

**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 March 26, 2022**

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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.01 per share	HSIC	The Nasdaq Global Select Market

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 every Interactive Data File required to be submitted 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 such files).

Yes

No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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

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 13(a) of the Exchange 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 April 25, 2022, there were 138,050,781 shares of the registrant's common stock outstanding.

HENRY SCHEIN, INC.

INDEX

**PART I. FINANCIAL INFORMATION**

	<b><u>Page</u></b>
<b><u>ITEM 1. Condensed Consolidated Financial Statements:</u></b>	
<u>Condensed Balance Sheets as of March 26, 2022 and December 25, 2021</u>	3
<u>Condensed Statements of Income for the three months ended     March 26, 2022 and March 27, 2021</u>	4
<u>Condensed Statements of Comprehensive Income for the three months ended     March 26, 2022 and March 27, 2021</u>	5
<u>Condensed Statement of Changes in Stockholders' Equity for the three months ended     March 26, 2022 and March 27, 2021</u>	6
<u>Condensed Statements of Cash Flows for the three months ended     March 26, 2022 and March 27, 2021</u>	7
<u>Notes to Consolidated Financial Statements</u>	8
<u>Note 1 – Basis of Presentation</u>	8
<u>Note 2 – Critical Accounting Policies, Accounting Pronouncements Adopted         and Recently Issued Accounting Standards</u>	9
<u>Note 3 – Revenue from Contracts with Customers</u>	10
<u>Note 4 – Segment Data</u>	11
<u>Note 5 – Business Acquisitions</u>	12
<u>Note 6 – Fair Value Measurements</u>	14
<u>Note 7 – Debt</u>	16
<u>Note 8 – Income Taxes</u>	18
<u>Note 9 – Legal Proceedings</u>	19
<u>Note 10 – Stock-Based Compensation</u>	20
<u>Note 11 – Redeemable Noncontrolling Interests</u>	23
<u>Note 12 – Comprehensive Income</u>	23
<u>Note 13 – Plans of Restructuring</u>	24
<u>Note 14 – Earnings Per Share</u>	25
<u>Note 15 – Supplemental Cash Flow Information</u>	25
<u>Note 16 – Related Party Transactions</u>	26
<b><u>ITEM 2. Management's Discussion and Analysis of     Financial Condition and Results of Operations</u></b>	27
<b><u>ITEM 3. Quantitative and Qualitative Disclosures About Market Risk</u></b>	38
<b><u>ITEM 4. Controls and Procedures</u></b>	39
<b><u>PART II. OTHER INFORMATION</u></b>	
<b><u>ITEM 1. Legal Proceedings</u></b>	40
<b><u>ITEM 1A. Risk Factors</u></b>	40
<b><u>ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds</u></b>	40
<b><u>ITEM 5. Other Information</u></b>	41
<b><u>ITEM 6. Exhibits</u></b>	42
<u>Signature</u>	43

**PART I. FINANCIAL INFORMATION**  
**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**HENRY SCHEIN, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in millions, except share data)

	March 26, 2022	December 25, 2021
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 126	\$ 118
Accounts receivable, net of reserves of \$70 and \$67	1,444	1,452
Inventories, net	1,871	1,861
Prepaid expenses and other	389	413
Total current assets	3,830	3,844
Property and equipment, net	358	366
Operating lease right-of-use assets	331	325
Goodwill	2,857	2,854
Other intangibles, net	644	668
Investments and other	427	424
Total assets	<u>\$ 8,447</u>	<u>\$ 8,481</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 914	\$ 1,054
Bank credit lines	90	51
Current maturities of long-term debt	3	11
Operating lease liabilities	76	76
Accrued expenses:		
Payroll and related	326	385
Taxes	174	137
Other	561	593
Total current liabilities	2,144	2,307
Long-term debt	773	811
Deferred income taxes	40	42
Operating lease liabilities	277	268
Other liabilities	376	377
Total liabilities	3,610	3,805
Redeemable noncontrolling interests	613	613
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, none outstanding	-	-
Common stock, \$0.01 par value, 480,000,000 shares authorized, 137,708,809 outstanding on March 26, 2022 and 137,145,558 outstanding on December 25, 2021	1	1
Additional paid-in capital	-	-
Retained earnings	3,759	3,595
Accumulated other comprehensive loss	(168)	(171)
Total Henry Schein, Inc. stockholders' equity	3,592	3,425
Noncontrolling interests	632	638
Total stockholders' equity	4,224	4,063
Total liabilities, redeemable noncontrolling interests and stockholders' equity	<u>\$ 8,447</u>	<u>\$ 8,481</u>

See accompanying notes.

**HENRY SCHEIN, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(unaudited, in millions, except share and per share data)**

	<b>Three Months Ended</b>	
	<b>March 26, 2022</b>	<b>March 27, 2021</b>
Net sales	\$ 3,179	\$ 2,925
Cost of sales	2,206	2,034
Gross profit	973	891
Operating expenses:		
Selling, general and administrative	682	614
Depreciation and amortization	47	44
Restructuring costs	-	3
Operating income	244	230
Other income (expense):		
Interest income	2	2
Interest expense	(7)	(6)
Income before taxes, equity in earnings of affiliates and noncontrolling interests	239	226
Income taxes	(57)	(57)
Equity in earnings of affiliates	4	6
Net income	186	175
Less: Net income attributable to noncontrolling interests	(5)	(9)
Net income attributable to Henry Schein, Inc.	\$ 181	\$ 166
<b>Earnings per share attributable to Henry Schein, Inc.:</b>		
Basic	\$ 1.31	\$ 1.17
Diluted	\$ 1.30	\$ 1.16
Weighted-average common shares outstanding:		
Basic	137,296,581	142,298,387
Diluted	139,237,472	143,397,724

See accompanying notes.

**HENRY SCHEIN, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(unaudited, in millions)**

	<b>Three Months Ended</b>	
	<b>March 26, 2022</b>	<b>March 27, 2021</b>
Net income	\$ 186	\$ 175
Other comprehensive income (loss), net of tax:		
Foreign currency translation gain (loss)	3	(38)
Unrealized gain from foreign currency hedging activities	1	3
Pension adjustment gain	-	1
Other comprehensive income (loss), net of tax	4	(34)
Comprehensive income	190	141
Comprehensive income attributable to noncontrolling interests:		
Net income	(5)	(9)
Foreign currency translation (gain) loss	(1)	6
Comprehensive income attributable to noncontrolling interests	(6)	(3)
Comprehensive income attributable to Henry Schein, Inc.	<u>\$ 184</u>	<u>\$ 138</u>

See accompanying notes.

**HENRY SCHEIN, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN**  
**STOCKHOLDERS' EQUITY**  
**(unaudited, in millions, except share data)**

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other		Noncontrolling Interests	Total Stockholders' Equity
	\$0.01 Par Value				Income / (Loss)			
	Shares	Amount						
Balance, December 25, 2021	137,145,558	\$ 1	\$ -	\$ 3,595	\$ (171)	\$ 638	\$ 4,063	
Net income (excluding \$4 attributable to Redeemable noncontrolling interests)	-	-	-	181	-	1	182	
Foreign currency translation gain (excluding gain of \$1 attributable to Redeemable noncontrolling interests)	-	-	-	-	2	-	2	
Unrealized gain from foreign currency hedging activities, net of tax of \$1	-	-	-	-	1	-	1	
Purchase of noncontrolling interests	-	-	-	-	-	(7)	(7)	
Change in fair value of redeemable securities	-	-	(3)	-	-	-	(3)	
Stock-based compensation expense	876,161	-	12	-	-	-	12	
Stock issued upon exercise of stock options	26,233	-	2	-	-	-	2	
Shares withheld for payroll taxes	(336,331)	-	(28)	-	-	-	(28)	
Settlement of stock-based compensation awards	(2,812)	-	-	-	-	-	-	
Transfer of charges in excess of capital	-	-	17	(17)	-	-	-	
Balance, March 26, 2022	137,708,809	\$ 1	\$ -	\$ 3,759	\$ (168)	\$ 632	\$ 4,224	

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other		Noncontrolling Interests	Total Stockholders' Equity
	\$0.01 Par Value				Income / (Loss)			
	Shares	Amount						
Balance, December 26, 2020	142,462,571	\$ 1	\$ -	\$ 3,455	\$ (108)	\$ 636	\$ 3,984	
Net income (excluding \$7 attributable to Redeemable noncontrolling interests)	-	-	-	166	-	2	168	
Foreign currency translation loss (excluding loss of \$6 attributable to Redeemable noncontrolling interests)	-	-	-	-	(32)	-	(32)	
Unrealized gain from foreign currency hedging activities, net of tax of \$1	-	-	-	-	3	-	3	
Pension adjustment gain, net of tax of \$0	-	-	-	-	1	-	1	
Change in fair value of redeemable securities	-	-	(46)	-	-	-	(46)	
Initial noncontrolling interests and adjustments related to business acquisitions	-	-	-	-	-	1	1	
Repurchase and retirement of common stock	(1,325,242)	-	(12)	(77)	-	-	(89)	
Stock-based compensation expense	281,645	-	13	-	-	-	13	
Settlement of stock-based compensation awards	-	-	1	-	-	-	1	
Shares withheld for payroll taxes	(108,861)	-	(7)	-	-	-	(7)	
Transfer of charges in excess of capital	-	-	51	(51)	-	-	-	
Balance, March 27, 2021	141,310,113	\$ 1	\$ -	\$ 3,493	\$ (136)	\$ 639	\$ 3,997	

See accompanying notes.

**HENRY SCHEIN, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited, in millions)**

	<b>Three Months Ended</b>	
	<b>March 26, 2022</b>	<b>March 27, 2021</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 186	\$ 175
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	55	49
Stock-based compensation expense	12	13
Provision for (benefit from) losses on trade and other accounts receivable	1	(3)
Provision for (benefit from) deferred income taxes	(3)	11
Equity in earnings of affiliates	(4)	(6)
Distributions from equity affiliates	4	5
Changes in unrecognized tax benefits	4	3
Other	(7)	-
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	16	119
Inventories	(9)	(78)
Other current assets	26	(45)
Accounts payable and accrued expenses	(188)	(180)
Net cash provided by operating activities	<u>93</u>	<u>63</u>
<b>Cash flows from investing activities:</b>		
Purchases of fixed assets	(19)	(14)
Payments related to equity investments and business acquisitions, net of cash acquired	(5)	(204)
Proceeds from loan to affiliate	4	-
Other	(7)	(5)
Net cash used in investing activities	<u>(27)</u>	<u>(223)</u>
<b>Cash flows from financing activities:</b>		
Net change in bank borrowings	30	-
Principal payments for long-term debt	(53)	(18)
Proceeds from issuance of stock upon exercise of stock options	2	-
Payments for repurchases and retirement of common stock	-	(89)
Payments for taxes related to shares withheld for employee taxes	(26)	(6)
Distributions to noncontrolling shareholders	(5)	(7)
Acquisitions of noncontrolling interests in subsidiaries	(10)	-
Net cash used in financing activities	<u>(62)</u>	<u>(120)</u>
Effect of exchange rate changes on cash and cash equivalents	4	3
Net change in cash and cash equivalents	8	(277)
Cash and cash equivalents, beginning of period	118	421
Cash and cash equivalents, end of period	<u>\$ 126</u>	<u>\$ 144</u>

See accompanying notes.

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share and per share data)**  
**(unaudited)**

**Note 1 – Basis of Presentation**

Our condensed consolidated financial statements include the accounts of Henry Schein, Inc. and all of our controlled subsidiaries. All intercompany accounts and transactions are eliminated in consolidation. Investments in unconsolidated affiliates in which we have the ability to influence the operating or financial decisions are accounted for under the equity method. Certain prior period amounts have been reclassified to conform to the current period presentation.

Our accompanying unaudited condensed 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 unaudited interim condensed 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 25, 2021 and with the information contained in our other publicly-available filings with the Securities and Exchange Commission. The condensed 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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 March 26, 2022 are not necessarily indicative of the results to be expected for any other interim period or for the year ending December 31, 2022.

We consolidate the results of operations and financial position of a trade accounts receivable securitization which we consider a Variable Interest Entity (“VIE”) because we are the primary beneficiary, and we have the power to direct activities that most significantly affect the economic performance and have the obligation to absorb the majority of the losses or benefits. For this VIE, the trade accounts receivable transferred to the VIE are pledged as collateral to the related debt. The creditors have recourse to us for losses on these trade accounts receivable. At March 26, 2022 and December 25, 2021, certain trade accounts receivable that can only be used to settle obligations of this VIE were \$77 million and \$138 million, respectively, and the liabilities of this VIE where the creditors have recourse to us were \$60 million and \$105 million, respectively.

Our condensed consolidated financial statements reflect estimates and assumptions made by us that affect, among other things, our goodwill, long-lived asset and definite-lived intangible asset valuation; inventory valuation; equity investment valuation; assessment of the annual effective tax rate; valuation of deferred income taxes and income tax contingencies; the allowance for doubtful accounts; hedging activity; supplier rebates; measurement of compensation cost for certain share-based performance awards and cash bonus plans; and pension plan assumptions. Due to the significant uncertainty surrounding the future impact of COVID-19, our judgments regarding estimates and impairments could change in the future and may result in a material adverse effect on our financial condition and liquidity. However, the extent of the potential impact cannot be reasonably estimated at this time.



**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share and per share data)**  
**(unaudited)**

**Note 2 – Critical Accounting Policies, Accounting Pronouncements Adopted and Recently Issued Accounting Standards**

**Critical Accounting Policies**

There have been no material changes in our critical accounting policies during the three months ended March 26, 2022, as compared to the critical accounting policies described in Item 7 of our Annual Report on Form 10-K for the year ended December 25, 2021, except as follows:

**Accounting Pronouncements Adopted**

On December 26, 2021 we adopted Accounting Standards Update (“ASU”) No. 2021 – 08, “Accounting for Contract Assets and Contract Liabilities from Contracts with Customers” (Subtopic 805), as early adoption of this ASU was permitted. ASU 2021 – 08 requires an acquirer to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. To achieve this, an acquirer may assess how the acquiree applied Topic 606 to determine what to record for the acquired revenue contracts. Generally, this should result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree’s financial statements. Our adoption of ASU 2021 - 08 did not have a material impact on our consolidated financial statements.

**Recently Issued Accounting Standards**

In March 2020, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting” which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by the discontinuation of the London Interbank Offered Rate (“LIBOR”) or by another reference rate expected to be discontinued because of reference rate reform. The guidance was effective beginning March 12, 2020 and can be applied prospectively through December 31, 2022. In January 2021, the FASB issued ASU 2021-01, Reference Rate Reform (Topic 848): Scope (“ASU 2021-01”). ASU 2021-01 provides temporary optional expedients and exceptions to certain guidance in U.S. GAAP to ease the financial reporting burdens related to the expected market transition from LIBOR and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financing Rate. The guidance is effective upon issuance, on January 7, 2021, and can be applied through December 31, 2022. We do not expect that the requirements of this guidance will have a material impact on our consolidated financial statements.

In March 2022, the FASB issued ASU No. 2022-01, “Derivatives and Hedging (Topic 815): Fair Value Hedging – Portfolio Layer Method,” which will expand companies’ abilities to hedge the benchmark interest rate risk of portfolios of financial assets (or beneficial interests) in a fair value hedge. This ASU expands the use of the portfolio layer method (previously referred to as the last-of-layer method) to allow multiple hedges of a single closed portfolio of assets using spot starting, forward starting and amortizing-notional swaps. It also permits both prepayable and non-prepayable financial assets to be included in the closed portfolio of assets hedged in a portfolio layer hedge. This ASU further requires that basis adjustments not be allocated to individual assets for active portfolio layer method hedges, but rather be maintained on the closed portfolio of assets as a whole. ASU 2022 – 01 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted for any entity that has adopted the amendments in ASU 2017-12. We do not expect that the requirements of this guidance will have a material impact on our consolidated financial statements.

In March 2022, the FASB issued ASU No. 2022-02, “Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructuring and Vintage Disclosures”. The amendments in this ASU eliminate the accounting guidance for troubled debt restructurings by creditors that have adopted the Current Expected Credit Losses model and enhance

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions, except share and per share data)  
(unaudited)

the disclosure requirements for loan refinancings and restructurings made with borrowers experiencing financial difficulty. In addition, the amendments require a public business entity to disclose current-period gross write-offs for financing receivables and net investment in leases by year of origination in the vintage disclosures. ASU 2022 – 02 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted for any entity that has adopted the amendments in ASU No. 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”. We do not expect that the requirements of this guidance will have a material impact on our consolidated financial statements.

**Note 3 – Revenue from Contracts with Customers**

Revenue is recognized in accordance with policies disclosed in Item 8 of our Annual Report on Form 10-K for the year ended December 25, 2021.

*Disaggregation of Net Sales*

The following table disaggregates our Net sales by reportable segment and geographic area:

	Three Months Ended March 26, 2022		
	North America	International	Global
<b>Revenues:</b>			
Health care distribution			
Dental	\$ 1,105	723	1,828
Medical	1,150	22	1,172
Total health care distribution	2,255	745	3,000
Technology and value-added services	156	23	179
<b>Total revenues</b>	<b>\$ 2,411</b>	<b>\$ 768</b>	<b>\$ 3,179</b>

	Three Months Ended March 27, 2021		
	North America	International	Global
<b>Revenues:</b>			
Health care distribution			
Dental	\$ 1,045	744	1,789
Medical	963	28	991
Total health care distribution	2,008	772	2,780
Technology and value-added services	124	21	145
<b>Total revenues</b>	<b>\$ 2,132</b>	<b>\$ 793</b>	<b>\$ 2,925</b>

At December 25, 2021, the current portion of contract liabilities of \$89 million was reported in Accrued expenses: Other, and \$10 million related to non-current contract liabilities was reported in Other liabilities. During the three months ended March 26, 2022, we recognized in revenue \$39 million of the amounts that were previously deferred at December 25, 2021. At March 26, 2022, the current and non-current portion of contract liabilities were \$91 million and \$9 million, respectively.

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions, except share and per share data)  
(unaudited)

**Note 4 – 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. Our global dental businesses serve office-based dental practitioners, dental laboratories, schools and other institutions. Our global medical businesses serve office-based medical practitioners, ambulatory surgery centers, other alternate-care settings and other institutions. Our global dental and medical groups serve practitioners in 32 countries worldwide.

The health care distribution reportable segment aggregates our global dental and medical operating segments. This segment distributes consumable products, dental specialty products, small equipment, laboratory products, large equipment, equipment repair services, branded and generic pharmaceuticals, vaccines, surgical products, diagnostic tests, infection-control products, personal protective equipment (“PPE”) and vitamins.

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

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

	<b>Three Months Ended</b>	
	<b>March 26, 2022</b>	<b>March 27, 2021</b>
<b>Net Sales:</b>		
Health care distribution <sup>(1)</sup>		
Dental	\$ 1,828	\$ 1,789
Medical	1,172	991
Total health care distribution	<u>3,000</u>	<u>2,780</u>
Technology and value-added services <sup>(2)</sup>	179	145
Total	<u>\$ 3,179</u>	<u>\$ 2,925</u>

- (1) Consists of consumable products, small equipment, laboratory products, large equipment, equipment repair services, branded and generic pharmaceuticals, vaccines, surgical products, dental specialty products (including implant, orthodontic and endodontic products), diagnostic tests, infection-control products, PPE and vitamins.
- (2) Consists of practice management software and other value-added products, which are distributed primarily to health care providers, practice consultancy, education, revenue cycle management and financial services on a non-recourse basis, e-services, continuing education services for practitioners, consulting and other services.

	<b>Three Months Ended</b>	
	<b>March 26, 2022</b>	<b>March 27, 2021</b>
<b>Operating Income:</b>		
Health care distribution	\$ 211	\$ 197
Technology and value-added services	33	33
Total	<u>\$ 244</u>	<u>\$ 230</u>

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share and per share data)**  
**(unaudited)**

**Note 5 – Business Acquisitions***2022 Acquisitions*

During the three months ended March 26, 2022, we made an acquisition within the technology and value-added services segment. The impact of this acquisition was not considered material to our condensed consolidated financial statements.

*2021 Acquisitions*

We completed acquisitions during the three months ended March 27, 2021 which were immaterial to our financial statements. Our ownership interest acquired ranges between approximately 65% to 100%. Acquisitions within our health care distribution segment included companies that specialize in distribution of dental products, a provider of home medical supplies, and product kitting and sterile packaging. Within our technology and value-added services segment, we acquired companies that focus on dental marketing and website solutions, practice transition services, and business analytics and intelligence software.

The following table aggregates the estimated fair value, as of the date of acquisition, of consideration paid and net assets acquired for acquisitions during the three months ended March 27, 2021. While we use our best estimates and assumptions to accurately value those assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill within our consolidated balance sheets.

## Acquisition consideration:

Cash	\$	212
Deferred consideration		2
Redeemable noncontrolling interests		75
Total consideration	\$	289

## Identifiable assets acquired and liabilities assumed:

Current assets	87
Intangible assets	151
Other noncurrent assets	19
Current liabilities	(32)
Deferred income taxes	(9)
Other noncurrent liabilities	(22)
Total identifiable net assets	194
Goodwill	95
Total net assets acquired	\$ 289

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share and per share data)**  
**(unaudited)**

The following table summarizes the identifiable intangible assets acquired during the quarter ended March 27, 2021 and their estimated useful lives as of the date of the acquisition:

		Estimated Useful Lives (in years)
Trademark / Tradename	\$ 23	5
Non-compete agreements	5	5
Customer relationships and lists	120	8-12
Product development	3	7
<b>Total</b>	<b>\$ 151</b>	

The major classes of assets and liabilities that we generally allocate purchase price to, excluding goodwill, include identifiable intangible assets (i.e., customer relationships and lists, trademarks and trade names, product development and non-compete agreements), inventory and accounts receivable, property, plant and equipment, deferred taxes and other current and long-term assets and liabilities. The estimated fair value of identifiable intangible assets is based on critical estimates, judgments and assumptions derived from analysis of market conditions, discount rates, discounted cash flows, customer retention rates and estimated useful lives.

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 March 26, 2022 and March 27, 2021, there were no material adjustments recorded in our consolidated statements of income relating to changes in estimated contingent purchase price liabilities.

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share and per share data)**  
**(unaudited)**

**Note 6 – Fair Value Measurements**

Fair value is defined 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. The fair value hierarchy 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).

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 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 fair values of our financial instruments and the methodologies that we used to measure their fair values.

*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 based on the interest rates in the applicable markets.

*Debt*

The fair value of our debt (including bank credit lines) is classified as Level 3 within the fair value hierarchy, and as of March 26, 2022 and December 25, 2021 was estimated at \$866 million and \$873 million, respectively. Factors that we considered when estimating the fair value of our debt included market conditions, such as interest rates and credit spreads.

*Derivative contracts*

Derivative contracts are valued using quoted market prices and significant other observable 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 certain intercompany loans, certain forecasted inventory purchase commitments with foreign suppliers, foreign currency forward contracts to hedge a portion of our euro-denominated foreign operations which are designated as net investment hedges and a total return swap for the purpose of economically hedging our unfunded non-qualified supplemental executive retirement plan and our deferred compensation plan.

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.

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions, except share and per share data)  
(unaudited)

*Redeemable noncontrolling interests*

The values for Redeemable noncontrolling interests are classified within Level 3 of the fair value hierarchy and are based on recent transactions and/or implied multiples of earnings. See [Note 11—Redeemable Noncontrolling Interests](#) for additional information.

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 March 26, 2022 and December 25, 2021:

	<b>March 26, 2022</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
Derivative contracts designated as hedges	\$ -	\$ 11	\$ -	\$ 11
Derivative contracts undesignated		2		2
Total return swaps	-	1	-	1
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 14</u>
<b>Liabilities:</b>				
Derivative contracts designated as hedges	\$ -	\$ 1	\$ -	\$ 1
Derivative contracts undesignated		2		2
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>
Redeemable noncontrolling interests	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613</u>	<u>\$ 613</u>
	<b>December 25, 2021</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
Derivative contracts designated as hedges	\$ -	\$ 8	\$ -	\$ 8
Derivative contracts undesignated		1		1
Total return swaps	-	1	-	1
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 10</u>
<b>Liabilities:</b>				
Derivative contracts designated as hedges	\$ -	\$ 1	\$ -	\$ 1
Derivative contracts undesignated		2		2
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>
Redeemable noncontrolling interests	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613</u>	<u>\$ 613</u>

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share and per share data)**  
**(unaudited)**

**Note 7 – Debt***Bank Credit Lines*

Bank credit lines consisted of the following:

	March 26, 2022	December 25, 2021
Revolving credit agreement	\$ -	\$ -
Other short-term bank credit lines	90	51
Total	<u>\$ 90</u>	<u>\$ 51</u>

*Revolving Credit Agreement*

On August 20, 2021, we entered into a new \$1 billion revolving credit agreement (the “Credit Agreement”). This facility, which matures on August 20, 2026, replaced our \$750 million revolving credit facility, which was scheduled to mature in April 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. Most LIBOR rates have been discontinued after December 31, 2021, while the remaining LIBOR rates will be discontinued immediately after June 30, 2023. We do not expect the discontinuation of LIBOR as a reference rate in our debt agreements to have a material adverse effect on our financial position or to materially affect our interest expense. The Credit Agreement also requires, among other things, that we maintain certain maximum leverage ratios. Additionally, the Credit Agreement contains customary representations, warranties and affirmative covenants as well as customary negative covenants, subject to negotiated exceptions, on liens, indebtedness, significant corporate changes (including mergers), dispositions and certain restrictive agreements. As of March 26, 2022 and December 25, 2021, we had no borrowings under this revolving credit facility. As of March 26, 2022 and December 25, 2021, there were \$9 million and \$9 million of letters of credit, respectively, provided to third parties under the credit facility.

*Other Short-Term Bank Credit Lines*

As of March 26, 2022 and December 25, 2021, we had various other short-term bank credit lines available, of which \$90 million and \$51 million, respectively, were outstanding. At March 26, 2022 and December 25, 2021, borrowings under all of these credit lines had a weighted average interest rate of 8.91% and 10.44%, respectively.



**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions, except share and per share data)  
(unaudited)

*Long-term debt*

Long-term debt consisted of the following:

	March 26, 2022	December 25, 2021
Private placement facilities	\$ 699	\$ 706
U.S. trade accounts receivable securitization	60	105
Various collateralized and uncollateralized loans payable with interest, in varying installments through 2023 at interest rates ranging from 0% to 4.27% at March 26, 2022 and ranging from 2.62% to 4.27% at December 25, 2021	10	4
Finance lease obligations	7	7
Total	776	822
Less current maturities	(3)	(11)
Total long-term debt	<u>\$ 773</u>	<u>\$ 811</u>

*Private Placement Facilities*

Our private placement facilities were amended on October 20, 2021 to include four (previously three) insurance companies, have a total facility amount of \$1.5 billion (previously \$1.0 billion), and 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 October 20, 2026 (previously June 23, 2023). 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 March 26, 2022 are presented in the following table:

Date of Borrowing	Amount of Borrowing Outstanding	Borrowing Rate	Due Date
January 20, 2012	\$ 50	3.45%	January 20, 2024
December 24, 2012	50	3.00	December 24, 2024
June 16, 2017	100	3.42	June 16, 2027
September 15, 2017	100	3.52	September 15, 2029
January 2, 2018	100	3.32	January 2, 2028
September 2, 2020	100	2.35	September 2, 2030
June 2, 2021	100	2.48	June 2, 2031
June 2, 2021	100	2.58	June 2, 2033
Less: Deferred debt issuance costs	(1)		
Total	<u>\$ 699</u>		

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share and per share data)**  
**(unaudited)**

*U.S. Trade Accounts Receivable Securitization*

We have a facility agreement 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. Our current facility, which had a purchase limit of \$350 million, was scheduled to expire on April 29, 2022. On October 20, 2021, we amended our U.S. trade accounts receivable securitization facility to increase the purchase limit to \$450 million with two banks as agents and extend the expiration date to October 18, 2024. As of March 26, 2022 and December 25, 2021, the borrowings outstanding under this securitization facility were \$60 million and \$105 million, respectively. At March 26, 2022, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 0.53% plus 0.75%, for a combined rate of 1.28%. At December 25, 2021, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 0.19% plus 0.75%, for a combined rate of 0.94%.

If our accounts receivable collection pattern changes due to customers either paying late or not making payments, our ability to borrow under this facility may be reduced.

We are required to pay a commitment fee of 30 to 35 basis points depending upon program utilization.

**Note 8 – Income Taxes**

For the three months ended March 26, 2022 our effective tax rate was 24.0% compared to 25.1% for the prior year period. The difference between our effective tax rates and the federal statutory tax rate for the three months ended March 26, 2022 primarily relates to state and foreign income taxes and interest expense as well as share-based compensation. The difference between our effective tax rate and the federal statutory tax rate for the three months ended March 27, 2021 was primarily due to state and foreign income taxes and interest expense.

The total amount of unrecognized tax benefits, which are included in “other liabilities” within our consolidated balance sheets, as of March 26, 2022 and December 25, 2021 was \$87 million and \$84 million, respectively of which \$73 million and \$69 million, respectively, would affect the effective tax rate if recognized. It is possible that the amount of unrecognized tax benefits will change in the next 12 months, which may result in a material impact on our consolidated statements of income.

All tax returns audited by the IRS are officially closed through 2016. The tax years subject to examination by the IRS include years 2017 and forward. During the quarter ended December 25, 2021, we were notified by the IRS that tax year 2019 was selected for examination.

During the quarter ended September 26, 2020 we reached an agreement with the Advanced Pricing Division on an appropriate transfer pricing methodology for the years 2014-2025. The objective of this resolution was to mitigate future transfer pricing audit adjustments.

The total amounts of interest and penalties are classified as a component of the provision for income taxes. The amount of tax interest expense was \$1 million for each of the three months ended March 26, 2022 and March 27, 2021. The total amount of accrued interest is included in “Other liabilities,” and was \$13 million as of March 26, 2022 and \$12 million as of December 25, 2021. No penalties were accrued for the periods presented.

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share and per share data)**  
**(unaudited)**

**Note 9 – Legal Proceedings**

Henry Schein has been named as a defendant in multiple lawsuits (currently less than one-hundred and seventy-five (175); in less than half of those cases one or more of Schein’s affiliated companies is also named as a defendant), which lawsuits allege that manufacturers of prescription opioid drugs engaged in a false advertising campaign to expand the market for such drugs and their own market share and that the entities in the supply chain (including Henry Schein, Inc.) reaped financial rewards by refusing or otherwise failing to monitor appropriately and restrict the improper distribution of those drugs. These actions consist of some that have been consolidated within the MultiDistrict Litigation (“MDL”) proceeding In Re National Prescription Opiate Litigation (MDL No. 2804; Case No. 17-md-2804) and are currently abated for discovery purposes, and others which remain pending in state courts and are proceeding independently and outside of the MDL. At this time, the only cases set for trial are: the action filed by Mobile County Board of Health, et al., in Alabama state court, which is currently set for a jury trial on January 9, 2023; and the action filed by DCH Health Care Authority, et al. in Alabama state court, which is currently scheduled for a jury trial on March 20, 2023. The court for the pending cases filed by hospitals in West Virginia has indicated that it intends to set trials for all defendants in 2022. However, as of this filing, the West Virginia hospital cases against Henry Schein have not been set for trial. Of Henry Schein’s 2021 sales of approximately \$12.4 billion, sales of opioids represented less than two-tenths of 1 percent. Opioids represent a negligible part of our business. 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 consolidated financial position, liquidity or results of operations.

As of March 26, 2022, 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.

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share and per share data)**  
**(unaudited)**

**Note 10 – Stock-Based Compensation**

Stock-based awards are provided to certain employees under the terms of our 2020 Stock Incentive Plan and to non-employee directors under the terms of our 2015 Non-Employee Director Stock Incentive Plan (together, the “Plans”). The Plans are administered by the Compensation Committee of the Board of Directors (the “Compensation Committee”). Historically, equity-based awards to our employees have been granted solely in the form of time-based and performance-based restricted stock units (“RSUs”). However, for our 2021 fiscal year, in light of the COVID-19 pandemic, the Compensation Committee determined it would be difficult for management to set a meaningful three-year cumulative earnings per share target as the goal applicable to performance-based restricted stock unit awards as it had done in prior years. Instead, the Compensation Committee set our equity-based awards to employees for fiscal 2021 in the form of time-based RSUs and non-qualified stock options which focus on stock value appreciation and retention instead of pre-established performance goals. Our non-employee directors continued to receive equity-based awards for fiscal 2021 solely in the form of time-based RSUs. During the three months ended March 26, 2022, the Compensation Committee reinstated performance-based RSUs for equity-based awards to employees for fiscal 2022 and awarded grants in the form of time-based RSUs, performance-based RSUs and non-qualified stock options.

RSUs are stock-based awards granted to recipients with specified vesting provisions. In the case of RSUs, common stock is generally delivered on or following satisfaction of vesting conditions. We issue RSUs to employees that vest (i) solely based on the recipient’s continued service over time, primarily with four-year cliff vesting and/or (ii) based on achieving specified performance measurements and the recipient’s continued service over time, primarily with three-year cliff vesting. RSUs granted under the 2015 Non-Employee Director Stock Incentive Plan primarily are granted with 12-month cliff vesting. For these RSUs, we recognize the cost as compensation expense on a straight-line basis.

With respect to time-based RSUs, we estimate the fair value on the date of grant based on our closing stock price at the time of grant. With respect to performance-based RSUs, 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. Although there is no guarantee that performance targets will be achieved, we estimate the fair value of performance-based RSUs based on our closing stock price at time of grant.

Each of the Plans provide for certain adjustments to awards under the Plans and with respect to the performance goals under the performance-based RSUs granted under our 2020 Stock Incentive Plan, including adjustment to the goals for significant events, including, without limitation, acquisitions, divestitures, new business ventures, certain capital transactions (including share repurchases), other differences in budgeted average outstanding shares (other than those resulting from capital transactions referred to above), restructuring costs, if any, certain litigation settlements or payments, if any, changes in accounting principles or in applicable laws or regulations, changes in income tax rates in certain markets, foreign exchange fluctuations, and unforeseen events or circumstances affecting the Company. 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.

Stock options are awards that allow the recipient to purchase shares of our common stock at a fixed price following vesting of the stock options. Stock options are granted at an exercise price equal to our closing stock price on the date of grant. Stock options issued beginning in 2021 vest one-third per year based on the recipient’s continued service, subject to the terms and conditions of the 2020 Stock Incentive Plan, are fully vested three years from the grant date and have a contractual term of ten years from the grant date, subject to earlier termination of the term upon certain events. Compensation expense for these stock options is recognized using a graded vesting method. We estimate the fair value of stock options using the Black-Scholes valuation model.

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share and per share data)**  
**(unaudited)**

In addition to equity-based awards granted in fiscal 2021 under the Company's long-term incentive program, the Compensation Committee granted a Special Pandemic Recognition Award under the 2020 Stock Incentive Plan to recipients of performance-based RSUs under the 2018 long-term incentive program. The payout under the performance-based restricted stock units granted under the fiscal 2018 long-term incentive program (the "2018 LTIP") was negatively impacted by the global COVID-19 pandemic. Given the significance of the impact of the pandemic on the Company's three-year EPS goal under such equity awards and the contributions made by the Company's employees (including those who received such awards), on March 3, 2021, the Compensation Committee granted a Special Pandemic Recognition Award to recipients of performance-based restricted stock units under the 2018 LTIP who were employed by the Company on the grant date of the Special Pandemic Recognition Award. These time-based RSU awards vest 50% on the first anniversary of the grant date and 50% on the second anniversary of the grant date, based on the recipient's continued service and subject to the terms and conditions of the 2020 Stock Incentive Plan, and are recorded as compensation expense using a graded vesting method. The combination of the 20% payout based on actual performance of the 2018 LTIP and the one-time Special Pandemic Recognition Award granted in 2021 will generate a cumulative payout of 75% of each recipient's original number of performance-based restricted stock units awarded in 2018 if the recipient satisfies the two-year vesting schedule commencing on the grant date.

Our accompanying condensed consolidated statements of income reflect pre-tax share-based compensation expense of \$12 million (\$9 million after-tax) and \$13 million (\$10 million after-tax) for the three months ended March 26, 2022 and March 27, 2021, respectively.

Total unrecognized compensation cost related to unvested awards as of March 26, 2022 was \$134 million, which is expected to be recognized over a weighted-average period of approximately 2.6 years.

Our accompanying condensed consolidated statements of cash flows present our stock-based compensation expense as an adjustment to reconcile net income to net cash provided by operating activities for all periods presented. In the accompanying consolidated statements of cash flows, there were no benefits associated with tax deductions in excess of recognized compensation as a cash inflow from financing activities for the three months ended March 26, 2022 and March 27, 2021, respectively.

The following weighted-average assumptions were used in determining the most recent fair values of stock options granted using the Black-Scholes valuation model:

	<b>2022</b>
Expected dividend yield	0.0%
Expected stock price volatility	27.20%
Risk-free interest rate	2.20%
Expected life of options (years)	6.00

We have not declared cash dividends on our stock in the past and we do not anticipate declaring cash dividends in the foreseeable future. The expected stock price volatility is based on implied volatilities from traded options on our stock, historical volatility of our stock, and other factors. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant in conjunction with considering the expected life of options. The six-year expected life of the options was determined using the simplified method for estimating the expected term as permitted under SAB Topic 14. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by recipients of stock options, and subsequent events are not indicative of the reasonableness of the original estimates of fair value made by us.

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions, except share and per share data)  
(unaudited)

The following table summarizes stock option activity under the Plans during the three months ended March 26, 2022:

	<b>Stock Options</b>			
	<b>Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Life in Years</b>	<b>Aggregate Intrinsic Value</b>
Outstanding at beginning of period	767,717	\$ 63.24		
Granted	396,874	86.27		
Exercised	(26,233)	62.71		
Forfeited	(1,688)	62.71		
Outstanding at end of period	<u>1,136,670</u>	\$ 71.30	9.3	\$ 19
Options exercisable at end of period	<u>220,065</u>	\$ 62.71		

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Life (in years)</b>	<b>Aggregate Intrinsic Value</b>
Vested or expected to vest	891,140	\$ 73.66	9.4	\$ 13

The following tables summarize the activity of our unvested RSUs for the three months ended March 26, 2022:

	<b>Time-Based Restricted Stock Units</b>		
	<b>Shares/Units</b>	<b>Weighted Average Grant Date Fair Value Per Share</b>	<b>Intrinsic Value Per Share</b>
Outstanding at beginning of period	1,945,862	\$ 58.79	
Granted	427,978	86.43	
Vested	(489,549)	54.57	
Forfeited	(7,374)	61.18	
Outstanding at end of period	<u>1,876,917</u>	\$ 66.30	\$ 87.85

	<b>Performance-Based Restricted Stock Units</b>		
	<b>Shares/Units</b>	<b>Weighted Average Grant Date Fair Value Per Share</b>	<b>Intrinsic Value Per Share</b>
Outstanding at beginning of period	674,753	\$ 59.63	
Granted	460,896	70.93	
Vested	(386,612)	59.08	
Forfeited	(1,752)	60.56	
Outstanding at end of period	<u>747,285</u>	\$ 56.77	\$ 87.85

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions, except share and per share data)  
(unaudited)

**Note 11 – Redeemable Noncontrolling Interests**

Some minority stockholders 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 March 26, 2022 and the year ended December 25, 2021 are presented in the following table:

	March 26, 2022	December 25, 2021
Balance, beginning of period	\$ 613	\$ 328
Decrease in redeemable noncontrolling interests due to acquisitions of noncontrolling interests in subsidiaries	(3)	(60)
Increase in redeemable noncontrolling interests due to business acquisitions	-	189
Net income attributable to redeemable noncontrolling interests	4	23
Dividends declared	(5)	(21)
Effect of foreign currency translation gain (loss) attributable to redeemable noncontrolling interests	1	(6)
Change in fair value of redeemable securities	3	160
Balance, end of period	<u>\$ 613</u>	<u>\$ 613</u>

**Note 12 – 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.

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

	March 26, 2022	December 25, 2021
Attributable to Redeemable noncontrolling interests:		
Foreign currency translation adjustment	\$ (30)	\$ (31)
Attributable to Henry Schein, Inc.:		
Foreign currency translation adjustment	\$ (153)	\$ (155)
Unrealized loss from foreign currency hedging activities	(1)	(2)
Pension adjustment loss	(14)	(14)
Accumulated other comprehensive loss	<u>\$ (168)</u>	<u>\$ (171)</u>
Total Accumulated other comprehensive loss	<u>\$ (198)</u>	<u>\$ (202)</u>

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions, except share and per share data)  
(unaudited)

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

	<b>Three Months Ended</b>	
	<b>March 26, 2022</b>	<b>March 27, 2021</b>
Net income	\$ 186	\$ 175
Foreign currency translation gain (loss)	3	(38)
Tax effect	-	-
Foreign currency translation gain (loss)	<u>3</u>	<u>(38)</u>
Unrealized gain from foreign currency hedging activities	2	4
Tax effect	(1)	(1)
Unrealized gain from foreign currency hedging activities	<u>1</u>	<u>3</u>
Pension adjustment gain	-	1
Tax effect	-	-
Pension adjustment gain	<u>-</u>	<u>1</u>
Comprehensive income	<u>\$ 190</u>	<u>\$ 141</u>

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 loss during the three months ended March 26, 2022 and three months ended March 27, 2021 was primarily impacted by changes in foreign currency exchange rates of the Euro, British Pound, Brazilian Real, Australian Dollar and Canadian Dollar.

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

	<b>Three Months Ended</b>	
	<b>March 26, 2022</b>	<b>March 27, 2021</b>
Comprehensive income attributable to Henry Schein, Inc.	\$ 184	\$ 138
Comprehensive income attributable to noncontrolling interests	1	2
Comprehensive income attributable to Redeemable noncontrolling interests	5	1
Comprehensive income	<u>\$ 190</u>	<u>\$ 141</u>

**Note 13 – Plans of Restructuring**

On November 20, 2019, we committed to a contemplated restructuring initiative intended to mitigate stranded costs associated with the spin-off of our animal health business and to rationalize operations and to provide expense efficiencies. These restructuring activities were completed in 2021.

During the three months ended March 27, 2021, we recorded restructuring costs of \$3 million. As of March 26, 2022 and December 25, 2021, the remaining accrued balance for restructuring costs was \$3 million and \$4 million, respectively.



**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share and per share data)**  
**(unaudited)**

**Note 14 – 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 RSUs 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:

	<b>Three Months Ended</b>	
	<b>March 26, 2022</b>	<b>March 27, 2021</b>
Basic	137,296,581	142,298,387
Effect of dilutive securities:		
Stock options, restricted stock and restricted stock units	1,940,891	1,099,337
Diluted	<u>139,237,472</u>	<u>143,397,724</u>

The effect of weighted average assumed exercise of stock options outstanding totaling 76,597 and 216,482 as of March 26, 2022 and March 27, 2021, respectively, were excluded from the calculation of diluted weighted average common shares outstanding because the effect would have been antidilutive.

The effect of weighted average non-vested restricted stock units outstanding totaling 70,923 and 6,315 as of March 26, 2022 and March 27, 2021, respectively, were excluded from the calculation of diluted weighted average common shares outstanding because the effect would have been antidilutive.

**Note 15 – Supplemental Cash Flow Information**

Cash paid for interest and income taxes was:

	<b>Three Months Ended</b>	
	<b>March 26, 2022</b>	<b>March 27, 2021</b>
Interest	\$ 8	\$ 8
Income taxes	21	13

During the three months ended March 26, 2022 and March 27, 2021, we had a \$2 million and a \$4 million of non-cash net unrealized gains related to foreign currency hedging activities, respectively.

**HENRY SCHEIN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions, except share and per share data)**  
**(unaudited)**

**Note 16 – Related Party Transactions**

In connection with the formation of Henry Schein One, LLC, our joint venture with Internet Brands, which was formed on July 1, 2018, we entered into a ten-year royalty agreement with Internet Brands whereby we will pay Internet Brands approximately \$31 million annually for the use of their intellectual property. During the three months ended March 26, 2022 and March 27, 2021, we recorded \$8 million and \$8 million, respectively, in connection with costs related to this royalty agreement. As of March 26, 2022 and December 25, 2021, Henry Schein One, LLC had a net receivable balance due from Internet Brands of \$1 million and \$9 million, respectively, comprised of amounts related to results of operations and the royalty agreement.

During our normal course of business, we have interests in entities that we account for under the equity accounting method. During the three months ended March 26, 2022 and March 27, 2021, we recorded net sales of \$16 million and \$16 million, respectively, to such entities. During the three months ended March 26, 2022 and March 27, 2021, we purchased \$5 million and \$5 million, respectively from such entities. At March 26, 2022 and December 25, 2021, we had in aggregate \$40 million and \$45 million, due from our equity affiliates, and \$9 million and \$9 million due to our equity affiliates, respectively.

## 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 generally identified by the use of such terms as "may," "could," "expect," "intend," "believe," "plan," "estimate," "forecast," "project," "anticipate," "to be," "to make" or other comparable terms. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the documents we file with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K. Forward looking statements include the overall impact of the Novel Coronavirus Disease 2019 (COVID-19) on the Company, its results of operations, liquidity and financial condition (including any estimates of the impact on these items), the rate and consistency with which dental and other practices resume or maintain normal operations in the United States and internationally, expectations regarding personal protective equipment ("PPE") and COVID-19 related product sales and inventory levels, whether additional resurgences or variants of the virus will adversely impact the resumption of normal operations, whether vaccine mandates will adversely impact the Company (by disrupting our workforce and/or business), whether supply chain disruptions will adversely impact our business, the impact of restructuring programs as well as of any future acquisitions, and more generally current expectations regarding performance in current and future periods. Forward looking statements also include the (i) ability of the Company to have continued access to a variety of COVID-19 test types, expectations regarding COVID-19 test sales, demand and inventory levels, as well as the efficacy or relative efficacy of the test results given that the test efficacy has not been, or will not have been, independently verified under normal FDA procedures and (ii) potential for the Company to distribute the COVID-19 vaccines and ancillary supplies.

Risk factors and uncertainties that could cause actual results to differ materially from current and historical results include, but are not limited to: risks associated with COVID-19 and any variants thereof, as well as other disease outbreaks, epidemics, pandemics, or similar wide-spread public health concerns and other natural disasters; our dependence on third parties for the manufacture and supply of our products; our ability to develop or acquire and maintain and protect new products (particularly technology products) and technologies that achieve market acceptance with acceptable margins; transitional challenges associated with acquisitions, dispositions and joint ventures, including the failure to achieve anticipated synergies/benefits; financial and tax risks associated with acquisitions, dispositions and joint ventures; certain provisions in our governing documents that may discourage third-party acquisitions of us; effects of a highly competitive (including, without limitation, competition from third-party online commerce sites) and consolidating market; the repeal or judicial prohibition on implementation of the Affordable Care Act; changes in the health care industry; 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 and political conditions, including international trade agreements, potential trade barriers and terrorism; failure to comply with existing and future regulatory requirements; risks associated with the EU Medical Device Regulation; failure to comply with laws and regulations relating to health care fraud or other laws and regulations; failure to comply with laws and regulations relating to the collection, storage and processing of sensitive personal information or standards in electronic health records or transmissions; changes in tax legislation; risks related to product liability, intellectual property and other claims; litigation risks; new or unanticipated litigation developments and the status of litigation matters; risks associated with customs policies or legislative import restrictions; cyberattacks or other privacy or data security breaches; risks associated with our global operations; our dependence on our senior management, employee hiring and retention, and our relationships with customers, suppliers and manufacturers; and disruptions in financial markets. The order in which these factors appear should not be construed to indicate their relative importance or priority.

## [Table of Contents](#)

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](http://www.henryschein.com)) and the social media channels identified on the Newsroom page of our website.

### **Recent Developments**

#### *COVID-19 Pandemic*

The COVID-19 pandemic negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of global financial markets in 2020 and 2021. The impact of COVID-19 had a material adverse effect on our business, results of operations and cash flows in the second quarter of 2020. In the latter half of the second quarter of 2020, dental and medical practices began to re-open worldwide, and continued to do so during the second half of 2020. During the year ended December 25, 2021, patient traffic levels returned to levels approaching pre-pandemic levels. Demand for dental products and certain medical products throughout 2021 was driven by sales of PPE, COVID-19 test kits and other COVID-19 related products. During the three months ended March 26, 2022, with the exception of COVID-19 test kits, we experienced a decrease in the sales volume of PPE and COVID-19 related products.

During the three months ended March 26, 2022, as a result of an increase in COVID-19 variants, primarily in Europe and to a lesser extent in North America, we experienced lower dental patient traffic, which began to increase as the quarter progressed. Although some COVID-19 restrictions are still in place in parts of Europe, we expect these markets to recover but at a slower pace. In contrast to our dental business, during the three months ended March 26, 2022, our medical business benefited from an increase in sales volume of COVID-19 test kits and point-of-care diagnostics.

Our condensed consolidated financial statements reflect estimates and assumptions made by us that affect, among other things, our goodwill, long-lived asset and definite-lived intangible asset valuation; inventory valuation; equity investment valuation; assessment of the annual effective tax rate; valuation of deferred income taxes and income tax contingencies; the allowance for doubtful accounts; hedging activity; supplier rebates; measurement of compensation cost for certain share-based performance awards and cash bonus plans; and pension plan assumptions. Due to the significant uncertainty surrounding the future impact of COVID-19, our judgments regarding estimates and impairments could change in the future. There is an ongoing risk that the COVID-19 pandemic may again have a material adverse effect on our business, results of operations and cash flows and may result in a material adverse effect on our financial condition and liquidity. However, the extent of the potential impact cannot be reasonably estimated at this time.

### **Executive-Level Overview**

Henry Schein, Inc. is a solutions company for health care professionals powered by a network of people and technology. We believe we are the world's largest provider of health care products and services primarily to office-based dental and medical practitioners, as well as alternate sites of care. We serve more than one million customers worldwide including dental practitioners, laboratories, physician practices, and ambulatory surgery centers, 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 89 years of experience distributing health care products.

We are headquartered in Melville, New York, employ nearly 22,000 people (of which approximately 10,600 are based outside of the United States) and have operations or affiliates in 32 countries and territories. Our broad global footprint has evolved over time through our organic success as well as through contribution from strategic acquisitions.

## [Table of Contents](#)

We have established strategically located distribution centers around the world 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.

While our primary go-to-market strategy is in our capacity as a distributor, we also manufacture certain dental specialty products and solutions in the areas of implants, orthodontics and endodontics. We have achieved scale in these global businesses primarily through acquisitions as manufacturers of these products typically do not utilize a distribution channel to serve customers.

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. Our global dental businesses serve office-based dental practitioners, dental laboratories, schools and other institutions. Our global medical businesses serve office-based medical practitioners, ambulatory surgery centers, other alternate-care settings and other institutions.

The health care distribution reportable segment aggregates our global dental 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, dental specialty products (including implant, orthodontic and endodontic products), diagnostic tests, infection-control products, PPE and vitamins.

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

A key element to grow closer to our customers is our One Schein initiative, which is a unified go-to-market approach that enables practitioners to work synergistically with our supply chain, equipment sales and service and other value-added services, allowing our customers to leverage the combined value that we offer through a single program. Specifically, One Schein provides customers with streamlined access to our comprehensive offering of national brand products, our private label products and proprietary specialty products and solutions (including implant, orthodontic and endodontic products). In addition, customers have access to a wide range of services, including software and other value-added services.

### *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 COVID-19 pandemic, the current economic environment and continued economic and public health uncertainty. Since the onset of the COVID-19 pandemic in early 2020, we have been carefully monitoring its impact on our global operations and have taken appropriate steps

## [Table of Contents](#)

to minimize the risk to our employees. We have seen and expect to continue to see changes in demand trends for some of our products and services, supply chain challenges and labor challenges, as rates of infection fluctuate, new strains or variants of COVID-19 emerge and spread, vaccine uptake and mandates increase and change, governments adapt their approaches to combatting the virus (including without limitation, vaccine mandates), and local conditions change across geographies. For example, vaccine mandates affecting our workforce, whether imposed through government regulations or contracts with governmental authorities or other customers, could potentially cause staffing shortages if employees choose not to comply as well as other consequences to our business or operations, managing and tracking vaccination status and ongoing testing for exempt employees could potentially increase our costs, as could addressing inconsistent COVID-19 vaccination mandates. As a result, we expect to see continued volatility through at least the duration of the pandemic.

### *Industry Consolidation*

The health care products distribution industry, as it relates to office-based health care practitioners, is fragmented and diverse. 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 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. In response to the COVID-19 pandemic, we had taken a range of actions to preserve cash, including the temporary suspension of significant



## [Table of Contents](#)

acquisition activity. During the second half of 2020, as global conditions improved, we resumed our acquisition strategy.

### *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 Database, in 2021 there were more than six and a half 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 by approximately 32% during the same 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 Data" indicating that total national health care spending reached approximately \$4.1 trillion in 2020, or 19.7% 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 \$6.2 trillion in 2028, approximately 19.7% of the nation's projected gross domestic product. The latest projections begin after the latest historical year 2018 and go through 2028. These projections do not take into account the impacts of COVID-19 because of the timing of the report and the highly uncertain nature of the pandemic.

### *Government*

Certain of our businesses involve the distribution, importation, exportation, marketing and sale of, and third party payment for, pharmaceuticals and medical devices, and in this regard, we are subject to extensive local, state, federal and foreign governmental laws and regulations, including as applicable to our wholesale distribution of pharmaceuticals and medical devices, and as part of our specialty home medical supply business that distributes and sells medical equipment and supplies directly to patients. The federal government and state governments have also increased enforcement activity in the health care sector, particularly in areas of fraud and abuse, anti-bribery and corruption, controlled substances handling, medical device regulations and data privacy and security standards.

In addition, certain of our businesses must operate in compliance with a variety of burdensome and complex billing and record-keeping requirements in order to substantiate claims for payment under federal, state and commercial healthcare reimbursement programs. One of these businesses was recently suspended by CMS from receiving payments from Medicare, although it is permitted to continue to perform and bill for Medicare services. The amounts billed are being deposited in an escrow account pending resolution of an audit. The Company has not recognized revenue for these services and has currently deferred slightly over \$8 million in revenue (including \$4 million deferred during the three months ended March 26, 2022 and slightly over \$4 million deferred during the three months ended December 25, 2021).

Government and private insurance programs fund a large portion of the total cost of medical care, and there have been efforts to limit such private and government insurance programs, including efforts, thus far unsuccessful, to seek repeal of the entire United States Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, each enacted in March 2010, (as amended, the "ACA"). In addition, activities to control medical costs, including laws and regulations lowering reimbursement rates for pharmaceuticals, medical devices and/or medical treatments or services, are ongoing. Many of these laws and regulations are subject to change and their evolving implementation may impact our operations and our financial performance.

[Table of Contents](#)

Our businesses are generally subject to numerous laws and regulations that could impact our financial performance, and failure to comply with such laws or regulations could have a material adverse effect on our business.

A more detailed discussion of governmental laws and regulations is included in Management's Discussion & Analysis of Financial Condition and Results of Operations, contained in our Annual Report on Form 10-K for the fiscal year ended December 25, 2021, filed with the SEC on February 15, 2022.

### Results of Operations

The following table summarizes the significant components of our operating results and cash flows for the three months ended March 26, 2022 and March 27, 2021:

	Three Months Ended	
	March 26, 2022	March 27, 2021
<b>Operating results:</b>		
Net sales	\$ 3,179	\$ 2,925
Cost of sales	2,206	2,034
Gross profit	973	891
Operating expenses:		
Selling, general and administrative	682	614
Depreciation and amortization	47	44
Restructuring costs	-	3
Operating income	\$ 244	\$ 230
Other expense, net	\$ (5)	\$ (4)
Net income	186	175
Net income attributable to Henry Schein, Inc.	181	166

	Three Months Ended	
	March 26, 2022	March 27, 2021
<b>Cash flows:</b>		
Net cash provided by operating activities	\$ 93	\$ 63
Net cash used in investing activities	(27)	(223)
Net cash used in financing activities	(62)	(120)

### Plans of Restructuring

On November 20, 2019, we committed to a contemplated restructuring initiative intended to mitigate stranded costs associated with the spin-off of our animal health business and to rationalize operations and to provide expense efficiencies. These restructuring activities were completed in 2021.

During the three months ended March 27, 2021, we recorded restructuring costs of \$3 million. As of March 26, 2022 and December 25, 2021, the remaining accrued balance for restructuring costs was \$3 million and \$4 million, respectively.



**Three Months Ended March 26, 2022 Compared to Three Months Ended March 27, 2021**

**Net Sales**

Net sales were as follows:

	March 26, 2022	% of Total	March 27, 2021	% of Total	Increase	
					\$	%
Health care distribution <sup>(1)</sup>						
Dental	\$ 1,828	57.5%	\$ 1,789	61.2%	\$ 39	2.2%
Medical	1,172	36.9	991	33.9	181	18.3
Total health care distribution	3,000	94.4	2,780	95.1	220	7.9
Technology and value-added services <sup>(2)</sup>	179	5.6	145	4.9	34	23.4
Total	<u>\$ 3,179</u>	<u>100.0%</u>	<u>\$ 2,925</u>	<u>100.0%</u>	<u>\$ 254</u>	<u>8.7</u>

- (1) Consists of consumable products, small equipment, laboratory products, large equipment, equipment repair services, branded and generic pharmaceuticals, vaccines, surgical products, dental specialty products (including implant, orthodontic and endodontic products), diagnostic tests, infection-control products, PPE and vitamins.
- (2) Consists of practice management software and other value-added products, which are distributed primarily to health care providers, practice consultancy, education, revenue cycle management and financial services on a non-recourse basis, e-services, continuing education services for practitioners, consulting and other services.

The 8.7% increase in net sales includes an increase of 10.1% in local currency sales (7.7% increase in internally generated sales and 2.4% growth from acquisitions) partially offset by a decrease of 1.4% related to foreign currency exchange. We estimate that sales of PPE and COVID-19 related products were approximately \$487 million, an increase of 4.4% versus the prior year. Excluding PPE and COVID-19 related products, the estimated increase in internally generated local currency sales was 8.9%.

The 2.2% increase in dental net sales includes an increase of 4.4% in local currency sales (3.5% increase in internally generated sales and 0.9% growth from acquisitions) partially offset by a decrease of 2.2% related to foreign currency exchange. The 4.4% increase in local currency sales was attributable to an increase in dental consumable merchandise sales of 2.4% (1.3% increase in internally generated sales and 1.1% growth from acquisitions) and an increase in dental equipment and service sales of 12.0% (11.9% increase in internally generated sales and 0.1% growth from acquisitions). Our sales growth in dental merchandise was lower than our sales growth in dental equipment during the first half of the three months ended March 26, 2022. As a result of an increase in COVID-19 variants, primarily in Europe and to a lesser extent in North America, our dental merchandise growth was impacted by lower patient traffic, which began to increase as the quarter progressed. Dental equipment sales increased in both our North American and international markets, which is primarily attributable to increased demand and strong order backlog. We estimate that our dental business recorded sales of approximately \$143 million of PPE and COVID-19 related products, an estimated decrease of 15.3% versus the prior year. Excluding PPE and COVID-19 related products, the estimated increase in internally generated local currency dental sales was 6.3%.

The 18.3% increase in medical net sales includes an increase of 18.5% in local currency sales (14.7% increase in internally generated sales and 3.8% growth from acquisitions), partially offset by a decrease of 0.2% related to foreign currency exchange. We estimate that our medical business recorded sales of approximately \$344 million of PPE, COVID-19 test kits, point-of-care diagnostics and other COVID-19 related products for the three months ended March 26, 2022, an estimated increase of 15.7% compared to the prior year. Excluding sales of PPE, COVID-19 test kits, point-of-care diagnostics and other COVID-19 related products, the estimated increase in internally generated local currency medical sales was 14.5%.

The 23.4% increase in technology and value-added services net sales includes an increase of 24.1% in local currency sales (11.1% increase in internally generated sales and 13.0% growth from acquisitions) partially offset by a decrease of 0.7% related to foreign currency exchange. During the quarter ended March 26, 2022, the trend for transactional software sales improved compared to the prior year, as more patients visited dental practices worldwide, generating demand for our sales cycle management solutions, and also from cloud-based solutions that drive practice efficiency and patient engagement.

### **Gross Profit**

Gross profit and gross margin percentages by segment and in total were as follows:

	March 26,	Gross	March 27,	Gross	Increase	
	2022	Margin %	2021	Margin %	\$	%
Health care distribution	\$ 857	28.6%	\$ 789	28.4%	\$ 68	8.6%
Technology and value-added services	116	64.9	102	70.3	14	13.8
Total	\$ 973	30.6	\$ 891	30.5	\$ 82	9.2

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 and value-added services 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 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 our private label products achieve gross profit margins that are higher than average total gross profit margins of all products. 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 \$68 million, or 8.6%, primarily due to the increase in net sales discussed above. In addition, health care distribution gross profit margin benefitted from supplier rebates during the quarter due to increased purchase volumes. The overall increase in our health care distribution gross profit includes an increase of \$37 million from internally generated sales, \$19 million additional gross profit from acquisitions, and a \$12 million increase in the gross margin rates due to product mix and supplier rebates.

Technology and value-added services gross profit increased \$14 million, or 13.8%, due to a \$10 million increase in internally generated sales and \$8 million additional gross profit from acquisitions, partially offset by a decrease of \$4 million from gross margin rates due to product mix. Technology and value-added services gross profit margin decreased to 64.9% from 70.3% primarily due to lower gross margins of recently acquired companies in the business services sector.

***Selling, General and Administrative***

Selling, general and administrative expenses by segment and in total were as follows:

	March 26, 2022	% of Respective Net Sales	March 27, 2021	% of Respective Net Sales	Increase	
					\$	%
Health care distribution	\$ 646	21.5%	\$ 592	21.3%	\$ 54	9.1%
Technology and value-added services	83	46.4	69	48.0	14	19.2
Total	<u>\$ 729</u>	<u>22.9</u>	<u>\$ 661</u>	<u>22.6</u>	<u>\$ 68</u>	<u>10.2</u>

Selling, general and administrative expenses (including restructuring costs in the three months ended March 27, 2021) increased \$68 million, or 10.2%.

The \$54 million increase in selling, general and administrative expenses within our health care distribution segment was attributable to an increase of \$36 million of operating costs and an increase of \$21 million of additional costs from acquired companies, partially offset by a decrease of \$3 million in restructuring costs. The \$14 million increase in selling, general and administrative expenses within our technology and value-added services segment was attributable to an increase of \$7 million of operating costs and an increase of \$7 million of additional costs from acquired companies.

As a component of total selling, general and administrative expenses, selling expenses increased \$57 million, or 14.8% to \$443 million primarily due to an increase in payroll and payroll related costs and travel and convention expenses. As a percentage of net sales, selling expenses increased to 13.9% from 13.2%.

As a component of total selling, general and administrative expenses, general and administrative expenses increased \$11 million, or 3.7% to \$287 million primarily due to an increase in payroll and payroll related costs and travel and convention expenses. As a percentage of net sales, general and administrative expenses decreased to 9.0% from 9.3%.

***Other Expense, Net***

Other expense, net, was as follows:

	March 26, 2022	March 27, 2021	Variance	
			\$	%
Interest income	\$ 2	\$ 2	\$ -	-%
Interest expense	(7)	(6)	(1)	(16.7)
Other expense, net	<u>\$ (5)</u>	<u>\$ (4)</u>	<u>\$ (1)</u>	<u>(25.0)</u>

Interest expense increased \$1 million primarily due to increased interest rates.

***Income Taxes***

For the three months ended March 26, 2022 our effective tax rate was 24.0% compared to 25.1% for the prior year period. The difference between our effective tax rates and the federal statutory tax rate for the three months ended March 26, 2022 primarily relates to state and foreign income taxes and interest expense as well as share-based compensation. The difference between our effective tax rate and the federal statutory tax rate for the three months ended March 27, 2021 was primarily due to state and foreign income taxes and interest expense.

## Liquidity and Capital Resources

Our principal capital requirements have included 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 (which had been temporarily suspended in April 2020, but were resumed in early March 2021). 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 second half of the year and special inventory forward buy-in opportunities have been most prevalent just before the end of the year, and have 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. Please see [Note 7 – Debt](#) for further information. 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.

Net cash provided by operating activities was \$93 million for the three months ended March 26, 2022, compared to net cash provided by operating activities of \$63 million for the comparable prior year period. The net change of \$30 million was primarily attributable to higher net income and decreased working capital, specifically a decrease in inventory levels of PPE and COVID-19 related products, and reduced levels of prepaid inventory and lower outstanding vendor rebates. These working capital decreases were partially offset by an increase in accounts receivable balances resulting from increased sales.

Net cash used in investing activities was \$27 million for the three months ended March 26, 2022, compared to \$223 million for the comparable prior year period. The net change of \$196 million was primarily attributable to decreased payments for equity investments and business acquisitions.

Net cash used in financing activities was \$62 million for the three months ended March 26, 2022, compared to net cash used in financing activities of \$120 million for the comparable prior year period. The net change of \$58 million was primarily due to decreased repurchases of common stock.

[Table of Contents](#)

The following table summarizes selected measures of liquidity and capital resources:

	March 26, 2022	December 25, 2021
Cash and cash equivalents	\$ 126	\$ 118
Working capital <sup>(1)</sup>	1,686	1,537
Debt:		
Bank credit lines	\$ 90	\$ 51
Current maturities of long-term debt	3	11
Long-term debt	773	811
Total debt	\$ 866	\$ 873
Leases:		
Current operating lease liabilities	\$ 76	\$ 76
Non-current operating lease liabilities	277	268

(1) Includes \$77 million and \$138 million of certain accounts receivable which serve as security for U.S. trade accounts receivable securitization at March 26, 2022 and December 25, 2021, respectively.

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 42 days as of March 26, 2022 from 43 days as of March 27, 2021. During the three months ended March 26, 2022, we wrote off approximately \$3 million of fully reserved accounts receivable against our trade receivable reserve. Our inventory turns from operations decreased to 4.7 as of March 26, 2022 from 5.2 as of March 27, 2021. Our working capital accounts may be impacted by current and future economic conditions.

*Leases*

We have operating and finance leases for corporate offices, office space, distribution and other facilities, vehicles, and certain equipment. Our leases have remaining terms of less than one year to approximately 19 years, some of which may include options to extend the leases for up to 10 years. As of March 26, 2022, our right-of-use assets related to operating leases were \$331 million and our current and non-current operating lease liabilities were \$76 million and \$277 million, respectively.

*Stock Repurchases*

On March 8, 2021, we announced the reinstatement of our share repurchase program.

From March 3, 2003 through March 26, 2022, we repurchased \$4.0 billion, or 81,068,993 shares, under our common stock repurchase programs, with \$200 million available as of March 26, 2022 for future common stock share repurchases.

During the fiscal quarter ended March 26, 2022, we did not repurchase any shares of our common stock because we had a 10b5-1 plan that did not result in any shares being repurchased during the quarter. We intend to put in place an additional plan effective May 4, 2022.

[Table of Contents](#)

### **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 25, 2021, except accounting policies adopted as of December 26, 2021, which are discussed in [Note 2-Critical Accounting Policies, Accounting Pronouncements Adopted and Recently Issued Accounting Standards](#) of the Notes to the Consolidated Financial Statements included under Item 1.

### **Accounting Standards Update**

For a discussion of accounting standards updates that have been adopted or will be adopted, see [Note 2-Critical Accounting Policies, Accounting Pronouncements Adopted](#) and Recently Issued Accounting Standards of the Notes to the Consolidated Financial Statements included under Item 1.

### **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 25, 2021.

## 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 March 26, 2022, 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 system implementation 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 three months ended March 26, 2022, post-acquisition integration related activities continued for our dental and medical businesses acquired during prior quarters. These acquisitions, the majority of which utilize separate information and financial accounting systems, have been included in our consolidated financial statements since their respective dates of acquisition.

In addition, during the quarter ended March 26, 2022, we completed the systems implementation activities to upgrade the warehouse management system for our Australian dental business.

All continued acquisition integrations and systems implementation involve necessary and appropriate change-management controls that are considered in our quarterly 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**

For a discussion of Legal Proceedings, see [Note 9—Legal Proceedings](#) of the Notes to the Condensed Consolidated Financial Statements included under Item 1.

### **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 25, 2021.

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

#### *Purchases of equity securities by the issuer*

Our share repurchase program announced on March 3, 2003, originally allowed us to repurchase up to two million shares pre-stock splits (eight million shares post-stock splits) of our common stock, which represented approximately 2.3% of the shares outstanding at the commencement of the program. Subsequent additional increases totaling \$4.1 billion, authorized by our Board of Directors, to the repurchase program provide for a total of \$4.2 billion of shares of our common stock to be repurchased under this program.

As of March 26, 2022, we had repurchased approximately \$4.0 billion of common stock (81,068,993 shares) under these initiatives, with \$200 million available for future common stock share repurchases.

During the fiscal quarter ended March 26, 2022, we did not repurchase any shares of our common stock because we had a 10b5-1 plan that did not result in any shares being repurchased during the quarter. We intend to put in place an additional plan effective May 4, 2022.

The maximum number of shares that could 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. The maximum number of shares that could be repurchased as of January 29, 2022, February 26, 2022, and March 26, 2022 were 2,642,010, 2,290,428 and 2,276,610, respectively.



## ITEM 5. OTHER INFORMATION

On May 2, 2022, the Compensation Committee of the Board of Directors (the “Compensation Committee”) approved the adoption of the Henry Schein, Inc. Executive Change in Control Plan (the “CIC Plan”). The CIC Plan contains the following material terms and conditions (terms capitalized but not defined in the below description have the definitions set forth in the CIC Plan):

- *Eligibility and Participation.* Members of our Executive Management Committee (“EMC”) and other employees of the Company or its subsidiaries who are specifically designated by the “Administrator” are eligible to participate in the CIC Plan, in each case, subject to such person’s execution of a “Participation Agreement” provided by the Company (in the form attached as Appendix A to the CIC Plan), and provided that such person is a member of a select group of management or highly compensated employees.
- *Benefits Under the CIC Plan.* In the event that a participant in the Plan is terminated without “Cause”, or resigns for “Good Reason”, in each case, during the period starting 90 days prior to a “Change in Control” (or, if earlier, the date of the first public announcement of a pending “Change in Control”) and ending two years following a Change in Control (such termination of employment, a “Termination”), then subject to execution and non-revocation of a release of claims, the participant will be entitled to receive:
  - base salary through the Termination date;
  - a pro-rated annual bonus based on actual performance for the year in which the Termination occurs;
  - an amount equal to the product of (A) the sum of the participant’s base salary and target annual bonus amount, multiplied by (B) the “Severance Multiple”;
  - immediate vesting of the participant’s outstanding stock options (to the maximum extent permitted by the applicable stock option plan), restricted stock/units, deferred stock awards and non-qualified retirement benefits;
  - settlement of the participant’s deferred compensation arrangements in accordance with the applicable plan or election form; and
  - COBRA continuation health coverage subsidized by the Company (with the participant paying the applicable active employee rate) for up to the applicable severance period (not to exceed 18 months).

Under the Plan, the Compensation Committee has the sole discretion to set and/or increase a participant’s Severance Multiple under the Plan, but in no event to a value greater than 3.0. The Compensation Committee has set the Severance Multiple for each participant (other than a participant who serves as our Chief Executive Officer) who is an “executive officer” (as determined under Securities and Exchange Commission rules) to 2.0, and has set the Severance Multiple for all other participants to 1.0.

- *Restrictive Covenants.* The CIC Plan contains perpetual confidentiality and non-disparagement provisions, and prohibits solicitation of Company employees for 24 months following the participant’s termination of employment for any reason.
- *Amendment and Termination.* The CIC Plan cannot be terminated or amended in any way that materially and adversely affects the right of a participant without such participant’s consent. Additionally, the CIC Plan cannot be amended or terminated in any way during the time period starting 90 days prior to a Change in Control (or the date the Company enters into a definitive agreement to effect a Change in Control) and

[Table of Contents](#)

ending on the later of (i) two years after a Change in Control or (ii) the date that all payments and benefits under the Plan have been paid.

The foregoing summary of the CIC Plan does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the CIC Plan, which is attached as Exhibit 10.3 and incorporated herein by reference.

**ITEM 6. EXHIBITS**

<a href="#">10.1</a>	<a href="#">Form of 2022 Restricted Stock Unit Agreement for time-based restricted stock unit awards pursuant to the Henry Schein, Inc. 2020 Stock Incentive Plan (as amended and restated effective as of May 21, 2020).**+</a>
<a href="#">10.2</a>	<a href="#">Form of 2022 Restricted Stock Unit Agreement for performance-based restricted stock unit awards pursuant to the Henry Schein, Inc. 2020 Stock Incentive Plan (as amended and restated effective as of May 21, 2020).**+</a>
<a href="#">10.3</a>	<a href="#">Henry Schein, Inc. Executive Change in Control Plan, effective as of May 2, 2022**+</a>
<a href="#">31.1</a>	<a href="#">Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+</a>
<a href="#">31.2</a>	<a href="#">Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+</a>
<a href="#">32.1</a>	<a href="#">Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+</a>
<a href="#">101.INS</a>	<a href="#">Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document+</a>
<a href="#">101.SCH</a>	<a href="#">Inline XBRL Taxonomy Extension Schema Document+</a>
<a href="#">101.CAL</a>	<a href="#">Inline XBRL Taxonomy Extension Calculation Linkbase Document+</a>
<a href="#">101.DEF</a>	<a href="#">Inline XBRL Taxonomy Extension Definition Linkbase Document+</a>
<a href="#">101.LAB</a>	<a href="#">Inline XBRL Taxonomy Extension Label Linkbase Document+</a>
<a href="#">101.PRE</a>	<a href="#">Inline XBRL Taxonomy Extension Presentation Linkbase Document+</a>
<a href="#">104</a>	<a href="#">The cover page of Henry Schein, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 26, 2022, formatted in Inline XBRL (included within Exhibit 101 attachments).+</a>

+ Filed or furnished herewith.

\*\* Indicates management contract or compensatory plan or agreement.

[Table of Contents](#)

**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/ Ronald N. South

Ronald N. South  
Senior Vice President and  
Chief Financial Officer  
(Authorized Signatory and Principal Financial  
and Accounting Officer)

Dated: May 3, 2022

**FORM OF RESTRICTED STOCK UNIT AGREEMENT  
PURSUANT TO THE  
HENRY SCHEIN, INC. 2020 STOCK INCENTIVE PLAN  
(AS AMENDED AND RESTATED EFFECTIVE AS OF MAY 21, 2020)**

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. 2020 Stock Incentive Plan (as amended and restated effective as of May 21, 2020), 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 the 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 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 Grant Date to the date of the Participant's Retirement, and the denominator of which is the number of days from the Grant Date to the Scheduled Payment Date.

(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, "Cause" shall have the meaning set forth in Section 7(b) of the Plan, but shall also include any breach by the Participant of any agreement with the Company or any of its Subsidiaries. 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) Retirement, (ii) a Termination of Employment by the Company (or a Subsidiary) without Cause occurring within the 2-year period following a Change of Control, (iii) death or (iv) Disability, the Participant shall be paid within thirty (30) days of such Retirement, Termination of Employment, death or Disability, subject to Section 18 set forth in Annex 1 to the extent applicable, including with respect to a Participant who qualifies for Retirement at any time following the Grant 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(a) or Section 2(e) above, as applicable (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, the Committee shall have the right, in its sole discretion, to cause the immediate forfeiture of all of the Restricted Stock Units (including any dividends credited thereupon) (whether or not vested) in their entirety, in which case 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 of Common Stock, 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 members of the Company's Executive Management Committee. Notwithstanding anything herein to the contrary, the Participant agrees and acknowledges that the Restricted Stock Units 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, the 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 the 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 of Common Stock 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 of Common Stock and will be held uninvested and without interest and paid in cash if and when the Restricted Stock Unit vests. Stock dividends on shares of Common Stock 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.** The 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 or Services.** This Agreement is not an agreement of employment, consultancy 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, service relationship 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 of Common Stock 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 of Common Stock 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 of Common Stock 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 of Common Stock may be issued hereunder if the issuance of such shares of Common Stock 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 of Common Stock 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 of Common Stock 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 of Common Stock 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 of Common Stock and the Company is under no obligation to register the shares of Common Stock (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 of Common Stock 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 of Common Stock 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 the 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 the 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.**

/s/ Michael S. Ettinger

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

**PARTICIPANT**

[Electronic Signature]

[Participant Name]

[Acceptance Date]

Form 2

3/21



ANNEX 1

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

Capitalized terms, unless explicitly defined in this Annex 1, shall have the meanings given to them in the Agreement or in the Plan.

For purposes of this Annex 1, “Employer” means the entity (the Company or Subsidiary) that employs the Participant.

***Terms and Conditions***

This Annex 1 includes special terms and conditions applicable to the Participant if the Participant resides in one of the countries listed below. These terms and conditions are in addition to or, if so indicated, in place of, the terms and conditions set forth in the Agreement. If the Participant is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Participant is currently residing and/or working, or if the Participant transfers employment and/or residency between countries after the Grant Date, the Company will, in its discretion, determine to what extent the special terms and conditions contained herein shall be applicable to the Participant.

***Notifications***

This Annex 1 also includes country-specific information of which the Participant should be aware with respect to the Participant’s participation in the Plan. The information is based on the exchange control, foreign asset/account reporting and other laws in effect in the respective countries as of April 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant does not rely on the information noted herein as the only source of information relating to the consequences of his/her participation in the Plan because the information may be out of date at the time that the Participant vests in the Restricted Stock Units or sells the shares of Common Stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation, and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to his/her individual situation.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant’s participation in the Plan, or the Participant’s acquisition or sale of the underlying shares of Common Stock. The Participant should consult with his/her own personal tax, legal and financial advisors regarding his/her participation in the Plan before taking any action related to the Plan.

Finally, if the Participant is a citizen or resident (or is considered as such for local tax purposes) of a country other than the one in which the Participant is currently residing and/or working, or if the Participant transfers employment and/or residency after the Grant Date, the information contained herein may not be applicable to the Participant in the same manner.

Form 2  
3/21

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. This Agreement is subject to Section 16(i) of the Plan, and 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. A Termination of Employment or Retirement shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits subject to Section 409A of the Code upon or following a Termination of Employment or Retirement, as applicable, unless such Termination of Employment or Retirement, as applicable, is also a "separation from service" within the meaning of Section 409A of the Code and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." If the Participant is a "specified employee," upon his or her "separation from service" (as defined under Section 409A of the Code under such definitions and procedures as established by the Company in accordance with Section 409A of the Code), any portion of a payment, settlement, or other distribution made upon such a "separation from service" that would cause the acceleration of, or an addition to, any taxes pursuant to Section 409A of the Code will not commence or be paid until a date that is six (6) months and one (1) day following the applicable "separation from service." Any payments, settlements, or other distributions that are delayed pursuant to this Section 18 following the applicable "separation from service" shall be accumulated and paid to the Participant in a lump sum without interest on the first business day immediately following the required delay period. 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 2  
3/21

**FORM OF RESTRICTED STOCK UNIT AGREEMENT  
PURSUANT TO THE  
HENRY SCHEIN, INC. 2020 STOCK INCENTIVE PLAN  
(AS AMENDED AND RESTATED EFFECTIVE AS OF MAY 21, 2020)**

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. 2020 Stock Incentive Plan (as amended and restated effective as of May 21, 2020), 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 the 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. 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, subject to actual achievement of the performance Goal(s) during the applicable three-year period, 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(c)(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 of the Performance Goals 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 of the Performance Goals 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, "Cause" shall have the meaning set forth in Section 7(b) of the Plan, but shall also include any breach by Participant of any agreement with the Company or any of its Subsidiaries. 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 of the Performance Goals 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 the number of days from the Grant Date to the Scheduled Payment Date.

(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, 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 such dates, subject to Section 18 set forth in Annex 1, to the extent applicable. 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 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 of Common Stock, 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 members of the Company’s Executive Management Committee. Notwithstanding anything herein to the contrary, the Participant agrees and acknowledges that the Restricted Stock Units 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, the 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 the 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 of Common Stock 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 of Common Stock and will be held uninvested and without interest and paid in cash if and when the Restricted Stock Unit vests. Stock dividends on shares of Common Stock 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.** The 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 or Services.** This Agreement is not an agreement of employment, consultancy 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, service relationship 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 of Common Stock 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 of Common Stock 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 of Common Stock 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 of Common Stock may be issued hereunder if the issuance of such shares of Common Stock 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 of Common Stock 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 of Common Stock 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 of Common Stock 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 of Common Stock and the Company is under no obligation to register the shares of Common Stock (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 of Common Stock 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 of Common Stock 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 the 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 the 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.**

/s/ Michael S. Ettinger

Michael S. Ettinger

Senior Vice President, Corporate & Legal Affairs and Chief of Staff

**PARTICIPANT**

[Electronic Signature]

[Participant Name]

[Acceptance Date]

Form 18

3/22



## ANNEX 1

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

Capitalized terms, unless explicitly defined in this Annex 1, shall have the meanings given to them in the Agreement or in the Plan.

For purposes of this Annex 1, “Employer” means the entity (the Company or Subsidiary) that employs the Participant.

#### ***Terms and Conditions***

This Annex 1 includes special terms and conditions applicable to the Participant if the Participant resides in one of the countries listed below. These terms and conditions are in addition to or, if so indicated, in place of, the terms and conditions set forth in the Agreement. If the Participant is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Participant is currently residing and/or working, or if the Participant transfers employment and/or residency between countries after the Grant Date, the Company will, in its discretion, determine to what extent the special terms and conditions contained herein shall be applicable to the Participant.

#### ***Notifications***

This Annex 1 also includes country-specific information of which the Participant should be aware with respect to the Participant’s participation in the Plan. The information is based on the exchange control, foreign asset/account reporting and other laws in effect in the respective countries as of April 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant does not rely on the information noted herein as the only source of information relating to the consequences of his/her participation in the Plan because the information may be out of date at the time that the Participant vests in the Restricted Stock Units or sells the shares of Common Stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation, and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to his/her individual situation.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant’s participation in the Plan, or the Participant’s acquisition or sale of the underlying shares of Common Stock. The Participant should consult with his/her own personal tax, legal and financial advisors regarding his/her participation in the Plan before taking any action related to the Plan.

Finally, if the Participant is a citizen or resident (or is considered as such for local tax purposes) of a country other than the one in which the Participant is currently residing and/or working, or if the Participant transfers employment and/or residency after the Grant Date, the information contained herein may not be applicable to the Participant in the same manner.

Form 18  
3/22

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. This Agreement is subject to Section 16(i) of the Plan, and 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. A Termination of Employment or Retirement shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits subject to Section 409A of the Code upon or following a Termination of Employment or Retirement, as applicable, unless such Termination of Employment or Retirement, as applicable, is also a "separation from service" within the meaning of Section 409A of the Code and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." If the Participant is a "specified employee," upon his or her "separation from service" (as defined under Section 409A of the Code under such definitions and procedures as established by the Company in accordance with Section 409A of the Code), any portion of a payment, settlement, or other distribution made upon such a "separation from service" that would cause the acceleration of, or an addition to, any taxes pursuant to Section 409A of the Code will not commence or be paid until a date that is six (6) months and one (1) day following the applicable "separation from service." Any payments, settlements, or other distributions that are delayed pursuant to this Section 18 following the applicable "separation from service" shall be accumulated and paid to the Participant in a lump sum without interest on the first business day immediately following the required delay period. 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 18  
3/22

**HENRY SCHEIN, INC.**  
**EXECUTIVE CHANGE IN CONTROL**  
**PLAN**

**Effective as of May 2, 2022**

**1. Introduction.** The purpose of the Henry Schein, Inc. Executive Change in Control Plan (the “**Plan**”) is to provide assurances of specified benefits to executive-level employees of Henry Schein, Inc. (“**HSI**” or the “**Company**”) who are eligible to participate as set forth under the Plan and who are members of a select group of management or highly compensated employees (as determined in accordance with Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA) in the event their employment is terminated under the circumstances described in the Plan.

Unless otherwise agreed to in writing between the Company and a Participant on or after the date hereof, the Plan shall supersede, and Participant covered by the Plan shall not be eligible to participate in any other severance or termination plan, policy or practice of the Company, or agreement or arrangement between a Participant and the Company, that could otherwise apply under the circumstances described herein. The Plan is intended to be a “top-hat” pension benefit plan within the meaning of U.S. Department of Labor Regulation Section 2520.104-23.

Capitalized terms and phrases used herein shall have the meanings ascribed thereto in Section 3.

**2. Entitlement to Severance Benefits.**

(a) Cash Severance Benefit. In the event that a Participant’s employment is terminated (a “**Termination**”) by the Company without Cause or by the Participant for Good Reason, in either case within two years following a Change in Control, the Participant shall be entitled to receive the sum of the following, payable in a cash: (i) Base Salary through the Termination date, which shall be paid no later than 15 days after the Termination date; (ii) a pro rata annual incentive compensation award based on actual achievement of the specified goals for the year in which the Termination occurs, which shall be paid in the calendar year immediately following the calendar year in which the Termination date occurs; and (iii) an amount equal to the product of (x) the applicable Severance Multiple, and (y) the sum of the Participant’s Base Salary plus the Participant’s target annual cash bonus which will be paid on the first business day immediately following the six-month anniversary of the Termination date. In addition, notwithstanding the foregoing, in the event the Participant’s employment is terminated by the Company without Cause or by the Participant for Good Reason, in either case (x) within 90 days prior to the effective date of a Change in Control, or (y) after the first public announcement of the pendency of the Change in Control, such termination shall, upon the effective date of a Change in Control, be deemed to be a “**Termination**” covered under the preceding sentence of this Section 2(a), and the Participant shall be entitled to the amounts provided for under the preceding sentence.

(b) Other Severance Benefits. In the event a Participant becomes entitled to the amounts provided for in Section 2(a) hereof, and notwithstanding anything to the contrary contained in any stock option or restricted stock/unit agreement, the Participant shall also become entitled to the following: (i) immediate vesting of all the Participant’s outstanding stock options to the fullest extent permitted under the applicable stock option plan; (ii) elimination of all restrictions on any of the Participant’s restricted stock/unit or deferred stock awards outstanding at the time of Termination; (iii) immediate vesting of all of the Participant’s restricted stock/unit or deferred stock awards and non-qualified retirement benefits; (iv) settlement of all of the Participant’s deferred compensation arrangements in accordance with any then applicable deferred compensation plan or election form; and (v) subject to (A) the Participant’s timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”), and (B) the Participant’s continued copayment of premiums at the same level and cost to the Participant as if the Participant continued as an employee of the Company (excluding, for purposes of calculating cost, an employee’s ability to pay premiums with pre-tax dollars), continued participation in the Company’s group health plan (to the extent permitted under applicable law and the terms of such plan) for a period (not to exceed 18 months) equal to the product of (x) 12 months and (y) the Severance Multiple, at the applicable active employee rate which shall be provided by reimbursement on a monthly basis of (or the Company otherwise bearing) the premium cost under COBRA health continuation in excess of the applicable active-employee rate, provided that the Participant is eligible and remains eligible for COBRA health continuation coverage; and provided, further, that in the event that the Participant obtains other employment that offers substantially equivalent group health benefits, such continuation of coverage by the Company under this Section 2(b) shall immediately cease.

(c) In the event that a Participant becomes entitled to payments under this Section 2 or any other amounts (whether pursuant to the terms of the Plan or any other plan, arrangement or agreement with the Company (collectively the “**Payments**”), all or a portion of which become subject to tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the “**Code**”) (or any other similar tax, but excluding any income tax of any nature) (“**Excise Tax**”), then the Payments shall be either (A) delivered in full or (B) delivered as to such lesser extent, as would result in no portion of such amounts being subject to the Excise Tax, whichever of the foregoing results in the receipt by the Participant on a net after-tax basis of the greatest amount, notwithstanding that all or some of the amounts may be taxable under Code Section 4999. If a reduction is to occur pursuant to clause (B) of the prior sentence, unless an alternative election is permitted by, and does not result in taxation under, Code Section 409A and timely elected by the Participant, the Payments shall be cutback to an amount that would not give rise to any Excise Tax by reducing payments and benefits in the following order: (1) accelerated vesting of restricted stock/unit awards, to the extent applicable; (2) accelerated vesting of stock options, to the extent applicable; (3) payments under Section 2(a)(iii) hereof; and (4) continued health insurance under Section 2(b)(v) hereof.

(d) For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) the Payments shall be treated as “parachute payments” within the meaning of Section 280G(b)(2) of the Code, and all “parachute payments” in excess of the “base amount” (as defined under Section 280G(b)(3) of the Code) shall be treated as subject to the Excise Tax, unless and except to the extent that, in the written opinion (at the substantial authority level) of the Company’s independent certified public accountants appointed prior to any change in ownership (as defined under Section 280G(b)(2) of the Code) or tax counsel selected by such accountants (the “**Accountants**”) such Payments (in whole or in part) either do not constitute “parachute payments,” represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code in excess of the “base amount” or are otherwise not subject to the Excise Tax, and (ii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Accountants in accordance with the principles of Section 280G of the Code.

2

(e) For purposes of determining whether clause (A) or clause (B) of Section 2(c) applies to the amount of the Payments, the Participant’s actual marginal rate of federal income taxation in the calendar year in which the Payments are to be paid shall be used and the actual marginal rate of taxation in the state and locality of the Participant’s residence for the calendar year in which the Payments are to be made shall be used, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes if paid in such year, after taking into account the limitation on the deductibility of itemized deductions, including such state and local taxes under Section 68 of the Code.

(f) **No Mitigation; No Offset.** In the event of any Termination, the Participant shall be under no obligation to seek other employment and no amounts due to a Participant under the Plan shall be subject to offset due to any remuneration attributable to subsequent employment that a Participant may obtain.

(g) **Exclusivity of Severance Payments; Release.** In the event a Participant becomes entitled to the amounts provided for in this Section 2, such Participant shall not be entitled to any other severance payments or severance benefits, whether contractual or not, from HSI, or any payments by HSI on account of any claim by the Participant of wrongful termination, including claims under any federal, state or local human and civil rights or labor laws. The Termination payments and benefits (other than the obligations specified in Section 2(a)(i) and (ii) above) provided under the Plan shall be conditioned upon and subject to the Participant executing a valid general release reasonably satisfactory to HSI, releasing any and all claims arising out of the Participant's employment (other than enforcement of the Participant's rights under the Plan), any rights under HSI's incentive compensation and employee benefit plans, and any claim for any non-employment related tort for personal injury (the "**Release**"). The Company shall provide the Release to a Participant within seven business days following the Participant's Termination date. In order to receive the payments and benefits provided under the Plan, a Participant shall be required to sign the Release within 45 days after it is provided to the Participant, and not revoke it within the seven-day period following the date on which it is signed. Notwithstanding anything to the contrary contained herein, all payments and benefits delayed pursuant to this Section 2(e), except to the extent any such payments and benefits are subject to a six-month delay as required by Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively "**Code Section 409A**"), shall be paid to the Participant in a lump sum on the first Company payroll date on or following the 60<sup>th</sup> day after the Termination date, and any remaining payments or benefits due under the Plan shall be paid or provided in accordance with the normal payment dates specified for them herein.

**3. Definitions.** For purposes of the Plan, the following terms shall have the meanings ascribed to them.

(a) "**Administrator**" means the Company, acting through the Compensation Committee of the Board of Directors of the Company (the "**Compensation Committee**"), or any person(s) to whom the Compensation Committee has delegated any authority or responsibility with respect to the Plan pursuant to Section 6, but only to the extent of such delegation.

(b) "**Base Salary**" means the annualized rate of pay in effect on the Termination date, provided that if a reduction in Base Salary is the basis for a Termination for Good Reason, then "Base Salary" shall mean the rate of pay in effect immediately prior to such reduction. As used herein, the term "Base Salary" includes, without limitation, the annualized rate of any automobile allowance in effect on the date of Termination, and the amount, as applicable, of the Company's matching 401(k) contribution and/or supplemental employment retirement plan contribution for the full year preceding the date of the Change in Control.

3

(c) "**Cause**" shall exist if: (i) the Participant is convicted of, or pleads nolo contendere to, any felony which materially and adversely impacts HSI's financial condition or reputation; (ii) the Participant engages in conduct that constitutes willful gross neglect or willful gross misconduct in carrying out the Participant's duties which materially and adversely impacts HSI's financial condition or reputation; or (iii) the Participant violates Section 4 of the Plan.

(d) "**Change in Control**" shall be deemed to occur upon any of the following: (i) acquisition of "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the "**Act**")) by any one "person" (as such term is defined in Section 3(a)(9) of the Act) or by any two or more persons deemed to be one "person" (as used in Section 13(d) or 14(d) of the Act) (each referred to as a "**Person**") excluding HSI, any subsidiary of HSI and any employee benefit plan sponsored or maintained by HSI or any subsidiary of HSI (including any trustee of any such plan acting in his or its capacity as trustee), of 33% or more of the combined total voting power of the then-outstanding voting securities of HSI (the "**Outstanding Voting Securities**") without the prior express approval of the Company's Board of Directors; (ii) acquisition of "beneficial ownership" by any Person excluding HSI, any subsidiary of HSI and any employee benefit plan sponsored or maintained by HSI or any subsidiary of HSI (including any trustee of any such plan acting in his or its capacity as trustee), of more than 50% of the combined total voting power of the then Outstanding Voting Securities; (iii) directors elected to the Company's Board of Directors over any 24-month period (except in the case of a Change in Control referred to in Section 2(a)(x) or (y), a twelve-month period) not nominated by HSI's Nominating & Corporate Governance Committee (or a committee of the Company's Board of Directors performing functions substantially similar to such committee) represent 30% (except in the case of a Change in Control referred to in Section 2(a)(x) or (y), a majority) or more of the total number of directors constituting the Company's Board of Directors at the beginning of the period, (or such nomination results from an actual or threatened proxy contest); (iv) any merger, consolidation or other corporate combination of HSI (a "**Transaction**"), other than (x) a Transaction involving only HSI and one or more of its subsidiaries, or (y) a Transaction immediately following which the stockholders of HSI immediately prior to the Transaction continue to be the beneficial owners of securities of the resulting entity representing more than 50% of the voting power in the resulting entity, in substantially the same proportions as their ownership of Outstanding Voting Securities immediately prior to the Transaction; and (v) upon the sale of all or substantially all of the consolidated assets of HSI, other than (x) a distribution to stockholders, or (y) a sale immediately following which the stockholders of HSI immediately prior to the sale are the beneficial owners of securities of the purchasing entity representing more than 50% of the voting power in the purchasing entity, in substantially the same proportions as their ownership of Outstanding Voting Securities immediately prior to the Transaction.

Solely for purposes of Section 2(a)(x) and (y), no Change in Control shall be deemed to have occurred unless the circumstances of such Change in Control would be treated as having resulted in the occurrence of a "change in control event" as such term is defined in Treasury Regulation Section 1.409A-3(i)(5)(i).

4

(e) "**Confidential Information**" shall mean all information concerning the business of HSI relating to any of their products, product development, trade secrets, customers, suppliers, finances, and business plans and strategies. With respect to each Participant, excluded from the definition of "Confidential Information" is information (i) that is or becomes part of the public domain, other than through such Participant's violation of Section 4 of the Plan, or (ii) regarding HSI's business or industry properly acquired by such Participant in the course of the Participant's career as an employee in HSI's industry and independent of the Participant's employment by HSI. For this purpose, information known or available generally within the trade or industry of HSI shall be deemed to be known or available to the public.

(f) "**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

(g) "**Good Reason**" shall mean a Participant's termination of his or her employment based upon one or more of the following events (except as a result of a prior termination): (i) any change in a Participant's position or responsibilities or assignment of duties materially inconsistent with the Participant's status prior to the Change in Control; (ii) following a business combination related to a Change in Control, a failure to offer the Participant a position in the combined business entity, having authority equivalent in scope to the authority in the position held by the Participant in the Company immediately prior to such business combination; (iii) any decrease in the Participant's Base Salary, target annual incentive or long-term incentive opportunity; (iv) any breach of the terms of the Plan by HSI after receipt of written notice from the Participant and a reasonable opportunity to cure such breach; (v) HSI's failure to obtain any successor entity's assumption of its obligations to the Participant hereunder; or (vi) the Company requiring the

Participant to perform services as an employee on an ongoing basis at a location more than 75 miles distant from the location at which the Participant performs services as of the date immediately prior to the Change in Control.

(h) “**Participant**” means (x) an employee of the Company who is a member of the Company’s Executive Management Committee, or (y) an employee of the Company or any subsidiary of the Company who has been specifically designated as eligible to participate in the Plan pursuant to notification in writing from the Administrator, and, in case of each of (x) or (y), who (i) is a member of a select group of management or highly compensated employees and (ii) has timely and properly executed and delivered a Participation Agreement to the Company. Notwithstanding anything herein to the contrary and for the avoidance of doubt, in the event that Participant ceases to be a member of the Company’s Executive Management Committee for any reason other than due to (i) a Termination, or (ii) any change in title that would entitle a Participant to resign with Good Reason hereunder, then such person shall immediately cease to be a Participant under the Plan and shall cease to have any rights under the Plan or the Participation Agreement, unless the Compensation Committee determines otherwise in its sole discretion.

(i) “**Participation Agreement**” means the individual agreement (a form of which is shown in Appendix A) provided by the Administrator to a Participant under the Plan, which has been signed and accepted by the employee.

(j) “**Severance Multiple**” shall mean, such value as the Compensation Committee shall determine in its sole and absolute discretion, provided that in the exercise of such discretion the Compensation Committee shall be under no obligation to treat two similarly-situated Participants in the same or similar manner, and provided further, that the Severance Multiple shall in no event exceed 3.0.

5

In the event that the Compensation Committee determines the value of Severance Multiple based on a Participant’s title, in the event of a Participant’s change in title, such Participant shall immediately become entitled to the applicable Severance Multiple set by the Compensation Committee without any further actions on behalf of the Company, the Administrator, or the Participant.

#### **4. Non-Disclosure; Non-Solicitation; Non-Disparagement.**

(a) During a Participant’s employment with the Company or any of its subsidiaries and at all times thereafter, the Participant shall not, without HSI’s prior written consent disclose to anyone (except in good faith in the ordinary course of business) or make use of any Confidential Information except in the performance of the Participant’s duties hereunder or when required to do so by law. In the event that a Participant is so required by law, the Participant shall give prompt written notice to HSI sufficient to allow HSI the opportunity to object to or otherwise resist such order.

(b) During a Participant’s employment with the Company or any of its subsidiaries and for a period of 24 months thereafter, the Participant shall not, without HSI’s prior written consent, solicit for employment, whether directly or indirectly, any person who (i) at the time is employed by HSI or any affiliate, or (ii) was employed by HSI or any affiliate within three months prior to such solicitation.

(c) The Participant agrees that, during the Participant’s employment with the Company or any of its subsidiaries and thereafter (including following any Termination for any reason) the Participant will not make statements or representations, or otherwise communicate, directly or indirectly, in writing, orally, or otherwise, or take any action which may, directly or indirectly, disparage or be damaging to HSI or its respective officers, directors, employees, advisors, businesses or reputations. Notwithstanding the foregoing, nothing in the Plan shall preclude a Participant from making truthful statements or disclosures that are required by applicable law, regulation or legal process.

**5. Claims Procedure; Resolution of Disputes.** Any claim by a Participant with respect to the Plan, including without limitation eligibility, participation, contributions, benefits or other aspects of the operation of the Plan shall be first made in writing to a person designated by the Administrator from time to time for such purpose. If the designated person receiving a claim believes that the claim should be denied, he or she shall notify the Participant in writing of the denial of the claim within ninety (90) days after his or her receipt thereof. This period may be extended an additional ninety (90) days in special circumstances and, in such event, the Participant shall be notified in writing of the extension, the special circumstances requiring the extension of time and the date by which the Administrator expects to make a determination with respect to the claim. If the extension is required due to the Participant’s failure to submit information necessary to decide the claim, the period for making the determination will be tolled from the date on which the extension notice is sent until the date on which the Participant responds to the Plan’s request for information.

If a claim is denied in whole or in part, or any adverse benefit determination is made with respect to the claim, the Participant will be provided with a written notice setting forth (a) the specific reason or reasons for the denial making reference to the pertinent provisions of the Plan or of Plan documents on which the denial is based, (b) a description of any additional material or information necessary to perfect or evaluate the claim, and an explanation of why such material or information, if any, is necessary, and (c) notice that the Participant has the right to request review of the decision. The notice shall also provide an explanation of the Plan’s claims review procedure and the time limits applicable to such

6

procedure, as well as a statement of the Participant’s right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review. If a Participant is not notified (of the denial or an extension) within ninety (90) days from the date the Participant notifies the Plan’s Administrator, the Participant may request a review of the application as if the claim had been denied.

A Participant may appeal the denial of a claim by submitting a written request for review to the Administrator within sixty (60) days after written notification of denial is received. Receipt of such denial shall be deemed to have occurred if the notice of denial is sent via first class mail to the Participant’s last shown address on the books of the Company. Such period may be extended by the Administrator for good cause shown. The claim will then be reviewed by the Administrator. In connection with this appeal, the Participant (or his or her duly authorized representative) may (i) be provided, upon written request and free of charge, with reasonable access to (and copies of) all documents, records, and other information relevant to the claim, and (ii) submit to the Administrator written comments, documents, records, and other information related to the claim. If the Administrator deems it appropriate, it may hold a hearing as to a claim. If a hearing is held, the Participant shall be entitled to be represented by counsel.

The review by the Administrator will take into account all comments, documents, records, and other information the Participant submits relating to the claim. The Administrator will make a final written decision on a claim review, in most cases within sixty (60) days after receipt of a request for a review. In some cases, the claim may take more time to review, and an additional processing period of up to sixty (60) days may be required. If that happens, the Participant will receive a written notice of that fact, which will also indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to make a determination with respect to the claim. If the extension is required due to the Participant’s failure to submit information necessary to decide the claim, the period for making the determination will be tolled from the date on which the extension notice is sent to the Participant until the date on which the Participant responds to the Plan’s request for information.

The Administrator’s decision on the claim for review will be communicated to the Participant in writing. If an adverse benefit determination is made with respect to the claim, the notice will include: (1) the specific reason(s) for any adverse benefit determination, with references to the specific Plan provisions on which the determination is based; (2) a statement that the Participant is entitled to receive, upon request and free of charge,

reasonable access to (and copies of) all documents, records and other information relevant to the claim; and (3) a statement of the Participant's right to bring a civil action under Section 502(a) of ERISA. A Participant may not start an arbitration proceeding to obtain benefits until after he or she has requested a review and a final decision has been reached on review, or until the appropriate timeframe described above has elapsed since the Participant filed a request for review and the Participant has not received a final decision or notice that an extension will be necessary to reach a final decision. These procedures must be exhausted before a Participant (or any beneficiary) demands arbitration seeking payment of benefits, as set forth below.

After a Participant has exhausted the administrative remedies set forth in this Section 5, all further claims with respect to the Plan, including without limitation eligibility, participation, contributions, benefits or other aspects of the operation of the Plan, shall be resolved by binding arbitration, to be held at an office closest to HSI's principal offices in accordance with the rules and procedures of the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction. Pending the resolution of any

7

arbitration or court proceeding, HSI shall continue payment of all amounts and benefits due to a Participant hereunder. All reasonable costs and expenses of any arbitration or court proceeding (including fees and disbursements of counsel) shall be promptly paid on the Participant's behalf by HSI; provided, however, that no such expense reimbursement shall be made if and to the extent the arbitrator(s) determine(s) that any of the Participant's dispute assertions or defenses were in bad faith or frivolous. In addition, no action may be started more than two years after the date on which the applicable appeal was denied. If there is no decision on appeal, no action may be started more than two years after the time when the Administrator should have decided the appeal.

**6. Administration of the Plan.** In accordance with Section 3(a), the Administrator (a) may, in its sole and absolute discretion and on such terms and conditions as it may provide, delegate in writing to one or more officers of the Company all or any portion of its authority or responsibility with respect to the Plan, and (b) has the authority to act for the Company (in a non-fiduciary capacity) as to any matter pertaining to the Plan; provided, however, that any Plan amendment or termination or any other action that reasonably could be expected to increase materially the cost of the Plan must be approved by the Compensation Committee. Notwithstanding anything herein to the contrary the Administrator shall not have discretionary authority with respect to the administration of the Plan, and any court or tribunal that adjudicates any dispute, controversy or claim arising under, in connection with or related to the Plan will apply a *de novo* standard of review to any determinations made by the Administrator, and such *de novo* standard shall apply notwithstanding the administrative authority granted hereunder to the Administrator or characterization of any decision by the Administrator as final, binding or conclusive on any party.

**7. Amendment and Termination.** The Company reserves the right to amend or terminate, in whole or in part, any or all of the provisions of the Plan by action of the Company's Board of Directors (or a duly authorized committee thereof) at any time and for any reason, with or without notice, provided that any such amendment or termination that would materially and adversely affect the rights of any Participant shall not to that extent be effective without the consent of the affected Participant. Notwithstanding anything herein to the contrary, the Company shall not amend or terminate the Plan at any time on or after, or within ninety (90) days prior to, (a) the occurrence of a Change in Control or (b) the date the Company enters into a definitive agreement which, if consummated, would result in a Change in Control, unless the potential Change in Control is abandoned (as publicly announced by the Company), in either case until the later of two (2) years after the occurrence of a Change in Control and the date that all Payments under the Plan have been paid.

**8. Effect of Plan on Other Benefits.** Except as specifically provided in the Plan, the existence of the Plan shall not be interpreted to prohibit or restrict a Participant's participation in any other employee benefit or other plans or programs in which the Participant may participate from time to time.

**9. Not an Employment Agreement; Rights Forfeitable.** The Plan is not a contract of employment between any Participant and HSI. HSI may terminate a Participant's employment at any time, subject to the terms hereof or any other agreement that might exist between a Participant and HSI. Notwithstanding anything herein to the contrary and for the avoidance of doubt, in the event that Participant ceases to be a member of the Company's Executive Management Committee for any reason other than due to (i) a Termination, or (ii) any change in title that would entitle a Participant to resign with Good Reason hereunder, then such person shall immediately cease to be a Participant under the Plan and shall cease to have any rights under the Plan or the Participation Agreement, unless the Compensation Committee determines otherwise in its sole discretion.

8

**10. Assignability; Binding Nature.** For purposes of the Plan, the Company shall include any and all successors or assignees, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all the business or assets of the Company, and such successors and assignees shall perform the Company's obligations under the Plan, in the same manner and to the same extent that the Company, would be required to perform if no such succession or assignment had taken place. Any such successor and/or assignee shall be required to expressly assume, in writing, the terms and obligations of the Plan. In the event the surviving entity in any transaction to which the Company is a party is a subsidiary of another entity, then the ultimate parent entity of such surviving entity shall cause the surviving entity to perform the Plan in the same manner and to the same extent that the Company would be required to perform if no such succession or assignment had taken place. In such event, the term "**Company**" as used in the Plan, means the Company, as hereinbefore defined and any successor or assignee (including the ultimate parent entity) to the business or assets of the Company, which by reason hereof becomes bound by the terms and provisions of the Plan.

**11. Governing Law/Jurisdiction.** To the extent legally required, the Code and ERISA shall govern the Plan and, if any provision hereof is in violation of any applicable requirement thereof, the Company reserves the right to retroactively amend the Plan to comply therewith. To the extent not governed by the Code and ERISA the Plan shall be governed by and construed and interpreted in accordance with the laws of New York without reference to principles of conflict of laws.

**12. Severability.** In case any one or more of the provisions, subsections, or sentences contained in the Plan shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of the Plan, and the Plan shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. Moreover, if any one or more of the provisions contained in the Plan shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

**13. Withholding.** The Company shall have the right to make such provisions as it deems necessary or appropriate to satisfy any obligations it may have to withhold federal, state or local income or other taxes incurred by reason of payments pursuant to the Plan. In lieu thereof, the Company shall have the right to withhold the amounts of such taxes from any other sums due or to become due from the Company to the Participant upon such terms and conditions as the Administrator may prescribe.

**14. Minors and Incompetents.** If the Administrator shall find that any person to whom Payments are payable under the Plan is unable to care for his or her affairs because of illness or accident, or is a minor, any Payments due (unless a prior claim therefore shall have been made by a duly appointed

guardian, committee or other legal representative) shall be paid to the spouse, child, parent, or brother or sister, or to any person deemed by the Administrator to have incurred expense for such person otherwise entitled to the Payments, in such manner and proportions as the Administrator may determine in its sole discretion. Any such Payments shall be a complete discharge of the liabilities of the Company, the Administrator, and the Company's Board of Directors under the Plan. If a Participant dies or becomes permanently disabled prior to payment of all Payments due to such Participant, any and all unpaid amounts shall be paid to the Participant's heir(s), executor or estate.

9

**15. Non-Alienation of Benefits.** The Payments payable under the Plan shall not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind, and any attempt to cause any Payments to be so subjected shall not be recognized.

**16. Code Section 409A.** It is intended that the provisions of the Plan comply with Code Section 409A, and all provisions of the Plan (or of any award of compensation, including equity compensation or benefits) shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Code Section 409A. Notwithstanding the foregoing, the Company shall have no liability with regard to any failure to comply with Code Section 409A. A termination of employment shall not be deemed to have occurred for purposes of any provision of the Plan providing for the payment of any amounts or benefits, which are subject to Code Section 409A, upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A (and the guidance issued thereunder) and, for purposes of any such provision of the Plan, references to a "resignation," "termination," "termination of employment," "retirement" or like terms shall mean separation from service. For purposes of Code Section 409A, the Participant's right to receive any installment payments pursuant to the Plan shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under the Plan specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company. For purposes of Code Section 409A, any expenses eligible for reimbursement in one taxable year shall not affect the expenses eligible for reimbursement in any other taxable year, the reimbursement of an eligible expense shall be made no later than the end of the calendar year after the calendar year in which such expense was incurred and the right to reimbursement shall not be subject to liquidation or exchange for any other benefit.

**17. Headings and Captions.** The headings and captions herein are provided for reference and convenience only. They shall not be considered part of the Plan and shall not be employed in the construction of the Plan.

**18. Electronic Communication and Administration.** Unless prohibited by applicable law, all announcements, notices and other communications regarding the Plan may be made by the Company by electronic means as determined by the Company in its sole discretion.

**19. Not Part of Compensation Package and No Acquired Rights.** The Payments payable hereunder are provided solely as a payment for involuntary termination under the circumstances described herein (i.e., termination by the Company without Cause or resignation by the Participant for Good Reason) and shall not constitute part of a Participant's employment compensation package. The Payments under the Plan are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination pay, redundancy, end of service payments, long-service awards, bonus, incentive pay, pension, or retirement benefits or similar payments and does not create any acquired rights.

10

**20. Personal Information.** By participating in the Plan, each Participant hereunder shall consent to the holding and processing of personal information provided by such Participant to the Company, any affiliate of the Company, trustee or third-party service provider, for all purposes relating to the operation of the Plan and to the extent necessary for such operation. These include, but are not limited to: (i) administering and maintaining Participant records; (ii) providing information to the Company, its affiliates, trustees of any employee benefit trust, registrars, brokers or third-party administrators of the Plan; (iii) providing information to future purchasers or merger partners of the Company or any of its affiliates, or the business in which the Participant works; and (iv) to the extent not prohibited by applicable law, transferring information about the Participant to any country or territory that may not provide the same protection for the information as the Participant's home country.

\* \* \*

11

## Appendix A

### **Henry Schein, Inc. Executive Change in Control Plan Form of Participation Agreement**

Henry Schein, Inc. (the "Company") is pleased to inform you, [NAME], that you have been selected to participate in the Company's Executive Change in Control Plan, as may be amended from time to time (the "Plan"). A copy of the Plan was delivered to you with this Participation Agreement. Your participation in the Plan is subject to all of the terms and conditions of the Plan.

In order to become a participant in the Plan (a "Participant" as described in the Plan), you must complete and sign this Participation Agreement and return it to [NAME] no later than [DATE].

The Plan describes in detail certain circumstances under which you may become eligible for Payments (as defined in the Plan). As described more fully in the Plan, you may become eligible for a Payment under Section 2 of the Plan if you experience a Termination (as defined in the Plan).

In order to receive and/or retain any Payments for which you otherwise become eligible under the Plan, you must sign and deliver to the Company the Release, which must have become effective and irrevocable within the requisite period, and you must also adhere to the non-disclosure, non-disparagement and non-solicitation provisions of the Plan as set forth in the Plan. Also, as explained in the Plan, for any Participant who is a U.S. taxpayer (whether by reason of being a U.S. citizen, U.S. resident otherwise), your Payments (if any) may be reduced under certain circumstances, if necessary, to avoid your Payments from becoming subject to "golden parachute" excise taxes under the U.S. Internal Revenue Code.

By signing this Participation Agreement and being eligible to participate in the Plan, you and the Company agree that your participation in the Plan is governed by this Participation Agreement and the provisions of the Plan. Your signature below confirms that: (1) you have received a copy of the Plan; (2) you have carefully read this Participation Agreement and the Plan; (3) you agree to comply with the restrictive covenants set forth in Section 4 of the Plan; (4) you agree to settle all disputes relating to the Plan and your rights thereunder by binding arbitration as set forth in Section 5 of the Plan following your exhaustion of the claims and appeal procedure under Section 5 of the Plan; (5) if you are a party to an agreement with the Company providing for severance and/or other benefits as a result of the termination of your employment in connection with a Change in Control (a "Prior Agreement"), this Participation Agreement and the Plan shall replace and supersede any such Prior Agreement, and any such Prior Agreement shall be of no further force or effect; and (6) you agree and acknowledge that in the event you cease to be a member of the Company's Executive Management



Committee for any reason other than due to (i) a Termination, or (ii) any change in your title that would entitle you to resign with Good Reason under the Plan, then you will immediately cease to be a Participant under the Plan and you will not have any rights under the Plan or this Participation Agreement (unless the Compensation Committee determines otherwise in its sole discretion).

[Signature Page Follows]

12

**HENRY SCHEIN, INC.**

**[PARTICIPANT NAME]**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

Attachment: Henry Schein, Inc. Executive Change in Control Plan

[Signature Page to the Participation Agreement]

**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 3, 2022

/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, Ronald N. South, 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 3, 2022

/s/ Ronald N. South

---

Ronald N. South  
Senior 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 March 26, 2022, 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, Ronald N. South, Senior 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 3, 2022

/s/ Stanley M. Bergman

Stanley M. Bergman  
Chairman and Chief Executive Officer

Dated: May 3, 2022

/s/ Ronald N. South

Ronald N. South  
Senior 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.