to obtain indemnification from the manufacturers of these products, although this is dependent upon, among other things, the financial viability of the manufacturer and their insurers.

On January 27, 1998, in District Court in Travis County, Texas, the Company and one of its subsidiaries were named as defendants in a matter entitled "Shelly E. Stromboe and Jeanne Taylor, on Behalf of Themselves and all others Similarly Situated vs. Henry Schein, Inc., Easy Dental Systems, Inc. and Dentisoft, Inc., Case No. 98-00886. The Petition alleges, among other things, negligence, breach of contract, fraud, and violations of certain Texas commercial statutes involving the sale of certain practice management software products sold prior to 1998 under the Easy Dental(R) name. In October 1999, the trial court, on motion, certified both a Windows(R) sub-class and a DOS sub-class to proceed as a class action pursuant to Tex. R. Civ. P. 42. It is estimated that 5,000 Windows(R) customers and 10,000 DOS customers were covered by the class action that was certified by the trial court. In November of 1999, the Company filed an interlocutory appeal of the trial court's determination to the Texas Court of Appeals on the issue of whether this case was properly certified as a class action. On September 14, 2000, the Court of Appeals affirmed the trial court's certification order. On January 5, 2001, the Company filed a Petition for Review in the Texas Supreme Court asking the Court to find that it had "conflicts jurisdiction" to permit review of the trial court's certification order. The Texas Supreme Court heard oral argument on February 6, 2002. On October 31, 2002, the Texas Supreme Court issued an opinion in the case holding that it had conflicts jurisdiction to review the decision of the Court of Appeals and finding that the trial court's certification of the case as a class action was improper. The Supreme Court further held that the judgment of the court of appeals which affirmed the class certification order must be reversed in its entirety. Upon reversal of the class certification order, the Supreme Court remanded the case to the trial court for further proceedings consistent with its opinion. Because this matter has not yet come before the trial court for consideration consistent with the Texas Supreme Court's opinion reversing the trial court's certification order, it is not possible to determine what the trial court will do if the plaintiffs file another motion for class certification. Further, because of the decertification of the class by the Texas Supreme Court, because it is not possible to determine whether the trial court will certify a different class upon motion, if any, and other factors, it is not possible to determine the possible range of damages or other relief sought by the plaintiffs in the trial court.

In February 2002, the Company was served with a summons and complaint in an action commenced in the Superior Court of New Jersey, Law Division, Morris County, entitled West Morris Pediatrics, P.A. vs. Henry Schein, Inc., doing business as Caligor, no. MRSL-421-02. The complaint by West Morris Pediatrics purports to be on behalf of a nationwide class, but there has been no court determination that the case may proceed as a class action. Plaintiff seeks to represent a class of all physicians, hospitals and other healthcare providers throughout New Jersey and across the United States. This complaint, as amended in August 2002, alleges, among other things, breach of oral contract, breach of implied covenant of good faith and fair dealing, violation of the New Jersey Consumer Fraud Act, unjust enrichment, conversion, and promissory estoppel relating to sales of a vaccine product in the year 2001. The Company filed an answer in October 2002. Because damages have not been specified by the plaintiffs, it is not possible to determine the range of damages or other relief sought by the plaintiffs. The Company intends to vigorously defend itself against this claim, as well as all other claims, suits and complaints.

The Company has various insurance policies, including product liability insurance, covering risks and in amounts it considers adequate. In many cases in which the Company has been sued in connection with products manufactured by others, the Company is provided indemnification by the manufacturer. There can be no assurance that the coverage maintained by the Company is sufficient or will be available in adequate amounts or at a reasonable cost, or that indemnification agreements will provide adequate protection for the Company. In the opinion of the Company, all pending matters are covered by insurance or will not otherwise seriously harm the Company's financial condition.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

99.2 Certificate of the Company's Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K.

On August 13, 2002, the Company filed an 8-K under Item 9 announcing that its Chief Executive Officer, Stanley M. Bergman, and principal financial officer, Steven Paladino, submitted their statements under oath in response to the order of the Securities and Exchange Commission pursuant to Section 21 (a) (1) of the Securities Exchange Act of 1934 (SEC File No. 4-460).

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)

By: /s/ Steven Paladino

STEVEN PALADINO
Executive Vice President,
Chief Financial Officer and Director
(principal financial officer and accounting officer)

Dated: November 12, 2002

CERTIFICATIONS

I, Stanley M. Bergman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Henry Schein, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: November 12, 2002

/s/ Stanley M. Bergman

Stanley M. Bergman
Chairman, Chief Executive Officer and
President

CERTIFICATIONS

I, Steven Paladino, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Henry Schein, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: November 12, 2002

/s/ Steven Paladino

Steven Paladino
Executive Vice President and
Chief Financial Officer

Certification
Pursuant to 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350,
Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Henry Schein, Inc., a Delaware corporation (the "Company"), does hereby certify, to the best of such officer's knowledge and belief that:

(1) The Quarterly Report of the Company on Form 10-Q for the quarter ended September 28, 2002 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2002

/s/ Stanley M. Bergman

Stanley M. Bergman
Chairman, Chief Executive Officer,
President and Director

Dated: November 12, 2002

/s/ Steven Paladino

Steven Paladino
Executive Vice President,
Chief Financial Officer and Director