

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 1, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-27078

 **HENRY SCHEIN, INC.**

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

11-3136595
(I.R.S. Employer Identification No.)

135 Duryea Road
Melville, New York
(Address of principal executive offices)
11747
(Zip Code)

(631) 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

No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes

No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

As of May 3, 2017, there were 79,329,460 shares of the registrant's common stock outstanding.

PART I. FINANCIAL INFORMATION

<u>ITEM 1.</u>	<u>Consolidated Financial Statements:</u>	
	<u>Balance Sheets as of April 1, 2017 and December 31, 2016</u>	3
	<u>Statements of Income for the three months ended</u> <u>April 1, 2017 and March 26, 2016</u>	4
	<u>Statements of Comprehensive Income for the three months ended</u> <u>April 1, 2017 and March 26, 2016</u>	5
	<u>Statement of Changes in Stockholders' Equity for the three months ended</u> <u>April 1, 2017</u>	6
	<u>Statements of Cash Flows for the three months ended</u> <u>April 1, 2017 and March 26, 2016</u>	7
	<u>Notes to Consolidated Financial Statements</u>	8
	<u>Note 1 – Basis of Presentation</u>	8
	<u>Note 2 – Segment Data</u>	8
	<u>Note 3 – Debt</u>	9
	<u>Note 4 – Redeemable Noncontrolling Interests</u>	11
	<u>Note 5 – Comprehensive Income</u>	12
	<u>Note 6 – Fair Value Measurements</u>	13
	<u>Note 7 – Business Acquisitions</u>	15
	<u>Note 8 – Plan of Restructuring</u>	16
	<u>Note 9 – Earnings Per Share</u>	17
	<u>Note 10 – Income Taxes</u>	17
	<u>Note 11 – Derivatives and Hedging Activities</u>	18
	<u>Note 12 – Stock-Based Compensation</u>	18
	<u>Note 13 – Supplemental Cash Flow Information</u>	20
	<u>Note 14 – Legal Proceedings</u>	20
<u>ITEM 2.</u>	<u>Management's Discussion and Analysis of</u> <u>Financial Condition and Results of Operations</u>	22
<u>ITEM 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	40
<u>ITEM 4.</u>	<u>Controls and Procedures</u>	40

PART II. OTHER INFORMATION

<u>ITEM 1.</u>	<u>Legal Proceedings</u>	41
<u>ITEM 1A.</u>	<u>Risk Factors</u>	42
<u>ITEM 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	42
<u>ITEM 6.</u>	<u>Exhibits</u>	43
	<u>Signature</u>	44

PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS
HENRY SCHEIN, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	April 1, 2017 (unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 62,888	\$ 62,381
Accounts receivable, net of reserves of \$90,691 and \$90,329	1,362,832	1,254,139
Inventories, net	1,623,983	1,635,750
Prepaid expenses and other	342,554	360,510
Total current assets	3,392,257	3,312,780
Property and equipment, net	336,465	333,906
Goodwill	2,058,687	2,019,740
Other intangibles, net	599,183	621,180
Investments and other	458,028	442,790
Total assets	\$ 6,844,620	\$ 6,730,396
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 843,782	\$ 977,249
Bank credit lines	671,724	437,476
Current maturities of long-term debt	18,604	65,923
Accrued expenses:		
Payroll and related	226,364	266,463
Taxes	168,532	151,750
Other	356,426	391,785
Total current liabilities	2,285,432	2,290,646
Long-term debt	708,422	715,457
Deferred income taxes	79,107	51,589
Other liabilities	256,875	264,264
Total liabilities	3,329,836	3,321,956
Redeemable noncontrolling interests	719,390	607,636
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, 79,468,025 outstanding on April 01, 2017 and 79,402,505 outstanding on December 31, 2016	795	794
Additional paid-in capital	-	127,536
Retained earnings	3,068,249	2,981,777
Accumulated other comprehensive loss	(281,819)	(317,041)
Total Henry Schein, Inc. stockholders' equity	2,787,225	2,793,066
Noncontrolling interests	8,169	7,738
Total stockholders' equity	2,795,394	2,800,804
Total liabilities, redeemable noncontrolling interests and stockholders' equity	\$ 6,844,620	\$ 6,730,396

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

	Three Months Ended	
	April 1, 2017	March 26, 2016
Net sales	\$ 2,922,948	\$ 2,712,956
Cost of sales	2,100,028	1,935,114
Gross profit	822,920	777,842
Operating expenses:		
Selling, general and administrative	628,952	597,590
Restructuring costs	-	4,058
Operating income	193,968	176,194
Other income (expense):		
Interest income	4,304	3,348
Interest expense	(11,430)	(7,127)
Other, net	(45)	3,137
Income before taxes and equity in earnings of affiliates	186,797	175,552
Income taxes	(38,630)	(53,533)
Equity in earnings of affiliates	2,086	2,514
Net income	150,253	124,533
Less: Net income attributable to noncontrolling interests	(9,505)	(10,781)
Net income attributable to Henry Schein, Inc.	\$ 140,748	\$ 113,752
Earnings per share attributable to Henry Schein, Inc.:		
Basic	\$ 1.78	\$ 1.39
Diluted	\$ 1.76	\$ 1.37
Weighted-average common shares outstanding:		
Basic	78,858	81,568
Diluted	79,879	82,739

HENRY SCHEIN, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended	
	April 1, 2017	March 26, 2016
Net income	\$ 150,253	\$ 124,533
Other comprehensive income, net of tax:		
Foreign currency translation gain.....	41,452	9,990
Unrealized gain (loss) from foreign currency hedging activities	(2,861)	1,617
Pension adjustment gain (loss).....	84	(393)
Other comprehensive income, net of tax	38,675	11,214
Comprehensive income	188,928	135,747
Comprehensive income attributable to noncontrolling interests:		
Net income	(9,505)	(10,781)
Foreign currency translation gain	(3,453)	(972)
Comprehensive income attributable to noncontrolling interests	(12,958)	(11,753)
Comprehensive income attributable to Henry Schein, Inc.	\$ 175,970	\$ 123,994

See accompanying notes.

HENRY SCHEIN, INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share and per share data)
(unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)		Noncontrolling Interests	Total Stockholders' Equity
	\$.01 Par Value				Retained Earnings	Comprehensive Income/(Loss)		
	Shares	Amount						
Balance, December 31, 2016	79,402,505	\$ 794	\$ 127,536	\$ 2,981,777	\$ (317,041)	\$ 7,738	\$ 2,800,804	
Net income (excluding \$9,395 attributable to Redeemable noncontrolling interests)	-	-	-	140,748	-	110	140,858	
Foreign currency translation gain (excluding gain of \$3,363 attributable to Redeemable noncontrolling interests)	-	-	-	-	37,999	90	38,089	
Unrealized loss from foreign currency hedging activities, net of tax benefit of \$217	-	-	-	-	(2,861)	-	(2,861)	
Pension adjustment gain, net of tax benefit of \$29	-	-	-	-	84	-	84	
Dividends paid	-	-	-	-	-	(125)	(125)	
Other adjustments	-	-	46	-	-	356	402	
Change in fair value of redeemable securities	-	-	(100,826)	-	-	-	(100,826)	
Repurchase and retirement of common stock	(308,036)	(3)	(11,285)	(38,718)	-	-	(50,066)	
Stock issued upon exercise of stock options, including tax benefit of \$59	76,312	1	3,892	-	-	-	3,893	
Stock-based compensation expense	545,278	5	8,492	-	-	-	8,497	
Shares withheld for payroll taxes	(248,034)	(2)	(43,199)	-	-	-	(43,201)	
Liability for cash settlement of stock-based compensation awards	-	-	(214)	-	-	-	(214)	
Transfer of charges in excess of capital	-	-	15,558	(15,558)	-	-	-	
Balance, April 01, 2017	79,468,025	\$ 795	\$ -	\$ 3,068,249	\$ (281,819)	\$ 8,169	\$ 2,795,394	

See accompanying notes.

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

	Three Months Ended	
	April 1, 2017	March 26, 2016
Cash flows from operating activities:		
Net income	\$ 150,253	\$ 124,533
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	44,749	40,967
Stock-based compensation expense	8,497	14,144
Provision for losses on trade and other accounts receivable	2,810	580
Provision from deferred income taxes	13,496	6,963
Equity in earnings of affiliates	(2,086)	(2,514)
Distributions from equity affiliates	3,038	2,181
Changes in unrecognized tax benefits	(10,876)	2,504
Other	2,689	(173)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(101,764)	(39,767)
Inventories	28,278	13,930
Other current assets	2,689	(24,918)
Accounts payable and accrued expenses	(194,364)	(216,228)
Net cash used in operating activities	(52,591)	(77,798)
Cash flows from investing activities:		
Purchases of fixed assets	(17,311)	(12,605)
Payments for equity investments and business acquisitions, net of cash acquired	(11,820)	(52,562)
Other	(5,549)	(5,829)
Net cash used in investing activities	(34,680)	(70,996)
Cash flows from financing activities:		
Proceeds from bank borrowings	234,037	95,111
Proceeds from issuance of long-term debt	-	210,000
Debt issuance costs	-	(58)
Principal payments for long-term debt	(56,367)	(7,554)
Proceeds from issuance of stock upon exercise of stock options	3,952	6,398
Payments for repurchases of common stock	(50,006)	(99,997)
Payments for taxes related to shares withheld for employee taxes	(40,605)	(23,714)
Distributions to noncontrolling shareholders	(3,264)	(2,096)
Acquisitions of noncontrolling interests in subsidiaries	(4,089)	(32,711)
Net cash provided by financing activities	83,658	145,379
Effect of exchange rate changes on cash and cash equivalents	4,120	2,943
Net change in cash and cash equivalents	507	(472)
Cash and cash equivalents, beginning of period	62,381	72,086
Cash and cash equivalents, end of period	\$ 62,888	\$ 71,614

See accompanying notes.

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

Note 1 – Basis of Presentation

Our consolidated financial statements include our accounts, as well as those of our wholly-owned and majority-owned subsidiaries. Certain prior period amounts have been reclassified to conform to the current period presentation.

Our accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnote disclosures required by U.S. GAAP for complete financial statements.

The consolidated financial statements reflect all adjustments considered necessary for a fair presentation of the consolidated results of operations and financial position for the interim periods presented. All such adjustments are of a normal recurring nature. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2016.

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The results of operations for the three months ended April 1, 2017 are not necessarily indicative of the results to be expected for any other interim period or for the year ending December 30, 2017.

Note 2 – Segment Data

We conduct our business through two reportable segments: (i) health care distribution and (ii) technology and value-added services. These segments offer different products and services to the same customer base.

The health care distribution reportable segment aggregates our global dental, animal health and medical operating segments. This segment distributes consumable products, small equipment, laboratory products, large equipment, equipment repair services, branded and generic pharmaceuticals, vaccines, surgical products, diagnostic tests, infection-control products and vitamins. Our global dental group serves office-based dental practitioners, dental laboratories, schools and other institutions. Our global animal health group serves animal health practices and clinics. Our global medical group serves office-based medical practitioners, ambulatory surgery centers, other alternate-care settings and other institutions. Our global dental, animal health and medical groups serve practitioners in 33 countries worldwide.

Our global technology and value-added services group provides software, technology and other value-added services to health care practitioners. Our technology group offerings include practice management software systems for dental and medical practitioners and animal health clinics. Our value-added practice solutions include financial services on a non-recourse basis, e-services, continuing education services for practitioners, consulting and other services.

See accompanying notes.

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

The following tables present information about our reportable and operating segments:

	Three Months Ended	
	April 1, 2017	March 26, 2016
Net Sales:		
Health care distribution (1):		
Dental	\$ 1,405,158	\$ 1,301,755
Animal health	812,939	771,413
Medical	598,886	538,117
Total health care distribution	2,816,983	2,611,285
Technology and value-added services (2).....	105,965	101,671
Total	<u>\$ 2,922,948</u>	<u>\$ 2,712,956</u>

(1) Consists of consumable products, small equipment, laboratory products, large equipment, equipment repair services, branded and generic pharmaceuticals, vaccines, surgical products, diagnostic tests, infection-control products and vitamins.

(2) Consists of practice management software and other value-added products, which are distributed primarily to health care providers, and financial services on a non-recourse basis, e-services, continuing education services for practitioners, consulting and other services.

	Three Months Ended	
	April 1, 2017	March 26, 2016
Operating Income:		
Health care distribution	\$ 162,707	\$ 148,101
Technology and value-added services	31,261	28,093
Total	<u>\$ 193,968</u>	<u>\$ 176,194</u>

Note 3 – Debt

Bank Credit Lines

On April 18, 2017, we increased the borrowing capacity of a revolving credit agreement (the “Credit Agreement”) from \$500 million to \$750 million and extended the expiration date of the Credit Agreement to April 18, 2022. The interest rate is based on the USD LIBOR plus a spread based on our leverage ratio at the end of each financial reporting quarter. The Credit Agreement provides, among other things, that we are required to maintain maximum leverage ratios, and contains customary representations, warranties and affirmative covenants. The Credit Agreement also contains customary negative covenants, subject to negotiated exceptions on liens, indebtedness, significant corporate changes (including mergers), dispositions and certain restrictive agreements. As of April 1, 2017 and December 31, 2016, the borrowings on this revolving credit facility were \$210.0 million and \$65.0 million, respectively. As of April 1, 2017 and December 31, 2016, there were \$12.7 million and \$13.0 million of letters of credit, respectively, provided to third parties under the credit facility.

As of April 1, 2017 and December 31, 2016, we had various other short-term bank credit lines available, of which \$461.7 million and \$372.5 million, respectively, were outstanding. At April 1, 2017 and December 31, 2016, borrowings under all of our credit lines had a weighted average interest rate of 1.74% and 1.61%, respectively.

See accompanying notes.

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

Private Placement Facilities

On September 22, 2014, we increased our available private placement facilities with three insurance companies to a total facility amount of \$975 million, and extended the expiration date to September 22, 2017. These facilities are available on an uncommitted basis at fixed rate economic terms to be agreed upon at the time of issuance, from time to time through September 22, 2017. The facilities allow us to issue senior promissory notes to the lenders at a fixed rate based on an agreed upon spread over applicable treasury notes at the time of issuance. The term of each possible issuance will be selected by us and can range from five to 15 years (with an average life no longer than 12 years). The proceeds of any issuances under the facilities will be used for general corporate purposes, including working capital and capital expenditures, to refinance existing indebtedness and/or to fund potential acquisitions. The agreements provide, among other things, that we maintain certain maximum leverage ratios, and contain restrictions relating to subsidiary indebtedness, liens, affiliate transactions, disposal of assets and certain changes in ownership. These facilities contain make-whole provisions in the event that we pay off the facilities prior to the applicable due dates.

The components of our private placement facility borrowings as of April 1, 2017 are presented in the following table (in thousands):

Date of Borrowing	Amount of Borrowing Outstanding	Borrowing Rate	Due Date
September 2, 2010	\$ 100,000	3.79%	September 2, 2020
January 20, 2012	50,000	3.45	January 20, 2024
January 20, 2012 (1)	35,714	3.09	January 20, 2022
December 24, 2012	50,000	3.00	December 24, 2024
June 2, 2014	100,000	3.19	June 2, 2021
	<u>\$ 335,714</u>		

(1) Annual repayments of approximately \$7.1 million for this borrowing commenced on January 20, 2016.

U.S. Trade Accounts Receivable Securitization

We have a facility agreement with a bank, as agent, based on the securitization of our U.S. trade accounts receivable that is structured as an asset-backed securitization program with pricing committed for up to three years. On June 1, 2016, we extended the expiration date of this facility agreement to April 29, 2019 and increased the purchase limit under the facility from \$300 million to \$350 million. The borrowings outstanding under this securitization facility were \$350.0 million and \$350.0 million as of April 1, 2017 and December 31, 2016, respectively. At April 1, 2017, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 105 basis points plus 75 basis points, for a combined rate of 1.80%. At December 31, 2016, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 101 basis points plus 75 basis points, for a combined rate of 1.76%.

We are required to pay a commitment fee of 30 basis points on the daily balance of the unused portion of the facility if our usage is greater than or equal to 50% of the facility limit or a commitment fee of 35 basis points on the daily balance of the unused portion of the facility if our usage is less than 50% of the facility limit.

Borrowings under this facility are presented as a component of Long-term debt within our consolidated balance sheet.

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

Long-term debt

Long-term debt consisted of the following:

	April 1, 2017	December 31, 2016
Private placement facilities	\$ 335,714	\$ 342,857
U.S. trade accounts receivable securitization	350,000	350,000
Note payable to bank at a weighted-average interest rate of 21.37% at December 31, 2016	-	47,957
Various collateralized and uncollateralized loans payable with interest, in varying installments through 2021 at interest rates ranging from 2.56% to 12.90% at April 1, 2017 and at December 31, 2016	35,810	35,150
Capital lease obligations payable through 2029 with interest rates ranging from 0.84% to 19.15% at April 1, 2017 and at December 31, 2016	5,502	5,416
Total	727,026	781,380
Less current maturities	(18,604)	(65,923)
Total long-term debt	\$ 708,422	\$ 715,457

Note 4 – Redeemable Noncontrolling Interests

Some minority shareholders in certain of our subsidiaries have the right, at certain times, to require us to acquire their ownership interest in those entities at fair value. Accounting Standards Codification (“ASC”) Topic 480-10 is applicable for noncontrolling interests where we are or may be required to purchase all or a portion of the outstanding interest in a consolidated subsidiary from the noncontrolling interest holder under the terms of a put option contained in contractual agreements. The components of the change in the Redeemable noncontrolling interests for the three months ended April 1, 2017 and the year ended December 31, 2016 are presented in the following table:

	April 1, 2017	December 31, 2016
Balance, beginning of period	\$ 607,636	\$ 542,194
Decrease in redeemable noncontrolling interests due to redemptions	-	(72,729)
Increase in redeemable noncontrolling interests due to business acquisitions	-	58,172
Net income attributable to redeemable noncontrolling interests	9,395	48,760
Dividends declared	(1,830)	(32,973)
Effect of foreign currency translation gain (loss) attributable to redeemable noncontrolling interests	3,363	(2,652)
Change in fair value of redeemable securities	100,826	66,864
Balance, end of period	\$ 719,390	\$ 607,636

Changes in the estimated redemption amounts of the noncontrolling interests subject to put options are adjusted at each reporting period with a corresponding adjustment to Additional paid-in capital. Future reductions in the carrying amounts are subject to a “floor” amount that is equal to the fair value of the redeemable noncontrolling interests at the time they were originally recorded. The recorded value of the redeemable noncontrolling interests cannot go below the floor level. These adjustments do not impact the calculation of earnings per share.

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

Note 5 – Comprehensive Income

Comprehensive income includes certain gains and losses that, under U.S. GAAP, are excluded from net income as such amounts are recorded directly as an adjustment to stockholders' equity. Our comprehensive income is primarily comprised of net income, foreign currency translation gain (loss), unrealized gain (loss) on foreign currency hedging activities, unrealized investment gain (loss) and pension adjustment gain (loss).

The following table summarizes our Accumulated other comprehensive loss, net of applicable taxes as of:

	April 1, 2017	December 31, 2016
Attributable to Redeemable noncontrolling interests:		
Foreign currency translation adjustment	\$ (9,662)	\$ (13,025)
Attributable to noncontrolling interests:		
Foreign currency translation adjustment	\$ (23)	\$ (113)
Attributable to Henry Schein, Inc.:		
Foreign currency translation loss	\$ (258,213)	\$ (296,212)
Unrealized loss from foreign currency hedging activities	(2,914)	(53)
Pension adjustment loss	(20,692)	(20,776)
Accumulated other comprehensive loss	\$ (281,819)	\$ (317,041)
Total Accumulated other comprehensive loss	\$ (291,504)	\$ (330,179)

The following table summarizes the components of comprehensive income, net of applicable taxes as follows:

	Three Months Ended	
	April 1, 2017	March 26, 2016
Net income	\$ 150,253	\$ 124,533
Foreign currency translation gain	41,452	9,990
Tax effect	-	-
Foreign currency translation gain	41,452	9,990
Unrealized gain (loss) from foreign currency hedging activities	(3,078)	2,168
Tax effect	217	(551)
Unrealized gain (loss) from foreign currency hedging activities	(2,861)	1,617
Pension adjustment gain (loss).....	55	(492)
Tax effect	29	99
Pension adjustment gain (loss).....	84	(393)
Comprehensive income	\$ 188,928	\$ 135,747

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

During the three months ended April 1, 2017 and March 26, 2016, we recognized as a component of our comprehensive income, a foreign currency translation gain of \$41.5 million and \$10.0 million, respectively, due to changes in foreign exchange rates from the beginning of the period to the end of the period. Our financial statements are denominated in the U.S. Dollar currency. Fluctuations in the value of foreign currencies as compared to the U.S. Dollar may have a significant impact on our comprehensive income. The foreign currency translation gain (loss) during the three months ended April 1, 2017 and three months ended March 26, 2016 was impacted by changes in foreign currency exchange rates as follows:

Currency	Foreign Currency Translation Gain (Loss) for the Three Months Ended			Foreign Currency Translation Gain (Loss) for the Three Months Ended		
	April 1, 2017	FX Rate into USD		March 26, 2016	FX Rate into USD	
		April 1, 2017	April 31, 2016		March 26, 2016	March 26, 2015
Euro	11,848	1.07	1.05	11,170	1.12	1.10
British Pound	4,606	1.25	1.23	(14,772)	1.41	1.49
Australian Dollar	10,716	0.76	0.72	5,071	0.75	0.73
Canadian Dollar	812	0.75	0.74	4,956	0.75	0.72
Polish Zloty	2,639	0.25	0.24	499	0.26	0.26
Swiss Franc	1,156	1.00	0.98	921	1.02	1.01
Brazilian Real	5,638	0.32	0.31	930	0.27	0.25
All other currencies	4,037			1,215		
Total	\$ 41,452			\$ 9,990		

The following table summarizes our total comprehensive income, net of applicable taxes, as follows:

	Three Months Ended	
	April 1, 2017	March 26, 2016
Comprehensive income attributable to		
Henry Schein, Inc.	\$ 175,970	\$ 123,994
Comprehensive income attributable to		
noncontrolling interests	200	72
Comprehensive income attributable to		
Redeemable noncontrolling interests	12,758	11,681
Comprehensive income	\$ 188,928	\$ 135,747

Note 6 – Fair Value Measurements

ASC Topic 820 “Fair Value Measurements and Disclosures” (“ASC Topic 820”) provides a framework for measuring fair value in generally accepted accounting principles.

ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs).

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

The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

- Level 1— Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2— Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3— Inputs that are unobservable for the asset or liability.

The following section describes the valuation methodologies that we used to measure different financial instruments at fair value.

Investments and notes receivable

There are no quoted market prices available for investments in unconsolidated affiliates and notes receivable; however, we believe the carrying amounts are a reasonable estimate of fair value.

Debt

The fair value of our debt as of April 1, 2017 and December 31, 2016 was estimated at \$1,398.8 million and \$1,218.9 million, respectively. Factors that we considered when estimating the fair value of our debt include market conditions, prepayment and make-whole provisions, liquidity levels in the private placement market, variability in pricing from multiple lenders and term of debt.

Derivative contracts

Derivative contracts are valued using quoted market prices and significant other observable and unobservable inputs. We use derivative instruments to minimize our exposure to fluctuations in foreign currency exchange rates. Our derivative instruments primarily include foreign currency forward agreements related to intercompany loans and certain forecasted inventory purchase commitments with suppliers.

The fair values for the majority of our foreign currency derivative contracts are obtained by comparing our contract rate to a published forward price of the underlying market rates, which is based on market rates for comparable transactions and are classified within Level 2 of the fair value hierarchy.

Redeemable noncontrolling interests

Some minority shareholders in certain of our subsidiaries have the right, at certain times, to require us to acquire their ownership interest in those entities at fair value based on third-party valuations. The primary factor affecting the future value of redeemable noncontrolling interests is expected earnings and, if such earnings are not achieved, the value of the redeemable noncontrolling interests might be impacted. The noncontrolling interests subject to put options are adjusted to their estimated redemption amounts each reporting period with a corresponding adjustment to Additional paid-in capital. Future reductions in the carrying amounts are subject to a "floor" amount that is equal to the fair value of the redeemable noncontrolling interests at the time they were originally recorded. The recorded value of the redeemable noncontrolling interests cannot go below the floor level. These adjustments do not impact the calculation of earnings per share. The values for Redeemable noncontrolling interests are classified within Level 3 of the fair value hierarchy. The details of the changes in Redeemable noncontrolling interests are presented in Note 4.

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

The following table presents our assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of April 1, 2017 and December 31, 2016:

	April 1, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative contracts	\$ -	\$ 668	\$ -	\$ 668
Total assets	\$ -	\$ 668	\$ -	\$ 668
Liabilities:				
Derivative contracts	\$ -	\$ 5,189	\$ -	\$ 5,189
Total liabilities	\$ -	\$ 5,189	\$ -	\$ 5,189
Redeemable noncontrolling interests	\$ -	\$ -	\$ 719,390	\$ 719,390
December 31, 2016				
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative contracts	\$ -	\$ 1,240	\$ -	\$ 1,240
Total assets	\$ -	\$ 1,240	\$ -	\$ 1,240
Liabilities:				
Derivative contracts	\$ -	\$ 931	\$ -	\$ 931
Total liabilities	\$ -	\$ 931	\$ -	\$ 931
Redeemable noncontrolling interests	\$ -	\$ -	\$ 607,636	\$ 607,636

Note 7 – Business Acquisitions

Acquisitions

The operating results of all acquisitions are reflected in our financial statements from their respective acquisition dates.

We did not complete any material acquisitions during the three months ended April 1, 2017.

Some prior owners of acquired subsidiaries are eligible to receive additional purchase price cash consideration if certain financial targets are met. We have accrued liabilities for the estimated fair value of additional purchase price consideration at the time of the acquisition. Any adjustments to these accrual amounts are recorded in our consolidated statements of income. For the three months ended April 1, 2017 and March 26, 2016, there were no material adjustments recorded in our consolidated statement of income relating to changes in estimated contingent purchase price liabilities.

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

Note 8 – Plan of Restructuring

On November 6, 2014, we announced a corporate initiative to rationalize our operations and provide expense efficiencies, which was expected to be completed by the end of fiscal 2015. This initiative originally planned for the elimination of approximately 2% to 3% of our workforce and the closing of certain facilities. We subsequently announced our plan to extend these restructuring activities through the end of 2016 to further implement cost-savings initiatives, which ultimately resulted in the elimination of approximately 900 positions, representing 4% of our workforce. We recorded restructuring costs of \$34.9 million pre-tax in fiscal 2015 and \$45.9 million pre-tax in fiscal 2016. Our restructuring activities are complete and we do not expect to report any such charges in 2017.

During the three months ended March 26, 2016, we recorded restructuring costs of \$4.1 million. The costs associated with this restructuring are included in a separate line item, “Restructuring costs” within our consolidated statements of income.

The following table shows the amounts expensed and paid for restructuring costs that were incurred during the three months ended April 1, 2017 and during our 2016 fiscal year and the remaining accrued balance of restructuring costs as of April 1, 2017, which is included in Accrued expenses: Other and Other liabilities within our consolidated balance sheet:

	Severance Costs	Facility Closing Costs	Other	Total
Balance, December 26, 2015	\$ 9,103	\$ 2,151	\$ 811	\$ 12,065
Provision	40,728	3,587	1,576	45,891
Payments and other adjustments	(27,477)	(3,284)	(1,492)	(32,253)
Balance, December 31, 2016	\$ 22,354	\$ 2,454	\$ 895	\$ 25,703
Provision	-	-	-	-
Payments	(10,700)	(478)	(813)	(11,991)
Balance, April 01, 2017	\$ 11,654	\$ 1,976	\$ 82	\$ 13,712

The following table shows, by reportable segment, the amounts expensed and paid for restructuring costs that were incurred during the three months ended April 1, 2017 and the 2016 fiscal year and the remaining accrued balance of restructuring costs as of April 1, 2017:

	Health Care Distribution	Technology and Value-Added Services	Total
Balance, December 26, 2015	\$ 12,062	\$ 3	\$ 12,065
Provision	44,082	1,809	45,891
Payments and other adjustments	(30,906)	(1,347)	(32,253)
Balance, December 31, 2016	\$ 25,238	\$ 465	\$ 25,703
Provision	-	-	-
Payments	(11,849)	(142)	(11,991)
Balance, April 01, 2017	\$ 13,389	\$ 323	\$ 13,712

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

Note 9 – Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to Henry Schein, Inc. by the weighted-average number of common shares outstanding for the period. Our diluted earnings per share is computed similarly to basic earnings per share, except that it reflects the effect of common shares issuable for presently unvested restricted stock and restricted stock units and upon exercise of stock options, using the treasury stock method in periods in which they have a dilutive effect.

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

	Three Months Ended	
	April 1, 2017	March 26, 2016
Basic	78,858	81,568
Effect of dilutive securities:		
Stock options, restricted stock and restricted stock units	1,021	1,171
Diluted	79,879	82,739

Note 10 – Income Taxes

For the three months ended April 1, 2017, our effective tax rate was 20.7% compared to 30.5% for the prior year period. The difference between our effective tax rates and the federal statutory tax rates primarily relates to the adoption of Accounting Standards Update (“ASU”) No. 2016-09, “Stock Compensation (Topic 718)” in the first quarter of 2017, as well as state and foreign income taxes and interest expense.

Under ASU 2016-09, all excess tax benefits and tax deficiencies resulting from the difference between the deduction for tax purposes and the stock-based compensation cost recognized for financial reporting purposes are included as a component of income tax expense as of January 1, 2017. Prior to the implementation of ASU 2016-09, excess tax benefits were recorded as a component of additional paid in capital and tax deficiencies were recognized either as an offset to accumulated excess tax benefits or in the income statement if there were no accumulated excess tax benefits. The adoption of ASU No. 2016-09 reduced income tax expense by approximately \$17.0 million in the period.

The total amount of unrecognized tax benefits as of April 1, 2017 was approximately \$96.5 million, of which \$71.1 million would affect the effective tax rate if recognized. It is expected that the amount of unrecognized tax benefits will change in the next 12 months; however, we do not expect the change to have a material impact on our consolidated financial statements.

The total amounts of interest and penalties, which are classified as a component of the provision for income taxes, were approximately \$12.3 million and \$0.0, respectively, as of April 1, 2017.

The tax years subject to examination by major tax jurisdictions include the years 2012 and forward by the U.S. Internal Revenue Service (“IRS”), as well as the years 2008 and forward for certain states and certain foreign jurisdictions. We are currently under audit for the years 2012 and 2013. During the quarter ended December 31, 2016, we reached a settlement on a portion of the IRS audit of tax years 2012 and 2013. Additionally, during the quarter ended December 31, 2016 we filed a Mutual Agreement Procedure request with the IRS for assistance from the U.S. Competent Authority for an open transfer pricing matter. We received a 30-Day Letter from the IRS during the quarter ended April 1, 2017 for the remaining open audit matters for the years 2012 and 2013. We anticipate filing a protest with the Appellate Division regarding these matters during the second quarter of 2017. We do not expect this to have a material adverse effect on our consolidated financial condition, liquidity or results of operations.

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

Note 11 – Derivatives and Hedging Activities

We are exposed to market risks as well as changes in foreign currency exchange rates as measured against the U.S. dollar and each other, and changes to the credit markets. We attempt to minimize these risks by primarily using foreign currency forward contracts and by maintaining counter-party credit limits. These hedging activities provide only limited protection against currency exchange and credit risks. Factors that could influence the effectiveness of our hedging programs include currency markets and availability of hedging instruments and liquidity of the credit markets. All foreign currency forward contracts that we enter into are components of hedging programs and are entered into for the sole purpose of hedging an existing or anticipated currency exposure. We do not enter into such contracts for speculative purposes and we manage our credit risks by diversifying our investments, maintaining a strong balance sheet and having multiple sources of capital.

Fluctuations in the value of certain foreign currencies as compared to the U.S. dollar may positively or negatively affect our revenues, gross margins, operating expenses and retained earnings, all of which are expressed in U.S. dollars. Where we deem it prudent, we engage in hedging programs using primarily foreign currency forward contracts aimed at limiting the impact of foreign currency exchange rate fluctuations on earnings. We purchase short-term (i.e., 18 months or less) foreign currency forward contracts to protect against currency exchange risks associated with intercompany loans due from our international subsidiaries and the payment of merchandise purchases to our foreign suppliers. We do not hedge the translation of foreign currency profits into U.S. dollars, as we regard this as an accounting exposure, not an economic exposure. Our hedging activities have historically not had a material impact on our consolidated financial statements. Accordingly, additional disclosures related to derivatives and hedging activities required by ASC Topic 815 have been omitted.

Note 12 – Stock-Based Compensation

Our accompanying consolidated statements of income reflect pre-tax share-based compensation expense of \$8.5 million (\$6.7 million after-tax) and \$14.1 million (\$9.8 million after-tax) for the three months ended April 1, 2017 and March 26, 2016, respectively.

Stock-based compensation represents the cost related to stock-based awards granted to employees and non-employee directors. We measure stock-based compensation at the grant date, based on the estimated fair value of the award, and recognize the cost (net of estimated forfeitures) as compensation expense on a straight-line basis over the requisite service period. Our stock-based compensation expense is reflected in selling, general and administrative expenses in our consolidated statements of income.

Stock-based awards are provided to certain employees and non-employee directors under the terms of our 2013 Stock Incentive Plan, as amended, and our 2015 Non-Employee Director Stock Incentive Plan (together, the "Plans"). The Plans are administered by the Compensation Committee of the Board of Directors. Prior to March 2009, awards under the Plans principally included a combination of at-the-money stock options and restricted stock/units. Since March 2009, equity-based awards have been granted solely in the form of restricted stock/units, with the exception of providing stock options to employees pursuant to certain pre-existing contractual obligations.

Grants of restricted stock/units are stock-based awards granted to recipients with specified vesting provisions. In the case of restricted stock, common stock is delivered on the date of grant, subject to vesting conditions. In the case of restricted stock units, common stock is generally delivered on or following satisfaction of vesting conditions. We issue restricted stock/units that vest solely based on the recipient's continued service over time (primarily four-year cliff vesting, except for grants made under the 2015 Non-Employee Director Stock Incentive Plan, which are primarily 12-month cliff vesting) and restricted stock/units that vest based on our achieving specified performance measurements and the recipient's continued service over time (primarily three-year cliff vesting).

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

With respect to time-based restricted stock/units, we estimate the fair value on the date of grant based on our closing stock price. With respect to performance-based restricted stock/units, the number of shares that ultimately vest and are received by the recipient is based upon our performance as measured against specified targets over a specified period, as determined by the Compensation Committee of the Board of Directors. Although there is no guarantee that performance targets will be achieved, we estimate the fair value of performance-based restricted stock/units based on our closing stock price at time of grant.

The Plans provide for adjustments to the performance-based restricted stock/units targets for significant events, including, without limitation, acquisitions, divestitures, new business ventures, certain capital transactions (including share repurchases), restructuring costs, if any, changes in accounting principles or in applicable laws or regulations and certain foreign exchange fluctuations. Over the performance period, the number of shares of common stock that will ultimately vest and be issued and the related compensation expense is adjusted upward or downward based upon our estimation of achieving such performance targets. The ultimate number of shares delivered to recipients and the related compensation cost recognized as an expense will be based on our actual performance metrics as defined under the Plans.

Total unrecognized compensation cost related to non-vested awards as of April 1, 2017 was \$124.2 million, which is expected to be recognized over a weighted-average period of approximately 2.6 years.

The following table summarizes stock option activity under the Plans during the three months ended April 1, 2017:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at beginning of period	177	\$ 57.19		
Granted	-	-		
Exercised	(76)	54.60		
Forfeited	-	-		
Outstanding at end of period	<u>101</u>	<u>\$ 59.16</u>	0.9	\$ 11,099
Options exercisable at end of period	<u>101</u>	<u>\$ 59.16</u>	0.9	\$ 11,099

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

The following tables summarize the activity of our non-vested restricted stock/units for the three months ended April 1, 2017:

	Time-Based Restricted Stock/Units		
	Shares/Units	Weighted Average	Intrinsic Value
		Grant Date Fair Value Per Share	
Outstanding at beginning of period	670	\$ 121.08	
Granted	138	170.92	
Vested	(172)	93.86	
Forfeited	(5)	140.63	
Outstanding at end of period	631	\$ 139.23	\$ 169.97

	Performance-Based Restricted Stock/Units		
	Shares/Units	Weighted Average	Intrinsic Value
		Grant Date Fair Value Per Share	
Outstanding at beginning of period	925	\$ 108.09	
Granted	197	166.18	
Vested	(424)	109.72	
Forfeited	(3)	155.03	
Outstanding at end of period	695	\$ 125.70	\$ 169.97

Note 13 – Supplemental Cash Flow Information

Cash paid for interest and income taxes was:

	Three Months Ended		
	April 1, 2017		March 26, 2016
Interest.....	\$	10,852	\$ 7,109
Income taxes.....		29,018	12,490

During the three months ended April 1, 2017 and March 26, 2016, we had \$(3.1) million and \$2.2 million of non-cash net unrealized gains (losses) related to foreign currency hedging activities, respectively.

Note 14 – Legal Proceedings

In September 2015, Henry Schein, Inc. was served with a summons and complaint in an action commenced in the United States District Court for the Eastern District of New York, entitled SourceOne Dental, Inc. v. Patterson Companies, Inc., Henry Schein, Inc. and Benco Dental Supply Company, Civil Action No. 15-cv-05440-JMA-GRB. Plaintiff alleges that, through its website, it markets and sells dental supplies and equipment to dentists. Plaintiff alleges, among other things, that defendants conspired to eliminate plaintiff as a viable competitor and to exclude plaintiff from the market for the marketing, distribution and sale of dental supplies and equipment in the United States and that defendants unlawfully agreed with one another to boycott dentists, manufacturers and state dental associations that deal with, or considered dealing with, plaintiff. Plaintiff asserts the following claims: (i) unreasonable restraint of trade in violation of state and federal antitrust laws; (ii) tortious interference with prospective business relations; (iii) civil conspiracy; and (iv) aiding and abetting the other defendants' ongoing tortious and anticompetitive conduct. Plaintiff seeks equitable relief, compensatory and treble

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

damages, jointly and severally, punitive damages, interest, and reasonable costs and expenses, including attorneys' fees and expert fees. We intend to defend ourselves vigorously against the action.

Beginning in January 2016, class action complaints were filed against Patterson Companies, Inc., Benco Dental Supply Co. and Henry Schein, Inc. Each of these complaints allege, among other things, that defendants conspired to fix prices, allocate customers and foreclose competitors by boycotting manufacturers, state dental associations and others that deal with defendants' competitors. Subject to certain exclusions, these classes seek to represent all persons who purchased dental supplies or equipment in the United States directly from any of the defendants or Burkhart Dental Supply Co. since August 31, 2008. Each class action complaint asserts a single count under Section 1 of the Sherman Act, and seeks equitable relief, compensatory and treble damages, jointly and severally, and reasonable costs and expenses, including attorneys' fees and expert fees. We intend to defend ourselves vigorously against these actions.

From time to time, we may become a party to other legal proceedings, including, without limitation, product liability claims, employment matters, commercial disputes, governmental inquiries and investigations (which may in some cases involve our entering into settlement arrangements or consent decrees), and other matters arising out of the ordinary course of our business. While the results of any legal proceeding cannot be predicted with certainty, in our opinion none of these other pending matters are currently anticipated to have a material adverse effect on our financial condition or results of operations.

As of April 1, 2017, we had accrued our best estimate of potential losses relating to claims that were probable to result in liability and for which we were able to reasonably estimate a loss. This accrued amount, as well as related expenses, was not material to our financial position, results of operations or cash flows. Our method for determining estimated losses considers currently available facts, presently enacted laws and regulations and other factors, including probable recoveries from third parties.

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

Cautionary Note Regarding Forward-Looking Statements

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 that, 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.

Risk factors and uncertainties that could cause actual results to differ materially from current and historical results include, but are not limited to: effects of a highly competitive and consolidating market; our dependence on third parties for the manufacture and supply of our products; our dependence upon sales personnel, customers, suppliers and manufacturers; our dependence on our senior management; fluctuations in quarterly earnings; risks from expansion of customer purchasing power and multi-tiered costing structures; increases in shipping costs for our products or other service issues with our third-party shippers; general global macro-economic conditions; risks associated with currency fluctuations; risks associated with political and economic uncertainty; disruptions in financial markets; volatility of the market price of our common stock; changes in the health care industry; implementation of health care laws; failure to comply with regulatory requirements and data privacy laws; risks associated with our global operations; transitional challenges associated with acquisitions and joint ventures, including the failure to achieve anticipated synergies; financial risks associated with acquisitions and joint ventures; litigation risks; the dependence on our continued product development, technical support and successful marketing in the technology segment; increased competition by third party online commerce sites; risks from disruption to our information systems; cyberattacks or other privacy or data security breaches; certain provisions in our governing documents that may discourage third-party acquisitions of us; and changes in tax legislation. 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, any forward-looking statements contained herein should not be relied upon as a prediction of actual results. We undertake no duty and have no obligation to update forward-looking statements.

Where You Can Find Important Information

We may disclose important information through one or more of the following channels: SEC filings, public conference calls and webcasts, press releases, the investor relations page of our website (www.henryschein.com) and the social media channels identified on the Newsroom page of our website.

Executive-Level Overview

We believe we are the world's largest provider of health care products and services primarily to office-based dental, animal health and medical practitioners. We serve more than 1 million customers worldwide including dental practitioners and laboratories, animal health clinics and physician practices, as well as government, institutional health care clinics and other alternate care clinics. We believe that we have a strong brand identity due to our more than 85 years of experience distributing health care products.

We are headquartered in Melville, New York, employ more than 21,000 people (of which more than 10,500 are based outside the United States) and have operations or affiliates in 32 countries, including the United States, Australia, Austria, Belgium, Brazil, Canada, Chile, China, the Czech Republic, Denmark, France, Germany, Hong Kong SAR, Ireland, Israel, Italy, Japan, Luxembourg, Malaysia, the Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, South Africa, Spain, Sweden, Switzerland, Thailand and the United Kingdom.

We have established strategically located distribution centers to enable us to better serve our customers and increase our operating efficiency. This infrastructure, together with broad product and service offerings at competitive prices, and a strong commitment to customer service, enables us to be a single source of supply for our customers' needs. Our infrastructure also allows us to provide convenient ordering and rapid, accurate and complete order fulfillment.

We conduct our business through two reportable segments: (i) health care distribution and (ii) technology and value-added services. These segments offer different products and services to the same customer base.

The health care distribution reportable segment aggregates our global dental, animal health and medical operating segments. This segment distributes consumable products, small equipment, laboratory products, large equipment, equipment repair services, branded and generic pharmaceuticals, vaccines, surgical products, diagnostic tests, infection-control products and vitamins. Our global dental group serves office-based dental practitioners, dental laboratories, schools and other institutions. Our global animal health group serves animal health practices and clinics. Our global medical group serves office-based medical practitioners, ambulatory surgery centers, other alternate-care settings and other institutions.

Our global technology and value-added services group provides software, technology and other value-added services to health care practitioners. Our technology group offerings include practice management software systems for dental and medical practitioners and animal health clinics. Our value-added practice solutions include financial services on a non-recourse basis, e-services, practice technology, network and hardware services, as well as continuing education services for practitioners.

Industry Overview

In recent years, the health care industry has increasingly focused on cost containment. This trend has benefited distributors capable of providing a broad array of products and services at low prices. It also has accelerated the growth of HMOs, group practices, other managed care accounts and collective buying groups, which, in addition to their emphasis on obtaining products at competitive prices, tend to favor distributors capable of providing specialized management information support. We believe that the trend towards cost containment has the potential to favorably affect demand for technology solutions, including software, which can enhance the efficiency and facilitation of practice management.

Our operating results in recent years have been significantly affected by strategies and transactions that we undertook to expand our business, domestically and internationally, in part to address significant changes in the health care industry, including consolidation of health care distribution companies, health care reform, trends toward managed care, cuts in Medicare and collective purchasing arrangements.

Our current and future results have been and could be impacted by the current economic environment and uncertainty, particularly impacting overall demand for our products and services.

Industry Consolidation

The health care products distribution industry, as it relates to office-based health care practitioners, is fragmented and diverse. This industry, which encompasses the dental, animal health and medical markets, was estimated to produce revenues of approximately \$45 billion in 2016 in the global markets. The industry ranges from sole practitioners working out of relatively small offices to group practices or service organizations ranging in size from a few practitioners to a large number of practitioners who have combined or otherwise associated their practices.

Due in part to the inability of office-based health care practitioners to store and manage large quantities of supplies in their offices, the distribution of health care supplies and small equipment to office-based health care practitioners has been characterized by frequent, small quantity orders, and a need for rapid, reliable and substantially complete order fulfillment. The purchasing decisions within an office-based health care practice are typically made by the practitioner or an administrative assistant. Supplies and small equipment are generally purchased from more than one distributor, with one generally serving as the primary supplier.

The trend of consolidation extends to our customer base. Health care practitioners are increasingly seeking to partner, affiliate or combine with larger entities such as hospitals, health systems, group practices or physician hospital organizations. In many cases, purchasing decisions for consolidated groups are made at a centralized or professional staff level; however, orders are delivered to the practitioners' offices.

We believe that consolidation within the industry will continue to result in a number of distributors, particularly those with limited financial, operating and marketing resources, seeking to combine with larger companies that can provide growth opportunities. This consolidation also may continue to result in distributors seeking to acquire companies that can enhance their current product and service offerings or provide opportunities to serve a broader customer base.

Our trend with regard to acquisitions and joint ventures has been to expand our role as a provider of products and services to the health care industry. This trend has resulted in our expansion into service areas that complement our existing operations and provide opportunities for us to develop synergies with, and thus strengthen, the acquired businesses.

As industry consolidation continues, we believe that we are positioned to capitalize on this trend, as we believe we have the ability to support increased sales through our existing infrastructure, although there can be no assurances that we will be able to successfully accomplish this. We also have invested in expanding our sales/marketing infrastructure to include a focus on building relationships with decision makers who do not reside in the office-based practitioner setting.

As the health care industry continues to change, we continually evaluate possible candidates for merger and joint venture or acquisition and intend to continue to seek opportunities to expand our role as a provider of products and services to the health care industry. There can be no assurance that we will be able to successfully pursue any such opportunity or consummate any such transaction, if pursued. If additional transactions are entered into or consummated, we would incur merger and/or acquisition-related costs, and there can be no assurance that the integration efforts associated with any such transaction would be successful.

Aging Population and Other Market Influences

The health care products distribution industry continues to experience growth due to the aging population, increased health care awareness, the proliferation of medical technology and testing, new pharmacology treatments and expanded third-party insurance coverage, partially offset by the effects of unemployment on insurance coverage. In addition, the physician market continues to benefit from the shift of procedures and diagnostic testing from acute care settings to alternate-care sites, particularly physicians' offices.

According to the U.S. Census Bureau's International Data Base, in 2016 there were more than six million Americans aged 85 years or older, the segment of the population most in need of long-term care and elder-care services. By the year 2050, that number is projected to nearly triple to approximately 19 million. The population aged 65 to 84 years is projected to increase over 60% during the same time period.

As a result of these market dynamics, annual expenditures for health care services continue to increase in the United States. We believe that demand for our products and services will grow, while continuing to be impacted by current and future operating, economic and industry conditions. The Centers for Medicare and Medicaid Services, or CMS, published "National Health Expenditure Projections 2016-2025" indicating that total national health care spending reached approximately \$3.4 trillion in 2016, or 18.1% of the nation's gross domestic product, the

benchmark measure for annual production of goods and services in the United States. Health care spending is projected to reach approximately \$5.5 trillion in 2025, approximately 19.9% of the nation's gross domestic product.

Government

Certain of our businesses involve the distribution of pharmaceuticals and medical devices, and in this regard we are subject to extensive local, state, federal and foreign governmental laws and regulations applicable to the distribution and sale of pharmaceuticals and medical devices. Additionally, government and private insurance programs fund a large portion of the total cost of medical care, and there has been an emphasis on efforts to control medical costs, including laws and regulations lowering reimbursement rates for pharmaceuticals, medical devices, and/or medical treatments or services. Also, many of these laws and regulations are subject to change and may impact our financial performance. In addition, our businesses are generally subject to numerous other laws and regulations that could impact our financial performance, including securities, antitrust, anti-bribery and anti-kickback, customer interaction transparency, data privacy, data security and other laws and regulations. Failure to comply with law or regulations could have a material adverse effect on our business.

Health Care Reform

The United States Health Care Reform Law adopted through the March 2010 enactment of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act increased federal oversight of private health insurance plans and included a number of provisions designed to reduce Medicare expenditures and the cost of health care generally, to reduce fraud and abuse, and to provide access to increased health coverage.

The Health Care Reform Law requirements include a 2.3% excise tax on domestic sales of many medical devices by manufacturers and importers that began in 2013 and a fee on branded prescription drugs and biologics that was implemented in 2011, both of which may affect sales. However, with respect to the medical device excise tax, a two-year moratorium was imposed under the Consolidated Appropriations Act, 2016, suspending the imposition of the tax on device sales during the period beginning January 1, 2016 and ending on December 31, 2017. The Health Care Reform Law has also materially expanded the number of individuals in the United States with health insurance. The Health Care Reform Law has faced ongoing legal challenges, including litigation seeking to invalidate some of or all of the law or the manner in which it has been implemented. In addition, the President and the majorities in both houses of Congress have stated their intention to repeal and replace the Health Care Reform Law. On January 20, 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the Health Care Reform Law to waive, defer, grant exemptions from, or delay the implementation of any provision of the Health Care Reform Law that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. The uncertain status of the Health Care Reform Law affects our ability to plan.

A Health Care Reform Law provision, generally referred to as the Physician Payment Sunshine Act or Open Payments Program, imposes reporting and disclosure requirements for drug and device manufacturers and distributors with regard to payments or other transfers of value made to certain covered recipients (including physicians, dentists and teaching hospitals), and for such manufacturers and distributors and for group purchasing organizations, with regard to certain ownership interests held by physicians in the reporting entity. CMS publishes information from these reports on a publicly available website, including amounts transferred and physician, dentist and teaching hospital identities.

Under the Physician Payment Sunshine Act, we are required to collect and report detailed information regarding certain financial relationships we have with physicians, dentists and teaching hospitals. We believe that we are substantially compliant with applicable Physician Payment Sunshine Act requirements. The Physician Payment Sunshine Act pre-empts similar state reporting laws, although we or our subsidiaries may be required to report under certain state transparency laws that address circumstances not covered by the Physician Payment Sunshine Act, and some of these state laws, as well as the federal law, can be ambiguous. We are also subject to foreign regulations requiring transparency of certain interactions between suppliers and their customers. While we believe we have substantially compliant programs and controls in place to comply with these requirements, our compliance with these rules imposes additional costs on us.

Another notable Medicare health care reform initiative, the Medicare Access and CHIP Reauthorization Act of 2015 (“MACRA”), enacted on April 16, 2015, establishes a new payment framework, called the Quality Payment Program, which modifies certain Medicare payments to “eligible clinicians,” including physicians, dentists and other practitioners. Under MACRA, eligible clinicians will be required to participate in Medicare through the Merit-Based Incentive Payment System (“MIPS”) or Advanced Alternative Payment Models (“APMs”). MIPS generally will consolidate three current programs; the physician quality reporting system, the value-based payment modifier and the Medicare electronic health record (“EHR”) program, into a single program in which Medicare reimbursement to eligible clinicians will include both positive and negative payment adjustments that take into account quality, resource use, clinical practice improvement and meaningful use of certified EHR technology. Advanced APMs generally involve higher levels of financial and technology risk. The final rule was published in the Federal Register on November 4, 2016 and allows eligible Medicare clinicians to pick their pace of participation for the first performance period that began January 1, 2017. The data collected in the first performance year will determine payment adjustments beginning January 1, 2019. MACRA represents a fundamental change in physician reimbursement that is expected to provide substantial financial incentives for physicians to participate in risk contracts, and to increase physician information technology and reporting obligations. The implications of the implementation of MACRA are uncertain and will depend on future regulatory activity and physician activity in the marketplace. MACRA may encourage physicians to move from smaller practices to larger physician groups or hospital employment, leading to a consolidation of a portion of our customer base. Although we believe that we are positioned to capitalize on this consolidation trend, there can be no assurances that we will be able to successfully accomplish this.

Health Care Fraud

Certain of our businesses are subject to federal and state (and similar foreign) health care fraud and abuse, referral and reimbursement laws and regulations with respect to their operations. Some of these laws, referred to as “false claims laws,” prohibit the submission or causing the submission of false or fraudulent claims for reimbursement to federal, state and other health care payers and programs. Other laws, referred to as “anti-kickback laws,” prohibit soliciting, offering, receiving or paying remuneration in order to induce the referral of a patient or ordering, purchasing, leasing or arranging for, or recommending ordering, purchasing or leasing of, items or services that are paid for by federal, state and other health care payers and programs.

The fraud and abuse laws and regulations have been subject to varying interpretations, as well as heightened enforcement activity over the past few years, and significant enforcement activity has been the result of “relators,” who serve as whistleblowers by filing complaints in the name of the United States (and if applicable, particular states) under federal and state false claims laws. Under the federal False Claims Act, relators can be entitled to receive up to 30% of total recoveries. Also, violations of the federal False Claims Act can result in treble damages, and each false claim submitted can be subject to a civil penalty which, for penalties assessed after February 3, 2017 whose associated violations occurred after November 2, 2015, ranges from a minimum of \$10,957 to a maximum of \$21,916 per claim. Most states have adopted similar state false claims laws, and these state laws have their own penalties which may be in addition to federal False Claims Act penalties. The Health Care Reform Law significantly strengthened the federal False Claims Act and the federal Anti-Kickback Law provisions, which could lead to the possibility of increased whistleblower or relator suits, and among other things made clear that a federal Anti-Kickback Law violation can be a basis for federal False Claims Act liability.

The United States government (among others) has expressed concerns about financial relationships between suppliers on the one hand and physicians and dentists on the other. As a result, we regularly review and revise our marketing practices as necessary to facilitate compliance.

We also are subject to certain United States and foreign laws and regulations concerning the conduct of our foreign operations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, German anti-corruption laws and other anti-bribery laws and laws pertaining to the accuracy of our internal books and records, which have been the focus of increasing enforcement activity globally in recent years.

Failure to comply with fraud and abuse laws and regulations could result in significant civil and criminal penalties and costs, including the loss of licenses and the ability to participate in federal and state health care programs, and could have a material adverse effect on our business. Also, these measures may be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that could require us to make changes in our operations or incur substantial defense and settlement expenses. Even unsuccessful challenges by regulatory authorities or private relators could result in reputational harm and the incurring of substantial costs. In addition, many of these laws are vague or indefinite and have not been interpreted by the courts, and have been subject to frequent modification and varied interpretation by prosecutorial and regulatory authorities, increasing the risk of noncompliance.

While we believe that we are substantially compliant with applicable fraud and abuse laws and regulations, and have adequate compliance programs and controls in place to ensure substantial compliance, we cannot predict whether changes in applicable law, or interpretation of laws, or changes in our services or marketing practices in response to changes in applicable law or interpretation of laws, could have a material adverse effect on our business.

Operating, Security and Licensure Standards

Certain of our businesses involve the distribution of pharmaceuticals and medical devices, and in this regard we are subject to various local, state, federal and foreign governmental laws and regulations applicable to the distribution of pharmaceuticals and medical devices. Among the United States federal laws applicable to us are the Controlled Substances Act, the Federal Food, Drug, and Cosmetic Act, as amended ("FDC Act"), and Section 361 of the Public Health Service Act. We are also subject to comparable foreign regulations.

The FDC Act and similar foreign laws generally regulate the introduction, manufacture, advertising, labeling, packaging, storage, handling, reporting, marketing and distribution of, and record keeping for, pharmaceuticals and medical devices shipped in interstate commerce, and states may similarly regulate such activities within the state. Section 361 of the Public Health Service Act, which provides authority to prevent the spread of communicable diseases, serves as the legal basis for the United States Food and Drug Administration's ("FDA") regulation of human cells, tissues and cellular and tissue-based products, also known as "HCT/P products."

The Federal Drug Quality and Security Act of 2013 brought about significant changes with respect to pharmaceutical supply chain requirements and pre-empts state law. Title II of this measure, known as the Drug Supply Chain Security Act ("DSCSA"), is being phased in over a period of ten years, and is intended to build a national electronic, interoperable system to identify and trace certain prescription drugs as they are distributed in the United States. The law's track and trace requirements applicable to manufacturers, wholesalers, repackagers and dispensers (e.g., pharmacies) of prescription drugs took effect in January 2015, and will continue to be implemented. The DSCSA product tracing requirements replace the former FDA drug pedigree requirements and pre-empt state requirements that are inconsistent with, more stringent than, or in addition to, the DSCSA requirements.

The DSCSA also establishes certain requirements for the licensing and operation of prescription drug wholesalers and third party logistics providers ("3PLs"), and includes the eventual creation of national wholesaler and 3PL licenses in cases where states do not license such entities. The DSCSA requires that wholesalers and 3PLs distribute drugs in accordance with certain standards regarding the recordkeeping, storage and handling of prescription drugs. According to FDA guidance, states are pre-empted from imposing any licensing requirements that are inconsistent with, less stringent than, directly related to, or covered by the standards established by federal law in this area. Current state licensing requirements will likely remain in effect until the FDA issues new regulations as directed by the DSCSA.

We believe that we are substantially compliant with applicable DSCSA requirements.

The Food and Drug Administration Amendments Act of 2007 and the Food and Drug Administration Safety and Innovation Act of 2012 amended the FDCA to require the FDA to promulgate regulations to implement a unique device identification (“UDI”) system. The FDA is phasing in the implementation of the UDI regulations over seven years, generally beginning with the highest-risk devices (i.e., Class III medical devices) and ending with the lowest-risk devices. The UDI regulations require “labelers” to include unique device identifiers (“UDIs”), with a content and format prescribed by the FDA and issued under a system operated by an FDA-accredited issuing agency, on the labels and packages of medical devices, and to directly mark certain devices with UDIs. The UDI regulations also require labelers to submit certain information concerning UDI-labeled devices to the FDA, much of which information is publicly available on an FDA database, the Global Unique Device Identification Database. The UDI regulations provide for certain exceptions, alternatives and time extensions. For example, the UDI regulations include a general exception for Class I devices exempt from the Quality System Regulation (other than record-keeping requirements and complaint files). Regulated labelers include entities such as device manufacturers, repackagers, reproducers and relabelers that cause a device’s label to be applied or modified, with the intent that the device will be commercially distributed without any subsequent replacement or modification of the label, and include certain of our businesses.

We believe that we are substantially compliant with applicable UDI requirements.

Under the Controlled Substances Act, as a distributor of controlled substances, we are required to obtain and renew annually registrations for our facilities from the United States Drug Enforcement Administration (“DEA”) permitting us to handle controlled substances. We are also subject to other statutory and regulatory requirements relating to the storage, sale, marketing, handling and distribution of such drugs, in accordance with the Controlled Substances Act and its implementing regulations, and these requirements have been subject to heightened enforcement activity in recent times. We are subject to inspection by the DEA.

Certain of our businesses are also required to register for permits and/or licenses with, and comply with operating and security standards of, the DEA, the FDA, the United States Department of Health and Human Services, and various state boards of pharmacy, state health departments and/or comparable state agencies as well as comparable foreign agencies, and certain accrediting bodies depending on the type of operations and location of product distribution, manufacturing or sale. These businesses include those that distribute, manufacture and/or repackage prescription pharmaceuticals and/or medical devices and/or HCT/P products, or own pharmacy operations, or install, maintain or repair equipment. In addition, Section 301 of the National Organ Transplant Act, and a number of comparable state laws, impose civil and/or criminal penalties for the transfer of certain human tissue (for example, human bone products) for valuable consideration, while generally permitting payments for the reasonable costs incurred in procuring, processing, storing and distributing that tissue. We are also subject to foreign government regulation of such products. The DEA, the FDA and state regulatory authorities have broad inspection and enforcement powers, including the ability to suspend or limit the distribution of products by our distribution centers, seize or order the recall of products and impose significant criminal, civil and administrative sanctions for violations of these laws and regulations. Foreign regulations subject us to similar foreign enforcement powers. Furthermore, compliance with legal requirements has required and may in the future require us to institute voluntary recalls, or carry out recalls as a result of our suppliers’ legal obligations, of products we sell, which could result in financial losses and potential reputational harm. Our customers are also subject to significant federal, state, local and foreign governmental regulation.

Certain of our businesses are subject to various additional federal, state, local and foreign laws and regulations, including with respect to the sale, transportation, storage, handling and disposal of hazardous or potentially hazardous substances, and safe working conditions.

Certain of our businesses also maintain contracts with governmental agencies and are subject to certain regulatory requirements specific to government contractors.

Antitrust

The U.S. federal government, most U.S. states and many foreign countries have antitrust laws that prohibit certain types of conduct deemed to be anti-competitive. Violations of antitrust laws can result in various sanctions, including criminal and civil penalties. Private plaintiffs also could bring civil lawsuits against us in the United States for alleged antitrust law violations, including claims for treble damages.

Regulated Software; Electronic Health Records

The FDA has become increasingly active in addressing the regulation of computer software intended for use in health care settings, and has developed and continues to develop policies on regulating clinical decision support tools and other types of software as medical devices. Certain of our businesses involve the development and sale of software and related products to support physician and dental practice management, and it is possible that the FDA or foreign government authorities could determine that one or more of our products is a medical device, which could subject us or one or more of our businesses to substantial additional requirements with respect to these products.

In addition, our businesses that involve physician and dental practice management products include electronic information technology systems that store and process personal health, clinical, financial and other sensitive information of individuals. These information technology systems may be vulnerable to breakdown, wrongful intrusions, data breaches and malicious attack, which could require us to expend significant resources to eliminate these problems and address related security concerns, and could involve claims against us by private parties and/or governmental agencies. For example, we are directly or indirectly subject to numerous federal, state, local and foreign laws and regulations that protect the privacy and security of such information, such as the privacy and security provisions of the federal Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations (“HIPAA”). HIPAA requires, among other things, the implementation of various recordkeeping, operational, notice and other practices intended to safeguard that information, limit its use to allowed purposes and notify individuals in the event of privacy and security breaches. Failure to comply with these laws and regulations can result in substantial penalties and other liabilities.

We also sell products and services that health care providers, such as physicians and dentists, use to store and manage patient medical or dental records. These customers are subject to laws and regulations, such as HIPAA, which require that they protect the privacy and security of those records, and our products may be used as part of these customers’ comprehensive data security programs, including in connection with their efforts to comply with applicable privacy and security laws. Perceived or actual security vulnerabilities in our products or services, or the perceived or actual failure by us or our customers who use our products to comply with applicable legal or contractual requirements, may not only cause us significant reputational harm, but may also lead to claims against us by our customers and/or governmental agencies and involve substantial fines, penalties and other liabilities and expenses and costs for remediation.

Federal initiatives provide a program of incentive payments available to certain health care providers involving the adoption and use of certain electronic health care records systems and processes. The initiatives include providing, among others, physicians and dentists, with financial incentives if they meaningfully use certified EHR technology in accordance with applicable and evolving requirements. In addition, Medicare-eligible providers that fail to timely adopt certified EHR systems and meet “meaningful use” requirements for those systems in accordance with regulatory requirements are to be subject to cumulative Medicare reimbursement reductions, which reductions for applicable health professionals (including physicians and dentists) began on January 1, 2015. Qualification for the incentive payments requires the use of EHRs that have certain capabilities for meaningful use pursuant to evolving standards adopted by CMS and by the Office of the National Coordinator for Health Information Technology (“ONC”) of the Department of Health and Human Services (“HHS”).

The use of certified EHR technology will continue as a feature of MACRA's MIPS program, and in connection with this, Medicare EHR program payment adjustments to eligible professionals will sunset at the end of 2018 and MIPS payment adjustments will begin on January 1, 2019. The first performance period for MIPS began January 1, 2017, and will afford eligible clinicians different reporting options linked to the amount of data reported and the duration of the reporting period, with positive payment adjustments generally linked to more robust reporting.

On October 6, 2015, CMS and ONC released comprehensive final rules with respect to the EHR program that, among other things, established the more challenging "Stage 3" criteria, made certain adjustments to Stage 1 and Stage 2 standards (e.g., reducing the 2015 reporting period from a full year to 90 days), and finalized 2015 edition health information technology (HIT) certification criteria (which is now added to the existing 2014 edition HIT certification criteria, but not required until 2018). Notably, under the new rules, compliance with Stage 3 standards is optional for providers in 2017, and would generally be required for all eligible providers (regardless of prior participation in the EHR incentive program) for 2018 reporting periods and subsequently. Developers and others involved in the manufacture of EHR program technology will have this interim period to develop and certify products, and work with customers to implement products for the 2018 EHR program period. In connection with the release of the October 6 rules, HHS has also stated that it will continue to modify applicable EHR program standards. On November 14, 2016, CMS published a final rule that will impact Medicare and Medicaid EHR incentive programs through revisions to the objectives and measures for eligible hospitals, critical access hospitals and dual-eligible hospitals.

Certain of our businesses involve the manufacture and sale of certified EHR systems and other products linked to incentive programs. CMS and ONC establish criteria for certified EHR systems, and these criteria have been subject to change. In order to maintain certification of our EHR products, we must satisfy these changing governmental criteria. Moreover, in order to satisfy our customers, our products may need to incorporate increasingly complex reporting functionality. Although we believe we are positioned to accomplish this, the effort may involve increased costs, and our failure to implement product modifications, or otherwise satisfy applicable standards, could have a material adverse effect on our business.

Other health information standards, such as regulations under HIPAA, establish standards regarding electronic health data transmissions and transaction code set rules for specific electronic transactions, such as transactions involving claims submissions to third party payers. Certain of our businesses provide electronic practice management products that must meet these requirements. Failure to abide by electronic health data transmission standards could expose us to breach of contract claims, substantial fines, penalties, and other liabilities and expenses, costs for remediation and harm to our reputation.

There may be additional legislative initiatives in the future impacting health care.

E-Commerce

Electronic commerce solutions have become an integral part of traditional health care supply and distribution relationships. Our distribution business is characterized by rapid technological developments and intense competition. The continuing advancement of online commerce requires us to cost-effectively adapt to changing technologies, to enhance existing services and to develop and introduce a variety of new services to address the changing demands of consumers and our customers on a timely basis, particularly in response to competitive offerings.

Through our proprietary, technologically based suite of products, we offer customers a variety of competitive alternatives. We believe that our tradition of reliable service, our name recognition and large customer base built on solid customer relationships, position us well to participate in this significant aspect of the distribution business. We continue to explore ways and means to improve and expand our Internet presence and capabilities, including our online commerce offerings and our use of various social media outlets.

Results of Operations

The following table summarizes the significant components of our operating results and cash flows for the three months ended April 1, 2017 and March 26, 2016 (in thousands):

	Three Months Ended	
	April 1, 2017	March 26, 2016
Operating results:		
Net sales	\$ 2,922,948	\$ 2,712,956
Cost of sales	2,100,028	1,935,114
Gross profit	822,920	777,842
Operating expenses:		
Selling, general and administrative	628,952	597,590
Restructuring costs	-	4,058
Operating income	\$ 193,968	\$ 176,194
Other expense, net	\$ (7,171)	\$ (642)
Net income	150,253	124,533
Net income attributable to Henry Schein, Inc.	140,748	113,752
Cash flows:		
Net cash used in operating activities	\$ (52,591)	\$ (77,798)
Net cash used in investing activities	(34,680)	(70,996)
Net cash provided by financing activities	83,658	145,379

Plan of Restructuring

On November 6, 2014, we announced a corporate initiative to rationalize our operations and provide expense efficiencies, which was expected to be completed by the end of fiscal 2015. This initiative originally planned for the elimination of approximately 2% to 3% of our workforce and the closing of certain facilities. We subsequently announced our plan to extend these restructuring activities through the end of 2016 to further implement cost-savings initiatives, which ultimately resulted in the elimination of approximately 900 positions, representing 4% of our workforce. We recorded restructuring costs of \$34.9 million pre-tax in fiscal 2015 and \$45.9 million pre-tax in fiscal 2016. Our restructuring activities are complete and we do not expect to report any such charges in 2017.

During the three months ended March 26, 2016, we recorded restructuring costs of \$4.1 million. The costs associated with this restructuring are included in a separate line item, "Restructuring costs" within our consolidated statements of income.

Three Months Ended April 1, 2017 Compared to Three Months Ended March 26, 2016

Net Sales

Net sales for the three months ended April 1, 2017 and March 26, 2016 were as follows (in thousands):

	April 1, 2017	% of Total	March 26, 2016	% of Total	Increase	
					\$	%
Health care distribution (1):						
Dental	\$ 1,405,158	48.1 %	\$ 1,301,755	48.0%	\$ 103,403	7.9%
Animal health	812,939	27.8	771,413	28.4	41,526	5.4
Medical	598,886	20.5	538,117	19.9	60,769	11.3
Total health care distribution	2,816,983	96.4	2,611,285	96.3	205,698	7.9
Technology and value-added services (2).....	105,965	3.6	101,671	3.7	4,294	4.2
Total	\$ 2,922,948	100.0%	\$ 2,712,956	100.0%	\$ 209,992	7.7

(1) Consists of consumable products, small equipment, laboratory products, large equipment, equipment repair services, branded and generic pharmaceuticals, vaccines, surgical products, diagnostic tests, infection-control products and vitamins.

(2) Consists of practice management software and other value-added products, which are distributed primarily to health care providers, and financial services on a non-recourse basis, e-services, continuing education services for practitioners, consulting and other services.

The \$210.0 million, or 7.7%, increase in net sales for the three months ended April 1, 2017 includes 8.7% local currency growth (5.9% increase in internally generated revenue and 2.8% growth from acquisitions) partially offset by a decrease of 1.0% related to foreign currency exchange.

The \$103.4 million, or 7.9%, increase in dental net sales for the three months ended April 1, 2017 includes 8.2% local currency growth (2.9% increase in internally generated revenue and 5.3% growth from acquisitions) partially offset by a decrease of 0.3% related to foreign currency exchange. The 8.2% local currency growth was due to an increase in dental consumable merchandise sales of 10.9% (4.4% increase in internally generated revenue and 6.5% growth from acquisitions) partially offset by a decrease in dental equipment sales and service revenues of 1.1% (2.1% decrease in internally generated revenue partially offset by 1.0% growth from acquisitions).

The \$41.5 million, or 5.4%, increase in animal health net sales for the three months ended April 1, 2017 includes 8.1% local currency growth (7.1% increase in internally generated revenue and 1.0% growth from acquisitions) partially offset by a decrease of 2.7% related to foreign currency exchange. The growth in internally generated animal health revenue is affected by the revenue for certain products being recognized on a gross basis in 2017 that had been recognized on an agency basis in the prior year. When excluding the effects of this change, internally generated revenue grew by 6.7%.

The \$60.8 million, or 11.3%, increase in medical net sales for the three months ended April 1, 2017 includes 11.5% local currency growth, all of which is attributable to an increase in internally generated revenue, partially offset by a decrease of 0.2% related to foreign currency exchange.

The \$4.3 million, or 4.2%, increase in technology and value-added services net sales for the three months ended April 1, 2017 includes 5.5% local currency growth, all of which is attributable to an increase in internally generated revenue, partially offset by a decrease of 1.3% related to foreign currency exchange.

Gross Profit

Gross profit and gross margin percentages by segment and in total for the three months ended April 1, 2017 and March 26, 2016 were as follows (in thousands):

	April 1,		March 26,		Gross		Increase	
	2017	Gross Margin %	2016	Gross Margin %	\$	%	\$	%
Health care distribution	\$ 753,730	26.8%	\$ 711,422	27.2%	\$ 42,308	5.9%		
Technology and value-added services	69,190	65.3	66,420	65.3	2,770	4.2		
Total	\$ 822,920	28.2	\$ 777,842	28.7	\$ 45,078	5.8		

Gross profit increased \$45.1 million, or 5.8% for the three months ended April 1, 2017, compared to the prior year period. As a result of different practices of categorizing costs associated with distribution networks throughout our industry, our gross margins may not necessarily be comparable to other distribution companies. Additionally, we realize substantially higher gross margin percentages in our technology segment than in our health care distribution segment. These higher gross margins result from being both the developer and seller of software products and services, as well as certain financial services. The software industry typically realizes higher gross margins to recover investments in research and development.

Within our health care distribution segment, gross profit margins may vary from one period to the next. Changes in the mix of products sold as well as changes in our customer mix have been the most significant drivers affecting our gross profit margin. For example, sales of pharmaceutical products are generally at lower gross profit margins than other products. Conversely, sales of our private label products achieve gross profit margins that are higher than average. With respect to customer mix, sales to our large-group customers are typically completed at lower gross margins due to the higher volumes sold as opposed to the gross margin on sales to office-based practitioners who normally purchase lower volumes at greater frequencies.

Health care distribution gross profit increased \$42.3 million, or 5.9%, for the three months ended April 1, 2017 compared to the prior year period. Health care distribution gross profit margin decreased to 26.8% for the three months ended April 1, 2017 from 27.2% for the comparable prior year period. The overall increase in our health care distribution gross profit is attributable to a \$27.7 million gross profit increase from growth in internally generated revenue and \$26.9 million is attributable to acquisitions. These increases were partially offset by a \$12.3 million decline in gross profit due primarily to the effects of foreign exchange on revenues and the decrease in the gross margin rates.

Technology and value-added services gross profit increased \$2.8 million, or 4.2%, for the three months ended April 1, 2017 compared to the prior year period. Technology and value-added services gross profit margin was 65.3% for the three months ended April 1, 2017 and was consistent with the comparable prior year period. The increase in gross profit of \$2.8 million in our technology and value-added services segment gross profit was primarily attributable to growth in internally generated revenue.

Selling, General and Administrative

Selling, general and administrative expenses by segment and in total for the three months ended April 1, 2017 and March 26, 2016 were as follows (in thousands):

	April 1, 2017	% of Respective Net Sales	March 26, 2016	% of Respective Net Sales	Increase / (Decrease)	
					\$	%
Health care distribution	\$ 591,023	21.0%	\$ 559,466	21.4%	\$ 31,557	5.6%
Technology and value-added services	37,929	35.8	38,124	37.5	(195)	(0.5)
Total	\$ 628,952	21.5	\$ 597,590	22.0	\$ 31,362	5.2

Selling, general and administrative expenses increased \$31.4 million, or 5.2%, to \$629.0 million for the three months ended April 1, 2017 from the comparable prior year period. The \$31.6 million increase in selling, general and administrative expenses within our health care distribution segment for the three months ended April 1, 2017 as compared to the prior year period was attributable to \$22.4 million of additional costs from acquired companies, and \$9.2 million of additional operating costs. As a percentage of net sales, selling, general and administrative expenses decreased to 21.5% from 22.0% for the comparable prior year period.

As a component of total selling, general and administrative expenses, selling expenses increased \$10.6 million, or 2.9%, for the three months ended April 1, 2017 from the comparable prior year period. As a percentage of net sales, selling expenses decreased to 12.9% from 13.6% for the comparable prior year period.

As a component of total selling, general and administrative expenses, general and administrative expenses increased \$20.8 million, or 9.1%, for the three months ended April 1, 2017 from the comparable prior year period. As a percentage of net sales, general and administrative expenses increased to 8.6% from 8.5% for the comparable prior year period.

Other Expense, Net

Other expense, net, for the three months ended April 1, 2017 and March 26, 2016 was as follows (in thousands):

	April 1, 2017	March 26, 2016	Variance	
			\$	%
Interest income	\$ 4,304	\$ 3,348	\$ 956	28.6%
Interest expense	(11,430)	(7,127)	(4,303)	(60.4)
Other, net	(45)	3,137	(3,182)	(101.4)
Other expense, net	\$ (7,171)	\$ (642)	\$ (6,529)	(1,017.0)

Other expense, net increased \$6.5 million to \$ 7.2 million for the three months ended April 1, 2017 from the comparable prior year period. Interest expense increased \$4.3 million primarily due to increased borrowings and higher interest rates under our bank credit lines and interest expense related to a financing arrangement entered into during the first quarter of 2017 in Brazil. Other, net increased by \$3.2 million due primarily to investment proceeds received in the first quarter of 2016.

Income Taxes

For the three months ended April 1, 2017, our effective tax rate was 20.7% compared to 30.5% for the prior year period. The difference between our effective tax rates and the federal statutory tax rates primarily relates to the adoption of Accounting Standards Update No. 2016-09, "Stock Compensation (Topic 718)" in the first quarter of 2017, as well as state and foreign income taxes and interest expense. See Note 10 "Income Taxes" in the Notes to Consolidated Financial Statements.

Net Income

Net income increased \$25.7 million, or 20.7%, for the three months ended April 1, 2017, compared to the prior year period due to the factors noted above.

Liquidity and Capital Resources

Our principal capital requirements include funding of acquisitions, purchases of additional noncontrolling interests, repayments of debt principal, the funding of working capital needs, purchases of fixed assets and repurchases of common stock. Working capital requirements generally result from increased sales, special inventory forward buy-in opportunities and payment terms for receivables and payables. Historically, sales have tended to be stronger during the third and fourth quarters and special inventory forward buy-in opportunities have been most prevalent just before the end of the year, which has caused our working capital requirements to be higher from the end of the third quarter to the end of the first quarter of the following year.

We finance our business primarily through cash generated from our operations, revolving credit facilities and debt placements. Our ability to generate sufficient cash flows from operations is dependent on the continued demand of our customers for our products and services, and access to products and services from our suppliers.

Our business requires a substantial investment in working capital, which is susceptible to fluctuations during the year as a result of inventory purchase patterns and seasonal demands. Inventory purchase activity is a function of sales activity, special inventory forward buy-in opportunities and our desired level of inventory. We anticipate future increases in our working capital requirements.

We finance our business to provide adequate funding for at least 12 months. Funding requirements are based on forecasted profitability and working capital needs, which, on occasion, may change. Consequently, we may change our funding structure to reflect any new requirements.

We believe that our cash and cash equivalents, our ability to access private debt markets and public equity markets, and our available funds under existing credit facilities provide us with sufficient liquidity to meet our currently foreseeable short-term and long-term capital needs. We have no off-balance sheet arrangements.

Net cash used in operating activities was \$52.6 million for the three months ended April 1, 2017, compared to \$77.8 million for the comparable prior year period. The net change of \$25.2 million was primarily attributable to an increase in net income.

Net cash used in investing activities was \$34.7 million for the three months ended April 1, 2017, compared to \$71.0 million for the comparable prior year period. The net change of \$36.3 million was primarily due to a decrease in payments for equity investments and business acquisitions, partially offset by an increase in purchases of fixed assets.

Net cash provided by financing activities was \$83.7 million for the three months ended April 1, 2017, compared to \$145.4 million for the comparable prior year period. The net change of \$61.7 million was primarily due to decreased net borrowings of debt, partially offset by decreased repurchases of common stock and decreased acquisitions of noncontrolling interests in subsidiaries.

The following table summarizes selected measures of liquidity and capital resources (in thousands):

	April 1, 2017	December 31, 2016
Cash and cash equivalents	\$ 62,888	\$ 62,381
Working capital	1,106,825	1,022,134
Debt:		
Bank credit lines	\$ 671,724	\$ 437,476
Current maturities of long-term debt	18,604	65,923
Long-term debt	708,422	715,457
Total debt	<u>\$ 1,398,750</u>	<u>\$ 1,218,856</u>

Our cash and cash equivalents consist of bank balances and investments in money market funds representing overnight investments with a high degree of liquidity.

Accounts receivable days sales outstanding and inventory turns

Our accounts receivable days sales outstanding from operations decreased to 40.8 days as of April 1, 2017 from 42.1 days as of March 26, 2016. During the three months ended April 1, 2017, we wrote off approximately \$1.5 million of fully reserved accounts receivable against our trade receivable reserve. Our inventory turns from operations increased to 5.2 as of April 1, 2017 from 5.1 as of March 26, 2016. Our working capital accounts may be impacted by current and future economic conditions.

Bank Credit Lines

On April 18, 2017, we increased the borrowing capacity of a revolving credit agreement (the "Credit Agreement") from \$500 million to \$750 million and extended the expiration date of the Credit Agreement to April 18, 2022. The interest rate is based on the USD LIBOR plus a spread based on our leverage ratio at the end of each financial reporting quarter. The Credit Agreement provides, among other things, that we are required to maintain maximum leverage ratios, and contains customary representations, warranties and affirmative covenants. The Credit Agreement also contains customary negative covenants, subject to negotiated exceptions on liens, indebtedness, significant corporate changes (including mergers), dispositions and certain restrictive agreements. As of April 1, 2017 and December 31, 2016, the borrowings on this revolving credit facility were \$210.0 million and \$65.0 million, respectively. As of April 1, 2017 and December 31, 2016, there were \$12.7 million and \$13.0 million of letters of credit, respectively, provided to third parties under the credit facility.

As of April 1, 2017 and December 31, 2016, we had various other short-term bank credit lines available, of which \$461.7 million and \$372.5 million, respectively, were outstanding. At April 1, 2017 and December 31, 2016, borrowings under all of our credit lines had a weighted average interest rate of 1.74% and 1.61%, respectively.

Private Placement Facilities

On September 22, 2014, we increased our available private placement facilities with three insurance companies to a total facility amount of \$975 million, and extended the expiration date to September 22, 2017. These facilities are available on an uncommitted basis at fixed rate economic terms to be agreed upon at the time of issuance, from time to time through September 22, 2017. The facilities allow us to issue senior promissory notes to the lenders at a fixed rate based on an agreed upon spread over applicable treasury notes at the time of issuance. The term of each possible issuance will be selected by us and can range from five to 15 years (with an average life no longer than 12 years). The proceeds of any issuances under the facilities will be used for general corporate purposes, including working capital and capital expenditures, to refinance existing indebtedness and/or to fund potential acquisitions. The agreements provide, among other things, that we maintain certain maximum leverage ratios, and contain restrictions relating to subsidiary indebtedness, liens, affiliate transactions, disposal of assets and certain changes in ownership. These facilities contain make-whole provisions in the event that we pay off the facilities prior to the applicable due dates.

The components of our private placement facility borrowings as of April 1, 2017 are presented in the following table (in thousands):

Date of Borrowing	Amount of Borrowing Outstanding	Borrowing Rate	Due Date
September 2, 2010	\$ 100,000	3.79%	September 2, 2020
January 20, 2012	50,000	3.45	January 20, 2024
January 20, 2012 (1)	35,714	3.09	January 20, 2022
December 24, 2012	50,000	3.00	December 24, 2024
June 2, 2014	100,000	3.19	June 2, 2021
	<u>\$ 335,714</u>		

(1) Annual repayments of approximately \$7.1 million for this borrowing commenced on January 20, 2016.

U.S. Trade Accounts Receivable Securitization

We have a facility agreement with a bank, as agent, based on the securitization of our U.S. trade accounts receivable that is structured as an asset-backed securitization program with pricing committed for up to three years. On June 1, 2016, we extended the expiration date of this facility agreement to April 29, 2019 and increased the purchase limit under the facility from \$300 million to \$350 million. The borrowings outstanding under this securitization facility were \$350.0 million and \$350.0 million as of April 1, 2017 and December 31, 2016, respectively. At April 1, 2017, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 105 basis points plus 75 basis points, for a combined rate of 1.80%. At December 31, 2016, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 101 basis points plus 75 basis points, for a combined rate of 1.76%.

We are required to pay a commitment fee of 30 basis points on the daily balance of the unused portion of the facility if our usage is greater than or equal to 50% of the facility limit or a commitment fee of 35 basis points on the daily balance of the unused portion of the facility if our usage is less than 50% of the facility limit.

Borrowings under this facility are presented as a component of Long-term debt within our consolidated balance sheet.

Long-term debt

Long-term debt consisted of the following:

	April 1, 2017	December 31, 2016
Private placement facilities	\$ 335,714	\$ 342,857
U.S. trade accounts receivable securitization	350,000	350,000
Note payable to bank at a weighted-average interest rate of 21.37% at December 31, 2016	-	47,957
Various collateralized and uncollateralized loans payable with interest, in varying installments through 2021 at interest rates ranging from 2.56% to 12.9% at April 1, 2017 and at December 31, 2016	35,810	35,150
Capital lease obligations payable through 2029 with interest rates ranging from 0.84% to 19.15% at April 1, 2017 and at December 31, 2016	5,502	5,416
Total	727,026	781,380
Less current maturities	(18,604)	(65,923)
Total long-term debt	\$ 708,422	\$ 715,457

Stock Repurchases

From June 21, 2004 through April 1, 2017, we repurchased \$2.3 billion, or 25,211,329 shares, under our common stock repurchase programs, with \$200.0 million available as of April 1, 2017 for future common stock share repurchases.

Redeemable Noncontrolling Interests

Some minority shareholders in certain of our subsidiaries have the right, at certain times, to require us to acquire their ownership interest in those entities at fair value. Accounting Standards Codification Topic 480-10 is applicable for noncontrolling interests where we are or may be required to purchase all or a portion of the outstanding interest in a consolidated subsidiary from the noncontrolling interest holder under the terms of a put option contained in contractual agreements. The components of the change in the Redeemable noncontrolling interests for the three months ended April 1, 2017 and the year ended December 31, 2016 are presented in the following table:

	April 1, 2017	December 31, 2016
Balance, beginning of period	\$ 607,636	\$ 542,194
Decrease in redeemable noncontrolling interests due to redemptions	-	(72,729)
Increase in redeemable noncontrolling interests due to business acquisitions	-	58,172
Net income attributable to redeemable noncontrolling interests	9,395	48,760
Dividends declared	(1,830)	(32,973)
Effect of foreign currency translation gain (loss) attributable to redeemable noncontrolling interests	3,363	(2,652)
Change in fair value of redeemable securities	100,826	66,864
Balance, end of period	\$ 719,390	\$ 607,636

Changes in the estimated redemption amounts of the noncontrolling interests subject to put options are adjusted at each reporting period with a corresponding adjustment to Additional paid-in capital. Future reductions in the carrying amounts are subject to a floor amount that is equal to the fair value of the redeemable noncontrolling interests at the time they were originally recorded. The recorded value of the redeemable noncontrolling interests cannot go below the floor level. These adjustments do not impact the calculation of earnings per share.

Additionally, some prior owners of such acquired subsidiaries are eligible to receive additional purchase price cash consideration if certain financial targets are met. Any adjustments to these accrual amounts are recorded in our consolidated statement of income.

Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates from those disclosed in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2016.

Accounting Pronouncement Adopted

In March 2016, the Financial Accounting Standard Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-09, “Stock Compensation” (Topic 718) (“ASU 2016-09”). ASU 2016-09 contains amended guidance for share-based payment accounting. We adopted the provisions of this standard during the first quarter of 2017.

Under ASU 2016-09, all excess tax benefits and tax deficiencies resulting from the difference between the deduction for tax purposes and the stock-based compensation cost recognized for financial reporting purposes are included as a component of income tax expense as of January 1, 2017. Prior to the implementation of ASU 2016-09, excess tax benefits were recorded as a component of additional paid in capital and tax deficiencies were recognized either as an offset to accumulated excess tax benefits or in the income statement if there were no accumulated excess tax benefits. The adoption of ASU 2016-09 reduced income tax expense by approximately \$17.0 million in the period.

The ASU clarifies the classification of certain share based payment activities within the statements of cash flow. We have elected to prospectively present the amount of excess tax benefits related to stock compensation as a component of cash flow from operating activities. Additionally, classification of all cash payments made to taxing authorities on an employees’ behalf when directly withholding shares for tax-withholding purposes, which was previously included as cash flows from operating activities, is now presented retrospectively as cash flows from financing activities within the statement of cash flows.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers” (“ASU 2014-09”), which supersedes nearly all existing revenue recognition guidance under accounting principles generally accepted in United States (“U.S. GAAP”). The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

In August 2015, the FASB issued ASU No. 2015-14, “Revenue from Contracts with Customers” (“ASU 2015-14”), which deferred the effective date by one year to December 15, 2017 for interim and annual reporting periods beginning after that date. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period.

When effective, ASU 2014-09 will use either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients; or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures).

Currently, we are reviewing our various revenue streams within our two reportable segments: (i) health care distribution and (ii) technology and value-added services. We are gathering data to quantify the amount of sales by type of revenue stream. Concurrently, through the use of various data gathering methods, we are categorizing the

types of sales for our business units for the purpose of comparing how we currently recognize revenue for the purpose of quantifying the impact, if any, that this ASU will have on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842) ("ASU 2016-02"). ASU 2016-02 contains guidance on accounting for leases and requires that most lease assets and liabilities and the associated rights and obligations be recognized on the Company's balance sheet. ASU 2016-02 focuses on lease assets and lease liabilities by lessees classified as operating leases under previous generally accepted accounting principles. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. ASU 2016-02 will require disclosures regarding the amount, timing and uncertainty of cash flows arising from leases. The standard which requires the use of a modified retrospective approach will be effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. We are currently exploring the methods we can use to gather and process our operating lease data at a worldwide consolidated level.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles-Goodwill and Other (Topic 350) ("ASU 2017-04"). ASU 2017-04 eliminates step two from the goodwill impairment test, thereby eliminating the requirement to calculate the implied fair value of a reporting unit. ASU 2017-04 will require us to perform our annual goodwill impairment test by comparing the fair value of our reporting units to the carrying value of those units. If the carrying value exceeds the fair value, we will be required to recognize an impairment charge; however, the impairment charge should not exceed the amount of goodwill allocated to such reporting unit. ASU 2017-04 is required to be implemented on a prospective basis for fiscal years beginning after December 19, 2019. We do not expect that the requirements of ASU 2017-04 will have a material impact on our consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our exposure to market risk from that disclosed in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2016.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this quarterly report as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures were effective as of April 1, 2017 to ensure that all material information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to them as appropriate to allow timely decisions regarding required disclosure and that all such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Changes in Internal Control over Financial Reporting

The combination of continued acquisition integrations and systems implementations undertaken during the quarter and carried over from prior quarters, when considered in the aggregate, represents a material change in our internal control over financial reporting.

During the quarter ended April 1, 2017, post-acquisition integration related activities continued for our global dental and animal health businesses acquired during prior quarters, representing aggregate annual revenues of approximately \$299.0 million. These acquisitions, the majority of which utilize separate information and financial accounting systems, have been included in our consolidated financial statements. Finally, we completed the

upgrade of the ERP system that supports our animal health businesses in the Netherlands and Belgium with approximate aggregate annual revenues of \$254.0 million.

All acquisition integrations and systems implementations involved necessary and appropriate change-management controls that are considered in our annual assessment of the design and operating effectiveness of our internal control over financial reporting.

Limitations of the Effectiveness of Internal Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In September 2015, Henry Schein, Inc. was served with a summons and complaint in an action commenced in the United States District Court for the Eastern District of New York, entitled SourceOne Dental, Inc. v. Patterson Companies, Inc., Henry Schein, Inc. and Benco Dental Supply Company, Civil Action No. 15-cv-05440-JMA-GRB. Plaintiff alleges that, through its website, it markets and sells dental supplies and equipment to dentists. Plaintiff alleges, among other things, that defendants conspired to eliminate plaintiff as a viable competitor and to exclude plaintiff from the market for the marketing, distribution and sale of dental supplies and equipment in the United States and that defendants unlawfully agreed with one another to boycott dentists, manufacturers and state dental associations that deal with, or considered dealing with, plaintiff. Plaintiff asserts the following claims: (i) unreasonable restraint of trade in violation of state and federal antitrust laws; (ii) tortious interference with prospective business relations; (iii) civil conspiracy; and (iv) aiding and abetting the other defendants' ongoing tortious and anticompetitive conduct. Plaintiff seeks equitable relief, compensatory and treble damages, jointly and severally, punitive damages, interest, and reasonable costs and expenses, including attorneys' fees and expert fees. We intend to defend ourselves vigorously against the action.

Beginning in January 2016, class action complaints were filed against Patterson Companies, Inc., Benco Dental Supply Co. and Henry Schein, Inc. Each of these complaints allege, among other things, that defendants conspired to fix prices, allocate customers and foreclose competitors by boycotting manufacturers, state dental associations and others that deal with defendants' competitors. Subject to certain exclusions, these classes seek to represent all persons who purchased dental supplies or equipment in the United States directly from any of the defendants or Burkhart Dental Supply Co. since August 31, 2008. Each class action complaint asserts a single count under Section 1 of the Sherman Act, and seeks equitable relief, compensatory and treble damages, jointly and severally, and reasonable costs and expenses, including attorneys' fees and expert fees. We intend to defend ourselves vigorously against these actions.

From time to time, we may become a party to other legal proceedings, including, without limitation, product liability claims, employment matters, commercial disputes, governmental inquiries and investigations (which may in some cases involve our entering into settlement arrangements or consent decrees), and other matters arising out of the ordinary course of our business. While the results of any legal proceeding cannot be predicted with certainty, in our opinion none of these other pending matters are currently anticipated to have a material adverse effect on our financial condition or results of operations.

As of April 1, 2017, we had accrued our best estimate of potential losses relating to claims that were probable to result in liability and for which we were able to reasonably estimate a loss. This accrued amount, as well as related expenses, was not material to our financial position, results of operations or cash flows. Our method for determining estimated losses considers currently available facts, presently enacted laws and regulations and other factors, including probable recoveries from third parties.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in Part 1, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2016.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of equity securities by the issuer

Our share repurchase program, announced on June 21, 2004, originally allowed us to repurchase up to \$100 million of shares of our common stock, which represented approximately 3.5% of the shares outstanding at the commencement of the program. As summarized in the table below, subsequent additional increases totaling \$2.4 billion, authorized by our Board of Directors, to the repurchase program provide for a total of \$2.5 billion of shares of our common stock to be repurchased under this program.

Date of Authorization	Amount of Additional Repurchases Authorized
October 31, 2005	\$ 100,000,000
March 28, 2007	100,000,000
November 16, 2010	100,000,000
August 18, 2011	200,000,000
April 18, 2012	200,000,000
November 12, 2012	300,000,000
December 9, 2013	300,000,000
December 4, 2014	300,000,000
November 30, 2015	400,000,000
October 18, 2016	400,000,000

As of April 1, 2017, we had repurchased approximately \$2.3 billion of common stock (25,211,329 shares) under these initiatives, with \$200.0 million available as of April 1, 2017 for future common stock share repurchases.

The following table summarizes repurchases of our common stock under our stock repurchase program during the fiscal quarter ended April 1, 2017:

Fiscal Month	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Our Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under Our Program (2)
01/01/17 through 02/04/17	154,128	\$ 157.41	154,128	1,387,790
02/05/17 through 03/04/17	145,000	166.98	145,000	1,174,595
03/05/17 through 04/01/17	8,908	171.89	8,908	1,176,643
	<u>308,036</u>		<u>308,036</u>	

(1) All repurchases were executed in the open market under our existing publicly announced authorized program.

(2) The maximum number of shares that may yet be purchased under this program is determined at the end of each month based on the closing price of our common stock at that time.

ITEM 6. EXHIBITS

Exhibits.	
10.1	Form of 2017 Restricted Stock Agreement for performance-based restricted stock awards pursuant to the Henry Schein, Inc. 2013 Stock Incentive Plan (as amended and restated effective as of May 14, 2013).**+
10.2	Form of 2017 Restricted Stock Unit Agreement for time-based restricted stock awards pursuant to the Henry Schein, Inc. 2013 Stock Incentive Plan (as amended and restated effective as of May 14, 2013).**+
10.3	Form of 2017 Restricted Stock Unit Agreement for performance-based restricted stock awards pursuant to the Henry Schein, Inc. 2013 Stock Incentive Plan (as amended and restated effective as of May 14, 2013).**+
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+
101.INS	XBRL Instance Document+
101.SCH	XBRL Taxonomy Extension Schema Document+
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document+
101.DEF	XBRL Taxonomy Definition Linkbase Document+
101.LAB	XBRL Taxonomy Extension Label Linkbase Document+
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document+

+ Filed herewith.

** Indicates management contract or compensatory plan or agreement.

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 and
Chief Financial Officer
(Authorized Signatory and Principal Financial
and Accounting Officer)

Dated: May 9, 2017

**FORM OF RESTRICTED STOCK AGREEMENT
PURSUANT TO THE
HENRY SCHEIN, INC. 2013 STOCK INCENTIVE PLAN
(AS AMENDED AND RESTATED EFFECTIVE AS OF MAY 14, 2013)**

THIS AGREEMENT (the "Agreement") is made as of [Grant Date] (the "Grant Date"), by and between Henry Schein, Inc. (the "Company") and [Participant Name] (the "Participant").

W I T N E S S E T H:

WHEREAS, the Company has adopted the Henry Schein, Inc. 2013 Stock Incentive Plan (as amended and restated effective as of May 14, 2013), as amended from time to time (the "Plan") (a copy of which is on file with the Company's Corporate Human Resources Department and is available for Participant to review upon request at reasonable intervals as determined by the Company), which is administered by a Committee appointed by the Company's Board of Directors (the "Committee"); and

WHEREAS, pursuant to Section 9(a) of the Plan, the Committee may grant to Key Employees shares of its common stock, par value \$0.01 per share ("Common Stock" or the "Shares") in the amount set forth below; and

WHEREAS, the Participant is a Key Employee of the Company or a Subsidiary; and

WHEREAS, such Shares are to be subject to certain restrictions.

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Grant of Shares.** Subject to the restrictions, terms and conditions of this Agreement and the Plan, the Company hereby awards to the Participant [Shares Granted] shares of validly issued Common Stock. If the Participant is a new hire, to the extent required by law, the Participant shall pay the Company the par value (\$0.01) for each Share awarded to the Participant simultaneously with the execution of this Agreement. Pursuant to Section 2 hereof, the Shares are subject to certain restrictions, which restrictions relate to the passage of time as an employee of the Company or its Subsidiaries and/or the satisfaction of specified targets and Performance Goal(s) (as defined below). While such restrictions are in effect, the Shares subject to such restrictions shall be referred to herein as "Restricted Stock."

2. **Restrictions on Transfer.** The Participant shall not sell, transfer, pledge, hypothecate, assign or otherwise dispose of the Shares, except as set forth in the Plan or this Agreement. Any attempted sale, transfer, pledge, hypothecation, assignment or other disposition of the Shares in violation of the Plan or this Agreement shall be void and of no effect and the Company shall have the right to disregard the same on its books and records and to issue "stop transfer" instructions to its transfer agent.

3. **Restricted Stock.**

(a) **Retention of Certificates.** Promptly after the date of this Agreement, the Company shall issue stock certificates representing the Restricted Stock unless it elects to recognize such ownership through book entry or another similar method pursuant to Section 8 herein. The stock certificates shall be registered in the Participant's name and shall bear any legend required under the Plan or Section 4 of this Agreement. Such stock certificates shall be held in custody by the Company (or its designated agent) until the restrictions thereon shall have lapsed. Upon the Company's request, the Participant shall deliver to the Company a duly signed stock power, endorsed in blank, relating to the Restricted Stock.

(b) **Rights with Regard to Restricted Stock.** The Participant will have the right to vote the Restricted Stock, to receive and retain any dividends payable to holders of Shares of record on and after the transfer of the Restricted Stock (although such dividends shall be treated, to the extent required by applicable law, as additional compensation for tax purposes if paid on Restricted Stock), and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to the Restricted Stock set forth in the Plan, with the

exceptions that: (i) the Participant will not be entitled to delivery of the stock certificate or certificates representing the Restricted Stock until the Restriction Period shall have expired; (ii) the Company (or its designated agent) will retain custody of the stock certificate or certificates representing the Restricted Stock and the other RS Property (as defined below) during the Restriction Period; (iii) no RS Property shall bear interest or be segregated in separate accounts during the Restriction Period; (iv) any dividends will be subject to the restrictions provided in Sections 3(c) and 3(d); and (v) the Participant may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Stock during the Restriction Period.

(c) **Treatment of Dividends and RS Property.** In the event the Participant receives a dividend on the Restricted Stock or the Shares of Restricted Stock are split or the Participant receives any other shares, securities, moneys or property representing a dividend on the Restricted Stock or representing a distribution or return of capital upon or in respect of the Restricted Stock or any part thereof, or resulting from a split-up, reclassification or other like changes of the Restricted Stock, or otherwise received in exchange therefor, and any warrants, rights or options issued to the Participant in respect of the Restricted Stock (collectively "RS Property"), the Participant will also immediately deposit with and deliver to the Company any of such RS Property, including any certificates representing shares duly endorsed in blank or accompanied by stock powers duly executed in blank, and such RS Property shall be subject to the same restrictions, including that of Section 3(d), as the Restricted Stock with regard to which they are issued and shall herein be encompassed within the term "Restricted Stock." Any RS Property issued in the form of cash will not be reinvested in Shares and will be held uninvested and without interest until delivered to the Participant at the end of the Restriction Period, if applicable.

(d) **Vesting.**

(i) Except as set forth in Sections 3(d)(iii), (iv) and (v), the Restricted Stock awarded under this Agreement shall not vest and the restrictions on such Restricted Stock shall not lapse unless and until (1) the Committee determines and certifies that the target(s) and performance goal(s), a copy of which is on file with the Company's Corporate Human Resources Department and is available for Participant to review upon reasonable request and at reasonable intervals as determined by the Company (collectively, the "Performance Goal(s)"), have been satisfied with respect to the three-year period beginning on or about January 1 of the year the grant was made and (2) the third anniversary of the Grant Date; provided, however, that if the satisfaction of the Performance Goal(s) exceed 100% of the targets, the Committee shall issue to the Participant such additional Shares in an amount that corresponds to the incremental percentage of the goal(s) achieved in excess of 100% of the targets up to a maximum of 150% of targets, provided that any such additional Shares shall be subject to the terms and conditions of this Agreement. It is intended that the Restricted Stock awarded hereunder constitutes a "performance-based award" for purposes of Section 162(m) of the Code and, accordingly, any such determination shall be made in accordance with the requirements of Section 162(m) of the Code. Except as set forth in Sections 3(d)(iii), (iv) and (v), if the targets and Performance Goal(s) are not satisfied in accordance with this Section 3(d), the Restricted Stock awarded under this Agreement shall be forfeited. Notwithstanding anything herein or in the Plan to the contrary, but except as set forth in Sections 3(d)(iii), (iv) and (v), the Participant must be employed by the Company or a Subsidiary at the times the targets and Performance Goal(s) are satisfied and on the third anniversary of the date of grant. The Participant acknowledges and agrees that the Performance Goal(s) are confidential and agrees to execute the Company's form confidentiality agreement prior to viewing Performance Goal(s), actual performance results and/or mandatory adjustments.

(ii) Except as set forth in Sections 3(d)(iii), (iv) and (v), there shall be no proportionate or partial vesting in the periods prior to the vesting date and all vesting shall occur only on the vesting date; provided that no Termination of Employment has occurred prior to such date.

(iii) The Shares of Restricted Stock shall become fully vested, assuming target levels have been achieved, upon a Termination of Employment by the Company without Cause occurring within the 2-year period following a Change of Control, provided that no Termination of Employment has occurred prior to such date, unless otherwise provided expressly in a written agreement between the Participant and the Company. For purposes of this Agreement, a "Change of Control" shall mean a Change of Control as defined in the Plan.

(iv) The Shares of Restricted Stock shall vest on a pro-rated basis, assuming target levels have been achieved, upon the Participant's death, provided that no Termination of Employment has occurred prior to such date, unless otherwise provided expressly in a written agreement between the Participant and the Company.

(v) The Shares of Restricted Stock shall vest on a pro-rated basis, assuming target levels have been achieved, upon the Participant's Disability, provided that no Termination of Employment has occurred prior to such date, unless otherwise provided expressly in a written agreement between the Participant and the Company. For purposes of this Agreement, "Disability" shall mean the approval of, and receiving benefits for, long term disability by the disability insurance carrier under the Company's (or if applicable, Subsidiary's) long term disability plan.

(vi) For purposes of Sections 3(d)(iv) and (v), vesting on a pro-rated basis shall be calculated by multiplying the number of shares of Common Stock set forth under Section 1 by a fraction, the numerator of which is the number of days from the date of grant to the date of the Participant's death or Disability, as applicable, and the denominator of which is 1,095.

(vii) When any Shares of Restricted Stock become vested, the Company shall promptly issue and deliver, unless the Company is using book entry, to the Participant a new stock certificate registered in the name of the Participant for such Shares without the legend set forth in Section 4 hereof and deliver to the Participant any related other RS Property, subject to applicable withholding.

(e) Forfeiture and Recoupment.

(i) The Participant shall forfeit to the Company, without compensation, other than repayment of any par value paid by the Participant for such Shares, any and all unvested Shares of Restricted Stock (but no vested portion of the Shares of Restricted Stock) and RS Property upon the Participant's Termination of Employment for any reason.

(ii) Notwithstanding anything herein or in the Plan to the contrary, the Shares of Restricted Stock and any RS Property provided for under this Agreement are conditioned on the Participant not engaging in any Competitive Activity (as defined below) from the date that is twelve (12) months prior to the applicable vesting date set forth in Section 3(d) above (such applicable vesting date, the "Payment Date") through the first anniversary of such Payment Date. If, on or after the date that is twelve (12) months prior to the Payment Date but prior to the Payment Date, the Participant engages in a Competitive Activity, all Shares of Restricted Stock and any RS Property (whether or not vested) shall be immediately forfeited in their entirety, and the Participant shall have no further rights or interests with respect to such Shares of Restricted Stock and RS Property. In the event that the Participant engages in a Competitive Activity on or after the Payment Date but on or prior to the first anniversary of such Payment Date, the Company shall have the right to recoup from the Participant, and the Participant shall repay to the Company, within thirty (30) days following demand by the Company, a payment equal to the Fair Market Value of the aggregate Shares of Restricted Stock and any RS Property payable to the Participant, and any dividends or other distributions thereafter paid thereon; provided, that, the Company may require the Participant to satisfy such payment obligations hereunder either by forfeiting and returning to the Company such Shares of Restricted Stock, RS Property or any other Shares, or making a cash payment or any combination of these methods, as determined by the Company in its sole discretion. The Company and its Subsidiaries, in their sole discretion, shall have the right to set off (or cause to be set off) any amounts otherwise due to the Participant from the Company (or the applicable Subsidiary) in satisfaction of such repayment obligation, provided that any such amounts are exempt from, or set off in a manner intended to comply with, the requirements of Section 409A of the Code, to the extent applicable.

(iii) The Participant hereby acknowledges and agrees that the forfeiture and recoupment conditions set forth in this Section 3(e), in view of the nature of the business in which the Company and its affiliates are engaged, are reasonable in scope and necessary in order to protect the legitimate business interests of the Company and its affiliates, and that any violation thereof would result in irreparable harm to the Company and its affiliates. The Participant also acknowledges and agrees that (i) it is a material inducement and condition to the Company's issuance of the Shares of Restricted Stock and any RS Property that such Participant agrees to be bound by such forfeiture and recoupment conditions and, further, that the amounts required to be forfeited or repaid to the Company pursuant to forfeiture and recoupment conditions set forth above are reasonable, and (ii) nothing in this Agreement or the Plan is intended to preclude the Company (or any affiliate thereof) from seeking any remedies available at law, in equity, under contract to the Company or otherwise, and the Company (or any affiliate thereof) shall have the right to seek any such remedy with respect to the Shares of Restricted Stock, any RS Property or otherwise.

(iv) For purposes of this Agreement, the Participant will be deemed to engage in a "Competitive Activity" if, either directly or indirectly, without the express prior written consent of the Company, the Participant (i) takes other employment with, renders services to, or otherwise engages in any business activities with, companies or other entities that are competitors of the Company or any of its affiliates, (ii) solicits or induces, or in any manner attempts to solicit or induce, any person employed by or otherwise providing services to the Company or any of its affiliates, to terminate such person's employment or service relationship, as the case may be, with the Company or any of its affiliates, (iii) diverts, or attempts to divert, any person or entity from doing business with the Company or any of its affiliates or induces, or attempts to induce, any such person or entity from ceasing to be a customer or other business partner of the Company or any of its affiliates, (iv) violates any agreement between the Participant and the Company or any of its affiliates relating to the non-disclosure of proprietary or confidential information of the Company or any of its affiliates, and/or (v) conducts himself or herself in a manner adversely affecting the Company or any of its affiliates, including, without limitation, making false, misleading or negative statements, either orally or in writing, about the Company or any of its affiliates. The determination as to whether the Participant has engaged in a Competitive Activity shall be made by the Committee in its sole discretion.

(v) This Section 3(e)(v) applies solely with respect to Participants who are executive officers of the Company. Notwithstanding anything herein to the contrary, Participant agrees and acknowledges that the Restricted Stock awarded under this Agreement and the underlying shares shall be subject to the terms and conditions of the Company's Incentive Compensation Recoupment Policy approved by the Board. Notwithstanding the foregoing, Participant agrees that incentive compensation, as defined under of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and such regulations as are promulgated thereunder from time to time ("Dodd-Frank"), payable to Participant under this Agreement shall be subject to any clawback policy adopted or implemented by the Company in respect of Dodd-Frank, or in respect of any other applicable law or regulation.

(f) **Withholding.** Participant shall pay, or make arrangements to pay, in a manner satisfactory to the Company, an amount equal to the amount of all applicable foreign, federal, state, provincial and local taxes that the Company is required to withhold at any time. In the absence of such arrangements, the Company or one of its Subsidiaries shall have the right to withhold such taxes from the Participant's normal pay or other amounts payable to the Participant. In addition, any statutorily required withholding obligation may be satisfied, in whole or in part, at the Participant's election, in the form and manner prescribed by the Committee, by delivery of Shares of Common Stock (including Shares issuable under this Agreement).

(g) **Section 83(b).** If the Participant properly elects (as required by Section 83(b) of the Code) within 30 days after the issuance of the Restricted Stock to include in gross income for federal income tax purposes in the year of issuance the fair market value of such Shares of Restricted Stock, the Participant shall pay to the Company or make arrangements satisfactory to the Company to pay to the Company upon such election, any federal, state or local taxes required to be withheld with respect to the Restricted Stock. If the Participant shall fail to make such payment, the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Participant any federal, state or local taxes of any kind required by law to be withheld with respect to the Restricted Stock, as well as the rights set forth in Section 3(e) hereof. The Participant acknowledges that it is his or her sole responsibility, and not the Company's, to file timely and properly the election under Section 83(b) of the Code and any corresponding provisions of state tax laws if he or she elects to utilize such election.

(h) **Delivery Delay.** The delivery of any certificate representing the Restricted Stock or other RS Property may be postponed by the Company for such period as may be required for it to comply with any applicable foreign, federal, state or provincial securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such Shares shall constitute a violation by the Participant or the Company of any provisions of any applicable foreign, federal, state, local or provincial law or of any regulations of any governmental authority or any national securities exchange. If the Participant is currently a resident or is likely to become a resident in the United Kingdom at any time during the period that the Shares are subject to restriction, the Participant acknowledges and understands that the Company intends to meet its delivery obligations in Common Stock with respect to the Shares of Restricted Stock, except as may be prohibited by law or described in this Agreement, the Plan or supplementary materials.

4. **Legend.** All certificates representing the Restricted Stock shall have endorsed thereon the following legends:

(a) "The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Henry Schein, Inc. (the "Company") 2013 Stock Incentive Plan (as amended and restated effective as of May 14, 2013), as amended from time to time (the "Plan") and an Award Agreement entered into between the registered owner and the Company. Copies of such Plan and Award Agreement are on file at the principal office of the Company."

(b) Any legend required to be placed thereon by applicable blue sky laws of any state.

Notwithstanding the foregoing, in no event shall the Company be obligated to issue a certificate representing the Restricted Stock prior to the vesting date set forth above.

5. **Securities Representations.** The Shares are being issued to the Participant and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant.

The Participant acknowledges, represents and warrants that:

(a) He or she has been advised that he or she may be an "affiliate" within the meaning of Rule 144 under the Securities Act of 1933, as amended (the "Act") and in this connection the Company is relying in part on his or her representations set forth in this section.

(b) If he or she is deemed an affiliate within the meaning of Rule 144 of the Act, the Shares must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a "re-offer prospectus") with regard to such Shares and the Company is under no obligation to register the Shares (or to file a "re-offer prospectus").

(c) If he or she is deemed an affiliate within the meaning of Rule 144 of the Act, he or she understands that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Common Stock of the Company, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with; and that any sale of the Shares may be made only in limited amounts in accordance with such terms and conditions.

6. **No Obligation to Continue Employment.** This Agreement is not an agreement of employment. This Agreement does not guarantee that the Company or its Subsidiaries will employ or retain, or continue to employ or retain, the Participant during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which any Restricted Stock is outstanding, nor does it modify in any respect the Company or its Subsidiaries' right to terminate or modify the Participant's employment or compensation.

7. **Power of Attorney.** The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Participant for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which such attorney-in-fact may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. The Company, as attorney-in-fact for the Participant, may in the name and stead of the Participant, make and execute all conveyances, assignments and transfers of the Restricted Stock, Shares and property provided for herein, and the Participant hereby ratifies and confirms all that the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Participant shall, if so requested by the Company, execute and deliver to the Company all such instruments as may, in the judgment of the Company, be advisable for the purpose.

8. **Uncertificated Shares.** Notwithstanding anything else herein, to the extent permitted under applicable foreign, federal, state, local or provincial law, the Committee may issue the Shares in the form of uncertificated shares. Such uncertificated shares of Restricted Stock shall be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant. If thereafter certificates are issued with respect to the uncertificated shares of Restricted Stock, such issuance and delivery of certificates shall be in accordance with the applicable terms of this Agreement.

9. **Rights as a Stockholder.** Except as otherwise specifically provided for in this Agreement (including without limitation, in Section 3(b) hereof), or the Plan, the Participant shall have no rights as a stockholder with respect to any shares covered by the Restricted Stock unless and until the Participant has become the holder of record of the shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares.

10. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. Capitalized terms in this Agreement that are not otherwise defined shall have the same meaning as set forth in the Plan. Subject to Section 3(e), if and to the extent that this Agreement

conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

11. **Amendment.** To the extent applicable, the Board or the Committee may at any time and from time to time amend, in whole or in part, any or all of the provisions of this Agreement to comply with Section 409A of the Code and the regulations thereunder or any other applicable law and may also amend, suspend or terminate this Agreement subject to the terms of the Plan. The award of Restricted Stock pursuant to this Agreement is not intended to be considered "deferred compensation" for purposes of Section 409A of the Code. With respect to any dividend equivalents, however, this Agreement is intended to comply with the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in a manner so as to comply therewith.

12. **Notices.** Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or by regular United States mail, first class and prepaid, to the appropriate party at the address set forth below (or such other address as the party shall from time to time specify):

If to the Company, to:

Henry Schein, Inc.
135 Duryea Road
Melville, New York 11747
Attention: General Counsel

If to the Participant, to the address on file with the Company.

13. **Acceptance.** The requirement of your acceptance as provided in Section 9(c)(ii) of the Plan is hereby waived and you are deemed to have accepted the Restricted Stock upon receipt of this Agreement.

14. **Transfer of Personal Data.** If the Participant is currently a resident or is likely to become a resident in the United Kingdom at any time during the period that the Shares are subject to restriction, the Participant authorizes, agrees and unambiguously consents to the transmission by the Company (or any Subsidiary) of any personal data information related to Restricted Stock awarded under this Agreement, for legitimate business purposes (including, without limitation, the administration of the Plan) out of the Participant's home country and including to countries with less data protection laws than the data protection laws provided by the Participant's home country. This authorization/consent is freely given by the Participant.

15. **Section 431.** If the Participant is currently a resident or is likely to become a resident in the United Kingdom at any time during the period that the Shares are subject to restriction, as determined by the Company, when requested and as directed by the Company, the Participant agrees to enter into a Joint Election with the Company under Section 431 of the Income Tax (Earnings and Pensions) Act of 2003 ("ITEPA") for full or partial disapplication of Chapter 2 ITEPA under the laws of the United Kingdom. The election must be signed and dated by the Participant and returned to the Company within 14-days of each grant of Shares.

16. **Miscellaneous.**

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(b) This Agreement shall be governed and construed in accordance with the laws of New York (regardless of the law that might otherwise govern under applicable New York principles of conflict of laws).

(c) This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one contract.

(d) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

17. **Acquired Rights.** THE PARTICIPANT ACKNOWLEDGES AND AGREES THAT: (A) THE COMPANY MAY TERMINATE OR AMEND THE PLAN AT ANY TIME; (B) THE AWARD OF RESTRICTED STOCK MADE UNDER THIS AGREEMENT IS COMPLETELY INDEPENDENT OF ANY OTHER AWARD OR GRANT AND IS MADE AT THE SOLE DISCRETION OF THE COMPANY; AND (C) NO PAST GRANTS OR AWARDS (INCLUDING, WITHOUT LIMITATION, THE RESTRICTED STOCK AWARDED HEREUNDER) GIVE THE PARTICIPANT ANY RIGHT TO ANY GRANTS OR AWARDS IN THE FUTURE WHATSOEVER.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HENRY SCHEIN, INC.

Michael S. Ettinger
Senior Vice President, Corporate & Legal Affairs and Chief of Staff

PARTICIPANT

[Electronic Signature]
[Participant Name]

[Acceptance Date]

**FORM OF RESTRICTED STOCK UNIT AGREEMENT
PURSUANT TO THE
HENRY SCHEIN, INC. 2013 STOCK INCENTIVE PLAN
(AS AMENDED AND RESTATED EFFECTIVE AS OF MAY 14, 2013)**

THIS AGREEMENT (the "Agreement") is made as of [Grant Date] (the "Grant Date"), by and between Henry Schein, Inc. (the "Company") and [Participant Name] (the "Participant"). Additional country-specific terms and conditions that govern the grant made hereunder are attached hereto on Annex 1, which terms and conditions are incorporated by reference herein and made a part of the Agreement.

WITNESSETH:

WHEREAS, the Company has adopted the Henry Schein, Inc. 2013 Stock Incentive Plan (as amended and restated effective as of May 14, 2013), as amended from time to time (the "Plan") (a copy of which is on file with the Company's Corporate Human Resources Department and is available for Participant to review upon request at reasonable intervals as determined by the Company), which is administered by a Committee appointed by the Company's Board of Directors (the "Committee");

WHEREAS, pursuant to Section 9(d) of the Plan, the Committee may grant Restricted Stock Units to Key Employees under the Plan;

WHEREAS, the shares of the Company's common stock are traded on the Nasdaq Stock Market under the symbol "HSIC";

WHEREAS, the Participant is a Key Employee of the Company or a Subsidiary.

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant of Restricted Stock Units.

Subject to the restrictions and other conditions set forth herein, in the Plan and Annex 1, the Committee has authorized this grant of [Shares Granted] Restricted Stock Units to the Participant on the Grant Date.

2. Vesting and Payment.

(a) Except as set forth in Sections 2(c) and 2(d), the Restricted Stock Units shall vest on the fourth anniversary of the Grant Date (the "Scheduled Payment Date"); provided that the Participant has not had a Termination of Employment at any time prior to the Scheduled Payment Date.

(b) Except as set forth in Section 2(c), there shall be no proportionate or partial vesting in the periods prior to the vesting date and all vesting shall occur only on the vesting date; provided that no Termination of Employment has occurred prior to such date.

(c) The Restricted Stock Units shall vest on a pro-rated basis upon the Participant's Retirement, unless otherwise provided expressly in a written agreement between the Participant and the Company (or a Subsidiary). For purposes of this Section 2(c), the Participant shall qualify for "Retirement" if (i) the Participant's age (minimum 55) plus years of service with the Company and its Subsidiaries equal or exceed 70, (ii) the Participant has provided written notice of the Participant's retirement to the Company at least 30 days prior to the date of such retirement, and (iii) no Termination of Employment has occurred prior to the date of such retirement. For purposes of determining the age and service requirement under Section 2(c)(i), the Participant's age and years of service shall be determined by the Participant's most recent birthday and employment anniversary, respectively. For purposes of this Section 2(c), vesting on a pro-rated basis shall be calculated by multiplying the number of Restricted Stock Units set forth under Section 1 by a fraction, the numerator of which is the number of days from the date of grant to the date of the Participant's Retirement, and the denominator of which is 1,460.

(d) The Restricted Stock Units shall become fully vested on the earliest of (i) a Termination of Employment by the Company (or a Subsidiary) without Cause occurring within the 2-year period following a Change of Control, (ii) the Participant's Disability and (iii) the Participant's death; provided that no Termination of Employment has occurred prior to any such event, unless otherwise provided expressly in a written agreement between the Participant and the Company (or a Subsidiary). For purposes of this Agreement, a "Change of Control" shall mean a Change of Control as defined in the Plan. For purposes of this Agreement, "Disability" shall mean the approval of, and receiving benefits for, long term disability by the disability insurance carrier under the Company's (or if applicable, Subsidiary's) long term disability plan.

(e) The Participant shall be entitled to receive one share of Common Stock with respect to one vested Restricted Stock Unit. The Participant shall be paid one share of Common Stock with respect to each vested Restricted Stock Unit within thirty (30) days of the Scheduled Payment Date; except that, in the event of (i) a Termination of Employment by the Company (or a Subsidiary) without Cause occurring within the 2-year period following a Change of Control, (ii) death or (iii) Disability, the Participant shall be paid within thirty (30) days of such employment termination, death or Disability; provided no Termination of Employment has occurred prior to each such date. In the event of Retirement, the Participant shall be paid one share of Common Stock with respect to each vested Restricted Stock Unit within thirty (30) days of the Scheduled Payment Date.

3. Forfeiture and Recoupment.

(a) Subject to Section 2 above, all unvested Restricted Stock Units will be forfeited on the Participant's Termination of Employment.

(b) Notwithstanding anything herein or in the Plan to the contrary, the Restricted Stock Units (including any dividends credited thereupon) provided for under this Agreement are conditioned on the Participant not engaging in any Competitive Activity (as defined below) from the date that is twelve (12) months prior to the applicable settlement date set forth in Section 2(e) above (such applicable settlement date, the "Payment Date") through the first anniversary of such Payment Date. If, on or after the date that is twelve (12) months prior to the Payment Date but prior to the Payment Date, the Participant engages in a Competitive Activity, all Restricted Stock Units (including any dividends credited thereupon) (whether or not vested) shall be immediately forfeited in their entirety, and the Participant shall have no further rights or interests with respect to such Restricted Stock Units (including any such dividends). In the event that the Participant engages in a Competitive Activity on or after the Payment Date but on or prior to the first anniversary of such Payment Date, the Company shall have the right to recoup from the Participant, and the Participant shall repay to the Company, within thirty (30) days following demand by the Company, a payment equal to the Fair Market Value of the aggregate shares of Common Stock payable in respect of such Restricted Stock Units (including any dividends credited thereupon) on the Payment Date (including any dividends or other distributions thereafter paid thereon); provided, that, the Company may require the Participant to satisfy such payment obligations hereunder either by forfeiting and returning to the Company such shares of Common Stock, Restricted Stock Units, dividends or any other Shares, or making a cash payment or any combination of these methods, as determined by the Company in its sole discretion. The Company and its Subsidiaries, in their sole discretion, shall have the right to set off (or cause to be set off) any amounts otherwise due to the Participant from the Company (or the applicable Subsidiary) in satisfaction of such repayment obligation, provided that any such amounts are exempt from, or set off in a manner intended to comply with, the requirements of any applicable law (including, without limitation, Section 409A of the Code).

(c) The Participant hereby acknowledges and agrees that the forfeiture and recoupment conditions set forth in this Section 3, in view of the nature of the business in which the Company and its affiliates are engaged, are reasonable in scope and necessary in order to protect the legitimate business interests of the Company and its affiliates, and that any violation thereof would result in irreparable harm to the Company and its affiliates. The Participant also acknowledges and agrees that (i) it is a material inducement and condition to the Company's issuance of the Restricted Stock Units (including any dividends credited thereupon) that such Participant agrees to be bound by such forfeiture and recoupment conditions and, further, that the amounts required to be forfeited or repaid to the Company pursuant to forfeiture and recoupment conditions set forth above are reasonable, and (ii) nothing in this Agreement or the Plan is intended to preclude the Company (or any affiliate thereof) from seeking any remedies available at law, in equity, under contract to the Company or otherwise, and the Company (or any affiliate thereof) shall have the right to seek any such remedy with respect to the Restricted Stock Units, any dividends credited thereupon, or otherwise.

(d) For purposes of this Agreement, the Participant will be deemed to engage in a "Competitive Activity" if, either directly or indirectly, without the express prior written consent of the Company, the Participant (i) takes other employment with, renders services to, or otherwise engages in any business activities with, companies or other entities that are competitors of the Company or any of its affiliates, (ii) solicits or induces, or in any manner attempts to solicit or induce, any person employed by or otherwise providing services to the Company or any of its affiliates, to terminate such person's employment or service relationship, as the case may be, with the Company or any of its affiliates, (iii) diverts, or attempts to divert, any person or entity from doing business with the

Company or any of its affiliates or induces, or attempts to induce, any such person or entity from ceasing to be a customer or other business partner of the Company or any of its affiliates, (iv) violates any agreement between the Participant and the Company or any of its affiliates relating to the non-disclosure of proprietary or confidential information of the Company or any of its affiliates, and/or (v) conducts himself or herself in a manner adversely affecting the Company or any of its affiliates, including, without limitation, making false, misleading or negative statements, either orally or in writing, about the Company or any of its affiliates. The determination as to whether the Participant has engaged in a Competitive Activity shall be made by the Committee in its sole discretion.

(e) This Section 3(e) applies solely with respect to Participants who are executive officers of the Company. Notwithstanding anything herein to the contrary, Participant agrees and acknowledges that the Restricted Stock Unit awarded under this Agreement and the underlying shares shall be subject to the terms and conditions of the Company's Incentive Compensation Recoupment Policy approved by the Board. Notwithstanding the foregoing, Participant agrees that incentive compensation, as defined under of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and such regulations as are promulgated thereunder from time to time ("Dodd-Frank"), payable to Participant under this Agreement shall be subject to any clawback policy adopted or implemented by the Company in respect of Dodd-Frank, or in respect of any other applicable law or regulation.

4. Dividend Equivalents. Cash dividends on Shares shall be credited to a dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit granted to a Participant, provided that such cash dividends shall not be deemed to be reinvested in Shares and will be held uninvested and without interest and paid in cash if and when the Restricted Stock Unit vests. Stock dividends on Shares shall be credited to a dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit granted to a Participant, provided that the Participant shall not be entitled to such dividend unless and until the Restricted Stock Unit vests.

5. Rights as a Stockholder. The Participant shall have no rights as a stockholder with respect to any shares covered by any Restricted Stock Unit unless and until the Participant has become the holder of record of the shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares, except as otherwise specifically provided for in this Agreement or the Plan.

6. Withholding. Participant shall pay, or make arrangements to pay, in a manner satisfactory to the Company, an amount equal to the amount of all applicable foreign, federal, state, provincial and local taxes that the Company is required to withhold at any time. In the absence of such arrangements, the Company or one of its Subsidiaries shall have the right to withhold such taxes from the Participant's normal pay or other amounts payable to the Participant. In addition, any statutorily required withholding obligation may be satisfied, in whole or in part, at the Participant's election, in the form and manner prescribed by the Committee, by delivery of shares of Common Stock (including shares issuable under this Agreement).

7. Provisions of Plan Control. This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. Capitalized terms in this Agreement that are not otherwise defined shall have the same meaning as set forth in the Plan. Subject to Section 3, if and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

8. Amendment. To the extent applicable, the Board or the Committee may at any time and from time to time amend, in whole or in part, any or all of the provisions of this Agreement to comply with any applicable laws and stock exchange rules and regulations (including, without limitation, Section 409A of the Code and the regulations thereunder) and may also amend, suspend or terminate this Agreement subject to the terms of the Plan. Except as otherwise provided in the Plan, no modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

9. Notices. Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or by regular United States mail or similar foreign mail or post, first class and prepaid, to the appropriate party at the address set forth below (or such other address as the party shall from time to time specify):

If to the Company, to:

Henry Schein, Inc.
135 Duryea Road
Melville, New York 11747
Attention: General Counsel

If to the Participant, to the address on file with the Company.

10. No Obligation to Continue Employment. This Agreement is not an agreement of employment or directorship. This Agreement does not guarantee that the Company or its Subsidiaries will employ or retain, or continue to employ or retain, the Participant during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which any Restricted Stock Unit is outstanding, nor does it modify in any respect the Company or its Subsidiaries' right to terminate or modify the Participant's employment or compensation.

11. Legend. The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing Shares issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing Shares acquired pursuant to this Agreement in the possession of the Participant in order to carry out the provisions of this Section.

12. Securities Representations. The grant of the Restricted Stock Units and issuance of Shares upon vesting of the Restricted Stock Units shall be subject to, and in compliance with, all applicable requirements of federal, state or foreign securities law. No Shares may be issued hereunder if the issuance of such Shares would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Shares may then be listed. As a condition to the settlement of the Restricted Stock Units, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation.

The Shares are being issued to the Participant and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant. The Participant acknowledges, represents and warrants that:

(a) He or she has been advised that he or she may be an "affiliate" within the meaning of Rule 144 under the Securities Act of 1933, as amended (the "Act") and in this connection the Company is relying in part on his or her representations set forth in this section.

(b) If he or she is deemed an affiliate within the meaning of Rule 144 of the Act, the Shares must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a "re-offer prospectus") with regard to such Shares and the Company is under no obligation to register the Shares (or to file a "re-offer prospectus").

(c) If he or she is deemed an affiliate within the meaning of Rule 144 of the Act, he or she understands that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Common Stock of the Company, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with; and that any sale of the Shares may be made only in limited amounts in accordance with such terms and conditions.

13. Transfer of Personal Data. The Participant authorizes, agrees and unambiguously consents to the transmission and processing by the Company (or any Subsidiary) of any personal data information related to Restricted Stock Units awarded under this Agreement, for legitimate business purposes (including, without limitation, the administration of the Plan) out of the Participant's home country and including to countries with less data protection laws than the data protection laws provided by the Participant's home country. This authorization/consent is freely given by the Participant.

14. Delivery Delay. The delivery of any certificate representing the Common Stock may be postponed by the Company for such period as may be required for it to comply with any applicable foreign, federal, state or provincial securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such Shares shall constitute a violation by the Participant or the Company of any provisions of any applicable foreign, federal, state or provincial law or of any regulations of any governmental authority or any national securities exchange. The Participant acknowledges and understands that the Company intends to meet its delivery obligations in Common Stock with respect to Restricted Stock Units, except as may be prohibited by law or described in this Agreement, the Plan or supplementary materials.

15. Miscellaneous.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(a) This Agreement shall be governed and construed in accordance with the laws of New York (regardless of the law that might otherwise govern under applicable New York principles of conflict of laws).

(b) This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one contract.

(c) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(d) This Agreement and the Plan do not create a joint venture or partnership between the Company and any Subsidiary.

(e) Notwithstanding any provisions in this Agreement, this grant of Restricted Stock Units shall be subject to any additional country-specific terms and conditions set forth in Annex 1 to the Agreement for the Participant's country to the extent applicable. Moreover, if Participant relocates to one of the countries included in Annex 1, the additional country-specific terms and conditions for such country, if any, will apply to Participant to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

16. ACQUIRED RIGHTS. THE PARTICIPANT ACKNOWLEDGES AND AGREES THAT: (A) THE COMPANY MAY TERMINATE OR AMEND THE PLAN AT ANY TIME; (B) THE AWARD OF RESTRICTED STOCK UNITS MADE UNDER THIS AGREEMENT IS COMPLETELY INDEPENDENT OF ANY OTHER AWARD OR GRANT AND IS MADE AT THE SOLE DISCRETION OF THE COMPANY; AND (C) NO PAST GRANTS OR AWARDS (INCLUDING, WITHOUT LIMITATION, THE RESTRICTED STOCK UNITS AWARDED HEREUNDER) GIVE THE PARTICIPANT ANY RIGHT TO ANY GRANTS OR AWARDS IN THE FUTURE WHATSOEVER.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

HENRY SCHEIN, INC.

Michael S. Ettinger
Senior Vice President, Corporate & Legal Affairs and Chief of Staff

PARTICIPANT

[Electronic Signature]
[Participant Name]

[Acceptance Date]

ANNEX 1

**Additional Country Specific Terms and Conditions
for the Restricted Stock Unit Agreement**

This Annex 1 includes additional terms and conditions that govern the Restricted Stock Units granted to the Participant under the Plan if the Participant works or resides in, or is otherwise subject to the taxes imposed by, one of the countries listed below. This Annex 1 also includes other information that may impact the Participant's participation in the Plan. Certain capitalized terms used but not defined in this Annex 1 have the meanings set forth in the Plan and/or the Agreement. This Annex 1 forms part of the Agreement and should be read in conjunction with the Agreement and the Plan.

The Participant agrees to sign any additional agreements or undertakings that may be necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan. Furthermore, the Participant acknowledges that the applicable law of the country in which the Participant is subject to taxes or is residing or working at the time of grant or vesting of the Restricted Stock Units or the sale of shares of Common Stock received pursuant to the Restricted Stock Units (including any rules or regulations governing securities, foreign exchange, tax, labor, employment, or other matters) may restrict or prevent the issuance of shares of Common Stock or subject the Participant to additional terms and conditions or procedural or regulatory requirements that the Participant is or will be solely responsible for and must fulfill. Such requirements may be outlined in but are not limited to items listed below in this Annex 1.

If the Participant is a citizen or resident of a country other than the country in which he or she is subject to taxes or is residing and/or working, or if the Participant transfers employment or residency after the Restricted Stock Units are granted to him or her, the information contained in this Annex 1 may not be applicable to the Participant. Tax laws are often complex and outcomes can vary depending on individual circumstances. Accordingly, the Participant is advised to seek appropriate professional advice as to how tax and other relevant laws in the applicable country may apply to his or her situation.

AUSTRALIA

There are no country-specific provisions.

AUSTRIA

There are no country-specific provisions.

BELGIUM

There are no country-specific provisions.

BRAZIL

Section 2(a) shall be amended to add "for cause" after "Participant has not had a Termination of Employment".

Section 2(b) shall be amended to add "for cause" after "provided that no Termination of Employment" and to add the following at the end thereof:

"Notwithstanding the foregoing, in the event of a Termination of Employment other than for cause, the Restricted Stock Units shall vest on a pro-rated basis through the date of the Termination of Employment."

Section 2(c)(iii), 2(d)(proviso) and 2(e)(proviso) shall be amended to add "for cause" after "no Termination of Employment".

Section 3(a) shall be amended by to add "for cause" after "Termination of Employment".

Section 3(b) shall be amended by adding the following to the end thereof:

"In case the Participant engages in any competitive activity after twelve (12) months of the first anniversary of the Payment Date and does not repay the Company, the Company shall be entitled to use all judicial remedies available at law, including, without limitation, the recovery of damages arising from such breach and shall only be entitled to recoup from Participant the maximum amount permitted under Brazilian law."

Section 15(a) shall be deleted in its entirety and replaced with the following:

“This Agreement shall be governed and construed in accordance with the laws of Brazil.”

CANADA

Section 2(e) of the Agreement is hereby deleted in its entirety and replaced with the following:

“Upon the vesting of each Restricted Stock Unit, the Participant shall receive one share of Common Stock. Notwithstanding the foregoing, prior to the vesting of each Restricted Stock Unit, the Participant may elect to receive a cash payment from the Company in an amount equal to the Fair Market Value of a share of Common Stock on the date of vesting; provided such election may only be effective if it is in lieu of receiving a share of Common Stock (or portion thereof) covering such Restricted Stock Unit. Any such election shall be made in a form acceptable to the Company. Upon the Participant’s receipt of such cash payment, the Company shall cancel the corresponding Restricted Stock Unit.”

CHINA (Excluding Hong Kong)

Section 2(e) of the Agreement is hereby deleted in its entirety and replaced with the following:

“Upon the vesting of each Restricted Stock Unit, the Participant shall receive one share of Common Stock. Notwithstanding the foregoing, prior to the vesting of each Restricted Stock Unit, the Participant may elect to receive a cash payment from the Company in an amount equal to the Fair Market Value of a share of Common Stock on the date of vesting; provided such election may only be effective if it is in lieu of receiving a share of Common Stock (or portion thereof) covering such Restricted Stock Unit. Any such election shall be made in a form acceptable to the Company. Upon the Participant’s receipt of such cash payment, the Company shall cancel the corresponding Restricted Stock Unit.”

CHILE

There are no country-specific provisions.

COLOMBIA

There are no country-specific provisions.

DENMARK

The Agreement is subject to the mandatory regulation under the Danish Stock Options Act (the “Act”) for Employees (meaning any person who works under the instructions of the employer and receives consideration in return for personal work) employed by Danish entities.

An Employee who is a participant under the Agreement shall receive a separate written statement issued in accordance with mandatory regulation under the Act as an appendix to the Agreement.

Section 4 and section 5 of the Act provides that if the employment ends due to termination of the employment on the part of the employer before the Employee has exercised the awarded rights to acquire shares, the employee shall retain such rights in accordance with the exercise terms stipulated in the scheme or the agreement as if the Employee were still an Employee. Furthermore, the Employee maintains the right to a pro rata share, calculated in proportion to the duration of his or her employment period during the financial year, of the awards to which he or she would have been entitled under agreement or custom if the Employee were still an Employee at the end of the financial year or at the date of award. This also applies where (1) the Employee resigns due to the fact that he or she has reached the retirement age applicable within the trade or the employer in question, or due to the fact that the Employee is entitled to pension under the national pension scheme or retirement pension from the employer, or (2) the Employee terminates the employment without notice due to material breach on the part of the employer.

If the employment ends due to termination of the employment on the part of the Employee before the employee’s exercise of the awarded rights to acquire shares, such right of exercise will lapse, unless otherwise stipulated in the terms governing exercise set out in the scheme or the agreement. Furthermore, any right to receive awards after the end of the employment will also lapse. The same applies if the termination is due to breach of the terms of employment on the part of the Employee, or if the Employee has been summarily dismissed with just cause.

In section 2(a), 2(b), 2(c), 2(d), 2(e), and 3(a) reference is made to the Termination of Employment and the requirement of the Participant to be employed by the Company. Such reference shall be interpreted in accordance with section 4 and section 5 of the Act.

Section 2(c) is hereby deleted in its entirety.

FRANCE

The following shall be added to the end of the preamble in the Agreement:

“The Agreement complies with the provisions of articles L 225-197-1 to L 225-197-3 of the French Commercial Code (see “Details of the amendments to the US RSU Agreement”).”

Section 2(e) of the Agreement is hereby deleted in its entirety and replaced with the following:

“In any case, the total number of shares of Common Stock freely allotted by the Company to individuals in France shall not exceed 10% of the outstanding securities of the Company. Notwithstanding anything herein to the contrary, shares of Common Stock may not be allotted to a Participant who holds more than 10% of the outstanding securities of the Company and a free allotment of shares of Common Stock shall not result in the Participant holding more than 10% of the outstanding securities of the Company.”

Sections 3(b) and 3(c) of the Agreement shall hereby be read as if (i) all parentheticals that include the word “dividend” or “dividends” have been deleted, and (ii) all references to “dividends” and “any dividends credited thereupon” have been deleted.

Section 4 of the Agreement is hereby deleted in its entirety and replaced with the following:

“Holding Period. Following the vesting of Restricted Stock Units hereunder, if any, the Participant shall receive and be required to hold the resulting shares of Common Stock for a period of at least two years following such applicable vesting date, except that such holding requirement shall not apply in the case of death or Disability. At the end of such holding period, such shares of Common Stock shall not be sold or otherwise transferred: (a) during the period of ten stock exchange trading dates that precede or follow the date of the Company’s filing of the Company’s Form 10-K or 10-Q, as applicable; or (b) during a scheduled or unscheduled blackout prohibiting certain sales of shares of Common Stock, if applicable to the Participant.”

Section 5 of the Agreement is hereby deleted in its entirety and replaced with the following:

“Rights as a Stockholder. The Participant shall have no rights as a stockholder with respect to any shares of Common Stock covered by any Restricted Stock Unit including, without limitation, voting and dividend rights, unless and until the Participant has become the holder of record of the shares of Common Stock at the end of the vesting period, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares.”

GERMANY

There are no country-specific provisions.

HONG KONG

Section 3(b) of the Agreement shall hereby be read as if all references to “Subsidiary” or “Subsidiaries” have been deleted.

The following shall be added to the end of Section 13 of the Agreement:

“If the Participant is unable to provide his or her personal data as requested by the Company (or any Subsidiary) the Participant may not be able to participate in the Plan. The Participant has the right to request access to and to request the correction of his or her personal data pursuant to applicable data privacy law. Any such data access and request should be made in writing and addressed to the Company’s Corporate Human Resources Department located at 135 Duryea Road, Melville, New York 11747, USA.”

IRELAND

There are no country-specific provisions.

ITALY

There are no country-specific provisions.

NETHERLANDS

There are no country-specific provisions.

NEW ZEALAND

There are no country specific provisions.

NORTHERN IRELAND

There are no country-specific provisions.

NORWAY

For the purposes of this Agreement, the term “without cause” as used in Sections 2(d) and (e), shall be construed to mean:

“Without the lawful cause of termination being based on circumstances related to the employee, cf. the Norwegian Work Environment Act (2005) section 15-7.

POLAND

The following shall be added to the end of Section 3(b) of the Agreement:

“Neither this Section 3(b) nor any other provision of the Agreement shall be understood, construed or interpreted as the Participant’s obligation to refrain from engaging in the Competitive Activity. This Agreement does not create any post-employment non-competition obligations. This Section 3(b) sets forth a resolutive condition to acquiring the right to the Restricted Stock Units (including any dividends credited thereupon). Such condition is the Participant’s engagement in Competitive Activity as set forth above. If the resolutive condition is met, the Participant’s right to the Restricted Stock Units (including any dividends credited thereupon) shall be terminated with the reverse effect as determined above.”

Section 13 of the Agreement is hereby deleted in its entirety and replaced with the following:

“**Transfer of Personal Data.** The Participant authorizes, agrees and unambiguously consents to the transmission and processing by the Company of any personal data information necessary to perform and execute this Agreement, including any personal data information necessary to grant the Restricted Stock Unit under this Agreement. The Participant is aware that his or her personal data information may be transmitted out of the Participant’s home country and including to countries with less data protection laws than the data protection laws provided by the Participant’s home country (the Company is headquartered in Melville, New York and currently is not “Safe Harbor” certified). The Participant agrees and unambiguously consents to such transmission. This authorization/consent is freely given by the Participant. Should the performance or execution of this Agreement require the transmission of the Participant’s personal data information by a Subsidiary, such transmission shall be made upon the Participant’s prior consent made in writing and indicating the detailed scope of personal data information which is to be transmitted and the purpose of transmission. If such transmission of the Participant’s personal data information by a Subsidiary encompasses transmission to countries with less data protection laws than the data protection laws provided by the Participant’s home country, such consent shall expressly indicate such circumstances.”

The following shall be added to the Agreement as a new Section 17:

“Condition of Employment. Notwithstanding anything herein or in the Plan to the contrary, the acquisition of the rights of the Restricted Stock Units by the Participant is conditioned upon the Participant’s continued employment with the Company or a Subsidiary through the Scheduled Payment Date, subject to Sections 2(c) and 2(d). The Restricted Stock Units are due for staying in employment until the Scheduled Payment Date. Under such circumstances where there is a Termination of Employment, the Participant shall not acquire the right to the unvested Restricted Stock Units. The rights and obligations under this Agreement are outside the Participant’s employment relationship with the Company or Subsidiary.”

SOUTH AFRICA

There are no country-specific provisions.

SPAIN

There are no country-specific provisions.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

There are no country-specific provisions.

THAILAND

Section 3(b) of the Agreement is hereby amended to delete the last sentence thereof.

UNITED KINGDOM

As of the Grant Date, if the Participant either (i) qualifies for Retirement (as defined in Section 2(c) of the Agreement) or (ii) may become eligible to qualify for Retirement prior to the Scheduled Payment Date, Section 4 of the Agreement is hereby deleted in its entirety and replaced with the following:

“Dividend Equivalents. Cash dividends on Shares shall be credited to a dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit granted to the Participant, provided that such cash dividends shall not be deemed to be reinvested in Shares and will be held uninvested and without interest. The Participant’s right to receive any such cash dividends shall vest if and when the related Restricted Stock Unit vests, and such cash dividends shall be paid in cash to the Participant if and when the related Restricted Stock Unit is paid to the Participant. Stock dividends on Shares shall be credited to a dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit granted to the Participant. The Participant’s right to receive any such stock dividends shall vest if and when the related Restricted Stock Unit vests, and such stock dividends shall be paid in stock to the Participant if and when the related Restricted Stock Unit is paid to the Participant.”

The following is added to the Agreement as a new Section 17:

“Section 431. The Participant agrees to enter into a Joint Election with the Company under Section 431 of the Income Tax (Earnings and Pensions) Act of 2003 (“ITEPA”) for full or partial disapplication of Chapter 2 ITEPA under the laws of the United Kingdom. The election must be signed and dated by the Participant and returned to the Company within 14 days of each grant of Shares.”

UNITED STATES

The second to last sentence of Section 2(d) of Agreement is hereby deleted in its entirety and replaced with the following:

“For the purposes of this Agreement, a “Change of Control” shall mean the occurrence of a Section 409A Change of Control (as defined in Section 17).”

As of the Grant Date, if the Participant either (i) qualifies for Retirement (as defined in Section 2(c) of the Agreement) or (ii) may become eligible to qualify for Retirement prior to the Scheduled Payment Date, Section 4 of the Agreement is hereby deleted in its entirety and replaced with the following:

“**Dividend Equivalents.** Cash dividends on Shares shall be credited to a dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit granted to the Participant, provided that such cash dividends shall not be deemed to be reinvested in Shares and will be held uninvested and without interest. The Participant’s right to receive any such cash dividends shall vest if and when the related Restricted Stock Unit vests, and such cash dividends shall be paid in cash to the Participant if and when the related Restricted Stock Unit is paid to the Participant. Stock dividends on Shares shall be credited to a dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit granted to the Participant. The Participant’s right to receive any such stock dividends shall vest if and when the related Restricted Stock Unit vests, and such stock dividends shall be paid in stock to the Participant if and when the related Restricted Stock Unit is paid to the Participant.”

The following shall be added to the Agreement as a new Section 17:

“**Change of Control Defined.** For purposes of this Agreement, a “Section 409A Change of Control” shall be deemed to have occurred upon:

- (i) an acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of (A) 50% or more of the then outstanding Shares or (B) 33% or more of the total combined voting power of the then outstanding voting securities of HSI entitled to vote generally in the election of directors (the “Outstanding HSI Voting Securities”); excluding, however, the following: (w) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Company, (x) any acquisition by the Company, (y) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or (z) any acquisition by any corporation pursuant to a reorganization, merger, consolidation or similar corporate transaction (in each case, a “Corporate Transaction”); if, pursuant to such Corporate Transaction, the conditions described in clauses (A), (B) and (C) of paragraph (iii) below are satisfied; or
- (ii) within any 12-month period beginning on or after the date of the Agreement, the individuals who constitute the Board immediately before the beginning of such period (the Board as of the date hereof shall be hereinafter referred to as the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided that for purposes of this Subsection any individual who becomes a member of the Board subsequent to the date hereof whose election, or nomination for election by HSI’s stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who are also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; but, provided further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board; or
- (iii) the consummation of a Corporate Transaction or, if consummation of such Corporate Transaction is subject to the consent of any government or governmental agency, the obtaining of such consent (either explicitly or implicitly by consummation); excluding, however, such a Corporate Transaction pursuant to which (A) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the outstanding Shares and Outstanding HSI Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 60% of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction and the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors, in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the outstanding Shares and

Outstanding HSI Voting Securities, as the case may be, (B) no Person (other than the Company, any employee benefit plan (or related trust) of the Company or the corporation resulting from such Corporate Transaction and any Person beneficially owning, immediately prior to such Corporate Transaction, directly or indirectly, 33% or more of the outstanding Shares or Outstanding HSI Voting Securities, as the case may be, will beneficially own, directly or indirectly, 33% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors and (C) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(iv) the sale or other disposition of all or substantially all of the assets of the Company; excluding, however, such sale or other disposition to a corporation with respect to which, following such sale or other disposition, (x) more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors will be then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Common Stock and Outstanding HSI Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the outstanding Common Stock and Outstanding HSI Voting Securities, as the case may be, (y) no Person (other than the Company and any employee benefit plan (or related trust) of the Company or such corporation and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 33% or more of the outstanding Common Stock or Outstanding HSI Voting Securities, as the case may be) will beneficially own, directly or indirectly, 33% or more of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (z) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of such corporation.

(v) No event set forth herein shall constitute a "Section 409A Change of Control" unless such event also qualifies as a "change in control event" for purposes of Treasury Regulation § 1.409A-3(i)(5). Accordingly, the definition of "Section 409A Change of Control" set forth herein shall be limited, construed and interpreted in accordance with Section 409A and the regulations issued thereunder."

The following shall be added to the Agreement as a new Section 18:

"Section 409A. Any provisions in this Agreement providing for the payment of "nonqualified deferred compensation" (as defined in Section 409A of the Code and the Treasury regulations thereunder) to the Participant are intended to comply with, or be exempt from, the requirements of Section 409A of the Code, and this Agreement shall be interpreted in accordance therewith. Neither party individually or in combination may accelerate or defer the timing of the payment of any such nonqualified deferred compensation, except in compliance with Section 409A of the Code and this Agreement, and no amount shall be paid prior to the earliest date on which it is permitted to be paid under Section 409A of the Code and this Agreement. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on the Participant as a result of Section 409A of the Code or any damages for failing to comply with Section 409A of the Code. Any amounts payable hereunder that satisfy the short-term deferral exception in Treas. Reg. §1.409A-1(b)(4) shall not be subject to Section 409A of the Code. Whenever a payment under this Agreement may be paid within a specified period, the actual date of payment within the specified period shall be within the Company's sole discretion."

**FORM OF RESTRICTED STOCK UNIT AGREEMENT
PURSUANT TO THE
HENRY SCHEIN, INC. 2013 STOCK INCENTIVE PLAN
(AS AMENDED AND RESTATED EFFECTIVE AS OF MAY 14, 2013)**

THIS AGREEMENT (the "Agreement") is made as of [Grant Date] (the "Grant Date"), by and between Henry Schein, Inc. (the "Company") and [Participant Name] (the "Participant"). Additional country-specific terms and conditions that govern the grant made hereunder are attached hereto on Annex 1, which terms and conditions are incorporated by reference herein and made a part of the Agreement.

W I T N E S S E T H:

WHEREAS, the Company has adopted the Henry Schein, Inc. 2013 Stock Incentive Plan (as amended and restated effective as of May 14, 2013), as amended from time to time (the "Plan") (a copy of which is on file with the Company's Corporate Human Resources Department and is available for Participant to review upon request at reasonable intervals as determined by the Company), which is administered by a Committee appointed by the Company's Board of Directors (the "Committee");

WHEREAS, pursuant to Section 9(d) of the Plan, the Committee may grant Restricted Stock Units to Key Employees under the Plan;

WHEREAS, the shares of the Company's common stock are traded on the Nasdaq Stock Market under the symbol "HSIC"; and

WHEREAS, the Participant is a Key Employee of the Company or a Subsidiary.

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant of Restricted Stock Units.

Subject to the restrictions and other conditions set forth herein, in the Plan and Annex 1, the Committee has authorized this grant of [Shares Granted] Restricted Stock Units to the Participant on the Grant Date.

2. Vesting and Payment.

(a) Except as otherwise provided in Sections 2(c), 2(d), 2(e) and 2(f), the Restricted Stock Units awarded under this Agreement shall not vest unless and until (1) the Committee determines and certifies that the target(s) and performance goal(s), a copy of which is on file with the Company's Corporate Human Resources Department and is available for Participant to review upon reasonable request and at reasonable intervals as determined by the Company (collectively, the "Performance Goal(s)"), have been satisfied with respect to the three-year period beginning on or about January 1 of the year the grant was made and (2) the third anniversary of the Grant Date (the "Scheduled Payment Date"); provided, however, that if the satisfaction of the Performance Goal(s) exceed 100% of the targets, the Committee shall issue to the Participant such additional Shares in an amount that corresponds to the incremental percentage of the goal(s) achieved in excess of 100% of the targets up to a maximum of 150% of targets, provided that any such additional Shares shall be subject to the terms and conditions of this Agreement. To the extent applicable, it is intended that the Restricted Stock Units awarded hereunder constitute "qualified performance-based compensation" for purposes of Section 162(m) of the Code and, accordingly, any such determination shall be made in accordance with the requirements of Section 162(m) of the Code. Except as set forth in Sections 2(c), 2(d), 2(e) and 2(f), if the targets and Performance Goal(s) are not satisfied in accordance with this Section 2(a), the Restricted Stock Unit awarded under this Agreement shall be forfeited. Notwithstanding anything herein or in the Plan to the contrary, but except as set forth in Sections 2(c), 2(d), 2(e) and 2(f), the Participant must be employed by the Company (or a Subsidiary) at the times the targets and Performance Goal(s) are satisfied and on the third anniversary of the date of grant. The Participant acknowledges and agrees that the Performance Goal(s) are confidential and agrees to execute the Company's form confidentiality agreement prior to viewing Performance Goal(s), actual performance results and/or mandatory adjustments.

(b) Except as set forth in Sections 2(c), 2(d) and 2(f), there shall be no proportionate or partial vesting in the periods prior to the vesting date and all vesting shall occur only on the vesting date; provided that no Termination of Employment has occurred prior to such date.

(c) The Restricted Stock Units shall vest on a pro-rated basis, assuming the performance goals have been achieved, upon the Participant's Retirement, unless otherwise provided expressly in a written agreement between the Participant and the Company (or a Subsidiary). For purposes of this Section 2, the Participant shall qualify for "Retirement" if (i) the Participant's age (minimum 55) plus years of service with the Company and its Subsidiaries equal or exceed 70, (ii) the Participant has provided written notice of the Participant's retirement to the Company at least 30 days prior to the date of such retirement, and (iii) no Termination of Employment has occurred prior to the date of such retirement. For purposes of determining the age and service requirement under Section 2(b) (i), the Participant's age and years of service shall be determined by the Participant's most recent birthday and employment anniversary, respectively.

(d) The Restricted Stock Units shall vest on a pro-rated basis, assuming target levels have been achieved, upon the Participant's Disability, provided that no Termination of Employment has occurred prior to such date, unless otherwise provided expressly in a written agreement between the Participant and the Company (or a Subsidiary). For purposes of this Agreement, "Disability" shall mean the approval of, and receiving benefits for, long term disability by the disability insurance carrier under the Company's (or if applicable, Subsidiary's) long term disability plan.

(e) The Restricted Stock Units shall vest in full, assuming target levels have been achieved, upon a Termination of Employment by the Company (or a Subsidiary) without Cause occurring within the 2-year period following a Change of Control; provided that no Termination of Employment has occurred prior to such date, unless otherwise provided expressly in a written agreement between the Participant and the Company (or a Subsidiary). For purposes of this Agreement, a "Change of Control" shall mean the occurrence of a Change of Control (as defined in the Plan).

(f) The Restricted Stock Units shall vest on a pro-rated basis, assuming target levels have been achieved, upon the Participant's death, provided that no Termination of Employment has occurred prior to such date, unless otherwise provided expressly in a written agreement between the Participant and the Company (or a Subsidiary).

(g) For purposes of Sections 2(c), 2(d) and 2(f), vesting on a pro-rated basis shall be calculated by multiplying the number of Restricted Stock Units set forth under Section 1 by a fraction, the numerator of which is the number of days from the Grant Date to the date of the Participant's death, Disability or Retirement, as applicable, and the denominator of which is 1,095.

(h) The Participant shall be entitled to receive one share of Common Stock with respect to one vested Restricted Stock Unit. The Participant shall be paid one share of Common Stock with respect to each vested Restricted Stock Unit within thirty (30) days of the Scheduled Payment Date; except that (i) in the event of a Termination of Employment by the Company (or a Subsidiary) without Cause occurring within the 2-year period following a Change of Control, the Participant shall be paid within thirty (30) days of such employment termination and (ii) in the event of the Participant's death, the Participant's estate shall be paid within thirty (30) days of the Participant's death; provided no Termination of Employment has occurred prior to such dates. In the event of Retirement or Disability, the Participant shall be paid one share of Common Stock with respect to each vested Restricted Stock Unit within thirty (30) days of the Scheduled Payment Date.

3. Forfeiture and Recoupment.

(a) Subject to Section 2 above, all unvested Restricted Stock Units will be forfeited on the Participant's Termination of Employment.

(b) Notwithstanding anything herein or in the Plan to the contrary, the grant of Restricted Stock Units (including any dividends credited thereupon) provided for under this Agreement is conditioned on the Participant not engaging in any Competitive Activity (as defined below) from the date that is twelve (12) months prior to the applicable settlement date set forth in Section 2 above (such applicable settlement date, the "Payment Date") through the first anniversary of such Payment Date. If, on or after the date that is twelve (12) months prior to the Payment Date but prior to the Payment Date, the Participant engages in a Competitive

Activity, all Restricted Stock Units (including any dividends credited thereupon) (whether or not vested) shall be immediately forfeited in their entirety, and the Participant shall have no further rights or interests with respect to such Restricted Stock Units (including any such dividends). In the event that the Participant engages in a Competitive Activity on or after the Payment Date but on or prior to the first anniversary of such Payment Date, the Company shall have the right to recoup from the Participant, and the Participant shall repay to the Company, within thirty (30) days following demand by the Company, a payment equal to the Fair Market Value of the aggregate shares of Common Stock payable in respect of such Restricted Stock Units (including any dividends credited thereupon) on the Payment Date (including any dividends or other distributions thereafter paid thereon); provided, that, the Company may require the Participant to satisfy such payment obligations hereunder either by forfeiting and returning to the Company such shares of Common Stock, Restricted Stock Units, dividends or any other Shares, or making a cash payment or any combination of these methods, as determined by the Company in its sole discretion. The Company and its Subsidiaries, in their sole discretion, shall have the right to set off (or cause to be set off) any amounts otherwise due to the Participant from the Company (or the applicable Subsidiary) in satisfaction of such repayment obligation, provided that any such amounts are exempt from, or set off in a manner intended to comply with, the requirements of any applicable law (including, without limitation, Section 409A of the Code).

(c) The Participant hereby acknowledges and agrees that the forfeiture and recoupment conditions set forth in this Section 3, in view of the nature of the business in which the Company and its affiliates are engaged, are reasonable in scope and necessary in order to protect the legitimate business interests of the Company and its affiliates, and that any violation thereof would result in irreparable harm to the Company and its affiliates. The Participant also acknowledges and agrees that (i) it is a material inducement and condition to the Company's issuance of the Restricted Stock Units (including any dividends credited thereupon) that such Participant agrees to be bound by such forfeiture and recoupment conditions and, further, that the amounts required to be forfeited or repaid to the Company pursuant to forfeiture and recoupment conditions set forth above are reasonable, and (ii) nothing in this Agreement or the Plan is intended to preclude the Company (or any affiliate thereof) from seeking any remedies available at law, in equity, under contract to the Company or otherwise, and the Company (or any affiliate thereof) shall have the right to seek any such remedy with respect to the Restricted Stock Units, any dividends credited thereupon, or otherwise.

(d) For purposes of this Agreement, the Participant will be deemed to engage in a "Competitive Activity" if, either directly or indirectly, without the express prior written consent of the Company, the Participant (i) takes other employment with, renders services to, or otherwise engages in any business activities with, companies or other entities that are competitors of the Company or any of its affiliates, (ii) solicits or induces, or in any manner attempts to solicit or induce, any person employed by or otherwise providing services to the Company or any of its affiliates, to terminate such person's employment or service relationship, as the case may be, with the Company or any of its affiliates, (iii) diverts, or attempts to divert, any person or entity from doing business with the Company or any of its affiliates or induces, or attempts to induce, any such person or entity from ceasing to be a customer or other business partner of the Company or any of its affiliates, (iv) violates any agreement between the Participant and the Company or any of its affiliates relating to the non-disclosure of proprietary or confidential information of the Company or any of its affiliates, and/or (v) conducts himself or herself in a manner adversely affecting the Company or any of its affiliates, including, without limitation, making false, misleading or negative statements, either orally or in writing, about the Company or any of its affiliates. The determination as to whether the Participant has engaged in a Competitive Activity shall be made by the Committee in its sole discretion.

(e) This Section 3(e) applies solely with respect to Participants who are executive officers of the Company. Notwithstanding anything herein to the contrary, Participant agrees and acknowledges that the Restricted Stock Unit awarded under this Agreement and the underlying shares shall be subject to the terms and conditions of the Company's Incentive Compensation Recoupment Policy approved by the Board. Notwithstanding the foregoing, Participant agrees that incentive compensation, as defined under of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and such regulations as are promulgated thereunder from time to time ("Dodd-Frank"), payable to Participant under this Agreement shall be subject to any clawback policy adopted or implemented by the Company in respect of Dodd-Frank, or in respect of any other applicable law or regulation.

4. Dividend Equivalents. Cash dividends on Shares shall be credited to a dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit granted to a Participant, provided that such cash dividends shall not be deemed to be reinvested in Shares and will be held uninvested and without interest and paid in cash if and when the Restricted Stock Unit vests. Stock dividends on Shares shall be credited to a dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit granted to a Participant, provided that the Participant shall not be entitled to such dividend unless and until the Restricted Stock Unit vests.

5. Rights as a Stockholder. The Participant shall have no rights as a stockholder with respect to any shares covered by any Restricted Stock Unit unless and until the Participant has become the holder of record of the shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares, except as otherwise specifically provided for in this Agreement or the Plan.

6. Withholding. Participant shall pay, or make arrangements to pay, in a manner satisfactory to the Company, an amount equal to the amount of all applicable foreign, federal, state, provincial and local taxes that the Company is required to withhold at any time. In the absence of such arrangements, the Company or one of its Subsidiaries shall have the right to withhold such taxes from the Participant's normal pay or other amounts payable to the Participant. In addition, any statutorily required withholding obligations may be satisfied, in whole or in part, at the Participant's election, in the form and manner prescribed by the Committee, by delivery of shares of Common Stock (including shares issuable under this Agreement).

7. Provisions of Plan Control. This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. Capitalized terms in this Agreement that are not otherwise defined shall have the same meaning as set forth in the Plan. Subject to Section 3, if and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

8. Amendment. To the extent applicable, the Board or the Committee may at any time and from time to time amend, in whole or in part, any or all of the provisions of this Agreement to comply with any applicable laws and stock exchange rules and regulations (including, without limitation, Section 409A of the Code and the regulations thereunder) and may also amend, suspend or terminate this Agreement subject to the terms of the Plan. Except as otherwise provided in the Plan, no modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

9. Notices. Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or by regular United States mail or similar foreign mail or post, first class and prepaid, to the appropriate party at the address set forth below (or such other address as the party shall from time to time specify):

If to the Company, to:

Henry Schein, Inc.
135 Duryea Road
Melville, New York 11747
Attention: General Counsel

If to the Participant, to the address on file with the Company.

10. No Obligation to Continue Employment. This Agreement is not an agreement of employment or directorship. This Agreement does not guarantee that the Company or its Subsidiaries will employ or retain, or continue to employ or retain, the Participant during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which any Restricted Stock Unit is outstanding, nor does it modify in any respect the Company or its Subsidiaries' right to terminate or modify the Participant's employment or compensation.

11. Legend. The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing Shares issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing Shares acquired pursuant to this Agreement in the possession of the Participant in order to carry out the provisions of this Section.

12. Securities Representations. The grant of the Restricted Stock Units and issuance of Shares upon vesting of the Restricted Stock Units shall be subject to, and in compliance with, all applicable requirements of federal, state or foreign securities law. No Shares may be issued hereunder if the issuance of such Shares would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Shares may then be listed. As a condition to the settlement of the Restricted Stock Units, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation.

The Shares are being issued to the Participant and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant. The Participant acknowledges, represents and warrants that:

(a) He or she has been advised that he or she may be an "affiliate" within the meaning of Rule 144 under the Securities Act of 1933, as amended (the "Act") and in this connection the Company is relying in part on his or her representations set forth in this section.

(b) If he or she is deemed an affiliate within the meaning of Rule 144 of the Act, the Shares must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a “re-offer prospectus”) with regard to such Shares and the Company is under no obligation to register the Shares (or to file a “re-offer prospectus”).

(c) If he or she is deemed an affiliate within the meaning of Rule 144 of the Act, he or she understands that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Common Stock of the Company, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with; and that any sale of the Shares may be made only in limited amounts in accordance with such terms and conditions.

13. Transfer of Personal Data. The Participant authorizes, agrees and unambiguously consents to the transmission and processing by the Company (or any Subsidiary) of any personal data information related to Restricted Stock Units awarded under this Agreement, for legitimate business purposes (including, without limitation, the administration of the Plan) out of the Participant’s home country and including to countries with less data protection laws than the data protection laws provided by the Participant’s home country. This authorization/consent is freely given by the Participant.

14. Delivery Delay. The delivery of any certificate representing the Common Stock may be postponed by the Company for such period as may be required for it to comply with any applicable foreign, federal, state or provincial securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such Shares shall constitute a violation by the Participant or the Company of any provisions of any applicable foreign, federal, state or provincial law or of any regulations of any governmental authority or any national securities exchange. The Participant acknowledges and understands that the Company intends to meet its delivery obligations in Common Stock with respect to Restricted Stock Units, except as may be prohibited by law or described in this Agreement, the Plan or supplementary materials.

15. Miscellaneous.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(a) This Agreement shall be governed and construed in accordance with the laws of New York (regardless of the law that might otherwise govern under applicable New York principles of conflict of laws).

(b) This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one contract.

(c) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(d) This Agreement and the Plan do not create a joint venture or partnership between the Company and any Subsidiary.

(e) Notwithstanding any provisions in this Agreement, this grant of Restricted Stock Units shall be subject to any additional country-specific terms and conditions set forth in Annex 1 to the Agreement for the Participant’s country to the extent applicable. Moreover, if Participant relocates to one of the countries included in Annex 1, the additional country-specific terms and conditions for such country, if any, will apply to Participant to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

16. ACQUIRED RIGHTS. THE PARTICIPANT ACKNOWLEDGES AND AGREES THAT: (A) THE COMPANY MAY TERMINATE OR AMEND THE PLAN AT ANY TIME; (B) THE AWARD OF RESTRICTED STOCK UNITS MADE UNDER THIS AGREEMENT IS COMPLETELY INDEPENDENT OF ANY OTHER AWARD OR GRANT AND IS MADE AT THE SOLE DISCRETION OF THE COMPANY; AND (C) NO PAST GRANTS OR AWARDS (INCLUDING, WITHOUT LIMITATION, THE RESTRICTED STOCK UNITS AWARDED HEREUNDER) GIVE THE PARTICIPANT ANY RIGHT TO ANY GRANTS OR AWARDS IN THE FUTURE WHATSOEVER.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

HENRY SCHEIN, INC.

Michael S. Ettinger
Senior Vice President, Corporate & Legal Affairs and Chief of Staff

PARTICIPANT

[Electronic Signature]
[Participant Name]

[Acceptance Date]

ANNEX 1

**Additional Country Specific Terms and Conditions
for the Restricted Stock Unit Agreement**

This Annex 1 includes additional terms and conditions that govern the Restricted Stock Units granted to the Participant under the Plan if the Participant works or resides in, or is otherwise subject to the taxes imposed by, one of the countries listed below. This Annex 1 also includes other information that may impact the Participant's participation in the Plan. Certain capitalized terms used but not defined in this Annex 1 have the meanings set forth in the Plan and/or the Agreement. This Annex 1 forms part of the Agreement and should be read in conjunction with the Agreement and the Plan.

The Participant agrees to sign any additional agreements or undertakings that may be necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan. Furthermore, the Participant acknowledges that the applicable law of the country in which the Participant is subject to taxes or is residing or working at the time of grant or vesting of the Restricted Stock Units or the sale of shares of Common Stock received pursuant to the Restricted Stock Units (including any rules or regulations governing securities, foreign exchange, tax, labor, employment, or other matters) may restrict or prevent the issuance of shares of Common Stock or subject the Participant to additional terms and conditions or procedural or regulatory requirements that the Participant is or will be solely responsible for and must fulfill. Such requirements may be outlined in but are not limited to items listed below in this Annex 1.

If the Participant is a citizen or resident of a country other than the country in which he or she is subject to taxes or is residing and/or working, or if the Participant transfers employment or residency after the Restricted Stock Units are granted to him or her, the information contained in this Annex 1 may not be applicable to the Participant. Tax laws are often complex and outcomes can vary depending on individual circumstances. Accordingly, the Participant is advised to seek appropriate professional advice as to how tax and other relevant laws in the applicable country may apply to his or her situation.

AUSTRALIA

There are no country-specific provisions.

AUSTRIA

There are no country-specific provisions.

BELGIUM

There are no country-specific provisions.

BRAZIL

Section 2(a) shall be amended to remove "the Participant must be employed by the Company (or a Subsidiary) at the times" from the second to last sentence and replace it with "the Participant must not have had a Termination of Employment for cause on or before".

Section 2(b) shall be amended to add "for cause" after "provided that no Termination of Employment" and to add the following at the end thereof:

"Notwithstanding the foregoing, in the event of a Termination of Employment other than for cause, the Restricted Stock Units shall vest on a pro-rated basis through the date of the Termination of Employment."

Section 2(c)(iii), 2(d), 2(e)(in the proviso), (f) and (h)(in the proviso) and 3(a) shall be amended by to add "for cause" after "Termination of Employment".

Section 3(b) shall be amended by adding the following to the end thereof:

"In case the Participant engages in any competitive activity after twelve (12) months of the first anniversary of the Payment Date and does not repay the Company, the Company shall be entitled to use all judicial remedies available at law, including, without limitation, the recovery of damages arising from such breach and shall only be entitled to recoup from Participant the maximum amount permitted under Brazilian law.

Section 15(a) shall be deleted in its entirety and replaced with the following:

“This Agreement shall be governed and construed in accordance with the laws of Brazil.”

CANADA

A new subsection (i) is added to the end of Section 2 of the Agreement as follows:

“Notwithstanding the foregoing, prior to the vesting of each Restricted Stock Unit, the Participant may elect to receive a cash payment from the Company in an amount equal to the Fair Market Value of a share of Common Stock on the date of vesting; provided such election may only be effective if it is in lieu of receiving a share of Common Stock (or portion thereof) covering such Restricted Stock Unit. Any such election shall be made in a form acceptable to the Company. Upon the Participant’s receipt of such cash payment, the Company shall cancel the corresponding Restricted Stock Unit.”

The last sentence in Section 3(c) of the Agreement is hereby deleted in its entirety and replaced with the following:

“The Participant also acknowledges and agrees that (i) it is a material inducement and condition to the Company’s issuance of the Restricted Stock Units (including any dividends credited thereupon) that such Participant agrees to be bound by such forfeiture and recoupment conditions and, further, that the amounts required to be forfeited or repaid to the Company pursuant to forfeiture and recoupment conditions set forth above are reasonable, and (ii) nothing in this Agreement or the Plan is intended to preclude the Company (or any affiliate thereof) from seeking any remedies available at law, in equity, under contract to the Company or otherwise, and the Company (or any affiliate thereof) shall have the right to seek any such remedy with respect to the Restricted Stock Units and any cash dividends credited in connection therewith, or otherwise.”

CHINA (Excluding Hong Kong)

A new subsection (i) is added to the end of Section 2 of the Agreement as follows:

“Notwithstanding the foregoing, prior to the vesting of each Restricted Stock Unit, the Participant may elect to receive a cash payment from the Company in an amount equal to the Fair Market Value of a share of Common Stock on the date of vesting; provided such election may only be effective if it is in lieu of receiving a share of Common Stock (or portion thereof) covering such Restricted Stock Unit. Any such election shall be made in a form acceptable to the Company. Upon the Participant’s receipt of such cash payment, the Company shall cancel the corresponding Restricted Stock Unit.”

The last sentence in Section 3(c) of the Agreement is hereby deleted in its entirety and replaced with the following:

“The Participant also acknowledges and agrees that (i) it is a material inducement and condition to the Company’s issuance of the Restricted Stock Units (including any dividends credited thereupon) that such Participant agrees to be bound by such forfeiture and recoupment conditions and, further, that the amounts required to be forfeited or repaid to the Company pursuant to forfeiture and recoupment conditions set forth above are reasonable, and (ii) nothing in this Agreement or the Plan is intended to preclude the Company (or any affiliate thereof) from seeking any remedies available at law, in equity, under contract to the Company or otherwise, and the Company (or any affiliate thereof) shall have the right to seek any such remedy with respect to the Restricted Stock Units and any cash dividends credited in connection therewith, or otherwise.”

CHILE

There are no country-specific provisions.

COLOMBIA

There are no country-specific provisions.

DENMARK

The Agreement is subject to the mandatory regulation under the Danish Stock Options Act (the "Act") for Employees (meaning any person who works under the instructions of the employer and receives consideration in return for personal work) employed by Danish entities.

An Employee who is a participant under the Agreement shall receive a separate written statement issued in accordance with mandatory regulation under the Act as an appendix to the Agreement.

Section 4 and section 5 of the Act provides that if the employment ends due to termination of the employment on the part of the employer before the Employee has exercised the awarded rights to acquire shares, the employee shall retain such rights in accordance with the exercise terms stipulated in the scheme or the agreement as if the Employee were still an Employee. Furthermore, the Employee maintains the right to a pro rata share, calculated in proportion to the duration of his or her employment period during the financial year, of the awards to which he or she would have been entitled under agreement or custom if the Employee were still an Employee at the end of the financial year or at the date of award. This also applies where (1) the Employee resigns due to the fact that he or she has reached the retirement age applicable within the trade or the employer in question, or due to the fact that the Employee is entitled to pension under the national pension scheme or retirement pension from the employer, or (2) the Employee terminates the employment without notice due to material breach on the part of the employer.

If the employment ends due to termination of the employment on the part of the Employee before the employee's exercise of the awarded rights to acquire shares, such right of exercise will lapse, unless otherwise stipulated in the terms governing exercise set out in the scheme or the agreement. Furthermore, any right to receive awards after the end of the employment will also lapse. The same applies if the termination is due to breach of the terms of employment on the part of the Employee, or if the Employee has been summarily dismissed with just cause.

In section 2(a), 2(b), 2(c), 2(d), 2(e), 2(f), 2(h) and 3(a) reference is made to the Termination of Employment and the requirement of the Participant to be employed by the Company. Such reference shall be interpreted in accordance with section 4 and section 5 of the Act.

Section 2(c) is hereby deleted in its entirety

FRANCE

The following shall be added to the end of the preamble in the Agreement:

"The Agreement complies with the provisions of articles L 225-197-1 to L 225-197-3 of the French Commercial Code (see "Details of the amendments to the US RSU Agreement")."

Subclause (i) of Section 2(h) is hereby deleted in its entirety and replaced with the following:

"in the event of a Change of Control, the Participant shall be paid within thirty (30) days of such Change of Control, and"

Subsection (i) is added to the end of Section 2 of the Agreement as follows:

"In any case, the total number of shares of Common Stock freely allotted by the Company to individuals in France shall not exceed 10% of the outstanding securities of the Company. Notwithstanding anything herein to the contrary, shares of Common Stock may not be allotted to a Participant who holds more than 10% of the outstanding securities of the Company and a free allotment of shares of Common Stock shall not result in the Participant holding more than 10% of the outstanding securities of the Company."

Sections 3(b) and 3(c) of the Agreement shall hereby be read as if (i) all parentheticals that include the word "dividend" or "dividends" have been deleted, and (ii) all references to "dividends" and "any dividends credited thereupon" have been deleted.

Section 4 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Holding Period. Following the vesting of Restricted Stock Units hereunder, if any, the Participant shall receive and be required to hold the resulting shares of Common Stock for a period of at least two years following such applicable vesting date, except that such holding requirement shall not apply in the case of death or Disability. At the end of such holding period, such shares of Common Stock shall not be

sold or otherwise transferred: (a) during the period of ten stock exchange trading dates that precede or follow the date of the Company's filing of the Company's Form 10-K or 10-Q, as applicable; or (b) during a scheduled or unscheduled blackout prohibiting certain sales of shares of Common Stock, if applicable to the Participant."

Section 5 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Rights as a Stockholder. The Participant shall have no rights as a stockholder with respect to any shares of Common Stock covered by any Restricted Stock Unit including, without limitation, voting and dividend rights, unless and until the Participant has become the holder of record of the shares of Common Stock at the end of the vesting period, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares."

GERMANY

There are no country-specific provisions.

HONG KONG

Section 3(b) of the Agreement shall hereby be read as if all references to "Subsidiary" or "Subsidiaries" have been deleted.

The following shall be added to the end of Section 13 of the Agreement:

"If the Participant is unable to provide his or her personal data as requested by the Company (or any Subsidiary) the Participant may not be able to participate in the Plan. The Participant has the right to request access to and to request the correction of his or her personal data pursuant to applicable data privacy law. Any such data access and request should be made in writing and addressed to the Company's Corporate Human Resources Department located at 135 Duryea Road, Melville, New York 11747, USA."

IRELAND

There are no country-specific provisions.

ITALY

There are no country-specific provisions.

NETHERLANDS

There are no country-specific provisions.

NEW ZELAND

There are no country specific provisions.

NORTHERN IRELAND

There are no country-specific provisions.

NORWAY

For the purposes of this Agreement, the term "without cause" as used in Sections 2(e) and (h), shall be construed to mean:

"Without the lawful cause of termination being based on circumstances related to the employee, cf. the Norwegian Work Environment Act (2005) section 15-7.

POLAND

The following shall be added to the end of Section 3(b) of the Agreement:

“Neither this Section 3(b) nor any other provision of the Agreement shall be understood, construed or interpreted as the Participant’s obligation to refrain from engaging in the Competitive Activity. This Agreement does not create any post-employment non-competition obligations. This Section 3(b) sets forth a resolute condition to acquiring the right to the Restricted Stock Units (including any dividends credited thereupon). Such condition is the Participant’s engagement in Competitive Activity as set forth above. If the resolute condition is met, the Participant’s right to the Restricted Stock Units (including any dividends credited thereupon) shall be terminated with the reverse effect as determined above.”

Section 13 of the Agreement is hereby deleted in its entirety and replaced with the following:

“Transfer of Personal Data. The Participant authorizes, agrees and unambiguously consents to the transmission and processing by the Company of any personal data information necessary to perform and execute this Agreement, including any personal data information necessary to grant the Restricted Stock Unit under this Agreement. The Participant is aware that his or her personal data information may be transmitted out of the Participant’s home country and including to countries with less data protection laws than the data protection laws provided by the Participant’s home country (the Company is headquartered in Melville, New York and currently is not “Safe Harbor” certified). The Participant agrees and unambiguously consents to such transmission. This authorization/consent is freely given by the Participant. Should the performance or execution of this Agreement require the transmission of the Participant’s personal data information by a Subsidiary, such transmission shall be made upon the Participant’s prior consent made in writing and indicating the detailed scope of personal data information which is to be transmitted and the purpose of transmission. If such transmission of the Participant’s personal data information by a Subsidiary encompasses transmission to countries with less data protection laws than the data protection laws provided by the Participant’s home country, such consent shall expressly indicate such circumstances.”

The following shall be added to the Agreement as a new Section 17:

“Condition of Employment. The Participant’s target and performance goals do not refer to the Participant’s obligations under the employment relationship with the Company or any Subsidiary, but instead reflect the Participant’s role in achieving the Performance Goals. Notwithstanding anything herein or in the Plan to the contrary, the acquisition of the rights of the Restricted Stock Units by the Participant is conditioned upon the Participant’s continued employment with the Company or a Subsidiary through the Scheduled Payment Date, subject to Sections 2(c), 2(d), 2(e) and 2(f). The Restricted Stock Units are due for staying in employment until the Scheduled Payment Date. Under such circumstances where there is a Termination of Employment, the Participant shall not acquire the right to the unvested Restricted Stock Units. The rights and obligations under this Agreement are outside the Participant’s employment relationship with the Company or Subsidiary.”

SOUTH AFRICA

There are no country-specific provisions.

SPAIN

There are no country-specific provisions.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

There are no country-specific provisions.

THAILAND

Section 3(b) of the Agreement is hereby amended to delete the last sentence thereof.

UNITED KINGDOM

As of the Grant Date, if the Participant either (i) qualifies for Retirement (as defined in Section 2(c) of the Agreement) or (ii) may become eligible to qualify for Retirement prior to the Scheduled Payment Date, Section 4 of the Agreement is hereby deleted in its entirety and replaced with the following:

Dividend Equivalents. Cash dividends on Shares shall be credited to a dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit granted to the Participant, provided that such cash dividends shall not be deemed to be reinvested in Shares and will be held uninvested and without interest. The Participant's right to receive any such cash dividends shall vest if and when the related Restricted Stock Unit vests, and such cash dividends shall be paid in cash to the Participant if and when the related Restricted Stock Unit is paid to the Participant. Stock dividends on Shares shall be credited to a dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit granted to the Participant. The Participant's right to receive any such stock dividends shall vest if and when the related Restricted Stock Unit vests, and such stock dividends shall be paid in stock to the Participant if and when the related Restricted Stock Unit is paid to the Participant."

The following is added to the Agreement as a new Section 17:

Section 431. The Participant agrees to enter into a Joint Election with the Company under Section 431 of the Income Tax (Earnings and Pensions) Act of 2003 ("ITEPA") for full or partial disapplication of Chapter 2 ITEPA under the laws of the United Kingdom. The election must be signed and dated by the Participant and returned to the Company within 14 days of each grant of Shares."

UNITED STATES

The last sentence in Section 2(e) of the Agreement is hereby deleted in its entirety and replaced with the following:

"For the purposes of this Agreement a "Change of Control" shall mean the occurrence of a Section 409A Change of Control (as defined in Section 17)."

As of the Grant Date, if the Participant either (i) qualifies for Retirement (as defined in Section 2(c) of the Agreement) or (ii) may become eligible to qualify for Retirement prior to the Scheduled Payment Date, Section 4 of the Agreement is hereby deleted in its entirety and replaced with the following:

Dividend Equivalents. Cash dividends on Shares shall be credited to a dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit granted to the Participant, provided that such cash dividends shall not be deemed to be reinvested in Shares and will be held uninvested and without interest. The Participant's right to receive any such cash dividends shall vest if and when the related Restricted Stock Unit vests, and such cash dividends shall be paid in cash to the Participant if and when the related Restricted Stock Unit is paid to the Participant. Stock dividends on Shares shall be credited to a dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit granted to the Participant. The Participant's right to receive any such stock dividends shall vest if and when the related Restricted Stock Unit vests, and such stock dividends shall be paid in stock to the Participant if and when the related Restricted Stock Unit is paid to the Participant."

The following shall be added to the Agreement as a new Section 17:

Change of Control Defined. For purposes of this Agreement, a "Section 409A Change of Control" shall be deemed to have occurred upon:

(i) an acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of (A) 50% or more of the then outstanding Shares or (B) 33% or more of the total combined voting power of the then outstanding voting securities of HSI entitled to vote generally in the election of directors (the "Outstanding HSI Voting Securities"); excluding, however, the following: (w) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Company, (x) any acquisition by the Company, (y) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or (z) any acquisition by any corporation pursuant to a reorganization, merger, consolidation or similar corporate transaction (in each case, a "Corporate Transaction"), if, pursuant to such Corporate Transaction, the conditions described in clauses (A), (B) and (C) of paragraph (iii) below are satisfied; or

(ii) within any 12-month period beginning on or after the date of the Agreement, the individuals who constitute the Board immediately before the beginning of such period (the Board as of the date hereof shall be hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided that for purposes of this Subsection any individual who becomes a member of the Board subsequent to the date hereof whose election, or nomination for election by HSI's stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who are also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; but, provided further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board; or

(iii) the consummation of a Corporate Transaction or, if consummation of such Corporate Transaction is subject to the consent of any government or governmental agency, the obtaining of such consent (either explicitly or implicitly by consummation); excluding, however, such a Corporate Transaction pursuant to which (A) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the outstanding Shares and Outstanding HSI Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 60% of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction and the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors, in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the outstanding Shares and Outstanding HSI Voting Securities, as the case may be, (B) no Person (other than the Company, any employee benefit plan (or related trust) of the Company or the corporation resulting from such Corporate Transaction and any Person beneficially owning, immediately prior to such Corporate Transaction, directly or indirectly, 33% or more of the outstanding Shares or Outstanding HSI Voting Securities, as the case may be, will beneficially own, directly or indirectly, 33% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors and (C) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(iv) the sale or other disposition of all or substantially all of the assets of the Company; excluding, however, such sale or other disposition to a corporation with respect to which, following such sale or other disposition, (x) more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors will be then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Common Stock and Outstanding HSI Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the outstanding Common Stock and Outstanding HSI Voting Securities, as the case may be, (y) no Person (other than the Company and any employee benefit plan (or related trust) of the Company or such corporation and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 33% or more of the outstanding Common Stock or Outstanding HSI Voting Securities, as the case may be) will beneficially own, directly or indirectly, 33% or more of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (z) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of such corporation.

(v) No event set forth herein shall constitute a "Section 409A Change of Control" unless such event also qualifies as a "change in control event" for purposes of Treasury Regulation § 1.409A-3(i)(5). Accordingly, the definition of "Section 409A Change of Control" set forth herein shall be limited, construed and interpreted in accordance with Section 409A and the regulations issued thereunder."

The following shall be added to the Agreement as a new Section 18:

“Section 409A. Any provisions in this Agreement providing for the payment of “nonqualified deferred compensation” (as defined in Section 409A of the Code and the Treasury regulations thereunder) to the Participant are intended to comply with, or be exempt from, the requirements of Section 409A of the Code, and this Agreement shall be interpreted in accordance therewith. Neither party individually or in combination may accelerate or defer the timing of the payment of any such nonqualified deferred compensation, except in compliance with Section 409A of the Code and this Agreement, and no amount shall be paid prior to the earliest date on which it is permitted to be paid under Section 409A of the Code and this Agreement. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on the Participant as a result of Section 409A of the Code or any damages for failing to comply with Section 409A of the Code. Any amounts payable hereunder that satisfy the short-term deferral exception in Treas. Reg. §1.409A-1(b)(4) shall not be subject to Section 409A of the Code. Whenever a payment under this Agreement may be paid within a specified period, the actual date of payment within the specified period shall be within the Company’s sole discretion.”

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

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 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2017

/s/ Stanley M. Bergman
Stanley M. Bergman
Chairman and Chief Executive Officer

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

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 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2017

/s/ Steven Paladino
Steven Paladino
Executive Vice President and
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of Henry Schein, Inc. (the "Company") for the period ending April 1, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stanley M. Bergman, the Chairman and Chief Executive Officer of the Company, and I, Steven Paladino, Executive Vice President and Chief Financial Officer of the Company, do hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 9, 2017

/s/ Stanley M. Bergman
Stanley M. Bergman
Chairman and Chief Executive Officer

Dated: May 9, 2017

/s/ Steven Paladino
Steven Paladino
Executive Vice President and
Chief Financial Officer

This certification accompanies each Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.