

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, 2016

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-27078

 **HENRY SCHEIN, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

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

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

**(631) 843-5500**  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

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

Yes

No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

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 28, 2016, there were 82,066,386 shares of the registrant's common stock outstanding.

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

	March 26, 2016 (unaudited)	December 26, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 71,614	\$ 72,086
Accounts receivable, net of reserves of \$75,171 and \$77,008 .....	1,274,950	1,229,816
Inventories, net .....	1,500,369	1,509,957
Deferred income taxes .....	60,105	58,159
Prepaid expenses and other .....	363,965	361,082
Total current assets .....	3,271,003	3,231,100
Property and equipment, net .....	324,283	318,476
Goodwill .....	1,925,111	1,907,593
Other intangibles, net .....	603,249	592,971
Investments and other .....	476,924	454,600
Total assets .....	\$ 6,600,570	\$ 6,504,740
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable .....	\$ 809,124	\$ 1,005,798
Bank credit lines .....	424,030	328,631
Current maturities of long-term debt .....	17,333	17,331
Accrued expenses:		
Payroll and related .....	218,284	258,416
Taxes .....	159,635	161,760
Other .....	359,098	375,061
Total current liabilities .....	1,987,504	2,146,997
Long-term debt .....	666,283	463,752
Deferred income taxes .....	257,877	252,862
Other liabilities .....	242,675	212,121
Total liabilities .....	3,154,339	3,075,732
Redeemable noncontrolling interests .....	529,997	542,194
Commitments and contingencies .....		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, none outstanding .....	-	-
Common stock, \$0.01 par value, 240,000,000 shares authorized, 82,060,382 outstanding on March 26, 2016 and 82,415,320 outstanding on December 26, 2015 .....	821	824
Additional paid-in capital .....	188,769	207,374
Retained earnings .....	2,933,805	2,895,997
Accumulated other comprehensive loss .....	(209,697)	(219,939)
Total Henry Schein, Inc. stockholders' equity .....	2,913,698	2,884,256
Noncontrolling interests .....	2,536	2,558
Total stockholders' equity .....	2,916,234	2,886,814
Total liabilities, redeemable noncontrolling interests and stockholders' equity .....	\$ 6,600,570	\$ 6,504,740

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

	Three Months Ended	
	March 26, 2016	March 28, 2015
Net sales .....	\$ 2,712,956	\$ 2,463,646
Cost of sales .....	1,933,651	1,750,251
Gross profit .....	779,305	713,395
Operating expenses:		
Selling, general and administrative .....	599,053	545,166
Restructuring costs .....	4,058	6,862
Operating income .....	176,194	161,367
Other income (expense):		
Interest income .....	3,348	3,455
Interest expense .....	(7,127)	(6,263)
Other, net .....	3,137	120
Income before taxes and equity in earnings of affiliates .....	175,552	158,679
Income taxes .....	(53,533)	(49,127)
Equity in earnings of affiliates .....	2,514	2,028
Net income .....	124,533	111,580
Less: Net income attributable to noncontrolling interests .....	(10,781)	(8,133)
Net income attributable to Henry Schein, Inc. ....	\$ 113,752	\$ 103,447
<b>Earnings per share attributable to Henry Schein, Inc.:</b>		
Basic .....	\$ 1.39	\$ 1.24
Diluted .....	\$ 1.37	\$ 1.22
Weighted-average common shares outstanding:		
Basic .....	81,568	83,230
Diluted .....	82,739	84,715

See accompanying notes.

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

	Three Months Ended	
	March 26, 2016	March 28, 2015
Net income .....	\$ 124,533	\$ 111,580
Other comprehensive income (loss), net of tax:		
Foreign currency translation gain (loss) .....	9,990	(109,872)
Unrealized gain (loss) from foreign currency hedging activities .....	1,617	(1,888)
Unrealized investment gain .....	-	-
Pension adjustment gain (loss).....	(393)	1,449
Other comprehensive income (loss), net of tax .....	11,214	(110,311)
Comprehensive income .....	135,747	1,269
Comprehensive income attributable to noncontrolling interests:		
Net income .....	(10,781)	(8,133)
Foreign currency translation loss (gain) .....	(972)	3,576
Comprehensive income attributable to noncontrolling interests .....	(11,753)	(4,557)
Comprehensive income (loss) attributable to Henry Schein, Inc. ....	<u>\$ 123,994</u>	<u>\$ (3,288)</u>

See accompanying notes.

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

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount					
Balance, December 26, 2015	82,415,320	\$ 824	\$ 207,374	\$ 2,895,997	\$ (219,939)	\$ 2,558	\$ 2,886,814
Net income (excluding \$10,708 attributable to Redeemable noncontrolling interests)	-	-	-	113,752	-	73	113,825
Foreign currency translation gain (loss) (excluding gain of \$973 attributable to Redeemable noncontrolling interests)	-	-	-	-	9,018	(1)	9,017
Unrealized gain from foreign currency hedging activities net of tax of \$551	-	-	-	-	1,617	-	1,617
Unrealized investment gain, net of tax of \$0	-	-	-	-	-	-	-
Pension adjustment gain, net of tax benefit of \$99	-	-	-	-	(393)	-	(393)
Dividends paid	-	-	-	-	-	(104)	(104)
Initial noncontrolling interests and adjustments related to							
Change in fair value of redeemable securities	-	-	(2,058)	-	-	-	(2,058)
Other adjustments	-	-	-	-	-	10	10
Repurchase and retirement of common stock	(664,398)	(7)	(24,046)	(75,944)	-	-	(99,997)
Stock issued upon exercise of stock options, including tax benefit of \$14,708	119,260	1	21,105	-	-	-	21,106
Stock-based compensation expense	351,032	4	14,140	-	-	-	14,144
Shares withheld for payroll taxes	(160,832)	(1)	(27,551)	-	-	-	(27,552)
Liability for cash settlement stock-based compensation awards	-	-	(195)	-	-	-	(195)
Balance, March 26, 2016	<u>82,060,382</u>	<u>\$ 821</u>	<u>\$ 188,769</u>	<u>\$ 2,933,805</u>	<u>\$ (209,697)</u>	<u>\$ 2,536</u>	<u>\$ 2,916,234</u>

See accompanying notes.

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

	Three Months Ended	
	March 26, 2016	March 28, 2015
<b>Cash flows from operating activities:</b>		
Net income .....	\$ 124,533	\$ 111,580
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization .....	40,967	37,149
Stock-based compensation expense .....	14,144	8,499
Provision for losses on trade and other accounts receivable .....	580	1,251
Provision for deferred income taxes .....	6,963	4,770
Equity in earnings of affiliates .....	(2,514)	(2,028)
Distributions from equity affiliates .....	2,181	2,335
Changes in unrecognized tax benefits .....	1,369	1,268
Other .....	962	3,680
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable .....	(39,767)	(9,861)
Inventories .....	13,930	(11,906)
Other current assets .....	(24,918)	(3,659)
Accounts payable and accrued expenses .....	(239,942)	(169,732)
Net cash used in operating activities .....	(101,512)	(26,654)
<b>Cash flows from investing activities:</b>		
Purchases of fixed assets .....	(12,605)	(15,493)
Payments for equity investments and business acquisitions, net of cash acquired .....	(52,562)	(13,637)
Other .....	(5,829)	(1,185)
Net cash used in investing activities .....	(70,996)	(30,315)
<b>Cash flows from financing activities:</b>		
Proceeds from (repayments of) bank borrowings .....	95,111	(19,886)
Proceeds from issuance of debt .....	210,000	125,000
Debt issuance costs .....	(58)	-
Principal payments for long-term debt .....	(7,554)	(736)
Proceeds from issuance of stock upon exercise of stock options .....	6,398	7,577
Payments for repurchases of common stock .....	(99,997)	(75,707)
Excess tax benefits related to stock-based compensation .....	-	2,844
Distributions to noncontrolling shareholders .....	(2,096)	(3,113)
Acquisitions of noncontrolling interests in subsidiaries .....	(32,711)	(205)
Net cash provided by financing activities .....	169,093	35,774
Effect of exchange rate changes on cash and cash equivalents .....	2,943	(9,077)
Net change in cash and cash equivalents .....	(472)	(30,272)
Cash and cash equivalents, beginning of period .....	72,086	89,474
Cash and cash equivalents, end of period .....	\$ 71,614	\$ 59,202

See accompanying notes.

**Note 1 – Basis of Presentation**

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

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

The consolidated financial statements reflect all adjustments considered necessary for a fair presentation of the consolidated results of operations and financial position for the interim periods presented. All such adjustments are of a normal recurring nature. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 26, 2015.

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The results of operations for the three months ended March 26, 2016 are not necessarily indicative of the results to be expected for any other interim period or for the year ending December 31, 2016.

**Note 2 – Segment Data**

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

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

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

See accompanying notes.



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

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

	Three Months Ended	
	March 26, 2016	March 28, 2015
<b>Net Sales:</b>		
Health care distribution (1):		
Dental .....	\$ 1,301,755	\$ 1,250,073
Animal health .....	771,413	684,324
Medical .....	538,117	443,533
Total health care distribution .....	2,611,285	2,377,930
Technology and value-added services (2).....	101,671	85,716
Total .....	<u>\$ 2,712,956</u>	<u>\$ 2,463,646</u>

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

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

	Three Months Ended	
	March 26, 2016	March 28, 2015
<b>Operating Income:</b>		
Health care distribution .....	\$ 148,101	\$ 136,139
Technology and value-added services .....	28,093	25,228
Total .....	<u>\$ 176,194</u>	<u>\$ 161,367</u>

**Note 3 – Debt**

*Bank Credit Lines*

On September 12, 2012, we entered into a new \$500 million revolving credit agreement (the “Credit Agreement”) with a \$200 million expansion feature, which was originally set to expire on September 12, 2017. On September 22, 2014, we extended the expiration date of the Credit Agreement to September 22, 2019. The interest rate is based on the USD LIBOR plus a spread based on our leverage ratio at the end of each financial reporting quarter. The Credit Agreement provides, among other things, that we are required to maintain maximum leverage ratios, and contains customary representations, warranties and affirmative covenants. The Credit Agreement also contains customary negative covenants, subject to exceptions on liens, indebtedness, significant corporate changes (including mergers), dispositions and certain restrictive agreements. As of March 26, 2016 and December 26, 2015, the borrowings on this revolving credit facility were \$90.0 million and \$40.0 million, respectively. As of March 26, 2016 and December 26, 2015, there were \$11.8 million and \$11.4 million of letters of credit, respectively, provided to third parties under the credit facility.

As of March 26, 2016 and December 26, 2015, we had various other short-term bank credit lines available, of which \$334.0 million and \$288.6 million, respectively, were outstanding. At March 26, 2016 and December 26, 2015, borrowings under all of our credit lines had a weighted average interest rate of 1.29% and 1.21%, respectively.

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

*Private Placement Facilities*

On August 10, 2010, we entered into \$400 million private placement facilities with two insurance companies. On April 30, 2012, we increased our available credit facilities by \$375 million by entering into a new agreement with one insurance company and amending our existing agreements with two insurance companies. On September 22, 2014, we increased our available private placement facilities by \$200 million to a total facility amount of \$975 million, and extended the expiration date to September 22, 2017. These facilities are available on an uncommitted basis at fixed rate economic terms to be agreed upon at the time of issuance, from time to time through September 22, 2017. The facilities allow us to issue senior promissory notes to the lenders at a fixed rate based on an agreed upon spread over applicable treasury notes at the time of issuance. The term of each possible issuance will be selected by us and can range from five to 15 years (with an average life no longer than 12 years). The proceeds of any issuances under the facilities will be used for general corporate purposes, including working capital and capital expenditures, to refinance existing indebtedness and/or to fund potential acquisitions. The agreements provide, among other things, that we maintain certain maximum leverage ratios, and contain restrictions relating to subsidiary indebtedness, liens, affiliate transactions, disposal of assets and certain changes in ownership. These facilities contain make-whole provisions in the event that we pay off the facilities prior to the applicable due dates.

The components of our private placement facility borrowings as of March 26, 2016 are presented in the following table (in thousands):

Date of Borrowing	Amount of Borrowing Outstanding	Borrowing Rate	Due Date
September 2, 2010	\$ 100,000	3.79%	September 2, 2020
January 20, 2012	50,000	3.45	January 20, 2024
January 20, 2012 (1)	42,857	3.09	January 20, 2022
December 24, 2012	50,000	3.00	December 24, 2024
June 2, 2014	100,000	3.19	June 2, 2021
	<u>\$ 342,857</u>		

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

*U.S. Trade Accounts Receivable Securitization*

On April 17, 2013, we entered into a facility agreement of up to \$300 million with a bank, as agent, based on the securitization of our U.S. trade accounts receivable. This facility allowed us to replace public debt (approximately \$220 million), which had a higher interest rate at Henry Schein Animal Health during February 2013 and provided funding for working capital and general corporate purposes. The financing was structured as an asset-backed securitization program with pricing committed for up to three years. On April 17, 2015, we extended the expiration date of this facility agreement to April 15, 2018. The borrowings outstanding under this securitization facility were \$300.0 million and \$90.0 million as of March 26, 2016 and December 26, 2015, respectively. At March 26, 2016, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 55 basis points plus 75 basis points, for a combined rate of 1.30%. At December 26, 2015, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 40 basis points plus 75 basis points, for a combined rate of 1.15%.

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

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

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

*Long-term debt*

Long-term debt consisted of the following:

	March 26, 2016	December 26, 2015
Private placement facilities .....	\$ 342,857	\$ 350,000
U.S. trade accounts receivable securitization .....	300,000	90,000
Notes payable to banks at a weighted-average interest rate of 8.83% .....	-	5
Various collateralized and uncollateralized loans payable with interest, in varying installments through 2018 at interest rates ranging from 2.18% to 5.07% .....	38,217	38,215
Capital lease obligations payable through 2019 with interest rates ranging from 0.95% to 10.68% .....	2,542	2,863
<b>Total .....</b>	<b>683,616</b>	<b>481,083</b>
Less current maturities .....	(17,333)	(17,331)
<b>Total long-term debt .....</b>	<b>\$ 666,283</b>	<b>\$ 463,752</b>

**Note 4 – Redeemable Noncontrolling Interests**

Some minority shareholders in certain of our subsidiaries have the right, at certain times, to require us to acquire their ownership interest in those entities at fair value. Accounting Standards Codification (“ASC”) Topic 480-10 is applicable for noncontrolling interests where we are or may be required to purchase all or a portion of the outstanding interest in a consolidated subsidiary from the noncontrolling interest holder under the terms of a put option contained in contractual agreements. The components of the change in the Redeemable noncontrolling interests for the three months ended March 26, 2016 and the year ended December 26, 2015 are presented in the following table:

	March 26, 2016	December 26, 2015
Balance, beginning of period .....	\$ 542,194	\$ 564,527
Decrease in redeemable noncontrolling interests due to redemptions .....	(32,711)	(82,563)
Increase in redeemable noncontrolling interests due to business acquisitions.....	9,552	18,936
Net income attributable to redeemable noncontrolling interests .....	10,708	43,588
Dividends declared .....	(2,777)	(32,706)
Effect of foreign currency translation gain (loss) attributable to redeemable noncontrolling interests .....	973	(4,790)
Change in fair value of redeemable securities .....	2,058	35,202
<b>Balance, end of period .....</b>	<b>\$ 529,997</b>	<b>\$ 542,194</b>

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

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

**Note 5 – Comprehensive Income**

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

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

	March 26, 2016	December 26, 2015
<b>Attributable to Redeemable noncontrolling interests:</b>		
Foreign currency translation adjustment .....	\$ (9,400)	\$ (10,373)
<b>Attributable to noncontrolling interests:</b>		
Foreign currency translation adjustment .....	\$ (77)	\$ (76)
<b>Attributable to Henry Schein, Inc.:</b>		
Foreign currency translation loss .....	\$ (191,481)	\$ (200,499)
Unrealized gain from foreign currency hedging activities .....	2,556	939
Unrealized investment loss .....	(2)	(2)
Pension adjustment loss .....	(20,770)	(20,377)
Accumulated other comprehensive loss .....	\$ (209,697)	\$ (219,939)
<b>Total Accumulated other comprehensive loss .....</b>	<b>\$ (219,174)</b>	<b>\$ (230,388)</b>

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

	Three Months Ended	
	March 26, 2016	March 28, 2015
<b>Net income .....</b>	<b>\$ 124,533</b>	<b>\$ 111,580</b>
Foreign currency translation gain (loss) .....	9,990	(109,872)
Tax effect .....	-	-
Foreign currency translation gain (loss) .....	9,990	(109,872)
Unrealized gain (loss) from foreign currency hedging activities .....	2,168	(2,174)
Tax effect .....	(551)	286
Unrealized gain (loss) from foreign currency hedging activities .....	1,617	(1,888)
Unrealized investment gain .....	-	-
Tax effect .....	-	-
Unrealized investment gain .....	-	-
Pension adjustment gain (loss).....	(492)	2,081
Tax effect .....	99	(632)
Pension adjustment gain (loss).....	(393)	1,449
<b>Comprehensive income .....</b>	<b>\$ 135,747</b>	<b>\$ 1,269</b>

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

During the three months ended March 26, 2016 and March 28, 2015, we recognized as a component of our comprehensive income, a foreign currency translation gain (loss) of \$10.0 million and \$(109.9) million, respectively, due to changes in foreign exchange rates from the beginning of the period to the end of the period. Our financial statements are denominated in the U.S. Dollar currency. Fluctuations in the value of foreign currencies as compared to the U.S. Dollar may have a significant impact on our comprehensive income. The foreign currency translation gain (loss) during the three months ended March 26, 2016 and three months ended March 28, 2015 was impacted by changes in foreign currency exchange rates as follows:

Currency	Foreign Currency Translation Gain (Loss) for the Three Months Ended			Foreign Currency Translation Gain (Loss) for the Three Months Ended		
	FX Rate into USD			FX Rate into USD		
	March 26, 2016	March 26, 2016	December 26, 2015	March 28, 2015	March 28, 2015	December 27, 2014
British Pound .....	\$ (14,772)	1.41	1.49	\$ (14,252)	1.49	1.56
Euro .....	11,170	1.12	1.10	(77,338)	1.09	1.22
Australian Dollar .....	5,071	0.75	0.73	(7,487)	0.78	0.81
Canadian Dollar .....	4,956	0.75	0.72	(6,711)	0.80	0.86
Brazilian Real .....	930	0.27	0.25	(3,100)	0.31	0.37
Swiss Franc .....	921	1.02	1.01	1,838	1.04	1.01
Polish Zloty .....	499	0.26	0.26	(2,065)	0.27	0.28
All other currencies .....	1,215			(757)		
<b>Total .....</b>	<b>\$ 9,990</b>			<b>\$ (109,872)</b>		

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

	Three Months Ended	
	March 26, 2016	March 28, 2015
Comprehensive income (loss) attributable to		
Henry Schein, Inc. ....	\$ 123,994	\$ (3,288)
Comprehensive income attributable to		
noncontrolling interests .....	72	196
Comprehensive income attributable to		
Redeemable noncontrolling interests .....	11,681	4,361
<b>Comprehensive income .....</b>	<b>\$ 135,747</b>	<b>\$ 1,269</b>

**Note 6 – Fair Value Measurements**

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

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

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

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

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

*Investments and notes receivable*

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

*Debt*

The fair value of our debt as of March 26, 2016 and December 26, 2015 was estimated at \$1,107.6 million and \$809.7 million, respectively. Factors that we considered when estimating the fair value of our debt include market conditions, prepayment and make-whole provisions, liquidity levels in the private placement market, variability in pricing from multiple lenders and term of debt.

*Derivative contracts*

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

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

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*Redeemable noncontrolling interests*

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

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, 2016 and December 26, 2015:

	March 26, 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Derivative contracts .....	\$ -	\$ 4,120	\$ -	\$ 4,120
<b>Total assets .....</b>	<b>\$ -</b>	<b>\$ 4,120</b>	<b>\$ -</b>	<b>\$ 4,120</b>
<b>Liabilities:</b>				
Derivative contracts .....	\$ -	\$ 1,489	\$ -	\$ 1,489
<b>Total liabilities .....</b>	<b>\$ -</b>	<b>\$ 1,489</b>	<b>\$ -</b>	<b>\$ 1,489</b>
<b>Redeemable noncontrolling interests .....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 529,997</b>	<b>\$ 529,997</b>
	December 26, 2015			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Derivative contracts .....	\$ -	\$ 4,289	\$ -	\$ 4,289
<b>Total assets .....</b>	<b>\$ -</b>	<b>\$ 4,289</b>	<b>\$ -</b>	<b>\$ 4,289</b>
<b>Liabilities:</b>				
Derivative contracts .....	\$ -	\$ 2,477	\$ -	\$ 2,477
<b>Total liabilities .....</b>	<b>\$ -</b>	<b>\$ 2,477</b>	<b>\$ -</b>	<b>\$ 2,477</b>
<b>Redeemable noncontrolling interests .....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 542,194</b>	<b>\$ 542,194</b>

**Note 7 – Business Acquisitions**

*Acquisitions*

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

On March 23, 2016, we announced that we entered into a definitive agreement with J. Morita Corp. to expand our presence in Japan. Following the closing of the transaction, we will own a 50% interest in One Piece Corp., a

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subsidiary of J. Morita, one of the world's largest manufacturers and distributors of dental equipment and supplies. One Piece Corp. had aggregate sales in fiscal 2015 of approximately \$125 million. The transaction is subject to customary closing conditions and is expected to close in the second quarter of 2016.

On February 3, 2016, we announced the completion of the acquisition of RxWorks, Inc., a leading provider of veterinary practice management software primarily to customers in Australia, New Zealand, the United Kingdom, the Netherlands and other countries around the world. The company had sales for the 12 months ended June 30, 2015 of approximately \$7 million.

On January 12, 2016, we announced that our U.S. animal health business, Henry Schein Animal Health, completed the purchase of an 80.1% interest in Vetstreet, Inc., a leading software as a service (SaaS) provider of marketing solutions and health information analytics to veterinary practices and animal health product manufacturers. Vetstreet had sales in 2014 of approximately \$43 million.

We completed certain other acquisitions during the three months ended March 26, 2016. Such acquisitions were immaterial to our financial statements individually and in the aggregate.

Some prior owners of such 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, 2016 and March 28, 2015, there were no material adjustments recorded in our consolidated statement of income relating to changes in estimated contingent purchase price liabilities.

**Note 8 – Plan of Restructuring**

On November 6, 2014, we announced a corporate initiative to rationalize our operations and provide expense efficiencies, which was expected to be completed by the end of fiscal 2015. This initiative is expected to include the elimination of approximately 2% to 3% of our workforce and the closing of certain facilities. We have subsequently determined that the restructuring activities under this initiative will not be completed until the first half of fiscal 2016.

The total costs associated with the actions to complete this restructuring are now expected to be in the range of \$46 million to \$49 million pre-tax, of which \$34.9 million pre-tax, was recorded in fiscal 2015 and \$4.1 million pre-tax has been recorded in the quarter ended March 26, 2016.

On April 29, 2016, we estimated that the total remaining restructuring costs we expect to incur in connection with the restructuring activity to be \$7 million to \$10 million, consisting of \$6 million to \$9 million in employee severance pay and benefits and up to \$1 million in facility costs, representing primarily lease termination and other facility closure related costs. These actions will allow us to execute on our plan to reduce our cost structure to fund new initiatives to drive future growth under our 2015 – 2017 strategic planning cycle.

During the three months ended March 26, 2016 and March 28, 2015, we recorded restructuring costs of \$4.1 million and \$6.9 million, respectively. The costs associated with this restructuring are included in a separate line item, "Restructuring costs" within our consolidated statements of income.



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The following table shows the amounts expensed and paid for restructuring costs that were incurred during the three months ended March 26, 2016 and during our 2015 fiscal year and the remaining accrued balance of restructuring costs as of March 26, 2016, which is included in Accrued expenses: Other and Other liabilities within our consolidated balance sheet:

	Severance Costs	Facility Closing Costs	Other	Total
Balance, December 27, 2014	\$ 120	\$ 301	\$ -	\$ 421
Provision	26,742	5,706	2,483	34,931
Payments and other adjustments	(17,759)	(3,856)	(1,672)	(23,287)
Balance, December 26, 2015	\$ 9,103	\$ 2,151	\$ 811	\$ 12,065
Provision	2,597	1,196	265	4,058
Payments	(5,168)	(828)	(467)	(6,463)
Balance, March 26, 2016	<u>\$ 6,532</u>	<u>\$ 2,519</u>	<u>\$ 609</u>	<u>\$ 9,660</u>

The following table shows, by reportable segment, the amounts expensed and paid for restructuring costs that were incurred during the three months ended March 26, 2016 and the 2015 fiscal year and the remaining accrued balance of restructuring costs as of March 26, 2016:

	Health Care Distribution	Technology and Value-Added Services	Total
Balance, December 27, 2014	\$ 421	\$ -	\$ 421
Provision	33,889	1,042	34,931
Payments and other adjustments	(22,248)	(1,039)	(23,287)
Balance, December 26, 2015	\$ 12,062	\$ 3	\$ 12,065
Provision	3,855	203	4,058
Payments	(6,269)	(194)	(6,463)
Balance, March 26, 2016	<u>\$ 9,648</u>	<u>\$ 12</u>	<u>\$ 9,660</u>

**Note 9 – Earnings Per Share**

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

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

	Three Months Ended	
	March 26, 2016	March 28, 2015
Basic	81,568	83,230
Effect of dilutive securities:		
Stock options, restricted stock and restricted stock units	1,171	1,485
Diluted	<u>82,739</u>	<u>84,715</u>

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**Note 10 – Income Taxes**

For the three months ended March 26, 2016, our effective tax rate was 30.5% compared to 31.0% for the prior year period. The difference between our effective tax rates and the federal statutory tax rates for both periods primarily relates to state and foreign income taxes and interest expense.

The total amount of unrecognized tax benefits as of March 26, 2016 was approximately \$101.4 million, of which \$80.6 million would affect the effective tax rate if recognized. It is expected that the amount of unrecognized tax benefits will change in the next 12 months; however, we do not expect the change to have a material impact on our consolidated financial statements.

The total amounts of interest and penalties, which are classified as a component of the provision for income taxes, were approximately \$16.6 million and \$0.0, respectively, as of March 26, 2016.

The tax years subject to examination by major tax jurisdictions include the years 2009 and forward by the U.S. Internal Revenue Service (“IRS”), as well as the years 2008 and forward for certain states and certain foreign jurisdictions. In December 2014, the IRS issued a Statutory Notice of Deficiency for 2009, 2010 and 2011. We do not expect this to have a significant effect on our consolidated financial position, liquidity or results of operations. During the quarter ended March 28, 2015, we filed our petition to the U.S. Tax Court disputing the adjustments proposed by the IRS. During the quarter ended June 27, 2015, we were notified by the IRS that our protest was transferred to the Appellate Divisions (Appeals Section) of the IRS. During the quarter ended March 26, 2016, we filed our protest with the Appellate Division. Our opening Appeals conference is scheduled during the quarter ending June 25, 2016.

**Note 11 – Derivatives and Hedging Activities**

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

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

**Note 12 – Stock-Based Compensation**

Our accompanying consolidated statements of income reflect pre-tax share-based compensation expense of \$14.1 million (\$9.8 million after-tax) and \$8.5 million (\$5.9 million after-tax) for the three months ended March 26, 2016 and March 28, 2015, respectively.

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

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

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

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

The Plans provide for adjustments to the performance-based restricted stock/units targets for significant events such as acquisitions, divestitures, new business ventures, certain capital transactions (including share repurchases), restructuring costs, if any, changes in accounting principles or in applicable laws or regulations and certain foreign exchange fluctuations. Over the performance period, the number of shares of common stock that will ultimately vest and be issued and the related compensation expense is adjusted upward or downward based upon our estimation of achieving such performance targets. The ultimate number of shares delivered to recipients and the related compensation cost recognized as an expense will be based on our actual performance metrics as defined under the Plans.

Total unrecognized compensation cost related to non-vested awards as of March 26, 2016 was \$108.8 million, which is expected to be recognized over a weighted-average period of approximately 2.6 years.

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The following table summarizes stock option activity under the Plans during the three months ended March 26, 2016:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at beginning of period .....	385	\$ 56.00		
Granted .....	-	-		
Exercised .....	(120)	53.70		
Forfeited .....	-	-		
Outstanding at end of period .....	<u>265</u>	<u>\$ 57.03</u>	1.6	\$ 29,416
Options exercisable at end of period .....	<u>265</u>	<u>\$ 57.03</u>	1.6	\$ 29,416

The following tables summarize the activity of our non-vested restricted stock/units for the three months ended March 26, 2016:

<b>Time-Based Restricted Stock/Units</b>				
	Shares/Units	Weighted Average Grant Date Fair Value Per Share		Intrinsic Value Per Share
Outstanding at beginning of period .....	775	\$ 99.29		
Granted .....	116	167.87		
Vested .....	(220)	74.94		
Forfeited .....	(4)	115.43		
Outstanding at end of period .....	<u>667</u>	<u>\$ 119.16</u>	\$	167.98

<b>Performance-Based Restricted Stock/Units</b>				
	Shares/Units	Weighted Average Grant Date Fair Value Per Share		Intrinsic Value Per Share
Outstanding at beginning of period .....	930	\$ 91.33		
Granted .....	193	158.11		
Vested .....	(200)	90.32		
Forfeited .....	(3)	121.31		
Outstanding at end of period .....	<u>920</u>	<u>\$ 105.64</u>	\$	167.98

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**Note 13 – Supplemental Cash Flow Information**

Cash paid for interest and income taxes was:

	Three Months Ended			
	March 26, 2016		March 28, 2015	
Interest.....	\$	7,109	\$	6,198
Income taxes.....		12,490		15,137

During the three months ended March 26, 2016 and March 28, 2015, we had \$2.2 million and \$(2.2) million of non-cash net unrealized gains (losses) related to foreign currency hedging activities, respectively.

**Note 14 – Legal Proceedings**

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

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

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

As of March 26, 2016, we had accrued our best estimate of potential losses relating to claims that were probable to result in liability and for which we were able to reasonably estimate a loss. This accrued amount, as well as related expenses, was not material to our financial position, results of operations or cash flows. Our method for determining estimated losses considers currently available facts, presently enacted laws and regulations and other factors, including probable recoveries from third parties.

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

**Cautionary Note Regarding Forward-Looking Statements**

In accordance with the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995, we provide the following cautionary remarks regarding important factors that, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. All forward-looking statements made by us are subject to risks and uncertainties and are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements are identified by the use of such terms as "may," "could," "expect," "intend," "believe," "plan," "estimate," "forecast," "project," "anticipate" or other comparable terms.

Risk factors and uncertainties that could cause actual results to differ materially from current and historical results include, but are not limited to: effects of a highly competitive and consolidating market; our dependence on third parties for the manufacture and supply of our products; our dependence upon sales personnel, customers, suppliers and manufacturers; our dependence on our senior management; fluctuations in quarterly earnings; risks from expansion of customer purchasing power and multi-tiered costing structures; increases in shipping costs for our products or other service issues with our third-party shippers; general global macro-economic conditions; disruptions in financial markets; volatility of the market price of our common stock; changes in the health care industry; implementation of health care laws; failure to comply with regulatory requirements and data privacy laws; risks associated with our global operations; transitional challenges associated with acquisitions and joint ventures, including the failure to achieve anticipated synergies; financial risks associated with acquisitions and joint ventures; litigation risks; the dependence on our continued product development, technical support and successful marketing in the technology segment; increased competition by third-party online commerce sites; risks from disruption to our information systems; cyberattacks or other privacy or data security breaches; certain provisions in our governing documents that may discourage third-party acquisitions of us; and changes in tax legislation. The order in which these factors appear should not be construed to indicate their relative importance or priority.

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

**Where You Can Find Important Information**

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

**Executive-Level Overview**

We believe we are the world's largest provider of health care products and services primarily to office-based dental, animal health and medical practitioners. We serve more than 1 million customers worldwide including dental practitioners and laboratories, animal health clinics and physician practices, as well as government, institutional health care clinics and other alternate care clinics. We believe that we have a strong brand identity due to our more than 84 years of experience distributing health care products.

We are headquartered in Melville, New York, employ nearly 19,000 people (of which more than 8,500 are based outside the United States) and have operations or affiliates in 33 countries, including the United States, Australia, Austria, Belgium, Brazil, Canada, Chile, China, the Czech Republic, Denmark, France, Germany, Hong Kong SAR, Iceland, Ireland, Israel, Italy, Japan, Luxembourg, Malaysia, the Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, South Africa, Spain, Sweden, Switzerland, Thailand and the United Kingdom.

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

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

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

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

#### *Industry Overview*

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

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

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

### *Industry Consolidation*

The health care products distribution industry, as it relates to office-based health care practitioners, is fragmented and diverse. This industry, which encompasses the dental, animal health and medical markets, was estimated to produce revenues of approximately \$45 billion in 2015 in the global markets. The industry ranges from sole practitioners working out of relatively small offices to group practices or service organizations ranging in size from a few practitioners to a large number of practitioners who have combined or otherwise associated their practices.

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

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

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

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

As industry consolidation continues, we believe that we are positioned to capitalize on this trend, as we believe we have the ability to support increased sales through our existing infrastructure. We also have invested in expanding our sales/marketing infrastructure to include a focus on building relationships with decision makers who do not reside in the office-based practitioner setting.

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

### *Aging Population and Other Market Influences*

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

According to the U.S. Census Bureau's International Data Base, in 2015 there were more than six million Americans aged 85 years or older, the segment of the population most in need of long-term care and elder-care



services. By the year 2050, that number is projected to nearly triple to approximately 19 million. The population aged 65 to 84 years is projected to increase over 65% during the same time period.

As a result of these market dynamics, annual expenditures for health care services continue to increase in the United States. We believe that demand for our products and services will grow, while continuing to be impacted by current and future operating, economic and industry conditions. The Centers for Medicare and Medicaid Services, or CMS, published "National Health Expenditure Projections 2014-2024" indicating that total national health care spending reached approximately \$3.1 trillion in 2014, or 17.7% 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 \$5.4 trillion in 2024, approximately 19.6% of the nation's gross domestic product.

#### *Government*

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

#### *Health Care Reform*

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

The Health Care Reform Law requirements include a 2.3% excise tax on domestic sales of many medical devices by manufacturers and importers that began in 2013 and a fee on branded prescription drugs and biologics that was implemented in 2011, both of which may affect sales. However, with respect to the medical device excise tax, a two-year moratorium was imposed under the Consolidated Appropriations Act, 2016, suspending the imposition of the tax on device sales during the period beginning January 1, 2016 and ending on December 31, 2017. The Health Care Reform Law has also materially expanded the number of individuals in the United States with health insurance. The Health Care Reform Law has faced ongoing legal challenges, including litigation seeking to invalidate some of or all of the law or the manner in which it has been interpreted. As a result, while upholding the law generally, the United States Supreme Court has effectively made the Health Care Reform Law's Medicaid expansion voluntary for each state. There has been an effort by the political party in control of Congress to repeal some or all of the law. The uncertain status of the Health Care Reform Law affects our ability to plan.

A Health Care Reform Law provision, generally referred to as the Physician Payment Sunshine Act or Open Payments Program, has imposed new reporting and disclosure requirements for drug and device manufacturers with regard to payments or other transfers of value made to certain practitioners (including physicians, dentists and teaching hospitals), and for such manufacturers and for group purchasing organizations, with regard to certain ownership interests held by physicians in the reporting entity. On February 1, 2013, CMS released the final rule to implement the Physician Payment Sunshine Act. Under this rule, data collection activities began on August 1, 2013, and as required under the Physician Payment Sunshine Act, CMS publishes information from these reports on a publicly available website, including amounts transferred and physician, dentist and teaching hospital identities.

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

#### *Health Care Fraud*

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

The fraud and abuse laws and regulations have been subject to varying interpretations, as well as heightened enforcement activity over the past few years, and significant enforcement activity has been the result of "relators," who serve as whistleblowers by filing complaints in the name of the United States (and if applicable, particular states) under federal and state false claims laws. Under the federal False Claims Act, relators can be entitled to receive up to 30% of total recoveries. Also, violations of the federal False Claims Act can result in treble damages, and each false claim submitted can be subject to a penalty of up to \$11,000 per claim. Most states have adopted similar state false claims laws, and these state laws have their own penalties which may be in addition to federal False Claims Act penalties. The Health Care Reform Law significantly strengthened the federal False Claims Act and the federal Anti-Kickback Law provisions, which could lead to the possibility of increased whistleblower or relator suits, and among other things made clear that a federal Anti-Kickback Law violation can be a basis for federal False Claims Act liability.

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

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

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

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

#### *Operating, Security and Licensure Standards*

The Federal Food, Drug, and Cosmetic Act and similar foreign laws generally regulate the introduction, manufacture, advertising, labeling, packaging, storage, handling, reporting, marketing and distribution of, and record keeping for, pharmaceuticals and medical devices shipped in interstate commerce, and states may similarly regulate such activities within the state.

The Federal Drug Quality and Security Act of 2013 brought about significant changes with respect to pharmaceutical supply chain requirements and pre-empts state law. Title II of this measure, known as the Drug Supply Chain Security Act (“DSCSA”), will be phased in over 10 years, and is intended to build a national electronic, interoperable system to identify and trace certain prescription drugs as they are distributed in the United States. The law’s track and trace requirements applicable to manufacturers, wholesalers, repackagers and dispensers (e.g., pharmacies) of prescription drugs began to take effect in January 2015, subject to certain enforcement delays by the United States Food and Drug Administration (“FDA”). For example, the FDA announced that in light of difficulties experienced by some dispensers in establishing electronic systems to handle required product tracing information, it delayed to March 1, 2016 its enforcement of certain track and trace requirements originally scheduled to apply to dispensers on July 1, 2015. The DSCSA product tracing requirements replace the former FDA drug pedigree requirements and pre-empt state requirements that are inconsistent with, more stringent than, or in addition to, the DSCSA requirements. Also starting in January 2015, the DSCSA required manufacturers and wholesale distributors to have systems in place by which they can identify whether a product in their possession or control is a “suspect” or “illegitimate” product, and handle it accordingly.

The DSCSA also establishes certain requirements for the licensing and operation of prescription drug wholesalers and third party logistics providers (“3PLs”), and includes the eventual creation of national wholesaler and 3PL licenses in cases where states do not license such entities. The DSCSA requires that wholesalers and 3PLs distribute drugs in accordance with certain standards regarding the recordkeeping, storage and handling of prescription drugs. Beginning January 1, 2015, the DSCSA required wholesalers and 3PLs to submit annual reports to the FDA, which include information regarding each state where the wholesaler or 3PL is licensed, the name and address of each facility and contact information. According to FDA guidance, states are pre-empted from imposing any licensing requirements that are inconsistent with, less stringent than, directly related to, or covered by the standards established by federal law in this area. Current state licensing requirements will likely remain in effect until the FDA issues new regulations as directed by the DSCSA.

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

The Food and Drug Administration Amendments Act of 2007 (“FDAAA”) and the Food and Drug Administration Safety and Innovation Act of 2012 (“FDASIA”) amended the Federal Food, Drug, and Cosmetic Act (“FDCA”) to require the FDA to promulgate regulations to implement a Unique Device Identification System. The FDA issued a final rule on September 24, 2013 implementing the Unique Device Identification System, requiring the labels of most medical devices to bear a unique device identifier (“UDI”), and prescribing the content and format of the UDI. The rule also requires the submission of certain information concerning UDI-labeled devices to an FDA database, the Global Unique Device Identification Database (“GUDID”). Additional FDA UDI guidance has subsequently been issued, and the FDA’s UDI regulations are being phased in over seven years from the rule’s promulgation in September 2013, beginning with the highest-risk devices (i.e., Class III medical devices) and ending with the lowest-risk devices. For the lowest-risk, Class I medical devices, a Universal Product Code may take the place of a UDI on the device’s label.

The FDA's UDI regulations require certain entities, referred to as "labelers," to develop and include UDIs on the labels of medical devices, and to directly mark certain devices with UDIs. Labelers are entities that cause a device's label to be applied or modified, without any subsequent replacement or modification. Typically, these entities are device manufacturers, specification developers, single-use device reproducers, convenience kit assemblers, repackagers and relabelers.

Violations of the UDI regulations, including failure to include a UDI on a device's label after the effective date for the device type, result in the misbranding of the device. The FDCA makes it unlawful to introduce or deliver for introduction into interstate commerce a misbranded device. It is also unlawful to cause a device to become misbranded.

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

*Regulated Software; Electronic Health Records*

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

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

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

Federal initiatives provide a program of incentive payments available to certain health care providers involving the adoption and use of certain electronic health care records systems and processes. The initiatives include providing, among others, physicians and dentists, with financial incentives if they meaningfully use certified electronic health record technology (“EHR”) in accordance with applicable requirements. In addition, Medicare-eligible providers that fail to timely adopt certified EHR systems and meet “meaningful use” requirements for those systems in accordance with regulatory requirements are to be subject to cumulative Medicare reimbursement reductions, which reductions for applicable health professionals (including physicians and dentists) began on January 1, 2015. Qualification for the incentive payments requires the use of EHRs that have certain capabilities for meaningful use pursuant to evolving standards adopted by CMS and by the Office of the National Coordinator for Health Information Technology (“ONC”) of the Department of Health and Human Services (“HHS”). Generally, initial (“Stage 1”) standards addressed criteria for periods beginning in 2011, and more demanding “Stage 2” standards addressed criteria for periods beginning in 2014. On October 6, 2015, CMS and ONC released comprehensive final rules with respect to the EHR program that, among other things, establish the more challenging “Stage 3” criteria, make certain adjustments to Stage 1 and Stage 2 standards (e.g., reducing the 2015 reporting period from a full year to 90 days), and finalize 2015 edition health information technology (HIT) certification criteria (which is now added to the existing 2014 edition HIT certification criteria, but not required until 2018). Notably, under the new rules, compliance with Stage 3 standards will be optional for providers in 2017, and would generally be required for all eligible providers (regardless of prior participation in the EHR incentive program) for 2018 reporting periods and subsequently. Developers and others involved in the manufacture of EHR program technology will have this interim period to develop and certify products, and work with customers to implement products for the 2018 EHR program period. In connection with the release of the October 6 rules, HHS has also stated it will continue to modify applicable EHR program standards. In addition, under the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), which establishes the Merit-Based Incentive Payment System (MIPS), over the next few years the EHR program is expected to become part of a more comprehensive federal quality measurement and incentive program, apparently with modified applicable requirements, and CMS has indicated that it may even supplant certain Stage 3 rules with more streamlined MIPS approaches. Certain of our businesses involve the manufacture and sale of certified EHR systems and other products linked to incentive programs, and therefore, we must maintain compliance with, and are affected by, these changing governmental criteria.

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

#### **E-Commerce**

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

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

## Results of Operations

The following table summarizes the significant components of our operating results and cash flows for the three months ended March 26, 2016 and March 28, 2015 (in thousands):

	Three Months Ended	
	March 26, 2016	March 28, 2015
<b>Operating results:</b>		
Net sales .....	\$ 2,712,956	\$ 2,463,646
Cost of sales .....	1,933,651	1,750,251
Gross profit .....	779,305	713,395
Operating expenses:		
Selling, general and administrative .....	599,053	545,166
Restructuring costs .....	4,058	6,862
Operating income .....	\$ 176,194	\$ 161,367
Other expense, net .....	\$ (642)	\$ (2,688)
Net income .....	124,533	111,580
Net income attributable to Henry Schein, Inc. ....	113,752	103,447
<b>Cash flows:</b>		
Net cash used in operating activities .....	\$ (101,512)	\$ (26,654)
Net cash used in investing activities .....	(70,996)	(30,315)
Net cash provided by financing activities .....	169,093	35,774

## Plan of Restructuring

On November 6, 2014, we announced a corporate initiative to rationalize our operations and provide expense efficiencies, which was expected to be completed by the end of fiscal 2015. This initiative is expected to include the elimination of approximately 2% to 3% of our workforce and the closing of certain facilities. We have subsequently determined that the restructuring activities under this initiative will not be completed until the first half of fiscal 2016.

The total costs associated with the actions to complete this restructuring are now expected to be in the range of \$46 million to \$49 million pre-tax, of which \$34.9 million pre-tax, was recorded in fiscal 2015 and \$4.1 million pre-tax has been recorded in the quarter ended March 26, 2016.

On April 29, 2016, we estimated that the total remaining restructuring costs we expect to incur in connection with the restructuring activity to be \$7 million to \$10 million, consisting of \$6 million to \$9 million in employee severance pay and benefits and up to \$1 million in facility costs, representing primarily lease termination and other facility closure related costs. These actions will allow us to execute on our plan to reduce our cost structure to fund new initiatives to drive future growth under our 2015 – 2017 strategic planning cycle.

During the three months ended March 26, 2016 and March 28, 2015, we recorded restructuring costs of \$4.1 million and \$6.9 million, respectively. The costs associated with this restructuring are included in a separate line item, "Restructuring costs" within our consolidated statements of income.

**Three Months Ended March 26, 2016 Compared to Three Months Ended March 28, 2015**

**Net Sales**

Net sales for the three months ended March 26, 2016 and March 28, 2015 were as follows (in thousands):

	March 26, 2016	% of Total	March 28, 2015	% of Total	Increase	
					\$	%
<b>Health care distribution (1):</b>						
Dental .....	\$ 1,301,755	48.0 %	\$ 1,250,073	50.7%	\$ 51,682	4.1%
Animal health .....	771,413	28.4	684,324	27.8	87,089	12.7
Medical .....	538,117	19.9	443,533	18.0	94,584	21.3
<b>Total health care distribution .....</b>	<b>2,611,285</b>	<b>96.3</b>	<b>2,377,930</b>	<b>96.5</b>	<b>233,355</b>	<b>9.8</b>
Technology and value-added services (2).....	101,671	3.7	85,716	3.5	15,955	18.6
<b>Total .....</b>	<b>\$ 2,712,956</b>	<b>100.0%</b>	<b>\$ 2,463,646</b>	<b>100.0%</b>	<b>\$ 249,310</b>	<b>10.1</b>

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

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

The \$249.3 million, or 10.1%, increase in net sales for the three months ended March 26, 2016 includes an increase of 12.0% in local currency growth (9.3% increase in internally generated revenue and 2.7% growth from acquisitions) partially offset by a decrease of 1.9% related to foreign currency exchange.

The \$51.7 million, or 4.1%, increase in dental net sales for the three months ended March 26, 2016 includes an increase of 6.1% in local currency growth (4.9% increase in internally generated revenue and 1.2% growth from acquisitions) offset by a decrease of 2.0% related to foreign currency exchange. The 6.1% increase in local currency sales was due to dental consumable merchandise sales growth of 4.9% (3.5% increase in internally generated revenue and 1.4% growth from acquisitions), as well as an increase in dental equipment sales and service revenues of 10.7% (9.7% increase in internally generated revenue and 1.0% growth from acquisitions).

The \$87.1 million, or 12.7%, increase in animal health net sales for the three months ended March 26, 2016 includes an increase of 15.6% in local currency growth (9.8% increase in internally generated revenue and 5.8% growth from acquisitions) partially offset by a decrease of 2.9% related to foreign currency exchange. The growth in internally generated animal health revenue is affected by the revenue for certain products being recognized on a gross basis in 2016 that had been recognized on an agency basis in the prior year. When excluding the effects of this change, internally generated revenue grew by 5.2%.

The \$94.6 million, or 21.3%, increase in medical net sales for the three months ended March 26, 2016 includes an increase of 21.5% in local currency growth attributable to internally generated revenue, partially offset by a decrease of 0.2% related to foreign currency exchange. The growth in internally generated medical revenue is affected by certain sales being recognized on a gross basis in 2016 that had been recognized on an agency basis in the prior year under our strategic agreement with Cardinal Health. When excluding the effects of this change, internally generated revenue grew by 10.8%.

The \$16.0 million, or 18.6%, increase in technology and value-added services net sales for the three months ended March 26, 2016 includes an increase of 19.9% in local currency growth (7.5% increase in internally generated revenue and 12.4% growth from acquisitions) partially offset by a decrease of 1.3% related to foreign currency exchange.

## Gross Profit

Gross profit and gross margin percentages by segment and in total for the three months ended March 26, 2016 and March 28, 2015 were as follows (in thousands):

	March 26,	Gross	March 28,	Gross	Increase	
	2016	Margin %	2015	Margin %	\$	%
Health care distribution .....	\$ 711,441	27.2%	\$ 655,545	27.6%	\$ 55,896	8.5%
Technology and value-added services .....	67,864	66.7	57,850	67.5	10,014	17.3
Total .....	<u>\$ 779,305</u>	<u>28.7</u>	<u>\$ 713,395</u>	<u>29.0</u>	<u>\$ 65,910</u>	<u>9.2</u>

For the three months ended March 26, 2016, gross profit increased \$65.9 million, or 9.2%, compared to the prior year period. As a result of different practices of categorizing costs associated with distribution networks throughout our industry, our gross margins may not necessarily be comparable to other distribution companies. Additionally, we realize substantially higher gross margin percentages in our technology segment than in our health care distribution segment. These higher gross margins result from being both the developer and seller of software products and services, as well as certain financial services. The software industry typically realizes higher gross margins to recover investments in research and development.

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

Health care distribution gross profit increased \$55.9 million, or 8.5%, for the three months ended March 26, 2016 compared to the prior year period. Health care distribution gross profit margin decreased to 27.2 % for the three months ended March 26, 2016 from 27.6 % for the comparable prior year period. The overall decrease in our health care distribution gross profit margin reflects lower margins in our medical operating segment due to certain sales being recognized on a gross basis in 2016 that had been recognized on an agency basis in the prior year. Acquisitions accounted for \$21.8 million of our gross profit increase within our health care distribution segment for the three months ended March 26, 2016 compared to the prior year period. The remaining increase of \$34.1 million in our health care distribution gross profit was attributable to a \$43.5 million gross profit increase from an increase in internally generated revenue, partially offset by a \$9.4 million gross profit decrease related to the decrease in the gross margin rates.

Technology and value-added services gross profit increased \$10.0 million, or 17.3%, for the three months ended March 26, 2016 compared to the prior year period. Technology gross profit margin decreased to 66.7 % for the three months ended March 26, 2016 from 67.5 % for the comparable prior year period. Acquisitions accounted for \$5.8 million of our gross profit increase within our technology and value-added services segment for the three months ended March 26, 2016 compared to the prior year period. The remaining increase of \$4.2 million in our technology and value-added services segment gross profit was primarily attributable to an increase in internally generated revenue.



### Selling, General and Administrative

Selling, general and administrative expenses by segment and in total for the three months ended March 26, 2016 and March 28, 2015 were as follows (in thousands):

	March 26, 2016		March 28, 2015		Increase	
	\$	% of Respective Net Sales	\$	% of Respective Net Sales	\$	%
Health care distribution .....	\$ 559,485	21.4%	\$ 512,546	21.6%	\$ 46,939	9.2%
Technology and value-added services .....	39,568	38.9	32,620	38.1	6,948	21.3
Total .....	\$ 599,053	22.1	\$ 545,166	22.1	\$ 53,887	9.9

Selling, general and administrative expenses increased \$53.9 million, or 9.9%, to \$599.1 million for the three months ended March 26, 2016 from the comparable prior year period. The \$46.9 million increase in selling, general and administrative expenses within our health care distribution segment for the three months ended March 26, 2016 as compared to the prior year period was attributable to \$21.8 million of additional costs from acquired companies, and \$25.1 million of additional operating costs. The \$7.0 million increase in selling, general and administrative expenses within our technology and value-added services segment for the three months ended March 26, 2016 as compared to the prior year period was attributable to \$4.4 million of additional costs from acquired companies and \$2.6 million of additional operating costs. As a percentage of net sales, selling, general and administrative expenses remained consistent at 22.1%.

As a component of selling, general and administrative expenses, selling expenses increased \$24.2 million, or 7.0%, to \$367.9 million for the three months ended March 26, 2016 from the comparable prior year period. As a percentage of net sales, selling expenses decreased to 13.6% from 13.9% for the comparable prior year period.

As a component of selling, general and administrative expenses, general and administrative expenses increased \$29.7 million, or 14.7%, to \$231.2 million for the three months ended March 26, 2016 from the comparable prior year period. As a percentage of net sales, general and administrative expenses increased to 8.5% from 8.2% for the comparable prior year period.

### Other Expense, Net

Other expense, net, for the three months ended March 26, 2016 and March 28, 2015 was as follows (in thousands):

	March 26, 2016		March 28, 2015		Variance	
	\$		\$		\$	%
Interest income .....	\$ 3,348		\$ 3,455		\$ (107)	(3.1)%
Interest expense .....	(7,127)		(6,263)		(864)	(13.8)
Other, net .....	3,137		120		3,017	2,514.2
Other expense, net .....	\$ (642)		\$ (2,688)		\$ 2,046	76.1

Other expense, net of \$0.6 million for the three months ended March 26, 2016 changed by \$2.0 million compared to other expense, net of \$2.7 million for the three months ended March 28, 2015. Interest income remained consistent with the comparable amount in the prior year period. Interest expense increased \$0.9 million primarily due to increased borrowings under our credit facilities. Other, net increased by \$3.0 million primarily due to investment proceeds received in 2016.

### Income Taxes

For the three months ended March 26, 2016, our effective tax rate was 30.5% compared to 31.0% for the prior year period. The difference between our effective tax rates and the federal statutory tax rates for both periods primarily relates to state and foreign income taxes and interest expense.

### **Net Income**

Net income increased \$13.0 million, or 11.6%, for the three months ended March 26, 2016, compared to the prior year period due to the factors noted above.

### **Liquidity and Capital Resources**

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

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

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

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

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

Net cash used in operating activities was \$101.5 million for the three months ended March 26, 2016, compared to \$26.7 million for the comparable prior year period. The net change of \$74.8 million was primarily attributable to changes in net working capital, partially offset by an increase in net income.

Net cash used in investing activities was \$71.0 million for the three months ended March 26, 2016, compared to \$30.3 million for the comparable prior year period. The net change of \$40.7 million was primarily due to an increase in payments for equity investments and business acquisitions.

Net cash provided by financing activities was \$169.1 million for the three months ended March 26, 2016, compared to \$35.8 million for the comparable prior year period. The net change of \$133.3 million was primarily due to increased net proceeds from debt, partially offset by an increase in acquisitions of noncontrolling interests in subsidiaries and an increase of repurchases of common stock.

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

	March 26, 2016	December 26, 2015
Cash and cash equivalents .....	\$ 71,614	\$ 72,086
Working capital .....	1,283,499	1,084,103
<b>Debt:</b>		
Bank credit lines .....	\$ 424,030	\$ 328,631
Current maturities of long-term debt .....	17,333	17,331
Long-term debt .....	666,283	463,752
Total debt .....	<u>\$ 1,107,646</u>	<u>\$ 809,714</u>

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

*Accounts receivable days sales outstanding and inventory turns*

Our accounts receivable days sales outstanding from operations increased to 42.1 days as of March 26, 2016 from 41.2 days as of March 28, 2015. During the three months ended March 26, 2016, we wrote off approximately \$1.1 million of fully reserved accounts receivable against our trade receivable reserve. Our inventory turns from operations decreased to 5.1 as of March 26, 2016 from 5.3 as of March 28, 2015. Our working capital accounts may be impacted by current and future economic conditions.

*Bank Credit Lines*

On September 12, 2012, we entered into a new \$500 million revolving credit agreement (the "Credit Agreement") with a \$200 million expansion feature, which was originally set to expire on September 12, 2017. On September 22, 2014, we extended the expiration date of the Credit Agreement to September 22, 2019. The interest rate is based on the USD LIBOR plus a spread based on our leverage ratio at the end of each financial reporting quarter. The Credit Agreement provides, among other things, that we are required to maintain maximum leverage ratios, and contains customary representations, warranties and affirmative covenants. The Credit Agreement also contains customary negative covenants, subject to exceptions on liens, indebtedness, significant corporate changes (including mergers), dispositions and certain restrictive agreements. As of March 26, 2016 and December 26, 2015, the borrowings on this revolving credit facility were \$90.0 million and \$40.0 million, respectively. As of March 26, 2016 and December 26, 2015, there were \$11.8 million and \$11.4 million of letters of credit, respectively, provided to third parties under the credit facility.

As of March 26, 2016 and December 26, 2015, we had various other short-term bank credit lines available, of which \$334.0 million and \$288.6 million, respectively, were outstanding. At March 26, 2016 and December 26, 2015, borrowings under all of our credit lines had a weighted average interest rate of 1.29% and 1.21%, respectively.

### Private Placement Facilities

On August 10, 2010, we entered into \$400 million private placement facilities with two insurance companies. On April 30, 2012, we increased our available credit facilities by \$375 million by entering into a new agreement with one insurance company and amending our existing agreements with two insurance companies. On September 22, 2014, we increased our available private placement facilities by \$200 million to a total facility amount of \$975 million, and extended the expiration date to September 22, 2017. These facilities are available on an uncommitted basis at fixed rate economic terms to be agreed upon at the time of issuance, from time to time through September 22, 2017. The facilities allow us to issue senior promissory notes to the lenders at a fixed rate based on an agreed upon spread over applicable treasury notes at the time of issuance. The term of each possible issuance will be selected by us and can range from five to 15 years (with an average life no longer than 12 years). The proceeds of any issuances under the facilities will be used for general corporate purposes, including working capital and capital expenditures, to refinance existing indebtedness and/or to fund potential acquisitions. The agreements provide, among other things, that we maintain certain maximum leverage ratios, and contain restrictions relating to subsidiary indebtedness, liens, affiliate transactions, disposal of assets and certain changes in ownership. These facilities contain make-whole provisions in the event that we pay off the facilities prior to the applicable due dates.

The components of our private placement facility borrowings as of March 26, 2016 are presented in the following table (in thousands):

Date of Borrowing	Amount of Borrowing Outstanding	Borrowing Rate	Due Date
September 2, 2010	\$ 100,000	3.79%	September 2, 2020
January 20, 2012	50,000	3.45	January 20, 2024
January 20, 2012 (1)	42,857	3.09	January 20, 2022
December 24, 2012	50,000	3.00	December 24, 2024
June 2, 2014	100,000	3.19	June 2, 2021
	\$ 342,857		

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

### U.S. Trade Accounts Receivable Securitization

On April 17, 2013, we entered into a facility agreement of up to \$300 million with a bank, as agent, based on the securitization of our U.S. trade accounts receivable. This facility allowed us to replace public debt (approximately \$220 million), which had a higher interest rate at Henry Schein Animal Health during February 2013 and provided funding for working capital and general corporate purposes. The financing was structured as an asset-backed securitization program with pricing committed for up to three years. On April 17, 2015, we extended the expiration date of this facility agreement to April 15, 2018. The borrowings outstanding under this securitization facility were \$300.0 million and \$90.0 million as of March 26, 2016 and December 26, 2015, respectively. At March 26, 2016, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 55 basis points plus 75 basis points, for a combined rate of 1.30%. At December 26, 2015, the interest rate on borrowings under this facility was based on the asset-backed commercial paper rate of 40 basis points plus 75 basis points, for a combined rate of 1.15%.

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

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

*Long-term debt*

Long-term debt consisted of the following:

	March 26, 2016	December 26, 2015
Private placement facilities .....	\$ 342,857	\$ 350,000
U.S. trade accounts receivable securitization .....	300,000	90,000
Notes payable to banks at a weighted-average interest rate of 8.83% .....	-	5
Various collateralized and uncollateralized loans payable with interest, in varying installments through 2018 at interest rates ranging from 2.18% to 5.07% .....	38,217	38,215
Capital lease obligations payable through 2019 with interest rates ranging from 0.95% to 10.68% .....	2,542	2,863
<b>Total .....</b>	<b>683,616</b>	<b>481,083</b>
Less current maturities .....	(17,333)	(17,331)
<b>Total long-term debt .....</b>	<b>\$ 666,283</b>	<b>\$ 463,752</b>

*Stock Repurchases*

From June 21, 2004 through March 26, 2016, we repurchased \$1.8 billion, or 22,105,909 shares, under our common stock repurchase programs, with \$300.0 million available as of March 26, 2016 for future common stock share repurchases.

*Redeemable Noncontrolling Interests*

Some minority shareholders in certain of our subsidiaries have the right, at certain times, to require us to acquire their ownership interest in those entities at fair value. Accounting Standards Codification Topic 480-10 is applicable for noncontrolling interests where we are or may be required to purchase all or a portion of the outstanding interest in a consolidated subsidiary from the noncontrolling interest holder under the terms of a put option contained in contractual agreements. The components of the change in the Redeemable noncontrolling interests for the three months ended March 26, 2016 and the year ended December 26, 2015 are presented in the following table:

	March 26, 2016	December 26, 2015
Balance, beginning of period .....	\$ 542,194	\$ 564,527
Decrease in redeemable noncontrolling interests due to redemptions .....	(32,711)	(82,563)
Increase in redeemable noncontrolling interests due to business acquisitions .....	9,552	18,936
Net income attributable to redeemable noncontrolling interests .....	10,708	43,588
Dividends declared .....	(2,777)	(32,706)
Effect of foreign currency translation gain (loss) attributable to redeemable noncontrolling interests .....	973	(4,790)
Change in fair value of redeemable securities .....	2,058	35,202
<b>Balance, end of period .....</b>	<b>\$ 529,997</b>	<b>\$ 542,194</b>

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

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

## Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates from those disclosed in Item 7 of our Annual Report on Form 10-K for the year ended December 26, 2015.

## Recently Issued Accounting Standards

In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-09, Stock Compensation (Topic 718). ASU 2016-09 contains amended guidance for share-based payment accounting. ASU 2016-09 requires that all excess tax benefits and tax deficiencies should be recognized as income tax expense or benefit in the income statement in the reporting period in which the awards vest or are exercised. Excess tax benefits should be classified in the statement of cash flows as an operating activity instead of a financing activity. Within the statement of cash flows, cash paid by an employer when directly withholding shares for tax withholding purposes should be classified as a financing activity. Accounting for forfeitures can be accomplished via a policy election to either estimate the number of awards that are expected to vest or account for forfeitures at the time that they occur. The threshold to qualify for equity accounting will be increased to permit withholding up to the maximum statutory tax rates in the applicable taxing jurisdictions. The standard which requires the use of a modified retrospective transition approach will be effective for annual periods beginning after December 15, 2016. Early adoption is permitted in any interim or annual period. We are currently evaluating the impact of ASU 2016-09 on our consolidated financial statements.

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

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our exposure to market risk from that disclosed in Item 7A of our Annual Report on Form 10-K for the year ended December 26, 2015.

## 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 annual 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, 2016 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.

There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 26, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

*Limitations of the Effectiveness of Internal Control*

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

**PART II. OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

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

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

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

As of March 26, 2016, we had accrued our best estimate of potential losses relating to claims that were probable to result in liability and for which we were able to reasonably estimate a loss. This accrued amount, as well as related expenses, was not material to our financial position, results of operations or cash flows. Our method for determining estimated losses considers currently available facts, presently enacted laws and regulations and other factors, including probable recoveries from third parties.

**ITEM 1A. RISK FACTORS**

There have been no material changes from the risk factors disclosed in Part 1, Item 1A, of our Annual Report on Form 10-K for the year ended December 26, 2015.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS***Purchases of equity securities by the issuer*

Our share repurchase program, announced on June 21, 2004, originally allowed us to repurchase up to \$100 million of shares of our common stock, which represented approximately 3.5% of the shares outstanding at the commencement of the program. As summarized in the table below, subsequent additional increases totaling \$2.0 billion, authorized by our Board of Directors, to the repurchase program provide for a total of \$2.1 billion of shares of our common stock to be repurchased under this program.

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

As of March 26, 2016, we had repurchased approximately \$1.8 billion of common stock (22,105,909 shares) under these initiatives, with \$300.0 million available as of March 26, 2016 for future common stock share repurchases.

The following table summarizes repurchases of our common stock under our stock repurchase program during the fiscal quarter ended March 26, 2016:

Fiscal Month	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Our Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under Our Program (2)
12/27/15 through 01/30/16	390,163	\$ 149.65	390,163	2,255,914
01/31/16 through 02/27/16	274,235	151.73	274,235	1,790,886
02/28/16 through 03/26/16	-	-	-	1,786,088
	<u>664,398</u>		<u>664,398</u>	

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

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



## ITEM 5. OTHER INFORMATION

### *Plan of Restructuring*

On November 6, 2014, we announced a corporate initiative to rationalize our operations and provide expense efficiencies, which was expected to be completed by the end of fiscal 2015. This initiative is expected to include the elimination of approximately 2% to 3% of our workforce and the closing of certain facilities. We have subsequently determined that the restructuring activities under this initiative will not be completed until the first half of fiscal 2016.

The total costs associated with the actions to complete this restructuring are now expected to be in the range of \$46 million to \$49 million pre-tax, of which \$34.9 million pre-tax, was recorded in fiscal 2015 and \$4.1 million pre-tax has been recorded in the quarter ended March 26, 2016.

On April 29, 2016, we estimated that the total remaining restructuring costs we expect to incur in connection with the restructuring activity to be \$7 million to \$10 million, consisting of \$6 million to \$9 million in employee severance pay and benefits and up to \$1 million in facility costs, representing primarily lease termination and other facility closure related costs. These actions will allow us to execute on our plan to reduce our cost structure to fund new initiatives to drive future growth under our 2015 – 2017 strategic planning cycle.

During the three months ended March 26, 2016 and March 28, 2015, we recorded restructuring costs of \$4.1 million and \$6.9 million, respectively. The costs associated with this restructuring are included in a separate line item, "Restructuring costs" within our consolidated statements of income.

## ITEM 6. EXHIBITS

### Exhibits.

10.1	Form of 2016 Restricted Stock Agreement for time-based restricted stock awards pursuant to the Henry Schein, Inc. 2013 Stock Incentive Plan (as amended and restated effective as of May 14, 2013).***+
10.2	Form of 2016 Restricted Stock Agreement for performance-based restricted stock awards pursuant to the Henry Schein, Inc. 2013 Stock Incentive Plan (as amended and restated effective as of May 14, 2013).***+
10.3	Form of 2016 Restricted Stock Unit Agreement for time-based restricted stock awards pursuant to the Henry Schein, Inc. 2013 Stock Incentive Plan (as amended and restated effective as of May 14, 2013).***+
10.4	Form of 2016 Restricted Stock Unit Agreement for performance-based restricted stock awards pursuant to the Henry Schein, Inc. 2013 Stock Incentive Plan (as amended and restated effective as of May 14, 2013).***+
10.5	Form of 2016 Restricted Stock Unit Agreement for time-based restricted stock awards pursuant to the Henry Schein, Inc. 2015 Non-Employee Director Stock Incentive Plan (as amended and restated effective as of June 22, 2015).***+
10.6	Amended and Restated Employment Agreement dated as of December 31, 2016, by and between Henry Schein, Inc. and Stanley M. Bergman. (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on April 7, 2016.)**
10.7	Form of Performance-Based RSU Award Agreement for Stanley M. Bergman pursuant to the Henry Schein, Inc. 2013 Stock Incentive Plan (as amended and restated as of May 14, 2013). (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on April 7, 2016.)**
10.8	Form of Time-Based RSU Award Agreement for Stanley M. Bergman pursuant to the Henry Schein, Inc. 2013 Stock Incentive Plan (as amended and restated as of May 14, 2013). (Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed on April 7, 2016.)**
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.+
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+

+ Filed herewith

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

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Henry Schein, Inc.  
(Registrant)

By: /s/ Steven Paladino  
Steven Paladino  
Executive Vice President and  
Chief Financial Officer  
(Authorized Signatory and Principal Financial  
and Accounting Officer)

Dated: May 3, 2016

FORM OF 2016  
RESTRICTED STOCK AGREEMENT  
PURSUANT TO THE  
HENRY SCHEIN, INC. 2013 STOCK INCENTIVE PLAN  
(AS AMENDED AND RESTATED EFFECTIVE AS OF MAY 14, 2013)

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

**WITNESSETH:**

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

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

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

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

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

1. **Grant of Shares.** Subject to the restrictions, terms and conditions of this Agreement and the Plan, the Company hereby awards to the Participant [Shares Granted] shares of validly issued Common Stock. If the Participant is a new hire, to the extent required by law, the Participant shall pay the Company the par value (\$0.01) for each Share awarded to the Participant simultaneously with the execution of this Agreement. Pursuant to Section 2 hereof, the Shares are subject to certain restrictions. While such restrictions are in effect, the Shares subject to such restrictions shall be referred to herein as "Restricted Stock."

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

3. **Restricted Stock.**

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

(b) **Rights with Regard to Restricted Stock.** The Participant will have the right to vote the Restricted Stock, to receive and retain any dividends payable to holders of Shares of record on and after the transfer of the Restricted Stock (although such dividends shall be treated, to the extent required by applicable law, as

additional compensation for tax purposes if paid on Restricted Stock), and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to the Restricted Stock set forth in the Plan, with the exceptions that: (i) the Participant will not be entitled to delivery of the stock certificate or certificates representing the Restricted Stock until the Restriction Period shall have expired; (ii) the Company (or its designated agent) will retain custody of the stock certificate or certificates representing the Restricted Stock and the other RS Property (as defined below) during the Restriction Period; (iii) no RS Property shall bear interest or be segregated in separate accounts during the Restriction Period; (iv) any dividends will be subject to the restrictions provided in Sections 3(c) and 3(d); and (v) the Participant may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Stock during the Restriction Period.

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

(d) **Vesting.**

(i) Unless otherwise provided expressly in a written agreement between the Participant and the Company, subject to Section 3(e) below, the Shares of Restricted Stock granted pursuant to Section 1 above shall become vested and cease to be Restricted Stock (but shall remain subject to Section 5 of this Agreement) on the earliest of (i) the Participant's death, (ii) the Participant's Disability, (iii) a Termination of Employment by the Company without Cause occurring within the 2-year period following a Change of Control and (iv) the fourth anniversary of the Grant Date; provided that the Participant has not had a Termination of Employment any time prior to such date. For purposes of this Agreement, a "Change of Control" shall mean a Change of Control as defined in the Plan.

(ii) There shall be no proportionate or partial vesting in the periods prior to the vesting date and all vesting shall occur only on the vesting date; provided that no Termination of Employment has occurred prior to such date.

(iii) 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.

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

(e) **Forfeiture and Recoupment.**

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

(ii) Notwithstanding anything herein or in the Plan to the contrary, the Shares of Restricted Stock and any RS Property provided for under this Agreement are conditioned on the Participant not engaging in any Competitive Activity (as defined below) from the date that is twelve (12) months prior to the applicable vesting date set forth in Section 3(d) above (such applicable vesting date, the "Payment Date") through

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

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

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

(v) This Section 3(e)(v) applies solely with respect to Participants who are executive officers of the Company. Notwithstanding anything herein to the contrary, Participant agrees and acknowledges that the Restricted Stock awarded under this Agreement and the underlying shares shall be subject to the terms and conditions of the Company's Incentive Compensation Recoupment Policy approved by the Board in March 2016. Notwithstanding the foregoing, Participant agrees that incentive compensation, as defined under of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and such regulations as are promulgated thereunder from time to time ("Dodd-Frank"), payable to Participant under this Agreement shall be subject to any clawback policy adopted or implemented by the Company in respect of Dodd-Frank, or in respect of any other applicable law or regulation.

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

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

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

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

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

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

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

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

The Participant acknowledges, represents and warrants that:

- (a) He or she has been advised that he or she may be an “affiliate” within the meaning of Rule 144 under the Securities Act of 1933, as amended (the “Act”) and in this connection the Company is relying in part on his or her representations set forth in this section.
  - (b) If he or she is deemed an affiliate within the meaning of Rule 144 of the Act, the Shares must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a “re-offer prospectus”) with regard to such Shares and the Company is under no obligation to register the Shares (or to file a “re-offer prospectus”).
  - (c) If he or she is deemed an affiliate within the meaning of Rule 144 of the Act, he or she understands that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Common Stock of the Company, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with; and that any sale of the Shares may be made only in limited amounts in accordance with such terms and conditions.
6. **No Obligation to Continue Employment.** This Agreement is not an agreement of employment. This Agreement does not guarantee that the Company or its Subsidiaries will employ or retain, or continue to employ or retain, the Participant during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which any Restricted Stock is outstanding, nor does it modify in any respect the Company or its Subsidiaries’ right to terminate or modify the Participant’s employment or compensation.
7. **Power of Attorney.** The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Participant for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which such attorney-in-fact may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. The Company, as attorney-in-fact for the Participant, may in the name and stead of the Participant, make and execute all conveyances, assignments and transfers of the Restricted Stock, Shares and property provided for herein, and the Participant hereby ratifies and confirms all that the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Participant shall, if so requested by the Company, execute and deliver to the Company all such instruments as may, in the judgment of the Company, be advisable for the purpose.
8. **Uncertificated Shares.** Notwithstanding anything else herein, to the extent permitted under applicable foreign, federal, state, local or provincial law, the Committee may issue the Shares in the form of uncertificated shares. Such uncertificated shares of Restricted Stock shall be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant. If thereafter certificates are issued with respect to the uncertificated shares of Restricted Stock, such issuance and delivery of certificates shall be in accordance with the applicable terms of this Agreement.
9. **Rights as a Stockholder.** Except as otherwise specifically provided for in this Agreement (including without limitation, in Section 3(b) hereof), or the Plan, the Participant shall have no rights as a stockholder with respect to any shares covered by the Restricted Stock unless and until the Participant has become the holder of record of the shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares.
10. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. Capitalized terms in this Agreement that are not otherwise defined shall have the same meaning as set forth in the Plan. Subject to Section 3(e), if and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.



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

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

If to the Company, to:

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

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

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

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

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

16. **Miscellaneous.**

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

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

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

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

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

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

**HENRY SCHEIN, INC.** /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 OF 2016  
RESTRICTED STOCK AGREEMENT  
PURSUANT TO THE  
HENRY SCHEIN, INC. 2013 STOCK INCENTIVE PLAN  
(AS AMENDED AND RESTATED EFFECTIVE AS OF MAY 14, 2013)**

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

**W I T N E S S E T H:**

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

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

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

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

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

1. **Grant of Shares.** Subject to the restrictions, terms and conditions of this Agreement and the Plan, the Company hereby awards to the Participant [Shares Granted] shares of validly issued Common Stock. If the Participant is a new hire, to the extent required by law, the Participant shall pay the Company the par value (\$0.01) for each Share awarded to the Participant simultaneously with the execution of this Agreement. Pursuant to Section 2 hereof, the Shares are subject to certain restrictions, which restrictions relate to the passage of time as an employee of the Company or its Subsidiaries and/or the satisfaction of specified targets and Performance Goal(s) (as defined below). While such restrictions are in effect, the Shares subject to such restrictions shall be referred to herein as "Restricted Stock."
2. **Restrictions on Transfer.** The Participant shall not sell, transfer, pledge, hypothecate, assign or otherwise dispose of the Shares, except as set forth in the Plan or this Agreement. Any attempted sale, transfer, pledge, hypothecation, assignment or other disposition of the Shares in violation of the Plan or this Agreement shall be void and of no effect and the Company shall have the right to disregard the same on its books and records and to issue "stop transfer" instructions to its transfer agent.
3. **Restricted Stock.**
  - (a) **Retention of Certificates.** Promptly after the date of this Agreement, the Company shall issue stock certificates representing the Restricted Stock unless it elects to recognize such ownership through book entry or another similar method pursuant to Section 8 herein. The stock certificates shall be registered in the Participant's name and shall bear any legend required under the Plan or Section 4 of this Agreement. Such stock certificates shall be held in custody by the Company (or its designated agent) until the restrictions thereon shall have lapsed. Upon the Company's request, the Participant shall deliver to the Company a duly signed stock power, endorsed in blank, relating to the Restricted Stock.

(b) **Rights with Regard to Restricted Stock.** The Participant will have the right to vote the Restricted Stock, to receive and retain any dividends payable to holders of Shares of record on and after the transfer of the Restricted Stock (although such dividends shall be treated, to the extent required by applicable law, as additional compensation for tax purposes if paid on Restricted Stock), and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to the Restricted Stock set forth in the Plan, with the exceptions that: (i) the Participant will not be entitled to delivery of the stock certificate or certificates representing the Restricted Stock until the Restriction Period shall have expired; (ii) the Company (or its designated agent) will retain custody of the stock certificate or certificates representing the Restricted Stock and the other RS Property (as defined below) during the Restriction Period; (iii) no RS Property shall bear interest or be segregated in separate accounts during the Restriction Period; (iv) any dividends will be subject to the restrictions provided in Sections 3(c) and 3(d); and (v) the Participant may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Stock during the Restriction Period.

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

(d) **Vesting.**

(i) Except as set forth in Sections 3(d)(iii), (iv) and (v), the Restricted Stock awarded under this Agreement shall not vest and the restrictions on such Restricted Stock shall not lapse unless and until (1) the Committee determines and certifies that the target(s) and performance goal(s), which Participant acknowledges were previously explained to Participant and a copy of which is on file with the Company's Corporate Human Resources Department and is available for Participant to review upon reasonable request and at reasonable intervals as determined by the Company (collectively, the "Performance Goal(s)"), have been satisfied with respect to the three-year period beginning on or about January 1 of the year the grant was made and (2) the third anniversary of the Grant Date; provided, however, that if the satisfaction of the Performance Goal(s) exceed 100% of the targets, the Committee shall issue to the Participant such additional Shares in an amount that corresponds to the incremental percentage of the goal(s) achieved in excess of 100% of the targets up to a maximum of 200% of targets, provided that any such additional Shares shall be subject to the terms and conditions of this Agreement. It is intended that the Restricted Stock awarded hereunder constitutes a "performance-based award" for purposes of Section 162(m) of the Code and, accordingly, any such determination shall be made in accordance with the requirements of Section 162(m) of the Code. Except as set forth in Sections 3(d)(iii), (iv) and (v), if the targets and Performance Goal(s) are not satisfied in accordance with this Section 3(d), the Restricted Stock awarded under this Agreement shall be forfeited. Notwithstanding anything herein or in the Plan to the contrary, but except as set forth in Sections 3(d)(iii), (iv) and (v), the Participant must be employed by the Company or a Subsidiary at the times the targets and Performance Goal(s) are satisfied and on the third anniversary of the date of grant. The Participant acknowledges and agrees that the Performance Goal(s) are confidential and shall not be disclosed or otherwise communicated to any other person.

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

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

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

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

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

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

(e) **Forfeiture and Recoupment.**

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

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

(iii) The Participant hereby acknowledges and agrees that the forfeiture and recoupment conditions set forth in this Section 3(e), in view of the nature of the business in which the Company and its affiliates are engaged, are reasonable in scope and necessary in order to protect the legitimate business interests of the Company and its affiliates, and that any violation thereof would result in irreparable harm to the Company and its affiliates. The Participant also acknowledges and agrees that (i) it is a material inducement and

condition to the Company's issuance of the Shares of Restricted Stock and any RS Property that such Participant agrees to be bound by such forfeiture and recoupment conditions and, further, that the amounts required to be forfeited or repaid to the Company pursuant to forfeiture and recoupment conditions set forth above are reasonable, and (ii) nothing in this Agreement or the Plan is intended to preclude the Company (or any affiliate thereof) from seeking any remedies available at law, in equity, under contract to the Company or otherwise, and the Company (or any affiliate thereof) shall have the right to seek any such remedy with respect to the Shares of Restricted Stock, any RS Property or otherwise.

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

(v) This Section 3(e)(v) applies solely with respect to Participants who are executive officers of the Company. Notwithstanding anything herein to the contrary, Participant agrees and acknowledges that the Restricted Stock awarded under this Agreement and the underlying shares shall be subject to the terms and conditions of the Company's Incentive Compensation Recoupment Policy approved by the Board in March 2016. Notwithstanding the foregoing, Participant agrees that incentive compensation, as defined under of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and such regulations as are promulgated thereunder from time to time ("Dodd-Frank"), payable to Participant under this Agreement shall be subject to any clawback policy adopted or implemented by the Company in respect of Dodd-Frank, or in respect of any other applicable law or regulation.

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

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

(h) **Delivery Delay.** The delivery of any certificate representing the Restricted Stock or other RS Property may be postponed by the Company for such period as may be required for it to comply with any applicable foreign, federal, state or provincial securities law, or any national securities exchange listing

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

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

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

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

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

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

The Participant acknowledges, represents and warrants that:

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

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

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

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

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

8. **Uncertificated Shares.** Notwithstanding anything else herein, to the extent permitted under applicable foreign, federal, state, local or provincial law, the Committee may issue the Shares in the form of uncertificated shares. Such uncertificated shares of Restricted Stock shall be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant. If thereafter certificates are issued with respect to the uncertificated shares of Restricted Stock, such issuance and delivery of certificates shall be in accordance with the applicable terms of this Agreement.
9. **Rights as a Stockholder.** Except as otherwise specifically provided for in this Agreement (including without limitation, in Section 3(b) hereof), or the Plan, the Participant shall have no rights as a stockholder with respect to any shares covered by the Restricted Stock unless and until the Participant has become the holder of record of the shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares.
10. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. Capitalized terms in this Agreement that are not otherwise defined shall have the same meaning as set forth in the Plan. Subject to Section 3(e), if and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.
11. **Amendment.** To the extent applicable, the Board or the Committee may at any time and from time to time amend, in whole or in part, any or all of the provisions of this Agreement to comply with Section 409A of the Code and the regulations thereunder or any other applicable law and may also amend, suspend or terminate this Agreement subject to the terms of the Plan. The award of Restricted Stock pursuant to this Agreement is not intended to be considered “deferred compensation” for purposes of Section 409A of the Code. With respect to any dividend equivalents, however, this Agreement is intended to comply with the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in a manner so as to comply therewith.
12. **Notices.** Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or by regular United States mail, first class and prepaid, to the appropriate party at the address set forth below (or such other address as the party shall from time to time specify):

If to the Company, to:

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

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

13. **Acceptance.** The requirement of your acceptance as provided in Section 9(c)(ii) of the Plan is hereby waived and you are deemed to have accepted the Restricted Stock upon receipt of this Agreement.
14. **Transfer of Personal Data.** If the Participant is currently a resident or is likely to become a resident in the United Kingdom at any time during the period that the Shares are subject to restriction, the Participant authorizes, agrees and unambiguously consents to the transmission by the Company (or any Subsidiary) of any personal data information related to Restricted Stock awarded under this Agreement, for legitimate business purposes (including, without limitation, the administration of the Plan) out of the Participant’s home country and including to countries with less data protection laws than the data protection laws provided by the Participant’s home country. This authorization/consent is freely given by the Participant.
15. **Section 431.** If the Participant is currently a resident or is likely to become a resident in the United Kingdom at any time during the period that the Shares are subject to restriction, as determined by the Company, when requested and as directed by the Company, the Participant agrees to enter into a Joint Election with the Company under Section 431 of the Income Tax (Earnings and Pensions) Act of 2003 (“ITEPA”) for full or partial disapplication of Chapter 2 ITEPA under the laws of the United Kingdom. The election must be signed and dated by the Participant and returned to the Company within 14-days of each grant of Shares.



16. **Miscellaneous.**

- (a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.
- (b) This Agreement shall be governed and construed in accordance with the laws of New York (regardless of the law that might otherwise govern under applicable New York principles of conflict of laws).
- (c) This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one contract.
- (d) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

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

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

**HENRY SCHEIN, INC.**

/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 OF 2016  
RESTRICTED STOCK UNIT AGREEMENT  
PURSUANT TO THE  
HENRY SCHEIN, INC. 2013 STOCK INCENTIVE PLAN  
(AS AMENDED AND RESTATED EFFECTIVE AS OF MAY 14, 2013)

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

**W I T N E S S E T H:**

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

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

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

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

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

**1. Grant of Restricted Stock Units.**

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

**2. Vesting and Payment.**

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

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

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

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

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

**3. Forfeiture and Recoupment.**

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

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

(c) The Participant hereby acknowledges and agrees that the forfeiture and recoupment conditions set forth in this Section 3, in view of the nature of the business in which the Company and its affiliates are engaged, are reasonable in scope and necessary in order to protect the legitimate business interests of the Company and its affiliates, and that any violation thereof would result in irreparable harm to the Company and its affiliates. The Participant also acknowledges and agrees that (i) it is a material inducement and condition to the Company's issuance of the Restricted Stock Units (including any dividends credited thereupon) that such Participant agrees to be bound by such forfeiture and recoupment conditions and, further, that the amounts required

to be forfeited or repaid to the Company pursuant to forfeiture and recoupment conditions set forth above are reasonable, and (ii) nothing in this Agreement or the Plan is intended to preclude the Company (or any affiliate thereof) from seeking any remedies available at law, in equity, under contract to the Company or otherwise, and the Company (or any affiliate thereof) shall have the right to seek any such remedy with respect to the Restricted Stock Units, any dividends credited thereupon, or otherwise.

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

(e) This Section 3(e) applies solely with respect to Participants who are executive officers of the Company. Notwithstanding anything herein to the contrary, Participant agrees and acknowledges that the Restricted Stock Unit awarded under this Agreement and the underlying shares shall be subject to the terms and conditions of the Company's Incentive Compensation Recoupment Policy approved by the Board in March 2016. Notwithstanding the foregoing, Participant agrees that incentive compensation, as defined under of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and such regulations as are promulgated thereunder from time to time ("Dodd-Frank"), payable to Participant under this Agreement shall be subject to any clawback policy adopted or implemented by the Company in respect of Dodd-Frank, or in respect of any other applicable law or regulation.

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

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

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

7. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time.

The Plan is incorporated herein by reference. Capitalized terms in this Agreement that are not otherwise defined shall have the same meaning as set forth in the Plan. Subject to Section 3, if and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

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

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

If to the Company, to:

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

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

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

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

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

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

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

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

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

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

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

**15. Miscellaneous.**

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

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

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

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

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

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

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

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

**HENRY SCHEIN, INC.**

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

**PARTICIPANT**

[Electronic Signature]

\_\_\_\_\_  
[Participant Name]

[Acceptance Date]

**ANNEX 1**

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

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

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

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

**AUSTRALIA**

There are no country-specific provisions.

**AUSTRIA**

There are no country-specific provisions.

**BELGIUM**

There are no country-specific provisions.

**BRAZIL**

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

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

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

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



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

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

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

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

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

#### CANADA

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

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

#### CHINA (Excluding Hong Kong)

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

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

#### CHILE

There are no country-specific provisions.

#### COLOMBIA

There are no country-specific provisions.

#### DENMARK

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

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

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

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

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

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

#### FRANCE

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

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

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

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

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

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

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

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

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

GERMANY

There are no country-specific provisions.

HONG KONG

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

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

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

IRELAND

There are no country-specific provisions.

ITALY

There are no country-specific provisions.

NETHERLANDS

There are no country-specific provisions.

NEW ZEALAND

There are no country specific provisions.

NORTHERN IRELAND

There are no country-specific provisions.

**POLAND**

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

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

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

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

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

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

**SOUTH AFRICA**

There are no country-specific provisions.

**SPAIN**

There are no country-specific provisions.

**SWEDEN**

There are no country-specific provisions.

SWITZERLAND

There are no country-specific provisions.

THAILAND

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

UNITED KINGDOM

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

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

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

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

UNITED STATES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**WITNESSETH:**

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

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

**WHEREAS**, the shares of the Company's common stock are traded on the Nasdaq Stock Market under the symbol "HSIC"; 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), which Participant acknowledges were previously explained to Participant and 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 200% of targets, provided that any such additional Shares shall be subject to the terms and conditions of this Agreement. To the extent applicable, it is intended that the Restricted Stock Units awarded hereunder constitute "qualified performance-based compensation" for purposes of Section 162(m) of the Code and, accordingly, any such determination shall be made in accordance with the requirements of Section 162(m) of the Code. Except as set forth in Sections 2(c), 2(d), 2(e) and 2(f), if the targets and Performance Goal(s) are not satisfied in accordance with this Section 2(a), the Restricted Stock Unit awarded under this Agreement shall be forfeited. Notwithstanding anything herein or in the Plan to the contrary, but except as set forth in Sections 2(c), 2(d), 2(e) and 2(f), the Participant must be employed by the Company (or a Subsidiary) at the times the targets and Performance Goal(s) are satisfied and on the third anniversary of the date of grant. The Participant acknowledges and agrees that the Performance Goal(s) are confidential and shall not be disclosed or otherwise communicated to any other person.



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

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

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

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

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

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

**3. Forfeiture and Recoupment.**

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

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

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

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

(e) This Section 3(e) applies solely with respect to Participants who are executive officers of the Company. Notwithstanding anything herein to the contrary, Participant agrees and acknowledges that the Restricted Stock Unit awarded under this Agreement and the underlying shares shall be subject to the terms and

conditions of the Company's Incentive Compensation Recoupment Policy approved by the Board in March 2016. Notwithstanding the foregoing, Participant agrees that incentive compensation, as defined under of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and such regulations as are promulgated thereunder from time to time ("Dodd-Frank"), payable to Participant under this Agreement shall be subject to any clawback policy adopted or implemented by the Company in respect of Dodd-Frank, or in respect of any other applicable law or regulation.

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

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

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

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

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

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

If to the Company, to:

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

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

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

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

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

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

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

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

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

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

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

15. **Miscellaneous.**

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

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

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

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

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

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

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

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

**HENRY SCHEIN, INC.**

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

**PARTICIPANT**

[Electronic Signature]  
\_\_\_\_\_  
[Participant Name]

[Acceptance Date]

ANNEX 1

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

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

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

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

AUSTRALIA

There are no country-specific provisions.

AUSTRIA

There are no country-specific provisions.

BELGIUM

There are no country-specific provisions.

BRAZIL

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

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

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

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

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

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

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

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

#### CANADA

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

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

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

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

#### CHINA (Excluding Hong Kong)

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

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

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

“The Participant also acknowledges and agrees that (i) it is a material inducement and condition to the Company’s issuance of the Restricted Stock Units (including any dividends credited thereupon) that such Participant agrees to be bound by such forfeiture and recoupment conditions and, further, that the amounts

required to be forfeited or repaid to the Company pursuant to forfeiture and recoupment conditions set forth above are reasonable, and (ii) nothing in this Agreement or the Plan is intended to preclude the Company (or any affiliate thereof) from seeking any remedies available at law, in equity, under contract to the Company or otherwise, and the Company (or any affiliate thereof) shall have the right to seek any such remedy with respect to the Restricted Stock Units and any cash dividends credited in connection therewith, or otherwise.”

#### CHILE

There are no country-specific provisions.

#### COLOMBIA

There are no country-specific provisions.

#### DENMARK

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

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

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

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

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

Section 2(c) is hereby deleted in its entirety

#### FRANCE

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

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



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

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

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

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

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

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

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

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

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

#### GERMANY

There are no country-specific provisions.

#### HONG KONG

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

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

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

IRELAND

There are no country-specific provisions.

ITALY

There are no country-specific provisions.

NETHERLANDS

There are no country-specific provisions.

NEW ZEALAND

There are no country specific provisions.

NORTHERN IRELAND

There are no country-specific provisions.

POLAND

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

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

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

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

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

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

SOUTH AFRICA

There are no country-specific provisions.

SPAIN

There are no country-specific provisions.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

There are no country-specific provisions.

THAILAND

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

UNITED KINGDOM

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

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

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

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

#### UNITED STATES

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

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

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

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

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

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

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

(ii) within any 12-month period beginning on or after the date of the Agreement, the individuals who constitute the Board immediately before the beginning of such period (the Board as of the date hereof shall be hereinafter referred to as the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided that for purposes of this Subsection any individual who becomes a member of the Board subsequent to the date hereof whose election, or nomination for election by HSI’s stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who are also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered

as though such individual were a member of the Incumbent Board; but, provided further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board; or

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

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

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

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

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

FORM OF 2016  
RESTRICTED STOCK UNIT AGREEMENT  
PURSUANT TO THE  
HENRY SCHEIN, INC. 2015 NON-EMPLOYEE DIRECTOR STOCK INCENTIVE PLAN  
(AS AMENDED AND RESTATED EFFECTIVE AS OF JUNE 22, 2015)

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

**W I T N E S S E T H:**

**WHEREAS**, the Company has adopted the Henry Schein, Inc. 2015 Non-Employee Director Stock Incentive Plan (as amended and restated effective as of June 22, 2015), a copy of which is on file with the Company's Corporate Human Resources Department and is available for Participant to review upon request at reasonable intervals as determined by the Company (the "Plan"), which is administered by a Committee appointed by the Company's Board of Directors (the "Committee"); and

**WHEREAS**, pursuant to Section 7 of the Plan, the Committee may grant Restricted Stock Units to non-employee directors under the Plan; and

**WHEREAS**, the Participant is a non-employee director of the Company.

**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 and in the Plan, 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) below, the Restricted Stock Units shall vest on the twelve-month anniversary of the Grant Date (the "Scheduled Payment Date"); provided that the Participant has not had a Termination of Services any time prior to the Scheduled Payment Date.

(b) Except as may otherwise be provided by the Committee, in its sole and absolute discretion, there shall be no proportionate or partial vesting in the periods prior to the Scheduled Payment Date and, except as set forth in Sections 2(c) and 2(d) below, all vesting shall occur only on the Scheduled Payment Date; provided that no Termination of Services has occurred prior to the Scheduled Payment Date.

(c) The Restricted Stock Units will become fully vested on a Change of Control; provided that no Termination of Services has occurred prior to the Change of Control. For purposes of vesting, a "Change of Control" shall mean the occurrence of a Change of Control (as defined in the Plan) or a Section 409A Change of Control (as defined in Section 3(f)).

(d) The Restricted Stock Units will become fully vested on the date of the Participant's Retirement. For purposes of this Agreement, "Retirement" shall refer to the Participant's Termination of Services due to retirement in accordance with the terms and conditions of the Company's Retirement Policy, approved by the Company's Board of Directors on November 30, 2015.

(e) The Participant shall be entitled to receive one share of Common Stock with respect to one vested Restricted Stock Unit. Except as set forth in Section 3 below or in the case 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 date that such Restricted Stock Unit vests (*i.e.*, the Participant shall be paid within thirty (30) days of the earlier to occur of the Scheduled Payment Date or a Change of Control, provided no Termination of Services has occurred prior to such date). Notwithstanding the foregoing, in the event of the Participant's Retirement, the Participant shall be paid one share of Common Stock with respect to each Restricted Stock Unit within thirty (30) days of the earlier to occur of the Scheduled Payment Date or a Change of Control, in each case occurring on or after the Participant's Termination of Services due to Retirement.

3. **Deferred Payment.** Notwithstanding Section 2(e) above, the Participant may elect to defer the payment date of his or her vested Restricted Stock Units beyond the Scheduled Payment Date (such elected deferred payment date, the "Deferred Payment Date"), provided, that:

(a) In order for a deferral election under this Section 3 to be effective, the Participant must make the election prior to the Grant Date.

(b) A deferral election made by the Participant pursuant to this Section 3 with respect to one or more of the Participant's Restricted Stock Units shall, subject to Sections 3(c) and (e) below, defer the payment date of such Restricted Stock Units to the Deferred Payment Date elected by the Participant, which must be one of the following: (i) the third (3<sup>rd</sup>) anniversary of the Scheduled Payment Date; (ii) the fifth (5<sup>th</sup>) anniversary of the Scheduled Payment Date; (iii) the seventh (7<sup>th</sup>) anniversary of the Scheduled Payment Date; (iv) the tenth (10<sup>th</sup>) anniversary of the Scheduled Payment Date; or (v) the date of the Participant's Termination of Services which occurs after the Scheduled Payment Date.

(c) The Participant shall also be permitted to further defer the payment date of his or her vested Restricted Stock Units beyond the Deferred Payment Date, provided that: (i) in order to be effective, the Participant must make such deferral election at least twelve (12) months prior to the Deferred Payment Date; (ii) a deferral election made by the Participant pursuant to this Section 3(c) shall defer the payment date of his or her vested Restricted Stock Units for a period of time (expressed in whole years) of not less than five (5) years and no more than ten (10) years beyond the Deferred Payment Date; and (iii) the Participant's deferral election shall not become effective until twelve (12) months after the date on which it is made. The Participant shall be entitled to make more than one deferral election under this Section 3(c) with respect to his or her vested Restricted Stock Units, and any such new Deferred Payment Date election that becomes effective in accordance herewith shall supersede any previous Deferred Payment Date election made by the Participant with respect to such Restricted Stock Units on and after the twelve (12) month anniversary after the election is made.

(d) The Participant must make any deferral election permitted under this Section 3 in writing on the election form and in accordance with the procedures established by the Company. A deferral election is valid solely with respect to the Restricted Stock Units identified on the election form and must comply with the requirements of this Section 3 to be given effect. Subject to the requirements set forth in this Section 3, the Participant shall be entitled to make deferral elections with respect to all or only a portion of his or her Restricted Stock Units and any such deferral elections need not be the same for all of the Participant's Restricted Stock Units.

(e) If the Participant elects in accordance with this Section 3 to defer the date of payment of any of his or her Restricted Stock Units beyond the Scheduled Payment Date, the payment date of such Restricted Stock Units, to the extent vested, shall occur within the thirty (30) day period following the earliest of the following to occur: (i) the Deferred Payment Date; (ii) the Participant's Termination of Services (other than as a result of the Participant's death, Disability or Retirement), but only if such Termination of Services qualifies as a "separation from service" within the meaning of Section 409A(a)(2)(A)(i) of the Code and the Treasury regulations thereunder and, solely to the extent applicable, subject to the six (6) month delay described in Section 15(h) of the Plan with respect to "specified employees"; (iii) the Participant's death; (iv) the Participant's Disability; (v) the Scheduled Payment Date if the Participant has a Termination of Services due to Retirement; or (vi) a "Section 409A Change of Control" (as defined below).



(f) For purposes of Sections 2(c) and 3(e) only, a "Section 409A Change of Control" shall mean a Change in Control (as defined in the Plan); provided, that, no event shall constitute a "Section 409A Change of Control" for purposes of this Agreement unless such event also qualifies as a "change in control event" for purposes of Treasury Regulation § 1.409A-3(i)(5).

4. **Termination.**

Except as set forth in Section 2(d) above, all unvested Restricted Stock Units will be forfeited on the Participant's Termination of Services.

5. **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.

6. **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.

7. **Withholding.**

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

8. **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. 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.

9. **Amendment.** The Board or the Committee may 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.

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

If to the Company, to:

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

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

11. **No Obligation to Continue Directorship.** This Agreement is not an agreement of directorship. This Agreement does not guarantee that the Company will retain, or continue to 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's right to terminate or modify the Participant's services or compensation as a director.

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

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

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

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

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

(c) If he or she is deemed an affiliate within the meaning of Rule 144 of the Act, he or she understands that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Common Stock of the Company, (ii) adequate information

concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with; and that any sale of the Shares may be made only in limited amounts in accordance with such terms and conditions.

14. **Transfer of Personal Data.** The Participant authorizes, agrees and unambiguously consents to the transmission by the Company (or any subsidiary) of any personal data information related to the 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 than the data protection provided by the Participant's home country. This authorization/consent is freely given by the Participant.

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

16. **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.

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

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

**HENRY SCHEIN, INC.**

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

**PARTICIPANT**

[Electronic Signature]

\_\_\_\_\_  
[Participant Name]

[Acceptance Date]

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, 2016

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

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

I, Steven Paladino, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Henry Schein, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016

/s/ Steven Paladino

Steven Paladino  
Executive Vice President and  
Chief Financial Officer

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

In connection with the quarterly report on Form 10-Q of Henry Schein, Inc. (the "Company") for the period ending March 26, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stanley M. Bergman, the Chairman and Chief Executive Officer of the Company, and I, Steven Paladino, Executive Vice President and Chief Financial Officer of the Company, do hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

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

Dated: May 3, 2016

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

Dated: May 3, 2016

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

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

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