

Henry Schein Reports Record Second Quarter Results

August 7, 2007

Diluted EPS from continuing operations increases 20% to \$0.60 Announces decision to divest oncology pharmaceutical and specialty pharmacy businesses

MELVILLE, N.Y.--(BUSINESS WIRE)--Aug. 7, 2007--Henry Schein, Inc. (NASDAQ: HSIC), the largest provider of healthcare products and services to office-based practitioners in the combined North American and European markets, today reported financial results for the quarter ended June 30, 2007. The Company announced that during the second quarter a decision was reached to divest its oncology pharmaceutical and specialty pharmacy businesses. Financial results for all periods reflect those businesses as discontinued operations (see Exhibit A for details).

Net sales for the second quarter of 2007 were \$1.4 billion, an increase of 16.3% from the second quarter of 2006. This increase includes 13.9% local currency growth (8.3% internally generated and 5.6% from acquisitions) and 2.4% related to foreign currency exchange. (See Exhibit B for details of sales growth.)

Net income for the second quarter of 2007 was \$33.8 million or \$0.37 per diluted share. Results include a loss from discontinued operations of \$20.6 million or \$0.23 per diluted share related to the anticipated sale of the lower-margin oncology pharmaceutical and specialty pharmacy businesses.

Income from continuing operations for the second quarter of 2007 was \$54.4 million or \$0.60 per diluted share. Second quarter 2007 income and diluted earnings per share from continuing operations were up 21.0% and 20.0%, respectively, compared with the prior-year second quarter.

"Our second quarter financial results were very strong, once again highlighted by double-digit sales growth and market-share gains in each of our four business groups," said Stanley M. Bergman, Chairman and Chief Executive Officer of Henry Schein.

For the second quarter, Dental sales increased 17.5%, including 17.2% growth in local currencies (10.5% internally generated and 6.7% from acquisitions) and 0.3% growth related to foreign currency exchange. Of the 17.2% local currency growth, Dental consumable merchandise sales increased 14.7% (6.8% internal growth and 7.9% acquisition growth) and Dental equipment sales and service revenues were up 25.1% (22.3% internal growth and 2.8% acquisition growth).

"We are very pleased with our Dental Group's financial performance, highlighted by mid-teens consumable merchandise sales growth and excellent equipment sales and service growth, reflecting market share gains in basic equipment and high-tech products," commented Mr. Bergman. "Subsequent to the close of the quarter we solidified our North American Dental industry leadership by acquiring the full-service and special-markets business of Becker-Parkin Dental Supply, increasing penetration for our U.S. Dental Business in key geographies, including New York, Florida and Arizona."

Medical Group sales increased 11.7% during the second quarter (7.7% internal growth and 4.0% acquisition growth). "During the quarter we made the decision to divest our lower-margin oncology pharmaceutical and specialty pharmacy distribution businesses. Combined, these two businesses represented a significant portion of our lower-margin pharmaceutical revenue. Disposing of these non-core businesses will enhance our Medical Group's ability to drive profitable revenue growth," said Mr. Bergman. "Separately, we are making excellent progress with the Medical One World initiative we launched in April, and are pleased with the initial results we have experienced thus far from combining our major physician brands under the Henry Schein Medical brand."

For the quarter, International sales increased 17.4%, including 9.4% growth in local currencies (4.4% internally generated and 5.0% from acquisitions), and 8.0% related to foreign currency exchange. "We are pleased with the accelerated internal sales growth in local currencies exhibited by our International business," commented Mr. Bergman.

Technology and Value-Added Services sales increased 36.5% during the second quarter of 2007, including 36.4% growth in local currencies (25.5% internally generated and 10.9% acquisition growth) and 0.1% growth related to foreign currency exchange. "Technology and Value-Added Services sales growth reflects particular strength in electronic services, software and financial services revenues," stated Mr. Bergman.

Year-to-Date Results

For the first six months of 2007, net sales of \$2.7 billion represents an increase of 15.9% compared with the first six months of 2006. This increase includes 13.5% local currency growth (6.6% internally generated and 6.9% from acquisitions net of divestiture) and 2.4% related to foreign currency exchange. Income from continuing operations for the first six months of 2007 was \$97.9 million reflecting 21.6% growth compared with the prior year. Earnings per diluted share from continuing operations of \$1.08 for the first six months of 2007 represents 20.0% growth over the comparable period in 2006.

Stock Repurchase Plan

Henry Schein reported that no shares were purchased during the second quarter. Approximately \$140 million remains authorized for future common stock repurchases.

2007 EPS Guidance

Henry Schein updates 2007 financial guidance from continuing operations, as follows:

- 2007 diluted EPS is expected to be \$2.53 to \$2.57. This represents an increase of 25% to 27% compared with 2006 diluted EPS, and compares with prior guidance for 2007 diluted EPS of \$2.51 to \$2.57.
- This 2007 diluted EPS guidance includes Henry Schein's expectations that it will distribute approximately 20 million doses

of influenza vaccine during the year.

- 2007 diluted EPS guidance includes completed or previously announced acquisitions and does not include the impact of potential future acquisitions, if any.

Second Quarter Conference Call Webcast

The Company will hold a conference call to discuss second quarter financial results today, beginning at 10:00 a.m. Eastern time. Individual investors are invited to listen to the conference call over the Internet through Henry Schein's Web site at www.henryschein.com. In addition, a replay will be available beginning shortly after the call has ended.

About Henry Schein

Henry Schein, a Fortune 500(R) company, is recognized for its excellent customer service and highly competitive prices. The Company's four business groups - Dental, Medical, International and Technology - serve more than 500,000 customers worldwide, including dental practitioners and laboratories, physician practices and animal health clinics, as well as government and other institutions. The Company operates through a centralized and automated distribution network, which provides customers in more than 200 countries with a comprehensive selection of more than 85,000 national and Henry Schein private-brand products in stock, as well as more than 100,000 additional products available as special-order items.

Henry Schein also offers a wide range of innovative value-added practice solutions for healthcare professionals, such as ArubA(R), the Company's electronic catalog and ordering system. Its leading practice-management software solutions have been installed in more than 50,000 practices, including DENTRIX(R) and Easy Dental(R) for dental practices, MicroMd(R) for physician practices, and AVImark(R) for animal health clinics.

Headquartered in Melville, N.Y., Henry Schein employs nearly 12,000 people and has operations in 19 countries. The Company's net sales reached a record \$5.05 billion in 2006. For more information, visit the Henry Schein Web site at www.henryschein.com.

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 which, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. All forward-looking statements made by us are subject to risks and uncertainties and are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements are identified by the use of such terms as "may," "could," "expect," "intend," "believe," "plan," "estimate," "forecast," "project," "anticipate" or other comparable terms. A full discussion of our operations and financial condition, including factors that may affect our business and future prospects, is contained in documents we have filed with the SEC and will be contained in all subsequent periodic filings we make with the SEC. These documents identify in detail important risk factors that could cause our actual performance to differ materially from current expectations.

Risk factors and uncertainties that could cause actual results to differ materially from current and historical results include, but are not limited to: competitive factors; changes in the healthcare industry; changes in government regulations that affect us; financial risks associated with our international operations; fluctuations in quarterly earnings; our dependence on third parties for the manufacture and supply of our products; transitional challenges associated with acquisitions; financial risks associated with acquisitions; regulatory and litigation risks; the dependence on our continued product development, technical support and successful marketing in the technology segment; our dependence upon sales personnel and key customers; our dependence on our senior management; possible increases in the cost of shipping our products or other service trouble with our third-party shippers; risks from rapid technological change; risks from potential increases in variable interest rates; possible volatility of the market price of our common stock; certain provisions in our governing documents that may discourage third-party acquisitions of us; and changes in tax legislation that affect us. The order in which these factors appear should not be construed to indicate their relative importance or priority.

We caution that these factors may not be exhaustive and that many of these factors are beyond our ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. We undertake no duty and have no obligation to update forward-looking statements.

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

	Three Months Ended		Six Months Ended	
	June 30, 2007	July 1, 2006	June 30, 2007	July 1, 2006
Net sales	\$1,387,017	\$1,192,989	\$2,697,145	\$2,326,574
Cost of sales	973,240	835,744	1,892,322	1,633,808
Gross profit	413,777	357,245	804,823	692,766
Operating expenses:				
Selling, general and administrative	322,925	280,887	640,250	555,771
Operating income	90,852	76,358	164,573	136,995
Other income (expense):				

Interest income	4,269	3,954	8,388	8,495
Interest expense	(6,223)	(7,238)	(12,165)	(14,603)
Other, net	547	(344)	425	(129)

Income from continuing operations before taxes, minority interest and equity in earnings (losses) of affiliates	89,445	72,730	161,221	130,758
Income taxes	(30,636)	(26,250)	(56,106)	(47,367)
Minority interest in net income of subsidiaries	(3,842)	(1,706)	(6,757)	(3,266)
Equity in earnings (losses) of affiliates	(528)	227	(505)	335

Income from continuing operations	54,439	45,001	97,853	80,460
Discontinued operations:				
Income (loss) from operations of discontinued components (including write-down of long-lived assets of \$32.7 million in 2007 and a loss on sale of discontinued operation of \$32.3 million in 2006)	(32,700)	346	(32,560)	(31,660)
Income tax benefit (expense)	12,098	(129)	12,038	12,677

Income (loss) from discontinued operations	(20,602)	217	(20,522)	(18,983)

Net income	\$ 33,837	\$ 45,218	\$ 77,331	\$ 61,477
=====				
Earnings from continuing operations per share:				
Basic	\$ 0.62	\$ 0.51	\$ 1.11	\$ 0.92
=====				
Diluted	\$ 0.60	\$ 0.50	\$ 1.08	\$ 0.90
=====				
Loss from discontinued operations per share:				
Basic	\$ (0.24)	\$ 0.00	\$ (0.23)	\$ (0.22)
=====				
Diluted	\$ (0.23)	\$ 0.00	\$ (0.22)	\$ (0.21)
=====				
Earnings per share:				
Basic	\$ 0.38	\$ 0.51	\$ 0.88	\$ 0.70

Diluted	\$	0.37	\$	0.50	\$	0.86	\$	0.69
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Weighted-average common
shares outstanding:

Basic	88,390	88,381	88,154	87,713
Diluted	90,591	89,823	90,344	89,344

Note: The above prior period amounts have been restated to reflect the effects of our discontinued operations.

HENRY SCHEIN, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	June 30, 2007	December 30, 2006
	----- (unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 190,971	\$ 248,647
Available-for-sale securities	88,000	47,999
Accounts receivable, net of reserves of \$40,287 and \$40,536	637,229	610,020
Inventories, net	579,474	584,103
Deferred income taxes	29,338	28,240
Prepaid expenses and other	123,846	125,839

Total current assets	1,648,858	1,644,848
Property and equipment, net	223,227	225,038
Goodwill	771,834	773,801
Other intangibles, net	155,623	161,542
Investments and other	97,110	75,917

Total assets	\$ 2,896,652	\$ 2,881,146
	=====	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 361,031	\$ 414,062
Bank credit lines	2,367	2,528
Current maturities of long-term debt	27,830	41,036
Accrued expenses:		
Payroll and related	104,099	110,401
Taxes	56,303	59,007
Other	181,875	183,054

Total current liabilities	733,505	810,088
Long-term debt	450,260	455,806
Deferred income taxes	57,957	62,334
Other liabilities	62,962	60,209
Minority interest	24,687	21,746
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 1,000,000 shares authorized, none outstanding	-	-
Common stock, \$.01 par value,		

240,000,000 shares authorized,
 89,062,402 outstanding on June 30, 2007
 and 88,499,321 outstanding on December
 30, 2006

	891	885
Additional paid-in capital	643,033	614,551
Retained earnings	867,213	808,164
Accumulated other comprehensive income	56,144	47,363

Total stockholders' equity	1,567,281	1,470,963

Total liabilities and stockholders' equity	\$ 2,896,652	\$ 2,881,146
	=====	

Note: The above includes \$10.4 million of accounts receivable, net of reserves, and \$3.9 million of inventories, net of reserves, related to discontinued components that are held-for-sale as of June 30, 2007.

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

	Three Months Ended		Six Months Ended	
	-----		-----	
	June 30, 2007	July 1, 2006	June 30, 2007	July 1, 2006
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Cash flows from operating
 activities:

Net income	\$ 33,837	\$ 45,218	\$ 77,331	\$ 61,477
Adjustments to reconcile net income to net cash provided by operating activities:				
Loss on sale of discontinued operation, net of tax	-	-	-	19,363
Depreciation and amortization	17,670	15,806	35,227	30,158
Stock-based compensation expense	6,608	5,517	10,725	9,374
Impairment from write down of long- lived assets of discontinued operations	32,667	-	32,667	-
Provision for losses on trade and other accounts receivable	1	561	232	679
Provision for (benefit from) deferred income taxes	(11,833)	959	(18,688)	5,937
Undistributed earnings (losses) of affiliates	528	(227)	505	(335)
Minority interest in net income of subsidiaries	3,842	1,706	6,757	3,266

Other	151	701	(570)	(412)
Changes in operating assets and liabilities, net of acquisitions:				
Accounts receivable	(12,809)	(7,622)	(16,756)	(3,023)
Inventories	11,510	(19,274)	15,446	(31,755)
Other current assets	(7,413)	5,003	4,469	8,146
Accounts payable and accrued expenses	39,884	(9,731)	(66,604)	(102,258)
Net cash provided by operating activities	114,643	38,617	80,741	617
Cash flows from investing activities:				
Purchases of fixed assets	(12,403)	(21,486)	(21,336)	(32,654)
Payments for equity investment and business acquisitions, net of cash acquired	(14,391)	(32,475)	(41,823)	(105,187)
Cash received from business divestiture	-	36,527	-	36,527
Purchases of available-for-sale securities	(70,501)	(62,919)	(88,001)	(147,340)
Proceeds from sales of available-for-sale securities	30,000	61,930	48,000	168,961
Proceeds from maturities of available-for-sale securities	-	1,200	-	1,280
Net payments for foreign exchange forward contract settlements	(7,692)	(13,644)	(11,613)	(14,805)
Other	653	(26)	(4,609)	165
Net cash used in investing activities	(74,334)	(30,893)	(119,382)	(93,053)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	55	-	483	-
Repayments of bank borrowings	(26)	(1,223)	(281)	-
Principal payments for long-term debt	(17,468)	(3,830)	(17,925)	(6,475)
Proceeds from issuance of stock upon exercise of stock options	12,929	8,492	23,620	25,600
Payments for repurchases of common stock	-	(23,439)	(30,689)	(23,439)
Excess tax benefits related to stock-based compensation	2,169	2,863	8,022	9,788
Other	(721)	2,235	(1,457)	2,049

Net cash provided by (used in) financing activities	(3,062)	(14,902)	(18,227)	7,523
Net change in cash and cash equivalents	37,247	(7,178)	(56,868)	(84,913)
Effect of exchange rate changes on cash and cash equivalents	(732)	6,767	(808)	12,564
Cash and cash equivalents, beginning of period	154,456	138,745	248,647	210,683
Cash and cash equivalents, end of period	\$190,971	\$138,334	\$ 190,971	\$ 138,334

Exhibit A

Henry Schein, Inc.

Oncology Pharmaceutical and Specialty Pharmacy Discontinued Operations
2007 Quarterly and 2006 Quarterly and Full Year Results
(In thousands, except per share data)
(unaudited)

	1Q07	2Q07	YTD 2Q07
Net sales	\$24,014	\$ 26,204	\$ 50,218
Cost of sales	22,086	24,338	46,424
Gross profit	1,928	1,866	3,794
Operating expenses:			
Selling, general and administrative	1,748	1,875	3,623
Operating income (loss)	180	(9)	171
Other income (expense):			
Interest income	19	25	44
Interest expense	(62)	(54)	(116)
Other, net	3	(32,662) *	(32,659) *
Income (loss) before taxes	140	(32,700)	(32,560)
Income tax benefit (expense)	(60)	12,098	12,038
Net income (loss) from discontinued operations	\$ 80	\$(20,602)	\$(20,522)
Earnings (loss) from discontinued operations per share:			
Basic	\$ 0.00	\$ (0.24)	\$ (0.23)
Diluted	\$ 0.00	\$ (0.23)	\$ (0.22)
Weighted-average common shares outstanding:			
Basic	87,911	88,390	88,154
Diluted	89,984	90,591	90,344

	1Q06	2Q06	3Q06	4Q06	YTD 4Q06

Net sales	\$28,196	\$27,371	\$25,467	\$23,872	\$104,906
Cost of sales	26,115	25,156	23,519	22,018	96,808
	-----	-----	-----	-----	-----
Gross profit	2,081	2,215	1,948	1,854	8,098
Operating expenses:					
Selling, general and administrative	1,800	1,825	1,874	1,837	7,336
	-----	-----	-----	-----	-----
Operating income (loss)	281	390	74	17	762
Other income (expense):					
Interest income	15	15	18	14	62
Interest expense	(29)	(64)	(37)	(43)	(173)
Other, net	6	5	4	5	20
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Income (loss) before taxes	273	346	59	(7)	671
Income tax benefit (expense)	(105)	(129)	(20)	(34)	(288)
	-----	-----	-----	-----	-----
Net income (loss) from discontinued operations	\$ 168	\$ 217	\$ 39	\$ (41)	\$ 383
	=====	=====	=====	=====	=====

Earnings (loss) from discontinued operations per share:					
Basic	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.00)	\$ 0.00
Diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.00)	\$ 0.01

Weighted-average common shares outstanding:					
Basic	87,310	88,381	88,291	88,580	87,952
Diluted	89,242	89,823	90,015	90,488	89,820

Note: This schedule is intended to provide historical financial results for the discontinued oncology pharmaceutical and specialty pharmacy businesses for the 2006 and 2007 year-to-date periods.

* Amount primarily represents write-off of long-lived assets of the discontinued oncology pharmaceutical and specialty pharmacy businesses.

Exhibit B

Henry Schein, Inc.
2007 Second Quarter
Sales Growth Rate Summary
(unaudited)

Q2 2007 over Q2 2006

	Consolidated Dental Medical International Technology				

Internal Sales					
Growth	8.3%	10.5%	7.7%	4.4%	25.5%
Acquisitions	5.6%	6.7%	4.0%	5.0%	10.9%

Local Currency Sales Growth	13.9%	17.2%	11.7%	9.4%	36.4%
Foreign Currency Exchange	2.4%	0.3%	-	8.0%	0.1%
Total Sales Growth	16.3%	17.5%	11.7%	17.4%	36.5%

Q2 YTD 2007 over Q2 YTD 2006

	Consolidated	Dental	Medical	International	Technology
Internal Sales Growth	6.6%	10.2%	3.7%	2.8%	21.6%
Acquisitions, net of divestiture	6.9%	6.9%	9.0%	5.0%	9.0%
Local Currency Sales Growth	13.5%	17.1%	12.7%	7.8%	30.6%
Foreign Currency Exchange	2.4%	-	-	8.5%	-
Total Sales Growth	15.9%	17.1%	12.7%	16.3%	30.6%

CONTACT: Steven Paladino, 631-843-5500
Executive Vice President and Chief Financial Officer
steven.paladino@henryschein.com

or
Investors: Neal Goldner, 631-845-2820
Vice President, Investor Relations
neal.goldner@henryschein.com

or
Media: Susan Vassallo, 631-843-5562
Vice President, Corporate Communications
susan.vassallo@henryschein.com

SOURCE: Henry Schein, Inc.