UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

_X_ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended September 23, 2000

OR

__ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-27078

HENRY SCHEIN, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	11-3136595
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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 X No ___

As of November 1, 2000 there were 41,547,643 shares of the Registrant's Common Stock outstanding.

HENRY SCHEIN, INC. AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS

PART 1. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

HENRY SCHEIN, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	September 23, 2000	December 25, 1999
	(unaudited)	(audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 37,242	$ 26,019
Accounts receivable, less reserves of $24,174 and $20,391, respectively	386,672	388,063
Inventories	260,194	285,590
Deferred income taxes	19,982	15,520
Prepaid expenses and other	62,143	63,617
Total current assets	766,233	778,809
Property and equipment, net of accumulated depreciation and amortization of $70,084 and $60,702, respectively	89,111	86,627
Goodwill and other intangibles, net of accumulated amortization of $40,936 and $31,356, respectively	280,293	295,113
Investments and other	48,669	43,553
	$ 1,184,306	$1,204,102
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 198,679	$ 198,983
Bank credit lines	29,359	41,527
Accruals:		
Salaries and related expenses	33,665	31,188
Merger, integration and restructuring costs	8,805	10,093
Other	66,655	64,710
Current maturities of long-term debt	4,246	3,879
Total current liabilities	341,409	350,380
Long-term debt	272,176	318,218
Other liabilities	11,207	9,782
Total liabilities	624,792	678,380
Minority interest	7,297	7,855
Stockholders' equity:		
Common stock, $.01 par value, authorized 120,000,000, issued: 41,447,857 and 40,768,306, respectively	414	407
Additional paid-in capital	365,132	361,757
Retained earnings	212,297	167,809
Treasury stock, at cost, 62,479 shares	(1,156)	(1,156)
Accumulated comprehensive loss	(23,973)	(10,359)
Deferred compensation	(497)	(591)
Total stockholders' equity	552,217	517,867
	$ 1,184,306	$1,204,102

See accompanying notes to consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	September 23, 2000	September 25, 1999	September 23, 2000	September 25, 1999
Net sales	$ 603,037	$ 578,794	$1,725,021	$1,674,439
Cost of sales	417,927	404,830	1,187,976	1,163,008
Gross profit	185,110	173,964	537,045	511,431
Operating expenses:				
Selling, general and administrative	150,779	141,452	447,670	423,222
Merger and integration costs	-	5,993	585	13,467
Restructuring costs	5,387	-	5,387	-
Operating income	28,944	26,519	83,403	74,742
Other income (expense):				
Interest income	2,322	1,386	4,342	5,207
Interest expense	(4,841)	(5,526)	(15,540)	(16,566)
Other - net	108	207	(538)	315
Income before taxes on income, minority interest and equity in losses of affiliates	26,533	22,586	71,667	63,698
Taxes on income	9,623	10,114	26,175	26,199
Minority interest in net income of subsidiaries	338	353	1,375	1,272
Equity in losses of affiliates	(334)	(596)	(100)	(1,454)
Net income	$ 16,238	$ 11,523	$ 44,017	$ 34,773
Net income per common share:				
Basic	$ 0.39	$ 0.28	$ 1.07	$ 0.86
Diluted	$ 0.39	$ 0.28	$ 1.06	$ 0.84
Weighted average common shares outstanding:				
Basic	41,251	40,608	41,062	40,546
Diluted	41,860	41,104	41,568	41,437

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended	
	September 23, 2000	September 25, 1999
Cash flows from operating activities:		
Net income	$ 44,017	$ 34,773
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,002	22,479
Provision (benefit) for losses and allowances on accounts receivable	3,715	(1,185)
Stock issued to ESOP trust	2,193	1,768
(Benefit) provision for deferred income taxes	(2,010)	3,074
Undistributed losses of affiliates	100	1,454
Minority interest in net income of subsidiaries	1,375	1,272
Other	(45)	(142)
Changes in operating assets and liabilities (net of acquisitions):		
Increase in accounts receivable	(9,172)	(22,092)
Decrease in inventories	17,907	30,150
(Increase) decrease in other current assets	(6,591)	12,862
Increase (decrease) in accounts payable and accruals	9,614	(40,847)
Net cash provided by operating activities	85,105	43,566
Cash flows from investing activities:		
Capital expenditures	(19,516)	(20,654)
Business acquisitions, net of cash acquired	(6,838)	(128,113)
Proceeds from sale of fixed assets	-	8,583
Other	(2,390)	2,527
Net cash used in investing activities	(28,744)	(137,657)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	-	130,491
Principal payments on long-term debt	(3,909)	(12,048)
Proceeds from common stock options exercised by employees under stock option plans	839	7,533
Proceeds from borrowings from banks	9,714	142,485
Payments on borrowings from banks	(56,556)	(157,234)
Other	1,049	(6,293)
Net cash (used in) provided by financing activities	(48,863)	104,934
Net increase in cash and cash equivalents	7,498	10,843
Effect of exchange rate changes on cash and cash equivalents	3,725	-
Cash and cash equivalents, beginning of period	26,019	28,222
Cash and cash equivalents, end of period	$ 37,242	$ 39,065

See accompanying notes to consolidated financial statements.

HENRY SCHEIN, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except employee and share data)
(unaudited)

Note 1. Basis of Presentation

The consolidated financial statements include the accounts of Henry Schein, Inc. and its wholly-owned and majority-owned subsidiaries (collectively, the "Company").

In the opinion of the Company's management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth therein. These consolidated financial statements are condensed and therefore do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 25, 1999. The Company follows the same accounting policies in the preparation of interim reports. The results of operations for the nine months ended September 23, 2000 are not necessarily indicative of the results to be expected for the fiscal year ending December 30, 2000, or any other period.

Note 2. Business Acquisitions

During the nine months ended September 23, 2000, the Company completed three acquisitions, none of which were considered material. Of the three completed acquisitions, two were accounted for under the purchase method of accounting and the remaining acquisition was accounted for under the pooling of interests method of accounting. The Company issued 465,480 shares of its Common Stock, with an aggregate value of approximately $7,900 in connection with the pooling transaction. The transactions completed under the purchase method of accounting have been included in the consolidated financial statements from their respective acquisition dates. The pooling transaction was not material and has been included in the consolidated financial statements from the beginning of the second quarter of 2000.

During the nine months ended September 25, 1999, the Company completed eight acquisitions. The 1999 completed acquisitions included General Injectables and Vaccines, Inc. ("GIV"), through the purchase of all of the outstanding common stock of Biological and Popular Culture, Inc., a leading independent direct marketer of vaccines and other injectables to office-based practitioners throughout the United States; and the Heiland Group GmbH ("Heiland"), the largest direct marketer of healthcare supplies to medical, dental and veterinary office-based practitioners, in Germany. Of the eight completed acquisitions, seven were accounted for under the purchase method of accounting, and the remaining acquisition was accounted for under the pooling of interests method of accounting. The transactions completed under the purchase method of accounting have been included in the consolidated financial statements from their respective acquisition dates. The pooling transaction was not material and has been included in the consolidated financial statements from the beginning of the first quarter of 1999. Due to the closing dates of the GIV and Heiland acquisitions, which occurred on December 30, 1998, and December 27, 1998, respectively, there were no material differences between 1999 actual and pro forma results of operations.

HENRY SCHEIN, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except employee and share data)
(unaudited)

Note 2. Business Acquisitions - (continued)

In connection with the 2000, 1999 and 1998 acquisitions accounted for under the pooling of interests method, the Company incurred certain merger and integration costs during the three and nine months ended September 23, 2000, and September 25, 1999, of approximately $0 and $585, and $5,993 and $13,467, respectively. These costs consist primarily of compensation and rent as well as other integration costs associated with these mergers. Net of taxes, for the three and nine months ended September 23, 2000, and September 25, 1999, merger and integration costs were approximately $0.00 and $0.01 per share, and $0.12 and $0.23 per share, respectively, on a diluted basis.

The following table shows amounts expensed, paid and charged against the merger and integration accrual that were incurred and accrued in the third quarter:

	Balance at December 25, 1999	Provision	Payments	Balance at September 23, 2000
Severance and other direct costs ..	$ 1,694	$ -	$ 1,018	$ 676
Direct transaction and other integration costs	8,399	585	4,091	4,893
	$ 10,093	$ 585	$ 5,109	$ 5,569

For the nine months ended September 23, 2000, 40 employees received severance and 14 were owed severance at September 23, 2000.

Note 3. Plan of Restructuring

On August 1, 2000, the Company announced a comprehensive restructuring designed to improve customer service and increase profitability by maximizing the efficiency of the Company's infractructure. This world wide initiative includes the elimination of approximately 300 positions, including open positions, or about 5% of the total workforce, throughout all levels within the organization.

Through the three months ended September 23, 2000, the Company has incurred one-time restructuring costs of approximately $5,400 ($3,400 after taxes, or approximately $0.08 per diluted share), consisting of employee severance pay and benefits, facility closing costs representing primarily lease termination and asset write-off costs, outside professional and consulting fees.

(in thousands, except employee and share data)

Note 3. Plan of Restructuring - (Continued)

The Company expects to incur additional one-time restructuring costs of a similar nature of approximately $8,600 ($5,000 after taxes, or $0.12 per diluted share) during the fourth quarter of 2000, wherein the restructuring plan will be substantially completed.

The following table shows amounts expensed, and paid for restructuring costs that were incurred and accrued in the third quarter:

	Provision	Payments	Balance at September 23, 2000
Severance costs	$3,649	$1,313	$2,336
Facility closing costs	1,130	230	900
Other professional and consulting costs	608	608	--
	$5,387	$2,151	$3,236

For the three months ended September 23, 2000, 164 employees were separated from the Company, received severance and 105 were owed severance pay and benefits at September 23, 2000. These employees were from nearly all functional areas of the Company's operations.

Note 4. Comprehensive Income

Net comprehensive income for the three and nine months ended September 23, 2000, and September 25, 1999, is as follows:

	Three Months Ended		Nine Months Ended	
	September 23, 2000	September 25, 1999	September 23, 2000	September 25, 1999
Net income	$16,238	$ 11,523	$ 44,017	$ 34,773
Foreign currency translation adjustments	(6,941)	(151)	(13,614)	(6,627)
Net comprehensive income	$ 9,297	$ 11,372	$ 30,403	$ 28,146

Note 5. Segment Data

The Company has two reportable segments, healthcare distribution and technology. The healthcare distribution segment which is comprised of the Company's Dental, Medical, Veterinary and International business groups, distributes healthcare products (primarily consumable) and services to office-based healthcare practitioners and professionals in the combined North American, European and the Pacific Rim markets. The technology segment consists primarily of the Company's practice management software business and certain other value-added products and services which are distributed primarily to healthcare professionals in the North American market.

The Company's reportable segments are strategic business units that offer different products and services, albeit to the same customer base. Most of the technology business was acquired as a unit, and the management at the time of acquisition was retained. The following tables present information about the Company's business segments:

HENRY SCHEIN, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except employee and share data)
(unaudited)

Note 5. Segment Data -- (Continued)

	Three Months Ended		Nine Months Ended	
	September 23, 2000	September 25, 1999	September 23, 2000	September 25, 1999
Net Sales:				
Healthcare distribution (1):				
Dental	$ 264,975	$ 259,182	$ 785,171	$ 773,067
Medical	218,355	194,492	560,684	515,097
Veterinary	14,450	13,275	42,212	39,472
International (2)	89,343	95,876	286,753	298,307
Total healthcare distribution	587,123	562,825	1,674,820	1,625,943
Technology (3)	15,914	15,969	50,201	48,496
	$ 603,037	$ 578,794	$ 1,725,021	$ 1,674,439

(1) Consists of consumable products, small equipment, laboratory products, large dental equipment, branded and generic pharmaceuticals, surgical products, diagnostic tests, infection control and vitamins.
(2) Consists of products sold in Dental, Medical and Veterinary groups in European and Pacific Rim markets.
(3) Consists of practice management software and other value-added products and services.

	Three Months Ended		Nine Months Ended	
	September 23, 2000	September 25, 1999	September 23, 2000	September 25, 1999
Operating income:				
Healthcare distribution (includes merger, integration and restrucuring costs of $5,029, $5,993, $5,029, $13,467, respectively)	$ 23,301	$ 20,331	$ 65,692	$ 56,325
Technology (includes merger, integration and restructuring costs of $358, $0, $943, $0, respectively)	5,643	6,188	17,711	18,417
Total	$ 28,944	$ 26,519	$ 83,403	$ 74,742

	September 23, 2000	September 25, 1999
Total assets:		
Healthcare distribution	$ 1,150,260	$ 1,148,494
Technology	90,593	57,007
Total assets for reportable segments	1,240,853	1,205,501
Receivables due from healthcare distribution segment	(49,694)	(33,631)
Receivables due from technology segment	(6,853)	(3,007)
Consolidated total assets	$ 1,184,306	$ 1,168,863

(in thousands, except employee and share data)

Note 6. Earnings per Share

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

	Three Months Ended		Nine Months Ended	
	September 23, 2000	September 25, 1999	September 23, 2000	September 25, 1999
Basic	41,251	40,608	41,062	40,546
Effect of assumed conversion of employee stock options	609	496	506	891
Diluted	41,860	41,104	41,568	41,437

Note 7. Subsequent Event

On October 23, 2000, the Company announced that in an ongoing effort to sharpen its focus on the Company's core value-added distribution business it has sold its 50% interest in dental anesthetic manufacturer HS Pharmaceutical, which owns Novocol Pharmaceutical of Canada, Inc. (Novocol). The Company expects to take a non-recurring loss on the divestiture of approximately $.05 per share in the fourth quarter of 2000.

Note 8. Effect of Recently Issued Accounting Standards

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements". In June 2000, the SEC delayed the effective date of SAB 101 to no later than the fourth quarter of fiscal years beginning after December 15, 1999. The Company does not expect the impact that the adoption of SAB 101 will have on its results of operations and financial position to be material.

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

Plan of Restructuring

On August 1, 2000, the Company announced a comprehensive restructuring plan designed to improve customer service and increase profitability by maximizing the efficiency of the Company's infrastructure. This world wide initiative includes the elimination of approximately 300 positions, including open positions, or about 5% of the total workforce, throughout all levels within the organization.

Through the three months ended September 23, 2000, the Company has incurred one-time restructuring costs of approximately $5.4 million ($3.4 million after taxes, or approximately $0.08 per diluted share), of which approximately $3.7 million related to employee severance pay and benefits, $1.1 million related to facility closing costs representing primarily lease termination and asset write-off costs, and $0.6 million related to outside professional and consulting fees directly related to the restructuring plan. Of the $5.4 million in restructuring cost incurred during the three months ended September 23, 2000, approximately $0.4 million related to the Technology segment of the Company's business.

The Company expects to incur additional one-time restructuring costs of approximately $8.6 million ($5.0 million after taxes, or $0.12 per diluted share) during the fourth quarter of 2000, wherein the restructuring plan will be substantially completed.

The Company estimates that annual savings derived from the restructuring plan and the previously announced dental rightsizing plan will be approximately $20.0 million on a pre-tax basis ($12.0 million after taxes), equating to approximately $0.29 per diluted share.

Three Months Ended September 23, 2000, compared to Three Months Ended September 25, 1999

Net sales increased $24.2 million, or 4.2%, to $603.0 million for the three months ended September 23, 2000, from $578.8 million for the three months ended September 25, 1999. Net sales of the Company's healthcare distribution business increased approximately $24.3 million, or 4.3%. As part of this increase approximately $23.9 million represented a 12.3% increase in the Company's Medical business, $5.7 million represented a 2.2% increase in its Dental business, $1.2 million represented a 8.9% increase in its Veterinary business, and $(6.5) million represented a 6.8% decrease in its International business. The increase in medical net sales is attributable to strong sales to the Company's core physician office and alternate care markets. The increase in dental net sales was primarily due to improved dental equipment sales and service. In the veterinary market, the increase in net sales was primarily due to increased account penetration. In the international market, the decrease in net sales was due to unfavorable foreign exchange rates offset partially by increased account penetration in Germany, France, the United Kingdom and Spain. Unfavorable exchange rate translation adjustments decreased net sales in the international market by approximately $12.6 million. Had net sales for the international market been translated at the same rates in effect during the third quarter of 1999, international net sales would have increased by 6.3%. The technology business remained unchanged for the three months ended September 23, 2000, when compared to the three months ended September 25, 1999, when sales were exceptionally strong due to Y2K conversions.

Gross profit increased by $11.1 million, or 6.4%, to $185.1 million for the three months ended September 23, 2000, from $174.0 million for the three months ended September 25, 1999. Gross profit margin increased 0.6% to 30.7% from 30.1% for the same period last year. Healthcare distribution gross profit increased $11.5 million, or 7.1%, to $174.0 million for the three months ended September 23, 2000, from $162.5 million for the three months ended September 25, 1999. Healthcare distribution gross profit margin increased by 0.7% to 29.6% for the three months ended September 23, 2000, from 28.9% for the three months ended September 25, 1999, primarily due to changes in sales mix. Technology gross profit decreased by $0.4 million or 3.0% to $11.1 million for the three months ended September 23, 2000, from $11.5 million for the three months ended September 25, 1999, primarily due to sales volume. Technology gross profit margins decreased by 1.9% to 69.7% for three months ended September 23, 2000, from 71.6% for the three months ended September 25, 1999, primarily due to changes in sales mix.

Selling, general and administrative expenses increased by $9.3 million, or 6.6%, to $150.8 million for the three months ended September 23, 2000, from $141.5 million for the three months ended September 25, 1999. Selling and shipping expenses increased by $4.2 million, or 4.4%, to $98.7 million for the three months ended September 23, 2000, from $94.5 million for the three months ended September 25, 1999. As a percentage of net sales, selling and shipping expenses increased 0.1% to 16.4% for the three months ended September 23, 2000, from 16.3% for the three months ended September 25, 1999. General and administrative expenses increased $5.1 million, or 10.9%, to $52.1 million for the three months ended September 23, 2000, from $47.0 million for the three months ended September 25, 1999. As a percentage of net sales, general and administrative expenses increased 0.5% to 8.6% for the three months ended September 23, 2000, from 8.1% for the three months ended September 25, 1999.

Other income (expense) - net changed by $1.5 million, to $(2.4) million for the three months ended September 23, 2000, compared to $(3.9) million for the three months ended September 25, 1999, primarily due to lower interest expense, as a result of reduced debt levels and higher finance charge income on receivables.

Equity in losses of affiliates increased $0.3 million to $(0.3) million for the three months ended September 23, 2000, from $(0.6) million for the three months ended September 25, 1999. The increase is due to a reduced loss in 2000 from HS Pharmaceutical, an affiliated company, which is accounted for under the equity method. In 1998, HS Pharmaceutical suspended manufacturing of certain anesthetic products. On September 23, 1999, the United States Food and Drug Administration ("FDA") issued clearance for HS Pharmaceutical to resume production of its anesthetic products for shipment into the United States. HS Pharmaceutical resumed limited production and shipment of its products in the fourth quarter of 1999.

For the three months ended September 23, 2000, the Company's effective tax rate was 36.3%. For the three months ended September 25, 1999, the Company's effective tax rate was 44.8%. Excluding merger, integration and restructuring costs, net of applicable taxes, the Company's effective tax rate for the three months ended September 23, 2000, and September 25, 1999, would have been 36.5% and 38.8%, respectively. The difference between the Company's effective tax rate, excluding certain non-deductible merger, integration and restructuring costs, and the Federal statutory rate relates primarily to state income taxes.

Excluding the merger, integration and restructuring costs, net of taxes, pro forma net income, and pro forma net income per diluted common share would have been $19.6 million and $0.47, and $16.6 million and $0.40, respectively for the three months ended September 23, 2000, and September 25, 1999.

Nine Months Ended September 23, 2000, compared to Nine Months Ended September 25, 1999

Net sales increased $50.6 million, or 3.0%, to $1,725.0 million for the nine months ended September 23, 2000, from $1,674.4 million for the nine months ended September 25, 1999. Of the $50.6 million increase, approximately $48.8 million, or 96.4%, represented a 3.0% increase in the Company's healthcare distribution business. As part of this increase approximately $45.5 million represented an 8.9% increase in the Company's Medical business, $12.1 million represented a 1.6% increase in its Dental business, $2.7 million represented a 6.9% increase in its Veterinary business, and $(11.5) million represented a 3.9% decrease in its International business. The increase in medical net sales is attributable to strong sales to the Company's core physician office and alternate care markets. The increase in dental net sales was primarily due to improved dental consumable merchandise sales. In the veterinary market, the increase in net sales was primarily due to increased account penetration. In the international market, the decrease in net sales was due to unfavorable foreign exchange rates, partially offset by increased account penetration in Germany, France and Spain. Unfavorable exchange rate translation adjustments decreased net sales in the international market by $30.6 million. Had net sales for the international market been translated at the same rates in effect during the first nine months of 1999, international net sales would have increased by 6.4%. The remaining increase in 2000 net sales was due to the technology business, which increased $1.7 million, or 3.5%, to $50.2 million for the nine months ended September 23, 2000, from $48.5 million for the nine months ended September 25, 1999. The increase in technology and value-added product net sales was primarily due to increased practice management software and related technology sales.

Gross profit increased by $25.6 million, or 5.0%, to $537.0 million for the nine months ended September 23, 2000, from $511.4 million for the nine months ended September 25, 1999. Gross profit margin increased 0.6% to 31.1%, from 30.5% for the same period last year. Healthcare distribution gross profit increased $24.4 million, or 5.1%, to $502.7 million for the nine months ended September 23, 2000, from $478.3 million for the nine months ended September 25, 1999. Healthcare distribution gross profit margin increased by 0.6% to 30.0% for the nine months ended September 23, 2000, from 29.4% for the nine months ended September 25, 1999, primarily due to changes in sales mix. Technology gross profit increased by $1.2 million, or 3.6%, to $34.3 million for the nine months ended September 23, 2000, from $33.1 million for the nine months ended September 25, 1999. Technology gross profit margins increased by 0.1% to 68.4% for nine months ended September 23, 2000, from 68.3% for the nine months ended September 25, 1999, primarily due to changes in sales mix.

Selling, general and administrative expenses increased by $24.5 million, or 5.8%, to $447.7 million for the nine months ended September 23, 2000, from $423.2 million for the nine months ended September 25, 1999. Selling and shipping expenses increased by $9.7 million, or 3.4%, to $294.7 million for the nine months ended September 23, 2000, from $285.0 million for the nine months ended September 25, 1999. As a percentage of net sales, selling and shipping expenses increased 0.1% to 17.1% for the nine months ended September 23, 2000, from 17.0% for the nine months ended September 25, 1999. General and administrative expenses increased $14.8 million, or 10.7%, to $153.0 million for the nine months ended September 23, 2000, from $138.2 million for the nine months ended September 25, 1999. As a percentage of net sales, general and administrative expenses increased 0.6% to 8.9% for the nine months ended September 23, 2000, from 8.3% for the nine months ended September 25, 1999.

Other income (expense) - net changed by $0.7 million, to $(11.7) million for the nine months ended September 23, 2000, compared to $(11.0) million for the nine months ended September 25, 1999, due primarily to lower finance charge income on receivables and foreign currency losses, offset by lower interest expense, as a result of reduced debt levels.

Equity in losses of affiliates increased $1.3 million to $(0.1) million for the nine months ended September 23, 2000 from $(1.4) million for the nine months ended September 25, 1999. The increase is due to a reduced loss in 2000 from HS Pharmaceutical, an affiliated company, which is accounted for under the equity method. In 1998, HS Pharmaceutical suspended manufacturing of certain anesthetic products. On September 23, 1999, the FDA issued clearance for HS Pharmaceutical to resume production of its anesthetic products for shipment into the United States. HS Pharmaceutical resumed limited production and shipment of its products in the fourth quarter of 1999.

Excluding the merger, integration and restructuring costs, net of taxes, pro forma net income, and pro forma net income per diluted common share would have been $48.0 million and $1.15 and $44.3 million and $1.07, respectively, for the nine months ended September 23, 2000 and September 25, 1999.

For the nine months ended September 23, 2000, the Company's effective tax rate was 36.5%. For the nine months ended September 25, 1999, the Company's effective tax rate was 41.1%. Excluding merger, integration and restructuring costs net of applicable taxes, the Company's effective tax rate for the nine months ended September 23, 2000, and September 25, 1999, would have been 36.3% and 39.1%, respectively. The difference between the Company's effective tax rate, excluding certain non-deductible merger, integration and restructuring costs, and the Federal statutory rate relates primarily to state income taxes.

Subsequent Event

On October 23, 2000, the Company announced that in an ongoing effort to sharpen its focus on the Company's core value-added distribution business it has sold its 50% interest in dental anesthetic manufacturer HS Pharmaceutical, which owns Novocol Pharmaceutical of Canada, Inc. (Novocol). The Company expects to take a non-recurring loss on the divestiture of approximately $.05 per share in the fourth quarter of 2000.

Effect of Recently Issued Accounting Standards

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements". In June 2000, the SEC delayed the effective date of SAB 101 to no later than the fourth quarter of fiscal years beginning after December 15, 1999. The Company does not expect the impact that the adoption of SAB 101 will have on its results of operations and financial position to be material.

Euro Conversion

Effective January 1, 1999, 11 of the 15 member countries of the European Union have adopted the Euro as their common legal currency. On that date, the participating countries established fixed Euro conversion rates between their existing sovereign currencies and the Euro. The Euro now trades on currency exchanges and is available for non-cash transactions. The participating countries now issue sovereign debt exclusively in Euros, and have re-denominated outstanding sovereign debt. The authority to direct monetary policy for the participating countries, including money supply and official interest rates for the Euro, is now exercised by the new European Central Bank.

The Company has established an Euro Task Force to address its information systems, product and customer concerns. The Company expects to achieve timely Euro information systems and product readiness, so as to conduct transactions in the Euro, in accordance with implementation schedules as they are established by the European Commission. The Company does not anticipate that the costs of the overall effort will have a material adverse impact on future results.

E-Commerce

Traditional healthcare supply and distribution relationships are being challenged by electronic on-line commerce solutions. The Company's distribution business is characterized by rapid technological developments and intense competition. The rapid evolution of on-line commerce will require continuous improvement in performance, features and reliability of Internet content and technology by the Company, particularly in response to competitive offerings. Through the Company's proprietary technologically based suite of products, customers are offered a variety of competitive alternatives. The Company's tradition of reliable service, proven name recognition, and large customer base built on solid customer relationships makes it well situated to participate fully in this rapidly growing aspect of the distribution business. The Company is exploring ways and means of improving and expanding its Internet presence and will continue to do so.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal capital requirements have been to fund: (a) repayments on bank borrowings, (b) capital expenditures, (c) acquisitions, and (d) working capital needs resulting from increased sales and special inventory forward buy-in opportunities. Since sales have been strongest during the fourth quarter and special inventory forward buy-in opportunities are most prevalent just before the end of the year, the Company's working capital requirements have been generally higher from the end of the third quarter to the end of the first quarter of the following year. The Company has financed its business primarily through revolving credit facilities, a private placement loan, and stock issuances.

Net cash provided by operating activities for the nine months ended September 23, 2000, of $85.1 million resulted primarily from net income of $44.0 million, non-cash charges of $29.3 million, and an increase in net working capital of $11.8 million. The increase in working capital was primarily due to a decrease in inventories of $17.9 million and an increase in accounts payable, and accruals of $9.6 million, partially offset by an increase in accounts receivable of $9.1 million, and an increase in other current assets of $6.6 million. The Company anticipates future increases in working capital requirements as a result of sales growth and special inventory forward buy-in opportunities.

Net cash used in investing activities for the nine months ended September 23, 2000, of $28.7 million resulted primarily from cash used for capital expenditures and contingent earn-out payments for past acquisitions. The Company expects that it will invest more than $25.0 million during the year ending December 30, 2000, in capital projects to modernize and expand its facilities and infrastructure systems and integrate operations.

Net cash used in financing activities for the nine months ended September 23, 2000, of $48.9 million resulted primarily from repayments on the Company's revolving credit facility and other long-term debt, offset by proceeds from new borrowings and issuances of stock resulting from option exercises.

Certain holders of minority interests in acquired entities or ventures have the right at certain times to require the Company to acquire their interest at either fair market value or a formula price based on earnings of the entity.

The Company's cash and cash equivalents as of September 23, 2000, of $37.2 million consist of bank balances, money market funds and other short-term investments.

The Company has a $150.0 million revolving credit facility, which has a termination date of August 15, 2002. Borrowings under the credit facility were $15.1 million at September 23, 2000. The Company also has one uncommitted bank line totaling $15.0 million, upon which nothing has been borrowed at September 23, 2000. Certain of the Company's subsidiaries have revolving credit facilities that total approximately $49.0 million at September 23, 2000, under which $29.4 million has been borrowed.

On June 30, 1999, the Company completed a private placement transaction under which it issued $130.0 million in Senior Notes, the proceeds of which were used for the permanent financing of the GIV and Heiland acquisitions, as well as repaying and retiring a portion of four uncommitted bank lines and to pay down amounts owed under its revolving credit facility. The $130.0 million notes come due in full on June 30, 2009, and bear interest at a rate of 6.94% per annum. Interest is payable semi-annually.

The Company believes that its cash and cash equivalents, its anticipated cash flow from operations, its ability to access private and public debt and equity markets, and the availability of funds under its existing credit agreements will provide it with sufficient liquidity to meet its short and long-term capital needs.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There were no material changes to the disclosures made in our annual report 10-K for the year ended December 25, 1999, on this matter.

Disclosure Regarding Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information in this Form 10-Q contains information that is forward-looking, such as the Company's opportunities to increase sales through, among other things, acquisitions; its exposure to fluctuations in foreign currencies; its anticipated liquidity and capital requirements; competitive product and pricing pressures and the ability to gain or maintain share of sales in global markets as a result of actions by competitors; and the results of legal proceedings. The matters referred to in forward-looking statements could be affected by the risks and uncertainties involved in the Company's business. These risks and uncertainties include, but are not limited to, the effect of economic and market conditions, the impact of the consolidation of health care practitioners, the impact of health care reform, opportunities for acquisitions and the Company's ability to effectively integrate acquired companies, the acceptance and quality of software products, acceptance and ability to manage operations in foreign markets, the ability to maintain favorable supplier arrangements and relationships, possible disruptions in the Company's computer systems or telephone systems, possible increases in shipping rates or interruptions in shipping service, the level and volatility of interest rates and currency values, economic and political conditions in international markets, including civil unrest, government changes and restrictions on the ability to transfer capital across borders, the impact of current or pending legislation, regulation and changes in accounting standards and taxation requirements, environmental laws in domestic and foreign jurisdictions, as well as certain other risks described in this Form 10-Q. Subsequent written and oral forward looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere described in this Form 10-Q.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The manufacture or distribution of certain products by the Company involves a risk of product liability claims, and from time to time the Company is named as a defendant in products liability cases as a result of its distribution of pharmaceutical and other healthcare products. As of the end of the Company's third fiscal quarter of 2000, the Company was named a defendant in approximately seventy-six such cases. Of these product liability claims, fifty-nine involve claims made by healthcare workers who claim allergic reaction relating to exposure to latex gloves. In these cases, the Company acted as a distributor of both brand name and/or "Henry Schein" private brand latex gloves, which were manufactured by third parties. To date, discovery in these cases has generally been limited to product identification issues. The manufacturers in these cases have withheld indemnification of the Company pending product identification; however, the Company is taking steps to implead those manufacturers into each case in which the Company is a defendant. The Company is also a named defendant in nine lawsuits involving the sale of phentermine and fenfluramin. Plaintiffs in these cases allege injuries from the combined use of the drugs known as "Phen/fen". The Company expects to obtain indemnification from the manufacturers of these products, although this is dependent upon the financial viability of the manufacturers and their insurers.

In addition, the Company is subject to other claims, suits and complaints, which arise in the course of the Company's business. In Texas District Court, Travis County ("District Court"), the Company, and one of its subsidiaries, are defendants in a matter entitled Shelly E. Stromboe & Jeanne N. Taylor, on Behalf of Themselves and All Other Similarly Situated vs. Henry Schein, Inc., Easy Dental Systems, Inc. and Dentisoft, Inc. Case No. 98-00886. This complaint alleges among other things, negligence, breach of contract, fraud, and violations of certain Texas Commercial Statutes involving the sale of certain practice management software products sold prior to 1998 under the Easy Dental name. In October 1999, the District Court, on motion, certified both a Windows Sub-Class and a DOS Sub-Class to proceed as a class action pursuant to Tex. R.Civ. P.42. It is estimated that 5,000 Windows customers and 15,000 DOS customers could be covered by the judge's ruling. In November of 1999, the Company filed an interlocutory appeal of the District Court's determination to the Texas Court of Appeals on the issue of whether this case was properly certified as a class action. On September 14, 2000, the Court of Appeals affirmed the District Court's certification order. The Company plans to pursue an appeal of the class certification order before the Texas Supreme Court. During the appeal of the class certification order, a trial on the merits is stayed. The Company intends to vigorously defend itself against this claim, as well as all other claims, suits and complaints.

The Company has various insurance policies, including product liability insurance covering risks and in amounts it considers adequate. In many cases the Company is provided indemnification by the manufacturer of the product. There can be no assurance that the coverage maintained by the Company is sufficient to cover all future claims or will be available in adequate amounts or at a reasonable cost, or that indemnification agreements will provide adequate protection for the Company. The Company intends to vigorously defend all such claims, suits and complaints. In the opinion of the Company, all such pending matters are covered by insurance or are of such kind, or involve such amounts, as would not have a material adverse effect on the financial statements of the Company if disposed of unfavorably.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

27.1 Financial Data Schedule

(b) Reports on Form 8-K.

None.

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 and Director (principal financial officer and accounting officer)

Dated: November 6, 2000

5

The schedule contains summary financial information extracted from the consolidated financial statements and is qualified in its entirety by reference to such financial statements.

1,000

9-MOS
DEC-30-2000
DEC-26-1999
SEP-23-2000
37,242
0
410,846
(24,174)
260,194
766,233
159,195
(70,084)
1,184,306
341,409
276,422
0
0
414
551,803
1,184,306
1,725,021
1,725,021
1,187,976
1,187,976
453,642
0
15,540
71,667
26,175
44,017
0
0
0
44,017
1.07
1.06