

The Company posted a link to the following article on its website on May 24, 2018:



Henry Schein's spin off and merger of its animal health business with Vets First Choice will create an enhanced value chain that connects the veterinarian, the manufacturer, and the pet owner, executives say

In what Henry Schein Chairman and CEO Stanley M. Bergman called “a prime opportunity to better serve veterinarians and to improve their business,” the global distributor recently announced plans to spin off its animal health business, which will merge with Vets First Choice to form an independent public company.

The new company, Vets First Corp., is expected to provide veterinary prescription management services in combination with Henry Schein’s animal health products and services.

“We are early in the lifecycle of rapid technological change in the animal health market,” said Ben Shaw, Founder and CEO of Vets First Choice, who will become CEO of the new company. “This merger creates an enhanced value chain that connects the veterinarian, the manufacturer, and the pet owner through insights and analytics that will support better clinical and financial outcomes. This new global animal health care company is focused on improving clinical compliance by facilitating the delivery of care how, when, and where the pet owner wants it.”

The deal, which is expected to close by late 2018, would leave Henry Schein Inc. with its human medicine and dental businesses. The Melville, New York, company expects to net \$1 billion to \$1.25 billion in tax-free cash from a transaction called a Reverse Morris Trust.

Henry Schein Animal Health, based in Dublin, Ohio, employs 4,300 people and does business worldwide, reaching 70 percent of veterinarians in Europe, Australia and New Zealand. Half of U.S. veterinary clinics use Henry Schein practice management software, the company stated.

Vets First Choice, founded in 2010, has 750 employees and has 5,100 veterinary practices enrolled in its prescription management program. The merged company would be headquartered in Portland, Maine, the home of Vets First Choice.

“Improvements in compliance for medications, diagnostics, nutrition, vaccinations, dental programs and more unlocks new significant category growth for veterinary partners and manufacturers and fundamentally strengthens the importance of the vet-client-patient relationships.”

– Ben Shaw, Founder and CEO of Vets First Choice

Veterinary Advantage asked several questions about the new animal health company to both Henry Schein and Vets First Choice. The following are responses from Bergman and Shaw.

Vet-Advantage: The newly combined company will have the ability to reach far more U.S. practices than the current 5,100, and should enable Vets First Corp. to really drive



Ben Shaw



Stan Bergman

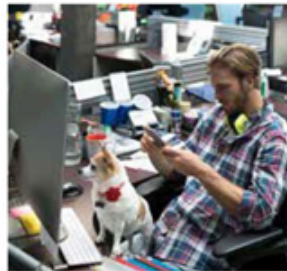
compliance numbers up on a much larger scale, benefiting pets and creating more volume for Vets First Corp. and its manufacturing partners. Can you give us a sense of what kind of influence you have been having on compliance numbers in some of the core categories?

Ben Shaw: Through the combined capabilities of Henry Schein Animal Health and Vets First Choice, Vets First Corp. will enable unique insight, analytics and services that will help veterinarians provide more effective care to their patients by identifying, managing and closing gaps in care. An integrated end-to-end platform offers veterinarians the ability to leverage insight, engagement and outcomes both on-line and in-clinic. Improvements in compliance for medications, diagnostics, nutrition, vaccinations, dental programs and more unlocks new significant category growth for veterinary partners and manufacturers and fundamentally strengthens the importance of the vet-client-patient relationships.

Vet-Advantage: The deal references the end-to-end technology that can be brought to the market on a larger

scale, given HSAH's reach. Pet owners, who have been challenging and expensive to reach, are an integral piece of this end-to-end story. What are the expectations around pet owner behavior, and opportunities beyond compliance?

Stan Bergman: One of the largest motivating factors behind this merger was both companies' desire to better serve pets and their owners, and we believe that bringing together the power of data analytics, digital communications, practice management software, and supply chain expertise into one combined company, Vets First Corp. is better positioned to help improve health outcomes for the benefit of pets and pet parents while also helping veterinarians build more efficient and successful practices.



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Vet-Advantage: HSAH brings more than three times the number of U.S. veterinary practices to the newly formed company. Tell us about the expectations of the HSAH inside and outside sales reps with these new potential customers. Are the expectations to bring many of them onto the Vets First Choice platform? Do you feel additional training might be needed to help them be more effective selling technology solutions?

Stan Bergman: By combining two best-in-class providers of animal health services and solutions, Vets First Corp. will be able to offer veterinarians new ways of generating growth for the benefit of their practice and, ultimately, for the pet owner

and the patient. Henry Schein Animal Health's sales force will be an integral part of that.

While it is premature to go into specifics, there is tremendous opportunity for our sales representatives to harness Vets First Choice's data analytics and other technologies to gain more business, and we look forward to working with our sales leaders and sales representatives to help them make the most of those opportunities.

Vet-Advantage: Do you have a sense for how the logistics will be handled moving forward?

Stan Bergman: This merger is motivated by growth for all the companies involved, and Henry Schein Animal Health's existing distribution network is a key reason why our customers rely on us for the products and services they need to provide quality care to their patients while operating efficient and successful practices. We will work with Vets First Choice to assess both companies' logistical operations to ensure that we maximize our collective strengths for the benefit of our customers and improved health outcomes for pets everywhere.

Vet-Advantage: Where are the current Vets First Choice

warehouses, and can they accommodate the greater needs of veterinary practices, or are they really just set up for delivering pharmaceutical products to pet owners on behalf of the practice?

Ben Shaw: Vets First Choice is headquartered in Portland, ME, with pharmacy and service operations in five other U.S. locations. Our largest facility is a specialty pharmacy facility dedicated to serving the ever-growing specialty needs of veterinarians. As part of the expansion of our facilities network, we announced earlier this year a new facility to be built in Portland, ME that will also include a specialty pharmacy as well as a technical high-speed pharmacy. ■

Additional Information and Where to Find It

In connection with the proposed transaction, Vets First Corp. plans to file relevant materials with the SEC, including a registration statement on Form S-1/S-4 containing a prospectus, in the coming months. **Investors and security holders are urged to carefully read the registration statement/prospectus (including any amendments or supplements thereto and any documents incorporated by reference therein) and any other relevant documents filed with the SEC when they become available, because they will contain important information about the parties and the proposed transaction.** The registration statement/prospectus and other relevant documents that are filed with the SEC can be obtained free of charge (when available) from the SEC's web site at www.sec.gov.

These documents can (when available) also be obtained free of charge from Henry Schein, Inc. upon written request to Carolynne Borders at Henry Schein, Inc., 135 Duryea Road, Melville, NY 11747. This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Forward-Looking Statements

In accordance with the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995, Henry Schein provides the following cautionary remarks regarding important factors that, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. 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. Such forward-looking statements include, but are not limited to, statements about the benefits of the transaction, including future financial and operating results, plans, objectives, expectations and intentions. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to anticipated synergies and the expected timetable for completing the proposed transaction — are forward-looking statements. All forward-looking statements made by us are subject to risks and uncertainties and are not guarantees of future performance. Therefore, you should not rely on any of these forward-looking statements. 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. For example, these forward-looking statements could be affected by factors including, without limitation, risks associated with the ability to consummate the transaction and the timing of the closing of the transaction; the ability to obtain requisite approvals; the ability to successfully integrate operations and employees; the ability to realize anticipated benefits and synergies of the transaction; the potential impact of the announcement of the transaction or consummation of the transaction on relationships, including with employees, customers and competitors; the ability to retain key personnel; the ability to achieve performance targets; changes in financial markets, interest rates and foreign currency exchange rates; and those additional risks and factors discussed in reports filed with the SEC by Henry Schein from time to time, including those discussed under the heading "Risk Factors" in its most recently filed Annual Report on Form 10-K. We undertake no duty and have no obligation to update any forward-looking statements contained herein.