AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 2, 1997
REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

HENRY SCHEIN, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	5047	11-3136595
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

STANLEY M. BERGMAN	BRUCE J. HABER
CHAIRMAN, CHIEF EXECUTIVE OFFICER AND PRESIDENT	PRESIDENT AND CHIEF EXECUTIVE OFFICER
HENRY SCHEIN, INC.	MICRO BIO-MEDICS, INC.
135 DURYEA ROAD	846 PELHAM PARKWAY
MELVILLE, NEW YORK 11747	PELHAM MANOR, NEW YORK 10803
(516) 843-5500	(914) 738-8400
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)	(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:

ROBERT A. CANTONE, ESQ.	MARK E. MLOTEK, ESQ.	STEVEN MORSE, ESQ.
PROSKAUER ROSE LLP	VICE PRESIDENT, GENERAL	LAW OFFICES OF LESTER MORSE,
1585 BROADWAY	COUNSEL AND SECRETARY	P.C.
NEW YORK, NEW YORK 10036	HENRY SCHEIN, INC.	111 GREAT NECK ROAD
(212) 969-3000	135 DURYEA ROAD	GREAT NECK, NEW YORK 11021
	MELVILLE, NEW YORK 11747	(516) 487-1446
	(516) 843-5500	

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. / /

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Common Stock, par value $.01 per share.....	3,400,000 shares	$30.69(2)	$104,346,000(2)	$31,620(4)
Warrants to Purchase Common Stock.....	6,200	--(3)	--(3)	--(3)

(1) The number of shares of Common Stock (the "Schein Common Stock"), par value $.01 per share, of Henry Schein, Inc. ("Schein") being registered is based on the approximate maximum number of shares issuable to the shareholders of Micro Bio-Medics, Inc. ("MBM") in connection with the merger of a wholly-owned subsidiary of Schein with and into MBM or upon the exercise of

certain warrants issued by MBM that will be assumed by Schein in connection with the Merger, which assumed warrants are being registered hereby.

(2) Estimated solely for purposes of calculating the registration fee and based, pursuant to Rule 457(f)(1) of the Securities Act of 1933, upon the average of the high and low prices of the Schein Common Stock on the Nasdaq National Market ($30.69) on June 24, 1997.

(3) Pursuant to Rule 457(g) of the Securities Act of 1933, the registration fee for the Warrants is based on the market value of the shares issuable upon exercise, which shares are included in the 3,400,000 shares being registered, and no seperate value has been attributed to the Warrants for purposes of the registration fee.

(4) Fees aggregating $18,709.75 was previously paid by MBM pursuant to Rule 14a-6 of the Securities Exchange Act of 1934 in connection with the filing of the preliminary Proxy Statement/Prospectus on April 22, 1997 and revised preliminary Proxy Statement/Prospectus on June 16, 1997. Pursuant to Rule 457(b) under the Securities Act of 1933, as amended, such fee is being credited against the registration fee, and, accordingly, an additional $13,003.75 is being paid in connection with this Registration Statement.

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MICRO BIO-MEDICS, INC.
846 PELHAM PARKWAY
PELHAM MANOR, NEW YORK 10803

Dear Shareholder:

You are cordially invited to attend a Special Meeting of Shareholders of Micro Bio-Medics, Inc. ("MBM"), which will be held at 9:00 a.m. on Friday, August 1, 1997, at the Ramada Hotel, One Ramada Plaza, New Rochelle, New York.

At the Special Meeting, holders of MBM Common Stock will be asked to consider a proposal to approve and adopt an Agreement and Plan of Merger providing for a merger in which MBM would become a wholly owned subsidiary of Henry Schein, Inc. ("Schein"). Pursuant to the merger, each share of MBM Common Stock will be converted into the right to receive 0.62 shares of Common Stock of Schein.

The proposed merger is described in the accompanying Proxy Statement/Prospectus, the forepart of which includes a summary of the terms of the merger and certain other information relating to it. I urge you to review carefully the Proxy Statement/Prospectus and the Annexes thereto.

THE BOARD OF DIRECTORS OF MBM HAS DETERMINED THAT THE MERGER IS IN THE BEST INTERESTS OF MBM AND ITS SHAREHOLDERS. ACCORDINGLY, THE BOARD UNANIMOUSLY APPROVED THE AGREEMENT AND PLAN OF MERGER PROVIDING FOR THE MERGER AND RECOMMENDS THAT THE HOLDERS OF MBM COMMON STOCK VOTE IN FAVOR OF THE AGREEMENT AND PLAN OF MERGER AT THE SPECIAL MEETING.

I hope you will attend the Special Meeting. However, whether or not you plan to attend, please complete, sign and date the accompanying proxy card promptly and return it in the enclosed prepaid envelope. If you are present at the meeting you may, if you wish, withdraw your proxy and vote in person.

MBM has retained D.F. King & Co., Inc. of New York, New York, a proxy solicitation firm, to solicit proxies in connection with the Special Meeting. For assistance with voting please call D.F. King & Co., Inc. at 1-800-431-9642.

Bruce J. Haber
President

Pelham Manor, New York
July 2, 1997

MICRO BIO-MEDICS, INC.
846 PELHAM PARKWAY
PELHAM MANOR, NEW YORK 10803

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

AUGUST 1, 1997

To the Shareholders of
Micro Bio-Medics, Inc.:

NOTICE IS HEREBY GIVEN that a Special Meeting of Shareholders (the "Special Meeting") of Micro Bio-Medics, Inc., a New York corporation ("MBM"), will be held on Friday, August 1, 1997, at the Ramada Hotel, One Ramada Plaza, New Rochelle, New York 10801, commencing at 9:00 a.m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger (the "Merger Agreement") dated as of March 7, 1997, as revised, among Henry Schein, Inc., a Delaware corporation ("Schein"), HSI Acquisition Corp., a New York corporation and a wholly owned subsidiary of Schein ("Merger Sub"), and MBM, providing for the merger of Merger Sub with and into MBM (the "Merger"). Pursuant to the Merger, MBM will become a wholly owned subsidiary of Schein, and each outstanding share of the Common Stock, par value $0.03, of MBM (the "MBM Common Stock") will be converted into the right to receive 0.62 shares of the Common Stock, par value $0.01, of Schein (the "Schein Common Stock"). A copy of the Merger Agreement is attached as Annex I to the accompanying Proxy Statement/Prospectus.

2. To transact such other business as may properly come before the Special Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on Tuesday, June 24, 1997 as the record date for the determination of shareholders entitled to notice of and to vote at the Special Meeting and any adjournment or postponement thereof.

Whether or not you plan to attend the Special Meeting, please fill in, sign, date and return the enclosed form of proxy card promptly. A return envelope is enclosed for your convenience and requires no postage for mailing in the United States.

By Order of the Board of Directors
Renee Steinberg, Secretary

Pelham Manor, New York
July 2, 1997

IMPORTANT

Your vote is important. Please take a moment to sign, date and promptly mail your proxy in the postage paid envelope provided.

If your shares are registered in the name of a broker, only your broker can execute a proxy and vote your shares and only after receiving your specific instructions. Please contact the person responsible for your account and direct him or her to execute a proxy on your behalf today. Then mail your proxy at once in the envelope provided. If you have any questions or need further assistance in voting, please call:

D.F. KING & CO., INC.
77 Water Street
New York, New York 10005
(212) 269-5550 (Collect)

CALL TOLL-FREE -- 1-800-431-9642

MICRO BIO-MEDICS, INC.

PROXY STATEMENT FOR SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON AUGUST 1, 1997

HENRY SCHEIN, INC.

PROSPECTUS

FOR UP TO

3,400,000 SHARES OF COMMON STOCK, $0.01 PAR VALUE

This Proxy Statement/Prospectus relates to the proposed merger (the "Merger") of Micro Bio-Medics, Inc., a New York corporation ("MBM"), with HSI Acquisition Corp., a New York corporation ("Merger Sub") and a wholly owned subsidiary of Henry Schein, Inc., a Delaware corporation ("Schein"), pursuant to an Agreement and Plan of Merger dated as of March 7, 1997, as revised (the "Merger Agreement"). As a result of the Merger, MBM will become a wholly owned subsidiary of Schein. At the effective time of the Merger (the "Effective Time"), each outstanding share of the Common Stock, par value $0.03 per share, of MBM ("MBM Common Stock"), other than shares held by MBM shareholders who perfect their appraisal rights under the New York Business Corporation Law, will be converted into the right to receive 0.62 shares of the Common Stock, par value $0.01, of Schein ("Schein Common Stock") and each outstanding option and warrant to purchase MBM Common Stock will be automatically assumed by Schein and converted into an option or a warrant, as the case may be, to purchase shares of Schein Common Stock. This Proxy Statement/Prospectus also relates to the assumed warrants and the issuance of shares of Schein Common Stock pursuant to the exercise of such warrants (the shares issuable upon exercise of such options will be separately registered).

Based upon the 0.62 share exchange ratio and the closing sales price of shares of Schein Common Stock on July 1, 1997 reported on the Nasdaq National Market ($32 7/16 per share), each such outstanding share of MBM Common Stock would have been converted into Schein Common Stock with a then-current market value of approximately $20.11 had the Merger been consummated on that date, and the aggregate then-current market value of the shares of Schein Common Stock issued in the Merger would have been approximately $103,831,119.

MBM is soliciting proxies from its shareholders for use at the Special Meeting of Shareholders of MBM scheduled to be held on Friday, August 1, 1997 (the "Special Meeting") to consider the approval and adoption of the Merger Agreement. The Merger is expected to be consummated immediately after approval of the Merger Agreement by the shareholders of MBM.

This Proxy Statement/Prospectus constitutes both the proxy statement of MBM relating to the solicitation of proxies by its Board of Directors for use at the Special Meeting and the prospectus of Schein with respect to the Shares of Schein Common Stock to be issued in the Merger upon the conversion of the outstanding shares of MBM Common Stock. This Proxy Statement/Prospectus and the enclosed forms of proxy are first being sent to holders of MBM Common Stock on or about July 3, 1997.

SEE "RISK FACTORS" ON PAGE 22 FOR A DESCRIPTION OF CERTAIN FACTORS CONCERNING SCHEIN AND ITS OPERATIONS FOLLOWING THE MERGER.

THE SECURITIES TO WHICH THIS PROXY STATEMENT/PROSPECTUS RELATES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROXY STATEMENT/ PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Proxy Statement/Prospectus is July 2, 1997.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION, OTHER THAN THOSE CONTAINED IN THIS PROXY STATEMENT/ PROSPECTUS, IN CONNECTION WITH THE SOLICITATION AND THE OFFERING MADE BY THIS PROXY STATEMENT/PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS PROXY STATEMENT/PROSPECTUS DOES NOT CONSTITUTE THE SOLICITATION OF A PROXY OR AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE, ANY SECURITIES IN ANY JURISDICTION IN WHICH SUCH SOLICITATION OR OFFERING MAY NOT LAWFULLY BE MADE.

NEITHER THE DELIVERY OF THIS PROXY STATEMENT/PROSPECTUS NOR ANY DISTRIBUTION OF SECURITIES MADE HEREUNDER SHALL IMPLY THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN OR IN THE AFFAIRS OF SCHEIN OR MBM SINCE THE DATE HEREOF OR THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

AVAILABLE INFORMATION

Schein and MBM are subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act"). In accordance with the Exchange Act, Schein and MBM file reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC").

Schein has filed, through the Electronic Data Gathering, Analysis and Retrieval System ("EDGAR"), a Registration Statement on Form S-4 (the "Registration Statement") with the SEC under the Securities Act of 1933 (the "Securities Act") with respect to the shares of Schein Common Stock to be issued upon consummation of the Merger and upon the exercise of the Converted Warrants (as defined herein). This Proxy Statement/Prospectus does not contain all the information set forth in the Registration Statement and the exhibits thereto, certain portions of which have been omitted as permitted by the rules and regulations of the SEC. Copies of the Registration Statement (including such omitted portions) are available from the SEC upon payment of prescribed rates. For further information, reference is made to the Registration Statement and the exhibits filed therewith. Statements contained in this Proxy Statement/ Prospectus relating to the contents of any contract or other document referred to herein or therein are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement or such other document, each such statement being qualified in all respects by such reference.

This filed material can be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following Regional Offices of the SEC: Chicago Regional Office (Suite 1400, Citicorp Center, 500 West Madison Street, Chicago, Illinois 60661) and New York Regional Office (Seven World Trade Center, New York, New York 10048). Copies of such material may be obtained by mail from the Public Reference Section of the SEC, 450 Fifth Street, N.W, Washington, D.C. 20549, at prescribed rates. In addition, such material can be inspected at the offices of the National Association of Securities Dealers, Inc. (the "NASD"), 1735 K Street, N.W., Washington, DC 20006. Material filed electronically through EDGAR may also be accessed through the SEC's home page on the World Wide Web at http://www.sec.gov.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents are incorporated by reference in this Proxy Statement/Prospectus:

(a) Schein's Annual Report on Form 10-K for the year ended December 28, 1996 (File No. 0-27028);

(b) Schein's Amended Annual Report on Form 10-K/A for the year ended December 28, 1996;

(c) Schein's Current Report on Form 8-K dated June 24, 1997;

(d) Schein's Quarterly Report on Form 10-Q for the period ended March 29, 1997;

(e) Schein's Registration Statement on Form 8-A dated October 27, 1995;

(f) MBM's Annual Report on Form 10-K for the year ended November 30, 1996 (File No. 0-12665);

(g) MBM's Amended Annual Report on Form 10-K/A for the year ended November 30, 1996; and

(h) MBM's Quarterly Report on Form 10-Q for the period ended February 28, 1997.

All reports and definitive proxy or information statements filed by Schein or MBM pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act subsequent to the date of this Proxy Statement/ Prospectus and prior to the date of the Special Meeting shall be deemed to be incorporated by reference into this Proxy Statement/Prospectus from the dates of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated in this Proxy Statement/Prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Proxy Statement/Prospectus. All information appearing in this Proxy Statement/Prospectus or in any document incorporated herein by reference is not necessarily complete and is qualified in its entirety by the information and financial statements (including notes thereto) appearing in the documents incorporated by reference herein and should be read together with such information and documents.

All information contained in this Proxy Statement/Prospectus relating to Schein or Merger Sub has been supplied by Schein, and all information relating to MBM has been supplied by MBM.

THIS PROXY STATEMENT/PROSPECTUS INCORPORATES DOCUMENTS BY REFERENCE WHICH ARE NOT PRESENTED HEREIN OR DELIVERED HEREWITH. COPIES OF ANY SUCH DOCUMENTS (EXCLUDING EXHIBITS TO SUCH DOCUMENTS UNLESS SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE INTO THE INFORMATION INCORPORATED HEREIN) ARE AVAILABLE WITHOUT CHARGE TO ANY PERSON, INCLUDING ANY BENEFICIAL OWNER OF MBM COMMON STOCK TO WHOM THIS PROXY STATEMENT/PROSPECTUS IS DELIVERED UPON REQUEST. WITH RESPECT TO SCHEIN'S DOCUMENTS, REQUESTS SHOULD BE DIRECTED TO SCHEIN AT 135 DURYEA ROAD, MELVILLE, NEW YORK 11747, ATTN: MARK E. MLOTEK (TELEPHONE: (516) 843-5500). WITH RESPECT TO MBM'S DOCUMENTS, REQUESTS SHOULD BE DIRECTED TO MBM AT 846 PELHAM PARKWAY, PELHAM MANOR, NEW YORK 10803, ATTN: GARY BUTLER (TELEPHONE: (914) 738-8400). IN ORDER TO ENSURE TIMELY DELIVERY OF SUCH DOCUMENTS, ANY REQUEST SHOULD BE MADE BY JULY 17, 1997.

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SUMMARY

THE FOLLOWING IS A SUMMARY OF CERTAIN INFORMATION CONTAINED ELSEWHERE IN THIS PROXY STATEMENT/PROSPECTUS. REFERENCE IS MADE TO, AND THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY, THE MORE DETAILED INFORMATION CONTAINED ELSEWHERE IN THIS PROXY STATEMENT/PROSPECTUS, IN THE ATTACHED ANNEXES AND IN THE DOCUMENTS INCORPORATED HEREIN BY REFERENCE. SHAREHOLDERS ARE URGED TO READ CAREFULLY THIS PROXY STATEMENT/PROSPECTUS AND THE ATTACHED ANNEXES IN THEIR ENTIRETY.

This Proxy Statement/Prospectus relates to the proposed merger (the "Merger") of Micro Bio-Medics, Inc., a New York corporation ("MBM"), with HSI Acquisition Corp., a New York corporation ("Merger Sub") and a wholly owned subsidiary of Henry Schein, Inc., a Delaware corporation ("Schein"), pursuant to an Agreement and Plan of Merger dated as of March 7, 1997, as revised (the "Merger Agreement"). As a result of the Merger, MBM will become a wholly owned subsidiary of Schein. At the effective time of the Merger (the "Effective Time"), each outstanding share of Common Stock, par value $.03, of MBM (the "MBM Common Stock"), other than Shares held by MBM shareholders who perfect their appraisal rights under the New York Business Corporation Law (the "NYBCL"), will be converted into the right to receive 0.62 shares of Common Stock, par value $0.01, of Schein (the "Schein Common Stock"). The exchange ratio of 0.62 shares of Schein Common Stock for each share of MBM Common Stock, as set forth in the Merger Agreement, is hereinafter referred to as the "Exchange Ratio".

Based upon the 0.62 Exchange Ratio and the closing sales price of shares of Schein Common Stock on July 1, 1997 ($32 7/16), as reported on the Nasdaq National Market, each such outstanding share of MBM Common Stock would have been converted into Schein Common Stock with a then-current market value of approximately $20.11 had the Merger been consummated on that date, and the aggregate then-current market value of the shares of Schein Common Stock issued in the Merger would have been approximately $103,831,119.

SPECIAL MEETING

A Special Meeting of the shareholders of MBM will be held at 9:00 a.m., local time, on Friday, August 1, 1997 (the "Special Meeting"), at the Ramada Hotel, One Ramada Plaza, New Rochelle, New York 10801. Only holders of record of MBM Common Stock at the close of business on Tuesday, June 24, 1997 (the "Record Date"), will be entitled to notice of, and to vote at, the Special Meeting. At the Special Meeting, the holders of MBM Common Stock will be asked to consider and vote upon the approval of the Merger Agreement, a copy of which is attached as Annex I to this Proxy Statement/Prospectus. MBM will be the surviving corporation in the Merger (the "Surviving Corporation") and will become a wholly owned subsidiary of Schein. The holders of MBM Common Stock will also transact such other business as may properly come before the Special Meeting.

REQUIRED VOTE

The affirmative vote of the holders of two-thirds (66 2/3%) of the outstanding shares of MBM Common Stock will be required for the approval of the Merger Agreement. As an inducement for Schein to enter into the Merger Agreement, the members of MBM's Board of Directors have entered into an Option and Proxy Agreement with Schein pursuant to which such individuals have, among other things, irrevocably appointed Schein their lawful agent, attorney and proxy to vote substantially all of the shares of MBM Common Stock that they beneficially own (approximately 10.0% of the outstanding shares) in favor of the Merger Agreement and the Merger. See "THE MERGER--Option and Proxy Agreement" and "THE SPECIAL MEETING--Required Vote".

The approval of Schein's stockholders is not required to effect the Merger.

PROXIES

MBM shareholders are requested to complete, sign, date and return promptly the enclosed proxy card in the postage-paid envelope provided for this purpose to ensure that their shares are voted. A holder of shares of MBM Common Stock may revoke a proxy by submitting a later dated proxy with respect to the same shares at any time prior to the vote on the approval of the Merger Agreement, by delivering written notice of revocation to American Stock Transfer & Trust Company, the Transfer Agent for the MBM Common Stock, at 40 Wall Street, New York, New York 10005, Attention: Proxy Department, at any time prior to such vote or by attending the Special Meeting and voting in person. Mere attendance at the Special Meeting will not in and of itself revoke a proxy. See "SPECIAL MEETING".

CERTAIN SIGNIFICANT CONSIDERATIONS

In considering whether to approve the Merger, the shareholders of MBM should carefully consider the factors described under "RISK FACTORS" as well as the fact that (i) the Exchange Ratio is fixed and will not be adjusted based upon changes in the market price of the shares of Schein Common Stock, which at the Effective Time may vary significantly from the most recent market price set forth in this Proxy Statement/Prospectus or the market price on the date of the opinion of Houlihan Lokey referred to below or on the date of the Special Meeting and (ii) certain members of MBM's management and financial advisors have interests in the Merger in addition to their interests as shareholders of MBM. For certain information about these factors and the consideration given to them by the Board of Directors of MBM, see "--Consideration and Recommendation of the Merger by the Board of Directors of MBM" and "--Interests of Certain Persons in the Merger" in this Summary, "RISK FACTORS--Potential Volatility of Market Value of Schein Common Stock Prices" and "THE MERGER--Background of the Merger", "--Consideration and Recommendation of the Merger by the MBM Board", "--Opinion of Houlihan Lokey" and "--Interests of Certain Persons in the Merger."

THE MERGER

THE PARTIES. Schein is the largest direct marketer of healthcare products and services to office-based healthcare practitioners in the combined North American and European markets. Schein has operations in the United States, Canada, the United Kingdom, The Netherlands, Belgium, Germany, France, the Republic of Ireland and Spain. Schein sells products and services to over 230,000 customers, primarily dental practices and dental laboratories, as well as physician practices, veterinary clinics and institutions. In 1996, Schein sold products to over 65% of the estimated 100,000 dental practices in the United States. Schein's principal executive offices are located at 135 Duryea Road, Melville, New York 11747, telephone number (516) 843-5500. As used in this Proxy Statement/Prospectus, "Schein" refers to Henry Schein, Inc., its subsidiaries and 50% owned companies, and its predecessor, unless otherwise indicated.

Merger Sub, a New York corporation, is a wholly owned subsidiary of Schein formed solely for the purpose of effecting the Merger.

MBM distributes medical supplies to physicians and hospitals in the New York metropolitan area, as well as to healthcare professionals in the sports medicine, emergency medicine, school health, industrial safety, government and laboratory markets nationwide. MBM's principal executive offices are located at 846 Pelham Parkway, Pelham Manor, New York 10803, telephone number (914) 738-8400. As used in this Proxy Statement/Prospectus, "MBM" refers to MBM and its subsidiaries, unless otherwise indicated.

EXCHANGE RATIO. At the Effective Time, each outstanding share of MBM Common Stock, other than shares as to which the holders have perfected their appraisal rights under the NYBCL, will be converted into the right to receive 0.62 shares of Schein Common Stock. No fractional shares of Schein Common Stock will be issued in the Merger and the holders of shares of MBM Common Stock will be entitled to a cash payment in lieu of any such fractional shares of Schein Common Stock that would otherwise be issued in the Merger.

CONSIDERATION AND RECOMMENDATION OF THE MERGER BY THE BOARD OF DIRECTORS OF MBM. THE BOARD OF DIRECTORS OF MBM (THE "MBM BOARD") HAS UNANIMOUSLY ADOPTED THE MERGER AGREEMENT, DETERMINED THAT THE MERGER IS IN THE BEST INTERESTS OF MBM AND ITS SHAREHOLDERS, AND RECOMMENDS THAT THE SHAREHOLDERS OF MBM VOTE FOR THE APPROVAL OF THE MERGER AGREEMENT. In reaching its decision to adopt the Merger Agreement and recommend the Merger, the MBM Board considered a number of factors. The favorable factors considered were the Exchange Ratio, the treatment under the Merger Agreement of options and warrants to purchase MBM Common Stock, the anticipated qualification of the Merger as a tax free reorganization for Federal income tax purposes and for "pooling-of-interests" accounting, the growth prospects for the business of MBM that could result from the Merger, the trend toward consolidation in the industry in which MBM operates, the similar business strategies of Schein and MBM, Schein's complementary product lines, the potential benefits of being part of a larger and more diversified company and the strategic alternatives to the potential Merger. The MBM Board also recognized that the Merger could present certain disadvantages for MBM and its shareholders and, in connection therewith, considered the potential volatility of the market values of the Schein Common Stock, the management challenges presented by the tasks of combining the operations of Schein and MBM and achieving any synergistic benefits, the inability of former shareholders of MBM, as a group, to control the management of Schein as a result of their minority interest in Schein upon completion of the Merger and the potential business risks associated with Schein's operations outside of the United States, including currency exchange rate fluctuations and regulations. The MBM Board concluded that, as a result of the Merger, the shareholders of MBM should have increased investment liquidity, the combined companies may have greater growth opportunities, the Merger may be an effective response to the industry trend toward consolidation, the similar business strategies of the management of Schein and MBM and Schein's acquisition experience may facilitate integration of MBM and Schein and becoming part of a larger and more diversified company may hold certain benefits for MBM. Based on the foregoing and the opinion of Houlihan, Lokey, Howard & Zukin, Inc. ("Houlihan Lokey"), an investment banking firm (See "THE MERGER--Opinion of Houlihan Lokey"), the MBM Board concluded that, the consideration offered in the merger is fair and the merger is in the best interests of the shareholders of MBM. THERE CAN BE NO ASSURANCE, HOWEVER, THAT ANY OR ALL OF THE POTENTIAL RESULTS DESCRIBED ABOVE WILL BE ACHIEVED IF THE MERGER IS CONSUMMATED. See "THE MERGER--Background of the Merger" and "--Consideration and Recommendation of the Merger by the MBM Board".

OPINION OF HOULIHAN LOKEY. Houlihan Lokey delivered its opinion on March 7, 1997 to the MBM Board that the consideration to be received in the Merger by the public holders of MBM Common Stock is fair to such holders from a financial point of view. The full text of Houlihan Lokey's written opinion, which sets forth assumptions made, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex II to this Proxy Statement/Prospectus and is incorporated herein by reference. HOLDERS OF MBM COMMON STOCK ARE STRONGLY URGED TO READ SUCH OPINION IN ITS ENTIRETY. See "THE MERGER--Opinion of Houlihan Lokey".

INTERESTS OF CERTAIN PERSONS IN THE MERGER. As of the Record Date, the directors and executive officers of MBM beneficially owned an aggregate of 419,272 shares of MBM Common Stock and options to purchase an aggregate of 1,471,332 shares of MBM Common Stock at a weighted average exercise price of $7.28 per share. Pursuant to the Merger Agreement, MBM's directors and executive officers will receive the same consideration for their shares of MBM Common Stock as the other MBM shareholders, and all outstanding options to purchase MBM Common Stock, including those owned by MBM's directors and executive officers, will be converted into options to purchase Schein Common Stock as described below under "TERMS OF THE MERGER--Treatment of MBM Stock Options and Warrants." Because the Merger Agreement provides that the non-employee members of the MBM Board will cease to serve as directors as of the Effective Time, the condition to the exercise of certain options owned by such non-employee directors that the optionee must be serving as a director at the time of exercise will be deleted as of the Effective Time. Pursuant to the Merger Agreement, MBM's 1996 Directors' Retirement Plan will be terminated, effective as of the Effective Time, and no benefits will be paid thereunder.

In connection with the termination of his existing employment agreement with MBM, Bruce J. Haber, MBM's President and a member of the MBM Board, will receive an aggregate of $3,000,000 in installments, plus interest (subject to increase in the event of the imposition of certain future tax liabilities), in lieu of the payments and other rights to which he would have been entitled under such agreement. Mr. Haber has entered into a new employment agreement with Schein (effective as of the Effective Time) pursuant to which, as revised, he will serve as an Executive Vice President of Schein and President of Schein's medical products group and Schein has agreed to use its reasonable best efforts to cause Mr. Haber to be elected to Schein's Board of Directors. Mr. Haber's employment agreement with Schein has a term of five years from the Effective Time and provides for, among other things, base salary at an annual rate (subject to annual increases) of $400,000 and annual incentive compensation of up to $200,000 (subject to increase for years after 1997), contingent upon the achievement of performance targets; and annual grants of Schein Common Stock purchase options with a value of up to $170,000 (determined using the Black-Scholes valuation method) in each year (subject to cost of living increases), contingent upon the achievement of the same performance targets to which the payment of incentive compensation is contingent, as well as Mr. Haber's participation in benefit plans and programs and receipt of a car allowance and other benefits and perquisites provided by Schein to its most senior executives. If Mr. Haber's Employment Agreement is not extended at the end of its five year term, Mr. Haber will be entitled to continue to receive his base salary at the then current rate for an additional year. At the Effective Time, Mr. Haber will receive additional options having a value (on that date) of $1,000,000 (determined using the Black Scholes valuation method) to purchase Schein Common Stock, which options will vest over a five year period (subject to acceleration in certain circumstances) and will receive restricted shares of Schein Common Stock with a fair market value of $1,000,000, which shares will vest over a ten year period (subject to acceleration in certain circumstances). See "THE MERGER--Interests of Certain Persons in the Merger". If Mr. Haber's employment is terminated by him or Schein within two years after a change in control of Schein, Mr. Haber will be entitled to receive a lump sum payment equal to (i) the product of the aggregate amount of base salary and car allowance paid to him during the three months preceding such termination and the number of months which he was employed by Schein or MBM (with a maximum benefit of 36 months' base salary and car allowance) and (ii) three times the higher of his last annual bonus or his last bonus prior to the change in control, but only to the extent that such payments would not, in the aggregate, constitute "parachute payments" for United States Federal income tax purposes.

K. Deane Reade, Jr., a director of MBM, is the President and a director and stockholder of Bangert, Dawes, Reade, Davis & Thom Incorporated ("BDRD&T"), an investment banking firm that has acted as a financial advisor to MBM in the past and is also acting in that capacity in connection with the Merger. BDRD&T will receive a fee upon consummation of the Merger of $1,230,000. Inasmuch as Mr. Reade is a director of MBM and is president, a director and stockholder of BDRD&T, MBM retained Houlihan Lokey, a firm which had no previous relationship with MBM or with Schein, to render an opinion as to the fairness, from a financial point of view, of the consideration to be received by the shareholders of MBM (other than the officers and directors of MBM) in connection with the proposed Merger as contemplated in the Merger Agreement. See "THE MERGER--Opinion of Houlihan Lokey".

Schein and the members of the MBM Board have entered into an Option and Proxy Agreement, as revised (the "Option and Proxy Agreement"), pursuant to which such directors have granted to Schein (i) an irrevocable proxy to vote all of the shares of MBM Common Stock (excluding certain shares) that they have the right to vote in favor of the Merger Agreement and against any other Acquisition Transaction (as defined in the Merger Agreement) and (ii) an irrevocable option to purchase all shares of MBM Common Stock (excluding certain shares) owned by them in the event that MBM becomes obligated to pay the Termination Fee (as defined below under "--Certain Fees, Expenses and Liquidated Damages"). See "--Option and Proxy Agreement".

The Merger Agreement also contains certain provisions relating to indemnification and liability insurance for officers and directors. See "THE MERGER--Interests of Certain Persons in the Merger".

SECURITY OWNERSHIP OF CERTAIN PERSONS. As of the Record Date, there were 5,162,759 shares of MBM Common Stock outstanding, of which 549,998 shares (approximately 10.7% of the outstanding shares of MBM Common Stock) were beneficially owned or voted by directors and executive officers of MBM and their affiliates. See "SECURITY OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS AND OWNERS OF 5% OR MORE OF MBM COMMON STOCK". All such directors and executive officers and their affiliates have indicated to MBM that they intend to vote or direct the vote of all such shares in favor of the approval of the Merger Agreement. In addition, each member of the MBM Board has entered into an Option and Proxy Agreement. See "--Option and Proxy Agreement."

TREATMENT OF MBM STOCK OPTIONS AND WARRANTS. At the Effective Time, each outstanding option and warrant to purchase MBM Common Stock will be automatically assumed by Schein and converted into an option ("Converted Option") or a warrant ("Converted Warrant"), as the case may be, to purchase shares of Schein Common Stock in an amount and at an exercise price determined by adjusting the original terms of the option or warrant to reflect the Exchange Ratio.

As of the Record Date, there were outstanding options and warrants to purchase an aggregate of approximately 1,812,134 shares of MBM Common Stock. Assuming all such options and warrants remain outstanding at the Effective Time, an aggregate of approximately 1,123,523 shares of Schein Common Stock would thereafter be issuable upon the exercise of such Converted Options and Converted Warrants.

CONDITIONS TO THE MERGER. The obligations of Schein, Merger Sub and MBM to consummate the Merger are subject to the satisfaction or waiver of various conditions, including, without limitation, MBM shareholder approval of the Merger Agreement and the admission for trading (subject to official notice of issuance) on the Nasdaq National Market of the shares of Schein Common Stock to be issued in connection with the Merger. See "TERMS OF THE MERGER AGREEMENT--Conditions to the Merger".

NO SOLICITATION. The Merger Agreement provides that neither MBM, its subsidiaries or affiliates, nor any of their respective directors, officers, employees, affiliates, agents or representatives shall, among other things, directly or indirectly, solicit, initiate, facilitate or encourage (including by way of furnishing or disclosing non-public information) any inquiries or the making of any proposal with respect to, or which may reasonably be expected to lead to, an Acquisition Transaction (as defined in the Merger Agreement), or negotiate, or otherwise engage in discussions with any person, with respect to any Acquisition Transaction, or endorse any Acquisition Transaction; provided, however, that MBM may, in response to an unsolicited written proposal from a third party, furnish information to and engage in discussions with such third party, but in each case only if (i) the Board of Directors of MBM determines in good faith by a majority vote, after consultation with MBM's financial advisor and after reviewing the advice of outside counsel to MBM, that such action is reasonably likely to be required by the fiduciary duties of the Board of Directors and (ii) prior to taking such action, MBM (x) provides reasonable notice to Schein to the effect that it is taking such action and (y) receives from such person (and delivers to Schein) an executed confidentiality agreement in reasonably customary form. In the Merger Agreement, MBM agrees to immediately advise Schein in writing of any inquiries or proposals with respect to an Acquisition Transaction, and the terms thereof, including the identity of such third party, and to update on an ongoing basis or upon Schein's request, the status thereof. See "TERMS OF THE MERGER AGREEMENT--No Solicitation of Other Offers".

RIGHT OF THE MBM BOARD TO WITHDRAW RECOMMENDATION. Under the Merger Agreement, the MBM Board may not, among other things, (i) withdraw or modify, in a manner adverse to Schein or Merger Sub, the MBM Board's approval or recommendation of the Merger Agreement or the Merger, (ii) approve or recommend any Acquisition Transaction, or (iii) cause MBM to enter into any agreement with respect to

any Acquisition Transaction. Notwithstanding the foregoing, if the MBM Board determines in good faith by majority vote, after consultation with MBM's financial advisor and after reviewing the advice of outside counsel to MBM, that such action is reasonably likely to be required by its fiduciary duties, the MBM Board may withdraw or modify its approval or recommendation of the Merger Agreement or the Merger, approve or recommend an Acquisition Transaction, or cause MBM to enter into an agreement with respect to an Acquisition Transaction, provided, in each case, that the MBM Board determines that the Acquisition Transaction is more favorable to the shareholders of MBM than the Merger. The Merger Agreement requires MBM to provide reasonable prior notice to Schein or Merger Sub to the effect that it is taking such action. See "THE MERGER--Right of the MBM Board to Withdraw Recommendation".

TERMINATION. The Merger Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time and regardless of whether the shareholders of MBM shall have approved the Merger Agreement and the Merger (if applicable) (i) by mutual written consent of Schein and MBM, (ii) by either Schein or MBM (except in certain circumstances) if the Merger shall not have been consummated before September 30, 1997, or if any permanent injunction or action by any Governmental Entity (as defined in the Merger Agreement) shall have become final and nonappealable, (iii) by Schein, if (a) the Special Meeting is canceled or otherwise not held (except in certain circumstances) prior to August 31, 1997, (b) there has been a breach of any representations or warranties of MBM set forth in the Merger Agreement, the effect of which, individually or together with all other such breaches, is a material adverse effect on the financial condition, results of operations, business, assets, liabilities, prospects or properties of MBM and its subsidiaries, taken as a whole, or the ability of MBM to consummate the Merger and the other transactions contemplated by the Merger Agreement, (c) there has been a breach in any material respect of any of the covenants or agreements set forth in the Merger Agreement on the part of MBM, which breach is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by Schein to MBM, (d) the Board of Directors of MBM (1) withdraws or amends or modifies in a manner materially adverse to Schein or Merger Sub its recommendation or approval to shareholders in respect of the Merger Agreement or the Merger, (2) makes any recommendation with respect to an Acquisition Transaction (including making no recommendation or stating an inability to make a recommendation), other than a recommendation to reject such Acquisition Transaction, or (3) takes any action that violates the non-solicitation provisions of the Merger Agreement, (e) subject to certain exceptions, any person or group ("Acquiring Person") other than Schein, or any affiliate or subsidiary of Schein, shall have become the beneficial owner of more than 20% of the outstanding voting equity of MBM (either on a primary or a fully diluted basis), or (f) any other Acquisition Transaction shall have occurred with any Acquiring Person other than Schein, or any affiliate or subsidiary of Schein, or (iv) by MBM, if (a) there has been a breach of any representations or warranties of Schein set forth in the Merger Agreement the effect of which, individually or together with all other such breaches, is a material adverse effect on the financial condition, results of operations, business, assets, liabilities, prospects or properties of Schein and its subsidiaries taken as a whole, or the ability of Schein to consummate the Merger and the other transactions contemplated by the Merger Agreement, (b) there has been a breach in any material respect of any of the covenants or agreements set forth in the Merger Agreement on the part of Schein, which breach is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by MBM to Schein or (c) such termination is necessary to allow MBM to enter into an Acquisition Transaction permitted under the Merger Agreement. See "TERMS OF THE MERGER AGREEMENT--Termination Rights".

CERTAIN FEES, EXPENSES AND LIQUIDATED DAMAGES. If the Merger Agreement is terminated as provided above (i) by Schein due to the MBM Board having withdrawn or modified its recommendation or approval with respect to the Merger Agreement or the Merger or having made a recommendation to shareholders with respect to an Acquisition Transaction, or an Acquiring Person having become the owner of 20% or more of MBM's outstanding voting equity or any other Acquisition Event occurs, (ii) by MBM, in order to enter into an Acquisition Agreement permitted by the Merger Agreement, (iii) by either Schein or MBM due to the Merger not being consummated before September 30, 1997, (iv) by Schein due to the Special

Meeting not occurring prior to August 31, 1997, or (v) by Schein due to a material breach or misrepresentation and, in the case of a termination described in these clauses (iii) through (v), within one year of such termination MBM or any of its subsidiaries shall have consummated an Acquisition Transaction or have entered into a definitive agreement with respect thereto; then MBM shall pay to Schein a termination fee of $5,000,000 (the "Termination Fee") plus an amount equal to Schein's out-of-pocket expenses incurred in connection with the Merger Agreement and the transactions contemplated thereby, including, without limitation, legal, professional and service fees and expenses. If the Merger Agreement terminates under the circumstances described in clauses (iv) and (v) and an Acquisition Transaction does not occur within six months of such termination, MBM is required to pay to Schein the amount of $3,000,000 as liquidated damages. If MBM terminates the Merger Agreement due to a misrepresentation or breach by Schein, then Schein is required to pay to MBM the amount of $3,000,000 as liquidated damages.

OPTION AND PROXY AGREEMENT

Schein and the members of the MBM Board have entered into an Option and Proxy Agreement, as revised (the "Option and Proxy Agreement"), pursuant to which such directors have granted to Schein (i) an irrevocable proxy to vote all of the shares of MBM Common Stock (excluding certain shares) that they have the right to vote in favor of the Merger Agreement and against any other Acquisition Transaction and (ii) an irrevocable option to purchase all shares of MBM Common Stock (excluding certain shares) owned by them in the event that MBM becomes obligated to pay the Termination Fee. Under the Option and Proxy Agreement, Schein has the right to require the members of the MBM Board to exercise or convert all of their respective options, warrants or other rights or securities that are exercisable for, or convertible into, shares of MBM Common Stock. As of the date of this Proxy Statement/ Prospectus, the members of the MBM Board beneficially owned or had the right to vote an aggregate of 512,496 shares of MBM Common Stock (approximately 10.0% of the outstanding shares), and owned, in the aggregate, options to purchase an aggregate of 1,098,333 shares of MBM Common Stock. See "THE SPECIAL MEETING--Required Vote" and "THE MERGER--Option and Proxy Agreement".

REGULATORY MATTERS

ANTITRUST. The Merger is subject to the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and the rules and regulations thereunder, which provide that certain transactions may not be consummated until required information and material have been furnished to the Antitrust Division of the Department of Justice (the "Antitrust Division") and the Federal Trade Commission (the "FTC") and certain waiting periods have expired or been terminated. MBM and Schein filed the required information and material with the Antitrust Division and the FTC on April 16, 1997. Early termination of the statutory waiting period under the HSR Act was granted on April 28, 1997. See "THE MERGER--Regulatory Filings and Approvals--Antitrust".

CERTAIN TAX CONSEQUENCES OF THE MERGER

The Merger is intended to qualify as a "tax-free reorganization" for United States Federal income tax purposes. Accordingly, no gain or loss will be recognized for United States Federal income tax purposes by the MBM shareholders as a result of the exchange of shares of MBM Common Stock for shares of Schein Common Stock. However, cash received by MBM shareholders in lieu of fractional shares of Schein Common Stock may give rise to taxable gain or loss.

Each shareholder of MBM is urged to consult his or her tax advisor to determine the specific tax consequences of the Merger to such shareholder. The obligations of both MBM and Schein to consummate the Merger are subject to the opinion of MBM's tax counsel to the effect that the Merger will be a "tax-free reorganization" for United States Federal income tax purposes not being withdrawn or modified in any material respects. For a further discussion of the tax consequences of the Merger, See "THE MERGER--Certain Tax Consequences of the Merger".

ANTICIPATED ACCOUNTING TREATMENT

Schein and MBM believe that the Merger will qualify as a "pooling of interests" for accounting and financial reporting purposes. It is a condition to Schein's obligation to consummate the Merger that BDO Seidman, LLP, the independent auditors for Schein, and Miller, Ellin & Company, the independent auditors for MBM, issue their opinions that, subject to customary qualifications, the Merger qualifies as a "pooling of interests" for financial reporting purposes in accordance with generally accepted accounting principles. See "THE MERGER--Anticipated Accounting Treatment".

Although Schein may waive this condition to the consummation of the Merger and Schein or MBM may waive the tax opinion condition to the consummation of the Merger described in "--Certain Tax Consequences of the Merger", neither Schein nor MBM anticipates waiving these conditions, and will not do so without resoliciting the holders of MBM Common Stock for their approval of the Merger on the basis of such waiver or waivers.

APPRAISAL RIGHTS

Holders of MBM Common Stock may demand an appraisal by the appropriate New York State court of the "fair value" of their shares of MBM Common Stock under Section 623 of the NYBCL, in lieu of accepting the conversion of such shares of Schein Common Stock at the Exchange Ratio. A shareholder of MBM Common Stock electing to demand an appraisal must deliver to MBM before the taking of the vote on the Merger, a written demand for appraisal of such shareholder's Shares. A proxy or vote against the Merger or an abstention or broker non-vote will not constitute such a demand. A vote in favor of the Merger by a shareholder will have the effect of waiving his or her appraisal rights. Schein will not be obligated to consummate the Merger if appraisal rights are demanded with respect to more than 9% of the outstanding shares of MBM Common Stock. See "THE MERGER--Appraisal Rights".

Under Section 623 of the NYBCL, a corporation must notify each of its shareholders entitled to appraisal rights as of the record date of the meeting that such appraisal rights are available and include in such notice a copy of Section 623. THIS PROXY STATEMENT CONSTITUTES SUCH NOTICE TO THE HOLDERS OF SHARES OF MBM COMMON STOCK. Holders of shares of MBM Common Stock wishing to exercise appraisal rights are urged to review carefully the information set forth in "THE MERGER--Appraisal Rights" and the complete text of Section 623, which is attached as Annex III to this Proxy Statement/Prospectus.

COMPARISON OF STOCKHOLDER RIGHTS

If the Merger is consummated, shareholders of MBM will become stockholders of Schein, a Delaware corporation, which will result in their rights as shareholders being governed by Delaware law and Schein's Amended and Restated Certificate of Incorporation and Amended and Restated By-Laws, rather than New York law (MBM is a New York corporation) and MBM's Certificate of Incorporation, as amended, and By-Laws, as amended. It is not practical to describe all the differences between Delaware law and New York law and between Schein's governing documents and MBM's governing documents. A summary of certain of such differences is set forth in "COMPARISON OF STOCKHOLDER RIGHTS", including, without limitation, differences with respect to the size of the board of directors, the calling of special meetings of stockholders, the required stockholder vote for the approval of certain transactions, the amendment of the governing documents, and appraisal rights.

MARKET PRICE DATA

Both the Schein Common Stock (symbol: HSIC), and the MBM Common Stock (symbol: MBMI) are admitted for trading on the Nasdaq National Market.

The following table sets forth the high and low sales prices per share of the Schein Common Stock and the MBM Common Stock (on a historical and equivalent per share basis) on the Nasdaq National Market

on March 6, 1997, the last trading day prior to public announcement of the signing of the Merger Agreement:

	HIGH	LOW
Schein Common Stock	$28 7/8	$28
MBM Common Stock	16 3/8	15 3/4
Equivalent share basis(1)	17 7/8	17 3/8

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(1) Equivalent share basis is determined by multiplying the applicable Schein Common Stock price by 0.62 to reflect the terms of the Merger Agreement.

CERTAIN SIGNIFICANT CONSIDERATIONS

In considering whether to approve and adopt the Merger Agreement providing for the Merger, shareholders of MBM should carefully consider those factors described under "RISK FACTORS" as well as the fact that the Exchange Ratio is fixed and will not be adjusted based on changes in the price of the Schein Common Stock. The price of the Schein Common Stock at the Effective Time may vary from the price as of the date of the Proxy Statement/Prospectus or the date on which shareholders of MBM vote on the Merger due to changes in the business, operations or prospects of Schein, market assessments of the likelihood that the Merger will be consummated and the timing thereof, general market and economic conditions, and other factors.

SUMMARY CONSOLIDATED HISTORICAL FINANCIAL INFORMATION AND OPERATING DATA

The following tables present summary consolidated selected historical financial information and operating data of Schein and MBM. Schein and MBM's consolidated historical financial information and operating data for each of the annual periods presented have been derived from their respective audited consolidated financial statements previously filed with the SEC. Schein and MBM's historical consolidated financial information for the three months ended March 29, 1997 and March 30, 1996, and February 28, 1997 and February 29, 1996, respectively, have been derived from Schein and MBM's unaudited consolidated financial statements for such quarterly periods previously filed with the SEC. The summary consolidated selected historical financial information and operating data should be read in conjunction with the consolidated selected historical financial information and operating data presented elsewhere in this Proxy Statement/Prospectus. Schein's Selected Operating Data has not been audited. See "SCHEIN CONSOLIDATED SELECTED HISTORICAL FINANCIAL INFORMATION AND OPERATING DATA" and "MBM CONSOLIDATED SELECTED HISTORICAL FINANCIAL INFORMATION."

SCHEIN SUMMARY CONSOLIDATED HISTORICAL FINANCIAL INFORMATION AND OPERATING DATA
(in thousands, except per share and selected operating data)

	YEARS ENDED				
	DECEMBER 28, 1996	DECEMBER 30, 1995	DECEMBER 31, 1994	DECEMBER 25, 1993	DECEMBER 26, 1992
STATEMENT OF OPERATIONS DATA:					
Net sales	$ 840,122	$ 623,302	$ 490,834	$ 417,838	$ 363,477
Gross profit	253,109	195,854	145,966	122,884	106,215
Selling, general and administrative expenses	220,500	174,867	131,009	111,214	96,853
Special charges (1)	--	20,797	23,603	6,057	7,510
Operating income (loss)	32,609	190	(8,646)	5,613	1,852
Net income (loss)	$ 22,523	$ (8,801)	$ (10,065)	$ 4,125	$ 487
PRO FORMA INCOME DATA (2):					
Pro forma operating income	$ 32,609	$ 20,987	$ 14,957		
Pro forma net income	$ 21,326	$ 10,289	$ 7,483		
Pro forma net income per common share	$ 0.98	$ 0.71	$ 0.57		
Pro forma average shares outstanding	21,794	14,517	13,197		
SELECTED OPERATING DATA:					
Number of orders shipped	3,079,000	2,630,000	2,275,000	2,044,000	1,824,000
Average order size	$ 273	$ 237	$ 216	$ 204	$ 199
BALANCE SHEET DATA (AT PERIOD END):					
Working capital	$ 204,575	$ 104,455	$ 76,814	$ 74,167	$ 28,066
Total assets	467,450	299,364	191,373	161,437	138,043
Total debt	39,746	43,049	61,138	56,712	41,526
Redeemable stock (3)	--	--	14,745	--	--
Minority interest	5,289	4,547	1,823	1,051	411
Stockholders' equity	292,016	143,865	40,266	43,896	39,927

	THREE MONTHS ENDED	
	MARCH 29, 1997	MARCH 30, 1996
STATEMENT OF OPERATIONS DATA:		
Net sales	$ 240,499	$ 187,339
Gross profit	71,722	56,506
Selling, general and administrative expenses	64,782	51,396
Merger costs(4)	2,527	--
Operating income	4,413	5,110
Net income	$ 1,499	$ 2,716
Net income per common share	$ 0.06	$ 0.14
Average shares outstanding	23,678	19,740

	MARCH 29, 1997
BALANCE SHEET DATA (AT PERIOD END):	
Working capital	$ 201,446
Total assets	438,553
Total debt	38,736
Minority interest	5,119
Stockholders' equity	293,581

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(1) Includes: (a) for 1995, non-cash special management compensation charges of $17.5 million arising from final mark-to-market adjustments (reflecting an increase in estimated market value from 1994 to the initial public offering price of $16.00 per share of Schein Common Stock) for stock grants made to an executive officer of Schein in 1992 and other stock issuances made to certain other senior management of Schein (because of certain repurchase features which expired with the initial public offering), an approximate $2.8 million non-cash special management compensation charge (also based on the initial public offering price of $16.00 per share) relating to compensatory options granted in 1995, and a cash payment of $0.5 million for additional income taxes resulting from such stock issuances; (b) for 1994 special professional fees of $2.0 million incurred by Schein in connection with the reorganization of Schein's ownership, including various agreements entered into in connection therewith, between 1992 and 1994, non-cash special management compensation arising from accelerated amortization of deferred compensation arising from the 1992 stock grants to an executive officer of Schein of $17.3 million, which included a 1994 mark-to-market adjustment (because of the repurchase features referred to above) of $9.1 million, due to the resolution, with the closing of such reorganization, of certain contingencies surrounding the issuance of the stock grants, non-cash special management compensation charges of $1.6 million (net of prior accruals of approximately $1.9 million under an executive incentive plan) arising from stock issuances to certain other senior management of Schein, valued at $3.5 million, and cash payments for income taxes of approximately $2.4 million resulting from these stock issuances and $0.3 million for additional income taxes resulting from the 1992 stock grants; (c) for 1993, special professional fees of $2.2 million relating to such reorganization, special contingent consideration of $0.7 million paid in connection with an acquisition and $2.5 million resulting from the buyout of employees' rights to future income contained in their employment agreements, and non-cash special management compensation charges of $0.6 million in amortization of deferred compensation arising from the 1992 stock grants; and (d) for 1992, special professional fees of $2.2 million relating to such reorganization, and cash payments of $5.3 million for income taxes resulting from stock grants made to an executive officer of Schein. See "Description of Schein" and "Schein Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview."

(2) Reflects the pro forma elimination of special charges incurred in 1995 and 1994 for special management compensation of $20.8 million and $21.6 million, respectively, and special professional fees incurred in 1994 of $2.0 million, arising from the reorganization referred to in note (1) above, and the related tax effects of $1.2 million and $5.8 million for 1995 and 1994, respectively, and provision for income taxes on previously untaxed earnings of Dentrix Dental Systems, Inc. ('Dentrix') as an S Corporation of $1.2 million, $0.5 million and $0.3 million for 1996, 1995 and 1994, respectively. See "Description of Schein" and "Schein Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview and Recent Developments."

(3) Redeemable stock includes stock issued for compensation which was subject to repurchase by Schein at fair market value in the event of termination of employment of the holder of such shares, as well as shares purchased by the trust for Schein's ESOP and allocable to the ESOP participants. With the completion of Schein's initial public offering, the stock issued for compensation and the ESOP Common Stock were no longer subject to repurchase. See "Description of Schein" and "Schein

Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview and Recent Developments."

(4) During the three months ended March 29, 1997, Schein acquired all of the common stock of Dentrix, a provider of clinically-based dental practice management systems, with 1996 net sales of approximately $10.2 million, in exchange for 1,070,000 shares of Schein Common Stock. The Dentrix acquisition was accounted for as a pooling of interests, and, accordingly, the consolidated financial statements for all periods presented have been restated to include Dentrix. In connection with the Dentrix acquisition Schein incurred merger costs of approximately $2.5 million, or $0.11 per share, in the first quarter of 1997. Included in the merger costs are investment banking, legal, accounting and advisory fees and other nonrecurring costs associated with this acquisition.

MBM SUMMARY CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

	YEARS ENDED NOVEMBER 30,				
	1996	1995	1994	1993	1992
STATEMENT OF OPERATIONS DATA:					
Net sales	$ 150,142,529	$ 119,873,764	$ 121,604,461	$ 73,951,410	$ 61,629,435
Gross profit	30,937,027	25,566,621	26,680,772	17,604,057	14,342,026
Total expenses	27,871,492	23,651,732	24,047,152	15,548,838	12,157,153
Net income	$ 1,744,835	$ 1,108,889	$ 1,621,620	$ 1,202,219	$ 1,222,873
Net income per common share	$ 0.31	$ 0.25	$ 0.36	$ 0.30	$ 0.41
Average shares outstanding	5,816,469	5,121,634	4,896,518	4,734,746	3,481,415
BALANCE SHEET DATA (AT PERIOD END):					
Working capital	$ 28,112,222	$ 29,965,266	$ 30,141,450	$ 20,965,370	$ 15,819,417
Long-term debt (net of current maturities)	8,714,567	17,270,062	19,381,239	9,584,684	9,410,079
Total assets	60,443,816	51,135,712	54,461,087	32,784,234	27,934,060
Stockholders' equity	31,391,765	21,064,152	18,067,056	16,193,524	10,461,736

	THREE MONTHS ENDED	
	FEBRUARY 28, 1997	FEBRUARY 29, 1996
STATEMENT OF OPERATIONS DATA:		
Net sales	$ 38,004,627	$ 29,887,421
Gross profit	7,333,777	6,295,512
Total expenses	6,956,941	6,143,896
Net income	$ 218,536	$ 87,916
Net income per common share	$ 0.04	$ 0.02
Average shares outstanding	6,149,343	5,499,024
BALANCE SHEET DATA (AT PERIOD END):		
Working capital	$ 26,382,739	
Long-term debt (net of current maturities)	6,966,659	
Total assets	60,588,092	
Stockholders' equity	31,668,076	

SUMMARY UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following tables present summary unaudited pro forma combined financial information after giving effect to the Merger under the pooling of interests method of accounting as if the Merger had been consummated as of the beginning of the periods presented. The tables have been derived from, or prepared on a basis consistent with, the unaudited pro forma combined information included in this Proxy Statement/Prospectus. The selected pro forma combined financial information should be read in conjunction with, and is qualified in its entirety by reference to, the unaudited pro forma combined condensed financial statements and the notes thereto. See "UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS." The following data are presented for illustrative purposes only and are not necessarily indicative of the operating results or financial position that would have occurred or that will occur after consummation of the Merger.

	MARCH 29, 1997
	(IN THOUSANDS)
BALANCE SHEET DATA:	
Working capital	$ 219,629
Total assets	499,141
Total debt	46,136
Stockholders' equity	317,049

	THREE MONTHS ENDED MARCH 29, 1997	YEARS ENDED DECEMBER 28, 1996	DECEMBER 30, 1995	DECEMBER 31, 1994
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
STATEMENT OF OPERATIONS DATA:				
Net sales	$ 278,504	$ 990,265	$ 743,176	$ 612,438
Operating income (loss) (1)	4,890	36,394	3,344	(4,969)
Net income (loss)	$ 1,718	$ 24,268	$ (7,692)	$ (8,444)
Net income per common share	$ 0.06			
Weighted average common and common equivalent shares outstanding	27,490			
Pro forma operating income (2)		$ 36,394	$ 24,141	$ 18,634
Pro forma net income (3)		$ 23,071	$ 11,398	$ 9,104
Pro forma net income per common share		$ 0.91	$ 0.66	$ 0.57
Pro forma weighted average common and common equivalent shares outstanding		25,401	17,693	16,233

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(1) Includes merger costs of $2,527 in 1997 and special charges of $20,797 in 1995 and $23,603 in 1994.

(2) Reflects the pro forma elimination of the special charges.

(3) Reflects the pro forma elimination of the special charges and relative tax benefit and the provision for income taxes on previously untaxed earnings of Dentrix as an S Corporation.

COMPARATIVE UNAUDITED PER SHARE DATA

The following table summarizes certain unaudited comparative per share data for Schein and MBM on a pro forma combined basis, on a pro forma equivalent basis and on a historical basis giving effect to the Merger as a "pooling of interests" for accounting purposes. Such information is derived from and should be read in conjunction with the Unaudited Pro Forma Combined Condensed Financial Information, including the notes thereto, contained elsewhere in this Proxy Statement/Prospectus. The unaudited pro forma statement presented is for comparative purposes only and is not necessarily indicative of future combined earnings or financial position or combined earnings or financial position that would have been reported had the Merger been completed at the beginning of the respective periods or as of the dates for which such unaudited pro forma information is presented. The MBM Per Share Equivalents are calculated by multiplying the Pro Forma Combined per share amounts by the Exchange Ratio of 0.62.

	AT OR FOR THE THREE MONTHS ENDED MARCH 29, 1997	AT OR FOR THE PERIODS ENDED (1) DECEMBER 28, 1996	DECEMBER 30, 1995	DECEMBER 31, 1994
PRO FORMA COMBINED:				
Net income per common share	$ 0.06	$ 0.91	$ 0.66	$ 0.57
Book value per common share	$ 11.92			
MBM PER SHARE EQUIVALENTS:				
Net income per common share	$ 0.04	$ 0.56	$ 0.41	$ 0.35
Book value per common share	$ 7.39			
MBM -- HISTORICAL:				
Net income per common share	$ 0.04	$ 0.31	$ 0.25	$ 0.36
Book value per common share (2)	$ 5.15			
SCHEIN:				
Net income per common share--Historical	$ 0.06			
Pro forma net income per common share (3)		$ 0.98	$ 0.71	$ 0.57
Book value per common share--Historical	$ 12.59			

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(1) Combines Schein's amounts at and for the three months ended in March with MBM's amounts at and for the three months ended in February, and the years ended in December with MBM's amounts at and for the years ended November 30.

(2) Includes additional shares assuming conversion of stock options and warrants utilizing the modified treasury stock method.

(3) For Schein, excludes special management compensation and related tax effects for 1995 and 1994, and special professional fees and related tax effects for 1994, and provides for provision for income taxes on previously untaxed earnings of Dentrix as an S Corporation.

Except for a dividend paid by Schein in 1992 and regular distributions made by Dentrix in the years prior to its business combination with Schein, neither Schein nor MBM has ever paid a cash dividend on their common stocks.

RISK FACTORS

IN ADDITION TO OTHER INFORMATION IN THIS PROXY STATEMENT/PROSPECTUS, THE FOLLOWING FACTORS SHOULD BE CONSIDERED CAREFULLY BY THE HOLDERS OF SHARES OF MBM COMMON STOCK IN EVALUATING WHETHER TO APPROVE AND ADOPT THE MERGER AGREEMENT. THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 PROVIDES A "SAFE HARBOR" FOR FORWARD LOOKING STATEMENTS. ANY FORWARD LOOKING STATEMENTS CONTAINED IN THIS PROXY STATEMENT/PROSPECTUS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE COMBINED OPERATIONS OF SCHEIN AND MBM AFTER THE MERGER, ARE SUBJECT TO, AMONG OTHER THINGS, THE FOLLOWING FACTORS.

FIXED EXCHANGE RATIO

In considering whether to approve and adopt the Merger Agreement providing for the Merger, holders of shares of MBM Common Stock should carefully consider that the Exchange Ratio is fixed and will not be adjusted based on changes in the market price of the Schein Common Stock, and that the market price of the Schein Common Stock at the Effective Time may vary from the price as of the date of this Proxy Statement/Prospectus or the date on which holders of shares of MBM Common Stock vote on the Merger due to changes in the business, operations or prospects of Schein, market assessments of the likelihood that the Merger will be consummated and the timing thereof, general market and economic conditions, and other factors.

INTERESTS OF CERTAIN PERSONS IN THE MERGER

Bruce J. Haber, MBM's President and one of the four members of the MBM Board, has entered into an agreement with Schein with respect to the termination of his existing employment agreement with MBM pursuant to which he will receive an aggregate of $3,000,000 in installments, plus interest (subject to increase in the event of the imposition of certain future tax liabilities) in lieu of the payments and other rights to which he would have become entitled under such agreement, and has also entered into a new employment agreement with Schein which contains provisions for salary, incentive compensation, severance, certain rights upon a change in control, and grants of Schein Common Stock purchase options (including options with an aggregate value of $1,000,000 on the Effective Date). Additionally, pursuant to a restricted stock agreement with Schein, Mr. Haber will receive restricted shares of Schein Common Stock with a fair market value of $1,000,000 on the Effective Date. These three agreements all take effect at the Effective Time. BDRD&T, a firm of which K. Deane Reade, Jr., a director of MBM, is president and a director and stockholder, will receive a fee of $1,230,000 upon consummation of the Merger. The compensation to Mr. Haber and to BDRD&T is for services rendered or to be rendered to MBM or to the Surviving Corporation and accordingly, the holders of shares of MBM Common Stock (including Mr. Haber and Mr. Reade, as holders of shares of MBM Common Stock) will not receive any part of this compensation. The additional compensation to be received by Mr. Haber and, indirectly, Mr. Reade, may be deemed to give rise to additional and different interests of Mr. Haber and Mr. Reade in the Merger than those of the other directors and shareholders of MBM. Mr. Haber and Mr. Reade, as holders of shares of MBM Common Stock, will receive the same merger consideration as all other holders of shares of MBM Common Stock.

OPTION AND PROXY AGREEMENT

Schein and the members of the MBM Board have entered into an Option and Proxy Agreement pursuant to which such directors have granted to Schein (i) an irrevocable proxy to vote all of the shares of MBM Common Stock (excluding certain shares) that they have the right to vote in favor of the Merger Agreement and against any other Acquisition Transaction and (ii) an irrevocable option to purchase all shares of MBM Common Stock (excluding certain shares) owned by them in the event that MBM becomes obligated to pay the Termination Fee. The arrangements under the Option and Proxy Agreement may be deemed to give rise to additional and different interests of the members of the MBM Board in the Merger

than those of other shareholders of MBM. In particular, the Option and Proxy Agreement may be deemed to diminish or eliminate any economic interest that the members of the MBM Board would otherwise have, in their individual capacities as shareholders of MBM, in an Acquisition Transaction that was more favorable to the MBM shareholders than the Merger. Under the terms of the Merger Agreement, the MBM Board may terminate the Merger Agreement in order to permit MBM to enter into an Acquisition Transaction with a third party if it determines in good faith by majority vote, after consultation with its financial advisor, and after reviewing the advice of outside counsel to MBM, that such Acquisition Transaction is more favorable to the shareholders of MBM than the Merger and that such action is required by its fiduciary duties. See "TERMS OF THE MERGER AGREEMENT--Termination Rights."

DIFFICULTY OF INTEGRATION OF OPERATIONS FOLLOWING THE MERGER

The Board of Directors of Schein (the "Schein Board") and the MBM Board have each given careful consideration to the Merger and believe it to be in the best interests of their respective stockholders. However, the Merger involves the combination of two companies that have operated independently. Accordingly, there can be no assurance that MBM can be successfully integrated into Schein or that Schein and its stockholders (including the shareholders of MBM who become stockholders of Schein) will ultimately realize any benefits from the Merger. The success of the combined company following the Merger will require the dedication of management resources which may temporarily detract from attention to the day to day business of Schein and MBM. There can be no assurance that such diversion of management resources will not adversely affect revenues or that other material adverse effects will not result from such activities.

COMPETITION

The healthcare products distribution business is intensely competitive. Schein and MBM compete with numerous other companies, including several major manufacturers and distributors. Some of these competitors have greater financial and other resources than either Schein, MBM or the combined companies. Most of Schein's and MBM's products are available from several sources, and their customers tend to have relationships with several distributors. In addition, such competitors could obtain rights to market particular products to the exclusion of Schein or MBM. Manufacturers also could increase their efforts to sell directly to end-users, thereby by-passing distributors such as Schein or MBM. Consolidation among healthcare products distributors could result in existing competitors increasing their market position through acquisitions or joint ventures, which may materially adversely affect operating results. In addition, new competitors may emerge which could materially adversely affect Schein's or MBM's operating results. There can be no assurance the combined companies will not face increased competition in the future.

EXPANSION OF SCHEIN THROUGH ACQUISITIONS AND JOINT VENTURES

Schein intends to expand in its domestic and international markets, in part, through acquisitions and joint ventures. However, Schein's ability to expand successfully through acquisitions and joint ventures will depend upon the availability of suitable acquisition or joint venture candidates at prices acceptable to Schein, Schein's ability to consummate such transactions and the availability of financing on terms acceptable to Schein. There can be no assurance that Schein will be effective in making acquisitions or joint ventures. Such transactions involve numerous risks, including possible adverse short-term effects on Schein's operating results or the market price of Schein's Common Stock. Certain of Schein's acquisitions and future acquisitions may also give rise to an obligation by Schein to make contingent payments or to satisfy certain repurchase obligations, which payments could have an adverse financial effect on Schein. In addition, integrating acquired businesses and joint ventures may result in a loss of customers or product lines of the acquired businesses or joint ventures, and also requires significant management attention and may place significant demands on Schein's operations, information systems and financial resources. Schein

completed the acquisitions of (or entered into definitive agreements to acquire) seventeen other companies in 1996, and has acquired, or entered into definitive agreement(s) to acquire, fourteen companies so far in 1997. The failure to effectively integrate future acquired businesses and joint ventures with the combined companies' operations could adversely affect the combined companies.

MINORITY STATUS OF FORMER MBM SHAREHOLDERS; CONTROL BY INSIDERS

Immediately after the consummation of the Merger, the former holders of MBM Common Stock will hold an aggregate of approximately 11.9% of the then outstanding shares of Schein Common Stock and will not be able to control, as a group, the management of Schein. In addition, immediately after the Merger, Stanley M. Bergman, Chairman of the Board, Chief Executive Officer and President of Schein, will own, directly or indirectly, approximately 5.4% of the outstanding shares of Schein Common Stock and, by virtue of a Voting Trust Agreement (which expires December 31, 1998 unless terminated earlier) with certain of Schein's current principal stockholders, will have the right to vote up to an aggregate of approximately 30.3% of the outstanding shares of Schein Common Stock. In addition, until December 31, 1998, under certain circumstances, Mr. Bergman has the right to direct the nomination of a majority of the nominees to Schein's Board and, from January 1, 1999 until December 31, 2003, Mr. Bergman has the right to direct the nomination of all, or, under certain circumstances, four (out of nine), of the nominees to the Schein Board, and in all such events certain of the current principal stockholders are required to vote for such nominees. Because of these voting arrangements, Mr. Bergman has significant influence over matters requiring the approval of the Schein Board or stockholders of Schein. Under certain circumstances, these voting arrangements may terminate prior to December 31, 1998. In that event, certain of Schein's current principal stockholders may be able to significantly influence all matters requiring stockholder approval, including the election of directors. See "DESCRIPTION OF SCHEIN-- Reorganization."

FLUCTUATIONS IN QUARTERLY EARNINGS

Schein's business has been subject to seasonal and other quarterly influences. Net sales and operating profits have been generally higher in the fourth quarter due to the timing of sales of software, year-end promotions, and purchasing patterns of office-based healthcare practitioners and have been generally lower in the first quarter due primarily to increased purchases in the prior quarter. Quarterly results may also be adversely affected by a variety of other factors, including the timing of acquisitions and related costs, the release of software enhancements, promotions, adverse weather, and fluctuations in exchange rates associated with international operations.

PRACTICE MANAGEMENT SOFTWARE AND OTHER VALUE ADDED PRODUCTS

During 1996, approximately $31.0 million, or 3.7%, and $21.4 million, or 8.5%, of Schein's net sales and gross profit, respectively, were derived from sales of Schein's Easy Dental-Registered Trademark- Plus, Dentrix Dental System, AVImark-Registered Trademark- practice management software, and other value added products to United States dental and veterinary office-based healthcare practitioners. Competition among companies supplying practice management software is intense and increasing. Schein's future sales of practice management software will depend, among other factors, upon the effectiveness of Schein's sales and marketing programs, Schein's ability to enhance its products and the ability to provide ongoing technical support. There can be no assurance that Schein will be successful in introducing and marketing software enhancements or new software, or that such software will be released on time or accepted by the market. Schein's software products, like software products generally, may contain undetected errors or bugs when introduced or as new versions are released. While Schein's current products have not experienced significant post-release software errors or bugs to date, there can be no assurance that problems will not occur in the future. Any such defective software may result in increased expenses related to the software and could adversely affect Schein's relationship with the customers using such software. Schein does not have any patents on its

software and relies upon copyright, trademark and trade secret laws; there can be no assurance that such legal protections will be available or enforceable to protect its software products. Schein's software products are generally distributed under "shrink-wrap" licenses that are not signed by the customer and therefore may be unenforceable in certain jurisdictions.

FOREIGN OPERATIONS

During 1996, approximately 17.5% and 18.1% of Schein's net sales and gross profit, respectively, were derived from sales to customers located outside the United States and Canada. Schein's international businesses are subject to a number of inherent risks, including difficulties in opening and managing foreign offices and distribution centers; establishing channels of distribution; fluctuations in the value of foreign currencies; import/export duties and quotas; and unexpected regulatory, economic and political changes in foreign markets. There can be no assurance that these factors will not adversely affect the combined companies' operating results.

DEPENDENCE ON SENIOR MANAGEMENT

Schein's future performance will depend, in part, upon the efforts and abilities of certain members of its existing senior management, particularly Stanley M. Bergman, Chairman, Chief Executive Officer and President, James P. Breslawski, Executive Vice President, and Steven Paladino, Senior Vice President and Chief Financial Officer, as well as (if the Merger is consummated) those of Bruce J. Haber, who will serve as an Executive Vice President and President of Schein's medical products group. The loss of service of one or more of these persons could have an adverse effect on Schein's business. Schein has entered into employment agreements with Mr. Bergman and, as of the Effective Time, Mr. Haber. The success of certain acquisitions and joint ventures effected by Schein may depend, in part, on Schein's ability to retain key management of the acquired business or joint venture. MBM's future performance will depend, in part, upon the efforts and abilities of certain members of its existing senior management, including Mr. Haber.

CHANGES IN HEALTHCARE INDUSTRY

In recent years, the healthcare industry has undergone significant change driven by various efforts to reduce costs, including potential national healthcare reform, trends toward managed care, cuts in Medicare, consolidation of healthcare distribution companies and collective purchasing arrangements by office-based healthcare practitioners. Schein's or MBM's inability to react effectively to these and other changes in the healthcare industry could adversely affect its operating results. Schein and MBM cannot predict whether any healthcare reform efforts will be enacted and what effect any such reforms might have on them or their respective customers and suppliers.

GOVERNMENT REGULATION

Both Schein and MBM and their respective customers and suppliers are subject to extensive Federal and state regulation in the United States, as well as regulation by foreign governments, and neither Schein nor MBM can predict the extent to which future legislative and regulatory developments concerning their practices and products or the healthcare industry may affect them. In addition, both Schein and MBM, as marketers, distributors and manufacturers of healthcare products (including Schein through its 50%-owned company, HS Pharmaceutical, Inc., which distributes and manufactures generic pharmaceuticals), are required to obtain the approval of Federal and foreign governmental agencies, including the Food and Drug Administration, prior to marketing, distributing and manufacturing certain of those products, and it is possible that both Schein and MBM may be prevented from selling new manufactured products should a competitor receive prior approval. Further, Schein's and MBM's plants and operations are subject to review and inspection by local, state, Federal and (in the case of Schein) foreign governmental entities. The companies' suppliers are also subject to similar governmental requirements.

RISK OF PRODUCT LIABILITY CLAIMS AND INSURANCE

The sale, manufacture and distribution of healthcare products involves a risk of product liability claims and adverse publicity. Although neither Schein nor MBM has been subject to a significant number of such claims or incurred significant liabilities due to such claims, there can be no assurance that this will continue to be the case. In addition, Schein and MBM maintain product liability insurance coverage and have certain rights to indemnification from third parties, but there can be no assurance that claims outside of or exceeding such coverage will not be made, that the combined companies will be able to continue to obtain insurance coverage or that they will be successful in obtaining indemnification from such third parties. The combined companies also may not be able to maintain existing coverage or obtain, if they determine to do so, insurance providing additional coverage at reasonable rates.

COST OF SHIPPING

Shipping is a significant expense in the operation of both Schein's and MBM's business. Schein and MBM ship almost all of their orders by United Parcel Service and other delivery services, and typically bear the cost of shipment. Accordingly, any significant increase in shipping rates could have an adverse effect on Schein's and MBM's operating results. Similarly, strikes or other service interruptions by such shippers could adversely affect Schein's and MBM's ability to deliver products on a timely basis.

RELIANCE ON TELEPHONE AND COMPUTER SYSTEMS

Both Schein and MBM believe that their success depends, in part, upon their telesales and direct marketing efforts and their ability to provide prompt, accurate and complete service to their customers on a price-competitive basis. Any continuing disruption in either their computer system or their telephone system could adversely affect their ability to receive and process customer orders and ship products on a timely basis. Any such disruption could adversely affect their relations with their customers.

STATE SALES TAX COLLECTION

As of June 1997, Schein collected sales tax and other similar taxes only on sales of products to residents of 31 states, and MBM collected such taxes on sales of products to residents of eight states. Various other states have sought to impose on direct marketers the burden of collecting state sales taxes on the sale of products shipped to those states' residents. A successful assertion by a state or states that either Schein or MBM should have collected or be collecting state sales taxes on the sale of products shipped to that state's residents could have an adverse effect on the combined companies.

POTENTIAL VOLATILITY OF MARKET VALUE OF SCHEIN COMMON STOCK

As with the MBM Common Stock, the market prices of the Schein Common Stock may be subject to fluctuations in response to quarter-to-quarter variations in operating results, changes in earnings estimates by investment analysts or changes in business or regulatory conditions affecting Schein, its customers, its suppliers or its competitors. The stock market historically has experienced volatility which has particularly affected the market prices of securities of many companies in the healthcare industry and which sometimes has been unrelated to the operating performances of such companies. These market fluctuations may adversely affect the market price of the Schein Common Stock.

From December 31, 1996 through July 1, 1997, the closing market price of the Schein Common Stock as reported on the Nasdaq National Market has ranged from a high of $37 to a low of $26 7/8.

ANTI-TAKEOVER PROVISIONS; POSSIBLE ISSUANCE OF PREFERRED STOCK

Certain provisions of Schein's Amended and Restated Certificate of Incorporation and Amended and Restated By-Laws as currently in effect may make it more difficult for a third party to acquire, or may

discourage acquisition bids for, Schein and could limit the price that certain investors might be willing to pay in the future for shares of the Schein Common Stock. These provisions, among other things, (i) require the affirmative vote of the holders of at least 60% of the shares entitled to vote to approve a sale, lease, transfer or exchange of all or substantially all of the assets of Schein, (ii) require the affirmative vote of the holders of at least 66 2/3% of the shares entitled to vote to remove a director or to fill a vacancy on the Schein Board, (iii) require the affirmative vote of the holders of at least 80% of the shares entitled to vote to amend or repeal certain provisions of the Amended and Restated Certificate of Incorporation and (iv) require the affirmative vote of at least 66 2/3% of the outstanding shares of Schein Common Stock to amend or repeal the Amended and Restated By-Laws of Schein. In addition, the rights of holders of Schein Common Stock will be subject to, and may be adversely affected by, the rights of any holders of Preferred Stock that may be issued in the future and that may be senior to the rights of the holders of Schein Common Stock. Under certain conditions, Section 203 of the Delaware General Corporation Law would prohibit Schein from engaging in a "business combination" with an "interested stockholder" (in general, a stockholder owning 15% or more of Schein's outstanding voting stock) for a period of three years. In addition, Schein's 1994 Stock Option Plan and 1996 Non-Employee Director Stock Option Plan provide for accelerated vesting of stock options upon a change in control of Schein, and in certain instances, agreements between Schein and its executive officers provide for increased severance payments if such executive officers are terminated without cause within two years after a change in control of Schein. At the Annual Meeting of Stockholders of Schein to be reconvened on July 15, 1997, the holders of Schein Common Stock will be asked to vote on proposed amendments to Schein's Certificate of Incorporation and By-Laws that would permit the Schein Board to fix the number of directors by resolution from time to time (within certain limits), to fill vacancies and to amend By-Law provisions adopted by stockholders, and would decrease to 66 2/3% the 80% supermajority voting requirement with respect to future amendments of the provisions of Schein's Certificate of Incorporation relating to the numbers and powers of directors. See "COMPARISON OF STOCKHOLDER'S RIGHTS."

The foregoing, together with certain provisions in Schein's Amended and Restated Certificate of Incorporation, including a provision thereof requiring the approval of holders of 60% of the outstanding stock of Schein entitled to vote prior to consummation of a merger or sale of substantially all the assets of Schein, may make it more difficult for a third party to acquire, or may discourage acquisition bids for Schein and could limit the price that certain investors might be willing to pay in the future for shares of Schein Common Stock.

SHARES ELIGIBLE FOR FUTURE SALES

Future sales of substantial amounts of Common Stock (including shares issued upon the exercise of stock options) by Schein's current stockholders (including certain executive officers, employees and affiliates of Schein) after the Merger, or the perception that such sales could occur, could adversely affect the market price for the Schein Common Stock. Approximately 8,003,679 shares of Schein Common Stock that are owned by certain of Schein's current stockholders, constituting approximately 33.9% of the shares of Schein Common Stock outstanding immediately prior to the Merger, may be eligible for immediate resale in the public market pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). In connection with the reorganization described "--Reorganization" below, Schein entered into a Registration Rights Agreement with certain of the current stockholders. Schein has granted certain registration rights in connection with certain acquisitions, and may grant additional registration rights in connection with future acquisitions.

In addition, all of the shares of Schein Common Stock received by holders of MBM Common Stock in the Merger will have been registered under the Securities Act and will be freely transferable, except that persons who are deemed to be affiliated with MBM prior to the Effective Time will enter into agreements with Schein prohibiting such persons from disposing of any of the shares of Schein Common Stock until after the publication of operating results including the combined operations of Schein and MBM for a

period of at least 30 days subsequent to the consummation of the Merger, at which time such shares may be resold by such persons in transactions permitted by the resale provisions of Rule 145 promulgated under the Securities Act (or Rule 144 in the case of such persons who become affiliates of Schein) or as otherwise permitted by the Securities Act. Persons who may be deemed to be affiliates of MBM or Schein generally include individuals or entities that control, are controlled by, or are under common control with, such party and may include certain officers and directors of such party as well as principal stockholders of such party. In addition, approximately 1,123,523 shares of Schein Common Stock will be issuable upon the exercise of outstanding options and warrants to purchase MBM Common Stock that will be assumed by Schein. Schein intends to file a registration statement under the Securities Act covering shares issuable upon the exercise of these options and, initially, the Registration Statement of which this Proxy Statement/ Prospectus forms a part registers the issuance of the assumed warrants and shares issuable upon the exercise of such warrants. See "THE MERGER--Treatment of MBM Stock Options and Warrants".

REORGANIZATION

In connection with the reorganization of Schein's ownership and the various agreements entered into in connection therewith between 1992 and 1994 (the "Reorganization"), certain stockholders of Schein made customary representations, warranties and covenants and provided for indemnification with respect to the structure of the transaction and for breaches of such representations, warranties and covenants. No claims for such indemnification have arisen to date. Applicable accounting rules provide that certain amounts paid or assumed by such stockholders on behalf of Schein in satisfaction of indemnity obligations may be required to be recorded by Schein for financial reporting purposes as an expense. Accordingly, although any such payment or assumption may not materially impact Schein's cash flow, Schein's results of operations would be negatively impacted in the period incurred. In addition, there can be no assurance that such stockholders will have the resources in the future to meet their respective indemnification obligations, if any, under such agreements.

SPECIAL MEETING

This Proxy Statement/Prospectus is being furnished to holders of shares of MBM Common Stock in connection with the solicitation by the MBM Board of proxies for use at the Special Meeting to be held on Friday, August 1, 1997, at 9:00 a.m., local time, at the Ramada Hotel, One Ramada Plaza, New Rochelle, New York 10801.

At the Special Meeting, holders of MBM Common Stock will consider and vote upon a proposal to approve the Merger Agreement. The Merger Agreement provides that, upon the terms and subject to the conditions thereof, Merger Sub will be merged with and into MBM and MBM will become a wholly owned subsidiary of Schein. Each share of MBM Common Stock issued and outstanding immediately prior to the Merger (other than shares held by shareholders who perfect their appraisal rights under Section 623 of the NYBCL) will be converted into the right to receive 0.62 shares of Schein Common Stock.

No certificates representing fractional shares of Schein Common Stock shall be issued upon the surrender for exchange of MBM Certificates. Each holder of shares of MBM Common Stock exchanged pursuant to the Merger who would otherwise have been entitled to receive a fraction of a share of Schein Common Stock (after taking into account all MBM Certificates delivered by such holder) will receive, in lieu thereof, cash (without interest) in an amount determined by multiplying (i) the fractional interest to which such holder would otherwise be entitled and (ii) the average of the per share closing prices for Schein Common Stock on the Nasdaq National Market for the five trading days immediately preceding the Effective Time. In no event shall a holder of MBM Common Stock receive cash in lieu of fractional Shares of Schein Common Stock in an amount greater than the value of one full share of Schein Common Stock.

THE MBM BOARD HAS UNANIMOUSLY ADOPTED THE MERGER AGREEMENT, DETERMINED THAT THE MERGER IS IN THE BEST INTERESTS OF MBM AND ITS SHAREHOLDERS, AND RECOMMENDS THAT THE HOLDERS OF MBM COMMON STOCK VOTE FOR THE APPROVAL OF THE MERGER AGREEMENT. SEE "THE MERGER--BACKGROUND OF THE MERGER" AND "--RECOMMENDATION OF THE MBM BOARD AND MBM REASONS FOR THE MERGER".

The Schein Board has approved the Merger Agreement and the Merger and the issuance of shares of Schein Common Stock in the Merger, and the Board of Directors of Merger Sub, and Schein, as the sole stockholder of Merger Sub, have respectively adopted and approved the Merger Agreement and the Merger. Approval of the Merger Agreement and the Merger by Schein stockholders is not required to effect the Merger.

RECORD DATE; SHARES ENTITLED TO VOTE

The close of business on June 24, 1997 has been fixed as the Record Date for determining the holders of MBM Common Stock who are entitled to notice of and to vote at the Special Meeting. As of the Record Date, there were 5,162,759 shares of MBM Common Stock outstanding and entitled to vote, and such shares were held by approximately 700 holders of record. The holders of record on the Record Date of MBM Common Stock are entitled to one vote per share of MBM Common Stock on each matter submitted to a vote at the Special Meeting. The presence in person or by proxy of the holders of a majority of the outstanding MBM Common Stock entitled to vote is necessary to constitute a quorum for the transaction of business at the Special Meeting.

Proxies relating to "street name" shares that are properly executed and returned by brokers will be counted as shares present for purposes of determining the presence of a quorum, but will not be treated as shares having voted at the Special Meeting as to the Merger Agreement if authority to vote has been withheld by the broker (a "broker non-vote"). Abstentions will be recorded as such by the inspectors of election for the Special Meeting. In light of the treatment of broker non-votes and abstentions and the fact that the affirmative vote required to approve the Merger Agreement is two-thirds of the total number of

outstanding shares of MBM Common Stock on the Record Date, broker non-votes and abstentions will have the same effect as votes against approval of the Merger Agreement.

REQUIRED VOTE

The affirmative vote of holders of two-thirds (66 2/3%) of the outstanding shares of the MBM Common Stock is required for approval of the Merger Agreement. As of June 24, 1997, the MBM directors and executive officers and their affiliates as a group beneficially owned or voted shares representing approximately 10.7% of the outstanding shares of MBM Common Stock. Each of the directors and executive officers of MBM has advised MBM that he/she intends to vote or direct the vote of all such shares over which he/she has voting control, subject to and consistent with any fiduciary obligations in the case of shares held as a fiduciary, for approval and adoption of the Merger Agreement and the Merger. In addition, as an inducement for Schein to enter into the Merger Agreement, the members of the MBM Board have entered into the Option and Proxy Agreement with Schein pursuant to which such directors have granted to Schein (i) an irrevocable proxy to vote all of the shares of MBM Common Stock (excluding certain shares) that they have the right to vote in favor of the Merger Agreement and against any other Acquisition Transaction and (ii) an irrevocable option to purchase all shares of MBM Common Stock (excluding certain shares) owned by them in the event that MBM becomes obligated to pay the Termination Fee. Under the Option and Proxy Agreement, Schein has the right to require the members of the MBM Board to exercise or convert all of their respective options, warrants or other rights or securities that are exercisable for, or convertible into, shares of MBM Common Stock. As of the date of this Proxy Statement/Prospectus, the members of the MBM Board beneficially owned or had the right to vote an aggregate of 512,496 shares of MBM Common Stock (approximately 10.0% of the outstanding shares), and owned, in the aggregate, options or warrants to purchase an aggregate of 1,098,333 shares of MBM Common Stock. See "THE MERGER--Option and Proxy Agreement".

PROXIES; PROXY SOLICITATION; REVOCATION OF PROXIES

Shares of MBM Common Stock represented by properly executed, unrevoked proxies received at or prior to the Special Meeting will be voted at the Special Meeting in accordance with the instructions contained therein. Shares of MBM Common Stock represented by properly executed, unrevoked proxies for which no instruction is given will be voted FOR approval of the Merger Agreement. MBM shareholders are requested to complete, sign, date and return promptly the enclosed proxy card in the postage-paid envelope provided for this purpose to ensure that their shares are voted. A holder of shares of MBM Common Stock may revoke a proxy by submitting a later dated proxy with respect to the same shares at any time prior to the vote on the approval of the Merger Agreement, by delivering written notice of revocation to American Stock Transfer & Trust Company, the Transfer Agent for the MBM Common Stock, at 40 Wall Street, New York, NY 10005, Attention: Proxy Department at any time prior to such vote or by attending the Special Meeting and voting in person. Mere attendance at the Special Meeting will not in and of itself revoke a proxy.

If the Special Meeting is postponed or adjourned for any reason, when the Special Meeting is convened or reconvened, all proxies will be voted in the same manner as such proxies would have been voted at the original convening of the meeting (except for any proxies which have been effectively revoked or withdrawn), notwithstanding that they may have been effectively voted on the same or any other matter at a previous meeting.

The cost of the solicitation of proxies by MBM Board of Directors for use at the Special Meeting will be borne by MBM. In addition to solicitation by mail, directors, officers and employees of MBM may solicit proxies by telephone, telegram or otherwise. Such directors, officers and employees of MBM will not be additionally compensated for such solicitation but may be reimbursed by MBM for out-of-pocket expenses incurred in connection therewith. Brokerage firms, fiduciaries and other custodians who forward soliciting material to the beneficial owners of shares of Common Stock held of record by them will be

reimbursed for their reasonable expenses incurred in forwarding such material. In addition, MBM has retained D.F. King & Co., Inc. of New York, New York, a proxy solicitation organization, to assist in the solicitation of proxies. The fee payable to D.F. King & Co., Inc. for its services will be $4,000, plus expenses, and $3.00 for each incoming telephone call received, or outgoing telephone call made by it in connection with such solicitation.

MISCELLANEOUS

Representatives of Miller, Ellin & Company, MBM's independent auditors, are expected to be present at the Special Meeting. Such representatives will be afforded an opportunity to make a statement, if they desire to do so, and are expected to be available to respond to appropriate questions.

THE MERGER

BACKGROUND OF THE MERGER

In December, 1995, Mark M. Mlotek, Vice President, General Counsel, Secretary and a director of Schein, and Bruce J. Haber, President, Chief Executive Officer and a director of MBM, had a telephone conference during which Mr. Mlotek suggested to Mr. Haber that they meet. Mr. Mlotek and Mr. Haber met on December 21, 1995, during which meeting Mr. Mlotek indicated to Mr. Haber that, since the Reorganization (see "DESCRIPTION OF SCHEIN"), Schein's business strategy has been to expand through acquisitions and joint ventures as well as internal development. In connection therewith, Mr. Mlotek explained to Mr. Haber that Schein identifies and evaluates potential acquisition or joint venture candidates from time to time, and that MBM had been so identified. No specific terms of a potential acquisition were discussed, but both Mr. Mlotek and Mr. Haber indicated that their respective companies would be willing to continue discussions at a future date.

In March, 1996, Mr. Mlotek telephoned Mr. Haber inviting him to meet with Mr. Mlotek, Stanley M. Bergman, Chairman of the Board of Directors, Chief Executive Officer and President of Schein, and other representatives of Schein to discuss whether a basis existed to explore a potential transaction between the two companies. The meeting between representatives of Schein and MBM took place on March 21, 1996. Mr. Haber and senior executives of Schein were present, as were representatives of Tanner & Co., Inc. ("Tanner & Co."), financial adviser to Schein, and K. Deane Reade, Jr., a director of MBM and the President and a director and stockholder of BDRD&T. BDRD&T is a financial advisor to MBM. (See " -- Interests of Certain Persons in Merger.")

At the March 21, 1996 meeting, Schein's and MBM's representatives exchanged general information regarding their respective company's businesses and their views of the industry in which they operate. There was a general discussion of respective growth strategies and Schein's representatives reiterated the business strategy explained to Mr. Haber by Mr. Mlotek in the December 21, 1995 meeting. This discussion led to whether Schein and MBM had a mutual interest in exploring an acquisition of MBM by Schein through a stock-for-stock merger. Both Schein's and MBM's representatives indicated that any such interest would be conditioned upon such merger qualifying for "pooling of interests" accounting treatment. Schein's representatives advised MBM's representatives that, because of the Reorganization, Schein could not initiate a "pooling of interests" transaction prior to October, 1996. There was no discussion of any material terms of any such merger at this meeting. As a result of this meeting and a meeting between Mr. Bergman and Mr. Haber held on April 29, 1996, it was determined that discussions should continue to determine whether a basis existed for a merger at such time as a "pooling of interests" accounting treatment would be available for such potential merger.

During the period from April through September, 1996, Mr. Reade and representatives of Tanner & Co. had telephone conferences regarding the terms and conditions of a confidentiality agreement to be

entered into between MBM and Schein, which agreement was executed on November 8, 1996. Additionally, on September 27, 1996, Mr. Haber and Mr. Bergman met and generally discussed the possibility of a merger between MBM and Schein.

During this same period, MBM investigated other business strategies, including whether potential merger opportunities with other companies might exist as well as growth possibilities as an independent company through certain acquisitions or by availing itself of additional funding through the capital markets. In particular, commencing in the Spring of 1996 and continuing through the Summer of 1996, MBM had discussions with another publicly held distributor of medical supplies about a possible merger. These discussions terminated when fluctuations in the respective market prices of the Common Stock of MBM and the other entity made any such business combination economically unfeasible and before any discussions were held regarding the pricing terms of the possible merger. During the Autumn of 1996, MBM also explored with an underwriting firm the feasibility of a public offering of shares of MBM Common Stock as a means of increasing both shareholder liquidity and MBM's working capital for acquisitions and other general corporate purposes. MBM determined not to pursue the public offering alternative because it believed that a public offering would not have enabled MBM to position itself in the medical supply industry, taking into account the trend to consolidation in that industry, as beneficially from the point of view of MBM's shareholders as would the Merger. Additionally, the public offering would not have afforded MBM's shareholders the opportunities for international growth, decreases in business volatility or efficiencies which, the MBM Board believes, may result from the Merger. (See "--Considerations and Recommendations of the Merger by the MBM Board.")

On November 6, 1996, Mr. Haber and Mr. Bergman and other representatives of Schein had a meeting to consider further whether a potential merger was in the mutual interest of MBM and Schein. Previously, Mr. Reade and representatives of Tanner & Co. had exchanged certain financial information and general views regarding such potential merger.

On November 20, 1996, Mr. Haber and Mr. Reade met with Mr. Bergman and other representatives of Schein and further discussions were held regarding the structure of a potential merger between MBM and Schein as well as the responsibilities that Mr. Haber would assume if such merger were to be consummated and the employment arrangements for Mr. Haber. Subsequently, MBM and BDRD&T entered into an engagement agreement for investment banking services to be rendered by BDRD&T to MBM in connection with such potential merger.

During the period from November, 1996 through January, 1997, several discussions were held between representatives of MBM and Schein regarding the potential merger. On January 24, 1997, the MBM Board held a meeting at which Mr. Haber and Mr. Reade reported to the MBM Board on their discussions with Schein. The MBM Board authorized Mr. Haber and Mr. Reade to continue discussions with Schein to determine if a basis exists for a merger on terms and conditions that would be in the best interests of MBM's shareholders and to proceed with due diligence review of Schein.

Discussions regarding the potential merger, including the ratio at which shares of Schein Common Stock would be exchanged for shares of MBM Common Stock in such merger, the treatment of outstanding MBM options and warrants, and various employment and compensation issues, continued between MBM and Schein and their respective financial advisors during the period from late January, 1997 through February, 1997. During this period, Schein and MBM conducted reviews of each other's operations and financial condition, and, in late January, 1997, drafts of the definitive agreements were prepared by counsel to Schein and delivered to MBM. MBM commenced its review of such agreements through its counsel and proceeded to negotiate certain terms and conditions of such agreements through its counsel.

The MBM Board met again on February 25, 1997 and Mr. Haber and Mr. Reade reported on the subject matter of the discussions held to such date with Schein and indicated to the MBM Board that there appeared to be a basis upon which MBM and Schein could enter into definitive agreements with respect to a merger, although further negotiations of certain material terms and conditions (including the exchange

ratio) as well as additional due diligence would be required. The MBM Board directed Mr. Haber and Mr. Reade to proceed with the discussions with Schein and to continue their due diligence regarding Schein.

Mr. Reade and the firm of BDRD&T assisted MBM in identifying and analyzing alternative strategies, in identifying entities with which MBM might engage in a business combination, in analyzing the respective values of such entities, including Schein, in structuring the terms of the transaction with Schein, in performing due diligence of Schein and in negotiating the terms and conditions of the proposed merger. Royce Investment Group ("Royce") assisted MBM from time to time during the months prior to the execution and delivery of the Merger Agreement in providing information regarding stock prices, trends and volatility, and in evaluating the market reaction of the financial and business community in connection with the proposed merger. However, inasmuch as Mr. Reade was (and remains) a director of MBM and the president and a director and shareholder of BDRD&T and BDRD&T would receive a fee for its services upon consummation of the Merger, and Royce would also receive a fee for its services upon consummation of the Merger, the MBM Board determined that a firm that had no previous relationship with either MBM or Schein and whose compensation was not dependent on the consummation of the Merger should render an opinion as to the fairness, from a financial point of view, of the consideration to be received by the shareholders of MBM (other than the officers and directors of MBM) in connection with the proposed Merger as contemplated in the Merger Agreement. Schein also insisted that MBM obtain such an opinion from an entity which had no previous relationship with either MBM or Schein. Accordingly, on February 26, 1997, MBM engaged Houlihan Lokey to review the potential merger and to render such an opinion. Houlihan Lokey was only engaged for purposes of such review and opinion and did not advise MBM regarding alternative strategies or business combinations, nor did it consider alternative transaction structures, terms or conditions of the proposed merger with Schein. (See "-- Opinion of Houlihan Lokey".)

At the regular meeting of the Schein Board held on February 27, 1997, Mr. Bergman and other senior executive officers of Schein gave a presentation to the Schein Board regarding MBM and the potential merger, which presentation included, among other things, financial, strategic and due diligence analyses and reports. Tanner & Co. also made a presentation to the Schein Board in its capacity as financial advisor. It was the consensus of the Schein Board at this meeting that the negotiations with MBM should continue.

Subsequent to the dates of the respective meetings of the MBM Board and the Schein Board held in February, 1997, Mr. Haber and Mr. Reade and MBM's counsel continued discussions with Schein, its counsel and Tanner & Co. and proceeded to continue to negotiate certain of the terms and conditions of the definitive agreements.

On March 1, 1997 the MBM Board met again to review the status of the negotiations with Schein, to review the due diligence with respect to Schein presented by Mr. Haber and Mr. Reade and to review an explanation from Mr. Reade regarding the methodology to be used by Houlihan Lokey regarding its opinion on the fairness of the Merger from a financial point of view. The MBM Board again authorized Mr. Haber and Mr. Reade to continue negotiations with Schein.

On March 6, 1997, Mr. Haber, Mr. Reade and legal counsel to MBM met with Schein, Tanner & Co. and legal counsel to Schein to complete negotiations and finalize the definitive agreements relating to the proposed merger. Late on March 6, 1997, the parties reached tentative agreement regarding the Exchange Ratio (see "THE MERGER--Exchange Ratio"). The Exchange Ratio was determined after negotiations in which representatives of MBM, Schein, Tanner & Co. and BDRD&T participated. In arriving at the Exchange Ratio, the parties' negotiating positions were influenced by Schein's insistence that the Merger be accretive to its earnings per share and by MBM's desire that its shareholders realize a premium over the current market price of the MBM Common Stock in connection with any acquisition by Schein of all of the outstanding equity interests in MBM. Late on March 6, 1997, MBM received the oral opinion of Houlihan Lokey to the effect that, based on the draft agreements reviewed by them, the consideration to be received

by the public holders of MBM Common Stock in the Merger was fair to such holders from a financial point of view. Houlihan Lokey confirmed its opinion in writing on March 7, 1997 and subsequently confirmed such opinion as of that date after reviewing the revised definitive agreements. A meeting of the MBM Board was held on March 7, 1997 during which meeting the MBM Board reviewed the terms and conditions of the definitive agreements, the recent due diligence regarding Schein and the opinion of Houlihan Lokey. At such meeting, the MBM Board approved the Merger Agreement and the Merger and the related agreements and transactions. In a special meeting held on the same date, the Schein Board, after further presentations by its management, Tanner & Co. and counsel to Schein, approved the Merger Agreement and the Merger and the related agreements and transactions. The Merger Agreement was signed by MBM and Schein on March 7, 1997. Subsequent to that date, the Merger Agreement and various related agreements were revised to reflect certain agreements among the respective parties thereto on March 7, 1997 that were not fully or accurately reflected in such agreements as initially executed. None of such revisions to the Merger Agreement were material.

Several weeks after March 7, 1997, MBM was contacted by a third party who claims to be owed a brokerage commission in an unspecified amount in connection with the Merger as a result of the introduction of Mr. Haber to an executive of Schein in 1990. MBM intends vigorously to resist such claim.

CONSIDERATION AND RECOMMENDATION OF THE MERGER BY THE MBM BOARD

At the meeting of the MBM Board held on March 7, 1997, the MBM Board determined that, based upon its deliberations and the opinion of Houlihan Lokey regarding the fairness of the Merger to the public shareholders of MBM from a financial point of view, the terms of the Merger are fair to, and in the best interests of, MBM and its shareholders and adopted the Merger Agreement and authorized and directed the appropriate officers of MBM to execute the Merger Agreement on behalf of MBM. The MBM Board also unanimously resolved to recommend to the shareholders of MBM that they approve the Merger.

In the meetings of the MBM Board held on January 24, February 25, March 1, and March 7, 1997, the MBM Board as part of its deliberations and approval of the Merger considered the following factors:

- The Exchange Ratio and the different concerns of MBM and of Schein which led to negotiation and the establishment of the Exchange Ratio as a fixed exchange ratio. See "THE MERGER-- Background of the Merger".

- The treatment under the Merger Agreement of options and warrants to purchase MBM Common Stock. See "THE MERGER--Treatment of MBM Stock Options and Warrants".

- The anticipated qualification of the Merger as a tax free reorganization for federal income tax purposes and for "pooling-of-interests" accounting. See "THE MERGER--Certain Tax Consequences of the Merger" and "Anticipated Accounting Treatment".

- The growth prospects for the business of MBM that could result from MBM becoming part of a larger company pursuant to the Merger because the increased purchasing power of the combined entity should enable MBM to offer products to its customers on a more desirable basis.

Furthermore, a larger company with greater capitalization should be perceived by customers as more capable of servicing larger customers which operate in a more broadly based geographic area. Additionally, the MBM Board believed that, as a larger and more diversified company, MBM would be in a better position than it would as an independent company to reduce the costs of doing business and to reduce the market and product volatility which may result in an ability to sustain profit margins that are superior to those of smaller companies operating within MBM's industry.

- The trend toward consolidation in the industry in which MBM operates. In particular, the MBM Board believed that this consolidation would result in fewer and more expensive acquisition

candidates thereby decreasing acquisitions as a commercially viable method to expand MBM's business. Ultimately, it was the opinion of the MBM Board that consolidation would yield a smaller number of larger companies as participants in the industry. The MBM Board considered the Merger as a strategic response to this industry trend that would be in the best interests of the shareholders of MBM. Specifically, the MBM Board considered that MBM's access to debt and equity capital resources should be substantially increased by being part of a larger company. Additionally, the MBM Board believed that, as a larger company after consummation of the Merger, it should be in a significantly better position to be among the surviving companies after the conclusion of the consolidation trend than would be the case if it were to remain an independent company.

- The similar business strategies of Schein and MBM. Specifically, both entities seek to expand through acquisitions and joint ventures as well as internal development, and both entities seek to provide logistical efficiencies which create added value for customers by using centralized rather than localized distribution facilities.

- The other product businesses of Schein and particularly the dental products distribution business which, combined with the medical products distribution business of MBM, could result in economies of scale in the distribution of product and may result in less business volatility because of a diversified product offering.

- The strategic alternatives to the proposed merger with Schein available to MBM. See "THE MERGER--Background of the Merger".

- The anticipated market reaction of the business and financial community to the proposed Merger.

The MBM Board also recognized that the Merger could hold certain disadvantages for MBM and its shareholders. Specifically, the MBM Board considered the following:

- The potential volatility of the market values of the Schein Common Stock. See "RISK FACTORS-- Potential Volatility of Market Value of Schein Common Stock".

- The challenges presented to management (and consequent use of executive time) by the task of combining the operations of Schein and MBM and achieving potential synergistic benefits. In particular, these challenges involve integrating the personnel of MBM and Schein, which have different corporate cultures, and of integrating business and computer systems of MBM and Schein involving inventory, purchasing, sales, distribution, personnel practices and other functions. In reviewing this issue, the MBM Board took into account the significant number of acquisitions that Schein has consummated.

- The inability of the former shareholders of MBM, as a group, to control the management of Schein as a result of their minority interest in Schein upon completion of the Merger. See "RISK FACTORS--Minority Status of Former MBM Shareholders: Control by Insiders".

- The potential business risks associated with Schein's operations outside the United States as they may be affected by economic, political and military conditions in foreign countries, currency exchange fluctuations and exchange control regulations.

In its deliberations, the MBM Board did not undertake a separate analysis of each of the above factors nor did the MBM Board reach a separate conclusion with respect to each such factor in its determination of the fairness of the terms of the Merger. The consideration of such factors resulted from the information obtained with respect to such factors being added to the collective business knowledge, experience and understanding of the MBM Board so as to enable the MBM Board to apply such information to its deliberative processes. In view of the above, and the variety of factors considered by the MBM Board in reaching its conclusion as to the fairness of the Merger, the MBM Board did not find it

practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination as to the fairness of the terms of the Merger.

After deliberations based upon a review of the foregoing factors, the MBM Board concluded that the following may result from the Merger. The shareholders of MBM should have increased investment liquidity because Schein has a larger number of shareholders, its trading volume is greater than MBM's and Schein Common Stock is the subject of more market makers with greater capital resources and more industry analysts than MBM Common Stock. MBM's business may have greater growth opportunities resulting from larger capital availability and other resources for working capital and other purposes, including acquisitions. Additionally, the Merger might provide opportunities to grow MBM's business internationally. The Merger may be an effective response to industry trends which indicate consolidation of companies operating within the industry and increasing product pricing pressure resulting in a reduction of profit margins. It appeared to the MBM Board that the management of Schein and MBM hold similar business strategies which may facilitate the integration of MBM and Schein after the Merger. As part of a larger and a more diversified company, MBM's business may be less volatile as a result of the combined companies' greater breadth of product offerings with broader geographic coverage, domestically as well as internationally. Additionally, such a larger and more diversified company should present opportunities for efficiencies achievable through the elimination of certain expenses that should be redundant as a result of the Merger. There can be no assurance that any of the foregoing factors will, in fact, result from the Merger and, if such factors do result from the Merger, the extent to which the shareholders of MBM will receive any benefits therefrom.

The MBM Board evaluated the foregoing potential benefits that may result from the Merger in relation to the foregoing potential disadvantages that the MBM Board also recognized might result from the Merger, and concluded that, upon balance, the potential benefits outweighed the potential disadvantages. Based upon this conclusion and the opinion of Houlihan Lokey that the consideration to be received by the public shareholders of MBM in connection with the Merger is fair to such shareholders from a financial point of view, the MBM Board considered the Merger to be in the best interests of the shareholders of MBM. See "--Opinion of Houlihan Lokey".

During its deliberations, the MBM Board was cognizant that certain members of the MBM Board had interests in the Merger in addition to their interests as shareholders of MBM. Such additional interests concerned certain compensation that such individuals would receive upon consummation of the Merger or as a result of post-consummation services to the Surviving Corporation and Schein. The MBM Board viewed such compensation as being earned by such individuals in their respective capacities other than as shareholders of MBM. See "--Interests of Certain Persons in the Merger".

Furthermore, the MBM Board recognized that the execution and delivery of the Option and Proxy Agreement by each of the Members of the MBM Board decreased or eliminated their individual economic interests, as shareholders of MBM, in an Acquisition Transaction that might be more favorable to the other shareholders of MBM than the Merger. See "RISK FACTORS - Option and Proxy Agreement". After reviewing their fiduciary duties with outside counsel, the MBM Board determined that, given their determination that the Merger was fair to, and in the best interests of, MBM and its shareholders, and that Schein was requiring that each member of the MBM Board execute and deliver the Option and Proxy Agreement as a condition to Schein's execution and delivery of the Merger Agreement, that it was appropriate and in the best interests of MBM and its shareholders for the individual members of the MBM Board to enter into the Option and Proxy Agreement. The Option and Proxy Agreement provides that none of the MBM directors are making any agreement in their respective capacities as directors of MBM and that they are executing and delivering the Option and Proxy Agreement solely in their capacity as the record and beneficial owner of shares of MBM Common Stock. Accordingly, the MBM Board does not believe that the Option and Proxy Agreement has had or will have any effect on the ability of the MBM Board to discharge its fiduciary obligations under applicable state law.

In light of the relationship of Mr. Reade to MBM and to BDRD&T, however, the MBM Board concluded that it required an opinion from an entity that had no previous relationship with MBM regarding the consideration to be received by the shareholders of MBM from a financial point of view and, therefore, MBM engaged Houlihan Lokey for the purposes of rendering such an opinion. See "-- Background of the Merger" and "--Opinion of Houlihan Lokey". As noted above, Houlihan Lokey has rendered its opinion to the MBM Board as of March 7, 1997. It is not contemplated that Houlihan Lokey will render a supplemental opinion regarding the fairness of the Merger as of any date other than March 7, 1997. Although the MBM Board was cognizant of the possibility of changing circumstances between the date of the opinion of Houlihan Lokey, March 7, 1997, and the consummation of the Merger, the MBM Board concluded that, particularly inasmuch as the merger transaction contemplated a fixed Exchange Ratio -- which the MBM Board believes to be more favorable to the shareholders of MBM than any adjustable ratio that would have been agreed to by Schein -- it was not practicable to obtain supplemental opinions in respect of such possible changing circumstances. The MBM Board viewed the conditions to the consummation of the Merger and the rights of the parties to the Merger Agreement to terminate the Merger Agreement (including for the purpose of effecting other transactions under certain circumstances), which had been negotiated at arm's-length between MBM and Schein, to be reasonable under the circumstances. See "TERMS OF THE MERGER AGREEMENT--Termination Rights, Condition to the Merger".

The Merger Agreement also requires that MBM does not solicit any inquiries or the making of any proposal with respect to any merger, consolidation, other business combination or acquisition involving MBM or any subsidiary of MBM. See "TERMS OF THE MERGER AGREEMENT--No Solicitation of Other Offers". This provision was required by Schein as a condition for it to enter into the Merger Agreement, and the MBM Board viewed such provision to be reasonable given the substantial efforts that would be required by MBM and Schein to consummate the Merger and given the view by the MBM Board that the Merger is in the best interests of the shareholders of MBM.

Additionally, the foregoing deliberations by the MBM Board regarding the Merger were based upon the premise that the Merger would be eligible for "pooling-of-interests" accounting treatment. Such accounting treatment had been a prerequisite for the commencement of substantive discussions between MBM and Schein regarding the proposed Merger. See "--Background of the Merger". Accounting for the Merger as a "pooling-of-interests" was considered by the MBM Board to be beneficial to the shareholders of MBM because it would permit Schein, subsequent to the consummation of the Merger, to account for the Merger in a manner which would enable it to consummate the transaction on the basis of an Exchange Ratio that is more favorable to the shareholders of MBM than would otherwise be the case. See "-- Anticipated Accounting Treatment".

OPINION OF HOULIHAN LOKEY

In connection with the Merger, MBM has retained Houlihan Lokey, an investment banking firm which had no prior relationship with MBM or Schein, to render an opinion as to the fairness, from a financial point of view, of the consideration to be received by the shareholders of MBM (other than the officers and directors of MBM) in connection with the proposed Merger as contemplated in the Merger Agreement. MBM has agreed to pay Houlihan Lokey a fee of $150,000 for Houlihan Lokey's services in connection with the fairness opinion. No portion of Houlihan Lokey's fees is contingent upon the successful completion of the Merger or any related transactions. In connection therewith, Houlihan Lokey has delivered to MBM its written opinion dated March 7, 1997 to the effect that, based upon and subject to certain matters discussed therein, the consideration to be received by the shareholders of MBM in connection with the Merger is fair to them from a financial point of view. Said opinion was based on, among other things, the drafts of the Merger Agreement and other agreements available to Houlihan Lokey at that time. Subsequently, Houlihan Lokey confirmed such opinion (as of March 7, 1997), based solely upon a review of the definitive Merger Agreement and other agreements as revised, in a letter dated

April 18, 1997. This supplemental letter does not purport to consider the fairness of the Merger at any time other than March 7, 1997 and should not be viewed or construed as doing so; it only considered the impact of the revised definitive agreements upon Houlihan Lokey's opinion as of March 7, 1997. References herein to Houlihan Lokey's opinion refer to such opinion as confirmed in such supplemental letter.

In formulating its opinion, Houlihan Lokey made such reviews, analyses, and inquiries as it deemed necessary and appropriate under the circumstances without placing any specific weight on any of the items listed below. Among other things, Houlihan Lokey:

1. reviewed the MBM's annual reports to shareholders and on Form 10-K for the five fiscal years ended 1995, draft Form 10-K for the fiscal year ended November 30, 1996, and quarterly reports on Form 10-Q for the three quarters ended August 31, 1996, and MBM-prepared draft financial statements for the fiscal year ended November 30, 1996, which the MBM's management identified as being the most current financial statements available at such time;

2. reviewed Schein's annual reports to shareholders and on Form 10-K for the fiscal year ended 1995, quarterly reports on form 10-Q for the three quarters ended September 28, 1996, Prospectus dated June 21, 1996, and draft financial statements for the fiscal year ended December 28, 1996, which Schein's management has identified as being the most current financial statements available;

3. reviewed copies of the following agreements:

   a. Agreement and Plan of Merger;

   b. Option and Proxy Agreement;

   c. Form of Affiliate Agreement to be executed by affiliates of MBM, as revised;

   d. Employment Agreement between Bruce J. Haber and Schein;

   e. Form of Option Agreement between Bruce J. Haber and Schein pursuant to Schein's 1994 Stock Option Plan, as revised;

   f. Agreement between Schein and Bruce J. Haber relating to the termination of his prior employment agreement with MBM, as revised;

   g. Form of Restricted Stock Agreement between Bruce J. Haber and Schein, as revised; and

   h. Form of Agreement between Bruce J. Haber and Schein with respect to the termination of his employment under certain circumstances.

4. met with certain members of the senior management of MBM to discuss the transaction, the operations, financial condition, future prospects and projected operations and performance of MBM, and had discussions with representatives of MBM's investment bankers and counsel to discuss certain matters;

5. met with certain members of the senior management of Schein to discuss the transaction, the operations, financial condition, future prospects and projected operations and performance of Schein;

6. visited certain facilities and business offices of MBM and Schein;

7. reviewed forecasts and projections prepared by MBM's management with respect to MBM for the fiscal year ending November 30, 1997;

8. reviewed forecasts and projections prepared by Schein's management with respect to Schein for the fiscal year ending December 27, 1997;

9. reviewed the historical market prices and trading volume for MBM's and Schein's publicly traded securities;

10. reviewed certain other publicly available financial data for certain companies that it deemed comparable to MBM and Schein, and publicly available prices and premiums paid in other transactions that it considered similar to the Merger transaction; and

11. conducted such other studies, analyses and inquiries as Houlihan Lokey has deemed appropriate.

Houlihan Lokey's opinion is necessarily based on business, economic, market and other conditions as they existed and could be evaluated by them at the date of their opinion. In rendering its opinion, Houlihan Lokey assumed and relied upon, without independent verification, that the financial results, forecasts and projections provided to them have been reasonably prepared and reflect the best available estimates of the historical and future financial results and conditions of Schein and MBM. Houlihan Lokey did not independently verify the accuracy or completeness of the information supplied to it with respect to Schein or MBM and does not assume responsibility for such information. Houlihan Lokey did not make any physical inspection or independent appraisal of the specific properties or assets of Schein or MBM. Houlihan Lokey was not asked to, and did not, solicit indications of interest from other parties relating to possible mergers with either Schein or MBM or any acquisition of assets. Houlihan Lokey was not involved in the negotiations leading to the Merger Agreement which ultimately determined the Exchange Ratio to be used in the Merger. Houlihan Lokey was not asked to consider the relative merits of the Merger as compared to any other business strategy which might exist for either Schein or MBM. Houlihan Lokey's opinion does not address whether or not the transaction is fair to Schein's shareholders. No other limitations were imposed with respect to the investigation made or procedures to be followed by Houlihan Lokey in rendering its opinion. There has been no prior relationship between Houlihan Lokey and either Schein or MBM.

The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and application of those methods to the particular circumstances and is therefore not readily susceptible to summary description. In its analysis, Houlihan Lokey made numerous assumptions with respect to Schein, MBM, industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Schein and MBM. The estimates contained in such analyses are not necessarily indicative of actual values or predictive of future results or values, which may be more or less favorable than suggested by such analyses. Analyses relating to the value of businesses or securities are not appraisals; accordingly, such analyses and estimates are inherently subject to substantial uncertainty.

Houlihan Lokey estimated the value of MBM's shares and Schein's shares by a comparative market multiple analysis. In this approach, the values of MBM and Schein were estimated by calculating capitalization rates for certain income and cash flows of a peer group of companies and then applying selected capitalization multiples based on a comparative financial analysis of MBM and Schein to the peer group. Houlihan Lokey also considered the publicly traded values of the MBM Common Stock and the Schein Common Stock. Houlihan Lokey also considered the potential synergies of the post-Merger company.

The capitalization rate is an expression of what investors believe to be a fair and reasonable rate of return for the particular security, given the inherent risk of ownership. It incorporates expectations of growth and rests on the assumption that some level of earnings will be generated by the enterprise into perpetuity. The capitalization rates employed were selected through the market comparison method, whereby companies having their stock traded in the public market were selected for comparison purposes and used as a basis for choosing reasonable capitalization rates for MBM and Schein.

The following paragraphs summarize the material analyses performed by Houlihan Lokey in arriving at the opinion:

ANALYSIS OF SELECTED PUBLICLY TRADED COMPANIES IN THE MEDICAL AND DENTAL SUPPLY INDUSTRY. Using publicly available information, Houlihan Lokey reviewed the stock prices, market multiples, and certain financial statistics and ratios of the following companies: Allegiance Corporation, Gulf South Medical Supply, Moore Medical, Owens & Minor, Physician Sales & Services, MBM, and Schein (collectively, the "Medical Tier"). Houlihan Lokey believes these companies are engaged in lines of business that are generally similar to those of MBM. Houlihan Lokey also reviewed the stock prices, market multiples, and certain financial statistics and ratios of the following companies: Dentsply International, Patterson Dental, Sullivan Dental Products, Inc. and Schein (collectively, the "Dental Tier"), which, together with the Medical Tier, Houlihan Lokey believes are engaged in lines of business that are generally similar to those of Schein.

Houlihan Lokey calculated the equity value (shares outstanding multiplied by the recent public share price) and the total invested capital ("TIC", which is the equity value determined above, plus all interest bearing liabilities at book value) for each of the companies in the Medical Tier and the Dental Tier. Houlihan Lokey then calculated various market multiples for the companies in the Medical Tier and Dental Tier. For the Medical Tier, the TIC as a multiple of the latest twelve months revenues ranged from 0.17 to 2.42 and had a median of 0.60; the TIC as a multiple of the latest twelve months earnings before interest, taxes, depreciation and amortization ("EBITDA") ranged from 5.4 to 20.7 and had a median of 14.8; the TIC as a multiple of the latest twelve months earnings before interest and taxes ("EBIT") ranged from 8.2 to 23.4 and had a median of 19.2; the price to latest twelve months earnings multiple ranged from 11.8 to 37.6 and had a median of 35.0; and the price as a multiple of latest twelve months cash flow ranged from 6.9 to 33.2 and had a median of 22.9.

For the Dental Tier, the TIC as a multiple of the latest twelve months revenues ranged from 0.56 to 2.37 and had a median of 1.04; the TIC to latest twelve months EBITDA multiple ranged from 8.5 to 16.9 and had a median of 12.5; the TIC as a multiple of the latest twelve months EBIT ranged from 9.8 to 20.7 and had a median of 14.3; the price as a multiple of latest twelve months earnings ranged from 16.4 to 34.8 and had a median of 22.7; and the price to latest twelve months cash flow multiple ranged from 13.0 to 24.7 and had a median of 18.0.

Houlihan Lokey also calculated future multiples for the peer group of companies. For the Medical Tier, the TIC as a multiple of next fiscal year EBITDA ranged from 5.6 to 13.6 and had a median of 10.6; the TIC to next fiscal year EBIT multiple ranged from 6.9 to 16.1 and had a median of 12.3; the price as a multiple of next fiscal year earnings ranged from 9.0 to 27.2 and had a median of 20.0; and the price as a multiple of next fiscal year cash flow ranged from 5.5 to 22.2 and had a median of 15.0.

For the Dental Tier, the TIC as a multiple of next fiscal year EBITDA ranged from 7.9 to 13.6 and had a median of 10.1; the TIC as a multiple of next fiscal year EBIT ranged from 9.0 to 16.1 and had a median of 11.3; the price to next fiscal year earnings multiple ranged from 15.2 to 27.2 and had a median of 18.4; and the price to next fiscal year cash flow ranged from 12.2 to 20.7 and had a median of 15.1.

Based upon recent public stock prices as of March 6, 1997, the implied public multiples for MBM were as follows: the TIC as a multiple of latest twelve months revenues was 0.60; the TIC to latest twelve month EBITDA multiple was 14.8 and TIC to latest twelve month EBIT was 19.2; MBM's price to latest twelve month earnings multiple was 37.6 and price to latest twelve month cash flow was 22.9.

Based upon recent public stock prices as of March 6, 1997, the implied public multiples for Schein were as follows: the TIC as a multiple of latest twelve months revenues was 0.86; the TIC to latest twelve month EBITDA multiple was 16.9 and TIC to latest twelve month EBIT was 20.7; Schein's price to latest twelve month earnings multiple was 34.8 and price to latest twelve month cash flow was 24.7.

Finally, in this comparative market multiple analysis, Houlihan Lokey performed comparative qualitative and quantitative analyses of MBM and Schein relative to their respective peer groups of companies. Based on these analyses, Houlihan Lokey determined that MBM's and Schein's public stock prices as of

March 6, 1997 of $15.75 and $28.50, respectively, reasonably reflected the per share fair market value of each company.

However, because the comparative market multiple analysis did not include the benefit from any potential synergies resulting from the Merger, Houlihan Lokey also considered the potential additional value of these synergies based on discussions with MBM management. Houlihan Lokey capitalized estimated synergies ranging from $2 million to $5 million at a multiple range of 5 to 15 times. This calculation resulted in incremental value to current MBM shareholders of $0.24 to $1.79 per share.

Houlihan Lokey then compared the value of MBM Common Stock to the sum of (i) the Exchange Ratio of 0.62 multiplied by the value of Schein Common Stock and (ii) the incremental value of synergies to current MBM shareholders, Houlihan Lokey concluded that the value of MBM Common Stock was less than the sum of (i) the Exchange Ratio of 0.62 multiplied by the value of Schein Common Stock and (ii) the incremental value of synergies. Based on these analyses, Houlihan Lokey determined that the consideration to be received by the public shareholders of MBM in connection with the Transaction is fair to them from a financial point of view.

The summary of Houlihan Lokey's analyses set forth above does not purport to be a complete description of the analyses underlying the opinion. Rather, the summary set forth above attempts to describe the material points of more detailed analyses performed by Houlihan Lokey in arriving at its fairness opinion. In arriving at its opinion, Houlihan Lokey did not attribute any particular weight to any analysis or factor considered by it, but rather made the qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Houlihan Lokey believes that its analyses and the summary set forth herein must be considered as a whole, and that selecting portions of its analyses, without considering all factors and analyses, could create a misleading or incomplete view of the processes underlying the analyses set forth in the Houlihan Lokey opinion.

The full text of Houlihan Lokey's opinion, which sets forth the assumptions made, matters considered and limits on the review undertaken, is attached hereto as Annex II. Holders of MBM Common Stock are urged to read the opinion carefully and in its entirety. The opinion is directed only to the fairness of the Merger from a financial point of view, does not address any other aspect of the Merger and does not constitute a recommendation to any shareholder as to how such shareholder should vote at the meeting at which the proposed Merger is to be voted upon. The summary of the opinion of Houlihan Lokey set forth in this Proxy Statement/Prospectus is qualified in its entirety by reference to the full text of such opinion.

SCHEIN'S REASONS FOR THE MERGER

Schein's business strategy includes continued acquisitions of companies whose businesses are complementary to Schein's. In recent years, the healthcare industry has undergone significant change driven by various efforts to reduce costs, including potential national healthcare reform, trends toward managed care, cuts in Medicare, consolidation of healthcare distribution companies and collective purchasing arrangements by office-based healthcare practitioners. These trends, combined with increased consolidation among distributors, including through acquisitions or joint ventures, could adversely affect Schein's operating results unless Schein is able to maintain or increase its market share.

Consequently, Schein identifies and analyzes potential acquisition candidates on an ongoing basis. MBM was identified as an attractive candidate for a business acquisition. Schein believes that the Merger will substantially broaden its market presence in the medical products distribution market, add additional senior management strength and enable it to compete more effectively in the overall healthcare products distribution market. Given that the product lines of the two companies are largely complementary, the Merger will permit Schein to offer a broad base of health products in the medical distribution market and should enable Schein to compete effectively in such market.

EFFECTIVE TIME

The Merger will become effective at such time as a Certificate of Merger is duly filed with the Secretary of State of the State of New York, or at such other time as Schein and MBM agree should be specified in such certificate. The Merger Agreement provides that Merger Sub and MBM will execute and file such certificate or other appropriate documents as soon as practicable after the last of the conditions to the Merger have been fulfilled. See "TERMS OF THE MERGER AGREEMENT--Conditions to the Merger".

EXCHANGE RATIO

At the Effective Time, each share of MBM Common Stock issued and outstanding immediately prior to the Effective Time, other than shares of MBM Common Stock held by MBM shareholders who perfect their appraisal rights under Section 623 of the NYBCL, will be converted into the right to receive 0.62 shares of Schein Common Stock.

Based upon the 0.62 Exchange Ratio and the closing sales price of shares of Schein Common Stock on July 1, 1997, as reported on the Nasdaq National Market ($32- 7/16 per share), each such outstanding share of MBM Common Stock would have been converted into Schein Common Stock with a then-current market value of approximately $20.11 had the Merger been consummated on that date, and the aggregate then-current market value of the shares of Schein Common Stock issued in the Merger would have been $103,831,119.

As of the Effective Time, all shares of MBM Common Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a certificate representing any such shares of MBM Common Stock shall cease to have any rights with respect thereto, except the right to receive shares of Schein Common Stock and any cash in lieu of fractional shares of Schein Common Stock to be issued or paid in consideration therefor upon surrender of such certificate, in each case without interest. Any treasury shares of MBM Common Stock will automatically be canceled and retired and will cease to exist as of the Effective Time.

EXCHANGE AGENT; EXCHANGE PROCEDURES; DISTRIBUTIONS WITH RESPECT TO UNEXCHANGED SHARES; NO FURTHER OWNERSHIP RIGHTS IN MBM COMMON STOCK; NO FRACTIONAL SHARES OF SCHEIN COMMON STOCK

EXCHANGE AGENT. The Merger Agreement requires Schein to deposit as of the Effective Time, with Continental Stock Transfer & Trust Company (the "Exchange Agent"), for the benefit of the holders of shares of MBM Common Stock, the shares of Schein Common Stock issuable in exchange for MBM Common Stock.

EXCHANGE PROCEDURES. As soon as reasonably practicable after the Effective Time, Schein shall cause the Exchange Agent to mail to each holder of record of a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of MBM Common Stock (the "MBM Certificates"), whose shares were converted into the right to receive shares of Schein Common Stock pursuant to the Merger, (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the MBM Certificates to the Exchange Agent, and shall be in such form and have such other provisions as Schein may reasonably specify) and (ii) instructions for use in effecting the surrender of the MBM Certificates in exchange for certificates representing shares of Schein Common Stock. Upon surrender of an MBM Certificate for cancellation to the Exchange Agent, together with such letter of transmittal, duly executed, and such other documents as may reasonably be required by the Exchange Agent, the holder of such MBM Certificate shall be entitled to receive in exchange therefor certificates representing shares of Schein Common Stock (rounded down to the nearest whole share) which such holder has the right to receive after taking into account all the shares of MBM Common Stock then held by such holder under all such MBM Certificates so surrendered, cash in lieu of fractional shares of MBM Common Stock and any dividends or other distributions to which such holder is entitled, and the Certificate so surrendered shall forthwith be canceled. In the event of a transfer of ownership of MBM Common Stock that is not registered in the transfer records of MBM, a certificate

representing shares of Schein Common Stock may be issued to a person other than the person in whose name the MBM Certificate so surrendered is registered, if, upon presentation to the Exchange Agent, such MBM Certificate is properly endorsed or otherwise is in proper form for transfer and the person requesting such payment pays any transfer or other taxes required by reason of the issuance of shares of Schein Common Stock to a person other than the registered holder of such MBM Certificate or establishes to the satisfaction of Schein that such tax has been paid or is not applicable. Until so surrendered, each MBM Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender a certificate representing shares of Schein Common Stock, cash in lieu of any fractional shares of Schein Common Stock and any dividends or other distributions to which such holder is entitled pursuant to the Merger Agreement. No interest will be paid or will accrue on any cash payable pursuant to the Merger Agreement.

MBM SHAREHOLDERS SHOULD NOT FORWARD MBM CERTIFICATES TO THE EXCHANGE AGENT UNTIL THEY HAVE RECEIVED TRANSMITTAL FORMS. MBM SHAREHOLDERS SHOULD NOT RETURN STOCK CERTIFICATES WITH THE ENCLOSED PROXY.

DISTRIBUTIONS WITH RESPECT TO UNEXCHANGED SHARES. No dividends or other distributions with respect to shares of Schein Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered MBM Certificate with respect to the shares of Schein Common Stock represented thereby and no cash payment in lieu of fractional shares of Schein Common Stock shall be paid to any such holder until the holder of record of such MBM Certificate shall surrender such MBM Certificate. Following surrender of any such MBM Certificate, there shall be paid to the record holder of the shares of Schein Common Stock issued in exchange therefor, without interest, (i) at the time of such surrender, the amount of any cash payable in lieu of a fractional share of Schein Common Stock and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of Schein Common Stock, and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time, but prior to such surrender, and a payment date subsequent to such surrender payable with respect to such whole shares of Schein Common Stock.

NO FURTHER OWNERSHIP RIGHTS IN MBM COMMON STOCK. All shares of Schein Common Stock issued upon the surrender for exchange of shares of MBM Common Stock in accordance with the terms of the Merger Agreement (including any cash paid) shall be deemed to have been issued in full satisfaction of all rights pertaining to such shares of MBM Common Stock, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of MBM Common Stock which were outstanding immediately prior to the Effective Time. If, after the Effective Time, MBM Certificates are presented to the Surviving Corporation or the Exchange Agent for any reason, they shall be canceled and exchanged as provided in the Merger Agreement.

NO FRACTIONAL SHARES OF SCHEIN COMMON STOCK. No certificates representing fractional shares of Schein Common Stock shall be issued upon the surrender for exchange of MBM Certificates. Each holder of shares of MBM Common Stock exchanged pursuant to the Merger who would otherwise have been entitled to receive a fraction of a share of Schein Common Stock (after taking into account all MBM Certificates delivered by such holder) will receive, in lieu thereof, cash (without interest) in an amount determined by multiplying (i) the fractional interest to which such holder would otherwise be entitled and (ii) the average of the per share closing sales prices for Schein Common Stock on the Nasdaq National Market for the five trading days immediately preceding the Effective Time. In no event shall a holder of MBM Common Stock receive cash in lieu of fractional Shares of Schein Common Stock in an amount greater than the value of one full share of Schein Common Stock.

ADMISSION FOR TRADING ON NASDAQ NATIONAL MARKET

The outstanding shares of Schein Common Stock are presently admitted for trading on the Nasdaq National Market. It is a condition to each party's obligation to effect the Merger that the shares of Schein

Common Stock issuable to MBM's shareholders pursuant to the Merger Agreement shall have been admitted for trading on the Nasdaq National Market, subject to official notice of issuance. See "TERMS OF THE MERGER AGREEMENT--Conditions to the Merger".

CESSATION OF NASDAQ NATIONAL MARKET TRADING AND DEREGISTRATION OF MBM COMMON STOCK AFTER THE MERGER

If the Merger is consummated, the MBM Common Stock will cease to be traded on the Nasdaq National Market and will be deregistered under the Exchange Act. After such delisting and deregistration, MBM will no longer be subject to any reporting obligations under the Exchange Act.

CERTAIN SIGNIFICANT CONSIDERATIONS

In considering whether to approve and adopt the Merger Agreement providing for the Merger, shareholders of MBM should carefully consider those factors described under "RISK FACTORS" as well as the fact that the Exchange Ratio is fixed and will not be adjusted based on changes in the price of the Schein Common Stock, and the price of the shares of Schein Common Stock at the Effective Time may vary from the price as of the date of this Proxy Statement/Prospectus or the date on which shareholders of MBM vote on the Merger due to changes in the business, operations or prospects of Schein, market assessments of the likelihood that the Merger will be consummated and the timing thereof, general market and economic conditions, and other factors.

CERTAIN TAX CONSEQUENCES OF THE MERGER

Neither MBM nor Schein has requested or will receive an advance ruling from the Internal Revenue Service ("IRS") as to any of the federal income tax consequences to holders of MBM Common Stock of the Merger or of any of the federal income tax consequences to MBM or Schein of the Merger. Instead MBM will rely upon the opinion of Cummings & Lockwood, special tax counsel to MBM, as to all of the material federal income tax consequences of the Merger to MBM and its shareholders in their capacities as shareholders of MBM. The opinion of Cummings & Lockwood is based entirely upon the Internal Revenue Code of 1986, as amended (the "Code"), regulations now in effect thereunder, current administrative rulings and practice, and judicial authority, all of which are subject to change, as well as various representations and certificates of officers of MBM and Schein and of the other appropriate persons, and is subject to various assumptions and qualifications. Unlike a ruling from the IRS, an opinion is not binding on the IRS and there can be no assurance, and none is hereby given, that the IRS will not take a position contrary to one or more positions reflected herein or that the opinion will be upheld by the courts if the positions set forth therein are challenged by the IRS.

In the opinion of Cummings & Lockwood, which opinion is based upon various representations and subject to various assumptions and qualifications, each as more fully set forth in such opinion letter, the following federal income tax consequences will result from the Merger:

1. The Merger of Merger Sub with and into MBM, with MBM surviving, will qualify as a reorganization under Section 368(a) of the Code. MBM, Schein and Merger Sub will each be a party to a reorganization within the meaning of Section 368(b) of the Code.

2. No gain or loss will be recognized by a shareholder of MBM upon the exchange of their MBM Common Stock for the right to receive Schein Common Stock and the exercise of such right by a shareholder of MBM.

3. The aggregate tax basis of the Schein Common Stock received by a shareholder of MBM in the exchange (including any fractional shares which the shareholder otherwise might be entitled to receive) will be the same as the basis of the MBM stock exchanged therefor.

4. The holding period of the Schein Common Stock to be received by an MBM shareholder will include the holding period of the MBM shares surrendered by the shareholder in the exchange, provided the MBM stock was held as a capital asset on the date of the exchange.

5. Cash received by a shareholder of MBM in lieu of a fractional share of Schein Common Stock will be treated as if the fractional shares were received in exchange for such fractional shares, and not as a dividend. Any gain or loss recognized as a result of the receipt of such cash will be capital gain or loss, if such stock was held as a capital asset at the time of the exchange, equal to the difference between the cash received and the shareholder's basis in MBM Common Stock for which such fractional share interest is received.

6. MBM will recognize no gain or loss as a result of the Merger.

The opinion of Cummings & Lockwood (which Cummings & Lockwood is not required to reissue or reconfirm at the Effective Time) is rendered solely with respect to certain United States federal income tax consequences of the Merger under the Code, and does not extend to the income or other potential tax consequences of the Merger under the laws of any State or any political subdivision of any State or any other jurisdiction nor does it extend to any tax effects or consequences of the Merger to Schein, Merger Sub or MBM other than those expressly stated in the opinion. Furthermore, no opinion is expressed as to the United States federal or state tax treatment of the transaction under any other provisions of the Code and regulations, or about the tax treatment of any conditions existing at the time of, or effects resulting from, the transaction that is not specifically covered by the opinion. No legal opinion as to tax consequences of any nature has been rendered by Proskauer Rose LLP, legal counsel to Schein, or Lester Morse P.C. or Otterbourg, Steindler, Houston & Rosen, P.C., legal counsel to MBM. See "Legal Matters".

THE FOREGOING CONSTITUTES THE MATERIAL FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER WITHOUT REGARD TO THE PARTICULAR FACTS AND CIRCUMSTANCES OF EACH SHAREHOLDER OF MBM. SHAREHOLDERS OF MBM ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

ANTICIPATED ACCOUNTING TREATMENT

The Merger is designed to qualify as "pooling of interests" for accounting and financial reporting purposes. Under this method of accounting, the recorded assets and liabilities of MBM and Schein will be carried forward to Schein at their recorded amounts; income of Schein will include income of Schein and MBM for the entire fiscal year in which the Merger occurs; and the reported income of the separate corporations for prior periods will be combined and restated as income of the combined company. The obligations of Schein and Merger Sub to consummate the Merger are subject to the receipt by Schein of the opinions of BDO Seidman, LLP, the independent auditors of Schein and Miller, Ellin & Company, the independent auditors of MBM (whose opinion shall be addressed to MBM), that, subject to customary qualifications, the Merger qualifies as a "pooling of interests" for financial reporting purposes in accordance with generally accepted accounting principles. See "TERMS OF THE MERGER AGREEMENT--Conditions to the Merger".

APPRAISAL RIGHTS

Pursuant to Section 910 of the NYBCL, a holder of shares of MBM Common Stock may demand payment of the "fair value" of such holder's shares in lieu of accepting the payment to be made pursuant to the Merger. Any holder of shares of MBM Common Stock wishing to exercise such appraisal rights must fully comply with Section 623 of the NYBCL. A holder may not exercise appraisal rights with respect to less than all of the shares of MBM Common Stock owned by such holder.

The following is a summary of Section 623 and the procedures that must be followed to perfect appraisal rights thereunder. The complete text of Section 623 is set forth as Annex III to this Proxy Statement/Prospectus. Under Section 623, a corporation must notify each of its shareholders entitled to appraisal rights as of the record date of the meeting that such appraisal rights are available and include in such notice a copy of Section 623.

THIS PROXY STATEMENT CONSTITUTES SUCH NOTICE TO THE HOLDERS OF SHARES OF MBM COMMON STOCK. HOLDERS OF SHARES OF MBM COMMON STOCK WISHING TO EXERCISE APPRAISAL RIGHTS ARE URGED TO REVIEW CAREFULLY THE COMPLETE TEXT OF SECTION 623.

Each holder of shares of MBM Common Stock electing to demand payment of the "fair value" of such holder's shares of MBM Common Stock if the Merger is consummated must deliver to MBM, before the taking of the vote on the Merger, a written objection to the Merger with respect to such holder's shares. Such objection must include a notice of such holder's election to dissent, the name and residence address of the holder, the number of shares of MBM Common Stock as to which the dissent applies and a demand for payment of the "fair value" of such shares if the action is taken. A proxy or vote against the Merger or an abstention will not constitute such a demand; a holder of shares of MBM Common Stock electing to take such action must do so by a separate written demand. Such demands should be mailed or delivered to MBM at 846 Pelham Parkway, Pelham Manor, New York, NY 10803, Attention: Bruce J. Haber, President.

Upon consummation of the Merger, the dissenting holder shall cease to have any of the rights of a shareholder except the right to be paid the "fair value" of his shares of MBM Common Stock. Within ten days after the Effective Time, the Surviving Corporation will notify each former holder of shares of MBM Common Stock who has made a proper written demand and who has not voted in favor of or consented to the Merger as of the Effective Time. A vote in favor of the Merger by a holder of shares of MBM Common Stock will have the effect of waiving shareholder's appraisal rights.

The right of appraisal may be lost if the procedural requirements of Section 623 are not followed exactly. If the right of appraisal is lost, the former holder of shares of MBM Common Stock will be entitled to receive the merger consideration, without interest, for each share of MBM Common Stock owned at the Effective Time upon surrender of the MBM Certificates representing such shares.

At the time of filing the notice of election to dissent or within one month thereafter, a holder of shares of MBM Common Stock shall submit the MBM Certificates representing such shares to MBM or the Exchange Agent. Schein will note conspicuously thereon that a notice of election has been filed and return the MBM Certificates to the shareholder. Any holder of shares of MBM Common Stock who fails to submit his MBM Certificates for such notation will, at the Surviving Corporation's option exercised by written notice to such shareholder within 45 days from the date of filing of such notice of election to dissent, lose his, her or its dissenter's rights unless a court otherwise directs.

Within 15 days after the expiration of the period within which holders of shares of MBM Common Stock may file their notices of election to dissent, or within fifteen days after the consummation of the Merger as to which objection has been filed, whichever is later (but in no case later than 90 days from the Special Meeting authorization date), the Surviving Corporation must make a written offer by registered mail to each shareholder who has filed such notice of election to pay for his shares of MBM Common Stock at a specific price which MBM considers to be their "fair value." Such offer must be accompanied by a statement setting forth the aggregate number of shares with respect to which notices of election to dissent have been received and the aggregate number of holders of such shares. If the Merger has been consummated, such offer must also be accompanied by (1) advance payment to each such shareholder who submitted his, her or its MBM Certificates to MBM of an amount equal to 80% of the amount of such offer or (2) as to each shareholder who has not yet submitted his, her or its MBM Certificates, a statement that advance payment to such holder of an amount equal to 80% of the amount of such offer will be made by the Surviving Corporation promptly upon submission of his, her or its MBM Certificates. Every advance payment or statement as to advance payment must include advice to the shareholder to the effect that acceptance of such payment does not constitute a waiver of any dissenters' rights. If the Merger has not been consummated upon the expiration of the 90-day period after it was authorized by the holders of MBM Common Stock, the offer may be conditioned upon the consummation of the Merger. Such offer must be made at the same price per share of MBM Common Stock to all dissenting shareholders of the same class. If within 30 days after the making of such offer, MBM and any shareholder agree upon the price to be paid for his, her or its shares, payment therefor must be made within 60 days after the making

of such offer or the consummation of the corporate action to which such shareholder objected, whichever is later, upon the surrender of the MBM Certificates representing such shares.

A notice of election may be withdrawn by the dissenting shareholder at any time prior to such holder's acceptance in writing of an offer made by the Surviving Corporation, but in no case later than 60 days from the date of the consummation of the Merger. Upon expiration of such time, withdrawal of a notice of election will require the written consent of the Surviving Corporation. If a notice of election is withdrawn, a shareholder will have such rights as provided in Section 623.

The following procedures apply if MBM fails to make such offer within such period of fifteen days, or if it makes the offer and any dissenting MBM Shareholder fails to agree with it within the period of 30 days thereafter upon the price to be paid for their shares of MBM Common Stock:

(1) MBM must, within 20 days after the expiration of whichever is applicable of the two periods last mentioned, institute a special proceeding in the appropriate New York State court to determine the rights of dissenting holders of MBM Common Stock and to fix the "fair value" of their shares of MBM Common Stock.

(2) If MBM fails to institute such proceeding within such period of 20 days, any dissenting holder of MBM Common Stock may institute such proceeding for the same purpose not later than 30 days after the expiration of such 20-day period. If such proceeding is not instituted within such 30-day period, all dissenter's rights will be lost unless the court otherwise directs.

(3) All dissenting shareholders, excepting those who have agreed with MBM upon the price to be paid for their shares of MBM Common Stock, must be made parties to such proceeding, which will have the effect of an action QUASI IN REM against their shares. The jurisdiction of the court will be plenary and exclusive.

(4) The court will fix the value of the shares of MBM Common Stock, which will be the "fair value" as of the close of business on the day prior to the date of the Special Meeting, considering the nature of the transaction giving rise to the shareholders' right to receive payment for shares of MBM Common Stock, and its effects on MBM and its shareholders, the concepts and methods then customary in the relevant securities and financial markets for determining fair values of shares of a corporation engaging in a similar transaction under comparable circumstances and all other relevant factors.

Within 60 days after final determination of the proceeding, the Surviving Corporation must pay to each dissenting shareholder the amount found to be due such holder, upon surrender of the Certificates representing such shares. Both the Surviving Corporation and the dissenting shareholder will, generally, bear their respective costs and expenses in the proceeding.

The foregoing does not purport to be a complete statement of the provisions of Section 623 and is qualified in its entirety by reference to said section, which is reproduced in full in Annex III to this Proxy Statement/Prospectus.

ANY HOLDER OF SHARES OF MBM COMMON STOCK WHO WISHES TO EXERCISE APPRAISAL RIGHTS BUT WHO DOES NOT FOLLOW THE PROCEDURES PROVIDED UNDER SECTION 623 IN A PROPER AND TIMELY MANNER WILL BE UNABLE TO PERFECT APPRAISAL RIGHTS. IN THAT CASE, THE SHARES OF MBM COMMON STOCK OWNED BY SUCH SHAREHOLDER IMMEDIATELY PRIOR TO THE EFFECTIVE TIME WILL BE CONVERTED INTO THE RIGHT TO RECEIVE SHARES OF SCHEIN COMMON STOCK AT THE EXCHANGE RATIO, WITHOUT INTEREST, PURSUANT TO THE MERGER.

OPTION AND PROXY AGREEMENT

As an inducement to Schein to enter into the Merger Agreement each of the four members of the MBM Board, Bruce J. Haber, Marvin S. Caligor, K. Deane Reade, Jr. and Renee Steinberg (each an "Optionor," and collectively, the "Optionors"), entered into the Amended and Restated Option and Proxy Agreement. Pursuant to the Option and Proxy Agreement, each Optionor has granted to Schein an option (collectively, the "Options") to purchase all but not less than all of that Optionor's shares of MBM Common Stock (exclusive of certain shares of MBM Common Stock beneficially owned by one Optionor

that are currently held in pension plans and approximately 20,000 shares currently held by that Optionor in margin accounts subject to the terms thereof (the "Excluded Shares")). Except as otherwise described below, the consideration for the purchase of each Optionor's shares of MBM Common Stock shall be the issuance to such Optionor of the number of shares of Schein Common Stock into which such Optionor's shares of MBM Common Stock would have been converted in the Merger pursuant to the Exchange Ratio had the Effective Time (as defined in the Merger Agreement) occurred at the time of the exercise of the Options. Each of the Optionors has also agreed not to dispose of any of the shares of MBM Common Stock owned by such Optionor prior to the termination of the Option and Proxy Agreement.

Each Optionor has also agreed to exercise all options, warrants or other rights to acquire any shares of MBM Common Stock, and to convert or exchange any securities or other rights that are convertible into or exchangeable for shares of MBM Common Stock, whether now owned or hereafter acquired by such Optionor (collectively, "Rights"), in connection with any exercise by Schein of the Options in order to permit the acquisition by Schein of the shares of MBM Common Stock receivable upon such exercise, conversion or exchange (the "Additional MBM Common Shares") pursuant to the exercise of the Options. To the extent that an Optionor is obligated to pay any consideration in connection with the exercise, conversion or exchange of such Optionor's Rights (the "Rights Consideration"), such Rights Consideration shall be paid in such form as is permitted under the Rights as Schein shall direct. If payment of the Rights Consideration is to be made in cash, Schein shall advance such payment and credit the amount so advanced against the purchase price of the Additional MBM Common Shares acquired upon such exercise; if payment of an Optionor's Rights Consideration may be made by delivery of shares of MBM Common Stock, at Schein's direction such Optionor shall deliver that number of shares owned by him or her in payment (or partial payment, as the case may be) of the Rights. If any Right is to be exercised by means of a "cashless exercise," the Optionor exercising such Right shall cause the net number of shares from such cashless exercise to be issued and delivered to Schein. In the event that Schein funds any Rights Consideration payment on behalf of Optionor (i) the number of shares of Schein Common Stock to be issued by Schein in respect of the Additional Shares that were acquired pursuant to the payment of such Rights Consideration shall be reduced by that number of shares (rounded to the nearest whole share) as is equal to the quotient obtained by dividing the aggregate amount of Rights Consideration so paid by Schein by the closing sales prices of the Schein Common Stock on the last trading date prior to the exercise of the Options; and (ii) if the funding of the Rights Consideration payment on behalf of such Optionor subjects such Optionor to income tax in respect of such payment, Schein shall pay to such Optionor the amount of such income tax, provided such Optionor shall cooperate with Schein (at Schein's expense) in disputing the imposition of such income tax; and provided further, that if Schein determines in good faith that there is a basis for disputing all or any amount of the income tax imposed, Schein shall be entitled to direct any such dispute, but shall indemnify the Optionor against any additional income tax for which he or she may become liable as a result.

Each Optionor further agrees not to acquire any Right that provides, whether contingent or otherwise, for any reduction in the amount of the Rights Consideration payable upon the exercise, conversion or exchange of such Right, whether or not such reduction is contingent or fixed as to occurrence or amount, and shall immediately decline in writing any such Right that may be granted to him or her.

The Options may be exercised (during the exercise periods provided in the Option and Proxy Agreement) only if the Merger Agreement terminates under the circumstances under which MBM would be obligated to pay the Termination Fee to Schein, including as a result of MBM's Board withdrawing its recommendation to MBM's shareholders that the Merger be approved or the consummation, under certain circumstances, by MBM of an Acquisition Transaction (as defined below) with any person other than Schein or the Merger Sub. See "TERMS OF THE MERGER AGREEMENT--Certain Fees, Expenses and Liquidation Damages".

Pursuant to the Option and Proxy Agreement, each Optionor has irrevocably agreed to constitute and appoint Schein or any designee of Schein as the lawful agent, attorney and proxy of such Optionor to vote all of his or her shares of MBM Common Stock (excluding the Excluded Shares but including additional

shares as to which one Optionor has an irrevocable proxy to vote) at any meeting or in connection with any written consent of MBM's shareholders (i) in favor of the Merger, (ii) in favor of the Merger Agreement, as it may be modified or amended from time to time, (iii) against any Acquisition Transaction (other than the Merger) or other proposal which provides for any merger, sale of assets or other business combination between MBM and any other person or entity or which would make it impractical for Schein to effect a merger or other business combination of MBM with Schein or Merger Sub, and (iv) against any other action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of MBM under the Merger Agreement or which would result in any of MBM's obligations under the Merger Agreement not being fulfilled. An "Acquisition Transaction" means any merger, consolidation or other business combination involving MBM or any subsidiary of MBM (excluding certain acquisitions by MBM expressly permitted under the Merger Agreement) or the acquisition of all or any significant assets or capital stock of MBM and its subsidiaries, taken as a whole.

The Option and Proxy Agreement terminates on the earlier of (i) the Effective Time or (ii) the termination of the last period of time during which Schein could have exercised the Options; provided, however, that the appointment of Schein or any designee of Schein as agent, attorney and proxy automatically terminates upon the termination of the Merger Agreement.

As of the date of this Proxy Statement/Prospectus, the Optionors own or had the right to vote, in the aggregate, 512,496 shares of MBM Common Stock (approximately 10.0% of the outstanding shares), and owned, in the aggregate, options to purchase an aggregate of 1,098,333 shares of MBM Common Stock.

INTERESTS OF CERTAIN PERSONS IN THE MERGER

As of the Record Date, the directors and executive officers of MBM owned an aggregate of 419,272 shares of MBM Common Stock and options or warrants to purchase an aggregate of 1,471,332 shares of MBM Common Stock at a weighted average exercise price of $7.28 per share. Pursuant to the Merger Agreement, MBM's directors and executive officers will receive the same consideration for their shares of MBM Common Stock as the other MBM shareholders, and all outstanding options and warrants to purchase MBM Common Stock will be converted into options and warrants to purchase Schein Common Stock as described under "TERMS OF THE MERGER -- Treatment of MBM Stock Options and Warrants." Pursuant to the Merger Agreement, MBM's 1996 Directors' Retirement Plan has been terminated, effective as of the Effective Time, and no benefits will be paid thereunder.

Bruce J. Haber, MBM's President, has entered into a Termination of Employment Agreement with Schein dated as of March 7, 1997, as revised (the "Termination of Employment Agreement"), pursuant to which, among other things, Mr. Haber's existing employment agreement will automatically terminate as of the Effective Time and Schein will cause MBM to pay to Mr. Haber an aggregate of $3,000,000 (the "Contract Termination Payment") in lieu of the payments and other rights to which he would have been entitled under such agreement. Payment of such amount will be made in equal installments of $600,000, plus interest, with the first installment being made at the Effective Time. If Mr. Haber's employment agreement with Schein discussed below is terminated by Schein without cause or is terminated by Mr. Haber for breach, Mr. Haber dies or becomes disabled, or certain events involving a potential change of control of Schein occur, then the aggregate unpaid amount, plus accrued interest, will become due and payable. The Contract Termination Payment is subject to increase in the event of the imposition of certain future tax liabilities.

Mr. Haber has also entered into a new employment agreement with Schein, as revised, (effective as of the Effective Time) pursuant to which, he will serve as an Executive Vice President of Schein and President of Schein's medical products group (the "New Employment Agreement"). The New Employment Agreement has a term of five years from the Effective Time and provides for, among other things, the grant to Mr. Haber of Schein Common Stock purchase options with a value at the Effective Time of $1,000,000 (using the Black-Scholes valuation method); base salary at an annual rate (subject to annual increases) of $400,000; annual incentive compensation (subject to increase) of up to $200,000, contingent upon the achievement of performance targets; and annual grants of Schein Common Stock Purchase options with a

value at the time of grant of $170,000, determined using the Black-Scholes valuation method, (subject to cost of living increases), in each year, contingent upon the achievement of the same performance targets to which the payment of incentive compensation is contingent. The options to be granted to Bruce Haber under the New Employment Agreement at the Effective Time will vest over a five year period from the date of the grant; each of the options, if any, to be granted thereunder annually will vest over a three year period from the date of grant. Both vesting periods are subject to acceleration in the discretion of Schein's Chief Executive Officer or upon the occurrence of certain events. The New Employment Agreement also provides for, among other things, participation in all benefit, welfare and perquisite plans, policies and programs as are provided from time to time to the most senior executives of Schein, term life insurance and an automobile allowance. If Mr. Haber's employment is terminated by Schein without cause or by Mr. Haber after a material breach by Schein that is not cured within 30 days after notice from Mr. Haber, Mr. Haber will be entitled to receive accrued and unpaid salary through the date of termination, a pro rata bonus for that portion of the current year prior to the date of termination, continuation of his base pay for the remaining term of the New Employment Agreement (but in no event less than 18 months), and continued participation, for a period of one year after such termination, by Mr. Haber, his spouse and his dependent children in all health and medical plans, benefits and policies of Schein then applicable to its most senior executive officers. If Mr. Haber's Employment Agreement is not extended at the end of its five year term, Mr. Haber will be entitled to continue to receive his base salary at the then current rate for an additional year.

At the Effective Time, Mr. Haber will receive, pursuant to restricted stock agreement between him and Schein, restricted shares of Schein Common Stock with a fair market value of $1,000,000, which shares will vest in equal amounts and become non-forfeitable over a ten year period contingent upon Mr. Haber's continued employment with Schein; provided, however, that such shares will become fully vested if (i) Mr. Haber's employment is terminated by Schein without cause or by Mr. Haber after a material breach by Schein that is not cured within 30 days after notice from Mr. Haber, (ii) Mr. Haber dies or becomes disabled, (iii) Mr. Haber's employment terminates prior to the expiration of such 10 year period as a result of Schein's failure to offer to renew any employment agreement with Mr. Haber upon the expiration of its term, or (iv) certain events involving a change in control of Schein occur. If Mr. Haber's employment is terminated by him or Schein within two years after the occurrence of certain events involving a change in control of Schein, Mr. Haber will be entitled to receive a lump sum payment equal to (i) the product of the aggregate amount of base salary and car allowance paid to him during the three months preceding such termination and the number of months for which he was employed by Schein or MBM (with a maximum benefit of 36 months' base salary and car allowance) and (ii) three times the higher of his last annual bonus or his last bonus prior to the change in control, but only to the extent that all such payments would not be subject to an excise tax.

K. Deane Reade, Jr. is a director of MBM, and President and a director and stockholder of BDRD&T. BDRD&T will receive a fee upon consummation of the Merger of approximately $1,230,000.

Schein and the members of the MBM Board have entered into the Option and Proxy Agreement pursuant to which such directors have granted to Schein (i) an irrevocable proxy to vote all of the shares of MBM Common Stock (excluding certain shares) that they have the right to vote in favor of the Merger Agreement and against any other Acquisition Transaction and (ii) an irrevocable option to purchase all shares of MBM Common Stock (excluding certain shares) owned by them in the event that MBM becomes obligated to pay the Termination Fee. Under the Option and Proxy Agreement, Schein has the right to require the members of the MBM Board to exercise or convert all of their respective options, warrants or other rights or securities that are exercisable or convertible into shares of MBM Common Stock. Schein required that the MBM directors enter into the Option and Proxy Agreement simultaneously with Schein and MBM entering into the Merger Agreement. The Option and Proxy Agreement provides that none of the MBM directors are making any agreement in their respective capacities as directors of MBM and that they are executing and delivering the Option and Proxy Agreement solely in their capacity as the record and beneficial owner of shares of MBM Common Stock. Nonetheless, the execution and delivery of the

Option and Proxy Agreement by the members of MBM Board may be deemed to give rise to additional and different interests of the members of the MBM Board in the merger than those of other shareholders of MBM. See "--Option and Proxy Agreement."

MBM shall also pay a fee of $500,000 to Royce Investment Group, Inc. ("Royce") for financial advice, including in connection with the Merger. Royce held warrants to purchase an aggregate of 48,210 shares of MBM Common Stock that it received for acting as the standby underwriter in connection with a rights offering made by MBM to its shareholders in 1992. These warrants have been exercised but the shares of MBM Common Stock have not yet been issued. Royce provided financial advice to MBM regarding stock prices, trends and volatility and the anticipated market reaction of the business and financial community to the Merger generally. The fee to Royce represents consideration for such advisory services in connection with the Merger.

Pursuant to the Merger Agreement, Schein has agreed, for a period of six years after the Effective Time, to cause the Surviving Corporation to, indemnify, defend and hold harmless the present and former directors, officers, employees and agents of MBM and its Subsidiaries (each, an "Indemnified Party") against any and all losses, costs, damages, claims and liabilities (including reasonable attorneys' fees) arising out of the Indemnified Party's service or services as a director, officer, employee or agent of MBM or, if at MBM's request, of another corporation, partnership, joint venture, trust or other enterprise occurring at or prior to the Effective Time (including the transactions contemplated by or related to the Merger Agreement) to the fullest extent permitted under New York Law and MBM's Articles of Incorporation and Bylaws as in effect on the date hereof, including provisions relating to advances of expenses incurred in the defense of any litigation, action, claim or proceeding and whether or not Schein or the Surviving Corporation is insured against any such matter. Schein also agreed to maintain in effect or cause the Surviving Corporation to maintain in effect (for at least six years from the Effective Time in the case of claims made policies) directors' and officers' liability insurance policies providing coverage in an aggregate amount of at least $10,000,000 and with a carrier(s) having a rating by A.M. Best ("Best"), an independent nationally recognized insurance publishing and rating service, at least equal to the Best rating of the current carrier(s) covering directors and officers of MBM serving as of or after December 1, 1990 with respect to claims arising from occurrences prior to or at the Effective Time (including the transactions contemplated by or related to the Merger Agreement).

OPERATIONS AFTER THE MERGER

At the Effective Time, Merger Sub will be merged with and into MBM, and MBM, as the Surviving Corporation in the Merger, will become a wholly owned subsidiary of Schein. Schein plans to cause MBM and Medical Products Group to be managed as a single unit under the direction of Bruce J. Haber, MBM's President, and become part of the same consolidated tax return group.

DIVIDENDS

MBM has never paid a cash dividend on the MBM Common Stock and Schein has not paid a cash dividend on the Schein Common Stock, except for a dividend paid prior to its initial public offering. Schein does not anticipate paying any cash dividends on the Schein Common Stock in the foreseeable future; it intends to retain its earnings to finance the expansion of its business and for general corporate purposes. Any payment of dividends will be at the discretion of Schein's Board of Directors and will depend upon the earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions with respect to payment of dividends and other factors. Schein's revolving credit agreement and the note issued in connection with Schein's acquisition of a Netherlands company limit the distribution of dividends without the prior written consent of the lenders.

TREATMENT OF MBM STOCK OPTIONS AND WARRANTS

At the Effective Time, each outstanding option and warrant to purchase MBM Common Stock will be automatically assumed by Schein and converted into an option ("Converted Option") or a warrant

("Converted Warrant"), as the case may be, to purchase shares of Schein Common Stock in an amount and at an exercise price determined by adjusting the original terms of the option or warrant to reflect the Exchange Ratio.

As of the Record Date, there were outstanding options and warrants to purchase an aggregate of approximately 1,812,134 shares of MBM Common Stock. Assuming all such options and warrants remain outstanding at the Effective Time, an aggregate of approximately 1,123,523 shares of Schein Common Stock would thereafter be issuable upon the exercise of such Converted Options and Converted Warrants.

Except as noted above and the elimination of the requirement that options granted to non-employee directors of MBM may be exercised only while they continue to serve on the MBM Board, the terms and conditions of the Converted Options and the Converted Warrants will not be modified as a result of the Merger. Schein intends to register the issuance of shares of Schein Common Stock pursuant to the exercise of the Converted Options on Form S-8 upon the consummation of the Merger.

This Proxy Statement/Prospectus also relates to the issuance of the 6,200 Converted Warrants and the up to 6,200 shares of Schein Common Stock (subject to adjustments pursuant to antidilution provisions) that are issuable upon the exercise of the Converted Warrants. The MBM warrants with respect to which the Converted Warrants will relate were issued in December 1993 in connection with the acquisition of a business by MBM. Pursuant to the terms of the MBM warrants, the Converted Warrants will be exercisable, in whole or in part, at any time (and from time to time) prior to the close of business November 30, 2003 at a purchase price of $12.90 per share of Schein Common Stock (subject to adjustment pursuant to antidilution provisions) by submitting the Converted Warrant and the completed and executed Subscription Form annexed thereto, together with payment in full of the exercise price of the shares of Schein Common Stock being purchased, to the Secretary of MBM at MBM's principal office.

RIGHT OF THE MBM BOARD TO WITHDRAW RECOMMENDATION

Under the Merger Agreement, the MBM Board may not, among other things, (i) withdraw or modify, in a manner adverse to Schein or Merger Sub, the MBM Board's approval or recommendation of the Merger Agreement or the Merger, (ii) approve or recommend any Acquisition Transaction, or (iii) cause MBM to enter into any agreement with respect to any Acquisition Transaction. Notwithstanding the foregoing, if the MBM Board determines in good faith by majority vote, after consultation with MBM's financial advisor and after reviewing the advice of outside counsel to MBM, that such action is reasonably likely to be required by its fiduciary duties, the MBM Board may withdraw or modify its approval or recommendation of the Merger Agreement or the Merger, approve or recommend an Acquisition Transaction, or cause MBM to enter into an agreement with respect to an Acquisition Transaction provided, in each case that the MBM Board determines that the Acquisition Transaction is more favorable to the shareholders of MBM than the Merger. The Merger Agreement requires MBM to provide reasonable prior notice to Schein or Merger Sub to the effect that it is taking such action.

REGULATORY FILINGS AND APPROVALS

ANTITRUST. The Merger is subject to the requirements of the HSR Act and the rules and regulations thereunder, which provide that certain transactions may not be consummated until required information and materials have been furnished to the Antitrust Division and the FTC and certain waiting periods have expired or been terminated. Schein and MBM filed the required information and materials with the Antitrust Division and the FTC on April 16, 1997. Early termination of the statutory waiting period under the HSR Act was granted on April 28, 1997.

The Antitrust Division and the FTC frequently scrutinize the legality under the antitrust laws of transactions such as the Merger. At any time before or after the Effective Time, either the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, or certain other persons could take action under the antitrust laws, including seeking to enjoin the Merger.

RESALE OF SCHEIN COMMON STOCK RECEIVED IN THE MERGER

All Schein Common Stock received by holders of MBM Common Stock in the Merger will have been registered under the Securities Act and will be freely transferable, except that Schein Common Stock received by persons who are deemed to be affiliated to MBM (for purposes of Rule 145 under the Securities Act or for purposes of qualifying the Merger for "pooling of interests" accounting treatment under Opinion 16 of the Accounting Principles Board and applicable SEC rules and regulations) prior to the Merger may be resold by them only in transactions permitted by the resale provisions of Rule 145 promulgated under the Securities Act (or Rule 144 in the case of such persons who become affiliates of Schein) or as otherwise permitted by the Securities Act. Persons who may be deemed to be affiliates of MBM or Schein generally include individuals or entities that control, are controlled by, or are under common control with, such party and may include certain officers and directors of such party as well as principal shareholders of such party. The rights of affiliates of MBM to receive Schein Common Stock in the Merger are conditioned upon the execution by each of such affiliates of a written agreement to the effect that such person will not offer or sell or otherwise dispose of any of the Schein Common Stock issued to such person in the Merger either in violation of Securities Act or the rules and regulations promulgated thereunder or at any time during the period beginning 30 days before the Merger and ending when financial results covering at least 30 days of post-merger operations of the combined entity have been published. The Schein Common Stock received in the Merger by such affiliates will bear a restrictive legend to such effect.

DESCRIPTION OF SCHEIN

GENERAL

Schein is the largest direct marketer of healthcare products and services to office-based healthcare practitioners in the combined North American and European markets. Schein has operations in the United States, Canada, the United Kingdom, The Netherlands, Belgium, Germany, France, the Republic of Ireland and Spain. Schein sells products and services to over 230,000 customers, primarily dental practices and dental laboratories, as well as physician practices, veterinary clinics and institutions. In 1996, Schein sold products to over 65% of the estimated 100,000 dental practices in the United States. Schein believes that there is strong awareness of the "Henry Schein" name among office-based healthcare practitioners due to its more than 60 years of experience in distributing healthcare products. Through its comprehensive catalogs and other direct sales and marketing programs, Schein offers its customers a broad product selection of both branded and private brand products which include approximately 50,000 stock keeping units ("SKUs") in North America and approximately 40,000 SKUs in Europe at published prices that Schein believes are below those of many of its competitors. Schein also offers various value-added products and services, such as practice management software. As of December 28, 1996, Schein had sold over 18,000 dental practice management software systems, more than any of its competitors. On February 28, 1997, Schein acquired all of the outstanding common stock of Dentrix Dental Systems, Inc., a provider of clinically-based dental practice management systems, with 1996 net sales of approximately $10.2 million and a 3,500 installed user base. This transaction has been accounted for as a "pooling of interests".

During 1996 Schein distributed over 9.0 million pieces of direct marketing materials (such as catalogs, flyers and order stuffers) to approximately 500,000 office-based healthcare practitioners. Schein supports its direct marketing efforts with approximately 450 telesales representatives who facilitate order processing and generate sales through direct and frequent contact with customers and with over 300 field sales consultants. Schein utilizes database segmentation techniques to more effectively market its products and services to customers. In recent years, Schein has continued to expand its management information systems and has established strategically located distribution centers in the United States and Europe to enable it to better serve its customers and increase its operating efficiency. Schein believes that these investments, coupled with its broad product offerings, enable Schein to provide its customers with a single source of supply for substantially all their healthcare product needs and provide them with convenient ordering and rapid, accurate and complete order fulfillment. Schein estimates that approximately 99% of all orders in the United States and Canada received before 7:00 p.m. and 4:00 p.m., respectively, are shipped on the same day the order is received and approximately 90% of orders are received by the customer within two days of placing the order. In addition, Schein estimates that approximately 99% of all items ordered in the United States and Canada are shipped without back ordering.

Schein believes that there has been consolidation among healthcare products distributors serving office-based healthcare practitioners and that this consolidation will continue to create opportunities for Schein to expand through acquisitions and joint ventures. In recent years, Schein has acquired or entered into joint ventures with a number of companies engaged in businesses that are complementary to those of Schein. Schein's acquisition and joint venture strategies include acquiring additional sales that will be channeled through Schein's existing infrastructure, acquiring access to additional product lines, acquiring regional distributors with networks of field sales consultants and international expansion. Schein entered into or completed seventeen acquisitions during the year ended December 28, 1996. The businesses acquired included 10 dental and three medical companies, a veterinary supply distributor, and three international dental companies with aggregate net sales in their last fiscal year ends of approximately $104.0 million, all of which were accounted for as purchase transactions. Of these, fifteen were for majority ownership (100% in nine of the transactions). In 1995, Schein acquired the distribution business of The Veratex Corporation, a national direct marketer of dental, medical and veterinary products, and Schein

Dental Equipment Corp., a distributor and manufacturer of large dental equipment. Schein also completed the majority acquisition of 11 other companies and a 50% acquisition of one other company during 1995.

REORGANIZATION

Schein was formed on December 23, 1992 as a wholly-owned subsidiary of Schein Holdings, Inc. ("Schein Holdings"). At that time, Schein Holdings conducted the business in which Schein is now engaged and in addition owned 100% of the outstanding capital stock of Schein Pharmaceutical, Inc. ("Schein Pharmaceutical"), a company engaged in the manufacture and distribution of multi-source pharmaceutical products.

In December 1992, Schein Holdings separated Schein's business from Schein Pharmaceutical by transferring to Schein all of the assets and liabilities of the healthcare distribution business now conducted by Schein including Schein Holdings' 50% interest in HS Pharmaceutical, Inc., a manufacturer and distributor of generic pharmaceuticals ("HS Pharmaceutical"). No other assets or liabilities, including the assets and liabilities associated with Schein Pharmaceutical's business, were transferred to Schein. In connection with that transaction, Schein agreed to indemnify Schein Holdings for all of the liabilities assumed by Schein, and Schein Holdings agreed to indemnify Schein for the liabilities associated with Schein Pharmaceutical's business of manufacturing and distributing generic pharmaceuticals. Other than certain common stockholders, there is no affiliation between Schein and Schein Pharmaceutical, and all transactions between Schein and Schein Pharmaceutical are on an arm's-length basis.

In February 1994 Schein, Schein Holdings, Stanley M. Bergman, Marvin H. Schein, Pamela Joseph, Pamela Schein, Steven Paladino, James P. Breslawski, Martin Sperber (the Chief Executive Officer of Schein Pharmaceutical) and certain other parties entered into a number of reorganization agreements. In September 1994, pursuant to the reorganization agreements, all of the Schein Common Stock held by Schein Holdings was distributed to certain of the current stockholders of Schein. Marvin H. Schein, Pamela Schein and Pamela Joseph have agreed to severally indemnify Schein against certain potential costs and claims, if any, which might be incurred by Schein in the future from the transactions related to the Reorganization. Schein and Schein Pharmaceutical also agreed that after September 1994 Schein would be entitled to use the "Henry Schein" name in activities involving non-pharmaceutical products and pharmaceuticals for dental and veterinary purposes, which activities may include marketing, distributing, labeling, packaging, manufacturing (such as HS Pharmaceutical's manufacturing of generic pharmaceuticals and Schein Dental Equipment's manufacturing of large dental equipment, which are the principal manufacturing activities currently conducted by Schein, its subsidiaries and 50%-or-less owned entities) and selling such products. Schein and Schein Pharmaceutical also agreed that after September 1994, Schein Pharmaceutical would be entitled to use the "Schein Pharmaceutical" name in similar activities involving pharmaceuticals for non-dental human treatment. Schein Pharmaceutical is not permitted to use the name "Henry Schein."

One of the Reorganization agreements, a Voting Trust Agreement (the "Voting Trust"), gives Stanley M. Bergman (or his successor trustee) the right to vote all of the shares of Schein Common Stock owned by certain stockholders of the Company, which will be approximately 30.3% of the outstanding shares of Schein Common Stock immediately after the consummation of the Merger. Another of the Reorganization agreements, the Amended and Restated HSI Agreement (the "Global Agreement"), provides that the Schein Board of Directors consist of up to 11 members, and that until the earlier of January 1, 1999 or the termination of the Voting Trust, Mr. Bergman (or his successor trustee) has the right to nominate all but three of the nominees to the Board of Directors. Marvin H. Schein, Pamela Joseph and Pamela Schein have the right to serve as or nominate the remaining three directors. In general, from the earlier of January 1, 1999 or the termination of the Voting Trust until the earlier of January 1, 2004 or the first date on which Marvin H. Schein and his family group no longer beneficially own at least 25% of the outstanding Schein Common Stock that they owned immediately after the Reorganization or the date of certain

changes in Schein management, Mr. Bergman (or his successor trustee) has the right to nominate all of the nominees to the Board of Directors, provided, that if Marvin H. Schein does not approve such nominations, Mr. Bergman (or his successor trustee) and Mr. Schein will each nominate four nominees (of which one will be an independent nominee) and the ninth nominee will be selected by the two independent nominees. As a result of the foregoing, until December 31, 1998, Mr. Bergman, as a practical matter, will be able to significantly influence all matters requiring stockholder approval, including the election of directors, and until January 1, 2004, Mr. Bergman will have the ability to significantly influence the election of all or a substantial number of the directors of Schein.

The Global Agreement also requires the parties to the Voting Trust and Marvin H. Schein to vote in favor of the individuals so nominated until the earlier of January 1, 1999 or the termination of the Voting Trust, and to vote their shares in favor of the nominees of Stanley M. Bergman until January 1, 2004. The Voting Trust terminates on December 31, 1998, but is subject to earlier termination if, among other things, Stanley M. Bergman ceases to be employed by or serve as a director of Schein (unless certain other members of current management are serving as senior executives of Schein) or Schein consummates a business combination which results in Marvin H. Schein (including his family members) owning less than 5% of the voting securities of the surviving corporation.

As described below under "COMPARISON OF STOCKHOLDER RIGHTS--Directors", Schein is submitting to its shareholders a proposed amendment to its Amended and Restated Certificate of Incorporation providing for, among other things, an expanded Schein Board (although there is no current intention to add any individual to the Schein Board except Bruce Haber). It is anticipated that the Voting Trust and the Global Agreement will be amended to reflect such amendment, if adopted.

The Global Agreement affords Marvin H. Schein or his designee the right to serve on each committee of the Board of Directors to which the Board of Directors has delegated decision-making authority and the right to call a special meeting of the Board of Directors. The Global Agreement also limits Schein's ability to adopt a shareholder rights plan or "fair price amendment," if such plan or amendment would affect Marvin H. Schein or Pamela Schein (including their respective family members), as long as Marvin H. Schein or Pamela Schein own certain specified percentages of the outstanding Schein Common Stock. The Global Agreement also limits the ability of Marvin H. Schein, Pamela Schein and Pamela Joseph to participate in any solicitation of proxies or any election contest.

The Global Agreement places certain restrictions on the ability of the parties thereto to transfer any of the shares of Common Stock owned by them and further provides that Schein may not, prior to the earlier of December 31, 2003 or the first date on which neither Marvin H. Schein nor Pamela Schein (including their respective family members) own at least 5% of the outstanding shares of Common Stock, (i) issue in one or more private transactions securities having more than 20% of the total votes that can be cast in any election of directors of Schein without first offering Marvin H. Schein and Pamela Schein (including their respective family members) the right to purchase such securities; (ii) issue securities in connection with a business combination having more than 20%, or resulting in a person owning more than 20%, of the total votes that can be cast in any election of directors without the consent of Marvin H. Schein; or (iii) issue preferred stock having the right to cast more than 20% of the total votes that can be cast in any election of directors of Schein. In addition, certain members of management have agreed not to transfer their shares until November 3, 1998, subject to acceleration in Mr. Bergman's discretion. Restrictions on the ability of stockholders to transfer their stock may make it more difficult for a third party to acquire, or may discourage acquisition bids for, Schein, and could limit the price that certain investors might be willing to pay in the future for Schein Common Stock.

The Global Agreement provides that Schein will indemnify each of the other parties to the Reorganization agreements, and their family groups, from damages resulting from (i) claims asserted by third parties relating to the Reorganization agreements and (ii) any material breach of a representation, warranty or covenant made by Schein in any of the Reorganization agreements. Marvin H. Schein has agreed to consult with Pamela Schein prior to the exercise of certain of his rights of approval and consent under the Reorganization agreements.

MANAGEMENT OF SCHEIN

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information regarding the directors and executive officers of Schein. Mr. Haber will become an Executive Vice President of Schein and the President of Schein's Medical Group upon the consummation of the Merger.

NAME	AGE	POSITION
CORPORATE		
Stanley M. Bergman.....	47	Chairman, Chief Executive Officer, President and Director
James P. Breslawski.....	43	Executive Vice President and Director
Gerald A. Benjamin.....	44	Senior Vice President--Administration and Customer Satisfaction and Director
Leonard A. David.....	48	Vice President--Human Resources, Special Counsel and Director
Diane Forrest.....	50	Senior Vice President--Information Services and Chief Information Officer
Stephen R. LaHood.....	49	Senior Vice President--Distribution Services
Mark E. Mlotek.....	41	Vice President, General Counsel, Secretary and Director
Steven Paladino.....	40	Senior Vice President, Chief Financial Officer and Director
BUSINESS UNITS		
Larry M. Gibson.....	50	President--Practice Management Technologies Division
James W. Stahly.....	48	President--North American Dental Group
Michael Zack.....	44	Senior Vice President--International Group
OTHER DIRECTORS		
Barry J. Alperin.....	56	Director
Pamela Joseph.....	54	Director
Donald J. Kabat.....	61	Director
Marvin H. Schein.....	55	Founder, Schein Dental Equipment and Director
Irving Shafran.....	53	Director

BACKGROUND OF DIRECTORS AND EXECUTIVE OFFICERS

STANLEY M. BERGMAN has been Chairman, Chief Executive Officer and President since 1989, and a director of Schein since 1982. Mr. Bergman held the position of Executive Vice President of Schein and Schein Pharmaceutical, Inc., from 1985 to 1989 and Vice President of Finance and Administration of Schein from 1980 to 1985. Mr. Bergman is a certified public accountant.

JAMES P. BRESLAWSKI has been Executive Vice President of Schein since 1990, with primary responsibility for the North American Dental Group, the Veterinary Group and corporate creative services, and a director of Schein since 1990. Between 1980 and 1990, Mr. Breslawki held various positions with Schein,

including Chief Financial Officer, Vice President of Finance and Administration and Controller. Mr. Breslawski is a certified public accountant.

GERALD A. BENJAMIN has been Senior Vice President of Administration and Customer Satisfaction since 1993, including responsibility for the worldwide human resource function, and has been a director of Schein since September 1994. Prior to holding his current position, Mr. Benjamin was Vice President of Distribution Operations of Schein from 1990 to 1992 and Director of Materials Management of Schein from 1988 to 1990. Before joining Schein, Mr. Benjamin was employed for 13 years in various management positions at Estee Lauder, where his last position was Director of Materials Planning and Control.

LEONARD A. DAVID has been Vice President of Human Resources and Special Counsel since January 1995. Mr. David held the office of Vice President, General Counsel and Secretary from 1990 to 1995 and practiced corporate and business law for eight years prior to joining Schein. Mr. David has been a director of Schein since September 1994.

DIANE FORREST joined Schein in 1994 as Senior Vice President of Information Services and Chief Information Officer. Prior to joining Schein, Ms. Forrest was employed by Tambrands Inc. as Vice President of Information Services from 1987 to 1994, KPMG Peat Marwick as Senior Manager in the management consulting division from 1982 to 1987 and Nabisco Brands, Inc. as Corporate Manager of Manufacturing Systems from 1978 to 1982.

STEPHEN R. LAHOOD joined Schein in 1992 as Senior Vice President of Distribution Services and also responsible for purchasing. Prior to joining Schein, Mr. LaHood was employed by Lex/Schweber Electronics Inc. as Vice President of Operations and Quality from 1988 to 1991. Mr. LaHood also spent ten years at Johnson & Johnson Products, Inc., where his last position was Manager of Corporate Business Planning and thereafter, seven years at Schering-Plough Corporation where his last position was Senior Director of Manufacturing Operations.

MARK E. MLOTEK joined Schein in December 1994 as Vice President, General Counsel and Secretary, and became a director of Schein in September 1995. Prior to joining Schein, Mr. Mlotek was a partner in the law firm of Proskauer Rose Goetz & Mendelsohn LLP, counsel to Schein, specializing in mergers and acquisitions, corporate reorganizations and tax law from 1989 to 1994.

STEVEN PALADINO has been Senior Vice President and Chief Financial Officer of Schein since 1993, and has been a director of Schein since 1992. From 1990 to 1992, Mr. Paladino served as Vice President and Treasurer and from 1987 to 1990 served as Corporate Controller of Schein. Before joining Schein, Mr. Paladino was employed as a public accountant for seven years and most recently was with the international accounting firm of BDO Seidman, LLP. Mr. Paladino is a certified public accountant.

LARRY M. GIBSON joined Schein as President of the Practice Management Technologies Division on February 24, 1997 concurrent with the acquisition of Dentrix Dental Systems, Inc. Before joining Schein, Mr. Gibson was founder, Chairman and CEO of Dentrix, started in 1980. Prior to his employment with Dentrix, Mr. Gibson was employed by Weidner Communication Systems from 1978.

JAMES W. STAHLY joined Schein in 1994 as President of the North American Dental Group of Schein. Before joining Schein, Mr. Stahly was employed by Fox Meyer Corporation for seven years where his last position was Senior Vice President--Hospital and Alternate Care Sales. Prior to his employment with Fox Meyer, Mr. Stahly spent 16 years at McKesson Drug Company.

MICHAEL ZACK has been responsible for the International Group of Schein since 1989. Mr. Zack was employed by Polymer Technology (a subsidiary of Bausch & Lomb) as Vice President of International Operations from 1984 to 1989 and by Gruenthal GmbH as Manager of International Subsidiaries from 1975 to 1984.

BARRY J. ALPERIN has been a director of Schein since May 1996. Mr. Alperin has also been a private consultant since August 1995. Mr. Alperin served as a director of Hasbro, Inc. from 1986 through

May 1996 and as Vice Chairman of Hasbro, Inc. from 1990 through July 1995. Mr. Alperin served as Co-Chief Operating Officer of Hasbro, Inc. from 1989 through 1990 and as its Senior Vice President and Executive Vice President from 1985 through 1989. Mr. Alperin recently served as Chairman of the Board for Toy Manufacturers of America, an industry trade association. Mr. Alperin currently serves as a director for Seaman Furniture Co., Inc. and K'nex Industries, Inc.

PAMELA JOSEPH has been a director of Schein since September 1994. For the past five years Ms. Joseph has been a self-employed artist, and is president of MA Nose Studios, Inc. Ms. Joseph is also a trustee of Alfred University.

DONALD J. KABAT has been a director of Schein since May 1996. From 1992 until the present, Mr. Kabat has served as President of D.K. Consulting Services, Inc. and Chief Financial Officer of Central Park Skaters, Inc. From 1970 to 1992, Mr. Kabat was a partner in Andersen Consulting, an affiliate of Arthur Andersen, LLP.

MARVIN H. SCHEIN has been a director of Schein since September 1994 and has provided consulting services to Schein since 1982. Mr. Schein founded Schein Dental Equipment and had been its President for more than 15 years. Prior to founding Schein Dental Equipment, Mr. Schein held various management and executive positions with Schein.

IRVING SHAFRAN has been a director of Schein since September 1994 and was nominated by Pamela Schein as her designee for director of Schein. Mr. Shafran has been an attorney in private practice for more than twenty-five years. From 1992 through mid-1995, Mr. Shafran was a partner in the law firm of Anderson Kill Olick and Oshinsky, PC.

BRUCE J. HABER will serve as Executive Vice President and President of Schein's Medical Group commencing as of the Effective Time. Moreover, Schein has agreed to use its reasonable best effort to cause Bruce Haber to be elected to Schein's Board of Directors. Bruce Haber has been President of MBM since 1983 and a director of MBM since 1981.

Schein's Board of Directors is currently composed of eleven directors, six of whom are employees of Schein. Directors serve until the next annual stockholders' meeting or until their successors have been duly elected and qualified.

DESCRIPTION OF MBM

MBM is a New York company which was incorporated in 1971. MBM distributes medical supplies to physicians and hospitals in the New York metropolitan area, as well as to health care professionals in the sports medicine, emergency medicine, school health, industrial safety, government and laboratory markets nationwide. MBM depends upon the continued supply of the products it distributes, however, it does not depend upon any single source. MBM has neither encountered nor does it anticipate any difficulty in obtaining the necessary products.

CALIGOR DIVISION. MBM's Caligor division is a physician and hospital supplier in the New York metropolitan area, serving over 12,000 physicians and laboratories. It also serves nursing homes and industrial medical departments. Caligor provides its physicians and hospitals with a comprehensive selection of supplies and related logistical and software services. The division's estimated 50,000 supplies range from bandages and pharmaceuticals to sophisticated diagnostic equipment, while the services range from equipment repair to the complete design and installation of new offices, waiting rooms, exam rooms and laboratories. The Caligor division's logistical and software services include "stockless" inventory services for hospitals which allow the customer to reduce on-hand inventory by up to ninety percent and significantly reduce operating expenses. Over the past few years, the Caligor Division has been able to acquire a number of smaller distributors, resulting in significant economies of scale and improved operating efficiencies. Caligor has increased its market share in these new territories with the same

combination of sales force support, direct mail, catalogs and telemarketing sales that it uses in existing territories.

MBM DIVISION. The MBM Division distributes sports medicine supplies, school nurse supplies, medical equipment and rehabilitation equipment to over 10,000 schools, colleges, municipalities, emergency medical units and professional sports teams around the country, including many of the major and minor league baseball, basketball, football and hockey teams. Revenues derived from municipalities and school districts are derived from competitive bidding. Like the Caligor Division, MBM Division serves its customers with a comprehensive line of supplies and services, ranging from the delivery of athletic tape to an NFL team on the road to the complete design, furnishing and stocking of a training room, sports medicine clinic, or school nurse office. MBM Division markets its product line primarily via three catalogs which it distributes to customers and prospective customers each year. These catalogs are supported by direct mail, telemarketing, professional journal advertising, national and local trade show exhibitions, and an inside sales and customer service staff.

HEALER PRODUCTS DIVISION. MBM Healer Products Division is an assembler and wholesaler of first aid kits and private label medical products. These products, in turn, are marketed by MBM's other divisions, and sold to numerous outside markets through a network of commissioned sales agents. The first aid and medical kits are produced in a variety of forms and sizes, but are generally designed for use in government, industry, schools, emergency medical organizations, hospitals, homes and recreational facilities. The Healer Products Division also produces specialized kits for volunteer ambulance corps, emergency squads, corporate offices, construction operations, restaurants, retail stores, boats, athletic activities, motor vehicles, and sales promotion purposes as well as for specific medical problems such as burns, poisoning, insects stings, traumatic accidents, obstetrical emergencies and eye injuries. Many of the products contained in the kits are generic and are marketed under MBM's private label. The use of private-label generic products permits attractive pricing for MBM and its customers and creates a consistent, positive brand image among customers.

COMPARATIVE STOCK PRICES AND DIVIDENDS

Both the Schein Common Stock (symbol: HSIC), and the MBM Common Stock (symbol: MBMI) are admitted for trading on the Nasdaq National Market.

The following table sets forth the high and low sales prices per share of the Schein Common Stock and the MBM Common Stock (on a historical and equivalent per share basis) on the Nasdaq National Market on March 6, 1997, the last trading day prior to public announcement of the signing of the Merger Agreement:

	HIGH	LOW
Schein Common Stock.....	$ 287/8	$ 28
MBM Common Stock....	163/8	153/4
Equivalent share basis (1).....	177/8	173/8

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(1) Equivalent share basis is determined by multiplying the applicable Schein Common Stock price by 0.62 to reflect the terms of the Merger Agreement.

SCHEIN COMMON STOCK

The Schein Common Stock is quoted through the Nasdaq National Market Stock Market under the symbol "HSIC." The following table sets forth for the periods indicated the high and low reported sales prices of the Common Stock on the Nasdaq National Market System from November 3, 1995, the date of the commencing of Schein's initial public offering.

	HIGH	LOW
YEAR ENDED DECEMBER 30, 1995:		
Fourth Quarter (from November 3, 1995).....	$ 291/2	$ 203/8
YEAR ENDED DECEMBER 28, 1996:		
First Quarter.....	303/4	231/2
Second Quarter.....	431/2	271/2
Third Quarter.....	401/4	311/4
Fourth Quarter.....	411/4	323/4
YEAR ENDING DECEMBER 27, 1997:		
First Quarter.....	39	241/2
Second Quarter (through June 30, 1997).....	37	267/8

On March 6, 1997, there were approximately 150 holders of record of Schein Common Stock. On March 6, 1997, the last full trading day before the announcement of the Merger, the last reported sales price was $28 1/2.

Schein does not anticipate paying any cash dividends on the Schein Common Stock in the foreseeable future; it intends to retain its earnings to finance the expansion of its business and for general corporate purposes. Any payment of dividends will be at the discretion of the Schein Board and will depend upon the earnings, financial condition, capital requirements, level of indebtedness, and contractual restrictions with respect to payment of dividends and other factors. Schein's revolving credit agreement and the note issued in connection with an acquisition in the Netherlands limit the distributions of dividends without the prior written consent of the lenders.

MBM COMMON STOCK

The MBM Common Stock is traded on the Nasdaq National Market under the symbol "MBMI". The following table sets forth, for the periods indicated, the high and low sales prices of the MBM Common Stock as reported on the Nasdaq National Market.

	HIGH	LOW
YEAR ENDED NOVEMBER 30, 1995:		
First Quarter.....	$10	$ 9 7/16
Second Quarter.....	12 5/8	9 5/16
Third Quarter.....	13 7/8	11 1/4
Fourth Quarter.....	14	12
YEAR ENDED NOVEMBER 30, 1996:		
First Quarter.....	14 3/4	12 1/4
Second Quarter.....	17	13 7/8
Third Quarter.....	21	14 3/8
Fourth Quarter.....	18 1/4	16 1/8
YEAR ENDING NOVEMBER 30, 1997:		
First Quarter.....	18 1/8	15 3/4
Second Quarter.....	20	14 3/4
Third Quarter (through July 1, 1997).....	21 1/2	18 1/4

On March 6, 1997, the last full trading day prior to the announcement of the Merger Agreement, the last reported sales price was $15 3/4. As of March 6, 1997, there were approximately 685 record holders of MBM Common Stock. No cash dividends have been paid by MBM on the MBM Common Stock and no such payment is anticipated in the foreseeable future.

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The following unaudited pro forma combined condensed financial statements give effect to the Merger using the "pooling of interests" method of accounting, after giving effect to the pro forma adjustments described in the accompanying notes. These unaudited pro forma combined condensed financial statements have been prepared from, and should be read in conjunction with, the historical consolidated financial statements and notes thereto of Schein and MBM, which are incorporated by reference in this Proxy Statement/Prospectus.

The unaudited pro forma statements are presented for illustrative purposes only and are not necessarily indicative of the operating results or financial position that would have occurred had the Merger been consummated at the dates indicated, nor is it necessarily indicative of future operating results or financial position of the merged companies.

The Unaudited Pro Forma Combined Condensed Balance Sheet gives effect to the Merger as if it had occurred on March 29, 1997, combining the balance sheets of Schein at March 29, 1997 with that of MBM as of February 28, 1997. The Unaudited Pro Forma Combined Condensed Statements of Operations give effect to the Merger as if it had occurred at the beginning of the earliest period presented, combining the results of Schein for each year in the three-year period ended December 28, 1996 and three months ended March 29, 1997 with those of MBM for each year in the three-year period ended November 30, 1996 and the three months ended February 28, 1997.

As a result of the Merger, the merged companies will incur certain acquisition and transition related costs in connection with consummating the transaction and integrating the operations of Schein and MBM. The acquisition and transition related costs consist principally of professional and registration fees, employment contract termination costs, systems modification costs and other costs associated with the

integration of the two businesses resulting from the Merger. While the exact timing, nature and amount of these acquisition and transition related costs are subject to change, Schein anticipates that a one-time pretax charge of approximately $9.0 million for direct incremental acquisition-related costs will be recorded in the quarter in which the Merger is consummated. The estimate is comprised of the following amounts:

	(IN THOUSANDS)
Professional services	$ 4,000
Employment contract termination costs	3,000
Registration and other regulatory costs	1,000
Taxes and other	1,000
	$ 9,000

The direct incremental acquisition-related costs have been reflected as an increase in accounts payable and accrued expenses in the Unaudited Pro Forma Combined Condensed Balance Sheet as of March 29, 1997. The after-tax cost of this anticipated charge ($8.2 million) has been reflected as a reduction in retained earnings in the Unaudited Pro Forma Combined Condensed Balance Sheet as of March 29, 1997.

In addition to the one-time pretax charge of approximately $9.0 million for direct incremental acquisition-related costs, Schein also expects to record additional special costs associated with systems modifications and other integration related charges after the Merger. Such pretax charges are currently not estimatable, but could be in the range of $5.0 million to $10.0 million. The ultimate amount of such costs and the periods in which they will be charged to expense will vary depending on a number of factors, including the timing and extent of the integration of the businesses.

The unaudited pro forma combined condensed financial statements do not reflect the special costs associated with systems modifications and other integration related charges described above to be incurred during the remainder of 1997 and thereafter, or any of the anticipated recurring expense savings.

UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET

MARCH 29, 1997

(IN THOUSANDS)

	HISTORICAL SCHEIN	HISTORICAL MBM	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 16,911	$ 355	$--	$ 17,266
Accounts receivable, net	143,353	30,694	--	174,047
Inventories	118,760	15,355	--	134,115
Deferred income taxes	6,347	782	--	7,129
Other	29,378	970	--	30,348
Total current assets	314,749	48,156	--	362,905
Property and equipment, net	38,374	3,665	--	42,039
Goodwill and other intangibles, net	56,014	8,605	--	64,619
Investments and other	29,416	162	--	29,578
	$ 438,553	$60,588	$--	$499,141
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	$ 98,274	$21,340	$9,000(2b) (800)(2c)	$127,814
Bank credit lines	6,826	--	--	6,826
Current maturities of long-term debt	8,203	433	--	8,636
Total current liabilities	113,303	21,773	8,200	143,276
Long-term debt	23,707	6,967	--	30,674
Other liabilities	2,843	180	--	3,023
Minority interest	5,119	--	--	5,119
Common stock	233	152	(117)(2a)	268
Additional paid-in capital	255,308	21,012	116(2a)	276,436
Retained earnings	40,810	10,505	(8,200)(2b)(2c)	43,115
Treasury stock	(1,156)	(1)	1(2a)	(1,156)
Foreign currency translation adjustment	(1,614)	--	--	(1,614)
Total stockholders' equity	293,581	31,668	(8,200)	317,049
	$ 438,553	$60,588	$--	$499,141

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 29, 1997

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	HISTORICAL SCHEIN	HISTORICAL MBM	PRO FORMA COMBINED
Net sales	$ 240,499	$ 38,005	$ 278,504
Cost of sales	168,777	30,671	199,448
Gross profit	71,722	7,334	79,056
Selling, general and administrative expenses	64,782	6,857	71,639
Merger costs	2,527	--	2,527
Operating income	4,413	477	4,890
Interest income (expense)--net	(325)	(100)	(425)
Other--net	(73)	--	(73)
Income before taxes on income, minority interest and equity in earnings of affiliates	4,015	377	4,392
Taxes on income	2,480	158	2,638
Minority interest in net income of subsidiaries	(14)	--	(14)
Equity in earnings of affiliates	(50)	--	(50)
Net income	$ 1,499	$ 219	$ 1,718
Net income per common share (1)	$ 0.06	$ 0.04	$ 0.06
Weighted average common and common equivalent shares outstanding (1)	23,678	6,149	27,490

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 28, 1996

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	HISTORICAL SCHEIN	HISTORICAL MBM	PRO FORMA COMBINED
Net sales	$ 840,122	$ 150,143	$ 990,265
Cost of sales	587,013	119,206	706,219
Gross profit	253,109	30,937	284,046
Selling, general and administrative expenses	220,500	27,152	247,652
Operating income	32,609	3,785	36,394
Interest income (expense)--net	(863)	(719)	(1,582)
Other--net	771	--	771
Income before taxes on income, minority interest and equity in earnings of affiliates	32,517	3,066	35,583
Taxes on income	11,343	1,321	12,664
Minority interest in net income of subsidiaries	246	--	246
Equity in earnings of affiliates	1,595	--	1,595
Net income	$ 22,523	$ 1,745	$ 24,268
PRO FORMA:			
Historical net income	$ 22,523	$ 1,745	$ 24,268
Pro forma adjustment:			
Provision for income taxes on previously untaxed earnings of an acquisition	(1,197)	--	(1,197)
Pro forma net income	$ 21,326	$ 1,745	$ 23,071
Pro forma net income per common share (1)	$ 0.98	$ 0.31	$ 0.91
Pro forma weighted average common and common equivalent shares outstanding (1)	21,794	5,817	25,401

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 30, 1995

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	HISTORICAL SCHEIN	HISTORICAL MBM	PRO FORMA COMBINED
Net sales	$ 623,302	$ 119,874	$ 743,176
Cost of sales	427,448	94,307	521,755
Gross profit	195,854	25,567	221,421
Selling, general and administrative expenses	174,867	22,413	197,280
Special charges	20,797	--	20,797
Operating income	190	3,154	3,344
Interest income (expense)--net	(5,283)	(1,239)	(6,522)
Other--net	390	--	390
Income (loss) before taxes on income, minority interest and equity in earnings of affiliates	(4,703)	1,915	(2,788)
Taxes on income	5,126	806	5,932
Minority interest in net income of subsidiaries	509	--	509
Equity in earnings of affiliates	1,537	--	1,537
Net income (loss)	$ (8,801)	$ 1,109	$ (7,692)
PRO FORMA:			
Historical net income (loss)	$ (8,801)	$ 1,109	$ (7,692)
Pro forma adjustments:			
Special management compensation and professional fees	20,797	--	20,797
Tax effect of above	(1,174)	--	(1,174)
Provision for income taxes on previously untaxed earnings of an acquisition	(533)	--	(533)
Pro forma net income	$ 10,289	$ 1,109	$ 11,398
Pro forma net income per common share(1)	$ 0.71	$ 0.25	$ 0.66
Pro forma weighted average common and common equivalent shares outstanding(1)	14,517	5,122	17,693

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1994

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	HISTORICAL SCHEIN	HISTORICAL MBM	PRO FORMA COMBINED
Net sales	$ 490,834	$ 121,604	$ 612,438
Cost of sales	344,868	94,924	439,792
Gross profit	145,966	26,680	172,646
Selling, general and administrative expenses	131,009	23,003	154,012
Special charges	23,603	--	23,603
Operating income (loss)	(8,646)	3,677	(4,969)
Interest income (expense)--net	(3,524)	(1,044)	(4,568)
Other--net	542	--	542
Income (loss) before taxes on income, minority interest and equity in earnings of affiliates	(11,628)	2,633	(8,995)
Taxes on income (recovery)	(1,630)	952	(678)
Minority interest in net income of subsidiaries	561	--	561
Equity in earnings of affiliates	494	--	494
Cumulative effect of accounting change for income taxes prior to 1994	--	(60)	(60)
Net income (loss)	$ (10,065)	$ 1,621	$ (8,444)
PRO FORMA:			
Historical net income (loss)	$ (10,065)	$ 1,621	$ (8,444)
Pro forma adjustments:			
Special management compensation and professional fees	23,603	--	23,603
Tax effect of above	(5,749)	--	(5,749)
Provision for income taxes on previously untaxed earnings of an acquisition	(306)	--	(306)
Pro forma net income	$ 7,483	$ 1,621	$ 9,104
Pro forma net income per common share(1)	$ 0.57	$ 0.36	$ 0.57
Pro forma weighted average common and common equivalent shares outstanding(1)	13,197	4,897	16,233

NOTES TO UNAUDITED PRO FORMA COMBINED
CONDENSED FINANCIAL STATEMENTS
(IN THOUSANDS)

NOTE 1--EXCHANGE RATIO

Under the Merger Agreement, each outstanding share of MBM Common Stock will be converted into 0.62 shares of Schein Common Stock. This exchange ratio was used in computing share and per share amounts in the accompanying unaudited pro forma combined condensed financial statements.

The computation of earnings per share was also adjusted to reflect the incremental net income ($59 in 1996, $191 in 1995 and $146 in 1994) resulting from MBM's use of the modified treasury stock method.

NOTE 2--PRO FORMA ADJUSTMENTS

(a) A pro forma adjustment has been made to reflect the issuance of shares in the exchange ratio stated in Note 1 above and the cancellation of MBM treasury stock, in accordance with the Merger Agreement.

(b) A pro forma adjustment has been made for certain acquisition-related costs and expenses including as described in the fourth paragraph under "Unaudited Pro Forma Combined Condensed Financial Statements."

(c) A pro forma adjustment has been made for the estimated tax effects of the adjustments discussed in (b) above.

SCHEIN CONSOLIDATED SELECTED HISTORICAL FINANCIAL INFORMATION AND OPERATING DATA

The following consolidated selected financial data with respect to Schein's financial position and its results of operations for each of the five years in the period ended December 28, 1996 set forth below has been derived from Schein's audited consolidated financial statements, which have previously been filed with the SEC. The related financial information for the three months ended March 29, 1997 and March 30, 1996 have been derived from the unaudited statements of Schein and, in Schein's opinion, include all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the information. The results for the three months ended March 29, 1997 are not necessarily indicative of the results that may be expected for any other period. The consolidated selected financial data presented below should be read in conjunction with such audited consolidated financial statements and related notes and the other information set forth in this Proxy Statement/Prospectus or incorporated by reference herein. See "SCHEIN MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS." The Selected Operating Data and Net Sales by Market Data presented below have not been audited.

	YEARS ENDED				
	DECEMBER 28, 1996	DECEMBER 30, 1995	DECEMBER 31, 1994	DECEMBER 25, 1993	DECEMBER 26, 1992
	(IN THOUSANDS, EXCEPT PER SHARE AND SELECTED OPERATING DATA)				
STATEMENT OF OPERATIONS DATA:					
Net sales	$ 840,122	$ 623,302	$ 490,834	$ 417,838	$ 363,477
Cost of sales	587,013	427,448	344,868	294,954	257,262
Gross profit	253,109	195,854	145,966	122,884	106,215
Selling, general and administrative expenses	220,500	174,867	131,009	111,214	96,853
Special management compensation(1)	--	20,797	21,596	617	5,283
Special contingent consideration(2)	--	--	--	3,216	--
Special professional fees(3)	--	--	2,007	2,224	2,227
Operating income (loss)	32,609	190	(8,646)	5,613	1,852
Interest income	2,558	552	251	856	1,210
Interest expense	(3,421)	(5,835)	(3,775)	(3,228)	(2,971)
Other income (expense)--net	771	390	542	(634)	255
Income (loss) before taxes on income (recovery), minority interest and equity in earnings of affiliates	32,517	(4,703)	(11,628)	2,607	346
Taxes on income (recovery)	11,343	5,126	(1,630)	1,351	622
Minority interest in net income (loss) of subsidiaries	246	509	561	318	(249)
Equity in earnings of affiliates	1,595	1,537	494	1,296	514
Income (loss) before cumulative effect of accounting change	22,523	(8,801)	(10,065)	2,234	487
Cumulative effect of accounting change	--	--	--	1,891	--
Net income (loss)	$ 22,523	$ (8,801)	$ (10,065)	$ 4,125	$ 487
PRO FORMA INCOME DATA (4):					
Pro forma operating income	$ 32,609	$ 20,987	$ 14,957		
Pro forma net income	$ 21,326	$ 10,289	$ 7,483		
Pro forma net income per common share	$ 0.98	$ 0.71	$ 0.57		
Pro forma average shares outstanding	21,794	14,517	13,197		
SELECTED OPERATING DATA:					
Number of orders shipped	3,079,000	2,630,000	2,275,000	2,044,000	1,824,000
Average order size	$ 273	$ 237	$ 216	$ 204	$ 199
NET SALES BY MARKET DATA(5):					
Dental(6)	$ 435,643	$ 327,697	$ 274,337	$ 253,223	$ 234,655
Medical	191,186	125,565	89,789	71,021	51,923
Veterinary	35,329	29,330	27,872	24,312	19,481
Technology(7)	30,965	33,007	14,909	9,866	6,377
International(8)	146,999	107,703	83,927	59,416	51,041
	$ 840,122	$ 623,302	$ 490,834	$ 417,838	$ 363,477
BALANCE SHEET DATA (AT PERIOD END):					
Working capital	$ 204,575	$ 104,455	$ 76,814	$ 74,167	$ 28,066
Total assets	467,450	299,364	191,373	161,437	138,043
Total debt	39,746	43,049	61,138	56,712	41,526
Redeemable stock (9)	--	--	14,745	--	--
Minority interest	5,289	4,547	1,823	1,051	411
Stockholders' equity	292,016	143,865	40,266	43,896	39,927

SCHEIN CONSOLIDATED SELECTED HISTORICAL FINANCIAL
INFORMATION AND OPERATING DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED	
	MARCH 29, 1997	MARCH 30, 1996
STATEMENT OF OPERATIONS DATA:		
Net sales	$ 240,499	$ 187,339
Gross profit	71,722	$ 56,506
Selling, general and administrative expenses	64,782	$ 51,396
Merger costs (10)	2,527	--
Operating income	4,413	$ 5,110
Net income	$ 1,499	$ 2,716
Net income per common share	$ 0.06	$ 0.14
Average shares outstanding	23,678	$ 19,740
BALANCE SHEET DATA (AT PERIOD END):		
Working capital	$ 201,446	
Total assets	438,553	
Total debt	38,736	
Minority interest	5,119	
Stockholders' equity	293,581	

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(1) Includes: (a) for 1995, non-cash special management compensation charges of $17.5 million arising from final mark-to-market adjustments (reflecting an increase in estimated market value from 1994 to the initial public offering price of $16.00 per share of Schein Common Stock) for stock grants made to an executive officer of Schein in 1992 and other stock issuances made to certain other senior management of Schein (because of certain repurchase features which expired with Schein's initial public offering), an approximate $2.8 million non-cash special management compensation charge (also based on the initial public offering price of $16.00 per share) relating to compensatory options granted in 1995, and a cash payment of $0.5 million for additional income taxes resulting from such stock issuances; (b) for 1994, non-cash special management compensation arising from accelerated amortization of deferred compensation arising from the 1992 stock grants to an executive officer of Schein of $17.3 million, which included a 1994 mark-to-market adjustment (because of the repurchase features referred to above) of $9.1 million, due to the resolution, with the closing of the Reorganization, of certain contingencies surrounding the issuance of the stock grants, non-cash special management compensation charges of $1.6 million (net of prior accruals of approximately $1.9 million under an executive incentive plan) arising from stock issuances to certain other senior management of Schein, valued at $3.5 million, and cash payments for income taxes of approximately $2.4 million resulting from these stock issuances and $0.3 million for additional income taxes resulting from the 1992 stock grants; (c) for 1993, non-cash special management compensation charges of $0.6 million in amortization of deferred compensation arising from the 1992 stock grants; and (d) for 1992, cash payments of $5.3 million for income taxes resulting from stock grants made to an executive officer of Schein. See "SCHEIN MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Overview".

(2) Includes $0.7 million paid in connection with an acquisition and $2.5 million resulting from the buyout of employees' rights to future income contained in their employment agreements. See "SCHEIN MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Overview."

(3) Includes special professional fees incurred by Schein in connection with the Reorganization. See "SCHEIN MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Overview".

(4) Reflects the pro forma elimination of special charges incurred in 1995 and 1994 for special management compensation of $20.8 million and $21.6 million, respectively, and special professional fees incurred in 1994 of $2.0 million, arising from the Reorganization, and the related tax effects of $1.2 million and $5.8 million for 1995 and 1994, respectively, and provision for income taxes on previously untaxed earnings of Dentrix Dental Systems, Inc. ("Dentrix") as an S Corporation of $1.2 million, $0.5 million and $0.3 million for 1996, 1995 and 1994, respectively. See "SCHEIN MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Overview and Recent Developments."

(5) Restated to conform to 1996 presentation.

(6) Dental consists of Schein's dental business in the United States and Canada.

(7) Technology consists of Schein's practice management software business and certain other value-added products and services.

(8) International consists of Schein's business (substantially all dental) outside the United States and Canada, primarily Europe.

(9) Redeemable stock includes stock issued for compensation which was subject to repurchase by Schein at fair market value in the event of termination of employment of the holder of such shares, as well as shares purchased by the trust for Schein's ESOP and allocable to the ESOP participants. With the completion of Schein's initial public offering, the stock issued for compensation and the ESOP Common Stock were no longer subject to repurchase. See "SCHEIN MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS-- Overview".

(10) During the three months ended March 29, 1997, Schein acquired all of the common stock of Dentrix, a provider of clinically-based dental practice management systems, with 1996 net sales of approximately $10.2 million, in exchange for 1,070,000 shares of Schein Common Stock. The Dentrix acquisition was accounted for as a pooling of interests, and, accordingly, the consolidated financial statements for the periods presented have been restated to include Dentrix. In connection with the Dentrix acquisition, Schein incurred merger costs of approximately $2.5 million, or $0.11 per share, in the first quarter of 1997. Included in the merger costs are investment banking, legal, accounting and advisory fees and other nonrecurring costs associated with this acquisition.

SCHEIN MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING DISCUSSION AND ANALYSIS OF SCHEIN'S CONSOLIDATED FINANCIAL CONDITION AND CONSOLIDATED RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH SCHEIN'S CONSOLIDATED HISTORICAL FINANCIAL STATEMENTS AND NOTES THERETO. See "SCHEIN'S CONSOLIDATED SELECTED HISTORICAL FINANCIAL DATA".

OVERVIEW

Schein's results of operations in recent years have been significantly impacted by strategies and transactions undertaken by Schein to expand its business, both domestically and internationally, in part to address significant changes in the healthcare industry, including potential national healthcare reform, trends toward managed care, cuts in Medicare, consolidation of healthcare distribution companies and collective purchasing arrangements. Schein's results of operations in recent years have also been impacted by the Reorganization.

From 1992 through 1994, Schein was a party to a series of transactions leading to the Reorganization that resulted in, among other things, Schein being separated from Schein Holdings and the distribution of shares of the Schein Common Stock to its then current stockholders. In December 1992, an executive officer of Schein received certain stock grants in Schein and Schein Pharmaceutical, Inc. valued at approximately $6.2 million and $2.6 million, respectively, and cash of approximately $5.3 million to pay income taxes on the stock grants received. These stock grants were subject to the occurrence of certain future events, including the fulfillment of the employment term by the executive officer. Accordingly, these stock grants, totaling $8.8 million, were treated as deferred compensation while the cash payments were charged to earnings as special management compensation in the year ended December 26, 1992. During 1993, Schein amortized the deferred compensation relating to stock grants by Schein to the executive officer resulting in a charge to earnings of $0.6 million. In 1994, the contingencies relating to the stock granted to the executive officer were eliminated, such that these shares became fully vested. Accordingly, deferred compensation of $8.8 million, less the 1993 amortization of $0.6 million, plus a mark-to-market adjustment (because of certain repurchase features) of approximately $9.1 million, along with a $0.3 million cash payment for income taxes relating to the 1992 stock grants, was expensed in 1994 as special management compensation.

In addition, in connection with the Reorganization, certain senior management of Schein were issued shares of Schein Common Stock in 1994 and 1995 to extinguish an obligation under a pre-existing long-term incentive plan and to provide them with an ownership interest in Schein. In connection with the issuance of the shares, a cash payment for income taxes relating to such stock issuances of approximately $2.4 million was paid. This cash bonus, plus $3.5 million, the fair value of the related stock issued, net of amounts accrued under the long-term incentive plan of approximately $1.9 million, resulted in an additional special management compensation charge to Schein of approximately $4.0 million in 1994. Charges to earnings for the year ended 1995 related to a mark-to-market adjustment (because of certain repurchase features) for stock grants made to an executive officer of Schein and the stock issuances of the other senior management of approximately $17.5 million and cash payments of $0.5 million for income taxes related to the stock issuances.

Additionally, Schein has granted certain employees options for shares of Schein Common Stock, which became exercisable upon Schein's initial public offering on November 3, 1995, at which time substantially all such options vested. Non-recurring special compensation charges for the options issued to employees recorded in the fourth quarter of 1995 amounted to approximately $2.8 million. In addition, Schein recorded an approximate $1.1 million related tax benefit.

Special charges for special management compensation and special professional fees incurred in connection with the Reorganization aggregated $20.8 million and $23.6 million for 1995 and 1994, respectively.

RECENT DEVELOPMENTS

Since December 28, 1996, Schein has acquired (i) in a pooling of interests transaction, all of the outstanding common stock of Dentrix Dental Systems, Inc. ("Dentrix"), a provider of clinically-based dental practice management systems with 1996 net sales of approximately $10.2 million, and (ii) a purchase transaction, the business of Smith Holden, the longest operating dental supply company in the United States, with 1996 net sales of approximately $14.2 million. Additionally, on March 7, 1997, Schein entered into the Merger Agreement, and on June 27, 1997 Schein acquired Roane-Barker, Inc., a medical and laboratory supplies and equipment distributor in the Southeast with net sales of approximately $25.0 for the fiscal year ended May 31, 1997, in a pooling of interests transaction.

MBM distributes medical supplies to physicians and hospitals in the New York metropolitan area, as well as to healthcare professionals in sports medicine, emergency medicine, school health, industrial safety, government and laboratory markets nationwide. MBM had net sales of approximately $150.0 million and earnings of approximately $1.7 million for its fiscal year ended November 30, 1996. Upon completion of the acquisition, Schein believes that it will become North America's largest distributor of healthcare products to office-based healthcare practitioners and a leading provider of healthcare products and services to the U.S. physician market.

The completion of the transaction is subject to the satisfaction of customary closing conditions, including, among others, MBM shareholder approval. The transaction is expected to be completed by mid-1997 although no assurances can be given in this regard. For a more complete description of the terms of the Merger Agreement, reference is made to the Exhibits of Schein's Form 10-K. Schein has filed a Registration Statement on Form S-4 with the Securities and Exchange Commission with respect to the securities to be issued in connection with the Merger Agreement.

In connection with the Dentrix acquisition, Schein incurred merger costs of approximately $2.5 million, or $0.11 per share, in the first quarter of 1997. Included in the merger costs are investment banking, legal, accounting and advisory fees and other nonrecurring costs associated with the merger. Additional merger costs are expected to be incurred during 1997 relating to integrating this acquisition.

Excluding the non-recurring merger costs of $2.5 million, or $0.11 per share, for the Dentrix acquisition, pro forma net income and pro forma net income per common share would have been $4.0 million and $0.17, respectively. The financial statements include adjustments to give effect to the acquisition of Dentrix, effective February 28, 1997, which was accounted for under the pooling of interests method.

Prior to its acquisition by Schein, Dentrix elected to be treated as an S Corporation under the Internal Revenue Code, and accordingly, its earnings were not subject to taxation at the corporate level. Pro forma adjustments have been made to reflect a provision for income taxes on such previously untaxed earnings for each period presented.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated the percentage of net sales by market of Schein and the percentage change in such items for the three months ended March 29, 1997 and March 30, 1996, and for the years ended 1996, 1995 and 1994.

	PERCENTAGE OF NET SALES					PERCENTAGE INCREASE (DECREASE)
	THREE MONTHS ENDED		YEARS ENDED			THREE MONTHS ENDED MARCH 29, 1997 TO THREE MONTHS ENDED
	MARCH 29, 1997	MARCH 30, 1996	DECEMBER 28, 1996	DECEMBER 30, 1995	DECEMBER 31, 1994	MARCH 30, 1996
NET SALES BY MARKET(1):						
Dental(2).....	52.4%	50.5%	51.8%	52.6%	55.9%	33.4%
Medical.....	23.3	21.4	22.8	20.1	18.3	39.6
Veterinary.....	4.1	4.5	4.2	4.7	5.7	16.9
Technology(3).....	3.3	4.2	3.7	5.3	3.0	(1.6)
International(4).....	16.9	19.4	17.5	17.3	17.1	12.2
	100.0%	100.0%	100.0%	100.0%	100.0%	28.4

	1996 TO 1995	1995 TO 1994
NET SALES BY MARKET(1):		
Dental(2).....	32.9%	19.5%
Medical.....	52.3	39.8
Veterinary.....	20.5	5.2
Technology(3).....	(6.2)	121.4
International(4).....	36.5	28.3
	34.8	27.0

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(1) Restated to conform to 1996 presentation.

(2) Dental consists of Schein's dental business in the United States and Canada.

(3) Technology consists of Schein's practice management software business and certain other value-added products and services.

(4) International consists of Schein's business (substantially all dental) outside the United States and Canada, primarily in Europe.

THREE MONTHS ENDED MARCH 29, 1997 COMPARED TO THREE MONTHS ENDED MARCH 30, 1996

Net sales increased $53.2 million, or 28.4%, to $240.5 million for the three months ended March 29, 1997 from $187.3 million for the three months ended March 30, 1996. Schein estimates that overall approximately 17.1% of the increase was due to internal growth, while the remaining 11.3% was due to acquisitions. Of the $53.2 million increase, approximately $31.6 million represented a 33.4% increase in Schein's dental business, $15.9 million represented a 39.6% increase in its medical business, $4.4 million represented a 12.2% increase in its international business, and $1.4 million represented a 16.9% increase in Schein's veterinary business. Technology net sales decreased $0.1 million, or 1.6%. The increase in dental net sales was primarily the result of the continuing favorable impact of Schein's integrated sales and marketing approach (which coordinates the efforts of its field sales consultants with its direct marketing and telesales personnel), acquisitions, continued success in Schein's target marketing programs and increased sales in the large dental equipment market. The increase in medical net sales was primarily due to acquisitions, increased net sales to renal dialysis centers and net sales to customers enrolled in the AMA Purchase Link program. In the international market, the increase in net sales was due equally to acquisitions and increased unit volume growth. Unfavorable exchange rate translation adjustments resulted in a net sales decrease of approximately $1.4 million. Had net sales for the international market been translated at the same exchange rates in effect during 1996, net sales would have increased by an additional 4.0%. In the veterinary market, the increase in net sales was primarily due to increased account penetration with corporate accounts. In the technology market, sales were essentially unchanged from the prior year's quarter.

Gross profit increased by $15.2 million, or 26.9%, to $71.7 million for the three months ended March 29, 1997 from $56.5 million for the three months ended March 30, 1996, while gross profit margin decreased to 29.8% from 30.2%. The $15.2 million increase in gross profit was primarily due to increased sales volume and acquisitions. The decrease in gross profit margin was primarily due to lower technology sales as a percentage of total net sales and other sales mix changes.

Selling, general and administrative expenses increased by $13.4 million, or 26.1%, to $64.8 million for the three months ended March 29, 1997 compared to $51.4 million for the three months ended March 30, 1996. Selling and shipping expenses increased by $8.2 million, or 23.8%, to $42.7 million for the three months ended March 29, 1997 from $34.5 million for the three months ended March 30, 1996. As a percentage of net sales, selling and shipping expenses decreased 0.6% to 17.8% for the three months ended March 29, 1997 from 18.4% for the three months ended March 30, 1996. This decrease was primarily due to leveraging of Schein's distribution infrastructure, partially offset by an increase in selling expenses. General and administrative expenses increased $5.2 million, or 30.8%, to $22.1 million for the three months ended March 29, 1997 from $16.9 million for the three months ended March 30, 1996, primarily as a result of acquisitions. As a percentage of net sales, general and administrative expenses increased 0.2% to 9.2% for the three months ended March 29, 1997 from 9.0% for the three months ended March 30, 1996.

Other income (expense)-net decreased by $0.2 million, or 33.3%, to ($0.4) million for the three months ended March 29, 1997 from ($0.6) million for the three months ended March 30, 1996. This decrease was primarily due to a decrease in average borrowings, which were partially paid off with proceeds from Schein's follow-on offering in June 1996, combined with an increase in imputed interest income arising from non-interest bearing extended payment term sales.

For the three months ended March 29, 1997, Schein's effective tax rate was 61.8%, excluding merger costs, substantially all of which are not deductible for income tax purposes, Schein's effective tax rate would have been 37.9%. The difference between the effective tax rate and the federal statutory rate relates primarily to a favorable tax treatment for certain donated inventory. For the three months ended March 30, 1996, Schein's effective rate was 43.7%, which was higher than the federal statutory rate primarily due to state income taxes and the non-deductible net operating losses of certain foreign subsidiaries.

1996 COMPARED TO 1995

Net sales increased $216.8 million, or 34.8%, to $840.1 million in 1996 from $623.3 million in 1995. Of the $216.8 million increase, approximately $107.9 million represented a 32.9% increase in Schein's dental business, $65.6 million represented a 52.3% increase in its medical business, $39.3 million represented a 36.5% increase in its international business and $6.0 million represented a 20.5% increase in Schein's veterinary business, offset by a $2.0 million, or 6.2%, decrease in its technology business. The dental net sales increase was primarily the result of Schein's continued emphasis on its integrated sales and marketing approach (which coordinates the efforts of its field sales consultants with its direct marketing and telesales personnel), expansion into the U.S. market for large dental equipment and acquisitions. Of the approximately $65.6 million increase in medical net sales, approximately $20.9 million, or 31.9%, represents incremental net sales to renal dialysis centers, with the effects of acquisitions and increased outbound telesales activity primarily accounting for the balance of the increase in medical net sales. In the international market, the increase in net sales was due to acquisitions, primarily in France, and increased account penetration in Germany and the United Kingdom. Unfavorable exchange rate translation adjustments resulted in a net sales decrease of approximately $4.4 million. Had net sales for the international market been translated at the same exchange rates in effect during 1995, net sales would have increased by an additional 4.1%. In the veterinary market, the increase in net sales was due to the full year impact of new product lines introduced in the fourth quarter of 1995, increased account penetration and continued volume growth to customers of a veterinary-sponsored purchasing service. As anticipated, net sales in

Schein's technology group was below last year's sales volume levels due to unusually high sales volume in the fourth quarter of 1995 due to the introductory launch, at that time, of Schein's Easy Dental-Registered Trademark-Plus Windows-Registered Trademark- based product; offset due to increase in sales of Dentrix software systems.

Gross profit increased by $57.2 million, or 29.2%, to $253.1 million in 1996, from $195.9 million in 1995, while gross profit margin decreased by 1.3% to 30.1% from 31.4% for the same period. The decrease in gross profit margin was primarily due to product mix as fewer high margin Easy Dental-Registered Trademark- Plus for Windows-Registered Trademark- products were sold in 1996. Excluding gross profit margin for Schein's technology group, which was 69.0% for 1996 as compared to 79.3% for 1995, gross profit margins were relatively unchanged at 28.6% for 1996 as compared to 28.7% for 1995.

Selling, general and administrative expenses increased by $45.6 million, or 26.1%, to $220.5 million in 1996 from $174.9 million in 1995. Selling and shipping expenses increased by $38.2 million, or 33.6%, to $151.8 million in 1996 from $113.6 million in 1995. As a percentage of net sales, selling and shipping expenses decreased 0.1% to 18.1% in 1996 from 18.2% in 1995. The decrease in selling and shipping expenses as a percentage of net sales was primarily due to reductions in sales promotions offered by Schein's technology group in conjunction with the introductory promotion of Easy Dental-Registered Trademark- Plus for Windows-Registered Trademark- version which occurred during 1995. These introductory promotional expenses represented 0.6% of net sales in 1995. Excluding these expenses from 1995, selling and shipping expenses, as a percentage of net sales, would have been 0.4% higher than last year. This increase was due primarily to various promotional programs and incremental field sales and marketing personnel. General and administrative expenses increased $7.4 million, or 12.1%, to $68.7 million in 1996 from $61.3 million in 1995, primarily as a result of acquisitions. As a percentage of net sales, general and administrative expenses decreased 1.6% to 8.2% in 1996 from 9.8% in 1995 due primarily to the relatively fixed nature of general and administrative expenses when compared to the 34.8% increase in sales volume for the same period.

Net interest expenses decreased $4.4 million to $0.9 million in 1996 from $5.3 million in 1995. This decrease primarily resulted from the use of the proceeds of Schein's follow-on offering in June 1996 to reduce debt and an increase in interest income arising from the temporary investment of proceeds in excess of debt and imputed interest income arising from non-interest bearing extended payment term sales, offset in part by an increase in average interest rates.

For 1996, Schein's provision for taxes was $11.3 million, while the pre-tax income was $32.6 million. On a pro forma basis, adjusting for a provision for taxes on the previously untaxed earnings of Dentrix included in 1996 results, Schein's effective tax rate would have been 38.6%. The difference between Schein's effective tax rate and the Federal statutory rate relates primarily to state income taxes offset by tax-exempt interest on municipal securities. In 1995, Schein's provision for taxes was $5.1 million, while the pre-tax loss was $4.7 million. The difference between the tax provision and the amount that would have been recoverable by applying the statutory rate to pre-tax loss was attributable substantially to the non-deductibility for income tax purposes of the $17.5 million appreciation in the value of the stock issued to an executive officer and other senior management of Schein. On a pro forma basis, excluding special charges, and adjusting for a provision for taxes on the previously untaxed earnings of Dentrix including in 1995 results, taxes on income for 1995 were $6.8 million, resulting in an effective tax rate of 42.5%. The difference between the pro forma effective tax rate and the Federal statutory rate relates primarily to state income taxes and currently non-deductible net operating losses of certain foreign subsidiaries, primarily in France, which are not included in Schein's consolidated tax return.

In the fourth quarter of 1996 Schein made adjustments which increased net income by approximately $2.4 million. These adjustments, which related predominately to estimated reserves for premium coupon redemptions, finance charges receivable and income taxes, resulted from management's updated evaluations of historical trends (reflecting changes in business practices and other factors) and other assumptions underlying such estimates. The amounts of such reserves in prior quarters were based on reasonable estimates reflecting available facts and circumstances.

1995 COMPARED TO 1994

Net sales increased $132.5 million, or 27.0%, to $623.3 million in 1995 from $490.8 million in 1994. Of the $132.5 million increase, approximately $53.4 million represented a 19.5% increase in Schein's dental business, $35.8 million represented a 39.8% increase in its medical business, $23.8 million represented a 28.3% increase in its international business, $18.1 million represented a 121.4% increase in its technology business and $1.4 million represented a 5.2% increase in Schein's veterinary business. The dental net sales increase, after taking into consideration acquisitions, was primarily due to Schein's increase in field sales consultants and telesales personnel, database marketing programs and promotional activities. Of the approximately $35.8 million increase in medical net sales, approximately $17.0 million, or 47.5%, represents incremental net sales to renal dialysis centers, with the effects of acquisitions and increased telesales personnel accounting for the other major increase in net sales. In the international market, the increase in net sales was due to the full year benefit of an acquisition made in France in July 1994, acquisitions made in 1995, increased unit volume growth and favorable exchange rate translation adjustments. The increase in net sales for Schein's technology market was primarily the result of an increase in unit sales due to the release of the new Windows-Registered Trademark- version of Easy Dental-Registered Trademark- Plus software in December 1995 and substantial price increases. The increased pricing on the Easy Dental-Registered Trademark- Plus software product was accompanied by substantial sales promotions and related expense, offset by increased Dentrix software sales. In the veterinary market, Schein now earns a commission on certain products which the manufacturer now sells direct. Including those sales on a basis similar to 1994, sales to the veterinary market would have increased by approximately 19.0%.

Gross profit increased by $49.9 million, or 34.2%, to $195.9 million in 1995, from $146.0 million in 1994, while gross profit margin increased by 1.7% to 31.4% from 29.7% for the same period. Of the 1.7% increase in gross profit margin, approximately 82.4%, or 1.4%, was primarily attributed to increased sales volume of Schein's Easy Dental-Registered Trademark- Plus software, which carried a higher gross profit margin than other products sold by Schein. The higher net sales volume for Schein's technology business, up 121.4% to $33.0 million from $14.9 million for the same period last year, was primarily due to the release of the new Windows-Registered Trademark- version of Easy Dental-Registered Trademark- Plus software, which increased unit sales, coupled with substantial price increases. The increased pricing on the Easy Dental-Registered Trademark- Plus software product was accompanied with substantial sales promotions. The balance of the change in gross profit margin was due to changes in product mix.

Selling, general and administrative expenses increased by $43.9 million, or 33.5%, to $174.9 million in 1995 from $131.0 million in 1994. Selling and shipping expenses increased by $35.3 million, or 45.1%, to $113.6 million in 1995 from $78.3 million in 1994. As a percentage of net sales, selling and shipping expenses increased 2.2% to 18.2% in 1995 from 16.0% in 1994. The increase in selling and shipping expenses as a percentage of net sales was primarily due to substantial sales promotions offered by Schein's technology group in conjunction with the promotion of Easy Dental-Registered Trademark- Plus software and the new Windows-Registered Trademark- version released in December 1995, which accounted for approximately 0.9% of the 2.2% increase in selling and shipping expenses as a percentage of net sales. The balance of the increase was due primarily to various promotional programs and incremental field sales and marketing personnel. General and administrative expenses increased $8.6 million, or 16.3%, to $61.3 million in 1995 from $52.7 million in 1994, primarily as a result of acquisitions. As a percentage of net sales, general and administrative expenses decreased 0.9% to 9.8% in 1995 from 10.7% in 1994 due primarily to the relatively fixed nature of general and administrative expenses when compared to the 27.0% increase in sales volume for the same period.

Interest expense--net increased $1.8 million, or 51.4%, to $5.3 million in 1995 from $3.5 million in 1994. This increase was due to two factors: average interest rates rose to 8.3% in 1995 from 6.4% in 1994, and Schein's average borrowings increased by $11.6 million in 1995 as compared to 1994 as a result of higher working capital requirements and financing of acquisitions.

Equity in earnings of affiliates increased by $1.0 million, or 200.0%, to $1.5 million in 1995 from $0.5 million in 1994. This increase in equity in earnings of affiliates was primarily due to an increase in earnings

of one unconsolidated affiliate which was the result of increased sales volume and the acquisition of another unconsolidated affiliate during the fourth quarter of 1995.

In 1995, Schein's provision for taxes was $5.1 million, while the pre-tax loss was $4.7 million. The difference between the tax provision and the amount that would have been recoverable by applying the statutory rate to pre-tax loss was attributable substantially to the non-deductibility for income tax purposes of the $17.5 million appreciation in the value of the stock issued to an executive officer and other senior management of Schein. On a pro forma basis, to give effect to special charges, and adjusting for a provision for taxes on the previously untaxed earnings of Dentrix included in 1995 results, taxes on income for 1995 were $6.8 million, resulting in an effective tax rate of 42.5%. The difference between the pro forma effective tax rate and the Federal statutory rate relates primarily to state income taxes and currently non-deductible net operating losses of certain foreign subsidiaries, primarily in France, which are not included in Schein's consolidated tax return. In 1994, the income tax recovery was $1.6 million, while the pre-tax loss was $11.6 million. The effective tax rate of Schein for 1994 differed from the Federal statutory rate, primarily due to non-deductible special charges of approximately $9.1 million arising from the appreciation in the value of stock issued to an executive officer of Schein and currently non-deductible net operating losses of certain foreign subsidiaries.

INFLATION

Schein's Management does not believe inflation had a material adverse effect on the financial statements for the periods presented.

RISK MANAGEMENT

Schein has operations in the United States, Canada, the United Kingdom, The Netherlands, Belgium, Germany, France, the Republic of Ireland and Spain. Each of Schein's operations endeavors to protect its margins by using foreign currency forward contracts to hedge the estimated foreign currency payments to foreign vendors. The total U.S. dollar equivalent of all foreign currency forward contracts hedging vendor payments was $5.0 million as of the 1996 fiscal year end.

Schein considers its investment in foreign operations to be both long-term and strategic. As a result, Schein does not hedge the long-term translation exposure to its balance sheet. Schein experienced a negative translation adjustment of $0.5 million in 1996 and a positive translation adjustment of $0.3 million in 1995, which adjustments were reflected in the balance sheet as an adjustment to stockholders' equity. The cumulative translation adjustment at the end of 1996 showed a net negative translation adjustment of $0.6 million.

Schein issues a Canadian catalog once a year with prices stated in Canadian dollars; however, orders are shipped from Schein's United States warehouses resulting in U.S. dollar costs for Canadian dollar sales. To minimize the exposure to fluctuations in foreign currency exchange rates, Schein enters into foreign currency forward contracts with major international banks and an unconsolidated 50%--owned company to convert estimated monthly Canadian dollar receipts into U.S. dollars. Schein usually enters into the forward contract prior to the issuance of its Canadian catalog and for the expected life of the catalog. As of December 28, 1996, Schein had 28 forward contracts outstanding for the forward sale of 5.2 million Canadian dollars. The last of the contracts expires on October 31, 1997, however, Schein anticipates entering into new contracts in the normal course of its business.

Schein borrowed money in U.S. dollars under a term loan related to the acquisition of Van den Braak, a Netherlands company. Schein loaned the proceeds to Henry Schein B.V. in Netherland Guilders ("NLG") with principal and interest payable in NLGs. To minimize the resultant exposure to fluctuations in foreign currency exchange rates between the U.S. dollar and the Netherland Guilder, Schein entered into a series of foreign currency forward contracts to sell NLGs for U.S. dollars. As of December 28, 1996, Schein had 5 contracts outstanding for the forward sale of NLG 7.1 million. The last contract expires on October 31, 1997.

Schein entered into two interest rate swaps with major financial institutions to exchange variable rate interest for fixed rate interest. The net result was to substitute a weighted average fixed interest rate of 7.81% for the variable LIBOR rate on $13.0 million of Schein's debt. The interest rate swaps expire in October and November of 2001.

LIQUIDITY AND CAPITAL RESOURCES

Schein's principal capital requirements have been to fund (a) working capital needs resulting from increased sales, extended payment terms on various products and special inventory forward buy-in opportunities, (b) acquisitions, and (c) capital expenditures. 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, Schein'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. Schein has financed its business primarily through its revolving credit facilities and stock issuances.

Net cash used in operating activities for the three months ended March 29, 1997 of $17.3 million resulted primarily from a net increase in working capital of $21.6 million offset, in part, by net income adjusted for non-cash charges relating primarily to depreciation and amortization of approximately $4.5 million. The increase in working capital was primarily due to (i) a decrease in accounts payable and other accrued expenses of $28.6 million resulting primarily from payments to vendors for inventory purchased as part of Schein's year-end inventory forward buy-in program and, (ii) a $3.0 million increase in accounts receivable resulting from increased sales and extended payment terms, offset by, (i) a $9.5 million decrease in inventory, and (ii) a $0.4 million decrease in other current assets. Schein anticipates future increases in working capital as a result of its continued sales growth.

Net cash used in operating activities for the year ended December 28, 1996 of $30.1 million resulted primarily from a net increase in working capital of $63.0 million offset in part by net income, adjusted for non-cash charges relating primarily to depreciation and amortization and deferred income taxes of $30.5 million and $2.4 million, respectively. The increase in working capital was primarily due to (i) a $43.1 million increase in accounts receivable resulting primarily from increased net sales (80.7%) and extended payment terms (10.9%), and a decrease in the percentage of customers who make payment with their orders (5.7%), (ii) a $23.1 million increase in inventories primarily due to year-end inventory buying opportunities and (iii) an $8.6 million increase in loans and other receivables offset in part by an increase in accounts payable and other accrued expenses of $11.8 million. Schein anticipates future increases in working capital as a result of its continued sales growth, extended payment terms and special inventory buying opportunities.

Net cash used in investing activities for the three months ended March 29, 1997 of $7.2 million resulted primarily from cash outlays for acquisitions of $4.4 million and capital expenditures of $2.4 million. The increased amount of capital expenditures over the comparable prior year period was due to the development of new computer systems, as well as expenditures for additional operating facilities. Schein expects that it will continue to invest in excess of $10.0 million per year in capital projects to modernize and expand its facilities and infrastructure systems.

Net cash used in investing activities for the year ended December 28, 1996, of $49.4 million resulted primarily from cash used to make acquisitions of $32.5 million and capital expenditures of $11.5 million. During the past three years, Schein has invested more than $26.3 million in the development of new computer systems, and expenditures for new operating facilities. Schein expects that it will continue to invest in excess of $10.0 million per year in capital projects to modernize and expand its facilities and infrastructure systems.

Net cash used in financing activities for the three months ended March 29, 1997 of $2.3 million resulted primarily from net payments on long-term debt and bank credit lines. A balloon payment of approximately $3.5 million is due on October 31, 1997 under a term loan associated with a foreign acquisition.

Net cash provided by financing activities for the year ended December 28, 1996 of $114.4 million resulted primarily from net cash proceeds from a follow-on offering of Schein's Common Stock, which was completed on June 21, 1996 amounting to $124.1 million, partially offset by net debt repayments of approximately $5.6 million.

A balloon payment of approximately $3.5 million is due on October 31, 1997 under a term loan associated with a foreign acquisition. In addition, with respect to certain acquisitions and joint ventures, holders of minority interest in the acquired entities or ventures have the right at certain times to require Schein to acquire their interest at either fair market value or a formula price based on earnings of the entity.

Pursuant to a shareholders' agreement, certain minority shareholders of a subsidiary of Schein have advised Schein of their intention to exercise their option to sell their shares in the subsidiary to Schein. The value of the shares which will be put to Schein under the shareholders' agreement is estimated to be approximately $11.5 million and is expected to be payable in cash and term notes of approximately $3.0 million and $8.5 million, respectively. It is expected that the term notes will be payable upon demand at anytime within five years of issue, but no more than one-half after each of the first and second anniversaries of issue.

Schein's cash and cash equivalents as of March 29, 1997 of $16.9 million are invested primarily in short-term tax-exempt securities rated AAA by Moodys (or an equivalent rating). These investments have staggered maturity dates, none greater than three months, and have a high degree of liquidity since the securities are actively traded in public markets.

Schein entered into an amended revolving credit facility on January 31, 1997 that increased its main credit facility from $65.0 million to $100.0 million, extended the facility termination to January 30, 2002 and reduced the interest rate on Schein's borrowings under the facility. Borrowings under the credit facility were $19.5 million at March 29, 1997. Certain of Schein's subsidiaries have revolving credit facilities that total approximately $10.0 million under which $6.8 million have been borrowed at March 29, 1997.

Since December 28, 1996, Schein has acquired (i) in a "pooling of interests" transaction, all of the outstanding common stock of Dentrix, a provider of clinically-based dental practice management systems, with 1996 net sales of approximately $10.2 million, and (ii) in a purchase transaction, the business of Smith Holden, Inc., the longest operating dental supply company in the United States, with 1996 net sales of approximately $14.2 million. The aggregate purchase price for acquisitions completed in the first quarter of 1997 was approximately $32.8 million, payable $28.4 million in stock and $4.4 million in cash. Additionally, on March 7, 1997, Schein entered into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which Micro Bio-Medics, Inc. ("MBM") will merge into a wholly-owned subsidiary of Schein. As a result of the transaction, which has been approved by the Boards of Directors of MBM and Schein, each outstanding share of MBM's Common Stock will be exchanged at a fixed rate of 0.62 of a share of Schein's Common Stock.

The completion of the transaction is subject to the satisfaction of customary closing conditions, including, among others, MBM shareholder approval. The transaction is expected to be completed by mid-1997 although no assurances can be given in this regard.

The aggregate purchase price of the acquisitions completed during 1996 was approximately $38.8 million, payable $32.5 million in cash, $0.9 million in notes and $5.4 million in stock. The cash portion of the purchase price was primarily funded by proceeds from Schein's initial public offering, completed in November 1995, and a follow-on offering, completed in June 1996.

Schein believes that its cash and cash equivalents of $16.9 million as of March 29, 1997, its anticipated cash flow from operations, its ability to access public debt and equity markets and the availability of funds under its existing credit agreements will provide it with sufficient liquidity to meet its currently foreseeable short-term and long-term capital needs.

MBM CONSOLIDATED SELECTED HISTORICAL FINANCIAL INFORMATION

The following consolidated selected historical financial information with respect to MBM's financial position and its results of operations for each of the five years in the period ended November 30, 1996 set forth below has been derived from the audited consolidated financial statements of MBM, which have previously been filed with the SEC. The related financial information for the three months ended February 28, 1997 and February 29, 1996 have been derived from the unaudited statements of MBM and, in MBM's opinion, include all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the information. The results for the three month period ended February 28, 1997 are not necessarily indicative of the results that may be expected for the year ending November 30, 1997. The consolidated selected financial information presented below should be read in conjunction with such audited consolidated historical financial statements and related notes and the other information set forth in this Proxy Statement/Prospectus or incorporated herein by reference. See "MBM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS".

	YEARS ENDED NOVEMBER 30,				
	1996	1995	1994	1993	1992
STATEMENT OF OPERATIONS DATA:					
Net sales	$ 150,142,529	$ 119,873,764	$ 121,604,461	$ 73,951,410	$ 61,629,435
Cost of goods sold	119,205,502	94,307,143	94,923,689	56,347,353	47,287,409
Gross profit	30,937,027	25,566,621	26,680,772	17,604,057	14,342,026
Expenses:					
Selling, shipping and warehouse	17, 357,225	14,511,793	14,421,280	8,521,021	6,852,670
General and administrative	9,795,069	7,901,052	8,581,615	6,525,488	5,015,128
Interest and financing costs -net	719,198	1,238,887	1,044,257	502,329	289,355
Total expenses	27,871,492	23,651,732	24,047,152	15,548,838	12,157,153
Income before provision for income tax	3,065,535	1,914,889	2,633,620	2,055,219	2,184,873
Provision for income taxes	1,320,700	806,000	952,000	853,000	962,000
Income before cumulative effect of accounting change	1,744,835	1,108,889	1,681,620	1,202,219	1,222,873
Cumulative effect of accounting change for income taxes prior to 1994	--	--	(60,000)	--	--
Net income	$ 1,744,835	$ 1,108,889	$ 1,621,620	$ 1,202,219	$ 1,222,873
Earnings per common and common equivalent share before cumulative effect of accounting change	$ 0.31	$ 0.25	$ 0.37	$ 0.30	$ 0.41
Cumulative effect of accounting change for income taxes prior to 1994	--	--	(0.01)	--	--
Earnings per common and common equivalent share	$ 0.31	$ 0.25	$ 0.36	$ 0.30	$ 0.41
Average number of shares used to compute earnings per common and common equivalent share(1)	5,816,469	5,121,634	4,896,518	4,734,746	3,481,415
BALANCE SHEET DATA (AT PERIOD END):					
Dividends paid	None	None	None	None	None
Working Capital	$ 28,112,222	$ 29,965,266	$ 30,141,450	$ 20,965,370	$ 15,819,417
Long-Term Debt (net of current maturities)	8,714,567	17,270,062	19,381,239	9,584,684	9,410,079
Total Assets	60,443,816	51,135,712	54,461,087	32,784,234	27,934,060
Stockholders' Equity	31,391,765	21,064,152	18,067,056	16,193,524	10,461,736
Stockholders' Equity Per Share (1)	$ 5.40	$ 4.11	$ 3.69	$ 3.42	$ 3.01
Tangible Book Value Per Share (1)	$ 3.98	$ 3.14	$ 2.92	$ 3.13	$ 2.72

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(1) Includes additional shares assuming conversion of stock options and warrants utilizing the modified treasury stock method.

MBM CONSOLIDATED SELECTED HISTORICAL FINANCIAL INFORMATION

	THREE MONTHS ENDED	
	FEBRUARY 28, 1997	FEBRUARY 29, 1996
STATEMENT OF OPERATIONS DATA:		
Net sales	$ 38,004,627	$ 29,887,421
Cost of goods sold	30,670,850	23,591,909
Gross profit	7,333,777	6,295,512
Expenses:		
Selling, shipping and warehouse	4,501,452	3,823,293
General and administrative	2,355,750	2,006,500
Interest and financing costs--net	99,739	314,103
Total expenses	6,956,941	6,143,896
Income before provision for income tax	376,836	151,616
Provision for income taxes	158,300	63,700
Net income	$ 218,536	$ 87,916
Earnings per common and common equivalent share	$ 0.04	$ 0.02
Average number of shares used to compute earnings per common and common equivalent share	6,149,343	5,499,024
BALANCE SHEET DATA (AT PERIOD END):		
Dividends Paid	None	None
Working Capital	$ 26,382,739	
Long-term Debt (net of current maturities)	6,966,659	
Total Assets	60,588,092	
Stockholders' Equity	31,668,076	
Stockholders' Equity Per Share(1)	$ 5.15	
Tangible Book Value Per Share(1)	$ 3.75	

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(1) Includes additional shares assuming conversion of stock options and warrants utilizing the treasury stock method.

RESULTS OF OPERATIONS

For the three months ended February 28, 1997 net sales increased 27.2% from the three months ended February 29, 1996. The increase in net sales resulted from MBM's increased volume to hospitals, the acquisition of Stone Medical Supply Corporation ("Stone") and MBM's continuing effort to gain market penetration and sales volume from its existing customer base and the addition of new customers. For the three months ended February 28, 1997, the introduction of new products, changing prices and inflation had no material impact on MBM's operations.

For fiscal 1996, net sales increased 25.3%. The increase in net sales resulted from MBM's increased volume to hospitals, the acquisition of Stone and its continuing effort to gain market penetration and sales volume to its existing customer base and the addition of new customers.

For fiscal 1995, net sales decreased 1.4%. The decrease in net sales for the fiscal 1995 resulted in MBM's downsizing of unprofitable divisions acquired from Clark Surgical Corp. ("Clark") during the prior year. During 1996, 1995 and 1994, the introduction of new products, changing prices and inflation had no material impact on MBM's operations.

Net income for the three months ended February 28, 1997 was .6% of net sales, versus .3% of net sales for the three months ended February 29, 1996. The increase for the three months ended February 28, 1997 was due to increased sales volume to hospitals, MBM's acquisition of Stone during the prior year's quarter and lower interest expense as a result of lower interest rates charged by financial institutions and lower debt.

Net income for fiscal 1996 was 1.2% of net sales versus .9% of net sales in fiscal 1995. The increase for fiscal 1996 versus fiscal 1995 was due to increased sales volume to hospitals, MBM's acquisition of Stone, lower interest expense as a result of using the proceeds from the conversion of outstanding warrants to decrease long-term debt and decreases in the interest rates charged by financial institutions partially offset by a fourth quarter increase in provisions for estimated inventory obsolescence of approximately $400,000, net of taxes.

Net income for fiscal 1995 was .9% of net sales versus 1.3% of net sales in fiscal 1994. Net income before the cumulative effect of accounting change in 1994 was 1.4% of net sales. The decrease for fiscal 1995 versus fiscal 1994 was due to increased interest rates charged by financial institutions, the downsizing of unprofitable divisions acquired from Clark during the prior year, a decrease in the overall consolidated gross profit percentage and an increase in the effective income tax rate for 1995.

GROSS PROFIT/OPERATING EXPENSES

Gross profit for the three months ended February 28, 1997, expressed as a percent of net sales, decreased from 21.1% to 19.3% from the three months ended February 29, 1996 due to increased sales to hospitals and changes in the product mix.

Gross profit for fiscal 1996 was 20.6% of net sales versus 21.3% of net sales in fiscal 1995. The decrease in gross profit was a result of increased sales to hospitals and changes in MBM's product mix. Gross profit for fiscal 1995 was 21.3% of net sales versus 21.9% of net sales in fiscal 1994. The decrease in gross profit was a result of changes in MBM's product mix.

Selling, shipping and warehouse and general and administrative expenses, expressed as a percent of net sales, decreased 1.5% for the three months ended February 28, 1997 when compared to the prior period.

Selling, shipping and warehouse and general and administrative expenses expressed as a percent of net sales decreased .6% for fiscal 1996 as compared to fiscal 1995. Selling, shipping and warehouse and general and administrative expenses expressed as a percent of net sales decreased .2% for fiscal 1995 as compared to fiscal 1994.

INTEREST AND FINANCING COSTS (NET OF INTEREST INCOME)

Interest expense net of interest income for the three months ended February 28, 1997, expressed as a percent of net sales, decreased .8% from the three months ended February 29, 1996 as a result of using the proceeds from the conversion of outstanding warrants to decrease long-term debt and decreases in the interest rates charged by financial institutions.

Interest expense net of interest income expressed as a percent of net sales decreased .6% for fiscal 1996 when compared to the prior year as a result of using the proceeds from the conversion of outstanding warrants to decrease long-term debt and decreases in the interest rates charged by financial institutions. Interest expense net of interest income expressed as a percent of net sales increased .1% for fiscal 1995 when compared to the prior year as a result of increases in the interest rates charged by financial institutions.

LIQUIDITY AND CAPITAL RESOURCES

During the past three fiscal years and the fiscal quarter ended February 28, 1997, MBM continued to meet its cash needs via cash flow from operations and borrowings. During fiscal 1996, 1995 and 1994, MBM had an average of approximately $14,800,000, $10,500,000 and $11,000,000, respectively, of unused credit lines available each month over its normal operating requirements.

MBM's management believes that its working capital of approximately $26,400,000 at February 28, 1996 provides sufficient liquidity for its short and long-term requirements and that MBM's long-term liquidity is not materially affected by any restrictive covenants contained in MBM's Revolving Credit Agreement. Further, MBM's management believes that MBM should not experience a problem in connection with the maintenance of such covenants and that its $25,000,000 line of credit provides MBM with the resources it reasonably expects to require to meet its cash commitments through fiscal 1997.

For the three months ended February 28, 1997, MBM provided cash from operating activities. The increase in accounts payable of $2,041,623 and a decrease in accounts receivable of $584,520 over and above an increase in inventory of $1,866,774 contributed to MBM's cash. For the three months ended February 29, 1996, MBM provided cash from operating activities. The increase in accounts payable of $1,219,346 and a decrease in inventory of $310,648 over and above an increase in accounts receivable of $505,445 contributed to MBM's cash. During the three months ended February 28, 1997, MBM's financing activities used cash as a result of net repayments of $2,500,000 of the bank loan under its long-term credit agreement and $179,457 to repay other long-term debt. Cash of $931,549 was provided by entering into a capitalized lease agreement. During the three months ended February 29, 1996 MBM's financing activities used cash to repay $1,500,000 of the bank loan under its long-term credit agreement and $158,446 to repay other long-term debt. During the three months ended February 28, 1997 MBM's investing activities used cash for capital expenditures of $182,775 and $457,910 for payments of intangible assets. During the three months ended February 29, 1996, MBM's investing activities used cash for capital expenditures of $138,563 and $128,791 for payments of intangible assets.

For fiscal 1996, MBM had increased sales and profitability which generated cash from operating activities. An increase in accounts payable of $5,785,344 and $710,872 in accrued expenses over and above an increase in accounts receivable of $4,381,287, $1,198,068 in inventory and $159,254 in prepaid expenses contributed to MBM's generation of cash. During fiscal 1996, MBM's financing activities used cash as a result of net repayments of $7,000,000 of the bank loan under its long-term credit agreement and $603,532 to repay other long-term debt. Cash was provided from the exercise of warrants of $3,586,059 and an

additional $371,122 was provided from the proceeds of the exercising of employee stock options. For fiscal 1996, MBM used cash in investing activities to make capital expenditures of $664,433 and payments of intangible assets of $1,058,485.

For fiscal 1995, MBM had profits which generated cash from operating activities. A decrease in inventory of $3,130,709 and accounts receivable of $1,098,227 over and above a decrease in accounts payable of $3,462,612 and a net increase in prepaid expenses and prepaid income taxes of $358,452 contributed to MBM's generation of cash. During fiscal 1995, MBM's financing activities used cash as a result of net repayments of $150,000 of the bank loan under its long-term credit agreement and $419,952 of other long-term debt. Cash was provided from the exercise of warrants of $300,601 and an additional $197,606 was provided from the exercise of employee stock options. For fiscal 1995, MBM used cash in investing activities of $931,466 for certain net assets of business acquired, $788,330 for capital expenditures and $1,488,654 for payments of intangible assets.

For fiscal 1994, MBM had increased sales and profitability which generated cash flow from operating activities. An increase in accounts payable of $8,441,961 over and above increases in inventory of $2,506,516, accounts receivable of $1,055,450 and prepaid expenses of $265,042 contributed to MBM's generation of cash. During fiscal 1994, MBM's financing activities used cash as a result of net repayments of $3,224,695 of the bank loan under its long-term credit agreement and $380,085 of other long-term debt. Cash was provided from the exercise of warrants of $126,409 and an additional $125,503 was provided from the exercise of employee stock options. For fiscal 1994, MBM used cash in investing activities of $2,718,009 for certain net assets of businesses acquired, $713,484 for capital expenditures and $1,027,851 for payments of intangible assets. Cash of $1,000,000 was provided by the receipt of a note receivable. During 1994, MBM acquired the business and certain assets of Clark through an increase in MBM's line-of-credit and the use of same.

TERMS OF THE MERGER AGREEMENT

THE FOLLOWING DESCRIPTION OF CERTAIN PROVISIONS OF THE MERGER AGREEMENT IS ONLY A SUMMARY AND DOES NOT PURPORT TO BE COMPLETE. THIS DISCUSSION IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE COMPLETE TEXT OF THE MERGER AGREEMENT, WHICH IS ATTACHED TO THIS PROXY STATEMENT/PROSPECTUS AS ANNEX I AND INCORPORATED BY REFERENCE HEREIN.

THE MERGER; EXCHANGE AND CONVERSION OF SHARES

Pursuant to and subject to the terms and conditions of the Merger Agreement, at the Effective Time Merger Sub will be merged with and into MBM. MBM will be the surviving corporation in the Merger (the "Surviving Corporation"). Each outstanding share of MBM Common Stock, other than shares as to which the holders have perfected their appraisal rights, shall automatically be converted into the right to receive 0.62 (the "Exchange Ratio") of a share of Schein Common Stock, payable upon the surrender of the certificates formerly representing such share of MBM Common Stock. All shares of MBM Common Stock that are held in MBM's treasury shall be canceled and retired prior to the Effective Time and no securities of Schein or other consideration shall be delivered in exchange therefor.

Dissenting holders of shares of MBM Common stock who perfect their appraisal rights under Section 623 of the NYBCL will be entitled to payment by the Surviving Corporation of the appraised value of such shares to the extent permitted by and in accordance with Section 623 of the NYBCL. (See "THE MERGER - -- Appraisal Rights").

Based on the number of shares of MBM Common Stock outstanding as of the Record Date, approximately 3,200,910 shares of Schein Common Stock will be issued in the Merger (without taking into account the shares of Schein Common Stock that will be issuable upon the exercise of options or warrants to purchase shares of MBM Common Stock as described in "--Treatment of MBM Stock Options and

Warrants"), representing approximately 11.9% of the shares of Schein Common Stock to be outstanding immediately after the Effective Time.

No fractional shares of Schein Common Stock will be issued in connection with the Merger. If a holder of shares of MBM Common Stock would otherwise be entitled at the Effective Time to a fraction of a share of Schein Common Stock, such stockholder will be entitled to receive from the Exchange Agent an amount in cash in lieu of such fractional share of MBM Common Stock, determined by multiplying (i) the fractional interest to which such holder would otherwise be entitled and (ii) the average of the per share closing prices for Schein Common Stock on the Nasdaq National Market for the five trading days immediately preceding the Effective Time. In no event shall a holder of MBM Common Stock receive cash in lieu of fractional shares of Schein Common Stock in an amount greater than the value of one full share of Schein Common Stock. The payment of cash in lieu of fractional shares is solely for purpose of avoiding the expense and inconvenience to Schein of issuing fractional shares and does not represent separately bargained-for consideration.

EXCHANGE OF SHARE CERTIFICATES

At the Effective Time, certificates representing shares of MBM Common Stock ("MBM Certificates") will be deemed to represent solely the right to receive the number of shares of Schein Common Stock, or the amount of cash in lieu of any fractional shares of Schein Common Stock, determined as described above. Until shares of MBM Common Stock are converted into shares of Schein Common Stock, such shares of MBM Common Stock will have no voting rights with respect to matters considered by Schein's stockholders.

As soon as practicable after the Effective Time, Schein will cause the Exchange Agent to mail or make available a notice and letter of transmittal to each holder of record of shares of MBM Common Stock at the Effective Time, specifying that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the MBM Certificates to the Exchange Agent, and advising such record holder of the procedures for surrendering to the Exchange Agent any MBM Certificates for exchange.

Each holder of shares of MBM Common Stock so converted, upon surrender to the Exchange Agent of one or more MBM Certificates for cancellation together with a properly completed letter of transmittal, will be entitled to receive (i) a certificate representing 0.62 of a share of Schein Common Stock with respect to each share of MBM Common Stock and (ii) cash in lieu of any fractional shares of Schein Common Stock, in an amount calculated as described above after giving effect to any tax withholdings. In the event of a transfer of ownership of MBM Common Stock which is not registered in the transfer records of MBM, a certificate representing the proper number of shares of Schein Common Stock may be issued to the transferee if the MBM Certificate representing such MBM Common Stock is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer, and by evidence that any applicable stock transfer taxes have been paid.

No dividends or other distributions declared on shares of Schein Common Stock, if any, will be paid to persons entitled to receive certificates representing shares of Schein Common Stock until such persons surrender their MBM certificates. Upon such surrender, there shall be paid, without interest, to the person in whose name the certificates representing such shares of Schein Common Stock shall be issued, all dividends and other distributions payable with respect to such securities which have a record date after the Effective Time and shall have become payable between the Effective Time and the time of such surrender. It is not anticipated that Schein will pay cash dividends in the foreseeable future. See "COMPARATIVE STOCK PRICES AND DIVIDENDS."

Six months after the Effective Time, the Exchange Agent shall deliver to the Surviving Corporation all cash, certificates and other documents in its possession relating to the Merger, and any holders of MBM Common Stock who have not surrendered their certificates shall look only to the Surviving Corporation for

any shares of Schein Common Stock, any dividends or distributions thereon, and any cash in lieu of fractional shares to which they are entitled. Notwithstanding the foregoing, neither the Exchange Agent nor any party to the Merger Agreement shall be liable to a holder of MBM Common Stock for any shares of Schein Common Stock, any dividends or distributions thereon or any cash in lieu of fractional shares delivered to a public official pursuant to applicable abandoned property laws.

TREATMENT OF MBM STOCK OPTIONS AND WARRANTS

At the Effective Time, each outstanding option and warrant to purchase MBM Common Stock shall be assumed by Schein and converted automatically into an option ("Converted Option") or a warrant ("Converted Warrant"), as the case may be, to purchase shares of Schein Common Stock in an amount and at an exercise price determined as follows: (a) The number of shares of Schein Common Stock to be subject to such Converted Option or Warrant shall be equal to the product of the number of shares of MBM Common Stock remaining subject to the original option or warrant and the Exchange Ratio, provided that any fractional shares of Schein Common Stock resulting from such multiplication shall be rounded down to the nearest share; and (b) The exercise price per share of Schein Common Stock under such Converted Option or Warrant shall be equal to the exercise price per share of MBM Common Stock under the original option or warrant divided by the Exchange Ratio, provided that such exercise price shall be rounded down to the nearest cent.

After the Effective Time, each Converted Option and Converted Warrants shall be exercisable and shall vest upon the same terms and conditions as were applicable to the related MBM stock option plans immediately prior to the Effective Time, except that all references to MBM shall be deemed to be references to Schein. Schein shall file with the SEC a registration statement on Form S-8 (or other appropriate form) and shall take any action required under state securities "blue sky" laws for purposes of registering all shares of Schein Common Stock issuable after the Effective Time upon exercise of the Converted Options. This Proxy Statement/Prospectus also relates to up to 6,200 shares of Schein Common Stock issuable upon exercise of the Converted Warrants.

EACH VOTE BY A HOLDER OF MBM COMMON STOCK IN FAVOR OF THE MERGER SHALL BE DEEMED TO BE A VOTE BY SUCH HOLDER IN FAVOR OF THE CONVERSION OF THE OUTSTANDING OPTIONS TO PURCHASE MBM COMMON STOCK FOR THE PURPOSES OF ALL SHAREHOLDER CONSENT REQUIREMENTS UNDER APPLICABLE LAW.

EFFECTIVE TIME

The Effective Time of the Merger, at which time the closing of the Merger will occur and the conversion of the shares of MBM Common Stock will become effective, will be the time of the filing of a Certificate of Merger with the Secretary of State of the State of New York or at such later time as is provided in the Certificate of Merger. This filing will occur as soon as practicable following the approval of the Merger Agreement by the shareholders of MBM and the satisfaction or waiver of other conditions precedent set forth in the Merger Agreement. The Effective Time is currently expected to take place on or about August 1, 1997. See "--Termination Rights" and "--Conditions to the Merger".

TERMINATION RIGHTS

1. The Merger Agreement may be terminated at any time prior to the Effective Time by mutual consent of MBM, on the one hand, and of Schein, on the other hand, or by either Schein or MBM, if:

(a) the Merger is not consummated before September 30, 1997, or the approval of shareholders of MBM shall not have been obtained (unless such failure to consummate the Merger or to obtain such shareholder approval is caused by the act or omission of the party seeking to terminate the Merger Agreement, which act or omission constitutes a breach of the Merger Agreement); or

(b) there is any law or regulation of any competent authority that makes consummation of the Merger illegal or otherwise prohibited or if any judgment, injunction, order or decree of any competent authority prohibiting such transaction is entered and such judgment, injunction, order or decree has become final and nonappealable (provided that the party seeking to terminate the Merger Agreement has used all reasonable efforts to remove such injunction or overturn such action); or

(c) there is a material breach of any covenant or a breach of any representation or warranty in the Merger Agreement on the part of the other, which breach of representation or warranty, individually or together with all other such breaches, materially and adversely affects the financial condition, results of operations, business, assets, liabilities, prospects or properties of the breaching party; or

(d) there is a breach in any material respect of any of the covenants or agreements set forth in the Merger Agreement which is not cured within 30 business days following receipt by the breaching party of notice of such breach.

2. The Merger Agreement may be terminated by MBM if such termination is necessary to allow MBM to enter into an Acquisition Transaction (as defined below in "--No Solicitation of Other Offers") with any corporation, partnership, person, group or entity (the "Acquiring Person"). MBM may enter into such Acquisition Transaction only if (i) the Board of Directors of MBM determines in good faith by a majority vote, after consultation with its financial advisor, Houlihan Lokey, and after reviewing the advice of outside counsel to MBM, that the Acquisition Transaction is more favorable to the shareholders of MBM than the Merger with Schein and that such action is required by the fiduciary duties of the Board of Directors; and, (ii) prior to taking such action, MBM provides reasonable notice to Schein (see "No Solicitation of Other Offers").

3. The Merger Agreement may be terminated by Schein if:

(a) the Board of Directors of MBM (i) withdraws or amends or modifies in a manner materially adverse to Schein or Merger Sub its recommendation or approval in respect to the Merger Agreement or the Merger, (ii) makes any recommendation with respect to an Acquisition Transaction other than a recommendation to reject such Acquisition Transaction, or (iii) directly or indirectly solicits, initiates, facilitates or encourages any inquiries or the making of any proposal with respect to an Acquisition Transaction, or enters into any agreement with respect to such Acquisition Transaction or which would require it to abandon, terminate or fail to consummate the Merger or any transaction contemplated by the Merger Agreement; or

(b) any Acquiring Person other than Schein or any affiliate or subsidiary of Schein becomes the beneficial owner of more than 20% of the outstanding voting equity of MBM (either on primary or a fully diluted basis); provided, however that "Acquiring Person" shall not include any corporation, partnership, person, other entity or group which beneficially owned as of March 7, 1997 (either on a primary or fully diluted basis) more than 20% of the outstanding voting equity of MBM and which has not after March 7, 1997 increased such ownership percentage by more than an additional 1% of the outstanding voting equity of MBM; or

(c) any other Acquisition Transaction occurs with any Acquisition Person other than Schein, or any affiliate or subsidiary of Schein; or

(d) the meeting of shareholders of MBM to vote upon the Merger Agreement is canceled or is otherwise not held prior to August 31, 1997 (except as a result of a judgment, injunction, order or decree of any competent authority or event or circumstances beyond the reasonable control of MBM).

4. Upon termination, the Merger Agreement shall become void and have no effect, and there shall be no liability thereunder on the part of Schein, Merger Sub or MBM, except as provided below:

(a) the provisions governing access and information, expenses and recruitment shall survive any termination of the Merger Agreement;

(b) if Schein terminates the Merger Agreement under the circumstances described in paragraph 1(c), 1(d) or 3(d) above, then MBM shall pay to Schein as liquidated damages and not as penalty three million dollars; if MBM terminates the Merger Agreement under the circumstances described in paragraph 1(c) or 1(d) above, then Schein shall pay to MBM as liquidated damages but not as a penalty three million dollars.

(c) if Schein terminates the Merger Agreement in accordance with paragraphs 3(a), 3(b), or 3(c) above, or if either Schein or MBM terminates the Merger Agreement under the circumstances described in paragraph 1(a) above, or if Schein terminates under the circumstances described in paragraph 1(c), 1(d) or 3(d) above and within one year after any termination described in paragraph 1(a), 1(c), 1(d) or 3(d) above MBM enters into a definitive agreement or has consummated an Acquisition Transaction, or if MBM terminates the Merger Agreement under the circumstances described in paragraph 2 above, then MBM shall promptly pay Schein a termination fee of five million dollars, plus an amount equal to Schein's out-of-pocket expenses incurred in connection with the Merger Agreement and related transactions, including legal, professional and service fees and expenses (the "Expenses Amount"); provided that any liquidated damage amounts previously paid by MBM to Schein (described in paragraph 4(b) above) shall be credited against such termination fee.

CERTAIN FEES AND EXPENSES

Except as provided in "Termination Rights" above, whether or not the Merger is consummated, all costs and expenses incurred in connection with the Merger, the Merger Agreement and the transactions contemplated thereby shall be paid by the party incurring such costs and expenses, except that (i) the filing fee in connection with filings under the HSR Act, (ii) the expenses incurred in connection with printing the Registration Statement and the Proxy Statement and (ii) the filing fee with the SEC relating to the Registration Statement or the Proxy Statement will be shared equally by Schein and MBM.

CONDITIONS TO THE MERGER

The parties' obligations to effect the Merger are subject to the satisfaction or waiver at or prior to the Effective Time of various conditions, including: (i) approval of the Merger Agreement by the requisite holders of the MBM Common Stock in accordance with applicable law; (ii) any waiting period (and any extension thereof) under the HSR Act applicable to the Merger having expired or been terminated; (iii) no preliminary or permanent injunction or other order having been issued by any court or by any governmental or regulatory agency, body or authority which enjoins, restrains or prohibits the consummation of the Merger or has the effect of making the Merger illegal and which is in effect at the Effective Time (each party has agreed to use its best efforts to have any such injunction or order lifted); (iv) the absence of any statute, rule, regulation, executive order, decree or order of any kind which prohibits the consummation of the Merger or has the effect of making the Merger illegal; (v) the authorization of the shares of Schein Common Stock issuable to the holders of MBM Common Stock for listing on the Nasdaq National Market; (vi) the effectiveness of the Registration Statement and the absence of any stop order or proceeding for a stop order; (vii) other than the filings of Merger documents in accordance with the NYBCL, all authorizations, consents or waivers having been obtained from any government bodies and authorities which are required in order to consummate the Merger and the other transactions contemplated by the Merger Agreement and the failure to obtain which would have a material adverse effect on the condition (financial or otherwise) of Schein and its subsidiaries taken as a whole after giving effect to the Merger; Schein shall have received all state securities or "blue sky" permits and other authorizations

necessary to issue the shares of Schein Common Stock; (viii) MBM having received an opinion in form and substance satisfactory to it from Cummings & Lockwood, special tax counsel to MBM, to the effect that the Merger will be treated for United States Federal income tax purposes as a reorganization with the meaning of Section 368(a) of the Code; and (ix) no general suspension or limitation of trading having been imposed on Schein Common Stock or on securities generally on the Nasdaq National Market;

Further conditions precedent to the obligations of Schein and Merger Sub to effect the Merger are: (i) the aggregate effect of all inaccuracies in the representations and warranties of MBM having no material and adverse effect on the value of MBM and its subsidiaries taken as a whole, and the representations and warranties of MBM that are qualified with reference to a material adverse effect on the value of MBM or its subsidiaries being true and correct; (ii) the performance in all material respects of all obligations of MBM contained in the Merger Agreement to be performed by it prior to the Effective Time; (iii) all persons who are "affiliates" of MBM for purposes of Rule 145 under the Securities Act having delivered a written agreement in form and substance satisfactory to Schein with respect to Rule 145 of the Securities Act and the pooling of interests requirements; (iv) Schein having received opinions from BDO Seidman, LLP and Miller, Ellin & Company, stating that the Merger qualifies for "pooling of interests" treatment for financial reporting purposes in accordance with GAAP; (v) Schein and Merger Sub having received letters of resignation addressed to MBM from the members of MBM's board of directors other than Bruce Haber, which resignations shall be effective as of the Effective Time; (vi) the aggregate number of shares of MBM Common Stock as to which appraisal rights are exercised not constituting more than 9% of the number of shares of MBM Common Stock outstanding as of immediately prior to the Effective Time; (vii) Schein having received opinions of Otterbourg, Steindler, Houston & Rosen, P.C. and Lester Morse, P.C.; and (viii) MBM's 1996 Directors' Retirement Plan having been terminated and neither MBM, Schein nor any of their respective subsidiaries having any liability or obligation to any person arising under or in respect of such plan.

Further conditions precedent to the obligations of MBM to effect the Merger are: (i) the aggregate effect of all inaccuracies in the representations and warranties of Schein having no material and adverse effect on the value of Schein, and the representations and warranties of Schein that are qualified with reference to a material adverse effect on the value of Schein being true and correct; (ii) the performance in all material respects of all obligations of Schein and Merger Sub contained in the Merger Agreement to be performed or complied with prior to the Effective Time; and (iii) MBM having received an opinion of Proskauer Rose LLP.

The waiver by MBM or Schein of any of the conditions to the consummation of the Merger that may be deemed to be material to a holder of MBM Common Stock in deciding whether to vote in favor of or against the Merger may require a resolicitation of the shareholders of MBM for the purpose of approving the Merger with such waiver. Neither MBM nor Schein, however, currently anticipates waiving any material conditions to its obligation to consummate the Merger.

REPRESENTATIONS AND WARRANTIES

The Merger Agreement contains various customary representations and warranties relating to, among other things, (i) each of MBM's and Schein's organization, capital structure and similar corporate matters, (ii) the financial statements of each of MBM and Schein, (iii) the authorization of the Merger Agreement by each of MBM and Schein and related matters, (iv) the absence of any conflicts under charters or by-laws, receipt of required consents or approvals, and absence of violations of any instruments or law, (v) documents filed by MBM and Schein with the SEC and the accuracy of information contained therein, (vi) the absence of a material adverse change in the business, properties, assets, liabilities, operations, results of operations or condition (financial or otherwise) of MBM and its subsidiaries taken as a whole and Schein and its subsidiaries taken as a whole, each since certain specified dates, (vii) in the case of MBM, Employee Benefit Plans and ERISA matters, (viii) in the case of MBM, certain environmental matters, (x) litigation, (xi) compliance with law, (xii) in the case of MBM, the shareholders' vote required

and (xiii) broker's or finder's fees. The representations and warranties in the Merger Agreement (other than those relating to broker's or finder's fees) will not survive the Effective Time.

INDEMNIFICATION; OFFICERS' AND DIRECTORS' LIABILITY INSURANCE

MBM, the surviving corporation in the Merger, for a period of six years commencing at the Effective Time, will indemnify the directors, officers or employees of MBM with respect to acts and omissions occurring through the Effective Time, to the extent permitted by law and MBM's Certificate of Incorporation or By-Laws, and regardless of whether Schein or the Surviving Corporation is insured against any such matter. The Surviving Corporation or Schein shall maintain directors' and officers' liability insurance policies providing coverage of an aggregate amount of at least $10,000,000 and with a carrier(s) having a Best rating at least equal to the Best rating of the current carrier(s) covering directors and officers of MBM serving as of or after December 1, 1990 with respect to acts and omissions occurring prior to the Effective Time.

CERTAIN COVENANTS OF MBM

MBM has agreed, among other things, that during the period from the date of the Merger Agreement until the Effective Time, MBM and its subsidiaries will conduct their operations in all material respects in the ordinary and usual course and will use their reasonable efforts to preserve intact their business organizations, to keep available the services of its present officers and key employees, and preserve the goodwill of those having business relationships with it. MBM has also agreed that neither it nor any of its subsidiaries will during such period (i) make any change in or amendment to its charter or by-laws; (ii) split, combine or reclassify any shares of its outstanding capital stock; (iii) declare, set aside or pay any dividend or other distribution in cash, stock or property; (iv) redeem or otherwise acquire any shares of its capital stock or shares of the capital stock of any of its subsidiaries; (v) sell any shares of, or options, warrants or other rights to acquire or convertible into any shares of, their capital stock, except for the issuance of shares of MBM Common Stock upon the exercise of MBM stock options and warrants outstanding on the date of the Merger Agreement, or amend any outstanding MBM stock option, MBM warrant or other right, except that MBM may amend the terms of certain MBM stock options annexed to the Merger Agreement under the heading "1987 Plan" to provide that the holders thereof may exercise such options prior to their expiration dates regardless of whether such holders are then serving as directors of MBM; (vi) merge or consolidate with another entity; (vii) acquire or purchase an equity interest in or a substantial portion of the assets of another corporation, partnership or other business organization (except for such potential acquisition, and on substantially such terms, as have been described in a letter executed and delivered by MBM and Schein simultaneously with the execution and delivery of the Merger Agreement and provided that MBM keeps Schein informed as to the status of all negotiations with respect thereto (including any termination of such negotiations) and gives Schein prior notice of the consummation of any such acquisition and the signing of any agreement with respect thereto) or otherwise acquire any assets outside the ordinary and usual course of business and consistent with past practice or otherwise enter into any material contract, commitment or transaction outside the ordinary and usual course of business consistent with past practice; (vii) sell, lease, license, waive, release, transfer, encumber or otherwise dispose of any of its assets outside the ordinary and usual course of business and consistent with past practice; (viii) incur, assume or prepay any material indebtedness or any other material liabilities other than in the ordinary course of business and consistent with past practice; (ix) assume, guarantee, endorse or otherwise become liable or responsible for the obligations of any other person other than a subsidiary of MBM or customers, in each case in the ordinary course of business and consistent with past practice; (x) make, extend or modify in any material respect any loans, advances or capital contributions to, or investments in, any other person, other than to subsidiaries of MBM or loans to employees of MBM or any of its subsidiaries, in an aggregate amount not exceeding $25,000, for such reasons, and on such terms and conditions, as are consistent with past practice; (xi) authorize or make capital expenditures in excess of certain amounts; (xii) permit any insurance policy naming MBM or any of its subsidiaries a beneficiary or a

loss payee to be canceled or terminated other than in the ordinary course of business; (xiii) adopt, enter into, terminate or amend (except as may be required by applicable law) any MBM arrangement for the current or future benefit or welfare of any director, officer or current or former employee; (xiv) increase in any manner the compensation or fringe benefits of, or pay any bonus to, any director, officer or employee (except for normal increases in compensation in the ordinary course of business consistent with past practice and accrued and unpaid bonuses in respect of MBM's fiscal year ended November 30, 1996 that are consistent with past practice and have been properly accrued and reflected on MBM's books and records); (xv) take any action to fund or in any other way secure, or to accelerate or otherwise remove restrictions with respect to, the payment of compensation or benefits under any employee plan, stock option plan, agreement, contract, or arrangement; (xvi) take any action with respect to, or make any material change in, its accounting or tax policies or procedures, except as required by law or to comply with GAAP; (xvii) take any action which would jeopardize the treatment of Schein's acquisition of the MBM as a "pooling of interests" for accounting purposes; or (xviii) take any action which would jeopardize qualification of the Merger as a reorganization within the meaning of Section 368(a) of the Code. In addition, MBM, acting through its Board of Directors, shall promptly call, give notice and as soon as practicable following the date of effectiveness of the Registration Statement of which this Proxy Statement/ Prospectus is a part, hold a meeting of the MBM Shareholders for the purpose of voting to approve and adopt the Merger Agreement and the transactions contemplated thereby.

CERTAIN COVENANTS OF SCHEIN

Schein has agreed that during the period from the date of the Merger Agreement until the Effective Time, unless MBM shall otherwise agree in writing, Schein shall conduct its business and the business of its subsidiaries in a manner designed, in the good faith judgment of its Board of Directors, to enhance the long-term value of the Schein Common Stock and the business prospects of Schein and its subsidiaries. Schein has also agreed that neither Schein nor any of its subsidiaries shall (i) issue or sell any shares of, or options, warrants or other rights to acquire or convertible into any shares of, its capital stock, except for shares of Schein Common Stock upon the exercise of Schein stock options, warrants or other rights outstanding as of March 7, 1997 or upon the exercise of options, warrants or other rights described in the immediately following clause; (ii) issue options, warrants or other rights pursuant to existing employee benefit plans or arrangements other than in a manner consistent with past practice; (iii) issue shares of Schein Common Stock other than in connection with arms' length acquisitions with non-affiliates; and (iv) split, combine or reclassify any shares of its outstanding capital stock, or declare, set aside or pay any dividend or other distribution payable in cash, stock or property, amend its charter, bylaws or other organizational documents, or redeem or otherwise acquire any shares of its capital stock. In addition, Schein will use its reasonable best efforts to cause the shares of Schein Common Stock (as well as the shares of Schein Common Stock issuable afer the Effective Time upon exercise of Schein stock options) to be listed for quotation and trading on the Nasdaq National Market.

CERTAIN COVENANTS OF MBM AND SCHEIN

Prior to the Effective Time, each of MBM and Schein and their respective subsidiaries have agreed that they will afford to the other and to the other's representatives reasonable access to its properties, books and records during normal business hours and to furnish a copy of each report or document filed or received by it pursuant to the requirements of federal securities laws. Unless otherwise required by law, each of MBM and Schein agrees that it (and its respective subsidiaries and representatives) shall hold in confidence all non-public information so acquired in accordance with the terms of the confidentiality agreement between Schein and MBM executed in November 1996. In addition, both MBM and Schein have agreed to cooperate in filing the Registration Statement of which this Proxy Statement/Prospectus is a part and to use their best efforts to procure its effectiveness.

NO SOLICITATION OF OTHER OFFERS

Prior to the Effective Time, MBM agrees that neither it, any of its subsidiaries or its affiliates, nor any of the respective directors, officers, employees, affiliates, agents or representatives of the foregoing (including, without limitation, any investment banker, attorney or accountant retained by MBM or any of its subsidiaries) will, directly or indirectly, facilitate any inquiries or the making of any proposal with respect to any merger, consolidation or other business combination involving MBM or any subsidiary of MBM or the acquisition of all or any significant assets or capital stock of MBM or any subsidiary of MBM taken as a whole (an "Acquisition Transaction") or negotiate, explore or otherwise engage in discussions with any corporation, partnership, person, other entity or group (other than Schein and its representatives) with respect to any Acquisition Transaction, or enter into any agreement with respect to any such Acquisition Transaction or which would require it to fail to consummate the Merger or any other transaction contemplated by the Merger Agreement; provided, however, that (i) MBM may, in response to an unsolicited written proposal from a third party, furnish information to and engage in discussions with such third party (subject to the following conditions), and (ii) the Board of Directors of MBM may withdraw or modify its approval or recommendation of the Merger Agreement or the Merger, approve any Acquisition Transaction, or cause MBM to enter into any agreement with respect to any Acquisition Transaction (subject to the following conditions), in each case only if the Board of Directors of MBM determines in good faith, after consultation with its outside counsel and financial advisor, that such action is reasonably likely to be required by the fiduciary duties of the Board of Directors and, prior to taking such action, MBM (x) provides reasonable notice to Schein to the effect that it is taking such action and (y) receives from the Acquiring Person (and delivers to Schein) a confidentiality agreement in a customary form.

MBM agrees that it, its subsidiaries and affiliates, and respective directors, officers, employees, agents and representatives of the foregoing, shall immediately cease and cause to be terminated any existing activities, discussions or negotiations with any third party with respect to any Acquisition Transaction. MBM will immediately advise Schein of any terms of any inquiries received by, proposals from, negotiations, or discussions with a third party with respect to an Acquisition Transaction, including the identity of such third party, and update on an ongoing basis or upon Schein's request, the status thereof, as well as any actions taken or other developments. In no event shall MBM (i) disclose any information received by it or any of its directors, officers, employees, agents or representatives pursuant to the Confidentiality Agreement or any other confidentiality or other similar agreement between MBM and Schein to any person in violation of such agreement and (ii) be obligated to disclose to Schein any confidential information provided to MBM by any third party in violation of any confidentiality agreement between MBM and such third party.

AMENDMENTS

Any provision of the Merger Agreement may be amended or waived in writing by the appropriate parties thereto before the Effective Time (notwithstanding any stockholder approval), provided that after any such stockholder approval, no such amendment or waiver shall be made which by law requires further approval by such stockholders without such further approval.

COMPARISON OF STOCKHOLDER RIGHTS

GENERAL

If the Merger is consummated, shareholders of MBM will become holders of Schein Common Stock, which will result in their rights as shareholders being governed by the laws of the State of Delaware (rather than the law of New York which governs their rights as shareholders of MBM) and by Schein's Amended and Restated Certificate of Incorporation (the "Schein Certificate") and Amended and Restated By-Laws (the "Schein By-Laws") (rather than MBM's Certificate of Incorporation, as amended (the "MBM Certificate") and By-Laws, as amended (the "MBM By-Laws")). It is not practical to describe all the differences between Delaware law and New York law and between the Schein Certificate and Schein By-Laws and the MBM Certificate and MBM By-Laws. The following is a summary of certain differences which may affect the rights of shareholders of MBM. This summary is qualified in its entirety by reference to the full text of such documents. For information as to how such documents may be obtained, see "Available Information." Holders of MBM Common Stock should also consider the information set forth in "RISK FACTORS --Control by Insiders" in reviewing the following.

AUTHORIZED CAPITAL STOCK

The authorized capital stock of Schein consists of 61,000,000 shares, consisting of 60,000,000 shares of Common Stock having a par value of $.01 per share and 1,000,000 shares of preferred stock having a par value of $.01 per share. As of the Record Date, approximately 23,570,819 shares of Schein Common Stock and no shares of Schein's preferred stock were outstanding. Holders of Schein Common Stock or preferred stock do not have preemptive rights.

The authorized capital stock of MBM consists of 21,000,000 shares, consisting of 20,000,000 shares of Common Stock having a par value of $.03 per share, and 1,000,000 shares of preferred stock, having a par value of $1.00 per share. As of the Record Date, 5,162,759 shares of MBM Common Stock and no shares of MBM's preferred stock were outstanding. Holders of MBM Common Stock or preferred stock do not have preemptive rights.

Under both the MBM Certificate and the Schein Certificate, the Board of Directors is authorized, subject to certain limitations by law, without further stockholder approval, to issue from time to time up to an aggregate of 1,000,000 shares of preferred stock in one or more series with such designations and such powers, preferences and rights, and such qualifications, limitations or restrictions as the Board may fix by resolution. Unless otherwise provided by board resolution, the consent of holders of any class or series of Preferred Stock shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock. The Schein Certificate provides that no dividend may be declared on any series of Preferred Stock unless a dividend is declared on all shares of Preferred Stock of each other series entitled to cumulative dividend, then outstanding, which rank senior to or equally as to dividends with the series in question, and the MBM Board may provide for such priority in the payment of dividends in any series of preferred stock that it may designate. Neither Schein nor MBM anticipates paying cash dividends in the foreseeable future.

DIRECTORS

The Schein Certificate currently provides that the Schein Board will consist of between five and eleven directors through December 31, 1998; thereafter the number of directors will be nine. A proposed amendment to the Schein Certificate and a conforming change to Schein's By-Laws (collectively, the "Proposed Amendment") will be submitted for shareholder approval on July 15, 1997. The Proposed Amendment would, among other things, provide for a Schein Board consisting of from five to 19 directors, with the actual number of directors being fixed from time to time by resolution of the Board of Directors, and that there shall not be fewer than five directors. The Schein By-Laws provide that a majority of the total number of directors constitutes a quorum for the transaction of business. In addition, the Schein By-

Laws provide that a vacancy among the directors occurring for any reason may be filled by the affirmative vote of a majority of the directors then in office, although less than a quorum of the Board of Directors. In addition, the Schein By-Laws provide that any director may be removed with or without cause by the vote of the holders of at least two-thirds of the shares entitled to vote at a special meeting of the stockholders called for that purpose.

The MBM By-Laws provide that the MBM Board will consist of three directors, unless otherwise determined by vote of a majority of the entire MBM Board. By unanimous written consent, the MBM Board has determined that the number of directors will be four. A majority of MBM's directors constitutes a quorum for the transaction of business. A vacancy among the directors occurring between annual meetings of the shareholders shall be filled for the unexpired term by a majority of the vote of the remaining directors, even though less than a quorum exists. Any directors may be removed by a vote of the shareholders at any meeting called for such purpose.

The Proposed Amendment would give the Schein Board the flexibility to add one or more additional qualified individuals as directors without the need for a vacancy to exist as a result of the death, disability, removal or resignation of a current director. If the Proposed Amendment is adopted, Schein anticipates that this flexibility be used to appoint Bruce Haber, the President and Chief Executive Officer of MBM, to the Schein Board pursuant to the new employment agreement. See "THE MERGER--Interests of Certain Persons in the Merger".

ANNUAL AND SPECIAL MEETINGS OF SHAREHOLDERS

Under the NYBCL and the Delaware General Corporation Law (the "DGCL"), special meetings of shareholders may be called by the board of directors and by such other person or persons authorized to do so by the corporation's certificate of incorporation or by-laws. The Schein Certificate provides that special meetings of stockholders may be called by the Chairman of the Board, the Board of Directors or by stockholders holding more than 10% of the outstanding shares entitled to vote. The MBM By-Laws provide that special meetings of shareholders may be called by the Board of Directors or the President, and must be called by the President at the request in writing by shareholders owning a majority of the outstanding shares entitled to vote. Consequently, it is easier for stockholders of Schein to call a special meeting than it is for the shareholders of MBM.

The NYBCL provides that if, for a period of one month after the date fixed by or under the by-laws for the annual meeting of shareholders, or if no date has been fixed for a period of 13 months after the last annual meeting, there is a failure to elect a sufficient number of directors to conduct the business of the corporation, the board of directors shall call a special meeting for the election for directors. If the board fails to call such meeting within 14 days of expiration of that period of time, or if it is so called but there is a failure to elect such directors for a period of two months after the expiration of such period, the holders of 10% of the shares entitled to vote in an election of directors may demand the call of a special meeting for the election of directors. Under the DGCL, if an annual meeting is not held within 30 days of the date designated for such a meeting, or is not held for a period of 13 months after the last annual meeting, the Delaware Court of Chancery may summarily order a meeting to be held upon the application of any stockholder or director. In both New York and Delaware, the number of shares represented at such meeting constitutes a quorum without regard to other provisions of law.

Under the NYBCL and the DGCL, unless the certificate of incorporation provides otherwise, a majority of the shares entitled to vote constitutes a quorum, and shareholder action is generally by majority vote, except that directors are elected by a plurality vote and the NYBCL requires the vote of at least 66 2/3% of the outstanding shares in connection with certain mergers, consolidations and sales of assets (see "-- Mergers and Business Combinations; Sales of Assets"). The Schein Certificate and Schein By-Laws provide that a majority of the shares entitled to vote constitutes a quorum, and all action may be authorized by the vote of the majority of shares entitled to vote, unless otherwise provided in the Schein

By-Laws or Schein Certificate. The Schein Certificate requires the affirmative vote of two-thirds of all outstanding shares entitled to vote to remove directors, 60% of all outstanding shares entitled to vote to approve certain mergers and sales of assets, 60% of the outstanding shares entitled to vote to amend or repeal the section of the Schein Certificate regarding mergers and sales of assets, and 80% of all outstanding shares entitled to vote to amend or repeal the sections of the Schein Certificate regarding (i) the number, election and powers of directors and (ii) the number of votes to which each share of Common Stock is entitled. The Proposed Amendment, however, would decrease the 80% supermajority vote for the amendment of the section of the Schein Certificate regarding the number and powers of directors to 66-2/3% of the outstanding shares entitled to vote. The MBM By-Laws provide that a majority of the shares entitled to vote constitutes a quorum, and the vote of a majority of shares is required for shareholder action. Because of the supermajority voting provisions of the Schein Certificate, it may be more difficult for Schein's stockholders to effect certain amendments to the Schein Certificate than it would be for the shareholders of MBM to effect similar changes to the MBM Certificate. See also "-- Amendment of By-Laws" and "-- Amendment of Certificate of Incorporation."

Under the DGCL, unless otherwise provided by a corporation's certificate of incorporation, any action which is to be taken by stockholders may be taken without a meeting if such action is authorized by written consent signed by stockholders having not less than the minimum number of votes necessary to take such action at a meeting at which all shares were present and voting. The Schein Certificate does not otherwise provide. Under the NYBCL, any required or permitted action taken by shareholders may be taken without a meeting with the written consent of all outstanding shares entitled to vote, unless the certificate of incorporation otherwise provides for a lesser number. The MBM Certificate does not otherwise provide.

AMENDMENT OF BY-LAWS

The DGCL reserves the power to amend, repeal, or adopt by-laws exclusively to the stockholders, unless the certificate of incorporation also confers such power upon the board of directors. The Schein Certificate currently confers such powers upon the Schein Board of Directors, provided, however, that (a) any by-law made, amended or repealed by the Board of Directors may be amended or repealed by the stockholders of Schein, and (b) the Board of Directors may not amend or repeal any by-law adopted by the stockholders of Schein and all of the current by-laws were adopted by Schein's stockholders. However, the Proposed Amendment would allow the Board of Directors to amend or repeal By-Laws that were adopted by the stockholders of Schein prior to the 1997 Annual Meeting of Stockholders. Under the Schein By-Laws, by-laws may be adopted, repealed or amended by a vote of two-thirds of the outstanding shares entitled to vote, or by a vote of two-thirds of the Board of Directors.

Under the NYBCL, by-laws may be adopted, amended or repealed by vote of the holders of the shares at the time entitled to vote in the election of any directors. When so provided in the certificate of incorporation or a by-law adopted by the shareholders, by-laws may also be adopted, amended or repealed by the board by such vote as therein specified, but any by-law adopted by the board may be amended or repealed by the shareholders entitled to vote thereon. The MBM By-Laws provide that the By-Laws may be amended, repealed or adopted by vote of the holders of the shares at the time entitled to vote in the election of any directors. The MBM By-Laws may also be amended, repealed or adopted by the MBM Board but any by-law adopted by the MBM Board may be amended by the shareholders entitled to vote.

Consequently, the Schein Board is and will be more restricted in its ability to amend Schein's By-laws than the MBM Board is in amending MBM's By-Laws even if the Proposed Amendment is adopted.

AMENDMENT OF CERTIFICATE OF INCORPORATION

Under the DGCL, amendments to certificates of incorporation generally require the authorization of the board of directors and the approval of stockholders holding a majority of the outstanding shares

entitled to vote on such amendment, unless a greater proportion is specified in the certificate of incorporation. In addition, amendments which make changes relating to the capital stock by increasing its par value or aggregate number of authorized shares, or otherwise adversely affecting the rights of a class, must be approved by the majority vote of each class or series of stock affected, even if such stock would not otherwise have voting rights. The Schein Certificate generally provides that the Schein Certificate may be amended upon the approval of a majority of Schein's stockholders holding a majority of the outstanding shares entitled to vote on such amendment; however, the Schein Certificate currently requires 60% of all outstanding shares entitled to vote to amend or repeal the section of the Schein Certificate regarding mergers and sales of assets, and 80% of all outstanding shares entitled to vote to amend or repeal the sections of the Schein Certificate regarding (i) the number and powers of directors and (ii) the number of votes to which each share of Common Stock is entitled. The Proposed Amendment would decrease the 80% "supermajority" voting requirement for the amendment of the section of the Schein Certificate regarding the number and powers of directors to 66 2/3% of the outstanding shares entitled to vote.

Under the NYBCL, except for certain specified matters, an amendment to the certificate of incorporation requires the authorization of the board of directors and the approval of the holders of a majority of all outstanding shares entitled to vote unless the certificate of incorporation specifies a supermajority vote (which the MBM Certificate does not). In addition, certain specified amendments affecting the rights of a class of securities must be approved by vote of a majority of all outstanding shares of such class entitled to vote, even though they ordinarily would not have voting rights. Under the NYBCL, certain specified amendments to the certificate of incorporation may be made by the board of directors without shareholder approval.

The supermajority approval requirements for amending certain provisions of the Schein Certificate may prevent the holders of a majority of the outstanding shares of Schein Common Stock from adopting an amendment to the Schein Certificate, whereas the vote of a majority of the outstanding shares of MBM Common Stock is (subject to any applicable class voting requirement) sufficient to adopt any amendment to the MBM Certificate that is presented to its shareholders for approval under the NYCBL.

MERGERS AND BUSINESS COMBINATIONS; SALES OF ASSETS

Under the DGCL, when stockholder approval is required for a merger, or consolidation or a sale, lease or exchange of all or substantially all of a corporation's assets, such transaction must be approved by a majority of outstanding shares entitled to vote, unless a greater proportion is specified in the certificate of incorporation. The Schein Certificate provides that the vote of 60% or more of the outstanding stock entitled to vote is required to approve such action. Under the NYBCL, whenever shareholder approval is required for a merger or consolidation or sale, lease, exchange or disposition of all or substantially all of a corporation's assets, such transaction must be approved by two-thirds of the outstanding shares entitled to vote.

Under the DGCL, unless required by a corporation's certificate of incorporation (the Schein Certificate does not contain such requirement), no vote of stockholders of the surviving corporation in a merger is required if (i) the agreement of merger does not amend the certificate of incorporation of the surviving corporation, (ii) each share of stock of such surviving corporation outstanding immediately prior to the effective date of the merger will be an identical outstanding or treasury share of the surviving corporation after such effective date, (iii) either no shares of common stock of the surviving corporation and no shares, securities or obligations convertible into such stock are to be issued or delivered under the plan of merger, or the authorized unissued shares or treasury shares of common stock of the surviving corporation to be issued or delivered under the plan of merger plus those initially issuable upon conversion of any other securities or obligations to be issued or delivered under such plan, do not exceed 20% of the issuer's common shares outstanding immediately prior to the merger and (iv) certain other requirements are satisfied. The DGCL also provides that a Delaware corporation which is the record holder of at least 90%

of each class of outstanding shares of a Delaware subsidiary may merge such subsidiary into such parent without approval of such subsidiary's stockholders or board of directors.

Under the NYBCL, the vote of at least 66 2/3% of the outstanding shares of stock of each New York corporation that is a party to the merger is required to approve such merger. A New York corporation owning at least 90% of each class of outstanding shares of another New York corporation may merge such other corporation into itself without authorization of the shareholders of any such corporation.

Under the DGCL, a "business combination" with an "interested stockholder" (as defined in the DGCL) of a publicly held Delaware corporation is subject to a three-year moratorium unless specified conditions are met. Under the NYBCL, certain types of a "business combination" with an "interested shareholder" (as defined in the NYBCL) of a New York corporation are subject to a five-year moratorium unless specified conditions are met.

DIVIDENDS, REDEMPTIONS, AND REPURCHASES

Under the NYBCL and the DGCL, a corporation may generally pay dividends out of surplus. New York requires a board of directors to make certain disclosures when paying dividends out of any account other than earned surplus. The DGCL also permits a corporation, unless otherwise provided in its certificate of incorporation (which the Schein Certificate does not), to pay dividends, if there is no surplus, out of net profits for the fiscal year in which the dividends are declared and/or for the preceding fiscal year. Dividends out of net profits may not be paid when the capital of the corporation amounts to less than the aggregate amount of capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets.

SHAREHOLDERS LISTS; INSPECTIONS RIGHTS

Under the DGCL and the Schein By-laws, stockholders have a right during regular business hours and for at least ten days prior to any stockholders meeting and during such meeting to examine a list of stockholders of Schein for any purpose germane to such meeting. Additionally, under the DGCL, any stockholder, following a written request, also has the right to inspect the corporation's books and records, including the stockholder list, during normal business hours for a proper purpose.

Under the NYBCL, a person who has been a shareholder for at least six months preceding his or her demand, or any person holding, or authorized in writing by the holders of, at least 5% of any class of outstanding shares, upon at least five days' prior written demand, has the right to examine, during normal business hours, minutes of shareholder meetings and the record of shareholders unless such inspection is for a purpose which is in the interest of a business other than the corporation's and such shareholder has within five years sold or offered for sale any list of shareholders of any corporation.

TRANSACTIONS WITH INTERESTED DIRECTORS

Generally, under the NYBCL and the DGCL, no contract or transaction between a corporation and one or more of its directors or between a corporation and another entity in which one or more of its directors are directors or officers or in which one or more of its directors have a material financial interest is void or voidable because of such relationship or interest, if (i) the material facts of the transaction and the director's interest are disclosed or known to the board of directors or a committee of the board of directors which authorizes, approves or ratifies the transaction by the vote of a majority of directors who have no direct or indirect interest in the transaction; (ii) the material facts of the transaction and the director's interest are disclosed or known to shareholders entitled to vote and they authorize, approve or ratify the transaction; or (iii) the transaction is fair to the corporation.

INDEMNIFICATION; LIMITATION OF LIABILITY

Both Delaware and New York allow broad indemnification by a corporation of its officers, directors, employees and other agents and permit, with certain exceptions, corporations to provide in their certificate of incorporation or by-laws (which Schein and MBM have done) for elimination of liability of directors to the corporation or its shareholders for monetary damages for breach of such directors' fiduciary duty of care.

The DGCL authorizes a Delaware corporation to indemnify any person who was, is, or is threatened to be made, a party in any civil, criminal, administrative or investigative pending or completed action, suit or proceeding (other than an action by or in the right of a corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another entity, for expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed action, suit or proceeding. With respect to actions by or in the right of a corporation, the DGCL authorizes indemnification of such person for expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit. To be entitled to indemnification, a person must have acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful with respect to actions taken by or in the right of the corporation. With respect to actions by or in the right of the corporation, court approval is required for indemnification relating to any claim as to which a person has been adjudged liable to the corporation.

The DGCL requires indemnification for expenses actually and reasonably incurred by any director, officer, employee or agent in connection with a proceeding against such person for actions in such capacity to the extent that the person has been successful on the merits or otherwise. Advancement of expenses (i.e., payment prior to a determination on the merits) is permitted, but not required, by the DGCL. A director or officer must undertake to repay such expenses if it is ultimately determined that he or she is not entitled to indemnification. The disinterested members of the board (or independent legal counsel or stockholders) must determine, in each instance where indemnification is not required by the DGCL, that such director, officer, employee or agent is entitled to indemnification. The DGCL provides that the statutory indemnification is not exclusive.

The Schein Certificate provides that Schein will indemnify to the fullest extent permitted by the DGCL each director and officer made, or threatened to be made, a party to or who is involved in any action (civil, criminal or otherwise) by reason of the fact that he or she, or the person of whom he or she is the legal representative, is or was a director or officer of Schein or is or was serving at the request of Schein as a director or officer of another entity. The Schein Certificate also provides that a director will not have personal liability to Schein or any stockholder for monetary damages for breach of fiduciary duty as a director, but such provision does not eliminate or limit the liability of a director (i) for any breach of duty of loyalty to Schein or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (iii) under certain provisions of the DGCL regarding unlawful dividends, stock purchases or redemptions or (iv) for any transaction from which the director derived an improper personal benefit.

Under the NYBCL, a corporation may indemnify any person made, or threatened to be made, a party to any action or proceeding except for shareholder derivative suits, by reason of the fact that he or she was a director or officer of the corporation, provided such director or officer acted in good faith for a purpose which he or she reasonably believed to be in the best interests of the corporation and, in criminal proceedings, in addition, had no reasonable cause to believe his or her conduct was unlawful. In the case of shareholder derivative suits, the corporation may indemnify any person who was a director or officer of the corporation if he or she acted in good faith for a purpose which he or she reasonably believed to be in the

best interests of the corporation, except that no indemnification may be made for (i) a threatened action, or a pending action which is settled or otherwise disposed of, or (ii) any claim, issue or matter as to which such person has been adjudged to be liable to the corporation, unless and only to the extent that the court in which the action was brought or, if no action was brought, any court of competent jurisdiction, determines upon application that, in view of all circumstances, the person is fairly and reasonably entitled to an indemnity for such portion of the settlement amount and expenses as the court deems proper.

Indemnification under the NYBCL is not exclusive of other indemnification rights to which a director or officer may be entitled, whether contained in the certificate of incorporation or by-laws, or when authorized by (i) such certificate of incorporation or by-laws, (ii) a resolution of shareholders or directors or (iii) an agreement providing for such indemnification, provided that no indemnification may be made to or on behalf of any director or officer if a judgment or other final adjudication adverse to the director or officer establishes that his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he or she personally gained a financial profit or other advantage to which he or she was not legally entitled.

Under the NYBCL, any person to whom such provisions regarding indemnification apply who has been successful on the merits or otherwise in the defense of a civil or criminal action or proceeding is entitled to indemnification. Except as provided in the preceding sentence, unless ordered by a court pursuant to the NYBCL, indemnification under the NYBCL pursuant to the above paragraphs may be made only if authorized in the specific case and after a finding that the director or officer met the requisite standard of conduct (i) by the board acting by a quorum of disinterested directors or (ii) if such quorum is not available, if so directed by either (A) the board upon the written opinion of counsel or (B) by shareholders.

The MBM By-Laws provide that MBM will indemnify to the maximum extent possible under the NYBCL, each officer and director made, or threatened to be made, a party to any action (civil, criminal or otherwise) for liability arising out of his or her action in such capacity, provided that the Board of Directors has determined that such person acted in good faith, or in the case of a criminal action, that such person had no reasonable cause to believe that his action was unlawful. The MBM Certificate also provides that a director will not have personal liability to MBM or its shareholders for breach of fiduciary duty, but such provision does not eliminate or limit the liability of a director for acts or omissions made in bad faith which involve intentional violation of the law, or which violate certain provisions of the NYBCL concerning, among other things, unlawful dividends, redemptions, and loans.

APPRAISAL RIGHTS

Under the DGCL, a stockholder of a corporation who does not vote in favor of certain mergers or consolidations and demands appraisal of his or her shares, under varying circumstances, may be entitled to dissenters' rights pursuant to which such stockholder may receive cash for the "fair value" of his or her shares (as determined by a Delaware court) in lieu of the consideration otherwise receivable in the transaction. Unless the corporation's certificate of incorporation provides otherwise (the Schein Certificate does not), such dissenters' rights are not available in certain circumstances, including (a) the sale of all or substantially all of the assets of a corporation, (b) the merger or consolidation by a corporation the shares of which are either listed on a national securities exchange (or designated as a national market security by the National Association of Securities Dealers, Inc.) or held of record by more than 2,000 holders, if a stockholder receives only shares of the surviving corporation or of any other corporation which are either listed on a national securities exchange (or so designated as stated above) or held of record by more than 2,000 holders, or cash in lieu of fractional shares or any combination of the foregoing or (c) to shareholders of a corporation surviving a merger if no vote of shareholders of the surviving corporation is required to approve the merger because the merger agreement does not amend the existing certificate of incorporation, each share of the surviving corporation outstanding prior to the merger is to be an identical outstanding or treasury share after the merger, and the number of shares to be issued in the merger does

not exceed 20% of the shares of the surviving corporation outstanding immediately prior to the merger, and certain other conditions are met.

Under the NYBCL, holders of shares have the right, in certain circumstances, to dissent from certain mergers, consolidations, sales and other dispositions of assets requiring shareholder approval and share exchanges and to demand payment in cash for their shares equal to the "fair value" of such shares in an action timely brought by the dissenters. For a description of the NYBCL regarding dissenters' rights, see "THE MERGER--Appraisal Rights."

ISSUANCE OF RIGHTS OR OPTIONS TO PURCHASE SHARES TO DIRECTORS, OFFICERS AND EMPLOYEES

The DGCL does not contain any provision requiring the issuance of rights or options to officers, directors and employees to be approved by a stockholder vote. The NYBCL requires that the issuance to officers, directors or employees of rights or options to purchase shares must be authorized by a majority of all outstanding shares entitled to vote thereon. Consequently, stockholders of Schein have no right under state law to approve the grant of options and other rights to purchase shares of Schein Common Stock to Schein's officers and directors, although stockholder approval may be required by Nasdaq National Market rules or for tax law or other purposes.

LOANS TO DIRECTORS

The DGCL allows loans to and guarantees of obligations of officers and directors without any stockholder approval. The NYBCL requires that any loan made by the corporation to any director must be authorized by a vote of the shareholders. For the purposes of this authorization, the shares held by the director who would be the borrower in the transaction are not entitled to vote. Consequently, Schein may make loans to its officers and directors without stockholder approval.

ANTI-GREENMAIL

The DGCL does not contain any provisions prohibiting the selective repurchase by a corporation of its stock at a premium over market price ("greenmail"). Delaware courts have permitted the repurchase of shares at a premium in certain cases.

Section 513 of the NYBCL provides that no domestic corporation may purchase more than 10% of its stock from a shareholder who has held the shares for less than two years at any price which is higher than the market price unless such transaction is approved by both the corporation's board of directors and a majority of the shares entitled to vote or the corporation offers to purchase shares from all shareholders on the same terms. Consequently, there is no statutory prohibition against the payment of greenmail by Schein, as there is in the case of MBM.

EXPERTS

The consolidated financial statements and schedule included in Schein's Annual Report on Form 10-K, Amended Annual Report on Form 10-K/A and Form 8-K dated June 24, 1997 for the year ended December 28, 1996, which are incorporated by reference in this Proxy Statement/Prospectus, have been audited by BDO Seidman, LLP, independent certified public accountants, to the extent and for the periods indicated in their reports with respect thereto and are incorporated herein in reliance upon such reports given the authority of said firm as experts in accounting and auditing.

The consolidated financial statements and schedule included in MBM's Annual Report on Form 10-K and Amended Annual Report on Form 10-K/A for the year ended November 30, 1996 have been audited by Miller, Ellin & Company, independent certified public accountants, to the extent and for the periods indicated in their report with respect thereto and are incorporated herein in reliance upon such report given the authority of said firm as experts in accounting and auditing.

LEGAL MATTERS

The validity of the shares of Schein Common Stock to be issued pursuant to this Proxy Statement/ Prospectus will be passed upon for Schein by Proskauer Rose LLP, counsel to Schein. Certain U.S. tax matters will be passed upon for MBM by Cummings & Lockwood, special tax counsel to MBM.

Shareholders wishing to present proposals for action by the shareholders at the next Annual Meeting of MBM's Shareholders (assuming that the Merger is not consummated prior thereto) must present such proposals at the principal offices of MBM not later than December 24, 1997. It is suggested that any such proposals be submitted by certified mail, return receipt requested.

AGREEMENT AND PLAN OF MERGER
BY AND AMONG
HENRY SCHEIN, INC.,
HSI ACQUISITION CORP.
AND
MICRO BIO-MEDICS, INC.
DATED MARCH 7, 1997
AS REVISED

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EXHIBITS

Exhibit A Proxy and Option Agreement
Exhibit B Affiliate Agreement
Exhibit C Opinion of Otterbourg, Steindler, Houston & Rosen, P.C.
Exhibit D Opinion of Proskauer Rose LLP

[Exhibits Omitted]

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER dated March 7, 1997, by and among Henry Schein, Inc., a Delaware corporation ("Parent"), HSI Acquisition Corp., a New York corporation and wholly-owned subsidiary of Parent ("Sub"), and Micro Bio-Medics, Inc., a New York corporation (the "Company"), as revised.

The Boards of Directors of Parent and Sub and the Company deem it advisable and in the best interests of their respective stockholders that Parent acquire the Company pursuant to the terms and conditions of this Agreement, and, in furtherance of such acquisition, such Boards of Directors have unanimously approved the merger of Sub with and into the Company in accordance with the terms of this Agreement and the New York Business Corporation Law (the "NYBCL").

Concurrently with the execution and delivery of this Agreement and as a condition and inducement to Parent's willingness to enter into this Agreement, certain holders of shares of the Common Stock, par value $.03 per share, of the Company (the "Company Common Stock") are entering into an agreement with Parent and Sub in the form attached hereto as Exhibit A (the "Proxy and Option Agreement") granting Parent the right to vote such shares of the Company Common Stock and granting Parent an option to purchase such shares of the Company Common Stock in accordance with the terms set forth in the Proxy and Option Agreement.

For federal income tax purposes, it is intended that the Merger (as defined in Section 1.1) shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code").

For accounting purposes, it is intended that the Merger shall be accounted for as a pooling of interests.

In consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties hereto agree as follows:

ARTICLE I.

THE MERGER

SECTION 1.1. THE MERGER. In accordance with the provisions of this Agreement and the NYBCL, at the Effective Time (as defined in Section 1.2), Sub shall be merged with and into the Company (the "Merger"), the separate existence of Sub shall thereupon cease, and the Company shall be the surviving corporation in the Merger (sometimes hereinafter called the "Surviving Corporation") and shall continue its corporate existence under the laws of the State of New York. The Merger shall have the effects set forth in Section 906 of the NYBCL.

SECTION 1.2. EFFECTIVE TIME OF THE MERGER. The Merger shall become effective at the time of filing of, or at such later time specified in, a properly executed Certificate of Merger, in the form required by and executed in accordance with the NYBCL, filed with the Secretary of State of the State of New York in accordance with the provisions of Section 904 of the NYBCL. Such filing shall be made as soon as practicable after the Closing (as defined in Section 1.3). When used in this Agreement, the term "Effective Time" shall mean the date and time at which the Merger shall become effective.

SECTION 1.3. CLOSING. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Proskauer Rose Goetz & Mendelsohn LLP, 1585 Broadway, New York, New York, at 10:00 a.m., on the day on which all of the conditions set forth in Article VIII are satisfied or waived or on such other date and at such other time and place as Parent and the Company shall agree (such date, the "Closing Date").

ARTICLE II.

THE SURVIVING CORPORATION

SECTION 2.1 CERTIFICATE OF INCORPORATION. The Certificate of Incorporation of Sub in effect at the Effective Time shall be the Certificate of Incorporation of the Surviving Corporation until amended in accordance with applicable law, except that the name of the Surviving Corporation shall be "Micro Bio-Medics, Inc.".

SECTION 2.2 BY-LAWS. The By-Laws of Sub as in effect at the Effective Time shall be the By-Laws of the Surviving Corporation until amended in accordance with applicable law.

SECTION 2.3 DIRECTORS AND OFFICERS OF SURVIVING CORPORATION.

(a) The directors of Sub at the Effective Time shall be the initial directors of the Surviving Corporation and shall hold office from the Effective Time until their respective successors are duly elected or appointed and qualified in the manner provided in the Certificate of Incorporation or By-Laws of the Surviving Corporation or as otherwise provided by law.

(b) The officers of the Company at the Effective Time shall be the initial officers of the Surviving Corporation and shall hold office from the Effective Time until their respective successors are duly elected or appointed and qualified in the manner provided in the Certificate of Incorporation or By-Laws of the Surviving Corporation, or as otherwise provided by law.

ARTICLE III.

CONVERSION OF SHARES

SECTION 3.1 EXCHANGE RATIO. At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof:

(a) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than shares to be canceled in accordance with Section 3.1(b) and other than shares of Company Common Stock as to which appraisal rights shall have been duly demanded under the NYBCL ("Dissenting Shares")) shall be converted into the right to receive 0.62 (the "Exchange Ratio") of a share of the Common Stock, par value $.01 per share, of Parent (the "Parent Common Stock"), payable upon the surrender of the certificate formerly representing such share of Company Common Stock.

(b) All shares of Company Common Stock that are held by the Company as treasury shares shall be canceled and retired and cease to exist, and no securities of Parent or other consideration shall be delivered in exchange therefor.

(c) Each share of Common Stock, par value $.01 per share, of Sub ("Sub Common Stock") issued and outstanding immediately prior to the Effective Time shall be converted into and become one fully paid and nonassessable share of Common Stock, par value $.03 per share, of the Surviving Corporation.

(d) Each outstanding option to purchase Company Common Stock set forth on Schedule 4.2(b) (each, a "Company Stock Option") and each warrant to purchase Company Common Stock set forth on Schedule 4.2(b) (each, a "Company Warrant") shall be assumed by Parent as more specifically provided in Section 7.8.

(e) The holders of Dissenting Shares, if any, shall be entitled to payment by the Surviving Corporation of the appraised value of such shares to the extent permitted by and in accordance with the provisions of Section 623 of the NYBCL; provided, however, that (i) if any holder of the Dissenting Shares shall, under the circumstances permitted by the NYBCL, subsequently deliver a

written withdrawal of such holder's demand for appraisal of such shares, or (ii) if any holder fails to establish such holder's entitlement to rights to payment as provided in such Section 623, or (iii) if neither any holder of Dissenting Shares nor the Surviving Corporation has filed a petition demanding a determination of the value of all Dissenting Shares within the time provided in such Section 623, such holder or holders (as the case may be) shall forfeit such right to payment for such shares and such shares shall thereupon be deemed to have been converted into Parent Common Stock pursuant to Section 3.1(a) as of the Effective Time. The Surviving Corporation shall be solely responsible for, and shall pay out of its own funds, any amounts which become due and payable to holders of Dissenting Shares, and such amounts shall not be paid directly or indirectly by Parent.

SECTION 3.2 EXCHANGE OF COMPANY COMMON STOCK; PROCEDURES.

(a) Prior to the Closing Date, Parent shall designate a bank or trust company reasonably acceptable to the Company to act as Exchange Agent hereunder (the "Exchange Agent"). As soon as practicable after the Effective Time, Parent shall deposit with or for the account of the Exchange Agent stock certificates representing the number of shares of Parent Common Stock issuable pursuant to Section 3.1 in exchange for outstanding shares of Company Common Stock, which shares of Parent Common Stock shall be deemed to have been issued at the Effective Time.

(b) As soon as practicable after the Effective Time, Parent shall cause the Exchange Agent to mail to each holder of record of a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of Company Common Stock (the "Certificates") that were converted pursuant to Section 3.1 into the right to receive shares of Parent Common Stock (i) a form of letter of transmittal specifying that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent and (ii) instructions for use in surrendering such Certificates in exchange for certificates representing shares of Parent Common Stock. Upon surrender of a Certificate for cancellation to the Exchange Agent, together with such letter of transmittal, duly executed, the holder of such Certificate shall be entitled to receive in exchange therefor (x) a certificate representing that number of whole shares of Parent Common Stock which such holder has the right to receive pursuant to the provisions of this Article III and (y) cash in lieu of any fractional shares of Parent Common Stock to which such holder is entitled pursuant to Section 3.4, after giving effect to any required tax withholdings, and the Certificate so surrendered shall forthwith be canceled. In the event of a transfer of ownership of Company Common Stock which is not registered in the transfer records of the Company, a certificate representing the proper number of shares of Parent Common Stock may be issued to a transferee if the Certificate representing such Company Common Stock is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer, and by evidence that any applicable stock transfer taxes have been paid. Until surrendered as contemplated by this Section 3.2(b), each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender a certificate representing shares of Parent Common Stock and cash in lieu of any fractional shares of Parent Common Stock as contemplated by this Article III.

SECTION 3.3 DIVIDENDS; TRANSFER TAXES; ESCHEAT. No dividends or distributions that are declared on shares of Parent Common Stock will be paid to persons entitled to receive certificates representing shares of Parent Common Stock until such persons surrender their Certificates. Upon such surrender, there shall be paid, to the person in whose name the certificates representing such shares of Parent Common Stock shall be issued, any dividends or distributions with respect to such shares of Parent Common Stock which have a record date after the Effective Time and shall have become payable between the Effective Time and the time of such surrender. In no event shall the person entitled to receive such dividends or distributions be entitled to receive interest thereon. Promptly following the date which is six months after the Effective Time, the Exchange Agent shall deliver to the Surviving Corporation all cash, certificates and other documents in its possession relating to the transactions described in this Agreement, and any holders of Company Common Stock who have not theretofore complied with this Article III shall look thereafter only to the Surviving Corporation for the shares of Parent Common Stock, any dividends or distributions

thereon, and any cash in lieu of fractional shares thereof to which they are entitled pursuant to this Article III. Notwithstanding the foregoing, neither the Exchange Agent nor any party hereto shall be liable to a holder of Company Common Stock for any shares of Parent Common Stock, any dividends or distributions thereon or any cash in lieu of fractional shares thereof delivered to a public official pursuant to applicable abandoned property, escheat or similar laws upon the lapse of the applicable time periods provided for therein.

SECTION 3.4 NO FRACTIONAL SECURITIES. No certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Certificates, and such fractional interests shall not entitle the owner thereof to vote or to any rights of a security holder. In lieu of any such fractional securities, each holder of Company Common Stock who would otherwise have been entitled to a fraction of a share of Parent Common Stock upon surrender of such holder's Certificates will be entitled to receive, and Parent will timely provide (or cause to be provided) to the Exchange Agent sufficient funds to make, a cash payment (without interest) determined by multiplying (i) the fractional interest to which such holder would otherwise be entitled (after taking into account all shares of Company Common Stock then held of record by such holder) and (ii) the average of the per share closing prices for Parent Common Stock on the Nasdaq National Market ("Nasdaq") for the five trading days immediately preceding the Effective Time. It is understood (i) that the payment of cash in lieu of fractional shares of Parent Common Stock is solely for the purpose of avoiding the expense and inconvenience to Parent of issuing fractional shares and does not represent separately bargained-for consideration and (ii) that no holder of Company Common Stock will receive cash in lieu of fractional shares of Parent Common Stock in an amount greater than the value of one full share of Parent Common Stock.

SECTION 3.5 CLOSING OF COMPANY TRANSFER BOOKS. At the Effective Time, the stock transfer books of the Company shall be closed and no transfer of shares of Company Common Stock shall thereafter be made on such stock transfer books. If, after the Effective Time, Certificates are presented to the Surviving Corporation, they shall be canceled and exchanged as provided in this Article III.

SECTION 3.6 FURTHER ASSURANCES. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of either of Sub or the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, the officers of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of each of Sub and the Company or otherwise, all such deeds, bills of sale, assignments and assurances and to take and do, in such names and on such behalf or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out the purposes of this Agreement.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Sub as follows:

SECTION 4.1 ORGANIZATION. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and has the corporate power to carry on its business as it is now being conducted or presently proposed to be conducted. The Company is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary, except where the failure to be so qualified will not have a material adverse effect, individually or in the aggregate, on the financial condition, results of operations, business, assets, liabilities, prospects or

properties of the Company and its Subsidiaries (as defined below) taken as a whole, or the ability of the Company to consummate the Merger and the other transactions contemplated by this Agreement (a "Company Material Adverse Effect"). As used in this Agreement, the term "Subsidiary" means, with respect to any party, any corporation or other organization, whether incorporated or unincorporated, of which (x) such party or any other Subsidiary of such party is a general partner (excluding partnerships, the general partnership interests of which held by such party or any Subsidiary of such party do not have a majority of the voting interest in such partnership) or (y) at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party and/or one or more of its Subsidiaries.

SECTION 4.2 CAPITALIZATION.

(a) The authorized capital stock of the Company consists of 20,000,000 shares of Company Common Stock and 1,000,000 shares of Preferred Stock, par value $1.00 per share, of the Company (the "Company Preferred Stock"). As of the date hereof, (i) 5,072,848 shares of Company Common Stock are issued and outstanding, (ii) no shares of Company Preferred Stock are issued and outstanding, (iii) Company Stock Options to acquire 1,842,668 shares of Company Common Stock are outstanding under all stock option plans of the Company or otherwise, (iv) Company Warrants to acquire 106,420 shares of Company Common Stock are outstanding, and (v) 2,524,090 shares of Company Common Stock are reserved for issuance pursuant to the Company Stock Options, the Company Warrants and all other Rights (as hereinafter defined) to purchase or otherwise receive capital stock or other securities of the Company. All of the issued and outstanding shares of Company Common Stock are validly issued, fully paid and nonassessable.

(b) Except as set forth on Schedule 4.2(b), (i) there is no outstanding right, subscription, warrant, call, option or other agreement or arrangement (including, without limitation, pursuant to any employee benefit plan) of any kind (collectively, "Rights") to purchase or otherwise to receive from the Company or any of its Subsidiaries, any of the outstanding authorized but unissued or treasury shares of the capital stock or any other security of the Company or any of its Subsidiaries or to require the Company or any of its Subsidiaries to purchase any such security, (ii) there is no outstanding security of any kind convertible into or exchangeable for such capital stock, and (iii) there is no voting trust or other agreement or understanding to which the Company or any of its Subsidiaries is a party or is bound with respect to the voting of the capital stock of the Company or any of its Subsidiaries. The conversion of the Company Stock Options provided for in Section 7.8 of this Agreement is in accordance with the respective terms of the Company Stock Options and the plans under which they were issued.

(c) Since December 1, 1995, except as set forth on Schedule 4.2(c), the Company has not in any manner accelerated or provided for the acceleration of the vesting or exercisability of, or otherwise modified the terms and conditions applicable to, any of the Company Stock Options, whether set forth in the governing stock option plans of the Company, a stock option grant, award or other agreement or otherwise. Except as set forth on Schedule 4.2(c), none of the awards, grants or other agreements pursuant to which Company Stock Options were issued have provisions which accelerate the vesting or right to exercise such options upon the execution of this Agreement (including the documents attached as Exhibits hereto), the consummation of the transactions contemplated hereby (or thereby) or any other "change of control" events.

SECTION 4.3 COMPANY SUBSIDIARIES. Schedule 4.3 contains a complete and accurate list of all Subsidiaries of the Company. Each Subsidiary of the Company that is a corporation is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation. Each Subsidiary of the Company that is a partnership is duly formed and validly existing under the laws of its jurisdiction of formation. Each Subsidiary of the Company has the corporate power or the partnership power, as the case may be, to carry on its business as it is now being conducted or presently proposed to be

conducted. Each Subsidiary of the Company is duly qualified as a foreign corporation or a foreign partnership, as the case may be, authorized to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary, except where the failure to be so qualified will not have a Company Material Adverse Effect. All of the outstanding shares of capital stock of the Subsidiaries of the Company that are corporations are validly issued, fully paid and nonassessable, except to the extent provided in Section 630 of the NYBCL. All of the outstanding shares of capital stock of, or other ownership interests in, each Subsidiary of the Company are owned by the Company or a Subsidiary of the Company, in each case, except as set forth in the Company SEC Reports (as hereinafter defined), free and clear of any liens, pledges, security interests, claims, charges or other encumbrances of any kind whatsoever ("Liens").

SECTION 4.4 AUTHORITY RELATIVE TO THIS AGREEMENT. The Company has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated on its part hereby have been duly authorized by the Company's Board of Directors and, except for the approval of its stockholders to be sought at the stockholders meeting contemplated by Section 7.4(a) with respect to this Agreement, no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or for the Company to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Company and constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.

SECTION 4.5 CONSENTS AND APPROVALS; NO VIOLATIONS. Neither the execution, delivery and performance of this Agreement by the Company, nor the consummation by the Company of the transactions contemplated hereby, will (i) conflict with or result in any breach of any provisions of the charter, by-laws or other organizational documents of the Company or any of its Subsidiaries, (ii) require a filing with, or a permit, authorization, consent or approval of, any federal, state, local or foreign court, arbitral tribunal, administrative agency or commission or other governmental or other regulatory authority or administrative agency or commission (a "Governmental Entity"), except in connection with or in order to comply with the applicable provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended (the "Exchange Act"), state securities or "blue sky" laws, the By-Laws of the National Association of Securities Dealers (the "NASD"), the filing and recordation of a Certificate of Merger as required by the NYBCL, and filing with the New York Board of Pharmacy and with the New York State Department of Social Services (as required by 18 NYCRR Section 502.5(b), (iii) except as set forth on Schedule 4.5, result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, or result in the creation of a Lien on any property or asset of the Company or any of its Subsidiaries pursuant to, any of the terms, conditions or provisions of any material note, bond, mortgage, indenture, license, contract, agreement or other instrument or obligation (each, a "Contract") to which the Company or any of its Subsidiaries is a party or by which any of them or any of their properties or assets may be bound or (iv) violate any material law, order, writ, injunction, decree, statute, rule or regulation of any Governmental Entity applicable to the Company, any of its Subsidiaries or any of their properties or assets.

SECTION 4.6 REPORTS AND FINANCIAL STATEMENTS. The Company has timely filed all reports required to be filed with the Securities and Exchange Commission (the "SEC") pursuant to the Exchange Act or the Securities Act since December 1, 1993 (collectively, the "Company SEC Reports"), and has previously made available to Parent true and complete copies of all such Company SEC Reports. Such Company SEC Reports, as of their respective dates, complied in all material respects with the applicable requirements of the Securities Act and the Exchange Act, as the case may be, and none of such Company SEC Reports contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were

made, not misleading. The financial statements of the Company included in the Company SEC Reports have been prepared in accordance with generally accepted accounting principles ("GAAP") consistently applied throughout the periods indicated (except as otherwise noted therein) and fairly present the consolidated financial position of the Company and its consolidated Subsidiaries as at the dates thereof and the consolidated results of operations and cash flows of the Company and its consolidated Subsidiaries for each of the periods then ended, except that in the case of the unaudited consolidated financial statements included in any Form 10-Q, the presentation and disclosures conform with the applicable rules of the Exchange Act, but include all adjustments necessary to conform to GAAP requirements with respect to interim financial statements. Except as set forth on Schedule 4.6, since December 1, 1993, there has been no change in any of the significant accounting (including tax accounting) policies, practices or procedures of the Company or any of its consolidated Subsidiaries.

SECTION 4.7 ABSENCE OF CERTAIN CHANGES OR EVENTS; MATERIAL CONTRACTS. Except as set forth on Schedule 4.7 or in the Company SEC Reports, since December 1, 1995, (i) neither the Company nor any of its Subsidiaries has conducted its business and operations other than in the ordinary course of business and consistent with past practices or taken any actions that, if it had been in effect, would have violated or been inconsistent with the provisions of Section 6.1 and (ii) there has not been any fact, event, circumstance or change affecting or relating to the Company or any of its Subsidiaries which has had or is reasonably likely to have a Company Material Adverse Effect. Except as set forth on Schedule 4.7, the transactions contemplated by this Agreement will not constitute a change of control under or require the consent from or the giving of notice to a third party pursuant to the terms, conditions or provisions of any material Contract to which Parent or any of its Subsidiaries is a party, or require any payment to be made under any Contract to which the Parent or any of its Subsidiaries is a party.

SECTION 4.8 LITIGATION. Except for litigation disclosed in the notes to the financial statements included in the Company's Annual Report to Stockholders for the year ended November 30, 1995 or in the Company SEC Reports filed subsequent thereto, there is no suit, action, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries, the outcome of which, in the reasonable judgment of the Company, is likely to have a Company Material Adverse Effect; nor is there any judgment, decree, injunction, ruling or order of any Governmental Entity outstanding against the Company or any of its Subsidiaries having, or which is reasonably likely to have, a Company Material Adverse Effect.

SECTION 4.9 ABSENCE OF UNDISCLOSED LIABILITIES. Except for liabilities or obligations which are accrued or reserved against in the Company's financial statements (or reflected in the notes thereto) included in the Company SEC Reports or which were incurred after August 31, 1996 in the ordinary course of business and consistent with past practice, and except as set forth on Schedule 4.9, none of the Company and its Subsidiaries has any liabilities or obligations (whether absolute, accrued, contingent or otherwise) of a nature required by GAAP to be reflected in a consolidated balance sheet (or reflected in the notes thereto) or which would reasonably be expected to have a Company Material Adverse Effect.

SECTION 4.10 NO DEFAULT. Except as set forth on Schedule 4.10, neither the Company nor any Subsidiary of the Company is in default or violation (and no event has occurred which with notice or the lapse of time or both would constitute a default or violation) of any term, condition or provision of (i) its charter, by-laws or comparable organizational documents, (ii) any material Contract to which the Company or any of its Subsidiaries is a party or by which they or any of their properties or assets may be bound, or (iii) any material order, writ, injunction or decree, or any material statute, rule or regulation, of any Governmental Entity applicable to the Company or any of its Subsidiaries.

SECTION 4.11 TAXES.

(a) The Company has heretofore delivered or made available to Parent true, correct and complete copies of the consolidated federal, state, local and foreign income, franchise sales and other Tax Returns

(as hereinafter defined) filed by the Company and the Company Subsidiaries for each of the Company's years ended November 30, 1995, 1994, 1993, 1992 and 1991 inclusive. Except as set forth on Schedule 4.11, the Company has duly filed, and each Subsidiary has duly filed, all material federal, state, local and foreign income, franchise, sales and other Tax Returns required to be filed by the Company or any of its Subsidiaries. All such Tax Returns are true, correct and complete, in all material respects, and the Company and its Subsidiaries have paid all Taxes (as hereinafter defined) shown on such Tax Returns and have made adequate provision for payment of all accrued but unpaid material Taxes anticipated in respect of all periods since the periods covered by such Tax Returns. Except as set forth on Schedule 4.11, all material deficiencies assessed as a result of any examination of Tax Returns of the Company or any of its Subsidiaries by federal, state, local or foreign tax authorities have been paid or reserved on the financial statements of the Company in accordance with GAAP consistently applied, and true, correct and complete copies of all revenue agent's reports, "30-day letters," or "90-day letters" or similar written statements proposing or asserting any Tax deficiency against the Company or any of its Subsidiaries for any open year have been heretofore delivered to Parent. The Company has heretofore delivered or will make available to Parent true, correct and complete copies of all written tax-sharing agreements and written descriptions of all such unwritten agreement or arrangements to which the Company or any of its Subsidiaries is a party. Except as set forth in Schedule 4.11, no material issue has been raised during the past five years by any federal, state, local or foreign taxing authority which, if raised with regard to any subsequent period, could reasonably be expected to result in a proposed material deficiency for any such subsequent period. Except as disclosed in Schedule 4.11 hereof, neither the Company nor any of its Subsidiaries has granted any extension or waiver of the statutory period of limitations applicable to any claim for any material Taxes. Schedule 4.11 lists the consolidated federal income tax returns of the Company and its Subsidiaries that have been examined by and settled with the Internal Revenue Service (the "Service"). Except as set forth in Schedule 4.11, (i) no consent has been filed under Section 341(f) of the Code with respect to any of the Company or the Subsidiaries of the Company; (ii) neither the Company nor any of the Subsidiaries of the Company has participated in, or cooperated with, an international boycott within the meaning of Section 999 of the Code; and (iii) neither the Company nor any of the Subsidiaries of the Company has issued or assumed any corporate acquisition indebtedness, as defined in Section 279(b) of the Code. The Company and each Subsidiary of the Company have complied (and until the Effective Time will comply) in all material respects with all applicable laws, rules and regulations relating to the payment and withholding of Taxes (including, without limitation, withholding of Taxes pursuant to Sections 1441 and 1442 of the Code or similar provisions under any foreign laws) and have, within the time and in the manner prescribed by law, withheld from employee wages and paid over to the proper governmental authorities all amounts required to be so withheld and paid over under all applicable laws.

(b) For purposes of this Agreement, the term "Taxes" shall mean all taxes, charges, fees, levies, duties, imposts or other assessments, including, without limitation, income, gross receipts, excise, property, sales, use, transfer, gains, license, payroll, withholding, capital stock and franchise taxes, imposed by the United States, or any state, local or foreign government or subdivision or agency thereof, including any interest, penalties or additions thereto. For purposes of this Agreement, the term "Tax Return" shall mean any report, return or other information or document required to be supplied to a taxing authority in connection with Taxes.

SECTION 4.12 TITLE TO PROPERTIES; ENCUMBRANCES. Except as described in the following sentence, each of the Company and its Subsidiaries has good, valid and marketable title to, or a valid leasehold interest in, all of its material properties and assets (real, personal and mixed, tangible and intangible), including, without limitation, all the properties and assets reflected in the consolidated balance sheet of the Company and its Subsidiaries as of August 31, 1996 included in the Company's Quarterly Report on Form 10-Q for the period ended on such date (except for properties and assets disposed of in the ordinary course of business and consistent with past practices since August 31, 1996). None of such properties or assets are subject to any Liens (whether absolute, accrued, contingent or otherwise), except (i) as specifically set forth in the Company SEC Reports; (ii) Liens for taxes, assessments or other governmental charges not

delinquent or being contested in good faith and by appropriate proceedings and with respect to which proper reserves have been taken by the Company or its Subsidiaries and have been duly reflected on their books and records and, with respect to reserves taken on or prior to August 31, 1996, the financial statements of the Company ("Proper Reserves"); (iii) deposits or pledges to secure obligations under workmen's compensation, social security or similar laws, or under unemployment insurance as to which the Company and its Subsidiaries are not in default; (iv) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the ordinary course of business of the Company or its Subsidiaries; (v) judgment Liens listed on Schedule 4.12 that have been stayed or bonded and mechanics', workmen's, materialmen's or other like liens with respect to obligations which are not due or which are being contested in good faith by the Company or its Subsidiaries and as to which they have taken Proper Reserves; and (vi) minor imperfections of title and encumbrances, if any, which are not substantial in amount, do not materially detract from the value of the property or assets subject thereto and do not materially impair the operations of any of the Company and its Subsidiaries.

SECTION 4.13 INTELLECTUAL PROPERTY.

(a) Except as set forth on Schedule 4.13(a), the Company and its Subsidiaries are the sole and exclusive owners of all material patents, patent applications, patent rights, trademarks, trademark rights, trade names, trade name rights, copyrights, service marks and registrations for and applications for registration of trademarks, service marks and copyrights, and are the sole and exclusive owners of, or have an irrevocable, royalty free right to use, all material technology and know-how, trade secrets, rights in computer software and other proprietary rights and information and all technical and user manuals and documentation made or used in connection with any of the foregoing, in each case used or held for use in connection with the businesses of the Company or any of its Subsidiaries as currently conducted (collectively, the "Intellectual Property"), free and clear of all Liens except as set forth on Schedule 4.13(a) and except minor imperfections of title and encumbrances, if any, which are not substantial in amount, do not materially detract from the value of the Intellectual Property subject thereto and do not impair in any material respect the operations of any of the Company and its Subsidiaries.

(b) All outstanding registrations and applications for Intellectual Property (i) are valid, subsisting, in proper form and enforceable, and have been duly maintained, including the submission of all necessary filings and fees in accordance with the legal and administrative requirements of the appropriate jurisdictions and (ii) have not lapsed, expired or been abandoned, and no application or registration therefor is the subject of any pending, or, to the knowledge of the Company, threatened legal or governmental proceeding before any registration authority in any jurisdiction.

(c) To the knowledge of the Company, there are no conflicts with or infringements of any Intellectual Property by any third party. The conduct of the businesses of the Company and its Subsidiaries as currently conducted (collectively, the "Business") does not conflict with or infringe in any way any proprietary right of any third party, which conflict or infringement would have a Company Material Adverse Effect, and there is no claim, suit, action or proceeding pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries (i) alleging any such conflict or infringement with any third party's proprietary rights, or (ii) challenging the ownership, use, validity or enforceability of the Intellectual Property.

SECTION 4.14 COMPLIANCE WITH APPLICABLE LAW. Except as set forth on Schedule 4.14 or as disclosed in the Company SEC Reports, (i) the Company and its Subsidiaries hold, and are in compliance with the terms of, all material permits, licenses, exemptions, orders and approvals of all Governmental Entities necessary for the current and presently proposed conduct of their respective businesses ("Company Permits"), (ii) no fact exists or event has occurred, and no action or proceeding is pending or, to the Company's knowledge, threatened, that has a reasonable possibility of resulting in a revocation, nonrenewal, termination, suspension or other material impairment of any material Company Permits, (iii) the

businesses of the Company and its Subsidiaries are not being conducted in violation, in any material respect, of any material applicable law, ordinance, regulation, judgment, decree or order of any Governmental Entity ("Applicable Law"), and (iv) to the knowledge of the Company, (x) no investigation or review by any Governmental Entity with respect to the Company or its Subsidiaries is pending or threatened or has been undertaken within the past six years, and (y) no Governmental Entity has indicated an intention to conduct the same.

SECTION 4.15 INFORMATION IN DISCLOSURE DOCUMENTS AND REGISTRATION STATEMENT. None of the information to be supplied by the Company for inclusion in (i) the Registration Statement to be filed with the SEC by Parent on Form S-4 under the Securities Act for the purpose of registering the shares of Parent Common Stock to be issued in connection with the Merger (the "Registration Statement") or (ii) the proxy statement to be distributed in connection with the Company's meeting of stockholders to vote upon this Agreement (the "Proxy Statement") will, in the case of the Registration Statement, at the time it becomes effective and at the Effective Time, or, in the case of the Proxy Statement or any amendments thereof or supplements thereto, at the time of the mailing of the Proxy Statement and any amendments or supplements thereto, and at the time of the meeting of stockholders of the Company to be held in connection with the Merger, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Proxy Statement will comply as to form in all material respects with the applicable provisions of the Exchange Act, and the rules and regulations promulgated thereunder, except that no representation is made by the Company with respect to statements made therein based on information supplied by Parent or its representatives for inclusion in the Proxy Statement or with respect to information concerning Parent or any of its Subsidiaries incorporated by reference in the Proxy Statement.

SECTION 4.16 EMPLOYEE BENEFIT PLANS; ERISA.

(a) Schedule 4.16 hereto sets forth a true and complete list of each material employee benefit plan, arrangement or agreement that is maintained, or was maintained at any time during the five (5) calendar years preceding the date of this Agreement (the "Company Plans"), by the Company or by any trade or business, whether or not incorporated (a "Company ERISA Affiliate"), which together with the Company would be deemed a "single employer" within the meaning of Section 4001 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

(b) Each of the Company Plans that is subject to ERISA is and has been in compliance with ERISA and the Code in all material respects; each of the Company Plans intended to be "qualified" within the meaning of Section 401(a) of the Code is so qualified; no Company Plan has an accumulated or waived funding deficiency within the meaning of Section 412 of the Code; neither the Company nor any Company ERISA Affiliate has incurred, directly or indirectly, any material liability (including any material contingent liability) to or on account of a Company Plan pursuant to Title IV of ERISA; no proceedings have been instituted to terminate any Company Plan that is subject to Title IV of ERISA; no "reportable event," as such term is defined in Section 4043(b) of ERISA, has occurred with respect to any Company Plan; and no condition exists that presents a material risk to the Company or any Company ERISA Affiliate of incurring a liability to or on account of a Company Plan pursuant to Title IV of ERISA.

(c) The current value of the assets of each of the Company Plans that are subject to Title IV of ERISA, based upon the actuarial assumptions (to the extent reasonable) presently used by the Company Plans, exceeds the present value of the accrued benefits under each such Company Plan; no Company Plan is a multiemployer plan (within the meaning of Section 4001(a)(3) of ERISA) and no Company Plan is a multiple employer plan as defined in Section 413 of the Code; and all material contributions or other amounts payable by the Company as of the Effective Time with respect to each Company Plan in respect of current or prior plan years have been either paid or accrued on the balance sheet of the Company. To the knowledge of the Company, there are no material pending, threatened or anticipated claims (other than

routine claims for benefits) by, on behalf of or against any of the Company Plans or any trusts related thereto.

(d) Neither the Company nor any Company ERISA Affiliate, nor any Company Plan, nor any trust created thereunder, nor any trustee or administrator thereof has engaged in a transaction in connection with which the Company or any Company ERISA Affiliate, any Company Plan, any such trust, or any trustee or administrator thereof, or any party dealing with any Company Plan or any such trust could be subject to either a material civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a material tax imposed pursuant to Section 4975 or 4976 of the Code. No Company Plan provides death or medical benefits (whether or not insured), with respect to current or former employees of the Company or any Company ERISA Affiliate beyond their retirement or other termination of service other than (i) coverage mandated by applicable law or (ii) death benefits under any "employee pension plan," as that term is defined in Section 3(2) of ERISA).

SECTION 4.17 ENVIRONMENTAL LAWS AND REGULATIONS.

a. Except as set forth on Schedule 4.17(a): (i) the Company and its Subsidiaries are and have been, in all material respects, in compliance with, and there are no outstanding allegations by any person or entity that the Company or its Subsidiaries has not been in compliance with, all material applicable laws, rules, regulations, common law, ordinances, decrees, orders or other binding legal requirements relating to pollution (including the treatment, storage and disposal of wastes and the remediation of releases and threatened releases of materials), the preservation of the environment, and the exposure to materials in the environment or work place ("Environmental Laws") and (ii) the Company and its Subsidiaries currently hold all material permits, licenses, registrations and other governmental authorizations (including exemptions, waivers, and the like) and financial assurance required under Environmental Laws for the Company and its Subsidiaries to operate their businesses as currently conducted.

(b) Except as set forth on Schedule 4.17(b), to the knowledge of the Company (and without special investigation for purposes hereof) (i) there is no friable asbestos-containing material in or on any real property currently owned, leased or operated by the Company or its Subsidiaries and (ii) there are and have been no underground storage tanks (whether or not required to be registered under any applicable law), dumps, landfills, lagoons, surface impoundments, injection wells or other land disposal units in or on any property currently owned, leased or operated by the Company or its Subsidiaries.

(c) Except as set forth on Schedule 4.17(c), (i) neither the Company nor its Subsidiaries has received (x) any written communication from any person stating or alleging that any of them may be a potentially responsible party under any Environmental Law (including, without limitation, the Federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended) with respect to any actual or alleged environmental contamination or (y) any request for information under any Environmental Law from any Governmental Entity with respect to any actual or alleged material environmental contamination; and (ii) none of the Company, its Subsidiaries or any Governmental Entity is conducting or has conducted (or, to the knowledge of the Company, is threatening to conduct) any environmental remediation or investigation.

SECTION 4.18 VOTE REQUIRED. The affirmative vote of the holders of two-thirds of the outstanding shares of the Company Common Stock are the only votes of the holders of any class or series of the Company's capital stock necessary to approve the Merger. The Board of Directors of the Company, at a meeting duly called and held on March 7, 1997, unanimously (i) approved this Agreement and the Proxy and Option Agreement, (ii) determined that the transactions contemplated hereby and thereby are fair to and in the best interests of the holders of Company Common Stock and (iii) determined to recommend this Agreement, the Merger and the other transactions contemplated hereby to such holders for approval and adoption. The resolutions of the Company's Board of Directors taking the actions described in the preceding sentence have not been rescinded, withdrawn, amended or otherwise modified, remain in full

force and effect, and constitute the only action of such Board of Directors with respect to the Merger or the other transactions contemplated by this Agreement.

SECTION 4.19 OPINION OF FINANCIAL ADVISOR. The Company has received the opinion of Houlihan, Lokey, Howard & Zukin, Inc., dated March 7, 1997, substantially to the effect that the consideration to be received in the Merger by the holders of Company Common Stock is fair to such holders from a financial point of view, a copy of which opinion has been delivered to Parent.

SECTION 4.20 ACCOUNTING MATTERS. None of the Company, any of its Subsidiaries or any of their respective directors, officers or stockholders has taken any action which would prevent the accounting for the Merger as a pooling of interests in accordance with Accounting Principles Board Opinion No. 16, the interpretative releases pursuant thereto and the pronouncements of the SEC.

SECTION 4.21 NYBCL SECTION 912. Prior to the date hereof, the Board of Directors of the Company has approved this Agreement and the Proxy and Option Agreement, and the Merger and the other transactions contemplated hereby and thereby, and such approval is sufficient to render inapplicable to the Merger and any of such other transactions the provisions of Section 912 of the NYBCL.

SECTION 4.22 LABOR MATTERS. Neither the Company nor any of its Subsidiaries is a party to, or bound by, any collective bargaining agreement, contract or other understanding with a labor union or labor organization and, to the knowledge of the Company, there is no activity involving any employees of the Company or its Subsidiaries seeking to certify a collective bargaining unit or engaging in any other organizational activity.

SECTION 4.23 AFFILIATE TRANSACTIONS. Except as set forth in Schedule 4.23 or as disclosed in the Company SEC Reports, there are no Contracts or other transactions between the Company or any of its Subsidiaries, on the one hand, and any (i) officer or director of the Company or any of its Subsidiaries, (ii) record or beneficial owner of five percent or more of the voting securities of the Company or (iii) affiliate (as such term is defined in Regulation 12b-2 promulgated under the Exchange Act) of any such officer, director or beneficial owner, on the other hand.

SECTION 4.24 BROKERS. Except for its financial advisors, Houlihan, Lokey, Howard & Zukin, Inc., Bangert, Dawes, Reade, Davis & Thom, Incorporated, and Royce Investment Group, Inc., no broker, finder or financial advisor is entitled to any brokerage, finder's or other fee or commission in connection with the Merger or the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company, and the Company has delivered to the Parent true, complete and correct copies of (or, in the case of any oral agreement or arrangement, a true, complete and correct summary of) each agreement or arrangement pursuant to which any of such advisors is entitled to any such fee or commission.

SECTION 4.25 TAX MATTERS. The Company knows of no fact or circumstance which is reasonably likely to cause the Merger to be treated other than as a tax-free reorganization under Section 368(a) of the Code.

SECTION 4.26 ACCOUNTS RECEIVABLE. All of the accounts and notes receivable of the Company and its Subsidiaries set forth on the books and records of the Company or to be incurred after the date hereof (in each case net of the applicable reserves reflected or, with respect to future accounts and notes receivable, to be reflected on the books and records of the Company and in the financial statements included in the Company's SEC reports): (i) represent or will represent sales actually made or to be made in the ordinary course of business for goods or services delivered or rendered to unaffiliated customers in bona fide arm's length transactions, (ii) constitute or will constitute valid claims, and (iii) are, or upon incurrence will be, good and collectible, in each case at the aggregate recorded amounts thereof without right of recourse, defense, deduction, return of goods, counterclaim, or offset and have been or will be collected in the ordinary course of business and consistent with past experience.

SECTION 4.27 INVENTORY. All inventory of the Company and its Subsidiaries is (net of the applicable reserves reflected on the books and records of the Company and in the financial statements included in the Company's SEC reports) of merchantable quality, free of defects in workmanship or design and is usable and salable at normal profit margins and in accordance with historical sales practices in the ordinary course of the business of the Company and its Subsidiaries. The Inventory (net of such reserves) does not include any items which are obsolete, damaged, excessive, below standard quality or slow moving (I.E., items that are for discontinued or expected to be discontinued product lines, or items that have not been used or sold within 12 months prior to the date hereof).

ARTICLE V.

REPRESENTATIONS AND WARRANTIES OF PARENT

Parent represents and warrants to the Company as follows:

SECTION 5.1 ORGANIZATION. Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate power to carry on its business as it is now being conducted or presently proposed to be conducted. Parent is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities make such qualification necessary, except where the failure to be so qualified will not have a material adverse effect individually or in the aggregate, on the financial condition, results of operations, business, assets, liabilities, prospects or properties of Parent and its Subsidiaries taken as a whole or on the ability of Parent to consummate the Merger and the other transactions contemplated by this Agreement (a "Parent Material Adverse Effect"). Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of New York. Sub has not engaged in any business (other than in connection with this Agreement and the transactions contemplated hereby) since the date of its incorporation. Schedule 5.1 contains a complete and accurate list of all Subsidiaries of Parent.

SECTION 5.2 CAPITALIZATION.

(a) The authorized capital stock of Parent consists of 60,000,000 shares of Parent Common Stock and 1,000,000 shares of Preferred Stock, par value $.01 per share, of Parent ("Parent Preferred Stock"). As of the date hereof, (i) approximated 23,282,000 shares of Parent Common Stock are issued and outstanding, (ii) no shares of Parent Preferred Stock are issued and outstanding, (iii) options to acquire approximately 800,000 shares of Parent Common Stock (the "Parent Stock Options") are outstanding under all stock option plans of Parent, and (iv) approximately 800,000 shares of Parent Common Stock are reserved for issuance pursuant to the Parent Stock Options and all other Rights to purchase or otherwise receive capital stock or other securities of Parent. All of the outstanding shares of capital stock of Parent are, and the shares of Parent Common Stock issuable in exchange for shares of Company Common Stock at the Effective Time in accordance with this Agreement will be, when so issued, duly authorized, validly issued, fully paid and nonassessable.

(b) The authorized capital stock of Sub consists of 1,000 shares of Sub Common Stock, of which 1,000 shares, as of the date hereof, were issued and outstanding. All of such outstanding shares are owned by Parent, and are validly issued, fully paid and nonassessable.

(c) Except as disclosed in Schedule 5.2, (i) there are no outstanding Rights to purchase or otherwise to receive from Parent or Sub any of the outstanding authorized but unissued or treasury shares of the capital stock or any other security of Parent or Sub, (ii) there is no outstanding security of any kind convertible into or exchangeable for such capital stock, and (iii) there is no voting trust or other agreement or understanding to which Parent or Sub is a party or is bound with respect to the voting of the capital stock of Parent or Sub.

(d) Parent and its subsidiaries do not beneficially own any shares of the Company's voting stock and, to Parent's knowledge, none of its affiliates or associates (as such terms are defined in Section 912 of the NYBCL) beneficially own any shares of the Company's voting stock.

SECTION 5.3 AUTHORITY RELATIVE TO THIS AGREEMENT. Each of Parent and Sub has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by each of Parent and Sub and the consummation by Parent and Sub of the transactions contemplated on its part hereby have been duly authorized by their respective Boards of Directors, and by Parent as the sole stockholder of Sub, and no other corporate proceedings on the part of Parent or Sub are necessary to authorize this Agreement or for Parent and Sub to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by each of Parent and Sub and constitutes a valid and binding agreement of each of Parent and Sub, enforceable against Parent and Sub in accordance with its terms.

SECTION 5.4 CONSENTS AND APPROVALS NO VIOLATIONS. Neither the execution, delivery and performance of this Agreement by Parent or Sub, nor the consummation by Parent or Sub of the transactions contemplated hereby will (i) conflict with or result in any breach of any provisions of the Certificate of Incorporation or By-Laws of Parent or of Sub, (ii) require a filing with, or a permit, authorization, consent or approval of, any Governmental Entity except in connection with or in order to comply with the applicable provisions of the HSR Act, the Securities Act, the Exchange Act, state securities or "blue sky" laws, the By-Laws of the NASD, and the filing and recordation of a Certificate of Merger as required by the NYBCL, (iii) except as set forth on Schedule 5.4 hereto, result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, or result in the creation of a Lien on any property or asset of Parent or any of its Subsidiaries pursuant to, any of the terms, conditions or provisions of any material Contract to which Parent or Sub is a party or by which either of them or any of their properties or assets may be bound or (iv) violate any material law, order, writ, injunction, decree, statute, rule or regulation of any Governmental Entity applicable to Parent, Sub or any of their properties or assets.

SECTION 5.5 REPORTS AND FINANCIAL STATEMENTS. Parent has timely filed all reports required to be filed with the SEC pursuant to the Exchange Act or the Securities Act since November 3, 1995 (collectively, the "Parent SEC Reports"), and has previously made available to the Company true and complete copies of all such Parent SEC Reports. Such Parent SEC Reports, as of their respective dates, complied in all material respects with the applicable requirements of the Securities Act and the Exchange Act, as the case may be, and none of such SEC Reports contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Parent included in the Parent SEC Reports have been prepared in accordance with GAAP consistently applied throughout the periods indicated (except as otherwise noted therein) and fairly present the consolidated financial position of Parent and its consolidated Subsidiaries as at the dates thereof and the consolidated results of operations and cash flows of Parent and its consolidated Subsidiaries for each of the periods then ended, except that in the case of the unaudited consolidated financial statements included in any Form 10-Q, the presentation and disclosures conform with the applicable rules of the Exchange Act, but include all adjustments necessary to conform to GAAP requirements with respect to interim financial statements. Since December 31, 1995, there has been no change in any of the significant accounting (including tax accounting) policies, practices or procedures of the Parent or, except as set forth on Schedule 5.5, any of its consolidated Subsidiaries.

SECTION 5.6 ABSENCE OF CERTAIN CHANGES OR EVENTS; MATERIAL CONTRACTS. Except as set forth in the Parent SEC Reports, since September 29, 1996, (i) Parent has not conducted its business and operations other than in the ordinary course of business and consistent with past practices or taken any of the actions set forth in Section 6.2(b) and (ii) there has not been any fact, event, circumstance or change affecting or

relating to Parent and its Subsidiaries which has had or is reasonably likely to have a Parent Material Adverse Effect.

SECTION 5.7 INFORMATION IN DISCLOSURE DOCUMENTS AND REGISTRATION STATEMENT. None of the information to be supplied by Parent or Sub for inclusion in (i) the Registration Statement or (ii) the Proxy Statement will in the case of the Registration Statement, at the time it becomes effective and at the Effective Time, or, in the case of the Proxy Statement or any amendments thereof or supplements thereto, at the time of the mailing of the Proxy Statement and any amendments or supplements thereto, and at the time of the meeting of stockholders of the Company to be held in connection with the Merger, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Registration Statement will comply as to form in all material respects with the applicable provisions of the Securities Act and the Exchange Act, and the rules and regulations promulgated thereunder, except that no representation is made by Parent with respect to statements made therein based on information supplied by the Company or its respective representatives for inclusion in the Registration Statement or the Proxy Statement or with respect to information concerning the Company or any of its Subsidiaries incorporated by reference in the Registration Statement or the Proxy Statement.

SECTION 5.8 ABSENCE OF UNDISCLOSED LIABILITIES. Except for liabilities or obligations which are accrued or reserved against in Parent's consolidated financial statements (or reflected in the notes thereto) included in the Company SEC Reports or which were incurred after September 30, 1996 in the ordinary course of business and consistent with past practice, and except as set forth on Schedule 5.8, none of Parent and its Subsidiaries has any liabilities or obligations (whether absolute, accrued, contingent or otherwise) of a nature required by GAAP to be reflected in a consolidated balance sheet (or reflected in the notes thereto) or which would have a Parent Material Adverse Effect.

SECTION 5.9 COMPLIANCE WITH APPLICABLE LAW. Except as set forth on Schedule 5.9 or as disclosed in the Parent SEC Reports, (i) the Parent and its Subsidiaries hold, and are in compliance with the terms of, all material permits, licenses, exemptions, orders and approvals of all Governmental Entities necessary for the current and presently proposed conduct of their respective businesses ("Parent Permits"), (ii) no fact exists or event has occurred, and no action or proceeding is pending or, to Parent's knowledge, threatened, that has a reasonable possibility of resulting in a revocation, nonrenewal, termination, suspension or other material impairment of any material Parent Permits, (iii) the businesses of Parent and its Subsidiaries are not being conducted in violation of Applicable Law, and (iv) to the knowledge of Parent, (x) no investigation or review by any Governmental Entity with respect to Parent or its Subsidiaries is pending or threatened and (y) no Governmental Entity has indicated an intention to conduct the same.

SECTION 5.10 LITIGATION. Except for litigation disclosed in the notes to the financial statements included in Parent's Annual Report to Stockholders for the year ended December 31, 1995 or in Parent SEC Reports filed subsequent thereto, there is no suit, action, proceeding or investigation pending or, to the knowledge of Parent, threatened against or affecting Parent or any of its Subsidiaries, the outcome of which, in the reasonable judgment of Parent, is likely to have a Parent Material Adverse Effect; nor is there any judgment, decree, injunction, ruling or order of any Governmental Entity outstanding against Parent or any of its Subsidiaries having, or which is reasonably likely to have, a Parent Material Adverse Effect.

SECTION 5.11 OPINION OF FINANCIAL ADVISOR. Parent has received the opinion of Tanner & Co., Inc., dated March 7, 1997, substantially to the effect that the consideration to be received in the Merger by the holders of Company Common Stock is fair to the holders of Parent Common Stock from a financial point of view, a copy of which opinion has been delivered to the Company.

SECTION 5.12 ACCOUNTING MATTERS. None of the Parent, any of its Subsidiaries or any of their respective directors, officers or stockholders has taken any action which would prevent the accounting for

the Merger as a pooling of interests in accordance with Accounting Principles Board Opinion No. 16, the interpretative releases pursuant thereto and the pronouncements of the SEC.

SECTION 5.13 TAX MATTERS. Parent knows of no fact or circumstance which is reasonably likely to cause the Merger to be treated other than as a tax-free reorganization under Section 368(a) of the Code.

SECTION 5.14 BROKERS. Except for its financial advisor, Tanner & Co., Inc., no broker, finder or financial advisor is entitled to any brokerage, finder's or other fee or commission in connection with the Merger or the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent or Sub.

SECTION 5.15 NO DEFAULT. Neither Parent nor any Subsidiary of Parent is in default or violation (and no event has occurred which with notice or the lapse of time or both would constitute a default or violation) of any term, condition or provision of (i) its charter, by-laws or comparable organizational documents, (ii) any material Contract to which Parent or any of its Subsidiaries is a party or by which they or any of their properties or assets may be bound, or (iii) any material order, writ, injunction or decree, or any material statute, rule or regulation, of any Governmental Entity applicable to Parent or any of its Subsidiaries.

ARTICLE VI.

CONDUCT OF BUSINESS PENDING THE MERGER

SECTION 6.1 CONDUCT OF BUSINESS BY THE COMPANY PENDING THE MERGER. From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless Parent shall otherwise agree in writing, or as otherwise expressly contemplated by this Agreement:

(a) the Company shall conduct, and cause each of its Subsidiaries to conduct, its business only in the ordinary and usual course consistent with past practice, and the Company shall use, and cause each of its Subsidiaries to use, its reasonable efforts to preserve intact the present business organization, keep available the services of its present officers and key employees, and preserve the goodwill of those having business relationships with it;

(b) the Company shall not, nor shall it permit any of its Subsidiaries to, (i) amend its charter, bylaws or other organizational documents, (ii) split, combine or reclassify any shares of its outstanding capital stock, (iii) declare, set aside or pay any dividend or other distribution payable in cash, stock or property, or (iv) directly or indirectly redeem or otherwise acquire any shares of its capital stock or shares of the capital stock of any of its Subsidiaries;

(c) the Company shall not, nor shall it permit any of its Subsidiaries to, (i) authorize for issuance, issue or sell or agree to issue or sell any shares of, or Rights to acquire or convertible into any shares of, its capital stock or shares of the capital stock of any of its Subsidiaries (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise), except for the issuance of shares of Company Common Stock upon the exercise of Company Stock Options outstanding on the date of this Agreement, or amend any outstanding Company Stock Option, Company Warrant or other Right, except that the Company may amend the terms of the Company Stock Options set forth on Schedule 4.2(b) under the heading "1987 Plan" to provide that the holders thereof may exercise such options prior to their expiration dates regardless of whether such holders are then serving as directors of the Company; (ii) merge or consolidate with another entity; (iii) acquire or purchase an equity interest in or a substantial portion of the assets of another corporation, partnership or other business organization (except for such potential acquisitions, and on substantially such terms, as have been described in a letter executed and delivered by the Company and Parent simultaneously with the execution and delivery of this Agreement and provided that the Company keeps Parent informed as to the status of all negotiations with respect thereto

(including any termination of such negotiations) and gives Parent prior notice of the consummation of any such acquisition and the signing of any agreement with respect thereto) or otherwise acquire any assets outside the ordinary and usual course of business and consistent with past practice or otherwise enter into any material contract, commitment or transaction outside the ordinary and usual course of business consistent with past practice; (iv) sell, lease, license, waive, release, transfer, encumber or otherwise dispose of any of its assets outside the ordinary and usual course of business and consistent with past practice; (v) incur, assume or prepay any material indebtedness or any other material liabilities other than in the ordinary course of business and consistent with past practice; (vi) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person other than a Subsidiary of the Company or customers, in each case in the ordinary course of business and consistent with past practice; (vii) make, extend or modify in any material respect any loans, advances or capital contributions to, or investments in, any other person, other than to Subsidiaries of the Company or loans to employees of the Company or any of its Subsidiaries, in an aggregate amount not exceeding $25,000, for such reasons, and on such terms and conditions, as are consistent with past practice; (viii) authorize or make capital expenditures in excess of the respective amounts set forth on Schedule 6.1 hereto; (ix) permit any insurance policy naming the Company or any Subsidiary of the Company as a beneficiary or a loss payee to be canceled or terminated other than in the ordinary course of business; or (x) enter into any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(d) the Company shall not, nor shall it permit its Subsidiaries to, (i) adopt, enter into, terminate or amend (except as may be required by Applicable Law) any Company Plan or other arrangement for the current or future benefit or welfare of any director, officer or current or former employee, (ii) increase in any manner the compensation or fringe benefits of, or pay any bonus to, any director, officer or employee (except for normal increases in compensation in the ordinary course of business consistent with past practice and accrued and unpaid bonuses in respect of the Company's fiscal year ended November 30, 1996 that are consistent with past practice and have been properly accrued and reflected on the Company's books and records, or (iii) take any action to fund or in any other way secure, or to accelerate or otherwise remove restrictions with respect to, the payment of compensation or benefits under any employee plan, agreement, contract, arrangement or other Company Plan (including the Company Stock Options);

(e) the Company shall not, nor shall it permit its Subsidiaries to, take any action with respect to, or make any material change in, its accounting or tax policies or procedures, except as required by law or to comply with GAAP; and

(f) the Company shall not (i) take any action or allow any action to be taken by any of its Subsidiaries or affiliates which would jeopardize the treatment of Parent's acquisition of the Company as a pooling of interests for accounting purposes; or (ii) take any action which would jeopardize qualification of the Merger as a reorganization within the meaning of Section 368(a) of the Code.

SECTION 6.2 CONDUCT OF BUSINESS BY PARENT PENDING THE MERGER. From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the Company shall otherwise agree in writing, or as otherwise expressly contemplated by this Agreement:

(a) Parent shall conduct its business and the business of its Subsidiaries in a manner designed, in the good faith judgment of its Board of Directors, to enhance the long-term value of the Parent Common Stock and the business prospects of Parent and its Subsidiaries;

(b) Parent shall not (i) split, combine or reclassify any shares of its outstanding capital stock; or (ii) declare, set aside or pay any dividend or other distribution payable in cash, stock or property;

(c) Parent shall not authorize for issuance, issue or sell or agree to issue or sell any shares of, or Rights to acquire or convertible into any shares of, its capital stock, except for (i) the issuance of

shares of Parent Common Stock (x) upon the exercise of Parent Stock Options or other Rights outstanding on the date of this Agreement or (y) upon the exercise of Rights described in the immediately following clause (ii), (ii) the issuance of Rights pursuant to existing employee benefit plans or arrangements in a manner consistent with past practice, and (iii) the issuance of shares of Parent Common Stock in connection with arms' length acquisitions with non-affiliates; and

(d) Except as described on Schedule 6.2(d), Parent shall not, nor shall it permit any of its Subsidiaries to, (i) amend its charter, bylaws or other organizational documents, (ii) split, combine or reclassify any shares of its outstanding capital stock, or (iii) directly or indirectly redeem or otherwise acquire any shares of its capital stock or shares of the capital stock of any of its Subsidiaries.

SECTION 6.3 CONDUCT OF BUSINESS OF SUB. During the period from the date of this Agreement to the Effective Time, Sub shall not engage in any activities of any nature except as provided in or contemplated by this Agreement. It is understood that Sub was formed by Parent solely for the purpose of effecting the Merger, and that Sub will have no material assets and no material liabilities prior to the Merger. Parent shall cause Sub to perform its obligations under this Agreement.

ARTICLE VII.

ADDITIONAL AGREEMENTS

SECTION 7.1 ACCESS AND INFORMATION. Each of the Company and Parent shall (and shall cause its Subsidiaries and its and their respective officers, directors, employees, auditors and agents to) afford to the other and to the other's officers, employees, financial advisors, legal counsel, accountants, consultants and other representatives reasonable access, during normal business hours throughout the period from the date hereof until the earlier of the Effective Time and the termination of this Agreement, to all of its books and records and its properties, plants and personnel and, during such period, each shall furnish promptly to the other a copy of each report, schedule and other document filed or received by it pursuant to the requirements of federal securities laws, provided that no investigation pursuant to this Section 7.1 shall affect any representations or warranties made herein or the conditions to the obligations of the respective parties to consummate the Merger. Unless otherwise required by law, each of Parent and the Company agrees that it (and its respective Subsidiaries and its and their respective representatives) shall hold in confidence all non-public information so acquired in accordance with the terms of the confidentiality agreement between Parent and the Company executed in November 1996 (the "Confidentiality Agreement").

SECTION 7.2 NO SOLICITATION.

(a) Prior to the Effective Time, the Company agrees that neither it, any of its Subsidiaries or its affiliates, nor any of the respective directors, officers, employees, affiliates, agents or representatives of the foregoing (including, without limitation, any investment banker, attorney or accountant retained by the Company or any of its Subsidiaries) will, directly or indirectly, solicit, initiate, facilitate or encourage (including by way of furnishing or disclosing non-public information) any inquiries or the making of any proposal with respect to or which may reasonably be expected to lead to, any merger, consolidation or other business combination involving the Company or any Subsidiary of the Company (other than any acquisition by the Company permitted under Section 6.1(c)) or the acquisition of all or any significant assets or capital stock of the Company or any Subsidiary of the Company taken as a whole (an "Acquisition Transaction") or negotiate, explore or otherwise engage in discussions with any corporation, partnership, person, other entity or group (as defined in Section 13(d)(2) of the Exchange Act) (other than Parent and its representatives) in furtherance of such inquiries or with respect to any Acquisition Transaction, or endorse any Acquisition Transaction, or enter into any agreement, arrangement or understanding with respect to any such Acquisition Transaction or which would require it to abandon, terminate or fail to consummate the Merger or any other transaction contemplated by this Agreement; provided, however, that the Company may, in response to an unsolicited written proposal from a third party, furnish

information to and engage in discussions with such third party, in each case only if the Board of Directors of the Company determines in good faith by a majority vote, after consultation with its financial advisor, Houlihan, Lokey, Howard & Zukin, Inc., and after reviewing the advice of outside counsel to the Company, that such action is reasonably likely to be required by the fiduciary duties of the Board of Directors and, prior to taking such action, the Company (i) provides reasonable notice to Parent to the effect that it is taking such action and (ii) receives from such corporation, partnership, person or other entity or group (and delivers to Parent) an executed confidentiality agreement in reasonably customary form. The Company agrees that as of the date hereof, it, its Subsidiaries and affiliates, and the respective directors, officers, employees, agents and representatives of the foregoing, shall immediately cease and cause to be terminated any existing activities, discussions or negotiations with any person (other than Parent and its representatives) conducted heretofore with respect to any Acquisition Transaction. The Company agrees to immediately advise Parent in writing of any inquiries or proposals (or desire to make a proposal) received by (or indicated to), any such information requested from, or any such negotiations or discussions sought to be initiated or continued with, any of it, its Subsidiaries or affiliates, or any of the respective directors, officers, employees, agents or representatives of the foregoing, in each case from a corporation, partnership, person or other entity or group (other than Parent and its representatives) with respect to an Acquisition Transaction, and the terms thereof, including the identity of such third party, and to update on an ongoing basis or upon Parent's request, the status thereof, as well as any actions taken or other developments pursuant to this Section 7.2(a). Notwithstanding anything in the foregoing provisions of the Section 7.2(a) to the contrary: (i) the Company shall not disclose any information received by it or any of its directors, officers, employees, agents or representatives pursuant to the Confidentiality Agreement or any other confidentiality or other similar agreement between the Company and Parent to any person in violation of such agreement and (ii) the Company shall not be obligated to disclose to Parent any confidential information provided to the Company by any third party in violation of any confidentiality agreement between the Company and such third party provided for in this Section 7.2.

(b) Except as set forth in this Section 7.2(b), the Board of Directors of the Company shall not (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to the Parent or the Sub, the approval or recommendation by the Board of Directors of this Agreement or the Merger, (ii) approve or recommend, or propose to approve or recommend, any Acquisition Transaction or (iii) cause the Company to enter into any agreement with respect to any Acquisition Transaction. Notwithstanding the foregoing, in the event that prior to the Effective Time the Board of Directors of the Company determines in good faith by a majority vote, after consultation with its financial advisor, Houlihan, Lokey, Howard & Zukin, Inc., and after reviewing the advice of outside counsel to the Company, that such action is reasonably likely to be required by the fiduciary duties of the Board of Directors, the Board of Directors of the Company may withdraw or modify its approval or recommendation of this Agreement and the Merger, approve or recommend an Acquisition Transaction or cause the Company to enter into an agreement with respect to an Acquisition Transaction, provided, in each case, that such Board determines in its good faith reasonable judgment, by a majority vote after consultation with its financial advisor and after reviewing the advice of outside counsel to the Company, that the Acquisition Transaction is more favorable to the stockholders of the Company than the Merger. The Company shall provide reasonable prior notice to the Parent or the Sub to the effect that it is taking such action.

SECTION 7.3 REGISTRATION STATEMENT. As promptly as practicable, Parent and the Company shall in consultation with each other prepare and file with the SEC the Proxy Statement and Parent in consultation with the Company shall prepare and file with the SEC the Registration Statement. Each of Parent and the Company shall use its reasonable best efforts to have the Registration Statement declared effective as soon as practicable. Parent shall also use its reasonable best efforts to take any action required to be taken under state securities or "blue sky" laws in connection with the issuance of the shares of Parent Common Stock pursuant to this Agreement in the Merger. The Company shall furnish Parent with all information concerning the Company and the holders of its capital stock and shall take such other action as Parent may reasonably request in connection with the Registration Statement and the issuance of shares of Parent

Common Stock, and Parent shall furnish the Company with all information concerning Parent and the holders of its capital stock and shall take such other action as the Company may reasonably request in connection with the Proxy Statement. If at any time prior to the Effective Time any event or circumstance relating to Parent, any Subsidiary of Parent, the Company, any Subsidiary of the Company, or their respective officers or directors, should be discovered by such party which should be set forth in an amendment or a supplement to the Registration Statement or Proxy Statement, such party shall promptly inform the other thereof and take appropriate action in respect thereof.

SECTION 7.4 PROXY STATEMENTS; STOCKHOLDER APPROVAL.

(a) The Company, acting through its Board of Directors, shall, subject to and in accordance with applicable law and its Certificate of Incorporation and By-Laws, promptly and duly call, give notice of and, as soon as practicable following the date upon which the Registration Statement becomes effective, hold a meeting of the holders of Company Common Stock for the purpose of voting to approve and adopt this Agreement and the transactions contemplated hereby, and, except as otherwise provided in Section 7.2(b), (i) recommend approval and adoption of this Agreement and the transactions contemplated hereby, by the stockholders of the Company and include in the Proxy Statement such recommendation and (ii) take all reasonable and lawful action to solicit and obtain such approval.

(b) The Company, as promptly as practicable, shall cause the definitive Proxy Statement to be mailed to its stockholders.

(c) At or prior to the Closing, the Company shall deliver to Parent a certificate of its Secretary setting forth the voting results from its stockholder meeting.

SECTION 7.5 COMPLIANCE WITH THE SECURITIES ACT.

(a) At least 10 days prior to the Effective Time, the Company shall cause to be delivered to Parent a list identifying all persons who were at the record date for its stockholders' meeting convened in accordance with Section 7.4 hereof, "affiliates" of the Company, as that term is used in paragraphs (c) and (d) of Rule 145 under the Securities Act (the "Affiliates").

(b) The Company shall use its reasonable best efforts to cause each person who is identified as one of its Affiliates in its list referred to in Section 7.5(a) above to deliver to Parent (with a copy to the Company), at least 10 days prior to the Effective Time, a written agreement, in the form attached hereto as Exhibit B (the "Affiliate Agreement").

(c) If any Affiliate of the Company refuses to provide an Affiliate Agreement, Parent may place appropriate legends on the certificates evidencing the shares of Parent Common Stock to be received by such Affiliate pursuant to the terms of this Agreement and may issue appropriate stop transfer instructions to the transfer agent for shares of Parent Common Stock to the effect that the shares of Parent Common Stock received by such Affiliate pursuant to this Agreement only may be sold, transferred or otherwise conveyed (i) pursuant to an effective registration statement under the Securities Act, (ii) in compliance with Rule 145 promulgated under the Securities Act, or (iii) pursuant to another exemption under the Securities Act.

SECTION 7.6 REASONABLE BEST EFFORTS. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use its reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including, without limitation, the obtaining of all necessary waivers, consents and approvals and the effecting of all necessary registrations and filings. Without limiting the generality of the foregoing, as promptly as practicable, the Company, Parent and Sub shall make all filings and submissions under the HSR Act as may be reasonably required to be made in connection with this Agreement and the transactions contemplated hereby. Subject to the Confidentiality Agreement, the Company will furnish to Parent and Sub, and Parent and Sub will

furnish to the Company, such information and assistance as the other may reasonably request in connection with the preparation of any such filings or submissions. Subject to the Confidentiality Agreement, the Company will provide Parent and Sub, and Parent and Sub will provide the Company, with copies of all material written correspondence, filings and communications (or memoranda setting forth the substance thereof) between such party or any of its representatives and any Governmental Entity, with respect to the obtaining of any waivers, consent or approvals and the making of any registrations or filings, in each case that is necessary to consummate the Merger and the other transactions contemplated hereby. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers or directors of Parent and the Surviving Corporation shall take all such necessary action.

SECTION 7.7 PROXY AND OPTION AGREEMENT. Concurrently herewith, and as an essential inducement for Parent's entering into this Agreement, Parent and Sub are entering into the Proxy and Option Agreement with certain holders of Company Common Stock with respect to all such shares of Company Common Stock held by such holders, except for the Excluded Reade Shares (as described in the Option and Proxy Agreement).

Section 7.8 COMPANY STOCK OPTIONS. To the extent permitted by the respective terms of the Company Stock Options and the plans under which they were issued and the respective terms of the Company Stock Warrants, at the Effective Time, each of the Company Stock Options (and, solely with respect to such options, the applicable option plans pursuant to which such options were issued) and each of the Company Warrants which is outstanding immediately prior to the Effective Time and listed on Schedule 4.2(b) shall be assumed by Parent on the terms set forth herein and converted automatically into an option or a warrant, as the case may be, to purchase shares of Parent Common Stock (each, a "Converted Option" or a "Converted Warrant", as the case may be) in an amount and at an exercise price determined as provided below:

(a) The number of shares of Parent Common Stock to be subject to a Converted Option or a Converted Warrant shall be equal to the product of the number of shares of Company Common Stock remaining subject (as of immediately prior to the Effective Time) to the original option or warrant and the Exchange Ratio, provided that any fractional shares of Parent Common Stock resulting from such multiplication shall be rounded down to the nearest share; and

(b) The exercise price per share of Parent Common Stock under a Converted Option or a Converted Warrant shall be equal to the exercise price per share of Company Common Stock under the original option or warrant divided by the Exchange Ratio, provided that such exercise price shall be rounded down to the nearest cent.

The adjustment provided herein with respect to any options which are "incentive stock options" (as defined in Section 422 of the Code) shall be modified to the extent required to comply with Section 424(a) of the Code and the applicable Treasury Regulations. After the Effective Time, each Converted Option shall be exercisable and shall vest upon the same terms and conditions as were applicable to the related Company Stock Option immediately prior to the Effective Time, except that all references to the Company shall be deemed to be references to Parent. Parent shall file with the SEC a registration statement on Form S-8 (or other appropriate form) and shall take any action required to be taken under state securities "blue sky" laws for purposes of registering all shares of Parent Common Stock issuable after the Effective Time upon exercise of the Converted Options, and use all reasonable efforts to have such registration statement (or a successor or replacement registration statement) become effective with respect thereto as promptly as practicable after the Effective Time and to remain in effect while any of the Converted Options remain exercisable. Parent shall reserve for issuance in connection with the exercise of Converted Options and Converted Warrants such number of shares of Parent Common Stock as shall be required to be issued upon such exercise.

SECTION 7.9 PUBLIC ANNOUNCEMENTS. Each of Parent, Sub and the Company agrees that it will not issue any press release or otherwise make any public statement with respect to this Agreement (including the Exhibits hereto) or the transactions contemplated hereby (or thereby) without the prior consent of the other party, which consent shall not be unreasonably withheld or delayed; provided, however, that such disclosure can be made without obtaining such prior consent if (i) the disclosure is required by law or by obligations imposed pursuant to any listing agreement with any national securities exchange or quotation system and (ii) the party making such disclosure has first used its reasonable best efforts to consult with (but not obtain the consent of) the other party about the form and substance of such disclosure.

SECTION 7.10 EXPENSES. Except as otherwise set forth in Section 9.2(b), whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement (including the Exhibits hereto) and the transactions contemplated hereby (and thereby) shall be paid by the party incurring such expenses, except that (i) the filing fee in connection with filings under the HSR Act, (ii) the expenses incurred in connection with printing the Registration Statement and the Proxy Statement and (iii) the filing fee with the SEC relating to the Registration Statement or the Proxy Statement will be shared equally by Parent and the Company.

SECTION 7.11 LISTING APPLICATION. Parent will use its reasonable best efforts to cause the shares of Parent Common Stock to be issued pursuant to this Agreement in the Merger (as well as the shares of Parent Common Stock issuable after the Effective Time upon exercise of the Parent Options) to be listed for quotation and trading on the Nasdaq National Market.

SECTION 7.12 SUPPLEMENTAL DISCLOSURE. The Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of (i) the occurrence, or non-occurrence, of any event the occurrence, or non-occurrence, of which would be likely to cause (x) any representation or warranty contained in this Agreement to be untrue or inaccurate or (y) any covenant, condition or agreement contained in this Agreement not to be complied with or satisfied and (ii) any failure of the Company or Parent, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 7.12 shall not have any effect for the purpose of determining the satisfaction of the conditions set forth in Article VIII of this Agreement or otherwise limit or affect the remedies available hereunder to any party.

SECTION 7.13 LETTERS OF ACCOUNTANTS.

(a) Parent shall use all reasonable efforts to cause to be delivered to the Company a letter of BDO Seidman, LLP, Parent's independent auditors, dated a date within two business days before the date on which the Registration Statement shall become effective and addressed to the Company, in form and substance reasonably satisfactory to the Company and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the Registration Statement, which letter shall be brought down to a date within two business days prior to the Effective Time.

(b) The Company shall use all reasonable best efforts to cause to be delivered to Parent a letter of Miller, Ellin & Company, the Company's independent auditors, dated a date within two business days before the date on which the Registration Statement shall become effective and addressed to Parent, in form and substance reasonably satisfactory to Parent and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the Registration Statement, which letter shall be brought down to a date within two business days prior to the Effective Time.

SECTION 7.14 RECRUITMENT. Prior to the Effective Time, and, if this Agreement is terminated by the Company pursuant to Section 9.1(e)(i) or 9.1(e)(ii), prior to the first anniversary of the date of such termination, neither Parent nor any of its Subsidiaries shall hire or solicit the employment of any employee of the Company or any of its Subsidiaries. Prior to the Effective Time and, if this Agreement is terminated

by Parent pursuant to Section 9.1(d)(i) or 9.1(d)(ii) prior to the first anniversary of such termination, neither the Company nor any of its Subsidiaries shall hire or solicit the employment of any employee of Parent or any of its Subsidiaries. If this Agreement terminates without the Merger being consummated except as provided in the preceding sentences of this Section 7.14, neither Parent nor its Subsidiaries, on the one hand, nor the Company nor its Subsidiaries, on the other, will hire or solicit the employment of any employee of any of the others, for a period of six months from the date of such termination.

SECTION 7.15 INDEMNIFICATION.

(a) For a period of six years after the Effective Time, Parent shall, and shall cause the Surviving Corporation to, indemnify, defend and hold harmless the present and former directors, officers, employees and agents of the Company and its Subsidiaries (each, an "Indemnified Party") against any and all losses, costs, damages, claims and liabilities (including reasonable attorneys' fees) arising out of the Indemnified Party's service or services as a director, officer, employee or agent of the Company or, if at the Company's request, of another corporation, partnership, joint venture, trust or other enterprise occurring at or prior to the Effective Time (including the transactions contemplated by or related to this Agreement) to the fullest extent permitted under New York Law and the Company's Articles of Incorporation and Bylaws as in effect on the date hereof, including provisions relating to advances of expenses incurred in the defense of any litigation, action, claim or proceeding and whether or not Parent or Surviving Corporation is insured against any such matter. Without limiting the foregoing, in any case in which approval by the Surviving Corporation is required to effectuate any indemnification and subject to the applicable requirements of the NYBCL, the Surviving Corporation shall direct, at the election of the Indemnified Party, that the determination of any such approval shall be made by independent counsel selected by the Surviving Corporation and reasonably acceptable to the Indemnified Party.

(b) The Surviving Corporation or the Parent shall maintain in effect (for at least six years from the Effective Time in the case of claims made policies) directors' and officers' liability insurance policies providing coverage in an aggregate amount of at least $10,000,000 and with a carrier(s) having a Best rating at least equal to the Best rating of the current carrier(s) covering directors and officers of the Company serving as of or after December 1, 1990 with respect to claims arising from occurrences prior to or at the Effective Time (including the transactions contemplated by or related to this Agreement).

(c) If Parent or the Surviving Corporation or any successors or assigns shall transfer all or substantially all of its assets to any person or entity, then and in each case, proper provision shall be made so that the assigns of Parent or the Surviving Corporation shall assume the obligations set forth in this Section 7.15.

(d) The provisions of this Section 7.15 are intended to be for the benefit of and shall be enforceable by, each Indemnified Party and his or her respective heirs and representatives.

ARTICLE VIII.

CONDITIONS TO CONSUMMATION OF THE MERGER

SECTION 8.1 CONDITIONS TO EACH PARTY'S OBLIGATION TO EFFECT THE MERGER. The respective obligations of each party to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) HSR APPROVAL. Any waiting period applicable to the consummation of the Merger under the HSR Act shall have expired or been terminated, and no action shall have been instituted by the Department of Justice or Federal Trade Commission challenging or seeking to enjoin the consummation of this transaction, which action shall have not been withdrawn or terminated.

(b) STOCKHOLDER APPROVALS. This Agreement and the transactions contemplated hereby shall have been approved and adopted by the requisite vote (as described in Section 4.18) of the stockholders of the Company, in accordance with applicable law.

(c) NASDAQ LISTING. The shares of Parent Common Stock issuable to the holders of Company Common Stock pursuant to this Agreement in the Merger shall have been authorized for listing on the Nasdaq National Market, upon official notice of issuance.

(d) REGISTRATION STATEMENT. The Registration Statement shall have become effective under the Securities Act and shall not be the subject of any stop order or proceeding by the SEC seeking a stop order.

(e) NO ORDER. No Governmental Entity (including a federal or state court) of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which materially restricts, prevents or prohibits consummation of the Merger or any transaction contemplated by this Agreement; provided, however, that the parties shall use their reasonable best efforts to cause any such decree, judgment, injunction or other order to be vacated or lifted.

(f) APPROVALS. Other than the filing of Merger documents in accordance with the NYBCL, all authorizations, consents, waivers, orders or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Entity the failure of which to obtain, make or occur would, individually or in the aggregate, have a material adverse effect at or after the Effective Time on Parent and its Subsidiaries including the Surviving Corporation and its Subsidiaries, shall have been obtained, been filed or have occurred. Parent shall have received all state securities or "blue sky" permits and other authorizations necessary to issue the shares of Parent Common Stock pursuant to this Agreement in the Merger.

(g) LITIGATION. No preliminary or permanent injunction or other order shall have been issued by any court or by any governmental or regulatory agency, body or authority which enjoins, restrains or prohibits the transactions contemplated hereby, including the consummation of the Merger or has the effect of making the Merger illegal and which is in effect at the Effective Time (each party agreeing to use its best efforts to have any such injunction or order lifted).

(h) STATUTES. No statute, rule, regulation, executive order, decree or order of any kind shall have been enacted, entered, promulgated or enforced by any court or governmental authority which prohibits the consummation of the Merger or has the effect of making the Merger illegal.

(i) MARKET EVENTS. There shall not have occurred and be continuing any general suspension or limitation of trading in Parent Common Stock (exclusive, however, of any temporary suspension pending an ensuing public announcement) or in securities generally on Nasdaq.

(j) TAX OPINION. The Company shall have received the opinion of Cummings & Lockwood, counsel to the Company, which opinion shall be reasonably satisfactory to Parent, to the effect that the Merger will be treated for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, which opinion shall be dated on or about the date that is two business days prior to the date the Proxy Statement is first mailed to stockholders of the Company and shall have not have been withdrawn or modified in any material respect. Such opinion may be based, as to the matters of fact set forth in such certificates, on certificates of officers of the Company and Parent and of other appropriate persons that are provided to Parent.

SECTION 8.2 CONDITIONS TO OBLIGATIONS OF PARENT AND SUB TO EFFECT THE MERGER. The obligations of Parent and Sub to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following additional conditions, unless waived in writing by Parent:

(a) REPRESENTATIONS AND WARRANTIES. (i) The aggregate effect of all inaccuracies in the representations and warranties of the Company set forth in this Agreement does not and would not reasonably be expected to have a Company Material Adverse Effect and (ii) the representations and warranties

of the Company that are qualified with reference to a Company Material Adverse Effect or materiality shall, subject to such qualification, be true and correct and the representations and warranties that are not so qualified shall be true and correct in all material respects, in each case as of the date hereof, and, except to the extent such representations and warranties speak as of an earlier date, as of the Effective Time as though made at and as of the Effective Time, and Parent shall have received a certificate signed on behalf of the Company by the chief executive officer or the chief financial officer of the Company to such effect.

(b) PERFORMANCE OF OBLIGATIONS OF THE COMPANY. Each of the Company and its Subsidiaries shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Effective Time, and Parent shall have received a certificate signed on behalf of the Company by the chief executive officer or the chief financial officer of the Company to such effect.

(c) AFFILIATE AGREEMENTS. Parent shall have received the Affiliate Agreements from each of the Affiliates of the Company, as contemplated in Section 7.5.

(d) "POOLING LETTER." Parent shall have received from BDO Seidman, LLP a letter, dated the Closing Date and addressed to Parent, to the effect that, subject to customary qualifications, the Merger qualifies for pooling of interests treatment for financial reporting purposes in accordance with GAAP, and Parent shall have received from the Company, with the consent of Miller, Ellin & Company, a copy of a letter, dated the Closing Date, of Miller, Ellin & Company addressed to the Company to the effect that, subject to customary qualifications, the Merger qualifies for pooling of interests for financial reporting purposes in accordance with GAAP.

(e) LETTERS OF RESIGNATION. Parent and Sub shall have received letters of resignation addressed to the Company from the members of the Company's board of directors, which resignations shall be effective as of the Effective Time.

(f) DISSENTING SHARES. The aggregate number of shares of Company Common Stock into which all Dissenting Shares are convertible shall not constitute more than 9% of the number of shares of Company Common Stock outstanding as of immediately prior to the Effective Time (calculated assuming no dilution).

(g) LEGAL OPINION. Parent shall have received opinions, dated the Closing Date, of Otterbourg, Steindler, Houston & Rosen, P.C. and Lester Morse, P.C. which together are substantially to the effect set forth in Exhibit C hereto, subject to assumptions, qualifications and limitations reasonably satisfactory to Parent, which opinions shall be reasonably satisfactory to Parent.

(h) 1996 DIRECTORS' RETIREMENT PLAN. The Company's 1996 Directors' Retirement Plan shall have terminated and neither the Company, Parent nor any of their respective Subsidiaries shall have any liability or obligation to any person arising under or in respect of such plan.

SECTION 8.3 CONDITIONS TO OBLIGATION OF THE COMPANY TO EFFECT THE MERGER. The obligation of the Company to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following additional conditions:

(a) REPRESENTATIONS AND WARRANTIES. (i) The aggregate effect of all inaccuracies in the representations and warranties of Parent set forth in this Agreement does not and will not have a Parent Material Adverse Effect and (ii) the representations and warranties of Parent contained in this Agreement that are qualified with reference to a Parent Material Adverse Effect or materiality shall be true and correct and the representations and warranties that are not so qualified shall be true and correct in all material respects as of the date hereof, and, except to the extent such representations and warranties speak as of an earlier date, as of the Effective Time as though made on and as of the

Effective Time, and the Company shall have received a certificate signed on behalf of Parent by the chief executive officer or the chief financial officer of Parent to such effect.

(b) PERFORMANCE OF OBLIGATIONS OF PARENT AND SUB. Each of Parent and Sub shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Effective Time, and the Company shall have received a certificate signed on behalf of Parent by the chief executive officer or the chief financial officer of Parent to such effect.

(c) LEGAL OPINION. The Company shall have received an opinion, dated the Closing Date, of Proskauer Rose Goetz & Mendelsohn LLP, reasonably satisfactory to the Company, substantially to the effect set forth in Exhibit D hereto.

ARTICLE IX

TERMINATION

SECTION 9.1 TERMINATION. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval by the stockholders of the Company:

(a) by mutual consent of Parent and the Company;

(b) by either Parent or the Company, if (i) the Merger shall not have been consummated before September 30, 1997, or (ii) the approval of the stockholders of the Company required by Section 4.18 shall not have been obtained at a meeting duly convened therefor or any adjournment thereof (unless, in the case of any such termination pursuant to this Section 9.1(b), the failure to so consummate the Merger by such date or to obtain such stockholder approval shall have been caused by the action or failure to act of the party (or its Subsidiaries) seeking to terminate this Agreement, which action or failure to act constitutes a breach of this Agreement);

(c) by either Parent or the Company, if any permanent injunction or action by any Governmental Entity of competent jurisdiction preventing the consummation of the Merger shall have become final and nonappealable; provided, however, that the party seeking to terminate this Agreement pursuant to this Section 9.1(c) shall have used all reasonable efforts to remove such injunction or overturn such action;

(d) by Parent, if (i) there has been a breach of any representations or warranties of the Company set forth herein the effect of which, individually or together with all other such breaches, is a Company Material Adverse Effect, (ii) there has been a breach in any material respect of any of the covenants or agreements set forth in this Agreement on the part of the Company, which breach is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by Parent to the Company, (iii) the Board of Directors of the Company (x) withdraws or amends or modifies in a manner materially adverse to Parent or Sub its recommendation or approval in respect of this Agreement or the Merger, (y) makes any recommendation with respect to an Acquisition Transaction (including making no recommendation or stating an inability to make a recommendation), other than a recommendation to reject such Acquisition Transaction, or (z) takes any action that would be prohibited by Section 7.2, (iv) any corporation, partnership, person or other entity or group ("Acquiring Person") other than Parent, or any affiliate or Subsidiary of Parent, shall have become the beneficial owner of more than 20% of the outstanding voting equity of the Company (either on a primary or a fully diluted basis); provided, however that "Acquiring Person" shall not include any corporation, partnership, person, other entity or group which beneficially owns as of the date hereof (either on a primary or a fully diluted basis) more than 20% of the outstanding voting equity of the Company (either on a primary or a fully diluted basis) and which has not after the date hereof increased such ownership percentage by more than an additional 1% of the outstanding voting equity of the Company (either on a primary or a fully diluted basis), or (v) any other Acquisition Transaction

shall have occurred with any Acquiring Person other than Parent, or any affiliate or Subsidiary of Parent;

(e) by the Company, if (i) there has been a breach of any representations or warranties of Parent set forth herein the effect of which, individually or together with all other such breaches, is a Parent Material Adverse Effect, (ii) there has been a breach in any material respect of any of the covenants or agreements set forth in this Agreement on the part of Parent, which breach is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by the Company to Parent or (iii) such termination is necessary to allow the Company to enter into an Acquisition Transaction in accordance with Section 7.2(b); and

(f) by Parent, if the meeting of stockholders of the Company to vote upon this Agreement is canceled or is otherwise not held prior to August 31, 1997 except as a result of a judgment, injunction, order or decree of any competent authority or events or circumstances beyond the reasonable control of the Company.

SECTION 9.2 EFFECT OF TERMINATION.

(a) In the event of termination of this Agreement pursuant to this Article IX, the Merger shall be deemed abandoned and this Agreement shall forthwith become void, without liability on the part of any party hereto, except as provided in this Section 9.2, Section 7.1, Section 7.10 and Section 7.14.

(b) If (x) Parent shall have terminated this Agreement pursuant to Sections 9.1(d)(iii), 9.1(d)(iv) or 9.1(d)(v) or (y) either (1) Parent or the Company shall have terminated this Agreement pursuant to Section 9.1(b) or (2) Parent shall have terminated this Agreement pursuant to Section 9.1(d)(i), 9.1(d)(ii) or 9.1(f) and, prior to or within one (1) year after any termination described in this clause (y), the Company (or any of its Subsidiaries) shall have directly or indirectly entered into a definitive agreement for, or shall have consummated, an Acquisition Transaction or (z) the Company shall have terminated this Agreement pursuant to Section 9.1(e)(iii), then, in any of such cases, the Company shall pay Parent (A) a termination fee of five million dollars ($5,000,000), plus (B) an amount equal to Parent's actual, documented out-of-pocket expenses incurred in connection with this Agreement and the transactions contemplated hereby, including, without limitation, legal, professional and service fees and expenses; provided, however, that any liquidated damage amounts previously paid by the Company to Parent pursuant to Section 9.2(c) shall be credited against the termination fee payable under this Section 9.2(b). Any fees or amounts payable under this Section 9.2(b) shall be paid in same day funds no later than: (i) two business days after a termination described in clause (x) of this Section 9.2(b); (ii) concurrently with or prior to the entering into of the definitive agreement for, or the consummation of, such Acquisition Transaction, in the case of a termination described in clause (y) of this Section 9.2(b); or (iii) concurrently with or prior to a termination described in clause (z) of this Section 9.2(b).

(c) If Parent shall have terminated this Agreement pursuant to Sections 9.1(d)(i), 9.1(d)(ii) or 9.1(f), then, in any of such cases, the Company shall pay to Parent as liquidated damages and not as a penalty, three million dollars ($3,000,000). Such liquidated damage amount shall be payable no later than two business days after such termination.

(d) If the Company shall have terminated this Agreement pursuant to Section 9.1(e)(i) or 9.1(e)(ii), then, in either such case, Parent shall pay to the Company as liquidated damages and not as a penalty, three million dollars ($3,000,000). Such liquidated damage amount shall be payable no later than two business days after such termination.

ARTICLE X

GENERAL PROVISIONS

SECTION 10.1 AMENDMENT AND MODIFICATION. At any time prior to the Effective Time, this Agreement may be amended, modified or supplemented only by written agreement (referring specifically to this Agreement) of Parent, Sub and the Company with respect to any of the terms contained herein; provided, however, that after any approval and adoption of this Agreement by the stockholders of the Company, no such amendment, modification or supplementation shall be made which under applicable law requires the approval of such stockholders, without the further approval of such stockholders.

SECTION 10.2 WAIVER. At any time prior to the Effective Time, Parent and Sub, on the one hand, and the Company, on the other hand, may (i) extend the time for the performance of any of the obligations or other acts of the other, (ii) waive any inaccuracies in the representations and warranties of the other contained herein or in any documents delivered pursuant hereto and (iii) waive compliance by the other with any of the agreements or conditions contained herein which may legally be waived. Any such extension or waiver shall be valid only if set forth in an instrument in writing specifically referring to this Agreement and signed on behalf of such party.

SECTION 10.3 SURVIVABILITY; INVESTIGATIONS. The respective representations and warranties of Parent and the Company contained herein or in any certificates or other documents delivered prior to or as of the Effective Time (i) shall not be deemed waived or otherwise affected by any investigation made by any party hereto and (ii) shall not survive beyond the Effective Time. The covenants and agreements of the parties hereto (including the Surviving Corporation after the Merger) shall survive the Effective Time without limitation (except for those which, by their terms, contemplate a shorter survival period).

SECTION 10.4 NOTICES. All notices and other communications hereunder shall be in writing and shall be delivered personally or by next-day courier or telecopied with confirmation of receipt, to the parties at the addresses specified below (or at such other address for a party as shall be specified by like notice; provided that notices of a change of address shall be effective only upon receipt thereof. Any such notice shall be effective upon receipt, if personally delivered or telecopied, or one day after delivery to a courier for next-day delivery.

(a) If to Parent or Sub, to:
Henry Schein, Inc.
135 Duryea Road
Melville, New York 11747
Fax: (516) 843-5675
Attention: Mark E. Mlotek, Esq.
with a copy to:
Proskauer Rose Goetz & Mendelsohn LLP
1585 Broadway
New York, New York 10036
Fax: (212) 969-2900
Attention: Robert A. Cantone

(b) if to the Company, to:
Micro Bio-Medics, Inc.
864 Pelham Parkway
Pelham Manor, New York 10803
Fax: (914) 738-9538
Attention: Bruce J. Haber, Esq.
with a copy to:
Otterbourg, Steindler, Houston & Rosen, P.C.
230 Park Avenue
New York, New York 10169
Fax: (212) 682-6104
Attention: Donald N. Gellert, Esq.

SECTION 10.5 DESCRIPTIVE HEADINGS; INTERPRETATION. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. References in this Agreement to Sections, Schedules, Exhibits or Articles mean a Section, Schedule, Exhibit or Article of this Agreement unless otherwise indicated. The term "person" shall mean and include an individual, a partnership, a joint venture, a limited liability company, a corporation, a trust, a Governmental Entity or an unincorporated organization.

SECTION 10.6 ENTIRE AGREEMENT; ASSIGNMENT. This Agreement (including the Schedules and other documents and instruments referred to herein), together with the Proxy and Option Agreement and the Confidentiality Agreement, constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, among the parties or any of them, with respect to the subject matter hereof. This Agreement is not intended to confer upon any person not a party hereto any rights or remedies hereunder. This Agreement shall not be assigned by operation of law or otherwise; provided that Parent or Sub may assign its rights and obligations hereunder to a direct or indirect subsidiary of Parent, but no such assignment shall relieve Parent or Sub, as the case may be, of its obligations hereunder.

SECTION 10.7 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the provisions thereof relating to conflicts of law, except to the extent relating to matters governed by the General Corporation Law of the State of Delaware.

SECTION 10.8 SEVERABILITY. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect against a party hereto, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby and such invalidity, illegality or unenforceability shall only apply as to such party in the specific jurisdiction where such judgment shall be made.

SECTION 10.9 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

IN WITNESS WHEREFORE, each of Parent, Sub and the Company has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the date first above written.

HENRY SCHEIN, INC.
By:_____
Name:
Title:

MICRO BIO-MEDICS, INC.
By:_____
Name:
Title:

HSI ACQUISITION CORP.
By:_____
Name:
Title:

OPINION OF HOULIHAN, LOKEY, HOWARD & ZUKIN, INC.

March 7, 1997

The Board of Directors
Micro Bio-Medics, Inc.
846 Pelham Parkway
Pelham Manor, NY 10803

Gentlemen:

We understand that Henry Schein, Inc. ("HSI"), HSI Acquisition Corp. ("HSIAC") and Micro Bio-Medics, Inc. (the "Company") are considering entering into a transaction whereby HSIAC, a wholly-owned subsidiary of HSI, would be merged (the "Merger") with and into the Company and the Company would be the surviving corporation. We further understand that each share of Company common stock issued and outstanding immediately prior to date and time at which the Merger becomes effective would be converted into the right to receive 0.62 of a share of the common stock of HSI. Such transaction and all related transactions are referred to collectively herein as the "Transaction."

You have requested our opinion (the "Opinion") as to the matter set forth below. The Opinion does not address the Company's underlying business decision to effect the Transaction. Additionally, you have advised us that the Company has indicated that it has no intention of engaging in any alternative to the Transaction. We have not been requested to, and did not, solicit third party indications of interest in acquiring all or any part of the Company. Furthermore, at your request, we have not negotiated the Transaction or advised you with respect to alternatives to it.

In connection with this Opinion, we have made such reviews, analyses and inquiries as we have deemed necessary and appropriate under the circumstances. Among other things, we have:

1. reviewed the Company's annual reports to shareholders and on Form 10-K for the five fiscal years ended 1995, draft Form 10-K for the fiscal year ended 1996, and quarterly reports on Form 10-Q for the three quarters ended August 31, 1996, and Company-prepared interim financial statements for the fiscal year ended 1996, which the Company's management has identified as being the most current financial statements available;

2. reviewed HSI's annual reports to shareholders and on Form 10-K for the fiscal year ended 1995, quarterly reports on form 10-Q for the three quarters ended September 28, 1996, prospectus dated June 21, 1996, and the draft financial statements for the fiscal year ended December 28, 1996, which HSI's management has identified as being the most current financial statements available;

3. reviewed copies of the following agreements:

   a. February 26, 1997 draft of Agreement and Plan of Merger by and among Henry Schein, Inc., HSI Acquisition Corp. and the Company;

   b. January 27, 1997 draft of Option and Proxy Agreement;

   c. January 27, 1997 draft of Affiliate Agreement;

d. February 26, 1997 draft of Employment Agreement;

e. February 5, 1997 draft of Henry Schein, Inc. Class B Option Agreement Pursuant to the 1994 Stock Option Plan; and

f. February 5, 1997 draft of Agreement among Henry Schein, Inc. and Bruce Haber;

4. met with certain members of the senior management of the Company to discuss the Transaction, the operations, financial condition, future prospects and projected operations and performance of the Company, and had discussions with representatives of the Company's investment bankers and counsel to discuss certain matters;

5. met with certain members of the senior management of HSI to discuss the Transaction, the operations, financial condition, future prospects and projected operations and performance of HSI;

6. visited certain facilities and business offices of the Company and HSI;

7. reviewed forecasts and projections prepared by the Company's management with respect to the Company for the fiscal year ending November 30, 1997;

8. reviewed forecasts and projections prepared by HSI's management with respect to HSI for the fiscal year ending December 27, 1997;

9. reviewed the historical market prices and trading volume for the Company's and HSI's publicly traded securities;

10. reviewed certain other publicly available financial data for certain companies that we deem comparable to the Company and HSI, and publicly available prices and premiums paid in other transactions that we considered similar to the Transaction; and

11. conducted such other studies, analyses and inquiries as we have deemed appropriate.

We have relied upon and assumed, without independent verification, that the financial forecasts and projections provided to us have been reasonably prepared and reflect the best currently available estimates of the future financial results and condition of the Company an HSI, and that there has been no material change in the assets, financial condition, business or prospects of the Company and HSI since the date of the most recent financial statements made available to us.

We have not independently verified the accuracy and completeness of the information supplied to us with respect to the Company and HSI and do not assume any responsibility with respect to it. We have not made any physical inspection or independent appraisal of any of the properties or assets of the Company or HSI. Our opinion is necessarily based on business, economic, market and other conditions as they exist and can be evaluated by us at the date of this letter.

Based upon the foregoing, and in reliance thereon, it is our opinion that the consideration to be received by the public stockholders of the Company in connection with the Transaction is fair to them from a financial point of view.

HOULIHAN, LOKEY, HOWARD & ZUKIN, INC.

OPINION OF HOULIHAN, LOKEY, HOWARD & ZUKIN, INC.

April 18, 1997

The Board of Directors
Micro Bio-Medics, Inc.
846 Pelham Parkway
Pelham Manor, NY 10803

Gentlemen:

On March 7, 1997 (the "Opinion Date"), we issued a written opinion (the "Opinion") regarding a transaction involving Henry Schein, Inc., HSI Acquisition Corp., and Micro Bio-Medics, Inc. (the "Company"). The Opinion contains detailed documentation of the premises, analyses, and logic upon which our conclusions were founded and should be read in conjunction with this letter. In rendering the Opinion, we reviewed among other things, copies of the following agreements:

a. February 26, 1997 draft of Agreement and Plan of Merger by and among Henry Schein, Inc., HSI Acquisition Corp. and the Company;

b. January 27, 1997 draft of Option and Proxy Agreement;

c. January 27, 1997 draft of Affiliate Agreement;

d. February 26, 1997 draft of Employment Agreement;

e. February 5, 1997 draft of Henry Schein, Inc. Class B Option Agreement Pursuant to the 1994 Stock Option Plan; and

f. February 5, 1997 draft of Agreement among Henry Schein, Inc. and Bruce Haber.

The above agreements were the most recent drafts available to us as of the Opinion Date.

At your request, we have subsequently reviewed the following agreements:

a. Agreement and Plan of Merger dated as of March 7, 1997, as revised, by and among Henry Schein, Inc., HSI Acquisition Corp. and the Company;

b. Option and Proxy Agreement dated as of March 7, 1997, as revised, by and among Henry Schein, Inc. and the persons listed on Schedule A thereto;

c. Form of Affiliate Agreement to be executed by affiliates of MBM, as revised;

d. Employment Agreement dated as of March 7, 1997 between Bruce J. Haber and Henry Schein, Inc.;

e. Form of Option Agreement between Bruce J. Haber and Henry Schein, Inc. pursuant to Henry Schein Inc.'s 1994 Stock Option Plan, as revised;

f. Agreement dated as of March 7, 1997, as revised, between Henry Schein, Inc. and Bruce J. Haber relating to the termination of his prior employment agreement with MBM;

g. Restricted Stock Agreement dated as of March 7, 1997, as revised, between Bruce J. Haber and Henry Schein, Inc.; and

h. Form of Agreement between Bruce J. Haber and Schein with respect to termination of his employment under certain circumstances.

(collectively referred to as the "Agreements").

You have asked us whether if, had we reviewed the Agreements on or before the Opinion Date, the conclusions reached in the Opinion would have been different. After our review of the Agreements (and only the Agreements), we have concluded that the conclusions reached in the Opinion would not have been different as of March 7, 1997 if we had reviewed the Agreements on or before the Opinion Date.

We have not conducted any investigations, analyses, or inquiries regarding the Transaction (as defined in the Opinion) since the Opinion Date other than the review of the Agreements. This letter does not purport to consider the fairness of the Transaction at any time other than March 7, 1997 and should not be viewed or construed as doing so. This letter only considers the impact of the Agreement upon our Opinion as of the Opinion Date. Unanticipated events and circumstances may have occurred and actual results may have varied from those assumed since the Opinion Date, we have not considered the impact of any such events, circumstances or results in this letter.

HOULIHAN, LOKEY, HOWARD & ZUKIN, INC.

SECTION 623 OF THE NEW YORK BUSINESS CORPORATION LAW

(a) A Shareholder intending to enforce his right under a section of this chapter to receive payment for his right under a section of this chapter to receive payment for his shares if the proposed corporate action referred to therein is taken shall file with the corporation, before the meeting of shareholders at which the action is submitted to a vote, or at such meeting but before the vote, written objection to the action. The objection shall include a notice of his election to dissent, his name and residence address, the number and classes of shares to which he dissents and a demand for payment of the fair value of his shares if the action is taken. Such objection is not required from any shareholder to whom the corporation did not give notice of such meeting in accordance with this chapter or where the proposed action is authorized by written consent of shareholders without a meeting.

(b) Within ten days after the shareholders' authorization date, which term as used in this section means the date on which the shareholders' vote authorizing such action was taken, or the date on which such consent without a meeting was obtained from the requisite shareholders, the corporation shall give written notice of such authorization or consent by registered mail to each shareholder who filed written objection or from whom written objection was not required, excepting any shareholder who voted for or consented in writing to the proposed action and who thereby is deemed to have elected not to enforce his right to receive payment for his shares.

(c) Within twenty days after the giving of notice to him, any shareholder from whom written objection was not required and who elects to dissent shall file with the corporation a written notice of such election, stating his name and residence address, the number and classes of shares as to which he dissents and a demand for payment of the fair value of his shares. Any shareholder who elects to dissent from a merger under section 905 (Merger of subsidiary corporation) or paragraph (c) of section 907 (Merger or consolidation of domestic and foreign corporations) or from a share exchange under paragraph (g) of Section 913 (Share exchanges) shall file a written notice of such election to dissent within twenty days after the giving to him of a copy of the plan of merger or exchange or an outline of the material features thereof under section 905 or 913.

(d) A shareholder may not dissent as to less than all of the shares, as to which he has a right to dissent, held by him of record, that he owns beneficially. A nominee or fiduciary may not dissent on behalf of any beneficial owner as to less than all of the shares of such owner, as to which such nominee or fiduciary has a right to dissent, held of record by such nominee or fiduciary.

(e) Upon consummation of the corporate action, the shareholder shall cease to have any of the rights of a shareholder except the right to be paid the fair value of his shares and any other rights under this section. A notice of election may be withdrawn by the shareholder at any time prior to his acceptance in writing of an offer made by the corporation, as provided in paragraph (g), but in no case later than sixty days from the date of consummation of the corporate action except that if the corporation fails to make a timely offer, as provided in paragraph (g), the time for withdrawing a notice of election shall be extended until sixty days from the date an offer is made. Upon expiration of such time, withdrawal of a notice of election shall require the written consent of the corporation. In order to be effective, withdrawal of a notice of election must be accompanied by the return to the corporation of any advance payment made to the shareholder as provided in paragraph (g). If a notice of election is withdrawn, or the corporate action is rescinded, or a court shall determine that the shareholder is not entitled to receive payment for his shares, or the shareholder shall otherwise lose his dissenters' rights, he shall not have the right to receive payment for his shares and he shall be reinstated to all his rights as a shareholder as of the consummation of the corporate action, including any intervening preemptive rights and the right to payment of any intervening dividend or other distribution or, if any such rights have expired or any such dividend or distribution other

than in cash has been completed, in lieu thereof, at the election of the corporation, the fair value thereof in cash as determined by the board as of the time of such expiration or completion, but without prejudice otherwise to any corporate proceeding that may have been taken in the interim.

(f) At the time of filing the notice of election to dissent or within one month thereafter the shareholder of shares represented by certificates shall submit the certificates representing his shares to the corporation, or to its transfer agent, which shall forthwith note conspicuously thereon that a notice of election has been filed and shall return the certificates to the shareholder or other person who submitted them on his behalf. Any shareholder of shares represented by certificates who fails to submit his certificates for such notation as herein specified shall, at the option of the corporation exercised by written notice to him within forty-five days from the date of filing of such notice of election to dissent, lose his dissenter's rights unless a court, for good cause shown, shall otherwise direct. Upon transfer of a certificate bearing such notation, each new certificate issued therefor shall bear a similar notation together with the name of the original dissenting holder of the shares and a transferee shall acquire no rights in the corporation except those which the original dissenting shareholder had at the time of transfer.

(g) Within fifteen days after the expiration of the period within which shareholders may file their notices of election to dissent, or within fifteen days after the proposed corporate action is consummated, whichever is later (but in no case later than ninety days from the shareholders' authorization date), the corporation or, in the case if a merger or consolidation, the surviving or new corporation, shall make a written offer by registered mail to each shareholder who has filed such notice of election to pay for his shares at a specified price which the corporation considers to be their fair value. Such offer shall be accompanied by a statement setting forth the aggregate number of shares with respect to which notices of election to dissent have been received and the aggregate number of holders of such shares. If the corporate action has been consummated, such offer shall also be accompanied by (1) advance payment to each such shareholder who has submitted the certificates representing his shares to the corporation, as provided in paragraph (f), of an amount equal to eighty percent of the amount of such offer, or (2) as to each shareholder who has not yet submitted his certificates a statement that advance payment to him of an amount equal to eighty percent of the amount of such offer will be made by the corporation promptly upon submission of his certificates. If the corporate action has not been consummated at the time of the making of the offer, such advance payment or statement as to advance payment shall be sent to each shareholder entitled thereto forthwith upon consummation of the corporate action. Every advance payment or statement as to advance payment shall include advice to the shareholder to the effect that acceptance of such payment does not constitute a waiver of any dissenters' rights. If the corporate action has not been consummated upon the expiration of the ninety day period after the shareholders' authorization date, the offer may be conditioned upon the consummation of such action. Such offer shall be made at the same price per share to all dissenting shareholders of the same class, or if divided into series, of the same series and shall be accompanied by a balance sheet of the corporation whose shares the dissenting shareholder holds as of the latest available date, which shall not be earlier than twelve months before the making of such offer, and a profit and loss statement or statements for not less than a twelve-month period ended on the date of such balance sheet or, if the corporation was not in existence throughout such twelve month period, for the portion thereof during which it was in existence. Notwithstanding the foregoing, the corporation shall not be required to furnish a balance sheet or profit and loss statement or statements to any shareholder to whom such balance sheet or profit and loss statement or statements were previously furnished, nor if in connection with obtaining the shareholders' authorization for or consent to the proposed corporate action the shareholders were furnished with a proxy or information statement, which included financial statements, pursuant to Regulation 14A or Regulation 14C of the United States Securities and Exchange Commission. If within thirty days after the making of such offer, the corporation making the offer and any shareholder agree upon the price to be paid for his shares, payment therefor shall be made within sixty days after the making of such offer or the consummation of the proposed corporate action, whichever is later, upon the surrender of the certificates for any such shares represented by certificates.

(h) The following procedure shall apply if the corporation fails to make such offer within such period of fifteen days, or if it makes the offer and any dissenting shareholder or shareholders fail to agree with it within the period of thirty days thereafter upon the price to be paid for their shares:

(1) The corporation shall, within twenty days after the expiration of whichever is applicable of the two periods last mentioned, institute a special proceeding in the supreme court in the judicial district in which the office of the corporation is located to determine the rights of dissenting shareholders and to fix the fair value of their shares. If, in the case of merger or consolidation, the surviving or new corporation is a foreign corporation without an office in this state, such proceeding shall be brought in the county where the office of the domestic corporation, whose shares are to be valued, was located.

(2) If the corporation fails to institute such proceeding within such period of twenty days, any dissenting shareholder may institute such proceeding for the same purpose not later than thirty days after the expiration of such twenty day period. If such proceeding is not instituted within such thirty day period, all dissenter's rights shall be lost unless the supreme court, for good cause shown, shall otherwise direct.

(3) All dissenting shareholders, except those who, as provided in paragraph (g), have agreed with the corporation upon the price to be paid for their shares, shall be made parties to such proceeding, which shall have the effect of an action quasi in rem against their shares. The corporation shall serve a copy of the petition in such proceeding upon each dissenting shareholder who is a resident of this state in the manner provided by law for the service of a summons, and upon each nonresident dissenting shareholder either by registered mail and publication, or in such other manner as is permitted by law. The jurisdiction of the court shall be plenary and exclusive.

(4) The court shall determine whether each dissenting shareholder, as to whom the corporation requests the court to make such determination, is entitled to receive payment for his shares. If the corporation does not request any such determination or if the court finds that any dissenting shareholder is so entitled, it shall proceed to fix the value of the shares, which, for the purposes of this section, shall be the fair value as of the close of business on the day prior to the shareholders' authorization date. In fixing the fair value of the shares, the court shall consider the nature of the transaction giving rise to the shareholder's right to receive payment for shares and its effects on the corporation and its shareholders, the concepts and methods then customary in the relevant securities and financial markets for determining fair value of shares of a corporation engaging in a similar transaction under comparable circumstances and all other relevant factors. The court shall determine the fair value of the shares without a jury and without referral to an appraiser or referee. Upon application by the corporation or by any shareholder who is a party to the proceeding, the court may, in its discretion, permit pretrial disclosure, including, but not limited to, disclosure of any expert's reports relating to the fair value of the shares whether or not intended for use at the trial in the proceeding and notwithstanding subdivision (d) of section 3101 of the civil practice laws and rules.

(5) The final order in the proceeding shall be entered against the corporation in favor of each dissenting shareholder who is a party to the proceeding and is entitled thereto for the value of his shares so determined.

(6) The final order shall include an allowance for interest at such rate as the court finds to be equitable, from the date the corporate action was consummated to the date of payment. In determining the rate of interest, the court shall consider all relevant factors, including the rate of interest which the corporation would have had to pay to borrow money during the pendency of the proceeding. If the court finds that the refusal of any shareholder to accept the corporate offer of payment of his shares was arbitrary, vexatious or otherwise not in good faith, no interest shall be allowed to him.

(7) Each party to such proceeding shall bear its own costs and expenses, including the fees and expenses of its counsel and of any experts employed by it. Notwithstanding the foregoing, the court may, in its discretion, apportion and assess all or any part of the costs, expenses and fees incurred by the corporation against any or all of the dissenting shareholders who are parties to the proceeding, including any who have withdrawn their notices of election as provided in paragraph (e), if the court finds that their refusal to accept the corporate offer was arbitrary, vexatious or otherwise not in good faith. The court may, in its discretion, apportion and assess all or any part of the costs, expenses and fees incurred by any or all of the dissenting shareholders who are parties to the proceeding against the corporation if the court finds any of the following: (A) that the fair value of the shares as determined materially exceeds the amount which the corporation offered to pay; (B) that no offer or required advance payment was made by corporation; (C) that the corporation failed to institute the special proceeding within the period specific therefor; or (D) that the action of the corporation in complying with its obligations as provided in this section was arbitrary, vexatious or otherwise not in good faith. In making any determination as provided in clause (A), the court may consider the dollar amount or the percentage, or both, by which the fair value of the shares as determined exceeds the corporate offer.

(8) Within sixty days after final determination of the proceeding, the corporation shall pay to each dissenting shareholder the amount found to be due him, upon surrender of the certificates for any such shares represented by certificates.

(i) Shares acquired by the corporation upon the payment of the agreed value therefor or of the amount due under the final order, as provided in this section, shall become treasury shares or be canceled as provided in section 515 (Reacquired shares), except that, in the case of a merger or consolidation, they may be held and disposed of as the plan of merger or consolidation may otherwise provide.

(j) No payment shall be made to dissenting shareholder under this section at a time when the corporation is insolvent or when such payment would make it insolvent. In such event, the dissenting shareholder shall, at his option:

(1) Withdraw his notice of election, which shall in such event be deemed withdrawn with the written consent of the corporation; or

(2) Retain his status as a claimant against the corporation and, if it is liquidated, be subordinated to the rights of creditors of the corporation, but have rights superior to the non-dissenting shareholders, and if it is not liquidated, retain his right to be paid for his shares, which right the corporation shall be obliged to satisfy when the restrictions of this paragraph do not apply.

(3) The dissenting shareholder shall exercise such option under subparagraph (1) or (2) by written notice filed with the corporation within thirty days after the corporation has given him written notice that payment for his shares cannot be made because of the restrictions of this paragraph. If the dissenting shareholder fails to exercise such option as provided, the corporation shall exercise the option as provided, the corporation shall exercise the option by written notice given to him within twenty days after the expiration of such period of thirty days.

(k) The enforcement by a shareholder of his right to receive payment for his shares in the manner provided herein shall exclude the enforcement by such shareholder of any other right to which he might otherwise be entitled by virtue of share ownership, except as provided in paragraph (e), and except that this section shall not exclude the right of such shareholder to bring or maintain an appropriate action to obtain relief on the ground that such corporate action will be or is unlawful or fraudulent as to him.

(l) Except as otherwise expressly provided in this section, any notice to be given by a corporation to a shareholder under this section shall be given in the manner provided in section 605 (Notice of meetings of shareholders).

(m) This section shall not apply to foreign corporations except as provided in subparagraph (e) (2) of section 907 (Merger or consolidation of domestic and foreign corporations). (Last amended by L. 1986, Ch 117, Section3.)

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Article TENTH of the Company's Amended and Restated Certificate of Incorporation provides that the Company shall indemnify and hold harmless, to the fullest extent authorized by the Delaware General Corporation Law, its officers and directors against all expenses, liability and loss actually and reasonably incurred in connection with any civil, criminal, administrative or investigative action, suit or proceeding. The Amended and Restated Certificate of Incorporation also extends indemnification to those serving at the request of the Company as directors, officers, employees or agents of other enterprises.

In addition, Article NINTH of the Company's Amended and Restated Certificate of Incorporation provides that no director shall be personally liable for any breach of fiduciary duty. Article NINTH does not eliminate a director's liability (i) for a breach of his or her duty of loyalty to the Company or its stockholders, (ii) for acts of intentional misconduct, (iii) under Section 174 of the Delaware General Corporation Law for unlawful declarations of dividends or unlawful stock purchases or redemptions, or (iv) for any transactions from which the director derived an improper personal benefit.

Section 145 of the Delaware General Corporation Law permits a corporation to indemnify its directors and officers against expenses (including attorney's fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by them in connection with any action, suit or proceeding brought by third parties, if such directors or officers acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reason to believe their conduct was unlawful. In a derivative action, i.e., one by or in the right of the corporation, indemnification may be made only for expenses actually and reasonably incurred by directors and officers in connection with the defense or settlement of an action or suit, and only with respect to a matter as to which they shall have acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made if such person shall have been adjudged liable to the corporation, unless and only to the extent that the court in which the action or suit was brought shall determine upon application that the defendant officers or directors are reasonably entitled to indemnity for such expenses despite such adjudication of liability.

Section 102(b)(7) of the Delaware General Corporation Law provides that a corporation may eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENTS

(A) EXHIBITS

The exhibits required by Item 601 of Regulation S-K and filed herewith are listed in the Exhibit Index immediately preceding the exhibits.

(B) FINANCIAL STATEMENT SCHEDULES

All schedules are omitted as the required information is presented in the consolidated financial statements or related notes incorporated by reference in the Proxy Statement/Prospectus or are not applicable.

(C) REPORTS, OPINIONS OR APPRAISALS

Opinion of Houlihan, Lokey, Howard & Zukin, Inc. (filed as Annex II to the Proxy Statement/ Prospectus constituting part of this Registration Statement and incorporated herein by reference).

ITEM 22. UNDERTAKINGS

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933.

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high and of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

PROVIDED, HOWEVER, that paragraphs (1) (i) and (1) (ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) The undersigned registrant hereby undertakes that, for the purpose of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

(5) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the undersigned registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(6) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(7) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Melville, State of New York on July 2, 1997.

HENRY SCHEIN, INC.

By: /s/ STANLEY M. BERGMAN

Stanley M. Bergman
CHAIRMAN, CHIEF EXECUTIVE
OFFICER AND PRESIDENT

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Stanley M. Bergman and Steven Paladino, and each of them, such person's true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such persons and in such person's name, place and stead, in any and all capacities, to sign any and all Amendments (including pre-effective and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the United States Securities and Exchange Commission, granting unto said attorney-in-fact and agent, and both of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents, or either of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	CAPACITY	DATE
/s/ STANLEY M. BERGMAN Stanley M. Bergman	Chairman, Chief Executive Officer, President and Director (principal executive officer)	July 2, 1997
/s/ STEVEN PALADINO Steven Paladino	Senior Vice President, Chief Financial Officer and Director (principal financial and accounting officer)	July 2, 1997
/s/ JAMES P. BRESLAWSKI James P. Breslawski	Director	July 2, 1997
/s/ GERALD A. BENJAMIN Gerald A. Benjamin	Director	July 2, 1997
/s/ LEONARD A. DAVID Leonard A. David	Director	July 2, 1997
/s/ MARK E. MLOTEK Mark E. Mlotek	Director	July 2, 1997
/s/ PAMELA JOSEPH Pamela Joseph	Director	July 2, 1997
/s/ MARVIN H. SCHEIN Marvin H. Schein	Director	July 2, 1997
/s/ IRVING SHAFRAN Irving Shafran	Director	July 2, 1997

EXHIBIT INDEX

Unless otherwise indicated, exhibits are incorporated by reference to the correspondingly numbered exhibits in the Henry Schein, Inc.'s Registration Statement on Form S-1 (Registration No. 33-96528).

EXHIBIT NO.	DESCRIPTION	PAGE NO.
10.3	Letter Agreement dated September 30, 1994 to Henry Schein, Inc. from Marvin H. Schein, Pamela Joseph and Pamela Schein	
10.4	Release to the Schein Agreement dated September 30, 1994	
10.5	Separation Agreement dated as of September 30, 1994 by and between Henry Schein, Inc., Schein Pharmaceutical, Inc. and Schein, Schein Holdings	
10.6	Restructuring Agreement dated September 30, 1994 among Schein, Schein Holdings, Henry Schein, Inc., the Estate of Jacob M. Schein, Marvin H. Schein, the Trust established by Marvin H. Schein under Trust Agreement dated December 31, 1993, the Trust established by Marvin H. Schein under Trust Agreement dated September 9, 1994, the Charitable Trust established by Marvin H. Schein under Trust Agreement dated September 12, 1994, Pamela Schein, Pamela Joseph, the Trust established by Pamela Joseph under Trust Agreement dated February 9, 1994; the Trusts under Articles Third and Fourth of the Will of Jacob M. Schein; Stanley M. Bergman, the Trust established by Stanley M. Bergman under Trust Agreement dated September 15, 1994, Martin Sperber, the Trust established by Martin Sperber under Trust Agreement dated December 31, 1993, and the Trust established by Martin Sperber under Trust Agreement dated September 19, 1994	
10.7	Agreement and Plan of Corporate Separation and Reorganization dated as of September 30, 1994 among Schein, Schein Holdings, Henry Schein, Inc., the Estate of Jacob M. Schein, Marvin H. Schein, the Trust established by Marvin H. Schein under Trust Agreement dated December 31, 1993, the Trust established by Marvin H. Schein under Trust Agreement dated September 9, 1994, the Charitable Trust established by Marvin H. Schein under Trust Agreement dated September 12, 1994, Pamela Schein, the Trust established by Article Fourth of the Will of Jacob M. Schein for the benefit of Pamela Schein and her issue under Trust Agreement dated September 29, 1994, Pamela Joseph, the Trust established by Pamela Joseph under Trust Agreement dated February 9, 1994, the Trust established by Pamela Joseph under Trust Agreement dated September 28, 1994 and the Trusts under Articles Third and Fourth of the Will of Jacob M. Schein	
10.8	Henry Schein, Inc. 1994 Stock Option Plan, as amended and restated effective as of July 1, 1995**	
10.9	Henry Schein, Inc. Amendment and Restatement of the Supplemental Executive Retirement Plan**	
10.10	Henry Schein, Inc. Summary Executive Incentive Plan**	
10.11	Consulting Agreement dated September 30, 1994 between Henry Schein, Inc. and Marvin H. Schein**	
10.12	Employment Agreement dated as of January 1, 1992 between Henry Schein, Inc. and Stanley M. Bergman**	
10.13	Amended and Restated Stock Issuance Agreement dated as of December 24, 1992 between Henry Schein, Inc. and Stanley M. Bergman**	
10.14	Stock Issuance Agreements dated December 27, 1994 between Henry Schein, Inc. and various executive officers**	
10.15	Agreement and Plan of Merger dated as of September 1, 1995, among Henry Schein, Inc., Schein Dental Equipment Corp., Marvin Schein and others	

EXHIBIT NO.	DESCRIPTION	PAGE NO.
10.16	Stock Purchase Agreement dated August 25, 1995, by Henry Schein, Inc., PRN Medical, Inc. and its shareholders, and Florida Doctor Supply, Inc. and its shareholders	
10.17	Restated Standard Indemnity Agreement dated February 8, 1993, as amended January 25, 1993, by and between Showa Dekko America, Inc. and Henry Schein, Inc.	
10.18	Guaranty Agreement by and between Showa Dekko K.K. and Henry Schein, Inc., relating to the Restated Standard Indemnity Agreement dated February 8, 1993, as amended January 25, 1993, by and between Showa Denko America, Inc. and Henry Schein, Inc.	
10.19	Stock Issuance Agreements dated as of May 1, 1995 between Henry Schein, Inc. and executive officers	
10.20	Agreement of Purchase and Sale of Assets dated February 28, 1996 by and among Henry Schein, Inc., Benton Dental, Inc. and Modern Dental Concepts, Inc. (incorporated by reference to Exhibit 10.20 of the registrant's Form 10-K for the fiscal year ended December 28, 1996)	
10.21	Credit Agreement dated as of December 8, 1994 between Henry Schein, Inc. and The Chase Manhattan Bank, N.A.	
10.22	Loan Agreement dated May 5, 1995 by and between Henry Schein, Inc. and New York State Urban Development Corporation	
10.23	Term Loan Agreement dated as of November 15, 1993 between Henry Schein Europe, Inc. and Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A.	
10.24	Corporate Guarantee dated November 15, 1993 by Henry Schein, Inc., Zahn Dental Co., Inc. Zahn Dental (Florida), Inc., Zahn Dental (Mass), Inc., Tri-State Medical Supply, Inc. and Zahn Schein Holdings with respect to the Term Loan dated as of November 15, 1993 between Henry Schein Europe, Inc. and Cooperatieve Centrale Raiffeisen-Boerenleenbank, B.A.	
10.25	Joint and Several Guarantee dated February 7, 1995 by Henry Schein, Inc. in favor of Banque Nationale de Paris	
10.26	Joint and Several Guarantee dated February 7, 1995 by Henry Schein, Inc. in favor of Banque Francaise du Commerce Exterieur	
10.27	Guarantee dated March 1, 1996 by Henry Schein, Inc. in favor of Deutsche Bank AG (incorporated by reference to Exhibit 10.27 of the registrant's Form 10-K for the fiscal year ended December 28, 1996)	
10.28	Lease Agreement dated December 22, 1995 by and between Dugan Realty, L.L.C. and Henry Schein, Inc. (incorporated by reference to Exhibit 10.28 of the registrant's Form 10-K for the fiscal year ended December 28, 1996)	
10.29	Commercial Guaranty dated August 1, 1994 by Henry Schein, Inc. in favor of the Mid-City National Bank	
10.30	Discretionary Line of Credit dated August 18, 1995 between PNC Bank, Delaware and one of Henry Schein, Inc.'s 50% owned companies	

EXHIBIT NO.	DESCRIPTION	PAGE NO.
10.31	Discretionary Line of Credit Demand Note dated August 18, 1995 in favor of one of Henry Schein, Inc.'s 50% owned companies	
10.32	Loan Agreement dated March 30, 1992 between the Royal Bank of Scotland plc, Henry Schein U.K. Schein Holdings Limited and BDG U.K. Schein Holdings Limited	
10.33	Loan Agreement dated January 28, 1994 between the Royal Bank of Scotland plc, Henry Schein U.K. Schein Holdings Limited and Dental Express (Supplies) Limited	
10.34	Credit Agreement dated June 5, 1995 among Canadian Imperial Bank of Commerce and one of Henry Schein, Inc.'s 50% owned companies	
10.35	Master Lease Agreement dated as of February 28, 1991 between General Electric Capital Corporation and Henry Schein, Inc.	
10.36	Master Lease Agreement dated December 2, 1994 between Chase Equipment Leasing, Inc. and Henry Schein, Inc.	
10.37	Software License Agreement dated as of June 20, 1995 between Henry Schein, Inc. and XcelleNet, Inc.	
10.38	Software License Agreement dated as of October 31, 1994, as amended, between J.D. Edwards & Henry Schein, Inc.	
10.39	Software Update Agreement dated as of October 31, 1994, as amended, between J.D. Edwards & Company and Henry Schein, Inc.	
10.40	Software Services Agreement dated as of October 31, 1994, as amended, between J.D. Edwards & Company and Henry Schein, Inc.	
10.41	Lease dated December 3, 1990 between WRC Properties, Inc. and Henry Schein, Inc.	
10.42	Lease dated March 2, 1992 between Vista Distribution Center, Inc. and Henry Schein, Inc.	
10.43	Lease dated as of September 30, 1993, as amended October 14, 1993 and May 23, 1995, by and between Broad Hollow Realty Co. and Henry Schein, Inc.	
10.44	Lease dated April 27, 1995 by Lyndean Investments Limited to Kent Dental Limited and Henry Schein U.K. Schein Holdings Limited	
10.45	Lease dated October 23, 1994 between Georg and Pia Netzhammer and Henry-Schein Dentina GmbH (English translation and original version)	
10.46	Lease dated January 11, 1995 between Lyndean Investments Limited, Kent Dental Limited and Henry Schein U.K. Schein Holdings Limited	
10.47	Stock Purchase Agreement dated as of August 18, 1995 among Henry Schein, Inc., the Mark Family Partnership and others	
10.48	Group Purchasing Program Agreement dated March 31, 1994, as amended June 26, 1995, by and between AMA Resources, Inc. and Henry Schein, Inc.	
10.49	Hospital Supply Purchase Agreement dated as of November 10, 1994 between Veterinary Centers of America, Inc. and Henry Schein, Inc.	

EXHIBIT NO.	DESCRIPTION	PAGE NO.
10.50	Award of Contract to Henry Schein, Inc. dated April 14, 1995 by Department of the Army	
10.51	Sales Agent Agreement dated March 1, 1995 by and between Merck & Co., Inc. and Henry Schein, Inc.	
10.52	Supply Agreement dated March 20, 1991	
10.53	Shareholders' Agreement dated March 20, 1991	
10.54	Non-Negotiable Promissory Note dated March 20, 1991 from Henry Schein, Inc. to N-Tech	
10.55	Guaranty dated March 20, 1991 by Henry Schein, Inc. and others in favor of N-Tech, Inc.	
10.56	Demand Debenture dated December 20, 1988 from one of Henry Schein, Inc.'s 50% owned companies to Canadian Imperial Bank of Commerce	
10.57	Pledge Agreement dated December 20, 1988 of one of Henry Schein, Inc.'s 50% owned companies to Canadian Imperial Bank of Commerce	
10.58	Shareholders' Agreement dated as of December 1, 1990 by and among the shareholders of Henry Schein Espana, S.A.	
10.59	Shareholders' Agreement dated as of April 1, 1991 between the shareholders of Schein-Dentina, B.V. (English translation)	
10.60	Put and Call Option Agreement dated August 29, 1991 between Schein International (Europe) Inc. and the shareholders of Henry Schein U.K. Schein Holdings Limited	
10.61	Deed of Guarantee dated August 29, 1991 between Henry Schein, Inc. and the shareholders of Henry Schein U.K. Schein Holdings Limited	
10.62	Stock Purchase Agreement dated November 1, 1992 among SSN Healthcare Supply, Inc., Henry Schein, Inc., Tri-State Medical Supply, Inc. and a shareholder	
10.63	Stock Purchase and Shareholders' Agreement dated March 19, 1993 by and among S.A. Hospithera and Henry Schein Europe, Inc.	
10.64	Agreement dated March 19, 1993 by and among S.A. Hospithera N.V., Henry Schein Europe Inc., and S.A. Henry Schein Hospithera N.V.	
10.65	Supply Agreement dated as of March 15, 1993 between Henry Schein B.V. and S.A. Henry Schein Hospithera N.V.	
10.66	Put and Call Option Agreement dated July 1, 1993 between P.W. White Schein Holdings Limited and Henry Schein Europe Inc.	
10.67	Shareholders' Agreement dated July 1, 1993 between the shareholders of Henry Schein UK Schein Holdings Ltd.	
10.68	Consortium Agreement dated July 1, 1993 between the shareholders of Henry Schein UK Schein Holdings Ltd.	
10.69	Guarantee dated July 1, 1993 between Henry Schein, Inc. and P.W. White Schein Holdings Limited	

EXHIBIT NO.	DESCRIPTION	PAGE NO.
10.70	Restructuring Agreement dated July 30, 1993 by and among Henry Schein, Inc., Dental Plan, Inc., and certain of its employees	
10.71	Share Purchase Agreement dated as of November 17, 1993 by and among Henry Schein B.V. and Johannes Cornelis van den Braak	
10.72	Asset Purchase and Business Development Agreement dated May 23, 1994 among Henry Schein, Inc., Chicago Medical Equipment Company, and its principal stockholder, Universal Footcare Schein Holdings Corp., Universal Footcare Products, Inc. and Universal Footcare Sales Co., L.L.C.	
10.73	Sales Service Agreement dated as of August 1, 1994 between Universal Footcare Products, Inc. and Universal Footcare Sales Co., L.L.C.	
10.74	Unanimous Shareholders Agreement dated August 4, 1994 among Henry Schein Canada Inc., Henry Schein, Inc., 972704 Ontario Inc. and its shareholders, and Consolidated Dental Ltd.	
10.75	Share Purchase Agreement dated June 27, 1994 by and between the shareholders of Henry Schein France S.A.	
10.76	Shareholders Agreement dated January 1, 1995 among SSN Healthcare Supply, Inc., South Jersey Medical Supply Co., Inc., South Jersey Surgical Supply Co., Inc., and its shareholders	
10.77	Shareholders Agreement dated as of January 24, 1995 by and among the shareholders of Dentisoft, Inc.	
10.78	Purchase Agreement dated as of June 14, 1995 among The Veratex Corporation, Henry Schein, Inc. and Schein Michigan Corp.	
10.79	Form of Henry Schein, Inc. Non-Employee Director Stock Option Plan (incorporated by reference to Exhibit 10.79 of the registrant's Form 10-K for the fiscal year ended December 28, 1996)**	
10.80	Supply Agreement made as of July 7, 1995 between Tidi Products, Inc. and Henry Schein, Inc.	
10.81	Agreement Subject to Conditions Precedent dated July 21, 1995 between Henry Schein Europe Inc., Henry Schein France S.A., Gerard Ifker, Didier Cochet, Frederic Ladet, Jean-Hugues Lelievre and Christophe Morales (English Translation)	
10.82	Put and Call Option Agreement dated June 9, 1995 between William Roger Killiner and Henry Schein U.K. Schein Holdings Limited	
10.83	Put and Call Option Agreement dated June 9, 1995 between Anthony Alan Anderson and Henry Schein U.K. Schein Holdings Limited	
10.84	Agreement of Purchase and Sale of Assets dated as of July 1, 1995 by and among Precision Dental Specialties, Inc. and its shareholders, PDS Acquisition Corp., and Henry Schein, Inc.	
10.85	Shareholders Agreement dated as of July 1, 1995 by and among Precision Dental Specialties, Inc. and its shareholders, PDS Acquisition Corp., and Henry Schein, Inc.	
10.86	Agreement dated January 1, 1995 between Henry Schein (UK) Holdings Ltd. and The Royal Bank of Scotland plc	

EXHIBIT NO.	DESCRIPTION	PAGE NO.
10.87	Agreement dated March 4, 1993 between Henry Schein (UK) Holdings Ltd. and The Royal Bank of Scotland plc	
10.88	Loan Agreement dated November 16, 1993 between Henry Schein B.V. and others and Crediet-en-Effectenbank N.V. (English translation and original version)	
10.89	Multicurrency Credit Policy between Henry Schein Espana, S.A. and others and Banco Popular Espanol, S.A. (English translation and original version)	
10.90	Revolving Credit Agreement (the "Credit Agreement") dated as of January 31, 1997 among Henry Schein, Inc., The Chase Manhattan Bank, Fleet Bank, N.A., Cooperatieve Centrale Raiffeisen Boerenleenbank, B.A. "Rabobank Nederland", New York Branch and European American Bank (filed herewith)	
10.91	Option and Proxy Agreement, dated as of March 7, 1997, as revised, by and among Henry Schein, Inc. and the persons listed on Schedule A thereto, each a shareholder of Micro Bio-Medics, Inc. (filed herewith)	
10.92	Employment Agreement, dated March 7, 1997, between Bruce J. Haber and the registrant (filed herewith)**	
10.93	Termination of Employment Agreement, dated March 7, 1997, as revised, between Bruce J. Haber and the registrant (filed herewith)**	
10.94	Agreement and Plan of Merger among Henry Schein, Inc., HS Acquisition, Inc., Roane-Barker, Inc. and Ralph L. Falls, Jr. dated as of May 23, 1997, as amended by letters dated June 24, 1997 and June 25, 1997 (filed herewith)	
11.1	Statements regarding computation of per share income (filed as part of Henry Schein, Inc.'s Current Report on Form 8-K dated June 24, 1997 and incorporated by reference in the Proxy Statement/Prospectus included in this Registration Statement)	
21.1	List of Subsidiaries Henry Schein, Inc.	
23.1	Consent of BDO Seidman, LLP* (filed herewith)	
23.2	Consent of Miller, Ellin & Company (filed herewith)	
23.3	Consent of Proskauer Rose LLP (included in Exhibit 5.1)	
23.4	Consent of Cummings & Lockwood (included in Exhibit 5.2)	
23.5	Consent of Houlihan, Lokey, Howard & Zukin, Inc. (filed herewith)	
24.1	Powers of Attorney (included in Part II of the Registration Statement)	

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** Indicates management contract or compensatory plan or arrangement.

EXHIBIT 5.1

PROSKAUER ROSE LLP

1585 BROADWAY

NEW YORK, NY 10036-8299

July 2, 1997

Henry Schein, Inc.

135 Duryea Road

Melville, New York 11747

Re: Registration Statement on Form S-4 covering a Maximum of 3,400,000 Shares of Common Stock and 6,200 Warrants to Purchase Common Stock

Ladies and Gentlemen:

We are delivering this opinion in connection with the Registration Statement on Form S-4 (the "Registration Statement") filed by Henry Schein, Inc. (the "Company") on July 2, 1997 with the Securities and Exchange Commission under the Securities Act of 1933, as amended, with respect to (i) the up to 3,400,000 shares (the "Shares") of common stock, par value $.01, of the Company (the "Common Stock") to be issued in connection with the merger of Micro Bio-Medics, Inc. ("MBM") with and into a subsidiary of the Company ("Merger Sub") pursuant to the Agreement and Plan of Merger, dated March 7, 1997, among the Company, MBM and Merger Sub, as revised (the "Merger Agreement"), or issuable pursuant to the exercise of the Warrants (as defined below) and (ii) the 6,200 warrants to purchase shares of Common Stock to be issued by the Company pursuant to the Merger Agreement (the "Warrants").

As counsel for the Company, we have reviewed the Amended and Restated Certificate of Incorporation of the Company, resolutions by the Company's board of directors, the Registration Statement and such corporate records and documents as we have deemed relevant and necessary as the basis for this opinion, and have made such investigation of law as we deemed necessary in order to render the opinion hereinafter set forth.

Based upon the foregoing, it is our opinion that the Shares and Warrants will, upon their issuance and sale in accordance with the Registration Statement, be duly authorized and validly issued, fully paid and non-assessable under the New York Business Corporation Law as in effect on this date.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our Firm under the heading "Legal Matters" in the Proxy Statement/Prospectus included in the Registration Statement. In giving this consent, we do not hereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

PROSKAUER ROSE LLP

LETTERHEAD OF CUMMINGS & LOCKWOOD

July 2, 1997

Micro Bio-Medics, Inc.
846 Pelham Parkway
Pelham Manor, New York 10803

Ladies and Gentlemen:

You have requested our opinion as to certain federal income tax consequences to Micro Bio-Medics, Inc., a New York corporation ("Micro"), Henry Schein, Inc., a Delaware corporation ("Schein"), and the shareholders of Micro, resulting from the consummation of the merger (the "Merger") of HSI Acquisition Corp., a New York corporation and a wholly-owned subsidiary of Schein (the "Sub"), with and into Micro pursuant to the Agreement and Plan of Merger dated as of March 7, 1997, as revised (the "Merger Agreement"), among Micro, Schein and the Sub.

Except as otherwise provided, capitalized terms not defined herein have the meanings set forth in the Merger Agreement. All section references, unless otherwise indicated, are to the Internal Revenue Code of 1986, as amended (the "Code").

Pursuant to the Merger Agreement, (i) the Sub will be merged with and into Micro, (ii) all shares of Sub Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into shares of common stock, par value $.03 per share, of Micro, the surviving corporation, (iii) each share of Company Common Stock (hereinafter referred to as "Micro Common Stock") issued and outstanding immediately prior to the Effective Time (other than any shares of Micro Common Stock (a) held in the treasury of Micro, or (b) which are Dissenting Shares) will be converted into the right to receive 0.62 shares of Parent Common Stock (hereinafter referred to as "Schein Common Stock") and (iv) the shareholders of Micro will receive cash in lieu of fractional interests in the Schein Common Stock to which they would otherwise be entitled.

Such description of the transaction set forth above, and our opinion as stated herein, are based upon and subject to (i) the Merger and related transactions being effected in the manner described in the Form of Proxy Statement / Prospectus forming a part of

Schein's Registration Statement on Form S-4 dated July 2, 1997 (the "Proxy Statement / Prospectus") and in accordance with the provisions of the Merger Agreement, (ii) the accuracy of the representations made to us by Schein and the Sub and Micro in their respective officer's certificates dated June 30, 1997 and June 27, 1997 and delivered to us for purposes of this opinion (the "Officer's Certificates"), which representations shall, by the terms of such Officer's Certificates, be true and correct at all times through the Effective Time of the Merger, (iii) the accuracy of the representations made to us by Bruce J. Haber, the owner of five percent (5%) or more of the Micro Common Stock in his Certificate dated as of June 26, 1997, which representations shall, be true and correct at all times through the Effective Time of the Merger, (iv) the accuracy of the representations and compliance with the covenants contained in the Merger Agreement made by the respective parties thereto, insofar as they relate to or affect the tax treatment of the transactions contemplated in the Merger Agreement, which representations and/or covenants shall be satisfied and/or true and correct, as the case may be, at all times through and/or after the Effective Time of the Merger, (v) the accuracy of the statements set forth in the Proxy Statement / Prospectus as to the purposes of the parties for consummating the Merger, (vi) the aggregate of (A) Dissenting shares for which cash is paid and (B) shares of Micro Common Stock for which cash is paid in lieu of fractional shares will not exceed twenty percent (20%) of the shares of Micro Common Stock outstanding immediately prior to the Merger, no holder of Micro Common Stock (other than holders of Dissenting shares for which cash is paid and holders of shares of Micro Common Stock for which cash is paid in lieu of fractional shares) will receive for such stock any consideration other than Schein Common Stock and the holders of Micro Common Stock will receive and retain a meaningful continuing equity ownership in Micro that is sufficient to satisfy the continuity of interest requirement as specified in Treasury Regulation Section 1.368-1(b) and as interpreted in certain Internal Revenue Service rulings and federal judicial decisions, (vii) Schein will acquire and retain control of Micro within the meaning of Section 368(c) of the Code, (viii) after the Merger, Micro will hold "substantially all" of its properties and the properties of the Sub within the meaning of Section 368(a)(2)(E) of the Code and the regulations promulgated thereunder, and (ix) none of the compensation to be received by any holder of Micro Common Stock who is an employee of Micro pursuant to any employment agreement or any covenants not to compete or other arrangement will be separate consideration for any of such holder's shares of Micro Common Stock.

In rendering our opinion, we have considered the applicable provisions of the Code, Treasury Regulations, pertinent judicial authorities, interpretive rulings of the Internal Revenue Service and such other authorities as we have considered relevant as of the date of this opinion, and any subsequent change therein may adversely affect the conclusions reached in this opinion and such opinion may not then be relied upon.

Based on our examination of the foregoing items and subject to the limitations set forth herein, we are of the opinion that for federal income tax purposes:

1. The Merger of Sub with and into Micro, with Micro surviving, will qualify as a reorganization under Section 368(a) of the Code. Micro, Schein and Sub will each be a party to the reorganization within the meaning of Section 368(b) of the Code.

2. Pursuant to Section 354 of the Code, no gain or loss will be recognized by a shareholder of Micro upon the exchange of their Micro Common Stock for the right to receive Schein Common Stock and the exercise of such right by a shareholder of Micro.

3. Cash received by a shareholder of Micro in lieu of a fractional share of Schein Common Stock will be treated as if the fractional shares were received in exchange of such fractional shares pursuant to Section 302(a) of the Code, and not as a dividend under Section 301 of the Code. Any gain or loss recognized as a result of the receipt of such cash will be capital gain or loss under Section 1222 of the Code, if such stock was held as a capital asset at the time of the exchange, equal to the difference between the cash received and the shareholder's basis in the Micro Common Stock for which such fractional share interest is received.

4. Pursuant to Section 358 of the Code, the aggregate tax basis of the Schein Common Stock received by a shareholder of Micro in the exchange (including any fractional shares which the Micro shareholder otherwise might be entitled to receive) will be the same as the basis of the Micro Common Stock exchanged therefor.

5. Pursuant to Section 1223(1) of the Code, the holding period of the Schein Common Stock to be received by a Micro shareholder will include the holding period of the Micro shares surrendered by the shareholder in the exchange, provided the Micro Common was held as a capital asset on the date of the exchange.

6. Pursuant to Sections 368 and 361 of the Code, Micro will recognize no gain or loss as a result of the Merger.

This opinion is rendered solely with respect to certain United States federal income tax consequences of the Merger under the Code as specifically set forth herein, and does not extend to the income or other potential tax consequences of the Merger under the laws of any State or any political subdivision of any State or any other jurisdiction nor does it extend to any tax effects or consequences of the Merger to Schein, Sub or Micro other than those expressly stated in this opinion. Furthermore, no opinion is expressed as to the United States federal or state tax treatment of the transaction under any other provisions of the Code and regulations, or about the tax treatment of any conditions existing at the time of, or effects resulting from, the transaction that is not specifically covered by this opinion. In addition, this opinion may not be relied upon except with respect to the consequences specifically discussed herein. This opinion is being furnished only to Micro and the shareholders of Micro in connection with the Merger in accordance with Section 8.1(j) of

the Merger Agreement and solely for their benefit in connection therewith and may not be used or relied upon for any other purpose and may not be circulated, quoted or otherwise referred to for any other purpose without our prior express written consent except that this opinion may be included as an exhibit to Schein's Registration Statement on Form S-4 dated July 2, 1997. Additionally we hereby consent to the references to our Firm in the Proxy Statement/Prospectus included in the Registration Statement. In giving this consent, we do not hereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

CUMMINGS & LOCKWOOD

C&LDOC:

Exhibit 10.90

REVOLVING CREDIT AGREEMENT

dated as of January 31, 1997

among

HENRY SCHEIN, INC.

and

THE CHASE MANHATTAN BANK,
FLEET BANK, NATIONAL ASSOCIATION,
COOPERATIEVE CENTRALE RAIFFEISEN - BOERENLEENBANK, B.A.
"RABOBANK NEDERLAND", NEW YORK BRANCH AND
EUROPEAN AMERICAN BANK

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REVOLVING CREDIT AGREEMENT (the "Agreement") dated as of January 31, 1997 among HENRY SCHEIN, INC., a corporation organized under the laws of the State of Delaware (the "Borrower"), THE CHASE MANHATTAN BANK, a New York banking corporation ("Chase"), FLEET BANK, NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America ("Fleet"), COOPERATIEVE CENTRALE RAIFFEISEN - BOERENLEENBANK, N.A. "RABOBANK NEDERLAND", NEW YORK BRANCH, a corporation organized under the laws of the Netherlands ("Rabobank Nederland"), and EUROPEAN AMERICAN BANK, a New York banking corporation ("EAB") (each of Chase, Fleet, Rabobank Nederland and EAB are, individually, a "Bank", and collectively, the "Banks"), and Chase, as Agent for the Banks.

WHEREAS, the Borrower has requested the Banks to extend credit to the Borrower from time to time and the Banks are willing to extend such credit in accordance with the terms of this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1.

1. DEFINITIONS; ACCOUNTING TERMS

Section 1.1. Definitions.

As used in this Agreement the following terms have the following meanings (terms defined in the singular to have a correlative meaning when used in the plural and vice versa):

"Acquired Person" shall have the meaning given to such term in Section 8.8 hereof.

"Acquisition" means any transaction pursuant to which the Borrower or any of its Subsidiaries (a) acquires equity securities (or warrants, options or other rights to acquire such securities) of any Person other than any Person which is a Subsidiary of the Borrower, pursuant to a solicitation of tenders therefor, or in one or more negotiated block, market or other transactions not involving a tender offer, or a combination of any of the foregoing, or (b) makes any Person a Subsidiary of the Borrower, or causes any such Person to be merged into the Borrower or any of its respective Subsidiaries, in any case pursuant to a merger, purchase of assets or any reorganization providing for the delivery or issuance to the holders of such Person's then-outstanding securities, in exchange for such securities, of cash or securities of the Borrower or any of its Subsidiaries, or a combination thereof, or (c) purchases all or substantially all of the business or assets of any Person.

"Additional Costs" shall have the meaning given to such term in Article 4 hereof.

"Affiliate" means any Person: (a) which directly or indirectly controls, or is controlled by, or is under common control with, the Borrower; (b) which directly or indirectly beneficially owns or holds 25% or more of any class of voting stock of the Borrower; (c) 25% or

more of the voting stock or other voting interests of which is directly or indirectly beneficially owned or held by Borrower; or (d) which is a partnership in which the Borrower is a general partner. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agent" means The Chase Manhattan Bank, or its successors or assigns.

"Aggregate Banker's Acceptance Outstandings" means, at a particular time, the aggregate principal balance of outstanding Documentary Banker's Acceptances created by the Agent on behalf of or for the benefit of the Borrower pursuant hereto.

"Aggregate Letters of Credit Outstandings" means, at a particular time, the sum of (a) the aggregate maximum amount at such time which is available or available in the future to be drawn under all outstanding Letters of Credit under this Agreement plus (b) the aggregate amount of any payments made by the Agent on behalf of the Banks under any Letter of Credit under this Agreement that has not been reimbursed by the Borrower or with respect to which there has not been a conversion to Documentary Banker's Acceptances at such time.

"Aggregate Outstandings" means, at a particular time, the sum of (a) the Aggregate Letters of Credit Outstandings at such time plus (b) the Aggregate Banker's Acceptance Outstandings, at such time plus (c) the Dollar Equivalent of the aggregate outstanding principal amount of all Revolving Credit Loans.

"Agreement" means this Agreement, as amended or supplemented from time to time. References to Articles, Sections, Exhibits, Schedules and the like refer to the Articles, Sections, Exhibits, Schedules and the like of this Agreement, unless otherwise indicated.

"Alternate Base Rate" means the rate of interest determined by the Agent to be the higher of (i) the Federal Funds Rate plus 1/4 of 1% per annum or (ii) the Prime Rate.

"Amortization" means amortization as determined in accordance with GAAP.

"Applicable Currency" means, as to any particular payment or Loan, the Approved Currency in which it is denominated or is payable.

"Applicable Currency Equivalent" means, with respect to an amount denominated in Dollars which is to be converted to any other Applicable Currency, the amount of such Applicable Currency required to purchase such amount of Dollars at the Relevant Exchange Rate.

"Approved Currencies" means Dollars, Canadian Dollars, Australian Dollars, British Pounds Sterling, Italian Lire, Deutsche Marks, Dutch Guilders, French Francs, Belgian Francs, Swiss Francs, Japanese Yen, and, with the consent of each of the Banks, any other currencies which are freely transferable and convertible into Dollars and in which dealings in deposits are carried out in the London interbank market.

"Banking Day" means, as it relates to any payment, determination, funding or notice to be made or given in connection with any Loan, or otherwise to be made or given to or from the Agent with respect to such Loan, any day (a) on which dealings in deposits in the Applicable Currency for such Loan are carried out in the London interbank market, and (b) on which commercial banks and foreign exchange markets are open for business in London, New York and the principal financial center for such Applicable Currency.

"Banks" means Chase, Fleet, Rabobank Nederland and EAB, and any of their permitted assigns pursuant to Section 12.5 hereof.

"Base Rate Loan" means any Revolving Credit Loan when and to the extent the interest rate therefor is determined on the basis of the Alternate Base Rate.

"Capital Expenditures" means the sum of (a) expenditures for any fixed assets or improvements, replacements, substitutions, or additions thereto which would be treated as capital expenditures in accordance with GAAP and (b) the portion of all payments with respect to Capital Leases which are required to be capitalized on the balance sheet of the lessee in accordance with GAAP.

"Capital Lease" means any lease which is required to be capitalized on the balance sheet of the lessee in accordance with GAAP.

"Cash Collateral" means a Dollar deposit by the Borrower made in immediately available funds to savings, checking or time deposit accounts at the Banks (on a pro-rata basis in accordance with their respective Commitment Proportions) for the purchase by the Borrower of certificates of deposit issued by the Banks (on a pro-rata basis in accordance with their respective Commitment Proportions) and the execution of all documents and the taking of all steps required to give the Banks a perfected security interest in such deposits or certificates of deposit.

"Closing Date" means the date this Agreement has been executed by the Borrower and each of the Banks.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment Fee" means the fees payable by the Borrower to the Banks pursuant to Section 3.3 hereof.

"Commitment Proportion" means, with respect to each Bank at the time of determination, that proportion that its Revolving Credit Commitment bears to the Total Revolving Credit Commitment.

"Consolidated EBITDA" means, for any fiscal period, Consolidated Net Income of the Borrower and its Subsidiaries less to the extent included in determining Consolidated Net Income, all extraordinary gains plus to the extent included in determining Consolidated Net Income in the same fiscal year as any extraordinary gains are subtracted from the calculation of

Consolidated Net Income (and, only to the extent of such extraordinary gains), extraordinary losses, plus Consolidated Interest Expense, plus to the extent deducted in determining Consolidated Net Income, provisions for federal, state, local and foreign income taxes, whether paid or deferred, plus to the extent deducted in determining Consolidated Net Income, Depreciation and Amortization, on a consolidated basis, of the Borrower and its Subsidiaries, plus to the extent deducted in determining Consolidated Net Income, the aggregate amount of (x) accretion expense with respect to options or rights to acquire the Borrower's common stock and (y) any write-off of expenses arising in connection with the Loans, plus the aggregate amount of non-cash expense associated with the closure and post-closure reserves of a plant or facility owned by a Borrower or a Subsidiary of the Borrower, plus the aggregate amount of all other Non-Cash Charges not specifically listed above, plus stock contributions made by the Borrower to the ESOP on a consolidated basis, all as determined in accordance with GAAP.

"Consolidated Funded Debt" means, at a particular date, on a consolidated basis, all Debt (including indebtedness incurred in connection with Letters of Credit, Subordinated Debt, and all other Debt) of the Borrower and its Subsidiaries having an original maturity of one year or more, including the current portion of such Debt, other than guarantees by (x) the Borrower or (y) any Subsidiary of the Debt of any Subsidiary reflected on the Borrower's consolidated financial statements for such period.

"Consolidated Interest Expense" means, for a particular period, the consolidated interest expense of the Borrower and its Subsidiaries as reflected in the Borrower's consolidated financial statements for such period and calculated in accordance with GAAP.

"Consolidated Net Income" means, for a particular period, the consolidated net income of the Borrower and its Subsidiaries for such period, determined in accordance with GAAP.

"Consolidated Net Profit" means, with respect to a particular period, the net profit of the Borrower and its Subsidiaries on a consolidated basis for such period, as reflected on the consolidated financial statements of the Borrower and its Subsidiaries, and determined or calculated in accordance with GAAP.

"Consolidated Net Worth" means, at any particular date, the amount included under stockholders' equity, in accordance with GAAP, on the consolidated balance sheet of the Borrower and its Subsidiaries as at such date, but without giving any effect to any one-time change (positive or negative) in Consolidated Net Worth attributable to changes in accounting principles generally made applicable by the Financial Accounting Standards Board to publicly traded domestic corporations.

"Consolidated Taxes" means, at a particular date, all amounts which would, in conformity with GAAP, be included as Taxes on a consolidated balance sheet of the Borrower and its Subsidiaries as at such date.

"Consolidated Total Assets" means, at a particular date, all amounts which would, in conformity with GAAP, be included as assets on a consolidated balance sheet of the Borrower and its Subsidiaries as at such date.

"Consolidated Total Liabilities" means, at a particular date, all amounts which would, in conformity with GAAP, be included as liabilities on a consolidated balance sheet of the Borrower and its Subsidiaries as at such date.

"Continuing Directors" means the directors of the Borrower on the Closing Date, and each other director if such director's nomination for election to the Board of Directors is recommended by a majority of the then-Continuing Directors.

"Corporate Guarantors" means each of the Borrower's domestic subsidiaries listed on the signature pages hereto.

"Credit Agreement" means that certain Amended and Restated Credit Agreement, dated as of July 5, 1995, among the Borrower and the Banks, as such agreement has been amended through the date hereof.

"Current Portion of Long-Term Debt" means, at any time, the portion of any Debt which is classified as the current portion of long-term debt on the consolidated financial statements of the Borrower and its Subsidiaries, and, in the last year of the term of this Agreement, Current Portion of Long-Term Debt shall include, but not be limited to, the Borrower's payment obligations with regard to this Agreement.

"Debt" means with respect to any Person: (a) indebtedness of such Person for borrowed money; (b) indebtedness for the deferred purchase price of property or services; (c) Unfunded Vested Liabilities of such Person; (d) the face amount of any outstanding letters of credit issued for the account of such Person; (e) obligations arising under acceptance facilities; (f) guaranties, endorsements (other than for collection in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person, or otherwise to assure a creditor against monetary loss; (g) obligations secured by any Lien on property of such Person; (h) obligations of such Person as lessee under Capital Leases; and (i) indebtedness of such Person evidenced by a note, bond, indenture or similar instrument; provided, however, that for purposes of Article 9 hereof, (i) Debt incurred in connection with off-balance sheet operating leases and (ii) Debt secured by the Permitted Liens described in Sections 8.3 (a), 8.3 (b), 8.3 (c), 8.3 (d), and 8.3 (f), shall be excluded from the subject calculations.

"Default" means any event which with the giving of notice or lapse of time, or both, would become an Event of Default.

"Default Rate" means a rate per annum equal to 2% above the rate of interest otherwise (assuming no Event of Default has occurred and is continuing) applicable to the relevant Loan.

"Depreciation" means depreciation as determined or calculated in accordance with GAAP.

"Dividends" means, for any period, dividends paid by the applicable Person.

"Documentary Banker's Acceptances" means banker's acceptances created by the Agent accepting a draft drawn on the Agent in connection with or in conjunction with Time Letters of Credit and which satisfy eligibility requirements established by the Board of Governors of the Federal Reserve System and the Agent's internal requirements as in effect from time to time.

"Dollar Equivalent" means (a) in relation to any amount denominated in Dollars, such amount and (b) in relation to an amount denominated in any Applicable Currency other than Dollars, the amount of Dollars which when converted at the Exchange Rate would equal the principal amount of the Loan or applicable payment in the Applicable Currency.

"Dollars" and the sign "$" mean lawful money of the United States of America.

"Domestic Subsidiaries" means Subsidiaries formed, incorporated or existing under the laws of, or which conduct substantially all of their business in, the United States of America or any of its states.

"Election Date" has the meaning specified in Section 2.6(a).

"Eligible Transferee" shall mean a commercial bank, financial institution or other institutional "accredited investor" (as defined in Regulation D of the Securities Act of 1933, as amended); provided that the short-term commercial paper rating from S&P of any such Person is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, including any rules and regulations promulgated thereunder.

"ERISA Affiliate" means any corporation or trade or business which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Borrower or is under common control (within the meaning of Section 414(c) of the Code) with the Borrower.

"ESOP" means the existing employee stock ownership plan formed/maintained by the Borrower and its employees.

"Event of Default" shall have the meaning given such term in Section 10.1 hereof.

"Exchange Rate" means, in relation to the purchase of one currency (the "first currency") with another currency (the "second currency"), the most recent spot rate of exchange as published in the Exchange Rates Table of The Wall Street Journal dated the date of such determination for the purchase of the first currency with the second currency. If the relevant spot rate of exchange is not available from The Wall Street Journal, then the relevant spot rate of exchange shall be reasonably determined by the Agent and such determination shall be conclusive absent manifest error.

"Eurocurrency Reserve Requirements" means, with respect to each Interest Period for each LIBOR Loan (for purposes of determining Eurocurrency Reserve Requirements with respect to any LIBOR Loan having a 7-day or a 14-day Interest Period, such LIBOR Loan shall be deemed to have a one month Interest Period), the aggregate (without duplication) of the maximum rates (expressed as a percentage and rounded upward, if necessary, to the nearest 1/100 of 1%) of reserve requirements current on the date two Banking Days prior to the beginning of such Interest Period (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other governmental authority having jurisdiction with respect thereto), as now and/or from time to time hereafter in effect, dealing with reserve requirements prescribed for eurocurrency funding maintained by any Bank.

"Facility Documents" means this Agreement, the Notes, the Guarantees, and all other agreements, documents and instruments executed in connection herewith or therewith including, but not limited to, all documents and instruments executed by the Borrower or any Guarantor in favor of any Bank in connection with this Agreement and the Loans made hereunder.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Banking Day, for the next preceding Banking Day) by the Federal Reserve Bank of New York, or, if such rate is not so announced or published for any day which is a Banking Day, the Federal Funds Rate for the last day on which such rate was announced or published.

"Forfeiture Proceeding" means the commencement of any action or proceeding affecting the Borrower or any of the Guarantors before any court, governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which would result in the seizure or forfeiture of any of their property which would cause a material adverse effect upon the operations, business, properties or financial condition of the Borrower or any such Guarantor.

"GAAP" means generally accepted accounting principles in the United States of America, as in effect from time to time, consistently applied with respect to the financial statements

of the Borrower, its Subsidiaries, and Affiliates or any Guarantor which are the subject of Section 6.5 hereof.

"Guarantees" means the guarantees to be delivered on the Closing Date to the Banks by each of the Guarantors and the guarantees to be delivered to the Banks from time to time hereafter by Persons that become Guarantors subsequent to the Closing Date, all in the form(s) attached hereto as Exhibit C.

"Guarantors" means the Corporate Guarantors and the Post-Closing Guarantors.

"Hazardous Substance" or "Hazardous Substances" means any material, including, without limitation, raw, processed or waste by-product materials, which in itself or as found or used, is toxic, noxious or harmful to the health or safety of human or animal life or vegetation, regardless of whether such material be found on or below the surface of the ground, in any surface or underground water, or airborne in ambient air or in the air inside of any structure built or located upon or below the surface of the ground, or in any machinery, equipment or inventory located or used in any such structure, including, but in no event limited to, all hazardous materials, hazardous wastes, toxic substances, infectious wastes, pollutants and contaminants from time to time defined or classified as such under any Environmental Law, regardless of the quantity found, used, manufactured or removed from a given location.

"Interest Period" means the period commencing on the date of making, renewal or conversion of a Loan to a LIBOR Loan and expiring 7 days, 14 days or one, two, three or six months thereafter, as designated by the Borrower in the notice given to the Agent under Section 2.4 hereof; provided that,

(a) the initial Interest Period for any LIBOR Loan shall commence on the date of the making of such Loan (including the date of any conversion from a Base Rate Loan) and each Interest Period occurring thereafter in respect of such Loan shall commence on the date on which the next preceding Interest Period expires;

(b) if any Interest Period would otherwise expire on a day which is not a Banking Day, such Interest Period shall expire on the next succeeding Banking Day, provided, however, that if any Interest Period would otherwise expire on a day which is not a Banking Day but is a day of a calendar month after which no further Banking Day occurs (in such month), such Interest Period shall expire on the next preceding Banking Day;

(c) no Loan shall be continued as or converted to a LIBOR Loan if at the time of any such continuation or conversion a Default or an Event of Default exists; and

(d) no Interest Period shall extend beyond the Revolving Credit Termination Date.

"Lending Office" means, for each Bank and for each type of Loan, the lending office of such Bank (or of an affiliate of such Bank) designated as such for such type of Loan on its

signature page hereof or such other office of such Bank (or of an affiliate of such Bank) as such Bank may from time to time specify to the Agent as the office by which its Loans are to be made and maintained.

"Letter of Credit" means any Sight Letter of Credit, Time Letter of Credit or Standby Letter of Credit issued by the Agent for the account of the Borrower pursuant to the terms of this Agreement.

"LIBOR" means, for any LIBOR Loan, the rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) quoted at approximately 11:00 a.m. London time by the principal London branch of the Agent two Banking Days prior to the first day of the Interest Period for such Loan for the offering to leading or prime banks in the London interbank market of Dollar deposits in immediately available funds, for a period (which period, in the case of a LIBOR Loan having a 7-day or a 14-day Interest Period, shall be deemed to be a one month Interest Period), and in an amount, comparable to such Interest Period (which Interest Period, in the case of a LIBOR Loan having a 7-day or a 14-day Interest Period, shall be deemed to be a one month Interest Period) and principal amount of the LIBOR Loan which shall be made by the Banks hereunder and outstanding during such Interest Period.

"LIBOR Loan" means any Revolving Credit Loan when and to the extent the interest rate therefor is determined on the basis of Reserve Adjusted LIBOR Rate.

"Lien" means any lien (statutory or otherwise), security interest, mortgage, deed of trust, priority, pledge, charge, conditional sale, title retention agreement, Capital Lease or other encumbrance or similar right of others, or any agreement to give any of the foregoing.

"Loan" means a Revolving Credit Loan or a Letter of Credit or a Documentary Banker's Acceptance.

"Margin" means for LIBOR Loans, the following:

Ratio of Consolidated Funded Debt to Consolidated EBITDA	Margin
Equal to or greater than 3.00:1.0	1%
Equal to or greater than 2.50:1.00 but less than 3.00:1.00	0.75%
Equal to or greater than 2.00:1.00 but less than 2.50:1.00	0.625%
Equal to or greater than 1.50:1.00 but less than 2.00:1.00	0.50%
Less than 1.50:1.00	0.375%

The Margin will be set on the day which is 10 Banking Days following the receipt by the Agent of the financial statements referenced in Section 7.8(a) or Section 7.8(b), as the case may be, and shall apply to all LIBOR Loans (i.e., new or additional Loans, or Loans which are continuations or conversions) to be made on or after such date until, but not including, the next date on which the Margin is reset in accordance with the provisions hereof; provided, however, that if any financial statements are not received by the Agent within the time period relating to such financial statements as provided in Section 7.8(a) or Section 7.8(b) hereof, as the case may be, the Margin on all LIBOR Loans to be made on or after the date the Margin should have been reset in accordance with the foregoing provisions (i.e., assuming timely delivery of the requisite financial statements), until the day which is 10 Banking Days following the receipt by the Agent of such financial statements, will be 1%; and further provided, however, that the Banks shall not in any way be deemed to have waived any Event of Default or any of their remedies hereunder (including, without limitations, remedies provided in Article 10 hereof) in connection with the provisions of the foregoing proviso.

"Multiemployer Plan" means a Plan defined as such in Section 4001(a)(3) of ERISA to which contributions have been made by the Borrower or any ERISA Affiliate and which is covered by Title IV of ERISA.

"Non-Cash Charges" means all charges and expenses reflected on the consolidated income statement of the Borrower and its Subsidiaries and determined or calculated in accordance with GAAP which do not require a payment of cash.

"Notes" means the Revolving Credit Notes.

"Obligations" means all of the obligations of the Borrower or any Guarantor to the Banks under or in relation to this Agreement, the Notes, any Letters of Credit, the Guarantees or any of the other Facility Documents, as such agreements, documents and instruments are originally executed or as modified, amended, restated, supplemented or extended from time to time, and all obligations of the Borrower or any Guarantor to the Banks arising out of any extension, refinancing or refunding of any of the foregoing obligations, whether such obligations are now existing or hereafter acquired or arising, direct or indirect, joint or several, absolute or contingent, due or to become due, matured or unmatured, liquidated or unliquidated, arising by contract, operation of law or otherwise.

"Operating Income" means, with respect to a particular Person for a particular period, such Person's operating income for such period determined or calculated in accordance with GAAP as reflected on such Person's financial statements.

"Payment Office" means, with respect to the Agent for payments in any Applicable Currency, such account at such bank or office in the principal financial center in the country of the Applicable Currency as the Agent shall designate by notice to the Person required to make the relevant payment and, with respect to the Agent for payments in Dollars, such account at such bank or office in New York City as the Agent shall designate by notice to the Person required to make the relevant payment.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Permitted Acquisition" shall have the meaning given to such term in Section 8.8 hereof.

"Permitted Liens" means those certain Liens defined in Section 8.3 hereof.

"Person" means an individual, partnership, corporation, limited liability company or partnership, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

"Plan" means any employee benefit or other plan established or maintained, or to which contributions have been made, by the Borrower or any ERISA Affiliate and which is covered by Title IV of ERISA or to which Section 412 of the Code applies, provided that such term shall not include plans terminated prior to the date hereof.

"Post-Closing Guarantors" means (a) any wholly owned Subsidiary or other entity, formed or acquired by the Borrower, Zahn Holdings, Inc. or any subsidiary of the Borrower or Zahn Holdings, Inc. after the Closing Date with Total Assets located in the United States of $10,000,000 or greater, and (b) any Subsidiary or entity formed or acquired after the Closing Date in which the Borrower or any Corporate Guarantor has a 66.67% or greater but less than 100% ownership interest which becomes or is a Subsidiary which must have its financial operations and results consolidated with Borrower under GAAP, if such subsidiary or entity, after giving effect to the

acquisition, has Total Assets located in the United States that exceed 5% of the Consolidated Total Assets of the Borrower and its Subsidiaries, taken as a whole, valued as of the closing of such acquisition or as of the last day of any fiscal year thereafter; providing such partially owned subsidiary or entity is not a party to an agreement prohibiting it from becoming a Guarantor hereunder.

"Prime Rate" means that rate of interest from time to time announced by the Agent at the Principal Office as its prime commercial lending rate.

"Principal Office" means the principal office of the Agent, presently located at 270 Park Avenue, New York, New York.

"Reference Rate" means that rate charged by the Agent with regard to Documentary Banker's Acceptances.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as the same may be amended or supplemented from time to time.

"Regulatory Change" means, with respect to any Bank, any change after the Closing Date in United States federal, state, municipal or foreign laws or regulations (including Regulation D) or the adoption or making after such date of any interpretations, directives or requests applying to a class of banks including such Bank under any United States, federal, state, municipal or foreign laws or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Relevant Exchange Rate" means, with respect to any LIBOR Loan denominated in any Approved Currency other than Dollars, the Exchange Rate for the purchase of Dollars with such Approved Currency in effect on the date which is two Banking Days before the later of (a) the date on which the Loan was first made or (b) the last Election Date (if any) applicable to such Loan.

"Reportable Event" means any of the events set forth in Section 4043(b) of ERISA as to which events the PBGC by regulation has not waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event.

"Required Banks" means, at any time, with respect to any decisions to be made by the Banks hereunder, Banks having at least 75% of the aggregate of the Commitment Proportions hereunder.

"Reserve Adjusted LIBOR Rate" means, with respect to the Interest Period (which Interest Period, in the case of a LIBOR Loan having a 7-day or a 14-day Interest Period, shall be deemed to be a one month Interest Period) for each LIBOR Loan, the rate per annum (rounded upwards to the nearest whole multiple of 1/100th of one percent) equal to the following:

$$\frac{\text{LIBOR}}{1.00 - \text{Eurocurrency Reserve Requirements.}}$$

"Revolving Credit Commitment" means, with respect to each Bank, the obligation of such Bank to extend credit to the Borrower hereunder and, subject to the terms hereof, in the following aggregate amounts:

Chase	$35,000,000
Fleet	$25,000,000
Rabobank Nederland	$25,000,000
EAB	$15,000,000

"Revolving Credit Facility" means the aggregate of all extensions of credit to be made available to the Borrower by the Banks, all as provided for pursuant to Article 2 hereof.

"Revolving Credit Loans" means any extension of credit made by a Bank pursuant to Section 2.1.

"Revolving Credit Note" means a promissory note of the Borrower in the form of Exhibit A hereto evidencing the Revolving Credit Loans made by a Bank hereunder.

"Revolving Credit Termination Date" means the earlier to occur of (a) the date on which the Revolving Credit Commitment shall terminate hereunder and (b) January 30, 2002.

"Sight Letter of Credit" means a sight letter of credit as defined in the International Chamber of Commerce Uniform Customs and Practice for Documentary Credits, 1993 Revisions, ICC Publication No. 500 or any successor publication thereof.

"Solvent" means when used with respect to any Person on a particular date, that on such date: (a) the fair saleable value of its assets is in excess of the total amount of its liabilities, including, without limitation, the reasonably expected amount of such Person's obligations with respect to contingent liabilities, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its Debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur Debts or liabilities beyond such Person's ability to pay as such Debts and liabilities mature and (d) such Person is not engaged in business or a transaction for which such Person's property would constitute an unreasonably small capital.

"Standby Letter of Credit" means a standby letter of credit as defined in the International Chamber of Commerce Uniform Customs and Practice for Documentary Credits, 1993 Revision, ICC Publication No. 500 or any successor publication thereof.

"Subordinated Debt" means unsecured Debt of the Borrower that is subordinated, (with such immaterial changes as the Required Banks may reasonably require from time to time), to the Borrower's obligations to the Banks under this Agreement on terms satisfactory to the Banks, and which Debt provides for payment of principal only after the Revolving Credit Termination Date and for the payment of simple interest at an annual rate not greater than the Base Rate plus seven

percent and with respect to which Debt the Borrower shall provide the Agent with all information reasonably requested by the Agent, including, without limitation, an amortization schedule.

"Subsidiary", with respect to any Person, means any corporation or other entity of which at least a majority of the securities or other ownership interests having ordinary voting power (absolutely or contingently) for the election of directors or other persons performing similar functions are, at the relevant time, owned directly or indirectly by such Person.

"Taxes" means any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any governmental or taxing authority of any jurisdiction, excluding, in the case of each Bank, income taxes and franchise taxes (imposed in lieu of income taxes) imposed on such Bank as a result of a present or former connection between the jurisdiction of the government or the taxing authority imposing such tax and such Bank (excluding a connection arising solely from such Bank having executed, delivered, or performed its obligations or received a payment under, or enforced, this Agreement, the Notes or the other Facility Documents) or any political subdivision or taxing authority thereof or therein.

"Time Letter of Credit" means a Letter of Credit that provides for payment on a specific maturity date(s) determined in accordance with the stipulations of such Letter of Credit.

"Total Revolving Credit Commitments" means, at any time, the aggregate of the Revolving Credit Commitments in effect at such time.

"Unfunded Vested Liabilities" means, with respect to any Plan, the amount (if any) by which the present value of all vested benefits under the Plan exceeds the fair market value of all Plan assets allocable to such benefits, as determined on the most recent valuation date of the Plan and in accordance with the provisions of ERISA for calculating the potential liability of the Borrower or any ERISA Affiliate to the PBGC or the Plan under Title IV of ERISA.

"Up Front Fee" shall have the meaning given to such term in Section 3.5 hereof.

"Usage Fee" means the usage fee payable by the Borrower to the Banks pursuant to Section 3.4 hereof.

Section 1.2. Accounting Terms.

All accounting terms not specifically defined herein shall be construed in accordance with GAAP, and all financial data required to be delivered hereunder shall be prepared in accordance with GAAP.

ARTICLE 2.

REVOLVING CREDIT FACILITY

Section 2.1. Revolving Credit Loans.

(a) Subject to the terms and conditions of this Agreement, each of the Banks severally agrees, upon request by the Borrower, to make LIBOR Loans in any of the Approved Currencies and Base Rate Loans in Dollars to the Borrower (each such Loan being a "Revolving Credit Loan") from time to time on any Business Day during the period from the date hereof to but excluding the Revolving Credit Termination Date; provided, however, that no Revolving Credit Loan shall be made if, after giving effect to such Loan, the Aggregate Outstandings at the time of such Loan would exceed the Total Revolving Credit Commitments in effect on such date. All Revolving Credit Loans shall be made by the Banks, on a pro rata basis, in accordance with their respective Commitment Proportions. Subject to the foregoing limits, the Borrower may borrow, repay and reborrow all or a portion of the Revolving Credit Commitments hereunder. Any amount of any Revolving Credit Loan not paid when due (at maturity, or acceleration or otherwise) shall bear interest thereafter until paid at the Default Rate. Notwithstanding the foregoing, in no event shall the Dollar Equivalent of the aggregate principal balance (determined at the Relevant Exchange Rate) of Revolving Credit Loans denominated in Approved Currencies other than Dollars exceed $15,000,000 at any time.

(b) The Borrower and the Banks hereby agree that from and after the date hereof, subject to the satisfaction of the conditions precedent to the initial Loan hereunder, the LIBOR Loans existing prior to the date hereof pursuant to the Credit Agreement and listed and described on Schedule 2.2 attached hereto shall be deemed to be evidenced by the Revolving Credit Notes and shall be LIBOR Loans for all purposes of this Agreement, other than with respect to the Commitment Proportion of the Banks in such existing LIBOR Loans, which shall be determined in accordance with the applicable provisions of the Credit Agreement as the same existed immediately prior to the Closing Date.

Section 2.2. The Revolving Credit Notes.

The Revolving Credit Loans of each Bank shall be evidenced by a single promissory note in favor of such Bank with appropriate insertions duly executed by the Borrower. Each Bank is hereby authorized to record the date and amount of each Revolving Credit Loan, the date and amount of each payment of principal thereof, the principal amount subject thereto, the interest rate with respect thereto and the Applicable Currency thereof in such Bank's records or on schedules annexed to and constituting a part of its Revolving Credit Note, and absent manifest error, any such recordation shall constitute conclusive evidence of the information so recorded; provided that the failure to make such recordation shall not in any way affect the obligation of the Borrower to repay the Revolving Credit Loans. Each Revolving Credit Note (a) shall be dated the date hereof, (b) shall be stated to mature on the Revolving Credit Termination Date and (c) shall bear interest on the unpaid principal amount thereof from time to time as provided herein.

Section 2.3. Use of Proceeds.

The Borrower shall use the proceeds of the Revolving Credit Loans to (a) pay and satisfy in full all "Revolving Credit Loans" under the Credit Agreement, all accrued interest thereon, and all accrued commissions and fees under the Credit Agreement, (b) for general corporate and working capital purposes and (c) for Permitted Acquisitions. No part of the proceeds of any of the Loans will be used for any purpose which violates the provisions of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System as in effect on the date of making such Loans.

Section 2.4. Borrowing Procedure for Revolving Credit Loans.

(a) Each Revolving Credit Loan shall be, at the option of the Borrower, either a Base Rate Loan or a LIBOR Loan, provided, however, that all Loans in Approved Currencies other than Dollars shall be LIBOR Loans. The Borrower shall give the Agent (i) at least four Banking Days irrevocable telephonic notice of each LIBOR Loan denominated in any Approved Currency other than Dollars (whether representing an additional borrowing hereunder, a conversion of a borrowing hereunder from a Base Rate Loan to a LIBOR Loan, or a continuation of such Loan as such a LIBOR Loan for an additional Interest Period) prior to 11:30 a.m., New York, New York time on the day any such notice is given (the "Eurocurrency LIBOR Notice"), (ii) at least three Banking Days irrevocable telephonic notice of each LIBOR Loan denominated in Dollars (whether representing an additional borrowing hereunder, a conversion of a borrowing hereunder from a Base Rate Loan to such a LIBOR Loan, or a continuation of such Loan as such a LIBOR Loan for an additional Interest Period) prior to 12:00 p.m., New York, New York time on the day any such notice is given (the "Dollar LIBOR Notice"), and (iii) irrevocable telephonic notice of each Base Rate Loan (whether representing an additional borrowing hereunder or the conversion of an existing LIBOR Loan to a Base Rate Loan at the end of the Interest Period with respect to such LIBOR Loan) prior to 12:00 p.m., New York, New York time on the day of the proposed Base Rate Loan (the "Base Rate Loan Notice"). Each such notification, which shall be effective only upon receipt thereof by the Agent, shall specify the amount of the borrowing, the type of Revolving Credit Loan (i.e., Base Rate Loan or LIBOR Loan), the date of the proposed borrowing, whether any such Loan represents an additional borrowing, a conversion or a continuation as referenced above, and, in the case of a LIBOR Loan, the Interest Period to be used in the computation of interest with respect thereto and the proposed currency thereof which shall be an Approved Currency. The Borrower shall provide the Agent with written confirmation of each such telephonic notice on the same day by telefacsimile transmission in such form as such notice has been given under the Credit Agreement or such other form as shall be reasonably acceptable to the Agent. Notice of receipt of any such notice by the Agent shall be provided by the Agent to each Bank by telephone with reasonable promptness but, assuming receipt by the Agent of any such notice prior to 12:00 p.m., New York, New York time on a Banking Day, by no later than 2:00 p.m., New York, New York time on the same day as the Agent's receipt of any such notice.

(b) Each Bank will make its share of each Borrowing available to the Agent at the Payment Office for the Applicable Currency by 2:00 p.m. (local time at the place of payment), or such other time as may be required by law or practice for the settlement of foreign exchange

transactions in the place of payment, on the date for such Borrowing by payment in the Applicable Currency and in immediately available funds. Unless any applicable condition specified in Article 5 has not been satisfied, the amounts so received by the Agent will be made available to the Borrower at such Payment Office by crediting the account of such Borrower with such amounts and in like funds as received by the Agent; provided, however, that if the proceeds of any Borrowing or any portion thereof are to be used to prepay outstanding Loans, then the Agent shall apply such proceeds for such purpose to the extent necessary and credit the balance, if any, to the Borrower's account.

(c) Notwithstanding anything to the contrary herein, after giving effect to any Borrowing, unless consented to by the Agent in its sole discretion, (i) there shall not be more than ten (10) different Interest Periods in effect in respect of all Revolving Credit Loans then outstanding, and (ii) there shall not be more than four (4) different Applicable Currencies in respect of all Revolving Credit Loans then outstanding.

Section 2.5. Minimum Amounts of Revolving Credit Loans.

Except for borrowings which involve or utilize the full remaining amount of the Revolving Credit Commitments and payments which result in the prepayment of all Base Rate Loans, each borrowing and payment of Base Rate Loans shall be in an amount at least equal to $500,000 and, if greater, integral multiples of $100,000 in excess thereof. Each borrowing of LIBOR Loans denominated in Dollars shall be in an amount at least equal to $2,000,000 and, if greater, in integral multiples of $100,000 in excess thereof and each borrowing of LIBOR Loans denominated in an Approved Currency other than Dollars shall be in an amount at least equal to the Applicable Currency Equivalent of $1,500,000 and, if greater, in integral multiples of the Applicable Currency Equivalent of $100,000 in excess thereof.

Section 2.6. Interest Period Elections for Borrowings.

(a) The Borrower with respect to any outstanding Borrowing consisting of LIBOR Loans may, upon notice to the Agent in accordance with Section 2.6(b), elect to specify a new Interest Period for such Borrowing, which Interest Period will commence on the last day of any Interest Period applicable thereto (an "Election Date").

(b) If a Borrower elects to specify a new Interest Period for any Borrowing pursuant to Section 2.6(a), it shall give the Agent notice thereof in the form of a Notice of Interest Period Election to be received by the Agent not later than 12:00 p.m. (New York City time) at least four Banking Days prior to the Election Date in respect of any Borrowing to be denominated in any currency other than Dollars or three Banking Days prior to the Election Date in respect of any Borrowing to be denominated in Dollars, as the case may be, specifying:

(i) the Borrowing to which such notice relates;

(ii) the Election Date; and

(iii) the duration of the requested Interest Period.

(c) If by the time set forth in Section 2. 6 (b), (i) the Borrower has failed to give a timely Notice of Interest Period Election for a Borrowing consisting of LIBOR Loans in Approved Currencies other than Dollars, the Borrower shall be deemed to have specified an Interest Period of one month or (ii) the Borrower has failed to give timely Notice of Interest Period Election for a Borrowing consisting of a LIBOR Loan in Dollars, such Loan shall automatically convert to a Base Rate Loan at the end of the Applicable Interest Period.

(d) The Agent will promptly notify each Bank of the duration of each new Interest Period applicable to each Borrowing consisting of LIBOR Loans.

Section 2.7.
Letters of Credit and Documentary Banker's Acceptances.

(a) Generally. Subject to the terms and conditions set forth in this Agreement, upon written request of the Borrower to the Agent in accordance herewith, the Agent shall issue Letters of Credit and, upon or with respect to a drawing under Time Letters of Credit, create Documentary Banker's Acceptances, with pro rata participation by all of the Banks in accordance with their respective Commitment Proportions, at any time between the date hereof and the Revolving Credit Termination Date. Notwithstanding the foregoing, at no time shall the sum of Aggregate Letters of Credit Outstandings plus Aggregate Banker's Acceptance Outstandings exceed $5,000,000 and no Letter of Credit or Documentary Banker's Acceptance shall be issued or created if after giving effect to such Loan the Aggregate Outstandings at the time of such Loan would exceed the Total Revolving Credit Commitments in effect on such date. Furthermore, notwithstanding anything contained herein to the contrary, neither the Agent nor any of the Banks shall be under any obligation to issue a Letter of Credit or create a Documentary Banker's Acceptance if any order, judgment or decree of any court, arbitrator or governmental authority shall purport by its terms to enjoin, restrict or restrain the Agent or any of the Banks in any respect relating to the issuance of such Letter of Credit or creation of such Documentary Banker's Acceptance or a similar letter of credit or banker's acceptance, or any law, rule, regulation, policy, guideline or directive (whether or not having the force of law) from any governmental authority with jurisdiction over the Agent or any of the Banks shall prohibit or direct the Agent or any of the Banks in any respect relating to the issuance of such Letter of Credit or a similar letter of credit, or the creation of such Documentary Banker's Acceptance or similar banker's acceptance, or shall impose upon the Agent or any of the Banks with respect to any Letter of Credit or any Documentary Banker's Acceptance, any restrictions, any reserve or capital requirement or any loss, cost or expense not reimbursed by the Borrower to the Agent or any of the Banks. Each request for issuance of a Letter of Credit shall be in writing and shall be received by the Agent by no later than 12:00 p.m. on the day which is at least two Banking Days prior to the proposed date of issuance. Such issuance shall occur by no later than 5:00 p.m. on the proposed date of issuance (assuming proper prior notice as aforesaid). Subject to the terms and conditions contained herein, the type of Letter of Credit (i.e., Sight Letter of Credit, Time Letter of Credit or Standby Letter of Credit), the expiry dates, amounts and beneficiaries of the Letters of Credit will be as designated by the Borrower. The Agent shall promptly notify the Banks of the amounts of all Letters of Credit issued hereunder and of any

extension, reduction, termination or amendment of any Letter of Credit. Each Letter of Credit issued by the Agent hereunder shall identify: (i) the dates of issuance and expiry of such Letter of Credit, (ii) the amount of such Letter of Credit (which shall be a sum certain), (iii) the beneficiary and account party of such Letter of Credit, (iv) the drafts and other documents necessary to be presented to the Agent upon drawing thereunder, and (v) with respect to Time Letters of Credit, the maturity date of any Documentary Banker's Acceptance created upon or with respect to a drawing under such Time Letter of Credit. No Sight or Time Letter of Credit issued hereunder shall expire more than 180 days from its date of issuance, no Documentary Banker's Acceptance shall mature more than 180 days from the date of the creation of such Documentary Banker's Acceptance and no Standby Letter of Credit shall expire more than one year after its issuance, and in no event shall any Letter of Credit expire or any Documentary Banker's Acceptance mature after the Banking Day which is immediately prior to the Revolving Credit Termination Date. The Borrower agrees to execute and deliver to the Agent such further documents and instruments in connection with any Letter of Credit issued or Documentary Banker's Acceptance created hereunder as the Agent in accordance with its customary practices may request.

(b) Drawings Under Letters of Credit and Payments of Documentary Banker's Acceptance. The Borrower hereby absolutely and unconditionally promises to (i) pay the Agent as soon as possible but in any event within one Banking Day after any drawing under a Letter of Credit (except under a Time Letter of Credit) or the maturity of a Documentary Banker's Acceptance, in immediately available funds from its accounts, the amount of such drawing under such Letter of Credit or Documentary Banker's Acceptance, plus interest thereon from the date of such drawing until repaid in full, or (ii), by 12:30 p.m., New York, New York time, on the Banking Day immediately following the day of any such drawing, give a Base Rate Loan Notice. The Borrower shall pay to the Agent interest on any amounts with respect to any such Letters of Credit or Documentary Banker's Acceptance not paid when due (i.e., the amount of any drawing which is not paid or converted to a Base Rate Loan within one Banking Day after any such drawing or upon the maturity of any such Documentary Banker's Acceptance pursuant to the provisions of this Agreement) until paid at a rate per annum equal to the Default Rate which would be applicable to a Base Rate Loan in an amount equal to such past due amount. If the Borrower so requests in accordance with the terms hereof and if each of the conditions precedent to the making of a Loan set forth in Article 5 of this Agreement has been satisfied on the Banking Day following a drawing under a Letter of Credit or maturity of a Documentary Banker's Acceptance, the amount of such drawing, plus interest thereon, or the amount of such Documentary Banker's Acceptance, for which the Agent has not been reimbursed by the Borrower shall become a Base Rate Loan made by the Banks to the Borrower on such day as the Agent shall give written notice (which written notice shall be by facsimile transmission or telex) to the Borrower and the Banks of such circumstances. The Agent agrees to forward notice of the amount of each drawing under a Letter of Credit and each matured Documentary Banker's Acceptance promptly upon the occurrence thereof. Each Bank agrees that on the first Banking Day after any such drawing or maturity, such Bank will immediately make available by no later than 12:00 p.m. to the Agent at its office located at the Agent's Principal Office, in Federal or other immediately available funds, its ratable share (i.e., in accordance with its respective Commitment Proportion) of any such drawing or payment or maturity, plus any interest which shall have accrued thereon, provided that each Bank's obligation shall be reduced by its pro rata share (i.e., in accordance with its respective Commitment

Proportion) of any reimbursement by the Borrower in respect of any such drawing or payment pursuant to this Section.

(c) Letter of Credit and Documentary Banker's Acceptance Obligations Absolute. (i) The obligation of the Borrower to reimburse the Agent as provided hereunder in respect of drawings or payments under Letters of Credit and Documentary Banker's Acceptances shall rank pari passu with the obligation of the Borrower to repay the Loans hereunder, shall be absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, the obligation of the Borrower to reimburse the Agent in respect of drawings under Letters of Credit and upon the maturity of Documentary Banker's Acceptances shall not be subject to any defense based on the non-application or misapplication by the beneficiary of the proceeds of any such payment or the legality, validity, regularity or enforceability of the Letters of Credit or Documentary Banker's Acceptances or any related document or any dispute between or among the Borrower, the beneficiary of any Letter of Credit or any financing institution or other party to which any Letter of Credit or Documentary Banker's Acceptance may be transferred. The Agent may accept or pay any draft presented to it under any Letter of Credit regardless of when drawn or made and whether or not negotiated, if such draft, accompanying certificate or documents and any transmittal advice are presented or negotiated on or before the expiry date of the Letter of Credit or any renewal or extension thereof then in effect, and conforms to the terms and conditions of such Letter of Credit. Furthermore, neither the Agent nor any of its correspondents shall be responsible, as to any document presented under a Letter of Credit which appears to be regular on its face, and appears on its face to conform to the terms of the Letter of Credit, for the validity or sufficiency of any signature or endorsement, for delay in giving any notice or failure of any instrument to bear adequate reference to the Letter of Credit, or for failure of any person to note the amount of any draft on the reverse of the Letter of Credit.

(ii) Any action, inaction or omission on the part of the Agent or any of its correspondents under or in connection with any Letter of Credit or the related instruments, documents or property, if in good faith and in conformity with such laws, regulations or customs as are applicable, shall be binding upon the Borrower and shall not place the Agent or any of its correspondents under any liability to the Borrower, in the absence of (x) gross negligence or willful misconduct by the Agent or its correspondents or (y) the failure by the Agent to pay under a Letter of Credit after presentation of a draft and documents strictly complying with such Letter of Credit. The Agent's rights, powers, privileges and immunities specified in or arising under this Agreement are in addition to any heretofore or at any time hereafter otherwise created or arising, whether by statute or rule of law or contract. All Letters of Credit issued hereunder will, except to the extent otherwise expressly provided hereunder, be governed by the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce, Publication No. 500, and any subsequent revisions thereof.

(d) Obligations of Banks in Respect of Letters of Credit and Documentary Banker's Acceptances. Each Bank acknowledges that each Letter of Credit or Documentary Banker's Acceptance issued by the Agent pursuant to this Agreement is issued by the Agent on behalf of and with the ratable participation of all of the Banks (i.e., in accordance with their respective Commitment Proportions), and each Bank agrees to make the payments required by subsection (b)

hereof and agrees to be responsible for its pro rata share of all liabilities incurred by the Agent in respect of each Letter of Credit issued, established, opened or extended and each Documentary Banker's Acceptance created by the Agent hereunder for the account of the Borrower. Each Bank agrees with the Agent and the other Banks that its obligation to make the payments required by subsection (b) hereof shall not be affected in any way by any circumstances (other than the gross negligence or willful misconduct of the Agent) occurring before or after the making of any payment by the Agent pursuant to any Letter of Credit or Documentary Banker's Acceptance, including, without limitation:

(i) any modification or amendment of, or any consent, waiver, release or forbearance with respect to, any of the terms of this Agreement or any other instrument or document referred to herein;

(ii) the existence of any Default or Event of Default; or

(iii) any change of any kind whatsoever in the financial position or credit worthiness of the Borrower.

(e) Use of Proceeds. The Borrower shall utilize Letters of Credit and Documentary Banker's Acceptances hereunder for general corporate purposes only. No part of the proceeds of any Letter of Credit or Documentary Letter of Credit will be used for any purpose which violates the provisions of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System as in effect on the date of issuance, drawing, creation or maturity with respect to any such Letter of Credit or Documentary Banker's Acceptance.

Section 2.8. Interest on Loans.

(a) Base Rate Loans. The Borrower shall pay interest on the outstanding and unpaid principal amount of each Base Rate Loan made under this Agreement at a fluctuating rate per annum equal to the Alternate Base Rate from time to time in effect. Each change in the interest rate shall take effect simultaneously with the corresponding change in the Base Rate. Interest shall be calculated on the basis of the actual number of days elapsed divided by a year of three hundred sixty (360) days and shall be paid to the Agent for the accounts of the Banks in arrears on the first day of each month commencing February 1, 1997, and on the Revolving Credit Termination Date.

(b) LIBOR Loans. The Borrower shall pay interest on the outstanding and unpaid principal amount of each LIBOR Loan made under this Agreement at a rate per annum equal to the Reserve Adjusted LIBOR Rate in effect with respect thereto, plus the applicable Margin. Interest shall be calculated on the basis of the actual number of days elapsed divided by a year of three hundred sixty (360) days, except in the case of LIBOR Loans denominated in British Pounds Sterling, which shall be calculated on the basis of the actual number of days elapsed divided by a year of 365 or 366 days, and shall be paid to the Agent for the accounts of the Banks in arrears on the last day of the Interest Period applicable to such LIBOR Loan; provided, however, that if such Interest Period is longer than three months, interest shall be paid on the last day of each three-month period following the commencement of such Interest Period and on the last day of such Interest

Period. Interest with respect to any LIBOR Loan shall be paid in the applicable Approved Currency at the relevant Payment Office for Loans in such Approved Currency.

Section 2.9. Existing Letters of Credit and Documentary Banker's Acceptances.

The Borrower and the Banks hereby agree that from and after the date hereof, subject to the satisfaction of the conditions precedent to the initial Loan hereunder or the issuance of the initial Letter of Credit hereunder as set forth in Article 5 hereof, the letters of credit issued and banker's acceptances created by the Agent for the account of the Borrower prior to the date hereof and listed and described on Schedule 2.9 attached hereto shall be Letters of Credit and Documentary Banker's Acceptances for all purposes of this Agreement (other than with respect to opening or transaction fees and the payment commissions made or accrued prior to the date hereof, which fees and commissions shall be for the sole accounts of Chase, as "Agent", and Chase, Rabobank Nederland, Fleet and EAB, as the "Banks", in accordance with the applicable provisions of the Credit Agreement as the same existed immediately prior to the Closing Date), and the Banks hereby affirm their pro rata participation (i.e., in accordance with their respective Commitment Proportions) in such Letters of Credit and Documentary Banker's Acceptances. The Borrower represents and warrants that the undrawn or outstanding amounts with respect to all such outstanding Letters of Credit and Documentary Banker's Acceptances on the date hereof is set forth on Schedule 2.9.

Section 2.10. Changes of Commitments.

(a) The Borrower shall have the right to reduce or terminate the amount of unused Revolving Credit Commitments at any time or from time to time prior to the Revolving Credit Termination Date, provided that: (i) the Borrower shall give thirty (30) days prior written notice of each such reduction or termination to the Agent; and (ii) each partial reduction shall be in an aggregate amount at least equal to $5,000,000 or, if greater, in integral multiples of $1,000,000 in excess thereof.

(b) The Revolving Credit Commitments once reduced or terminated may not be reinstated.

ARTICLE 3.

GENERAL CREDIT PROVISIONS; FEES AND PAYMENTS

Section 3.1. Certain Notices.

Notices by the Borrower to the Agent of each borrowing pursuant to Section 2.4, each prepayment pursuant to Section 3.2 and each reduction or termination of Revolving Credit Commitments pursuant to Section 2.10 shall be irrevocable and shall be effective on the date of receipt only if received by the Agent not later than 12:00 p.m., New York City time, on or prior to the date notice with respect thereto is required to be given hereunder. Each such notice relating to the borrowing, continuation, conversion or prepayment of a Loan, as the case may be, shall specify the Loans to be borrowed, converted, continued or prepaid, and the amount and type of the Loans to be borrowed or prepaid, the Interest Period with respect to any LIBOR Loan, the Applicable Currency thereof and the date of borrowing, conversion, continuation or prepayment (which shall be a Banking Day). Each such notice of reduction or termination of Revolving Credit Commitments shall specify the amount of the Revolving Credit Commitments to be reduced or terminated. The Agent shall notify the Banks of the contents of each such notice promptly after the Agent's receipt thereof.

Section 3.2. Prepayments.

(a) Voluntary Prepayments of Base Rate Loans. The Borrower shall have the right at any time and from time to time to prepay without premium or penalty Base Rate Loans, in whole or in part, upon telephonic notice to the Agent; provided, however, that any such partial prepayment shall be in a minimum aggregate principal amount of $500,000 or, if greater, in amounts which are integral multiples of $100,000 in excess thereof.

(b) Voluntary Prepayments of LIBOR Loans. the Borrower shall have the right at any time and from time to time to prepay LIBOR Loans, in whole or in part, on at least three Banking Days' prior written notice to the Agent, subject to the provisions of Article 4 hereof; provided, however, that any such partial prepayment shall be in a minimum aggregate principal amount of $1,000,000 or, if greater, in amounts which are integral multiples of $100,000 in excess thereof.

(c) Accrued Interest. All prepayments made pursuant to Section 3.2 (b) shall be accompanied by the payment of all accrued interest on the amount so prepaid.

Section 3.3. Commitment Fee.

The Borrower shall pay to the Agent on behalf and for the ratable benefit of each Bank a Commitment Fee for the period from and including the date hereof to and excluding the Revolving Credit Termination Date equal to such Bank's Commitment Proportion of an amount equal to the product of (a) the applicable percentage per annum, as set forth below, during the

applicable period multiplied by (b) the average daily unused portion of the Total Revolving Credit Commitment during the applicable period.

Ratio of Consolidated Funded Debt to EBITDA, on a Consolidated Basis	Percentage Per Annum
Equal to or greater than 3.00:1.00	0.30%
Equal to or grater than 2.50:1.00 but less than 3.00:1.00	0.25%
Equal to or greater than 2.00:1.00 but less than 2.50:1.00	0.1875%
Equal to or greater than 1.50:1.00 but less than 2.00:1.00	0.15%
Less than 1.50:1.00	0.10%

The Commitment Fee shall be calculated on the basis of a year of 360 days for the actual number of days elapsed. The Commitment Fee shall be due and payable quarterly in arrears on the first day of each calendar quarter and on the Revolving Credit Termination Date. For purposes of determining the unused portion of the Total Revolving Credit Commitment only, the Dollar Equivalent of each LIBOR Loan made in an Approved Currency other than Dollars as of the date of making such Loan shall be the amount of the Total Revolving Credit Commitment used in connection with such Loan, and no further adjustments shall be made with respect to the unused portion of the Total Revolving Credit Commitment based upon fluctuations thereafter in the Dollar Equivalent of such Loan.

Section 3.4. Usage Fee.

If (a) the Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA, on a consolidated basis, is less than 1.50:1.00 at any time, and (b) the Total Revolving Credit Commitment is more than 25% utilized at such time, the Borrower shall pay to the Agent for the benefit of the Banks a Usage Fee of 0.025% per annum on the average daily unused portion of the Total Revolving Credit Commitment.

Section 3.5. Up Front Fee.

The Borrower shall pay to the Agent on or before the Closing Date on behalf and for the ratable benefit of the Banks in accordance with their respective "Commitment Proportions" a non-refundable advisory fee of $70,000. The payments under this Section 3.5 shall be due and payable on the Closing Date in accordance with the provisions of Section 5.1 hereof.

Section 3.6. Letter of Credit and Documentary Banker's Acceptance Fees.

(a) Letters of Credit. The Borrower shall pay to the Agent, for its sole account, customary fees in an amount or amounts which are normally charged by the Agent to comparable customers. The Borrower shall pay to the Agent on behalf and for the ratable benefit of each of the Banks the following additional fees:

(i) A percentage amount per annum equal to the applicable Margin for LIBOR Loans (i.e., at the time of issuance of the relevant Time Letter of Credit) on the face amount of Time Letters of Credit, payable at the creation of the Documentary Bankers Acceptance; and

(ii) A percentage amount per annum equal to the applicable Margin for LIBOR Loans (i.e., at the time of issuance of the relevant Sight Letter of Credit) on the amounts drawn under any Sight Letters of Credit, subject to the Agent's minimum fee from time to time (i.e, customarily charged to comparable customers with respect to Sight Letters of Credit), payable at the time of any such drawing; and

(iii) A percentage amount per annum equal to the applicable Margin for LIBOR Loans (i.e., at the time of issuance of the relevant Standby Letter of Credit) on the face amount of each Standby Letter of Credit, subject to the Agent's minimum fee from time to time (i.e, customarily charged to comparable customers with respect to Standby Letters of Credit), payable at the end of each calendar quarter, in arrears, on the last Banking Day of each such calendar quarter for the period from and including the first day of such calendar quarter to and including the last day of such calendar quarter.

The commissions and fees referenced in this subsection (a) shall be calculated on the basis of a year of 360 days for the actual number of days elapsed. Notwithstanding anything herein to the contrary, all Letters of Credit fees shall be paid to the Agent; payment commissions on Letters of Credit shall be shared pro-rata by the Banks, provided that if the actual payment commission with respect to a Letter of Credit (based on the foregoing percentage amounts) is less than any such minimum fee, the portion of such minimum fee paid by the Borrower which is equal to such actual payment commission shall be shared pro-rata by the Banks, while the portion of such minimum fee paid by the Borrower which is in excess of such actual payment commission shall be retained by the Agent for its sole account.

(b) Banker's Acceptances. The Borrower shall pay to the Agent, for its sole account, fees in an amount or amounts which are normally charged by the Agent to comparable customers respecting documentary banker's acceptances. The Borrower shall pay to the Agent on behalf and for the ratable benefit of each of the Banks a payment commission equal to a percentage amount per annum equal to the Agent's "reference rate" with respect to Documentary Banker's Acceptances, plus the applicable Margin for LIBOR Loans, on the face amount of Documentary Banker's Acceptances, payable upon the creation of such Documentary Banker's Acceptances. The commissions and fees referenced in this subsection (b) shall be calculated on the basis of a year of 360 days for the actual number of days elapsed. Notwithstanding anything herein to the contrary, all Documentary Banker's Acceptance fees shall be paid to the Agent; payment commissions on

Documentary Banker's Acceptances shall be shared pro-rata by the Banks, provided that if the actual payment commission with respect to a Documentary Banker's Acceptance (based on the foregoing percentage amounts) is less than any such minimum fee, the portion of such minimum fee paid by the Borrower which is equal to such actual payment commission shall be shared pro-rata by the Banks, while the portion of such minimum fee paid by the Borrower which is in excess of such actual payment commission shall be retained by the Agent for its sole account.

Section 3.7. Payments Generally.

(a) All payments under this Agreement on the Notes shall be made in the Applicable Currency of the relevant Borrowing in immediately available funds to the Agent for the ratable benefit of the Banks, in accordance with their respective Commitment Proportions, not later than 1:00 p.m. local time in the place of payment on the relevant dates specified above (each such payment made after such time on such date is to be deemed to have been made on the next succeeding Banking Day), to the Agent at its Payment Office for the Applicable Currency. The Borrower will notify the Agent of any payment pursuant to the provisions of this Section at the same time it makes any such payment. The Agent may (but shall not be obligated to) debit the amount of any such payment which is not made by such time to any ordinary deposit account of the Borrower with the Agent; provided, however, that the Agent shall not be permitted to debit any funds which are not available to the Borrower other than on an overdraft basis. The Borrower shall, at the time of making each payment under this Agreement or the Notes, specify to the Agent the principal or other amount payable by the Borrower under this Agreement or the Notes to which such payment is to be applied; provided, however, that in the event that the Borrower fails to so specify, or if a Default or an Event of Default has occurred and is continuing, the Agent and the Banks shall apply such payment as they may elect in their sole discretion. If the due date of any payment under this Agreement or the Notes would otherwise fall on a day which is not a Banking Day, such date shall be extended to the next succeeding Banking Day and interest shall be payable for any principal so extended for the period of such extension.

(b) All payments made by the Borrower under this Agreement, the Notes or the other Facility Documents shall be made free and clear of, and without deduction or withholding for or on account of, Taxes. If any Taxes are withheld from any amounts payable to any Bank hereunder or under the Facility Documents, the amounts so payable to such Bank shall be increased to the extent necessary to yield to such Bank (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, the Notes and the other Facility Documents. Whenever any Taxes are payable by the Borrower, as promptly as possible thereafter, the Borrower shall send to such Bank a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Banks the required receipts or other required documentary evidence, the Borrower shall indemnify the Banks for any incremental taxes, interest or penalties that may become payable by any Bank as a result of any such failure. The agreements in this subsection shall survive the termination of this Agreement and the Facility Documents and the payment of the Notes and all other amounts payable hereunder or thereunder.

Section 3.8. Judgment Currency.

The currency in which each Loan made hereunder is denominated and the place of payment designated therefor is of the essence. The payment obligation of the Borrower hereunder in any Approved Currency and designated place of payment shall not be discharged by an amount paid in another currency or in another place, whether pursuant to a judgment or otherwise, to the extent that the amount so paid on prompt conversion to the currency in which such Loan is denominated and transferred to the designated place of payment under normal banking procedures does not yield the amount owing hereunder at the designated place of payment. In the event that any payment by the Borrower, whether pursuant to a judgment or otherwise, upon such conversion and transfer does not result in payment of such amount in the Approved Currency at the designated place of payment, the Agent shall be entitled to demand immediate payment of, and shall have a separate cause of action against the Borrower for, the additional amount necessary to yield the amount of such currency owing hereunder.

Section 3.9. Foreign Exchange Indemnity.

If any sum due from the Borrower or any Guarantor under this Agreement or any order or judgment given or made in relation hereto has to be converted from the currency (the "first currency") in which the same is payable hereunder or under such order or judgment into another currency (the "second currency") for the purpose of (a) making or filing a claim or proof against the Borrower or any Guarantor with any court, or tribunal, regulatory body, arbitration panel, or other body having jurisdiction over the claim or proof, or (b) enforcing any order or judgment given or made in relation hereto, the Borrower or any Guarantor, as the case may be, shall indemnify and hold harmless each of the Persons to whom such sum is due from and against any loss actually suffered as a result of any discrepancy between (i) the rate of exchange used to convert the amount in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Person, acting in good faith, purchased the first currency with the second currency after receipt of a sum paid to it in the second currency in satisfaction, in whole or in part, of any such order, judgment, claim or proof. The foregoing indemnity shall constitute a separate obligation of the Borrower and the Guarantors distinct from its other obligations hereunder and shall survive the giving or making of any judgment or order in relation to all or any of such other obligations.

ARTICLE 4.

YIELD PROTECTION, ETC.

Section 4.1. Certain Compensation.

(a) The Borrower hereby agrees to indemnify the Banks against any actual loss or expense which the Banks or any one of them may sustain or incur as a consequence of any of the following:

(i) the receipt or recovery by the Bank, whether by voluntary prepayment, acceleration or otherwise, of all or any part of a LIBOR Loan prior to the last day of an Interest Period applicable thereto;

(ii) the conversion, prior to the last day of an applicable Interest Period, of a LIBOR Loan into a Base Rate Loan;

(iii) the failure by the Borrower to borrow any LIBOR Loan, convert any Base Rate Loan to a LIBOR Loan or continue any LIBOR Loan on the date of borrowing, conversion or continuation by the Borrower pursuant to the provisions hereof; or

(iv) the failure by the Borrower to pay, punctually on the due date thereof, any amount payable by the Borrower with respect to or on account of any LIBOR Loan.

Without limiting the effect of the foregoing, the amount to be paid by the Borrower to the Agent on behalf of any Bank in order to so indemnify such Bank for any actual loss occasioned by any of the events described in the preceding paragraph, whether existing or prospective, and as liquidated damages therefor, shall be equal to the excess, discounted to its present value as of the date paid to the Agent, of (x) the amount of interest which otherwise would have accrued on the principal amount so received, recovered, converted or not borrowed during the period (the "Indemnity Period") commencing with the date of such receipt, recovery, conversion, or failure to borrow to the last day of the applicable Interest Period for such LIBOR Loan at the rate of interest applicable to such LIBOR Loan (or the rate of interest agreed to in the case of a failure to borrow) provided for herein (prior to default) over (y) the amount of interest which would be earned by such Bank during the Indemnity Period if it invested the principal amount so received, recovered, converted or not borrowed at the rate per annum approximately equal to LIBOR, on an amount approximately equal to such principal amount for a period of time comparable to such Indemnity Period.

(b) A certificate as to any additional amounts payable pursuant to this Section 4.1 setting forth the basis and method of determining such amounts shall be conclusive, absent demonstrable error, as to the determination by each Bank set forth therein if made reasonably and in good faith. The Borrower shall pay to the Agent any amounts so certified to the Agent by a Bank within 10 days of receipt of any such certificate. For purposes of this Section 4.1, all references to the "Bank" shall be deemed to include any participant in this Agreement and/or the Loans.

Section 4.2. Additional Costs.

(a) The Borrower shall pay to the Agent on behalf of any Bank, from time to time, within two days of the demand of any such Bank, such amounts as such Bank may reasonably determine to be necessary to compensate it for any costs which such Bank reasonably determines are attributable to its obligation to make any Loan hereunder, or any reduction in any amount receivable by such Bank hereunder in respect of any such Loans or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any Regulatory Change which: (i) changes the basis of taxation of any amounts payable to such Bank under this Agreement or its Note or any Letter of Credit or any Documentary Banker's Acceptance in respect of any of such Loans or obligations (other than taxes imposed on the overall net income or franchise of such Bank or of its Lending Office for any of such Loans by the jurisdiction in which such Bank has its principal office or such Lending Office); or (ii) imposes or modifies any reserve, special deposit, deposit insurance or assessment, minimum capital, capital ratio or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Bank (including any of such Loans or any deposits referred to in the definitions of "LIBOR Loans" or "Letters of Credit" or "Documentary Banker's Acceptances" in Section 1.1); or (iii) imposes any other condition affecting this Agreement, or its Note (or any of such extensions of credit or liabilities) or any Letter of Credit or any Documentary Banker's Acceptance and such Bank's obligations with respect thereto. Each Bank will notify the Agent, and the Agent shall notify the Borrower of any event occurring after the date of this Agreement which will entitle such Bank to compensation pursuant to this Section 4.2(a) as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall set forth the basis of the calculation of such additional compensation. The determination by any Bank of such amount, if done in good faith on the basis of any reasonable method, shall, in the absence of any demonstrable error, be conclusive.

(b) Without limiting the effect of the foregoing provisions of this Section 4.2, in the event that, by reason of any Regulatory Change, any Bank either (i) incurs Additional Costs based on or measured by the excess above a specified level of the amount of a category of deposits or other liabilities of such Bank which includes deposits by reference to which the interest rate on LIBOR Loans is determined as provided in this Agreement or a category of extensions of credit or other assets of such Bank which includes LIBOR Loans or (ii) becomes subject to restrictions on the amount of such a category of liabilities or assets which it may hold, then, if such Bank so elects by notice to the Agent, the obligation of such Bank to make LIBOR Loans hereunder shall be suspended until the date such Regulatory Change ceases to be in effect (in which case the provisions of Section 4.5 shall be applicable).

(c) Without limiting the effect of the foregoing provisions of this Section 4.2 (but without duplication), the Borrower shall pay to the Agent, and the Agent shall pay to any Bank from time to time on request such amounts as such Bank may reasonably determine to be necessary to compensate such Bank for any costs which it reasonably determines are attributable to the maintenance by it or any of its Affiliates pursuant to any law or regulation of any jurisdiction or any interpretation, directive or request (whether or not having the force of law and whether in effect on

the date of this Agreement or thereafter) of any court or governmental or monetary authority, of capital in respect of its Loans or other obligations hereunder (such compensation to include, without limitation, an amount equal to any reduction in return on assets or equity of such Bank to a level below that which it could have achieved but for such law, regulation, interpretation, directive or request). Each Bank will notify the Agent, and the Agent will notify the Borrower if it is entitled to compensation pursuant to this Section 4.2(c) as promptly as practicable after it determines to request such compensation, which notice shall set forth the basis of the calculation of such additional compensation. The determination by any Bank of such amount, if done in good faith on the basis of any reasonable method, shall, in the absence of any demonstrable error, be conclusive.

(d) Determinations and allocations by a Bank for purposes of this Section 4.2 of the effect of any Regulatory Change pursuant to subsections (a) or (b), or of the effect of capital maintained pursuant to subsection (c), on its costs of making or maintaining Loans or its obligation to make Loans, or on amounts receivable by, or the rate of return to, it in respect of Loans, and of the additional amounts required to compensate such Bank under this Section 4.2, shall be conclusive absent manifest error.

Section 4.3. Limitations on Types of Loans.

Anything herein to the contrary notwithstanding, if:

(a) any Bank determines (which determination shall be conclusive) that quotations of interest rates for the relevant deposits referred to in the definition of "LIBOR Loans" in Section 1.1 are not being provided in the relevant amounts or for the relevant maturities for purposes of determining the rate of interest for any LIBOR Loans as provided in this Agreement; or

(b) any Bank determines (which determination shall be conclusive) and notifies the Agent, and the Agent notifies the Borrower that the relevant rates of interest referred to in the definition of "LIBOR Loans" in Section 1.1 upon the basis of which the rate of interest for any type of LIBOR Loans is to be determined do not adequately cover the cost to such Bank of making or maintaining such Loans, then, and so long as such condition remains in effect, such Bank shall be under no obligation to make LIBOR Loans.

Section 4.4. Illegality.

Notwithstanding any other provision in this Agreement, in the event that it becomes unlawful for any Bank or its Lending Office to honor its obligation to make or maintain LIBOR Loans hereunder, then such Bank shall promptly notify the Agent, and the Agent shall notify the Borrower thereof and such Bank's obligation to make or maintain LIBOR Loans hereunder shall be suspended until such time as such Bank may again make and maintain such affected Loans (in which case the provisions of Section 4.5 shall be applicable).

Section 4.5. Certain LIBOR Loans Pursuant to Section 4.2, 4.3 and 4.4.

If an event referred to in Section 4.2, 4.3 or 4.4 has occurred, the affected Bank shall be required to make Base Rate Loans in accordance with this Agreement, and all LIBOR Loans of such Bank then outstanding shall be automatically converted into Base Rate Loans on the date specified by such Bank in such notice, and, to the extent that LIBOR Loans are so made as (or converted into) Base Rate Loans, all payments of principal which would otherwise be applied to such Bank's LIBOR Loans shall be applied instead to its Base Rate Loans. In the event of any conversion of any LIBOR Loan to a Base Rate Loan pursuant to this Section 4.5 prior to the maturity date with respect to such LIBOR Loan, the Borrower shall pay to the Agent for the account of the relevant Bank all amounts required to be paid pursuant to Section 4.1 hereof.

Section 4.6. Change of Lending Office.

Each Bank agrees that, upon the occurrence of any event giving rise to the operation of Sections 4.2, 4.3 or 4.4 with respect to such Bank, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Bank) to designate another lending office for any Loans or Letters of Credit affected by such event; provided that such designation is made on such terms that, in the good faith judgment of such Bank, such Bank and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequences of the event giving rise to the operation of any such Section.

Section 4.7. Replacement of Banks.

Upon the occurrence of any event giving rise to the operation of Section 4.2, 4.3 or 4.4 with respect to any Bank which results in such Bank charging to the Borrower increased costs, the Borrower shall have the right, if no Event of Default then exists or would exist after giving effect to such replacement, to replace such Bank (the "Replaced Bank") with one or more other Eligible Transferee or Transferees, each of which shall be reasonably acceptable to the Agent (collectively, the "Replacement Bank"); provided that (a) at the time of any replacement pursuant to this Section 4.7, the Replacement Bank shall enter into one or more assignment and assumption agreements pursuant to Section 12.5 pursuant to which the Replacement Bank shall acquire the Revolving Credit Commitment and outstanding Revolving Credit Loans of, and in each case participations in Letters of Credit by, the Replaced Bank and, in connection therewith, shall pay to (i) the Replaced Bank in respect thereof an amount equal to the sum of (x) an amount equal to the principal of, and all accrued interest on, all outstanding Revolving Credit Loans of the Replaced Bank, (y) an amount equal to all unpaid drawings under outstanding Letters of Credit that have been funded by (and not reimbursed to) such Replaced Bank, together with all then unpaid interest with respect thereto at such time and (z) an amount equal to all accrued, but theretofore unpaid, fees hereunder owing to the Replaced Bank pursuant to Article III hereof, and (ii) the Agent as issuer of Letters of Credit hereunder an amount equal to such Replaced Bank's pro rata share of any unpaid drawing relating to outstanding Letters of Credit issued by the Agent (which at such time remains an unpaid drawing) to the extent such amount was not therefore funded by such Replaced Bank, and (b) all obligations of the Borrower then owing to the Replaced Bank (other than those specifically described in clause (a) above in respect of which the purchase price has been, or is concurrently being, paid, but including all amounts, if any, owing under Sections 4.2, 4.3 or 4.4) shall be paid in full to such Replaced Bank concurrently with such replacement. Upon the execution of the

respective assignment and assumption agreements referred to above, the payment of amounts referred to in clauses (a) and (b) above, the Replacement Bank shall become a Bank hereunder and the Replaced Bank shall cease to constitute a Bank hereunder, except with respect to indemnification provisions under this Agreement, which shall survive as to such Replaced Bank.

Section 4.8. Survival.

The indemnities and other obligations set forth in this Article 4 shall survive payment in full of all Loans or extensions of credit made pursuant to this Agreement and the Revolving Credit Termination Date.

ARTICLE 5.

CONDITIONS PRECEDENT

Section 5.1. Documentary Conditions Precedent.

The obligations of the Banks to make the Loans (including, without limitation, issuing Letters of Credit) on or after the date hereof are subject to the conditions precedent that:

(a) each Bank shall have received on or before the date hereof each of the following, in form and substance reasonably satisfactory to such Bank and its counsel:

(i) this Agreement and the Revolving Credit Notes duly executed by the Borrower;

(ii) a certificate of the Secretary of the Borrower and each of the Guarantors, dated the Closing Date, attesting to all corporate action taken by such entity, including resolutions of its Board of Directors authorizing the execution, delivery and performance of the Facility Documents and each other document to be delivered pursuant to this Agreement, together with certified copies of the certificate or articles of incorporation and the by-laws of the Borrower and each of the Guarantors; and, such certificate shall state that the resolutions and corporate documents thereby certified have not been amended, modified, revoked or rescinded as of the date of such certificate;

(iii) a certificate of the Secretary of the Borrower and each of the Guarantors, dated the Closing Date, certifying the names and true signatures of the officers of such entity authorized to sign the Facility Documents and the other documents to be delivered by such entity under this Agreement;

(iv) a certificate of a duly authorized officer of the Borrower, dated the Closing Date, stating that the representations and warranties in Article 6 are true and correct on such date as though made on and as of such date and that no event has occurred and is continuing which constitutes a Default or Event of Default;

(v) Guarantees, duly executed by each Guarantor;

(vi) a favorable opinion of counsel for the Borrower and Guarantors, dated the Closing Date, in substantially the form of Exhibit E;

(vii) satisfactory evidence that the Borrower and the Guarantors are duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation and each other jurisdiction where qualification is necessary;

(viii) audited consolidated and consolidating balance sheets of the Borrower and its Subsidiaries as at December 30, 1995, and consolidated and consolidating income statements and statements of cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, all prepared in accordance with GAAP, together with the unqualified opinion thereon of BDO Seidman, independent certified public accountants, and unaudited consolidated and consolidating balance sheet of the Borrower and its Subsidiaries as at September 28, 1996, together with income statements and statements of cash flows of the Borrower and its Subsidiaries for the fiscal quarter ended September 28, 1996 and for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, each prepared by or under the supervision of the chief financial officer of the Borrower in accordance with GAAP;

(ix) such other documents, instruments, approvals, opinions and evidence as the Banks may reasonably require;

(b) the Borrower shall have paid or caused to be paid to the Banks in full the Up Front Fee and all other fees required to be paid hereunder or in connection herewith, and to the Agent in full all accrued fees and expenses of the Agent in connection with the preparation, execution and delivery of this Agreement and the other Facility Documents and the consummation of the transactions contemplated thereby; and the Borrower shall have paid or caused to be paid to the "Banks" and the "Agent" under the "Credit Agreement" all outstanding "Revolving Credit Loans" thereunder and all accrued interest thereon, and all accrued commissions and fees under such Credit Agreement;

(c) the Borrower and the Guarantors shall have obtained all consents, permits and approvals required in connection with the execution, delivery and performance by the Borrower and the Guarantors of their obligations hereunder and such consents, permits and approvals shall continue in full force and effect;

(d) all legal matters in connection with this financing shall be reasonably satisfactory to the Banks and their counsel; and

(e) the Borrower shall provide reasonably satisfactory evidence that neither it nor any Guarantor is in default with respect to any contractual obligations to which it is a party, the effect of which could reasonably be expected to be material and adverse to the Borrower or any Guarantor, or to the ability of the Borrower or any Guarantor to perform its obligations hereunder or under the other Facility Documents.

Section 5.2. Additional Conditions Precedent.

The obligations of the Banks to make any Loan (including, without limitation, issuing Letters of Credit or creating Documentary Banker's Acceptances) shall be subject to the further conditions precedent (which shall be in addition to, and shall not be deemed to limit or modify, any of the other terms and conditions hereunder) that on the date of such Loan the following statements shall be true:

(a) (i) with respect to any Loan made to the Borrower on the date hereof, the representations and warranties contained in Article 6 hereof are true and correct on and as of the date hereof, and (ii) with respect to any Loan made after the date hereof, the representations and warranties contained in Article 6 hereof, which for purposes of this Section, shall be deemed to relate to the Borrower and to each Guarantor as if each such Person were the subject of each such representation and warranty, are true and correct in all material respects on and as of the date of such Loan as though made on and as of such date (except when such representation or warranty by its terms relates to the date hereof or another specific date);

(b) no Default or Event of Default has occurred and is continuing or would result from any such Loan; and

(c) no material adverse change shall have occurred in the business, properties, financial condition or operations of the Borrower or any Guarantor or in the ability of the Borrower or any Guarantor to perform any of its obligations under this Agreement or under any of the Facility Documents with respect to any Loan since the date of the then most recent (i.e., most recent to the date of the relevant Loan) financial statements of the Borrower delivered or required to be delivered to the Banks hereunder or in connection herewith.

Section 5.3. Deemed Representations.

Each notice of a Loan or submission to the Agent of a Letter of Credit application, and the acceptance by the Borrower of the proceeds thereof or the issuance of such Letter of Credit shall constitute a representation and warranty that the statements contained in Section 5.2 are true and correct as of the date of such Loan or the issuance of such Letter of Credit.

ARTICLE 6.
REPRESENTATIONS AND WARRANTIES

The Borrower and, where applicable, each Guarantor, hereby represents and warrants that:

Section 6.1. Incorporation, Good Standing and Due Qualifications; Compliance with Law.

Except as set forth in Schedule 6.1, each of the Borrower and its Subsidiaries and the Guarantors is duly incorporated, validly existing and in good standing under the laws of its respective jurisdiction of incorporation, has the requisite power and authority to own its assets and to transact the business in which it is now engaged or presently proposes to be engaged, and is duly qualified as foreign corporations and in good standing under the laws of each other jurisdiction in which such qualification is required except where the failure to so qualify and/or be in good standing would not in any case or in the aggregate, have a material adverse effect on the operations, business, property or financial condition of the Borrower and its Subsidiaries and the Guarantors taken as a whole or on the ability of the Borrower or any Guarantor, as the case may be, to perform its obligations hereunder or under the Facility Documents. In addition, the Borrower and each of its Subsidiaries and each Guarantor is in compliance with all laws, treaties, rules or regulations, and determinations or orders of or with respect to all arbitrations, courts or other governmental authorities, in each case applicable to or binding upon it or any of its material property or to which it or any of its material property is subject, except to the extent that the failure to so comply would not, in any case or in the aggregate, have a material adverse effect on the operations, business, property or financial condition of the Borrower and its Subsidiaries taken as a whole or on the ability of the Borrower or any Guarantor to perform its obligations hereunder.

Section 6.2. Power and Authority; No Conflicts.

The execution, delivery and performance by the Borrower and the Guarantors of each of the Facility Documents to which it is a party have been duly authorized by all necessary corporate or partnership action and do not and will not: (a) require any consent or approval of the stockholders or partners of the Borrower or any of its Subsidiaries or any of the Guarantors; (b) contravene the charter or by-laws of the Borrower or any of its Subsidiaries or any of the Guarantors; (c) violate any provision of, or require any filing, registration, consent or approval under, any law, rule, regulation (including, without limitation, the provisions of Regulation G, T, U or X of the Board of Governors of the Federal Reserve system as in effect from time to time), order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Borrower or any of its Subsidiaries or any of the Guarantors; (d) result in a breach of or constitute a default or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Borrower or any of its Subsidiaries or any of the Guarantors is a party or by which properties of the Borrower or any of its Subsidiaries or any of the Guarantors may be bound or affected; (e) result in or require the creation or imposition of any Lien upon or with respect to any of the properties now owned or hereafter acquired by the Borrower or any of its Subsidiaries or any of the Guarantors; or (f) cause the Borrower or any of its Subsidiaries or any of the Guarantors to be in default under any such rule, regulation, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument, except, in the case of clauses (c), (d), and (f) above, where such violation, failure to satisfy such requirement, breach, default or failure to obtain consent as the case may be, would not, in any case or in the aggregate, have a material adverse effect upon the operations, business, property or financial condition of the Borrower and its Subsidiaries taken as a whole or on the ability of the Borrower or any Guarantor to perform its obligations hereunder.

Section 6.3. Legally Enforceable Agreements.

Each Facility Document is, or when delivered under this Agreement will be, a legal, valid and binding obligation of the Borrower and each Guarantor (if such entity or Person is a party thereto) enforceable against such entities or Person in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally or by the effect of general principles of equity which may limit the availability of equitable remedies (whether in a proceeding at law or in equity).

Section 6.4. Litigation.

There are no actions, suits or proceedings pending or, to the knowledge of the Borrower or its Subsidiaries or the Guarantors, threatened, against or affecting the Borrower or any of its Subsidiaries or any of the Guarantors before any court, governmental agency or arbitrator, which would, in any one case or in the aggregate, materially adversely affect the financial condition, operations, properties or business of the Borrower and its Subsidiaries taken as a whole, or the ability of the Borrower or any Guarantor to perform its obligations hereunder.

Section 6.5. Financial Statements; Other Liabilities.

(a) The consolidated and consolidating balance sheet of the Borrower and its Subsidiaries as at December 30, 1995, and the related income statements and statements of cash flow of the Borrower and its Subsidiaries for the fiscal year then ended, and the accompanying notes, together with the opinion thereon of BDO Seidman, independent certified public accountants, and the interim financial statements of the Borrower and its Subsidiaries as at and as of (as the case may be) September 28, 1996, copies of which have been furnished to each of the Banks, fairly present the financial condition of the Borrower and its Subsidiaries as at such dates and the results of the operations of the Borrower for the periods covered by such statements, all in accordance with GAAP consistently applied (subject, in the case of interim financial statements, to year-end adjustments and except, in the case of such interim financial statements, for the absence of GAAP notes thereto).

(b) As of the date hereof, there are no material liabilities or obligations of the Borrower or any of its Subsidiaries, whether direct or indirect, absolute or contingent, or matured or unmatured, other than (i) as disclosed or provided for in the financial statements and notes thereto which are referred to above, or (ii) which are disclosed elsewhere in this Agreement or in the Schedules hereto or which are not required to be so disclosed (including contracts (as such term is used in Section 6.14) of the Borrower, its Subsidiaries and the Guarantors which are not required to be disclosed pursuant to Section 6.14), or (iii) arising in the ordinary course of business since September 28, 1996 or (iv) created by this Agreement. The written information, exhibits and reports furnished by the Borrower to the Banks in connection with the negotiation of this Agreement, taken as a whole, are complete and correct in all material respects.

Section 6.6. Ownership and Liens.

The Borrower and its Subsidiaries and each of the Guarantors has title to, or valid

leasehold interests in, all of its properties and assets, real and personal, including the properties and assets, and leasehold interests reflected in the financial statements referred to in Section 6.5, and none of the properties and assets owned by the Borrower and each of the Guarantors, and none of their leasehold interests is subject to any Lien, except for Permitted Liens or as disclosed in Schedule 6.6.

Section 6.7. Taxes.

The Borrower and each of its Subsidiaries and each of the Guarantors has filed all tax returns (foreign, federal, state and local) required to be filed (including, without limitation, with respect to payroll and sales taxes), except where the failure to file would not, in any case, or in the aggregate, have a material adverse effect upon the operations, business, property or financial condition of the Borrower and its Subsidiaries taken as a whole or on the ability of the Borrower or any Guarantor to perform its obligations hereunder, and the Borrower and each of its Subsidiaries and each of the Guarantors have paid all Taxes, other than Taxes being contested in good faith by appropriate proceedings and with respect to which adequate reserves in conformity with GAAP shall have been provided on the books of the Borrower and its Subsidiaries and the Guarantors.

Section 6.8. ERISA.

As of the date hereof, the Borrower and its ERISA Affiliates are in compliance in all material respects with all applicable provisions of ERISA, to the extent that any failure to comply in all material respects is not reasonably likely to have a material adverse impact on the operations, business, properties or financial condition of the Borrower and its Subsidiaries taken as a whole. No Reportable Event has occurred with respect to any Plan; no notice of intent to terminate a Plan has been filed nor has any Plan been terminated; no circumstance exists which constitutes grounds under Section 4042 of ERISA entitling the PBGC to institute proceedings to terminate, or appoint a trustee to administer, a Plan, nor has the PBGC instituted any such proceedings; neither the Borrower, nor any ERISA Affiliate has completely or partially withdrawn under Sections 4201 or 4204 of ERISA from a Multiemployer Plan; the Borrower and each of its ERISA Affiliates have met their minimum funding requirements under ERISA with respect to all of their Plans, there are no Unfunded Vested Liabilities, and neither the Borrower nor any ERISA Affiliate has incurred any material liability to the PBGC under ERISA.

Section 6.9. Subsidiaries and Ownership of Stock.

As of the date hereof, Schedule 6.9 is a complete and correct list of all Subsidiaries of the Borrower.

Section 6.10. Credit Arrangements.

Schedule 6.10 is a complete and correct list of all credit agreements, indentures, purchase agreements, guaranties, Capital Leases and other investments, agreements and arrangements in effect on the date of this Agreement providing for or relating to extensions of credit to the Borrower or any of the Guarantors for borrowed money (including agreements and

arrangements for the issuance of letters of credit or for acceptance financing) in respect of which the Borrower or any of the Guarantors is in any manner directly or contingently obligated; and the maximum principal or face amounts of the credit in question, outstanding and which can be outstanding, are correctly stated, and all Liens of any nature given or agreed to be given as security therefor are correctly described or indicated in such Schedule.

Section 6.11. Operation of Business.

The Borrower and its Subsidiaries and the Guarantors possess all licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, to conduct their respective businesses substantially as now conducted and as presently proposed to be conducted, except where the failure to do so would not, in any case, have a material adverse effect upon the operations, business, property or financial condition of the Borrower and its Subsidiaries taken as a whole or on the ability of the Borrower or any Guarantor to perform its obligations hereunder.

Section 6.12. Hazardous Substances.

The Borrower and its Subsidiaries and the Guarantors are in material compliance with all applicable Environmental Laws, and have obtained all necessary licenses and permits required to be issued pursuant to any applicable Environmental Law, except where the failure to so comply or to obtain such licenses or permits would not in any case or in the aggregate have a material adverse effect on the business, property or financial condition of the Borrower and its Subsidiaries or on the ability of the Borrower or any Guarantor to perform its obligations hereunder. As of the date hereof, neither the Borrower nor any of its Subsidiaries nor any of the Guarantors has received any notice or communication from any governmental agency with respect to (i) any Hazardous Substance relative to its operations, property or acts or (ii) any investigation, demand or request pursuant to or enforcing any applicable Environmental Law relating to it or its operations, in each case, except where the subject matter thereof would not have a material adverse effect upon the operations, business, property or financial condition of the Borrower and its Subsidiaries taken as a whole or on the ability of the Borrower or any Guarantor to perform its obligations hereunder, and no such investigation is pending, or to the best knowledge of the Borrower, its Subsidiaries, or any Guarantor, threatened.

Section 6.13. No Default on Outstanding Judgments or Orders.

Each of the Borrower and its Subsidiaries and the Guarantors has satisfied all judgments and neither the Borrower nor any of its Subsidiaries is in default with respect to any judgment, writ, injunction, decree, rule or regulation of any court, arbitrator or federal, state, municipal or other governmental authority, commission, board, bureau, agency or instrumentality, domestic or foreign, except to the extent that such defaults would not, in any case or in the aggregate, have a material adverse effect on the operations, business, property or financial condition of the Borrower and its Subsidiaries taken as a whole or on the ability of the Borrower or any Guarantor to perform its obligations hereunder.

Section 6.14. Material Contracts.

As of the date hereof, Schedule 6.14 sets forth a true and correct list of all contracts of the Borrower or any of its Subsidiaries and the Guarantors which (i) with respect to leases of real property, involve the payment per year of more than $1,000,000, (ii) with respect to contracts (other than leases of real property), could reasonably be expected to involve the payment during the remainder of their term of more than $2,000,000 (other than purchase and sales contracts entered into in the ordinary course of business) or (iii) are guarantees listed on Schedule 6.10 to this Agreement (each, a "Material Contract"). As of the date hereof, none of the Borrower, any of its Subsidiaries or any of the Guarantors, or to the Borrower's, its Subsidiaries' or any of the Guarantors' knowledge, any other party to any Material Contract, has breached or is in default under the terms of, or has caused or permitted to exist any event that with or without due notice or lapse of time or both would constitute a default or event of default under, any such Material Contract, and which breach or default, individually or in the aggregate, would have a material adverse effect on the business, financial condition or operations of the Borrower and its Subsidiaries taken as a whole or on the ability of the Borrower or any Guarantor to perform its obligations hereunder. As of the date hereof, all such Material Contracts are valid, binding and in full force and effect with respect to the Borrower, its Subsidiaries or the Guarantors, as the case may be, and to the Borrower's knowledge, all such contracts are enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, reorganization or similar laws, or by general principles of equity which may limit the availability of equitable remedies (whether at any proceeding at law or in equity), except to the extent that breaches or violations of the foregoing provisions of this sentence would not, individually or in the aggregate, have a material adverse effect on the operations, business, property or financial condition of the Borrower and its Subsidiaries taken as a whole or on the ability of the Borrower or any Guarantor to perform its obligations hereunder. As used in this Section 6.14, the word "contract" means and includes every indenture, loan or credit agreement, lease, mortgage, deed of trust and other instrument, agency agreement or other agreement or understanding of any kind, written or oral, whether or not legally enforceable.

Section 6.15. Labor Disputes and Acts of God.

As of the date hereof, neither the business nor the properties of the Borrower or any of its Subsidiaries or any of the Guarantors are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), materially and adversely affecting such business or properties or the operations of the Borrower and its Subsidiaries taken as a whole, or the ability of the Borrower or any Guarantor to perform its obligations hereunder (in each case, after giving effect to insurance).

Section 6.16. Governmental Regulation.

Neither the Borrower nor any of its Subsidiaries is subject to regulation under the Public Utility Holding Company Act of 1935, the Investment Company Act of 1940 or any other statute or regulation limiting its ability to incur indebtedness for money borrowed as contemplated hereby.

Section 6.17. Partnerships.

As of the date hereof, except as disclosed on Schedule 6.17 hereto, neither the Borrower nor any Guarantor is a partner in any partnership.

Section 6.18. No Forfeiture Proceeding.

Neither the Borrower nor any of its Subsidiaries is engaged in or proposes to be engaged in the conduct of any business or activity which is likely to result in a Forfeiture Proceeding, and no Forfeiture Proceeding against any of them is pending or, to the best knowledge of the Borrower and its Subsidiaries as of the date hereof, threatened.

Section 6.19. No Default or Event of Default.

No Default or Event of Default has occurred and is continuing under this Agreement, and immediately prior to the Closing Date, no "Default" or "Event of Default" under the Credit Agreement shall have occurred which was at such time continuing.

Section 6.20. Solvency.

Each of the Borrower and the Guarantors is Solvent.

Section 6.21. Material Adverse Change.

No event or series of events has occurred since September 28, 1996 which would, individually or in the aggregate, materially adversely affect, and there has been no material adverse change since December 30, 1995 in, the operations, business, properties or financial condition of

the Borrower and its Subsidiaries taken as a whole or the ability of the Borrower or any Guarantor to perform its obligations hereunder.

Section 6.22. Name and Location.

To the best of the Borrower's knowledge, during the five years prior to the making of this Agreement, neither the Borrower nor any Guarantor has been known under, or transacted business using, any name or trade style except for the name set forth above such entity's signature on this Agreement or as described on Schedule 6.22. All locations at which the Borrower and any Guarantor transacts business are described in Schedule 6.22. This representation and warranty shall not survive the date hereof.

ARTICLE 7.

AFFIRMATIVE COVENANTS

So long as any of the Notes or any other Obligations shall remain unpaid or any Bank shall have any Revolving Credit Commitment hereunder, the Borrower shall, and the Borrower shall cause each of the Guarantors and each of the Subsidiaries of the Borrower to:

Section 7.1. Maintenance of Existence.

Except as otherwise provided in this Agreement, preserve and maintain its corporate existence and remain in good standing in the jurisdiction of its organization, and qualify and remain qualified, as a foreign corporation in each jurisdiction in which such qualification is required, except where the failure to do so would not in any case have a material adverse effect on the operations, business, property or financial condition of the Borrower or any of the Guarantors, or on the ability of the Borrower or any such Guarantor to perform its obligations hereunder.

Section 7.2. Conduct of Business.

Continue to engage principally in the principal businesses conducted by it on the date hereof.

Section 7.3. Maintenance of Properties.

Maintain, keep and preserve, all of its properties (tangible and intangible) necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted, except where the failure to do so would not in any case have a material adverse effect on the operations, business, property or financial condition of the Borrower or any of the Guarantors, or on the ability of the Borrower or any such Guarantor to perform its obligations hereunder.

Section 7.4. Maintenance of Records.

Keep adequate records and books of account, in which complete entries, reflecting all financial transactions of such Person, will be made.

Section 7.5. Maintenance of Insurance.

Maintain insurance covering its assets and its business with financially sound and reputable insurance companies or associations in such amounts and covering such risks (including, without limitation, products liability) as are usually carried by companies engaged in the same or a similar business and similarly situated as and when due. The Borrower shall provide the Agent notice that such policies have been paid in full and shall deliver certified copies of the policy or policies of such insurance or certificates of insurance to the Agent if the Agent so requests.

Section 7.6. Compliance with Laws.

Comply with all applicable laws, rules, regulations and orders ("Laws"), except to the extent that the failure to so comply would not have a material adverse effect on the operations, business, property or financial condition of the Borrower or any of the Guarantors or on the ability of the Borrower or any such Guarantor to perform its obligations hereunder.

Section 7.7. Right of Inspection.

At any reasonable time upon reasonable notice during normal business hours and from time to time, permit the Agent or any Bank or any agent or representative thereof, to examine and make copies and abstracts from the records and books of account of, and visit the properties of, such Person and to discuss the affairs, finances and accounts of such Person with any of its officers and directors and such entity's independent accountants at the sole cost and expense of the Banks; provided, however, that notwithstanding the foregoing to the contrary, upon the occurrence and during the continuance of any Default or Event of Default, such costs and expenses shall be borne by the Borrower.

Section 7.8. Reporting Requirements.

Furnish directly to each of the Banks:

(a) as soon as available and in any event within ninety (90) days after the end of each fiscal year of the Borrower, consolidating and audited consolidated financial statements of the Borrower and its Subsidiaries (including, without limitation, the Guarantors), which shall include consolidated and consolidating balance sheets of the Borrower and its Subsidiaries (including, without limitation, the Guarantors) as of the end of such fiscal year, together with consolidated and consolidating income statements and statements of cash flows of the Borrower and its Subsidiaries (including, without limitation, the Guarantors) for such fiscal year and as of the end of and for the prior fiscal year, and including a "break-out" of each Guarantor on a separate schedule, all prepared in accordance with GAAP and accompanied by an unqualified opinion thereon by independent

certified public accountants reasonably acceptable to the Required Banks together with an executive summary of the management letter prepared by such independent certified public accountants; provided, however, that if a Default or Event of Default has occurred and is continuing, the full text of such management letter shall be provided to the Agent;

(b) as soon as available and in any event within forty-five (45) days after the end of each of the first, second and third quarters of each fiscal year of the Borrower, unaudited consolidated and consolidating financial statements of the Borrower and its Subsidiaries (including, without limitation, the Guarantors), which shall include unaudited consolidated and consolidating balance sheets of the Borrower and the Subsidiaries (including, without limitation, the Guarantors) as of the end of each such quarter, together with consolidated and consolidating income statements and statements of cash flows of the Borrower and its Subsidiaries (including, without limitation, the Guarantors) for each such quarterly period and for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, and including a "break-out" of each Guarantor on a separate schedule, all in reasonable detail and stating in comparative form the respective figures for the corresponding date and period in the previous fiscal year and all prepared by or under the supervision of the chief financial officer of the Borrower in accordance with GAAP (subject to year-end adjustments and except for the absence of GAAP notes thereto);

(c) simultaneously with the delivery of the financial reporting statements referred to in (a) and (b) above, a certificate of the chief financial officer of the Borrower, certifying that to the best of his knowledge (i) no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto, with computations demonstrating compliance (or non-compliance, as the case may be) with the covenants contained in Article 9, and (ii) such financial statements have been prepared in accordance with GAAP; (subject in the case of (b) above to year-end adjustments and except for the absence of GAAP notes thereto);

(d) promptly, and in any event within five (5) Banking Days after the sending or filing thereof, copies of all proxy statements, financial statements and reports which the Borrower or any of its Subsidiaries sends to its stockholders, and copies of all regular, periodic and special reports and all registration statements which the Borrower or any such Subsidiary files with the Securities and Exchange Commission or any governmental authority which may be substituted therefor, or with any national securities exchange or state securities administration;

(e) simultaneously with the delivery of the annual financial statements referred to in Section 7.8(a), a certificate of the independent public accountants who audited such statements to the effect that, in making the examination necessary for the audit of such statements, they have obtained no knowledge of any condition or event which constitutes a Default or Event of Default, or if such accountants shall have obtained knowledge of any such condition or event, specifying in such certificate each such condition or event of which they have knowledge and the nature and status thereof;

(f) within forty-five (45) days after the end of each fiscal year (a "Prior Year") of the Borrower, the annual budget of the Borrower and its Subsidiaries for the fiscal year immediately following the applicable Prior Year in the form previously delivered pursuant to the Credit Agreement and in substance satisfactory to the Banks, and copies of any updates, amendments or modifications to the Borrower's "Corporate Strategic Plan" from time to time, within five Banking days after the occurrence and completion of the same;

(g) promptly after the Borrower or any Guarantor becomes aware of the commencement thereof, notice of all actions, suits, and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Borrower or any Guarantor, including, without limitation, any such proceeding relating to any alleged violation of any Environmental Law, which, if determined adversely to the Borrower or any such Guarantor would have a material adverse effect on the financial condition, properties, or operations of the Borrower and its Subsidiaries taken as a whole or any such Guarantor or on the ability of the Borrower and its Subsidiaries taken as a whole or any Guarantor to perform its obligations hereunder;

(h) as soon as possible and in any event within five days after any Default or Event of Default has occurred, a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken by the Borrower or Guarantor with respect thereto;

(i) as soon as possible and in any event within five Banking Days after the Borrower knows that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan have occurred or exist, a statement signed by a senior financial officer of the Borrower setting forth details respecting such event or condition and the action, if any, which the Borrower or its ERISA Affiliate proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by the Borrower or an ERISA Affiliate with respect to such event or condition):

(i) any Reportable Event;

(ii) the filing under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan;

(iii) the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Borrower or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

(iv) receipt by the Borrower or ERISA Affiliate of notice from a Multiemployer Plan of the complete or partial withdrawal by the Borrower or any ERISA Affiliate under Section 4201 or 4204 of ERISA from a Multiemployer Plan imposing withdrawal liability (as of the date of such notification) exceeding $1,000,000 or requiring payments exceeding $1,000,000 per annum;

(v) or the receipt by the Borrower or any ERISA Affiliate of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA if the aggregate annual contributions of the Borrower and all ERISA Affiliates to all Multiemployer Plans which are then in reorganization or being terminated have been increased by over amounts contributed to such Multiemployer Plans for the plan year immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding $1,000,000; and

(vi) the institution of a proceeding by a fiduciary or any Multiemployer Plan against the Borrower or any ERISA Affiliate to enforce Section 515 of ERISA for delinquent contributions in excess of $100,000 which proceeding is not dismissed within thirty (30) days;

(j) promptly after the furnishing thereof, copies of any reports or records required to be filed with or furnished to any insurance carriers or governmental authorities relating to Hazardous Substances located on any of real properties owned or occupied by the Borrower or any Guarantor;

(k) promptly after the Borrower or any Guarantor knows of the commencement or threat thereof, notice of any Forfeiture Proceeding;

(l) simultaneously with the delivery of the financial statements referred to in Sections 7.8(a) and (b) above, quarterly reports in form and substance satisfactory to the Agent, describing all Acquisitions consummated by the Borrower and its Subsidiaries during the preceding fiscal quarter, which reports shall include, without limitation, pro forma calculations demonstrating that after giving effect to all such Acquisitions, no Default or Event of Default is occurring hereunder; and

(m) such other information respecting the condition or operations, financial or otherwise of the Borrower or any of its Subsidiaries or ERISA Affiliates as the Agent may from time to time reasonably request.

Section 7.9. Payment of Obligations.

Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all material Debt and other material obligations of whatever nature (including any obligation for taxes or wages), except for any Debt or other material obligation which is being contested in good faith and with respect to which, on a consolidated basis, adequate reserves in conformity with GAAP shall have been provided on the books of the Borrower.

Section 7.10. Subsidiaries.

Simultaneously with their creation, the Borrower shall cause all of the Domestic Subsidiaries of Zahn Holdings, Inc., which qualify as Post-Closing Guarantors in accordance with the definition of that term, to become Guarantors hereunder.

ARTICLE 8.

NEGATIVE COVENANTS.

So long as any of the Notes or other Obligations shall remain unpaid or any Bank shall have any Revolving Credit Commitment hereunder, the Borrower shall not, and the Borrower shall cause all Domestic Subsidiaries not to:

Section 8.1. Debt.

Create, incur, assume or suffer to exist, any Debt, except:

(a) Debt of the Borrower under this Agreement or the Notes;

(b) Debt described in Schedule 6.10 (including any renewals, refinancings or extensions thereof);

(c) Subordinated Debt that shall commence the amortization of principal after the Revolving Credit Termination Date;

(d) Debt of the Borrower to any Subsidiary, or of any Subsidiary to the Borrower or to another Subsidiary;

(e) Debt incurred in connection with operating leases entered into by the Borrower or any of its Subsidiaries consistent with past practices or in the ordinary course of business;

(f) Notwithstanding anything contained in this Section 8.1 to the contrary and in addition to any of the Debt described in any of Sections 8.1 (a)-(k) hereof (other than this Section 8.1 (f)), Debt incurred after the date of this Agreement in an aggregate principal amount not to exceed $50,000,000 at any time outstanding as to all such Persons; provided that such additional Debt other than Debt secured by Liens permitted pursuant to Section 8.3 shall rank pari passu with indebtedness arising under this Agreement;

(g) Debt of the Borrower or any Subsidiary secured by purchase money Liens permitted by Section 8.3(g);

(h) Debt incurred as a result of bid bonds or performance bonds incurred by the Borrower or any Subsidiary in the ordinary course of its business consistent with past practices;

(i) Debt consisting of guarantees permitted under Section 8.2;

(j) Debt of a Subsidiary acquired pursuant to a Permitted Acquisition (or Debt assumed at the time of a Permitted Acquisition relating to an asset securing such Debt); provided that (i)

such Debt was not incurred in connection with, or in anticipation of, such Permitted Acquisition and (ii) no Default or Event of Default otherwise exists or would result therefrom; and

(k) Debt incurred in connection with Capital Leases permitted hereunder.

Section 8.2. Guarantees.

(a) Create, incur, assume or suffer to exist any guarantees of the obligations of Subsidiaries, Affiliates or any other related or unrelated Persons, including Acquired Persons, except (without duplication) for (i) guarantees of Debt of their respective Subsidiaries and/or Affiliates in an aggregate amount not to exceed $10,000,000 (in addition to amounts guaranteed under the guarantees listed as such on Schedule 6.10 hereto (including any renewals, extensions or refinancings thereof)) at any time outstanding, (ii) the guarantees by the Borrower and the Guarantors of Debt of Henry Schein Europe, Inc. to Rabobank Nederland in an aggregate amount not to exceed at any time outstanding the Dollar Equivalent of Netherlands Guilders 10,000,000 as referenced in Section 8.3 (i) hereof (including any renewals, extensions or refinancings thereof), and (iii) guarantees by the Borrower or any of the Guarantors of Debt of any of the Guarantors or the Borrower.

(b) Notwithstanding Section 8.2 (a) (i) above, the Borrower, the Guarantors, and/or the above-referenced Subsidiaries may suffer to exist any guaranties of an Acquired Person which may exist on the closing date of the subject Permitted Acquisition, for so long as (i) such guaranties are of the obligations of an entity which will become a Subsidiary, Affiliate and/or Guarantor of the Borrower or any Guarantor after the closing date of the Permitted Acquisition, and (ii) neither the Borrower nor any Guarantor shall assume such guaranties on or after such closing date.

Section 8.3. Liens.

Create, incur, assume or suffer to exist any Lien upon or with respect to any of its properties, now owned or hereafter acquired, except the following ("Permitted Liens"):

(a) Liens for taxes or assessments or other government charges or levies if not yet due and payable or, if due and payable, if they are being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained in conformity with GAAP;

(b) Liens imposed by law, such as mechanic's, materialmen's, landlord's, warehousemen's and carrier's Liens, and other similar Liens, securing obligations incurred in the ordinary course of business which are not past due for more than thirty (30) days, or which are being contested in good faith by appropriate proceedings and for which appropriate reserves in accordance with GAAP have been established, including, without limitation, any Landlord's Lien which is being contested in good faith by appropriate proceedings and for which appropriate reserves in accordance with GAAP have been established;

(c) Liens under workers' compensation unemployment insurance, social security or similar legislation (other than ERISA);

(d) Liens, deposits or pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), leases, public or statutory obligations, surety, stay, appeal, indemnity, performance or other similar bonds, or other similar obligations arising in the ordinary course of business;

(e) judgment and other similar Liens arising in connection with court proceedings; provided that the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings;

(f) easements, rights-of-way, restrictions and other similar encumbrances which, in the aggregate, do not materially interfere with the occupation, use and enjoyment by the Borrower or any of its Subsidiaries of the property or assets encumbered thereby in the normal course of its business or materially impair the value of the property subject thereto;

(g) (i) purchase money Liens on any property heretofore or hereafter acquired or the assumption of any Lien on any property existing at the time of such acquisition, (ii) purchase money Liens on any property or assets acquired in any Permitted Acquisition, whether existing at the time of such Permitted Acquisition or arising after the time of such Permitted Acquisition by virtue of such Permitted Acquisition, or the assumption of any Lien on any property or assets acquired in such Permitted Acquisition existing at the time of such Permitted Acquisition, provided that no such Lien (i.e., arising in conjunction with any such Permitted Acquisition) shall at any time encumber any of the property of the Borrower or any other Subsidiary of the Borrower, or (iii) a Lien incurred in connection with any conditional sale or other title retention agreement or a Capital Lease; provided, that in the case of any of (i)-(iii) above, the creation or incurrence of any such Lien shall not otherwise result in a Default or Event of Default with respect to any of the other provisions of this Agreement;

(h) mortgage Liens or deeds of trust on real property owned and occupied by the Borrower or its Subsidiaries;

(i) Liens existing on the date hereof which are described in Section 7 of Schedule 6.10 hereto; or

(j) Liens granted by any Subsidiary of the Borrower in favor of the Borrower.

Section 8.4. Investments.

Make any loan or advance to any Person or purchase or otherwise acquire, any capital stock, obligations or other securities of, make any capital contribution to, or otherwise invest in, or acquire any interest in any Person (each of the foregoing, an "Investment"). Notwithstanding the foregoing, the Borrower shall be entitled to make the following Investments: (i) obligations issued or guaranteed by states or municipalities within the United States of America; (ii) obligations issued or guaranteed by the United States of America or any agency or subdivision thereof; (iii) certificates of deposit, time deposits, Eurodollar certificates of deposit, bankers acceptances and other "money market instruments" issued by any bank, trust company or financial institution

organized under the laws of the United States of America or any state thereof (or, in the case of Eurodollar certificates of deposit, a branch of any such bank, trust company or financial institution) having capital and surplus in an aggregate amount not less than $200,000,000, or money market accounts or funds which invest only in the types of Investments described in this subparagraph (iii); (iv) commercial paper rated at least Prime-1 by Moody's Investor Services, or A-1 by Standard & Poors, or money market accounts or funds which invest only in the type of Investment described in this subparagraph (iv); (v) repurchase agreements entered into with any bank, trust company or financial institution organized under the laws of the United States of America or any state thereof having capital and surplus in an aggregate amount not less than $200,000,000, and relating to any of the Investments referred to in any of clauses (i), (ii) and (iii) above, maturing or being due or payable in full not more than one year after the relevant investor's acquisition thereof; (vi) closed-end, over-collateralized, diversified investment funds rated at least AAA by Standard & Poors; (vii) Investments in Affiliates (other than Subsidiaries) or non-domestic Subsidiaries in an aggregate amount not to exceed $25,000,000 at any time outstanding (in addition to such Investments made prior to the Closing Date which are listed on Schedule 8.4) (for purposes of this subsection, the phrase "Investment" shall mean only (x) loans which are recorded as debt in accordance with GAAP, and advances made on behalf of Affiliates or non-domestic Subsidiaries which are not repaid within 120 days of the date of such advance, (y) purchase price of the interest purchased (at the time of purchase) or (z) the amount of cash or the value of assets contributed (at the time of contribution)), provided that the sum of all investments classified under clauses (y) and (z) of the preceding parenthetical phrase shall in no event exceed $7,000,000; (viii) Investments in Guarantors; (ix) Loans to employees, in an aggregate amount not to exceed $1,000,000 (inclusive of principal and all interest accrued in accordance with GAAP under the terms of such loans) at any time outstanding; and (x) Loans to third parties (provided that any such Loans are reasonably intended to benefit, directly or indirectly, the business or financial condition of the Borrower) from time to time hereafter in an aggregate amount not to exceed $5,000,000 (inclusive of principal and all interest accrued in accordance with GAAP under the terms of such loans) at any time outstanding, exclusive of the loan to SF Dental Company described in Schedule 8.4 and such other loans, if any, that may be excluded from this calculation from time to time by the Banks in their sole and absolute discretion; (xi) Permitted Acquisitions; and (xii) Investments required to be taken in connection with the bankruptcy or reorganization of suppliers and customers, and in settlement of delinquent obligations of, and other disputes with customers and supplies arising in the ordinary course of business; provided that as a result of and after giving effect to any such Investment (i.e., any Investment referred to in any of subsections (i)-(xi) above), no default or Event of Default shall have occurred.

Section 8.5. Sale of Assets.

Sell, lease, assign, transfer or otherwise dispose of any of its now owned or hereafter acquired assets (except to the Borrower), except for: (a) assets disposed of in the ordinary course of business; or (b) the sale or other disposition of assets no longer used or useful in the conduct of its business; (c) the sale or other disposition of assets which are substantially contemporaneously replaced with new assets of similar value and type; (d) sales or dispositions which, individually or in the aggregate, in any one year period ending on the anniversary date of the Closing Date or any succeeding anniversary date thereof, do not exceed at any particular date during any such period,

ten (10%) percent, and for the period from the date hereof to (but not including) the Revolving Credit Termination Date, do not exceed at any particular date during such period, twenty (20%) percent, of the amount or value of the assets, determined at the fair market value thereof determined in good faith and after all necessary due diligence by the Board of Directors of the Borrower, and its Subsidiaries taken as a whole, determined as at the date of sale or disposition respecting any such sale or disposition, in arm's length transactions for fair value, provided that, after giving effect to any such sale or disposition, no Default or Event of Default shall have occurred; or (e) the maintenance of the ESOP. Notwithstanding anything to the contrary in this Agreement, in the event of the permitted sale or other disposition of all or substantially all the business of a Guarantor which is permitted in accordance with clause (d) above, such Person's Guarantee shall terminate and be of no further force or effect, and the parties hereto shall execute and deliver such documents to the Borrower as the Borrower reasonably requests to evidence that fact.

Section 8.6. Transactions with Affiliates.

Enter into any transaction, including, without limitation, the purchase, sale or exchange of property or the rendering of any service, with any Affiliate, except (a) for transactions between the Borrower and any Guarantor or any Guarantor with any other Guarantor, (b) for the maintenance of the ESOP, (c) in the ordinary course of and pursuant to the reasonable requirements of the relevant Person's business and upon fair and reasonable terms no less favorable to the relevant Person than would obtain in a comparable arm's length transaction with a Person not an Affiliate; and (d) for transactions between the Borrower and any non-Guarantor Subsidiary of the Borrower which conducts substantially all of its business outside the United States for the purchase of inventory from the Borrower for a purchase price which is not less than the Borrower's cost with respect thereto; provided that, after giving effect to any such transaction (i.e., any of the transactions referred to in any of (a)-(d) above), no Default or Event of Default shall have occurred.

Section 8.7. Mergers, Etc.

Merge or consolidate with, or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or acquire, all or substantially all of the assets or the business of any Person, except to the extent permitted (x) under Section 8.5 hereof or (y) under Section 8.8 hereof, and only, in the case of any merger or consolidation, if the Borrower is the surviving entity, provided that, after giving effect to any such transaction, no Default or Event of Default shall have occurred.

Section 8.8. Acquisitions.

Make an Acquisition, except that the Borrower or any Subsidiary of the Borrower may engage in any Acquisition with any Person whose line or lines of business are in the medical, dental, veterinary, hospital, or health care technology fields and are substantially similar to the line or lines of business in such fields of the Borrower or any Subsidiary, as the case may be, at the time of such Acquisition, provided that:

(a) after giving effect to any such Acquisition, no Default or Event of Default shall exist at the time of any such Acquisition or at the time or as a result of the consummation of the transactions contemplated thereby;

(b) the Borrower shall notify the Banks of the consummation of any such Acquisition with respect to which the aggregate cash amount paid or payable exceeds $15,000,000, within 15 Banking Days of the consummation thereof, and provide the Banks with evidence reasonably satisfactory to the Banks (which evidence shall include pro forma financial statements) that after giving effect to such Acquisition, no Default or Event of Default shall have existed at the time of any such Acquisition or at the time or as a result of the consummation of the transactions contemplated thereby;

(c) the aggregate cash amounts paid or payable with respect to any one Acquisition from and after the date hereof to and including the Revolving Credit Termination Date shall not exceed $25,000,000 without the prior written consent of the Required Banks;

(d) such Acquisition has been either (1) approved by the board of directors of the corporation which is the subject of such Acquisition or (2) recommended for approval by such board to the shareholders of such corporation and subsequently approved by the shareholders of such corporation as required under applicable law or by the by-laws and the certificate of incorporation of such corporation;

(e) if, upon the closing of the transactions contemplated by an Acquisition, the aggregate amount or value of the assets (i.e., amounts which would, in conformity with GAAP, be included as assets on a Person's balance sheet) directly or indirectly acquired in such Acquisition after the Closing Date which are located in the United States (e.g., in the case of receivables,

receivables for which records are maintained at a location in the United States or with respect to which the principal business and assets of the relevant account debtor are located in the United States) ("Acquired Assets"; and the Person holding or owning such Acquired Assets shall be referred to as an "Acquired Person") would cause such Acquired Person to become a Post-Closing Guarantor, then such Acquired Person and each of its Subsidiaries that is not at such time a party to an agreement which prohibits such Acquired Person or Subsidiary, as the case may be, from becoming a Guarantor hereunder, shall, immediately upon the consummation of any such transaction become a Guarantor of the present and future obligations of the Borrower hereunder on terms and conditions no less favorable to the Banks than those set forth in the Guarantees;

(f) notwithstanding anything contained herein to the contrary, no "hostile takeover" (i.e., an Acquisition opposed by the board of directors of the selling Person or the Person party to such Acquisition) shall be permitted.

(g) Any Acquisition meeting or satisfying the provisions of this Section 8.8 shall be referred to as a "Permitted Acquisition".

Section 8.9. No Activities Leading to Forfeiture.

Engage in the conduct of any business or activity which would be likely to result in a Forfeiture Proceeding.

Section 8.10. Corporate Documents; Fiscal Year.

Amend, modify or supplement its certificate or articles of incorporation or by-laws or, in the case of any partnership, its partnership agreement, in any way which would materially adversely affect the ability of the Borrower or any Guarantor to perform its obligations hereunder or change its fiscal year (other than a change of fiscal year to a year ending December 31).

Section 8.11. Hazardous Substances; Use of Real Property.

Use, or permit the use of, the owned or leased real properties for conducting any manufacturing, industrial, commercial or retail business which involves in any way the introduction, manufacture, generation, processing or storage of any Hazardous Substance in violation, in any material respect, of any applicable Environmental Law.

Section 8.12. Dividends, etc.

(a) Pay or accrue (i.e., to pay in the future) any cash dividends (other than to the Borrower), except that the Borrower may pay cash dividends in any year of up to 40% of the Borrower's Consolidated Net Income for such year in any fiscal year; or

(b) redeem, repurchase or acquire any stock or securities of the Borrower for an aggregate purchase price respecting all such transactions in excess of $5,000,000 per fiscal year; or

(c) make any capital distribution in cash or other property (other than stock dividends); or

(d) take any action which would have an effect equivalent to any of the foregoing.

Section 8.13. Material Change in Ownership.

(a) Permit any change in the ownership of the Borrower, which results in any Person or related group of Persons other than the Persons who are executive officers or directors of the Borrower, or the ESOP, owning beneficially 30% or more of the outstanding shares of common stock of the Borrower.

(b) Permit any change in control of the Borrower's Board of Directors, whereby the Continuing Directors shall cease to constitute a majority of the Borrower's Board of Directors.

Section 8.14. Other Material Adverse Change.

Suffer or permit any other material adverse change in the operations of the Borrower and its Subsidiaries taken as a whole.

ARTICLE 9.

FINANCIAL COVENANTS

So long as any of the Notes or other Obligations shall remain unpaid, or any Bank shall have any Revolving Credit Commitment under this Agreement, the Borrower shall:

Section 9.1. Minimum Consolidated Net Worth.

Maintain at all times during each of the periods set forth below, a Consolidated Net Worth of not less than the amounts set forth below opposite the applicable period:

Period	Amounts
Fiscal Year 1996	Actual Consolidated Net Worth at 12/31/95 plus the net proceeds of the 1996 offering of securities by the Borrower plus 50% of positive Consolidated Net Income for the current fiscal year to date
Any Fiscal Year thereafter	Prior year-end Actual Consolidated Net Worth plus the net proceeds of any offering of securities by the Borrower plus 50% of positive Consolidated Net Income for the current fiscal year to date

Section 9.2. Consolidated Maximum Capital Expenditures.

Not be permitted to make aggregate Capital Expenditures on a consolidated basis with its Subsidiaries (the term Subsidiaries, for all purposes contained in this Article 9, shall mean all Subsidiaries of the Borrower whose results are required in accordance with GAAP to be consolidated with the results of the Borrower) in excess of $15,000,000 in any fiscal year or $55,000,000 during the term of the Revolving Credit Facility.

Section 9.3. Minimum Consolidated Cash Flow Coverage.

Maintain at all times on a rolling four-quarter basis, a ratio of (A) Consolidated Net Profit of the Borrower and its Subsidiaries after Consolidated Taxes of the Borrower and its Subsidiaries plus consolidated Depreciation of the Borrower and its Subsidiaries plus consolidated Amortization of the Borrower and its Subsidiaries plus consolidated Non-Cash Charges of the Borrower and its Subsidiaries (other than consolidated Depreciation of the Borrower and its Subsidiaries and consolidated Amortization of the Borrower and its Subsidiaries) plus Consolidated Interest Expense plus the aggregate amount of net cash proceeds from the issuance of capital stock of the Borrower and its Subsidiaries on a consolidated basis (as determined in accordance with GAAP), to (B) Consolidated Interest Expense plus the Current Portion of Long-Term Debt less the Debt resulting from the Van Den Braak Acquisition, provided same shall be repaid with a portion of the Loans made hereunder prior to its October, 1997 maturity (as determined in accordance with GAAP) plus consolidated Capital Lease payments of the Borrower and its Subsidiaries plus consolidated Dividends of the Borrower and its Subsidiaries plus consolidated Capital Expenditures of the Borrower and its Subsidiaries (net of indebtedness incurred for the purpose of financing such Capital Expenditures) (as determined in accordance with GAAP) plus the aggregate amount of cash payments made by the Borrower and its Subsidiaries on a consolidated basis (as determined in

accordance with GAAP) to purchase or redeem capital stock of the Borrower and its Subsidiaries on a consolidated basis (as determined in accordance with GAAP), of not less than 1.10:1.00.

Section 9.4. Consolidated Minimum Interest Coverage.

Maintain at all times on a rolling four-quarter basis a ratio of consolidated Operating Income of the Borrower and its Subsidiaries (before special charges) before Consolidated Interest Expense and Consolidated Taxes plus consolidated Depreciation of the Borrower and its Subsidiaries plus consolidated Amortization of the Borrower and its Subsidiaries to Consolidated Interest Expense of the Borrower and its Subsidiaries (as determined in accordance with GAAP) of not less than 3.00:1.00.

Section 9.5. Maximum Ratio of Consolidated Funded Debt to EBITDA.

Maintain at all times a ratio of Consolidated Funded Debt as of the last day of the preceding fiscal quarter to Consolidated EBITDA of not more than 3.0:1.0.

Compliance with all of the financial covenants contained in this Article 9 may be determined by reference to consolidated financial statements of the Borrower and its Subsidiaries delivered to the Agent in accordance with Section 7.8 hereof. The Borrower and its Subsidiaries must be in compliance with all such covenants at all times during the relevant period. All financial covenants may be tested more frequently, but shall not be tested less frequently, than quarterly, at the discretion of the Banks.

ARTICLE 10.

EVENTS OF DEFAULT

Section 10.1. Events of Default.

Any of the following events shall be an "Event of Default":

(a) The Borrower shall: (i) fail to pay the principal of any Note as and when due and payable; (ii) fail to pay interest on any Note within two Banking Days of the date any such payment is due and payable or any other Obligation as and when due and payable; or (iii) fail to pay any Bank any amount when due and payable in connection with any Letter of Credit or Documentary Banker's Acceptance;

(b) Any representation or warranty made or deemed made by the Borrower in this Agreement or in any other Facility Document or which is contained in any certificate, document, opinion or financial or other statement furnished at any time under or in connection with any Facility Document shall prove to have been incorrect, if made or deemed made on or as of the date hereof, in any respect or, if made or deemed made on or as of any date subsequent to the date hereof, in any material respect;

(c) The Borrower shall: (i) fail to perform or observe any term, covenant or agreement contained in any of (A) Section 2.3, Section 2.7(e), Article 8, Article 9, or Section 12.3 hereof; (B) Section 7.8, and such failure shall continue for ten (10) consecutive days after written notice; or (C) any Facility Document other than this Agreement (except to the extent of obligations specifically referred to in Section 10.1(a) hereof, after the expiration of any applicable grace period provided in any such Facility Document); or (ii) fail to perform or observe any term, covenant or agreement on its part to be performed or observed (other than the obligations specifically referred to in any of Section 10.1(a), Section 10.1(b), Section 10.1(c)(i) or any of Sections 10.1(d)-(j) hereof) in this Agreement and (in the case of this Section 10.1(c)(ii) only) such failure shall continue for thirty (30) consecutive days after written notice;

(d) The Borrower or any Guarantor shall: (i) fail to pay any Debt or Debts for borrowed money (other than the payment obligations described in (a) above) in the aggregate amount of $2,000,000 or more, as the case may be, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) after giving effect to any applicable grace periods; or (ii) fail to perform or observe any term, covenant or condition on its part to be performed or observed, including the obligation to make payment, under any agreement or instrument relating to any other Debt or Debts (other than the payment obligations described in (a) above or the Debt or Debts described in (d)(i) above) in the aggregate amount of $2,000,000, when required to be performed or observed, if the effect of such failure to perform or observe is to accelerate or permit the acceleration of the maturity of such Debt, after giving effect to any applicable grace period; provided, however, that notwithstanding anything in the foregoing to the contrary, with respect to that certain Debt owing to New York State Urban Development Corp. as set forth in Section 1 of Schedule 6.10 hereof (the "Urban Development Loan"), no effect will be given to a default or acceleration of or with respect to the Urban Development Loan if and for so long as the full amount of such Urban Development Loan is secured by other Debt of the Borrower;

(e) The Borrower or any Guarantor (i) shall generally not, or be unable to, or shall admit in writing its or their inability to, pay its or their debts as such debts become due; or (ii) shall make an assignment for the benefit of creditors, petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets; or (iii) shall commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or (iv) shall have had any such petition or application filed or any such proceeding shall have been commenced, against it or them, in which an adjudication or appointment is made or order for relief is entered which petition, application or proceeding remains unstayed and in effect for a period of thirty (30) days or more; or (v) by any act or omission shall indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or trustee for all or any substantial part of its property; (vi) shall suffer any such custodianship, receivership or trusteeship (as referenced in (v) above, exclusive of any of the matters referenced in any of (i) - (iv) hereof) to continue undischarged for a period of forty-five (45) days or more; or (vii) the Borrower shall cease to be Solvent;

(f) One or more judgments, decrees or orders for the payment of money in excess of $1,000,000 in the aggregate shall be rendered against the Borrower any Guarantor and such judgments, decrees or orders shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal;

(g) An event or condition specified in Section 6.8 hereof shall occur or exist with respect to any Plan or Multiemployer Plan and, as a result of such event or condition, together with all other such events or conditions, the Borrower, any Guarantor or any ERISA Affiliate shall incur a liability to a Plan, a Multiemployer Plan or the PBGC (or any combination of the foregoing) which is, in the determination of the Required Banks, material in relation to the financial condition, operations, business or prospects of the Borrower;

(h) Any Forfeiture Proceeding shall have been commenced against the Borrower or any Guarantor unless, immediately upon the commencement of any such proceeding, such Borrower or Guarantor, contests any such proceeding in good faith by appropriate proceedings and such proceeding is unstayed and in effect for a period of thirty (30) days or more after the commencement thereof; provided, however, that until such proceeding is dismissed as aforesaid, and notwithstanding anything contained in this Agreement to the contrary, the Banks will be under no obligation to make Revolving Credit Loans available to the Borrower after the commencement of any such proceeding unless and until such time as any such proceeding shall have been dismissed pursuant to the foregoing provisions; or

(i) Any of the Guarantees shall at any time after their execution and delivery and for any reason cease to be in full force and effect or shall be declared null and void, or the validity of enforceability thereof shall be contested by the Borrower or any Guarantor (or any assignee or transferee of the Borrower or any Guarantor), or the Borrower or any Guarantor (or any assignee or transferee of the Borrower) shall deny that it has any further liability or obligation under any Guarantees to which it is a party, or the Borrower or any Guarantor (or any assignee or transferee of any such Borrower or any Guarantor) shall fail to perform any of its obligations under the Guarantees to which it is a party.

Section 10.2. Remedies.

Upon the occurrence of any Event of Default hereunder, the Required Banks may, by notice to the Borrower, (a) declare the Revolving Credit Commitments to be terminated, whereupon the same shall forthwith terminate, and (b) declare the outstanding principal of the Notes, all interest thereon and all other Obligations to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided that, in the case of an Event of Default referred to in Section 10.1(f) or Section 10.1(i) above, the Revolving Credit Commitments shall be immediately terminated, and the Notes, all interest thereon and all other amounts payable under this Agreement or the Notes shall be immediately due and payable without notice, presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrower. With respect to all Letters of Credit that shall not have matured or with respect to which presentment for

honor shall not have occurred, the Borrower shall deposit in a cash collateral account opened by the Agent an amount equal to the aggregate undrawn amount of Letters of Credit, and the unused portion thereof, if any, shall be returned to the Borrower after the respective expiration dates of the Letters of Credit and after all Obligations are paid in full. Furthermore, if an Event of Default has occurred and the Required Banks have exercised the remedies set forth in (a) and (b) above, interest and fees payable hereunder in connection with the Loans shall automatically be increased to the Default Rate (with respect to Letters of Credit, the fees payable with respect thereto shall be automatically increased to a rate per annum equal to the Default Rate which would be applicable to a Base Rate Loan, in an amount equal to the aggregate of the past due amounts with respect to all outstandings Letters of Credit).

ARTICLE 11.

THE AGENT;
RELATIONS AMONG BANKS AND BORROWER

Section 11.1. Appointment, Powers and Immunities of Agent

Each Bank hereby irrevocably (but subject to removal by the Required Banks pursuant to Section 11.9) appoints and authorizes Chase to act as its agent hereunder and under any other Facility Document with such powers as are specifically delegated to the Agent by the terms of this Agreement and any other Facility Document, together with such other powers as are reasonably incidental thereto. The Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and any other Facility Document, and shall not by reason of this Agreement be a trustee for any Bank. The Agent shall not be responsible to the Banks for any recitals, statements, representations or warranties made by the Borrower, any of the Guarantors, or any of the Acquired Entities, or any officer or official of the Borrower, any of the Guarantors, or any of the Acquired Entities, or any other Person contained in this Agreement or any other Facility Document, or in any certificate or other document or instrument referred to or provided for in, or received by any of them under, this Agreement or any other Facility Document, or for the value, legality, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Facility Document or any other document or instrument referred to or provided for herein or therein, or for any failure by the Borrower, any of the Guarantors, or any of the Acquired Entities to perform any of their or its respective obligations hereunder or thereunder. The Agent may take all necessary actions by itself and/or it may employ agents and attorneys-in-fact and shall not be responsible, except as to money or securities received by it or its authorized agents, for the negligence or misconduct of itself or its employees or of any such agents or attorneys-in-fact, if such agents or attorneys-in-fact are selected by it with reasonable care. Neither the Agent nor any of its directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by it or them hereunder or under any other Facility Document or in connection herewith or therewith, except for its or their own gross negligence or willful misconduct. The Borrower shall pay any fee agreed to by the Borrower and the Agent with respect to the Agent's services hereunder.

Section 11.2. Reliance by Agent.

The Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telex, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Agent. The Agent may deem and treat each Bank as the holder of the Loans made by it for all purposes hereof unless and until a notice of the assignment or transfer thereof satisfactory to the Agent signed by such Bank shall have been furnished to the Agent, but the Agent shall not be required to deal with any Person who has acquired a participation in any Loan from a Bank. As to any matters not expressly provided for by this Agreement or any other Facility Document, the Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by the Required Banks, and such instructions of the Required Banks and any action taken or failure to act pursuant thereto shall be binding on all of the Banks and any other holder of all or any portion of any Loan.

Section 11.3. Defaults.

The Agent shall not be deemed to have knowledge of the occurrence of a Default or Event of Default (other than the non-payment of principal of or interest on the Loans to the extent the same is required to be paid to the Agent for the account of the Banks) unless the Agent has received notice from a Bank or the Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default." In the event that the Agent receives such a notice of the occurrence of a Default or Event of Default, the Agent shall give prompt notice thereof to the Banks (and shall give each Bank prompt notice of each such non-payment). The Agent shall (subject to Section 12.8) take such action with respect to such Default or Event of Default which is continuing as shall be directed by the Required Banks; provided that, unless and until the Agent shall have received such directions, the Agent may take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Banks; and provided further that the Agent shall not be required to take any such action which it determines to be contrary to law.

Section 11.4. Rights of Agent as a Bank.

With respect to its Revolving Credit Commitment and the Loans made by it, the Agent, in its capacity as a Bank hereunder, shall have the same rights and powers hereunder as any other Bank and may exercise the same as though it were not acting as the Agent, and the term "Bank" or "Banks" shall, unless the context otherwise indicates, include the Agent in its capacity as a Bank. The Agent or any Bank and their respective Affiliates may (without having to account therefor to any other Bank) accept deposits from, lend money to (on a secured or unsecured basis), and generally engage in any kind of banking, trust or other business with, the Borrower, the Guarantors, or the Acquired Entities or any of them (and any of their Affiliates). In the case of the Agent, it may do so as if it were not acting as the Agent, and the Agent may accept fees and other consideration from the Borrower, the Guarantors, or the Acquired Entities or any of them for services in connection with this Agreement or otherwise without having to account for the same to the Banks. Although the Agent or a Bank or their respective Affiliates may in the course of such

relationships and relationships with other Persons acquire information about the Borrower, the Guarantors and their respective Affiliates, neither the Agent nor such Bank shall have any duty to disclose such information to the other Banks.

Section 11.5. Indemnification of Agent.

The Banks agree to indemnify the Agent (to the extent not reimbursed under Section 12.3 or under the applicable provisions of any other Facility Document, but without limiting the obligations of the Borrower under Section 12.3 or such provisions), ratably in accordance with the aggregate unpaid principal amount of the Loans made by the Banks (without giving effect to any participation, in all or any portion of such Loans, sold by them to any other Person) or, if no Loans are at the time outstanding, ratably in accordance with their respective Commitments, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement, any other Facility Document or any other documents contemplated by or referred to herein or the transactions contemplated hereby or thereby (including, without limitation, the costs and expenses which the Borrower is obligated to pay under Section 12.3 or under the applicable provisions of any other Facility Document but excluding, unless a Default or Event of Default has occurred, normal administrative costs and expenses incidental to the performance of its agency duties hereunder) or the enforcement of any of the terms hereof or thereof or of any such other documents or instruments; provided that no Bank shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified.

Section 11.6. Documents.

The Agent will forward to each Bank, promptly after the Agent's receipt thereof, a copy of each report, notice or other document required by this Agreement or any other Facility Document to be delivered to the Agent for such Bank.

Section 11.7. Non-Reliance on Agent and Other Banks.

Each Bank agrees that it has, independently and without reliance on the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Borrower and the Guarantors and the decision to enter into this Agreement and that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or any other Facility Document. The Agent shall not be required to keep itself informed as to the performance or observance by the Borrower or the Guarantors of this Agreement or any other Facility Document, or any other document referred to or provided for herein or therein, or to inspect the properties or books of the Borrower or the Guarantors. Except for notices, reports and other documents and information expressly required to be furnished to the Banks by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the affairs, financial condition or business of the Borrower or the

Guarantors which may come into the possession of the Agent or of its Affiliates. The Agent shall not be required to file this Agreement, any other Facility Document or any document or instrument referred to herein or therein, for record or give notice of this Agreement, any other Facility Document or any document or instrument referred to herein or therein, to anyone.

Section 11.8. Failure of Agent to Act.

Except for action expressly required of the Agent hereunder, the Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall have received further assurances (which may include cash collateral) of the indemnification obligations of the Banks under Section 11.5 in respect of any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

Section 11.9. Resignation or Removal of Agent.

Subject to the appointment and acceptance of a successor Agent as provided below, the Agent may resign at any time by giving written notice thereof to the Banks and the Borrower, and the Agent may be removed at any time with or without cause by the Required Banks; provided that the Borrower and the other Banks shall be promptly notified thereof. Chase shall be deemed removed as Agent by the Required Banks at such time as the aggregate of the Commitment Proportions of Chase and its Affiliates is less than 35% of the aggregate Commitment Proportions of the Banks hereunder; provided, however, that such removal shall only be deemed effective upon the appointment of a successor Agent. Upon any such resignation or removal, the Required Banks shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Banks and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation or the Required Banks' removal of the retiring Agent, then the retiring Agent may, on behalf of the Banks, appoint a successor Agent, which shall be a bank which has an office in New York, New York. The appointment of any bank which is not then a party hereto shall be subject to the approval of the Borrower, which shall not be unreasonably withheld or from among the Banks which are parties hereto. The Required Banks or the retiring Agent, as the case may be, shall upon the appointment of a Successor Agent promptly so notify the Borrower and the other Banks. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article 11 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Agent.

Section 11.10. Amendments Concerning Agency Function.

The Agent shall not be bound by any waiver, amendment, supplement or modification of this Agreement or any other Facility Document which affects its duties hereunder or thereunder unless it shall have given its prior consent thereto.

Section 11.11. Liability of Agent.

The Agent shall not have any liabilities or responsibilities to the Borrower on account of the failure of any Bank to perform its obligations hereunder or to any Bank on account of the failure of the Borrower to perform its obligations hereunder or under any other Facility Document.

Section 11.12. Transfer of Agency Function.

Without the consent of the Borrower or any Bank, the Agent may at any time or from time to time transfer its functions as Agent hereunder to any of its offices wherever located, provided that the Agent shall promptly notify the Borrower and the Banks thereof.

Section 11.13. Non-Receipt of Funds by the Agent.

Unless the Agent shall have been notified by a Bank or the Borrower (either one as appropriate being the "Payor") prior to the date on which such Bank is to make payment hereunder to the Agent of the proceeds of a Loan or the Borrower is to make payment to the Agent, as the case may be (either such payment being a "Required Payment"), which notice shall be effective upon receipt, that the Payor does not intend to make the Required Payment to the Agent, the Agent may assume that the Required Payment has been made and may, in reliance upon such assumption (but shall not be required to), make the amount thereof available to the intended recipient on such date and, if the Payor has not in fact made the Required Payment to the Agent, the recipient of such payment shall, on demand, repay to the Agent the amount made available to it together with interest thereon for the period from the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to the average daily Federal Funds Rate for such period.

Section 11.14. Withholding Taxes.

Each Bank represents that it is entitled to receive any payments to be made to it hereunder without the withholding of any tax and will furnish to the Agent such forms, certifications, statements and other documents as the Agent may request from time to time to evidence such Bank's exemption from the withholding of any tax imposed by any jurisdiction or to enable the Agent to comply with any applicable laws or regulations relating thereto. Without limiting the effect of the foregoing, if any Bank is not created or organized under the laws of the United States of America or any state thereof, in the event that the payment of interest by the Borrower is treated for U.S. income tax purposes as derived in whole or in part from sources from

within the U.S., such Bank will furnish to the Agent Form 4224 or Form 1001 of the Internal Revenue Service, or such other forms, certifications, statements or documents, duly executed and completed by such Bank as evidence of such Bank's exemption from the withholding of U.S. tax with respect thereto. The Agent shall not be obligated to make any payments hereunder to such Bank in respect of any Loan or such Bank's Commitment until such Bank shall have furnished to the Agent the requested form, certification, statement or document.

Section 11.15. Several Obligations and Rights of Banks.

The failure of any Bank to make any Loan to be made by it on the date specified therefor shall not relieve any other Bank of its obligation to make its Loan on such date, but no Bank shall be responsible for the failure of any other Bank to make a Loan to be made by such other Bank. The amounts payable at any time hereunder to each Bank shall be a separate and independent debt, and each Bank shall be entitled to protect and enforce its rights arising out of this Agreement, and it shall not be necessary for any other Bank to be joined as an additional party in any proceeding for such purpose.

Section 11.16. Pro Rata Treatment of Loans, Etc.

Except to the extent otherwise provided in this Agreement: (a) each borrowing under Section 2.4 or issuance of Letters of Credit or Documentary Banker's Acceptances under Section 2.7 shall be made from or for the benefit of the Banks, each payment of the Commitment Fee accruing under Section 3.3, the Usage Fee accruing under Section 3.4, and the Up Front Fee accruing under Section 3.5, and each conversion of a Loan from one type of Loan to another pursuant to Section 2.4, shall be made for the account of the Banks, pro rata in accordance with their respective Commitment Proportions; (b) each prepayment and payment of principal of or interest on Loans of a particular type and a particular Interest Period shall be made to the Agent for the account of the Banks holding Loans of such type and Interest Period pro rata in accordance with the respective unpaid principal amounts of such Loans of such Interest Period held by such Banks.

Section 11.17. Sharing of Payments Among Banks.

If a Bank shall obtain payment of any principal of or interest on any Loan made by it through the exercise of any right of setoff, banker's lien, counterclaim, or by any other means, it shall promptly purchase from the other Banks participation in (or, if and to the extent specified by such Bank, direct interests in) the Loans made by the other Banks in such amounts, and make such other adjustments from time to time as shall be equitable to the end that all the Banks shall share the benefit of such payment (net of any expenses which may be incurred by such Bank in obtaining or preserving such benefit) pro rata in accordance with the unpaid principal and interest on the Loans held by each of them. To such end, the Banks shall make appropriate adjustments among themselves (by the resale of participation sold or otherwise) if such payment is rescinded or must otherwise be restored. The Borrower agrees that any Bank so purchasing a participation (or direct interest) in the Loans made by other Banks may exercise all rights of setoff, banker's lien, counterclaim or similar rights with respect to such participation (or direct interest). Nothing contained herein shall require any Bank to exercise any such right or shall affect the right of any

Bank to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness of the Borrower.

ARTICLE 12.

MISCELLANEOUS

Section 12.1. Amendments and Waivers.

Except as otherwise expressly provided in this Agreement, any provision of this Agreement may be amended or modified only by an instrument in writing signed by the Borrower and the Required Banks, and any provision of this Agreement may be waived by the Borrower and by an instrument signed by the Required Banks (if such provision requires performance by the Borrower, or any of them), including, but not limited to, any Event of Default; provided that no amendment, modification or waiver shall, unless by an instrument signed by all of the Banks: (a) increase or extend the term, or extend the time or waive any requirement for the reduction or termination of the Revolving Credit Commitment, (b) extend the date fixed for the payment of principal of or interest on any Loan, (c) reduce the amount of any payment of principal thereof or the rate at which interest is payable thereon or any fee payable hereunder, (d) alter the terms of Sections 12.1 through 12.8 and Section 12.13, (e) change the Revolving Credit Commitment of any Bank or the fees payable to any Bank, except as expressly otherwise provided herein, (f) permit the Borrower, or any of the Guarantors, to transfer or assign any of its obligations hereunder or under the Facility Documents, or (g) change the definition of the term "Required Banks". No failure on the part of any Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof or preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 12.2. Usury.

Anything herein to the contrary notwithstanding, the Obligations shall be subject to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to provisions of law applicable to a Bank limiting rates of interest which may be charged or collected by such Bank. If any of the above-referenced payments of interest, together with any other charges or fees deemed in the nature of interest, exceed the maximum legal rate, then the Banks shall have the right to make such adjustments as are necessary to reduce any such aggregate interest rate (based on the foregoing aggregate amount) to the maximum legal rate, and if any Bank ever receives, collects or applies any such excess, it shall be deemed a partial repayment of principal and treated as such; and if principal is paid in full, any remaining excess shall be refunded to the Borrower. The Borrower waives any right to prior notice of such adjustment and further agrees that any such adjustment may be made by the Banks subsequent to notification from the Borrower that such aggregate interest charged exceeds the maximum legal rate.

Section 12.3. Expenses.

The Borrower shall reimburse each of the Banks on demand for all reasonable costs, expenses and charges (including, without limitation, reasonable fees and charges of such Banks' special counsel, Rivkin, Radler & Kremer, plus disbursements, but excluding the fees and charges of any other counsel for or to any of the Banks (including, without limitation, any in-house counsel) incurred in connection with or relation to the documentation, negotiation and closing of the transactions contemplated hereby, and their respective disbursements) incurred by such Bank in connection with the preparation, review, execution and delivery of this Agreement and the Facility Documents (including, without limitation, with respect to that certain letter dated December 24, 1996, executed by the Borrower and the Banks). In addition, the Borrower shall reimburse each Bank for all of its reasonable costs and expenses in connection with the protection, enforcement or preservation of any rights under this Agreement, the Notes or the other Facility Documents. The Borrower agrees to indemnify each Bank and their respective directors, officers, employees and agents from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them arising out of or by reason of any investigation or litigation or other proceedings (including any threatened investigation or litigation or other proceedings) relating to any actual or proposed use by the Borrower or any of its Affiliates of the proceeds of the Loans, or to the failure of the Borrower to perform or observe any of the terms, covenants or conditions on its part to be performed or observed under this Agreement or under any of the Facility Documents including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation or litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence, willful misconduct or bad faith of the Person to be indemnified).

Section 12.4. Survival.

The obligations of the Borrower under Section 2.3, Section 2.7(e), Section 3.3, Section 3.4, Article 4 and Section 12.3 shall survive the repayment of the Loans and the Revolving Credit Termination Date for a period corresponding to the maximum applicable statute of limitations in effect in the State of New York from time to time.

Section 12.5. Assignment; Participation.

This Agreement shall be binding upon, and shall inure to the benefit of Borrower, the Banks and their respective successors and assigns, except that the Borrower may not assign or transfer its rights or obligations hereunder. Each Bank may, only with the prior written consent of the Borrower and the Agent, which consent shall not be unreasonably withheld, assign, or sell participation in, all or any part of any Loan to another bank or other entity, in which event (a) in the case of an assignment, upon notice thereof by the Bank to the Borrower and the Agent and subject to the Borrower's and Agent's consent (as referenced above), the assignee shall have, to the extent of such assignment (unless otherwise provided therein), the same rights, benefits and obligations (including, without limitation, a ratable assumption of the assigning Bank's Commitment and Commitment Proportion hereunder) as it would have if it were a Bank hereunder; provided, however, that no assignment shall be made of or with respect to a principal amount which is less than $15,000,000 of the Commitment of the resigning Bank (e.g., in outstanding Loans and in the obligation to make future Loans) and no assignment can be made until the assigning Bank offers,

upon reasonable prior written notice, the other Banks a right of first refusal to purchase such assigning Bank's interest on the same terms and conditions as are being offered by the assignee; and (b) in the case of a participation, the participant shall have no rights under the Facility Documents and all amounts payable by the Borrower under Articles 2 and 3 shall be determined as if such Bank had not sold such participation. Such Bank may furnish any information concerning the Borrower in the possession of such Bank from time to time to assignees and participants (including prospective assignees and participants); provided that such Bank shall require any such prospective assignee or such participant (prospective or otherwise) to agree in writing to maintain the confidentiality of such information in accordance with Section 12.14 hereof. There shall be no limit on the number of assignments or participations that may be granted by any Bank. Notwithstanding anything contained herein to the contrary each Bank shall be permitted, without the prior consent of the Borrower and without being subject to the above-referenced right of first refusal, to assign all or part of its Revolving Credit Commitment hereunder to any Federal Reserve Bank in connection with any collateral assignment thereto in the ordinary course of any such Bank's business or assign or participate all or part of its Revolving Credit Commitment hereunder to any Affiliate of such Bank.

Section 12.6. Notices.

Unless the party to be notified otherwise notifies the other party in writing as provided in this Section, and except as otherwise provided in this Agreement, notices shall be given to the Borrower by certified or registered mail or by recognized overnight delivery services to such party at its address on the signature page of this Agreement, and in any such case, any such notice shall be accompanied by notice by telecopy. Initially, notice shall be delivered to each party hereto at the addresses set forth on the signature page hereof. Notices shall be effective: (a) if given by registered or certified mail, 72 hours after deposit in the mails with postage prepaid, addressed as aforesaid; or (b) if given by recognized overnight delivery service, on the Banking Day following deposit with such service addressed as aforesaid; or (c) if given by telecopy, when the telecopy is transmitted to the telecopy number as aforesaid and confirmed with a confirmation receipt.

Section 12.7. Setoff.

The Borrower agrees that, in addition to (and without limitation of) any right of setoff, banker's lien or counterclaim a Bank may otherwise have, each Bank shall be entitled, at its option without any prior notice to the Borrower (any such notice being expressly waived by the Borrower to the extent permitted by applicable law), to offset balances (general or special, time or demand, provisional or final) held by it for the account of the Borrower at any of such Bank's offices, in Dollars or in any other currency, against any amount payable by the Borrower to such Bank under this Agreement or such Bank's Note which is not paid when due (regardless of whether such balances are then due to the Borrower), in which case it shall promptly notify the Borrower thereof; provided that such Bank's failure to give such notice shall not affect the validity thereof. Payments by the Borrower thereof hereunder shall be made without setoff or counterclaim. Each Bank agrees that if it shall, through the exercise of a right of banker's lien, set-off, counterclaim or otherwise, obtain any payments from the Borrower or any of the Guarantors, all such payments shall first be applied to the repayment of the outstanding Obligations, and such Bank will (a) be

deemed to have simultaneously purchased from the other Banks a share in the Obligations held by such Banks so that the amount of the Obligations held by each of the Banks shall be on a pro rata basis (provided, however, that for purposes of this Section, the term "pro-rata" will be determined with respect to each Bank's Commitment Proportion of outstanding Obligations after subtraction in each case of amounts, if any, by which any such Bank has not funded an amount equal to its Commitment Proportion of outstanding Obligations) and (b) make such disposition and arrangements with the other Banks with respect to such payments, either by way of distribution, pro tanto assignment of claims, subrogation or otherwise as shall result in each Bank receiving in respect of such payments its Commitment Proportion thereof as contemplated hereby. If all or any portion of any of the payments referenced above is thereafter recovered from the Bank which received the same, the purchase provided in this Section shall be rescinded to the extent of such recovery, without interest. The Borrower and the Guarantors expressly consent to the foregoing arrangements and agree that each Bank so purchasing a portion of the other Banks' Obligations may exercise all rights of payment with respect to such portion as fully as if such Bank were the direct holder of such portion.

Section 12.8. Jurisdiction; Immunities.

(A) THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY NEW YORK STATE OR UNITED STATES FEDERAL COURT SITTING IN NEW YORK OR SUFFOLK COUNTIES OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE NOTES, AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR FEDERAL COURT. THE BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING (BY CERTIFIED OR REGISTERED MAIL) OF COPIES OF SUCH PROCESS TO THE BORROWER AT THE ADDRESS SPECIFIED IN SECTION 12.6. THE BORROWER AGREES THAT A FINAL JUDGMENT (INCLUDING ANY APPLICABLE APPEALS) IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. THE BORROWER FURTHER WAIVES ANY OBJECTION TO VENUE IN SUCH STATE AND ANY OBJECTION TO AN ACTION OR PROCEEDING IN SUCH STATE ON THE BASIS OF FORUM NON CONVENIENS. THE BORROWER FURTHER AGREES THAT ANY ACTION OR PROCEEDING BROUGHT AGAINST ANY BANK SHALL BE BROUGHT ONLY IN NEW YORK STATE OR UNITED STATES FEDERAL COURT SITTING IN NEW YORK OR SUFFOLK COUNTIES. EACH OF THE BANKS AND THE BORROWER WAIVE ANY RIGHT THEY MAY HAVE TO JURY TRIAL WITH RESPECT TO THIS AGREEMENT AND THE OTHER FACILITY DOCUMENTS.

(B) NOTHING IN THIS SECTION 12.8 SHALL AFFECT THE RIGHT OF ANY BANK TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF ANY BANK TO BRING ANY ACTION OR PROCEEDING AGAINST THE BORROWER, OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTIONS.

(C) TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER FROM SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION, EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, IT HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE NOTES.

Section 12.9. Table of Contents; Headings.

Any table of contents and the headings and captions hereunder are for convenience only and shall not affect the interpretation or construction of this Agreement.

Section 12.10. Severability.

The provisions of this Agreement are intended to be severable. If for any reason any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 12.11. Counterparts.

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing any such counterpart.

Section 12.12. Integration.

The Facility Documents set forth the entire agreement among the parties hereto relating to the transactions contemplated thereby and supersede any prior oral or written statements or agreements with respect to such transactions.

Section 12.13. Governing Law.

This Agreement shall be governed by, and interpreted and construed in accordance with, the law of the State of New York.

Section 12.14. Confidentiality.

Each of the Banks agrees that it will use all reasonable best efforts not to disclose without the prior consent of the Borrower (other than to affiliates of such Banks and their respective directors, employees, auditors, counsel or other professional advisors) any confidential information with respect to the Borrower or any of its Subsidiaries which is furnished by the Borrower;

provided that upon notice to the Borrower any Bank may disclose any such information (a) that is or has become generally available to the public; (b) as may be required or appropriate (x) in any report, statement or testimony submitted to any municipal, state or Federal or other governmental regulatory body having or claiming to have jurisdiction over such Bank or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors or (y) in connection with any request or requirement of any such regulatory body; (c) as may be required or appropriate in response to any summons or subpoena or in connection with any litigation; (d) to comply with any law, order, regulation or ruling applicable to such Bank; and (e) to any prospective transferee in connection with any contemplated transfer of any of the Notes or any interest therein by such Bank; provided that such prospective transferee agrees to be bound by this Section 12.14 to the same extent as such Bank.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

HENRY SCHEIN, INC.

By:_____
Name: H. Bradley Seidensticker
Title:Treasurer

Address for Notice 135 Duryea Road
Melville, New York 11747
Attn: Chairman of the Board
cc: General Counsel and Chief Financial Officer

Telephone No.: (516) 843-5963
Telefax No.: (516) 843-5784

AGENT:

THE CHASE MANHATTAN BANK

By:

Name: Emelia K. Teige
Title: Vice President

Lending Office and Address for Notices:

The Chase Manhattan Bank
Agent Bank Services
140 E. 45th Street, 29th Floor
New York, New York 10017
Attn.: Sandra Miklave
Vice President

Telephone No.: (212) 622-0005
Telefax No.: (212) 622-0002

Letters of Credit
Issuing Agent
The Chase Manhattan Bank
55 Water Street, 17th Floor
New York, New York 10041
Attention: Indirah Toovey
Telephone: (212) 638-1842
Telefax: (212) 638-8200

BANKS:

THE CHASE MANHATTAN BANK

By:

Name: Emelia Teige
Title: Vice President
Telephone: (516) 755-5046
Telefax: (516) 755-5103

Lending Office and Address for Notices:

The Chase Manhattan Bank
395 North Service Road
Melville, New York 11747
Attention: Emelia Teige
Vice President
Telephone No.: (516) 755-5046
Telefax No.: (516) 755-5103

FLEET BANK, NATIONAL ASSOCIATION

By:

Name: Thomas J. Dionian, Esq.
Title: Vice President

Lending Office and Address for Notices:
Fleet Bank, National Association
300 Broad Hollow Road
Melville, New York 11747
Attention: Thomas J. Dionian, Esq.
Vice President
Telephone No.: (516) 547-7770
Telefax No.: (516) 547-7815

COOPERATIEVE CENTRALE RAIFFEISEN-
BOERENLEENBANK, B.A. "RABOBANK NEDERLAND",
NEW YORK BRANCH

By:

Name:

Title:

By:

Name:

Title:

Lending Office and Address for Notices
Cooperatieve Centrale Raiffeisen-
Boerenleenbank, B.A. "Rabobank Nederland",
New York Branch
245 Park Avenue
16th Floor
New York, NY 10167
Attention: Christina Debler
Vice President
Telephone No.: (212) 916-7967
Telefax No.: (212) 916-7837

EUROPEAN AMERICAN BANK

By:

Name: Gerard Baccaglini
Title: Vice President

Lending Office and Address for Notices:
European American Bank
EAB Plaza
Uniondale, New York 11555
Attention: Gerard Baccaglini
Vice President
Telephone No.: (516) 296-5546
Telefax No.:(516) 295-5550

FOR THE PURPOSES OF THE REPRESENTATIONS SET FORTH IN ARTICLE 6:

ZAHN HOLDINGS, INC.

By:

Name: H. Bradley Seidensticker
Title: Treasurer

ZAHN DENTAL CO., INC.

By:

Name: H. Bradley Seidensticker
Title: Treasurer

ZAHN DENTAL (FLORIDA), INC.

By:

Name: H. Bradley Seidensticker
Title: Treasurer

TRI-STATE MEDICAL SUPPLY, INC.

By:

Name: H. Bradley Seidensticker
Title: Treasurer

SCHEIN DENTAL EQUIPMENT CORP.

By:

Name: H. Bradley Seidensticker
Title: Treasurer

SSN HEALTHCARE SUPPLY, INC.

By:

Name: H. Bradley Seidensticker
Title: Treasurer

ROCKFORD DENTAL MFG. CO.

By:

Name: H. Bradley Seidensticker
Title: Treasurer

Exhibit 10.91

OPTION AND PROXY AGREEMENT

OPTION AND PROXY AGREEMENT dated as of March 7, 1997, by and among Henry Schein, Inc., a Delaware corporation ("Parent"), and the persons listed on Schedule A hereto (collectively, the "Shareholders" and each a "Shareholder"), each a shareholder of Micro Bio-Medics, Inc. a New York corporation (the "Company"), as revised.

Contemporaneously with the execution of this Agreement, the Company, Parent and HSI Acquisition Corp., a New York corporation and wholly-owned subsidiary of Parent ("Sub"), are entering into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which it is contemplated that Sub will be merged with and into the Company (the "Merger") and the holders of the Company's Common Stock, par value $.03 per share (the "Company Common Stock"), will be entitled to receive shares of Parent's Common Stock, par value $.01 per share ("Parent Common Stock"), for such shares of Company Common Stock.

Parent, as a condition to its willingness to enter into the Merger Agreement, has required the Shareholders to grant Parent an option and an irrevocable proxy with respect to all of the shares of Company Common Stock owned by the Shareholders (except as expressly noted below), together with any additional shares of Company Common Stock hereafter acquired by the Shareholders (pursuant to Section 10, by exercise of options or warrants, by conversion of debentures or otherwise and including any Additional Shares (as defined below) acquired by such Shareholder) (such specified number of shares, and any additional shares when and if acquired, being referred to as the "Shares") on the terms and conditions hereinafter set forth.

The parties hereto agree as follows:

1. Grant of Option.

(a) Each Shareholder hereby grants to Parent an option (collectively, the "Options") to purchase all but not less than all of that Shareholder's Shares (exclusive of those Shares beneficially owned by Deane Reade that are currently held in pension plans and approximately 20,000 shares currently held in Deane Reade margin accounts subject to the terms thereof (the "Excluded Reade Shares"). Except as otherwise provided in Section 1(b), the consideration for the purchase of such Shareholder's Shares shall be the issuance to such Shareholder of the number of shares of Parent Common Stock that such Shareholder would have been entitled to receive by virtue of the Merger had the Effective Time (as defined in the Merger Agreement) occurred at the time of the exercise of the Options.

(b) Each Shareholder hereby agrees to exercise all options, warrants or other rights to acquire any Shares, and to convert or exchange any securities or other rights that are convertible into or exchangeable for Shares, whether now owned or hereafter acquired by

such Shareholder (collectively, "Rights"), in connection with any exercise by Parent of the Options in order to permit the acquisition by Parent of the Shares receivable upon such exercise, conversion or exchange (the "Additional Shares") pursuant to the exercise of the Options. To the extent that a Shareholder is obligated to pay any consideration in connection with the exercise, conversion or exchange of such Shareholder's Rights (the "Rights Consideration"), such Rights Consideration shall be paid in such form as is permitted under the Rights as Parent shall direct. If payment of the Rights Consideration is to be made in cash, Parent shall fund such payment; if payment of a Shareholder's Rights Consideration may be made by delivery of shares of Company Common Stock, at Parent's direction such Shareholder shall deliver that number of shares owned by him or her in payment (or partial payment, as the case may be) of the Rights. If any Right is to be exercised by means of a "cashless exercise," the Shareholder exercising such Right shall cause the net number of shares from such cashless exercise to be issued and delivered to Parent. In the event that Parent funds any Rights Consideration payment on behalf of any Shareholder (i) the number of shares of Parent Common Stock to be issued by Parent in respect of the Additional Shares that were acquired pursuant to the payment of such Rights Consideration shall be reduced by that number of shares (rounded to the nearest whole share) as is equal to the quotient obtained by dividing the aggregate amount of Rights Consideration so paid by Parent by the closing sales price of the Parent Common Stock on the last trading date prior to the exercise of the Options; and (ii) if the funding of the Rights Consideration payment on behalf of such Shareholder subjects such Shareholder to income tax in respect of such payment, the Parent shall pay to such Shareholder the amount of such income tax, provided such Shareholder shall cooperate with Parent (at Parent's expense) in disputing the imposition of such income tax; and provided further, that if Parent determines in good faith that there is a basis for disputing all or any amount of the income tax imposed, Parent shall be entitled to direct any such dispute, but shall indemnify the Executive against any additional income tax for which he or she may become liable as a result.

(c) Each Shareholder agrees not to acquire any Right that provides, whether contingent or otherwise, for any reduction in the amount of the Rights Consideration payable upon the exercise, conversion or exchange of such Right, whether or not such reduction is contingent or fixed as to occurrence or amount, and shall immediately decline in writing any such Right that may be granted to him or her.

2. Exercise of Option. The Options, in each case, shall be exercisable, in whole, but not in part, by Parent as follows:

(a) If the Merger Agreement is terminated by Parent pursuant to Sections 9.1(d)(iii), 9.1(d)(iv) or 9.1(d)(v) of the Merger Agreement, or by the Company pursuant to Section 9.1(e)(iii) of the Merger Agreement, then Parent may exercise the Options at any time during the six month period beginning on the date of such termination, provided, however, that if the Company is the terminating party, Parent's right to exercise the Options shall commence on the earlier of Parent's receipt of notice of such termination and such time as knowledge of such termination becomes publicly available.

(b) If (i) the Merger Agreement is terminated by Parent pursuant to Sections 9.1(d)(i), 9.1(d)(ii) or 9.1(f) of the Merger Agreement, or by either Parent or the Company pursuant to Section 9.1(b), and the Company (or any of its Subsidiaries shall have, directly or indirectly, entered into a definitive agreement for, or shall have consummated, an Acquisition Transaction, as that term is defined in the Merger Agreement, within one year of such termination, then Parent may exercise the Options during the period beginning on the earlier of the date on which Parent first receives notice of the occurrence of the event triggering HSI's right to exercise the Options and the date on which such event becomes publicly known and (except as otherwise provided below) ending on the date three business days after the date that the Acquisition Transaction (or any successive Acquisition Transaction or any other Acquisition Transaction made in response thereto) occurs.

At any time when Parent wishes to exercise the Options, Parent shall give written notice (the "Notice") to the Shareholders specifying a place and a date not less than two nor more than 20 business days from the date of the Notice for the closing of such purchase (the "Closing"); provided, however, that such date may be extended to the extent necessary to comply with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and applicable regulations thereunder. The date on which the Parent gives the Notice shall be deemed to be the date on which the Options are exercised. Each Shareholder agrees to the use his or her reasonable best efforts (subject to any applicable fiduciary duties) to give Parent at least five business days prior written notice of the occurrence of any event triggering Parent's right to exercise the Options.

3. Payment and delivery of Certificate(s). At the Closing hereunder:

(a) Parent will deliver to the Shareholders the shares of Parent Common Stock to be issued in consideration for the Shares being purchased upon exercise of the Options as provided in Section 1; and

(b) the Shareholders will deliver to Parent against receipt of the shares of Parent Common Stock as provided in Section 3(a), a certificate or certificates representing the number of Shares so purchased by Parent duly endorsed or with executed blank stock powers attached, in either event with signature guaranteed such that registered ownership of the Shares may be registered for transfer on the books of the Company.

4. Irrevocable Proxy. Each Shareholder hereby irrevocably constitutes and appoints Parent or any designee of Parent the lawful agent, attorney and proxy of such Shareholder during the term of this Agreement, to vote all of his, her or its Shares (excluding the Excluded Reade Shares") and Additional Shares and, in the case of Bruce Haber, all shares of Company Common Stock owned by Andrew D. Stone that he has an irrevocable proxy to vote (the "Stone Shares") at any meeting or in connection with any written consent of the Company's shareholders (a) in favor of the Merger, (b) in favor of the Merger Agreement, as such may be modified or amended from time to time, (c) against any Acquisition Transaction (other than the Merger) or other merger, sale, or other business combination between the Company and any

other person or entity or any other action which would make it impractical for Parent to effect a merger or other business combination of the Company with Parent or Sub, and (d) against any other action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or which would result in any of the Company's obligations under the Merger Agreement not being fulfilled. This proxy shall not authorize Parent to vote the Shares or the Stone Shares on any matters other than those specified above which may be presented to the Company's shareholders at any meeting or in connection with any written consent of the Company's shareholders. This power of attorney is irrevocable, is granted in consideration of Parent entering into the Merger Agreement and is coupled with an interest sufficient in law to support an irrevocable power. This appointment shall revoke all prior attorneys and proxies appointed by any Shareholder at any time with respect to the Shares or the Stone Shares and the matters set forth in clauses (a) through (d) above and no subsequent attorneys or proxies will be appointed by such Shareholder, or be effective, with respect thereto.

5. Representations and Warranties of the Shareholders. Each Shareholder represents and warrants to Parent as follows:

(a) Ownership of Shares and Rights. That Shareholder is the sole beneficial owner of the number of Rights set forth as being granted to that Shareholder on Schedule A. The Rights set forth opposite that Shareholder's name on Schedule A constitute all the Rights owned beneficially or of record by that Shareholder. The Shares owned by that Shareholder are validly issued, fully paid and nonassessable and such Shares (excluding the Excluded Reade Shares) and/or the Rights set forth opposite that Shareholder's name on Schedule A, are held by that Shareholder, or by a nominee or custodian for the benefit of that Shareholder, free and clear of all liens, claims, security interests, agreements and other encumbrances, except for encumbrances arising under this Agreement.

(b) Power; Binding Agreement. That Shareholder has the legal capacity to enter into and perform all of that Shareholder's obligations under this Agreement. The execution, delivery and performance of this Agreement by that Shareholder will not violate any other agreement to which that Shareholder is a party, including, without limitation, any voting agreement, shareholders agreement or voting trust. This Agreement has been duly and validly executed and delivered by that Shareholder and constitutes a valid and binding obligation of that Shareholder, enforceable against that Shareholder in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject to general principles of equity. If that Shareholder is married and that Shareholder's Shares constitute community property, this Agreement has been duly authorized, executed and delivered by, and constitutes a valid and binding obligation of, that Shareholder's spouse, enforceable against that spouse in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject to general principles of equity.

(c) Consents and Approvals; No Violation. Neither the execution and delivery of this Agreement by that Shareholder nor the consummation of the transactions contemplated by this Agreement will: (i) require any consent, approval, authorization or permit of, or filing with or notification to, any person or entity or any governmental or regulatory authority, except in connection with the HSR Act or pursuant to the Securities Exchange Act of 1934; (ii) conflict with, result in a breach of, or result in a default (or give rise to a right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, license, agreement or other instrument or obligation to which that Shareholder is a party or by which that Shareholder or any of that Shareholder's assets may be bound; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to that Shareholder or by which any of that Shareholder's assets are bound.

(d) Brokers. No broker, finder or other investment banker is entitled to any broker's, finder's or other similar fee or commission in connection with this Agreement or the transactions contemplated by this Agreement based upon agreements made by or on behalf of that Shareholder.

6. Representations and Warranties of Parent. Parent represents and warrants to each Shareholder that:

(a) Power; Binding Agreement. Parent has the corporate power and authority to enter into and perform all its obligations under this Agreement. The execution, delivery and performance of this Agreement by Parent will not violate any other agreement to which Parent is a party. This Agreement has been duly and validly authorized, executed and delivered by Parent and constitutes a valid and binding obligation of Parent, enforceable against Parent in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject to general principles of equity.

(b) Consents and Approvals; No Violation. Neither the execution and delivery of this Agreement by Parent nor the consummation by Parent of the transactions contemplated by this Agreement will: (i) require any consent, approval, authorization or permit of, or filing with or notification to, any person or entity or any governmental or regulatory authority, except in connection with the HSR Act or pursuant to the Securities Exchange Act of 1934; (ii) conflict with, result in a breach of, or result in a default (or give rise to a right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, license, agreement or other instrument or obligation to which Parent is a party or by which Parent or any of its assets may be bound; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Parent or by which any of its assets are bound.

(c) Brokers. No broker, finder or other investment banker is entitled to any broker's, finder's or other similar fee or commission in connection with this Agreement or the transactions contemplated by this Agreement based upon agreements made by or on behalf of Parent.

7. Additional Covenants of the Shareholders. Each Shareholder hereby covenants and agrees that:

(a) that Shareholder will not enter into any transaction, take any action, or by inaction permit any event to occur that would (i) result in any of the representations or warranties of such Shareholder herein contained not being true and correct at and as of the time immediately after the occurrence of such transaction, action or event; or (ii) have the effect of preventing or disabling that Shareholder from performing that Shareholder's obligations under this Agreement;

(b) that Shareholder will not grant any proxies or powers of attorney with respect to any Shares, deposit any Shares into a voting trust or enter into a voting agreement with respect to such Shares; provided, however, that the Shareholders may grant proxies to third parties provided that such proxies are expressly made subject to the terms of this Agreement;

(c) until the termination of this Agreement, such Shareholder will at all times use his, her or its best efforts in his, her or its capacity as a shareholder of the Company to prevent the Company from taking any action in violation of the Merger Agreement;

(d) from and after the date hereof until the termination of this Agreement, other than under the circumstances contemplated by Section 10 hereof, the Shares will not be sold, transferred, pledged, hypothecated, transferred by gift, or otherwise disposed of in any manner whatsoever without notifying Parent in advance and obtaining and delivering to Parent any evidence that Parent may reasonably request to evidence the transferee's agreement to be bound by this Agreement; provided, however, that in the event of such Shareholder's death during the term of this Agreement, the Shares and Rights may be transferred in accordance with the Shareholder's last will and testament, or if none, in accordance with the applicable laws of intestate succession, in either of which cases, the Shares shall remain subject in all respects to the terms of this Agreement; and

(e) the Shareholder will execute and deliver any additional documents reasonably necessary or desirable, in the opinion of Parent's or the Company's counsel, to evidence the irrevocable proxy granted in Section 4 with respect to the Shares or otherwise implement and effect the provisions of this Agreement.

8. No Solicitation. No Shareholder shall, in that Shareholder's capacity as such, directly or indirectly, (a) solicit, initiate, facilitate or encourage (including by way of furnishing or disclosing non-public information) any inquiries or the making of any proposal with respect to any Acquisition Transaction, (b) negotiate, explore or otherwise engage in discussion with any person (other than Parent and its representatives) with respect to any Acquisition Transaction, (c) agree to or endorse an Acquisition Transaction with any person (other than Parent or Sub) or any agreement, arrangement or understanding with respect to any such Acquisition Transaction or which would require the Company to abandon, terminate or fail to consummate the Merger or any other transaction contemplated by this Agreement, or (d)

authorize or permit any person or entity acting on behalf of that Shareholder to do any of the foregoing. If any Shareholder receives any inquiry or proposal regarding any Acquisition Transaction, that Shareholder shall promptly inform Parent of that inquiry or proposal.

9. Legending of Certificates; Nominee Shares. Each Shareholder agrees to submit to Parent contemporaneously with or promptly following execution of this Agreement (or promptly following receipt of any additional certificates representing any additional Shares) all certificates representing the Shares so that Parent may note thereon a legend referring to the option and proxy granted to it by this Agreement. If any of the Shares beneficially owned by a Shareholder are held of record by a brokerage firm in "street name" or in the name of any other nominee (a "Nominee," and, as to such Shares, "Nominee Shares"), the Shareholder agrees that, upon written notice by Parent requesting it, such Shareholder will within five days of the giving of such notice execute and deliver to Parent a limited power of attorney in such form as shall be reasonably satisfactory to Parent enabling Parent to require the Nominee to grant to Parent an option and irrevocable proxy to the same effect as Sections 1, 2 and 4 hereof with respect to the Nominee Shares held by such Nominee and to submit to Parent the certificates representing such Nominee Shares for notation of the above-referenced legend thereon.

10. Adjustments to Prevent Dilution, Etc. In the event of a stock dividend or distribution, or any change in Company Common Stock by reason of any stock dividend, split-up, recapitalization, combination, exchange of shares or the like, the term "Shares" shall be deemed to refer to and include the Shares as well as all such stock dividends and distributions and any shares into which or for which any or all of the Shares may be changed or exchanged.

11. Shareholder Capacity. No person executing this Agreement who is or becomes during the term of this Agreement a director of the Company makes any agreement in his or her capacity as a director. Each Shareholder is executing and delivering this Agreement solely in that Shareholder's capacity as the record and beneficial owner of that Shareholder's Shares. Notwithstanding anything to the contrary in this Agreement, no action or inaction by a Shareholder in his capacity as a director, officer, or employee of the Company shall be deemed to contravene Section 8, as long as the action or inaction does not contravene Section 7.2 of the Merger Agreement.

12. Termination. This Agreement shall terminate on the earlier of (i) the Effective Time of the Merger, (ii) the termination of the last period of time during which Parent could have exercised the Options pursuant to Section 2; provided, however, that the appointment of Parent or any designee of Parent as agent, attorney and proxy pursuant to Section 4 hereof, and any proxy or other instrument executed pursuant thereto, shall in any event automatically terminate upon the termination of the Merger Agreement. Notwithstanding the foregoing, in the event that Parent is at any time prohibited from exercising the Options as a result of any actions by the Federal Trade Commission or the Department of Justice in connection with the HSR Act, then this Agreement shall not terminate until (i) the earlier of 30 days from the date such prohibition is removed by the Federal Trade Commission or the Department of Justice, or (ii) six months after the date Parent's right to exercise the Options would otherwise have terminated.

13. Miscellaneous.

(a) No Waiver. The failure of any party to exercise any right, power or remedy under this Agreement or otherwise available in respect of this Agreement at law or in equity, or to insist upon compliance by any other party with that party's obligations under this Agreement, shall not constitute a waiver of any right to exercise any such or other right, power or remedy or to demand such compliance.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be delivered personally or by next-day courier or telecopied with confirmation of receipt, to the parties at the addresses specified below (or at such other address for a party as shall be specified by like notice; provided that notices of a change of address shall be effective only upon receipt thereof). Any such notice shall be effective upon receipt, if personally delivered or telecopied, or one day after delivery to a courier for next-day delivery.

(i) If to Parent, to:

Henry Schein, Inc.
135 Duryea Road
Melville, New York 11747
Attn: Mark E. Mlotek, Esq.

with a copy to:

Proskauer Rose Goetz & Mendelsohn LLP
1585 Broadway
New York, New York 10036
Attention: Robert A. Cantone, Esq.

(ii) if to a Shareholder, to:

c/o Bruce J. Haber
Micro Bio-Medics, Inc.
846 Pelham Manor
New York, NY 10803

with a copy to:

Otterbourg, Steindler, Houston & Rosen
230 Park Avenue
New York, New York 10169
Fax: (212) 682-6104
Attention: Donald N. Gellert, Esq.

(c) Descriptive Headings; Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect in way the meaning or interpretation of this Agreement. References in this Agreement to Sections and Schedules mean a Section or Schedule of this Agreement unless otherwise indicated. The terms "beneficially own" and "beneficial owner" with respect to any securities shall have the same meaning as in, and shall be determined in accordance with, Rule 13d-3 under the Securities Exchange Act of 1934.

(d) Entire Agreement; Assignment. This Agreement (including the schedule and other documents and instruments referred to herein), together with the Merger Agreement, constitute the entire agreement and supersede all other prior agreements and understandings, both written and oral, among the parties or any of them, with respect to the subject matter hereof. Except as otherwise expressly provided herein, this Agreement is not intended to confer upon any person not a party hereto any rights or remedies hereunder. Except as otherwise expressly provided herein, this Agreement shall not be assigned by operation of law or otherwise; provided that Parent or Sub may assign its rights and obligations hereunder to a direct or indirect subsidiary of Parent, but no such assignment shall relieve Parent or Sub, as the case may be, of its obligations hereunder.

(e) Liability After Transfer. Each Shareholder agrees that, notwithstanding any transfer of that Shareholder's Shares in accordance with Section 7(d), that Shareholder shall remain liable for his or her performance of all obligations under this Agreement.

(f) Injunctive Relief; Remedies Cumulative.

(i) Parent, on the one hand, and the Shareholders, on the other hand, acknowledge that the other party will be irreparably harmed and that there will be no

adequate remedy at law for a violation of any of the covenants or agreements of such party that are contained in this Agreement. It is accordingly agreed that, in addition to any other remedies that may be available to the non-breaching party upon the breach by any other party of such covenants and agreements, the non-breaching party shall have the right to obtain injunctive relief to restrain any breach or threatened breach of such covenants or agreements or otherwise to obtain specific performance of any of such covenants or agreements.

(ii) No remedy conferred upon or reserved to any party herein is intended to be exclusive of any other remedy and every remedy shall be cumulative and in addition to every other remedy herein or now or hereafter existing at law, in equity or by statute.

(g) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the provisions thereof relating to conflicts of laws.

(h) Effect of Partial Invalidity. Whenever possible, each provision of this Agreement shall be construed in such a manner as to be effective and valid under applicable law. If any provision of this Agreement or the application thereof to any party or circumstance shall be prohibited by or invalid under applicable law, such provisions shall be ineffective to the extent of such prohibition without invalidating the remainder of such provision or any other provisions of this Agreement or the application of such provision to the other party or other circumstances.

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties as of the date first above written.

THE SHAREHOLDERS:

BRUCE J. HABER

MARVIN S. CALIGOR

RENEE STEINBERG

K. DEANE READE, Jr.

HENRY SCHEIN, INC.

By:

Authorized Officer

Exhibit 10.92

EMPLOYMENT AGREEMENT

AGREEMENT dated March 7, 1997, between BRUCE J. HABER (the "Executive") and HENRY SCHEIN, INC., a Delaware corporation (the "Company").

The Executive is presently the President and Chief Executive Officer of Micro Bio- Medics, Inc. ("MBM").

The Company and MBM are parties to an Agreement and Plan of Merger dated the date hereof (the "Merger Agreement"), pursuant to which it is contemplated that HSI Acquisition Corp., a wholly-owned subsidiary of the Company, will be merged with and into MBM.

The Company desires to employ the Executive, and the Executive desires to be employed by the Company, at the Effective Time, as that term is defined in the Merger Agreement. Accordingly, the parties hereto are entering into this Agreement to set forth and confirm their respective rights and obligations with respect to the Executive's employment by the Company commencing as of the Effective Time.

The parties agree as follows:

1. Employment. The Company shall employ the Executive, as of the Effective Time, as Executive Vice President of the Company and President of the Company's medical products group and the Executive shall accept such employment and serve as such, subject to and upon the terms and conditions set forth in this Agreement; provided, however, that this Agreement shall terminate and be of no further force or effect if the Executive shall have died or, in the reasonable judgment of the Company, become disabled (as that term is used in Section 7(a)(i)(A) hereof), or his employment by MBM shall have been terminated for cause (as that term is defined in Section 7(a)(i)(B) hereof), in any such case, prior to the Effective Time. At the Effective Time, the Executive's Employment Agreement with MBM dated February 11, 1992 (the "MBM Agreement"), as amended, shall terminate and be of no further force or effect.

2. Duties and Authority.

(a) At all times during his employment with the Company, the Executive shall, subject to the direction and control of the Boards of Directors of the Company and MBM and the Chief Executive Officer of the Company, perform such executive duties and functions as he may be called upon by such Boards or such Chief Executive Officer to perform, consistent with his employment hereunder as Executive Vice President of the Company and President of the Company's medical products group. As President of the Company's medical products group, the Executive shall have the authority customarily vested in the chief executive officer of an operating division, including with respect to such division, day to day authority with respect to, among other matters, purchasing, pricing, sales and the hiring, compensating and discharging of employees, all subject

to the overall authority of the Boards of Directors of the Company and MBM and the Chief Executive Officer of the Company.

(b) The Executive shall devote his full business time and effort to the performance of his duties hereunder; and, to the extent requested by the Board of Directors of the Company or MBM or the Chief Executive Officer of the Company, render such executive services for any other subsidiary or affiliated business of the Company, provided such other subsidiaries or affiliated businesses are engaged principally in sales of medical supplies and equipment; and provided, further, that nothing herein contained shall prevent the Executive from managing his personal investments and participating in charitable and civic endeavors so long as such activities do not materially interfere with the Employee's performance of his duties hereunder.

3. Compensation.

(a) The Company shall pay to the Executive for all services to be rendered by him pursuant to this Agreement a base salary at the annual rate of Four Hundred Thousand Dollars ($400,000), payable in accordance with the Company's practices (which, for purposes of this Agreement, means the practices of the Company with respect to its most senior executives as in effect from time to time). Such salary shall be increased each year by an amount determined in good faith by the Board of Directors of the Company, which amount shall be no less than the percentage increase in the cost of living over the preceding year, as determined in accordance with the Company's practices.

(b) The Executive shall be entitled to a bonus in respect of each fiscal year of the Company during which he is employed hereunder, payable no later than 90 days after the end of each year for which such bonus is payable, in an amount determined in accordance with Exhibit A; provided however, that if the Effective Time occurs after November 30, 1997, in lieu of a bonus calculated pursuant to Exhibit A, the bonus payable hereunder with respect to HSI's fiscal 1997 shall be the amount that would have been payable to the Executive pursuant to Section III(B) of the MBM Agreement with respect to the twelve months ended November 30, 1997.

(c) At the Effective Time, the Executive shall be granted (i) options to purchase shares of common stock, par value $.01 per share ("Common Stock"), of the Company in accordance with the stock option agreement attached hereto as Exhibit B (the "Option Agreement"); and (ii) restricted Common Stock pursuant to the terms of a Restricted Stock Agreement to be executed and delivered by the Company and the Executive in the form attached hereto as Exhibit D.

(d) If the performance targets set forth in Exhibit A hereto are met in respect of a fiscal year of the Company during which he is employed hereunder, the Executive shall be entitled to additional grants of options to purchase Common Stock as set forth and in accordance with the form of Option Agreement, such options to be issuable no later than 90 days after the end of each year from which such options are issuable.

4. Working Conditions and Benefits. While employed by the Company hereunder:

(a) The Executive shall be entitled to four (4) weeks of paid vacation per year, sick leave, and personal time, all in accordance with the Company's practices.

(b) The Executive shall be authorized to incur reasonable and necessary expenses for promoting the business of the Company, including expenses for entertainment, travel and similar items, all in accordance with the Company's practices. The Company shall reimburse the Executive for all such expenses, promptly upon presentation by the Executive of an itemized account of such authorized expenditures in accordance with the Company's practices with respect to expense reimbursement.

(c) The Executive shall be employed by the Company at such executive offices of the Company in New York City, Long Island and Westchester County, as may be determined by the Company from time to time and at no other location without the consent of the Executive, such consent not to be unreasonably withheld. The Executive shall travel on the Company's behalf within and outside such area to the extent necessary to perform his duties hereunder.

(d) The Company shall provide to the Executive a car allowance sufficient to provide the Executive with a Mercedes 400S model automobile, or comparable automobile, for business use, and shall pay for all other expenses incurred in connection with such use in accordance with the Company's practices with respect to car expense reimbursement.

(e) The Company shall provide the Executive with term life insurance in an amount equal to twice his annual rate of salary from time to time, payable to the Executive's designee as beneficiary. The Executive hereby represents and warrants to the Company that he is not aware of any reason he would be denied life insurance coverage at prevailing rates for healthy non-smokers of the Executive's age. The Executive shall submit to such medical examinations and take such other actions as shall be reasonably necessary for the Company to provide such life insurance coverage.

(f) The Company shall provide to the Executive to the full extent provided for under the laws of the Company's state of incorporation and the Company's Certificate of Incorporation and Bylaws, indemnification for any claim or lawsuit which may be asserted against the Executive when acting in such capacity for the Company and/or any subsidiary or affiliated business of a type referred to in Section 2 hereof, provided that said indemnification is not in violation of any Federal or state law, rule or regulation. The Company shall use reasonable best efforts to include the executive as an insured under all applicable directors' and officers liability insurance policies maintained by the Company, and any other subsidiary or affiliated business of a type referred to in Section 2 hereof and shall include him to the same extent as other senior executives of the Company are included.

5. Other Benefits. While employed by the Company hereunder:

(a) The Executive shall be entitled to participate in all benefit, welfare and perquisite plans, policies and programs, in accordance with the terms thereof, as are generally provided from time to time by the Company for its senior executive officers and for which the Executive is eligible pursuant to the terms of such plans, policies and programs, including, without limitation, the plans and programs listed on Exhibit C.

(b) The Company shall use its reasonable best efforts to cause the Executive to be nominated for election to the Company's and MBM's Board of Directors.

6. Term. The Executive's employment hereunder shall commence at the Effective Time and shall continue until the earlier of (a) the fifth anniversary of the Effective Time, (b) his death, or (c) termination of employment pursuant to Section 7 hereof.

7. Termination; Non-Renewal.

(a) Notwithstanding anything to the contrary herein contained, the Executive's employment shall terminate prior to the fifth anniversary of the Effective Time upon the occurrence of any of the following events:

(i) by notice given by the Company to the Executive, to terminate the Executive's employment as of a date (not earlier than 10 days from such notice) to be specified in such notice if (A) the Executive shall be physically or mentally incapacitated or disabled or otherwise unable fully to discharge his duties hereunder for a period of 180 days, whether or not continuous, in any period of 12 months, or (B) the Executive shall have given the Company cause therefor. For purposes of this Agreement, "cause" shall be limited to (x) action by the Executive involving willful malfeasance having a material adverse effect on the Company, (y) the Executive being convicted of a felony involving theft, fraud or moral turpitude (other than resulting from a traffic violation or like event), or (z) any other action by the Executive constituting a material breach of this Agreement which is not cured within 30 days after notice from the Company thereof;

(ii) by notice given by the Executive to the Company to terminate the Executive's employment as of a date (not earlier than 10 days from such notice) to be specified in such notice if the Company shall have given the Executive good reason therefor. For purposes of this Agreement, "good reason" shall be limited to a material breach by the Company of this Agreement, which breach is not cured within 30 days after notice from the Executive thereof.

(b) Upon the Executive's death or termination of the Executive's employment pursuant to Section 7(a)(i)(A), the Executive (or his estate, as the case may be) shall be entitled to receive only (i) his unpaid salary at the rate provided in Section 3(a) to the date of termination, (ii) any unpaid bonus pursuant to Section 3(b) in respect of the fiscal year of the Company ended prior to the year in which such termination occurs, and (iii) an amount equal to such bonus in respect of such prior fiscal year multiplied by a fraction the numerator of which shall be the number of days

that shall have elapsed from the first day of the fiscal year in which such termination occurs to the date of such termination and the denominator of which shall be 365 (the aggregate amounts referred to in (i), (ii) and (iii) being hereinafter referred to as the "Accrued Obligations"). The Accrued Obligations shall be paid within 30 days of the termination of the Executive's employment.

(c) Upon termination of the Executive's employment hereunder pursuant to Section 7(a)(ii) hereof or by the Company other than pursuant to Section 7(a)(i) hereof, the Executive shall be entitled to receive only (i) the Accrued Obligations, (ii) continuation of the Executive's base salary for a period after the date of such termination equal to the unexpired term of this Agreement but in no event less than eighteen months at the rate in effect at such date of termination, and (iii) during the one-year period following such termination, continuation of the participation of the Executive and his spouse and dependent children, if any, in all health and medical benefit plans, policies and programs in effect from time to time with respect to the most senior executive officers of the Company and their families generally (at the same levels and at the same cost, if any, as provided to such officers generally). Notwithstanding anything to the contrary contained in the preceding clause (iii), if the continued participation of the Executive and such family members thereunder is not possible under the general terms and provisions thereof, the Company shall provide such benefits at such levels to the Executive and such family members either by obtaining other insurance or by self-insuring such amounts, net of any reimbursement any of them shall receive with respect to health and medical costs from insurance other than pursuant to such clause (iii); provided, however, that prior to receiving benefits hereunder from the Company, the Executive and such family members shall first endeavor to obtain reimbursement with respect to health and medical costs from other insurance the Executive and such family members may own, if any, provided that such reimbursement can be obtained without unreasonable effort or expense on the part of the Executive and such family members. The Executive is hereby expressly not required to mitigate damages or seek any other employment; provided, however, that any amounts that the Executive may receive from any other employment or consulting engagement during the one-year period following such termination shall reduce in equal amounts the amounts that the Company otherwise is obligated to pay to the Executive pursuant to clause (ii) of this Section 7(c).

(d) Upon termination of the Executive's employment hereunder pursuant to Section 7(a)(i)(B) hereof or by the Executive other than pursuant to Section 7(a)(ii) hereof, the Executive shall be entitled to receive only (i) his salary at the rate provided in Section 3(a) to the date of such termination, and (ii) any unpaid bonus pursuant to Section 3(b) in respect of the fiscal year of the Company ended prior to the year in which such termination occurs.

(e) If the Company does not offer to extend the term of this Agreement from and after the fifth anniversary of the Effective Time, and the Executive is employed by the Company at such date, the Executive shall be entitled to receive continuation of the Executive's base salary for a period of one year after such fifth anniversary at the rate in effect at such anniversary.

8. Confidentiality and Non-Competition. In view of the unique and valuable services it is expected the Executive will render to the Company, the Executive's knowledge of the customers, trade secrets, and other proprietary information relating to the business of the Company

and its customers and suppliers, and in consideration of the compensation to be received hereunder, the Executive agrees that he will not, during his employment with the Company and (x) for three years thereafter in the case of a termination pursuant to Section 7(a)(i) of this Agreement, (y) for one-half of the unexpired term of this Agreement but not less than one year in case of a termination pursuant to Section 7(a)(ii) of this Agreement or a termination by the Company other than pursuant to Section 7(a)(i) of this Agreement, and (z) for two years in case of a non-renewal pursuant to Section 7(e) of this Agreement: (a) directly or indirectly engage or be interested (whether as owner, partner, lender, consultant, employee, agent, supplier, distributor or otherwise) in any business, activity or enterprise which competes with any aspect of the business conducted by the Company or any of the Company's affiliates (including MBM) at any time prior to termination of his employment with the Company; (b) except on behalf of the Company, directly or indirectly employ or otherwise engage, or offer to employ or otherwise engage, any person who is then (or was at any time within one year prior to the time of such employment, engagement or offer thereof) an employee or sales representative of the Company or any of the Company's affiliates (including MBM); or (c) except on behalf of the Company, solicit any business from any person or entity that has been a customer of the Company or any of the Company's affiliates (including MBM) or directly or indirectly induce or influence any customer, supplier or other person that has a business relationship with the Company or any of the Company's affiliates (including MBM) to discontinue or reduce the extent of such relationship with the Company or any of the Company's affiliates (including MBM); and provided further, that nothing herein contained shall preclude the Executive (i) from holding not more than two (2%) percent of the total outstanding stock of a publicly held company, and (ii) at any time after termination of his employment hereunder, soliciting any business from any person or entity that has been a customer of the Company or any of the Company's affiliates (including MBM), provided such solicitation does not involve the offer of products or services comparable to, or that could be reasonably deemed in substitution for, products or services theretofore offered by the Company or any of the Company's affiliates (including MBM) and (iii) investing in (provided he owns no more than 5% of the outstanding equity) and serving on the board of directors of an entity currently developing software to enable manufacturers of medical products to track rebates. In addition, the Executive shall never use or divulge any trade secrets, customer or supplier lists, pricing information, marketing arrangements or strategies, business plans, internal performance statistics, training manuals or other information concerning the Company or its affil iates that is competitively sensitive or confidential, except on behalf of the Company, and shall not conduct himself in a manner that would reasonably be expected to adversely affect the Company in any material respect, including but not limited to making knowingly false, misleading or negative statements, either orally or in writing, about the Company or its affiliates, or their respective directors, officers or employees; provided, however, that this sentence shall not apply to the following: (i) information which is already in the public domain at the time of its disclosure to the Executive; (ii) information which, after its disclosure to the Executive, becomes part of the public domain by publication or otherwise other than through the Executive's act; (iii) information which was in the Executive's possession before it was disclosed to him by the Company as shall be evidenced by written documents dated prior to the time of disclosure; (iv) information which the Executive received from a third party having the right to make such disclosure without restriction on disclosure or use thereof; or (v) information which the Executive is legally compelled to disclose. Because the breach or attempted or threatened breach of this restrictive covenant will result in

immediate and irreparable injury to the Company for which the Company will not have an adequate remedy at law, the Company shall be entitled, in addition to all other remedies, to a decree of specific performance of this covenant and to a temporary and permanent injunction enjoining such breach, without posting bond or furnishing similar security. The provisions of this Section 8 are in addition to and independent of any agreements or covenants contained in any consulting or other agreement between the Company and the Executive. If any restriction contained in this Section 8 shall be deemed to be invalid, illegal, or unenforceable by reason of the extent, duration, or geographical scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, geographical scope, or other provisions hereof, and in its reduced form such restriction shall then be enforceable in the manner contemplated hereby.

9. Representations and Warranties.

(a) The Company represents and warrants to the Executive that the Company has the full legal corporate power to execute and deliver this Agreement and the agreements referred to herein. The execution, delivery and performance of this Agreement and such other agreements have been duly authorized by the Company's board of directors and do not conflict with or result in a breach of any provision of (i) the Certificate of Incorporation or Bylaws of the Company, (ii) any material agreement, commitment or other instrument to which the Company is a party or by which it is bound or (iii) any order, judgment or decree of any court or arbitrator.

(b) The Executive represents and warrants to the Company that the execution and delivery of this Agreement and the performance of his obligations pursuant hereto do not conflict with or result in a breach of any provisions of any (i) material agreement, commitment, or other instrument to which the Executive is a party or by which the Executive is bound or (ii) order, judgment or decree of any court or arbitrator.

10. Amendment and Modification; Waiver. This Agreement may be amended, modified or supplemented only by written agreement (referring specifically to this Agreement) of the parties.The waiver by either party of any breach or violation of any provision of this agreement shall not operate or be construed as a waiver of any subsequent breach.

11. Notice. All notices required to be given under the terms of this agreement shall be in writing and shall be deemed to have been duly given if delivered to the addressee in person or mailed by certified mail, return receipt requested, as follows:

If to the Company, addressed to:

Henry Schein, Inc.
135 Duryea Road
Melville, New York 11747
Attention: Mark E. Mlotek, Esq.

With a copy to:

Proskauer Rose Goetz & Mendelsohn LLP
1585 Broadway
New York, New York 10036
Attention: Robert A. Cantone, Esq.

If to the Executive, addressed to:

Bruce J. Haber
989 Marcel Road
Baldwin Harbor, NY 11510

With a copy to:

Otterbourg, Steindler, Houston & Rosen P.C.
230 Park Avenue
New York, New York 10169
Attention: Donald N. Gellert, Esq.

or to any such other address as the party to receive the notice shall advise by due notice given in accordance with this paragraph.

12. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

13. Entire Agreement; Benefit. This Agreement constitutes the entire agreement and supersede all other prior agreements and understandings, both written and oral, between the parties, with respect to the subject matter hereof. This agreement shall inure to and shall be binding upon the parties hereto, the successors and assigns of the Company and the heirs and personal representatives of the Executive.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the provisions thereof relating to conflicts of law.

15. Attorney's Fees. If the Executive shall engage counsel to bring suit against HSI and/or MBM to enforce his rights hereunder, the Executive shall be entitled to be reimbursed by HSI for the reasonable fees and expenses of such counsel incurred in connection with such suit if the Executive is the prevailing party in such suit.

16. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

BRUCE J. HABER

HENRY SCHEIN, INC.

By:

Authorized Officer

EXHIBIT A

Fiscal 1997

If Adjusted Pre-Tax Earnings (as defined below) is greater than $6 million an amount equal to $65,000, plus, if Adjusted Pre-Tax Earnings is $7,000,000 or more an additional amount equal to $135,000 multiplied by a fraction, the numerator of which is the excess of such Adjusted Pre-Tax Earnings over $7 million (such excess not to exceed $1 million) and the denominator of which is 1,000,000. In determining whether any adjustment with respect to the foregoing is necessary or desirable, the Compensation Committee of the Board of Directors shall take into account synergies achieved with, and contribution to, the Company's medical products division.

For purposes of the preceding paragraph, "Adjusted Pre-Tax Earnings" shall mean, net income of MBM for the twelve-month period ending in December, 1997, less the base salary and cost of benefits payable or provided pursuant to this agreement with respect to such period, before income taxes, as determined in accordance with generally accepted accounting principles consistently applied (but with charges for corporate overhead and for inter-corporate borrowing costs in a manner consistent with charges to other divisions of the Company and in no event in a proportion greater than the percentage which the division sales bear to total Company sales) adjusted as follows: pre-tax earnings will be after all bonuses paid to MBM employees, will include financing costs for all payments and expenses related to the Merger and associated transactions.

Fiscal 1998-2001

An amount, not less than $200,000, determined by the Compensation Committee of the Company's Board of Directors upon achievement by the executive of performance targets to be set by such Committee in consultation with the Executive. Among the matters to be taken into account by the Compensation Committee in connection with its determination shall be synergies achieved with, and contribution to, the Company's medical products division.

EXHIBIT B
(as revised)

HENRY SCHEIN, INC.
CLASS B OPTION AGREEMENT
PURSUANT TO THE
1994 STOCK OPTION PLAN

AGREEMENT dated _____, 1997, between Henry Schein, Inc. (the "Corporation") and Bruce J. Haber (the "Participant").

Preliminary Statement

The Stock Option Committee of the Board of Directors of the Corporation (the "Committee"), pursuant to the Corporation's 1994 Stock Option Plan, as amended (the "Plan"), has authorized the granting to the Participant, as a Key Employee, of a nonqualified stock option (the "Option") to purchase the number of shares of the Corporation's Common Stock, par value $.01 per share, set forth below. The parties hereto desire to enter into this Agreement in order to set forth the terms of the Option. Capitalized terms used but not defined herein shall have the same meanings as set forth in the Plan.

Accordingly, the parties hereto agree as follows:

A. Tax Matters. No part of the Option granted hereby is intended to qualify as an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended.

B. Grant of Option. Subject in all respects to the Plan and the terms and conditions set forth herein, the Participant is hereby granted the Option to purchase from the

Corporation up to 1 shares (the "Shares"), at a price per Share of $ 2 (the "Option Price"). Subject to Sections D and E hereof, the Option may be exercised by the Participant, in whole or in part, at any time or from time to time prior to the expiration of the Option as provided herein.

C. Restriction on Transfer. The Option granted hereby is not transferable otherwise than by will or under the applicable laws of descent and distribution and during the lifetime of the Participant may be exercised only by the Participant or his guardian or legal representative, provided, however, that, from and after the date that the Plan is amended to provide for such transfers, the Options may be transferred by the Participant to his wife or daughter or to trusts the sole beneficiaries of which are the Participant's wife or daughter. Except as provided in

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1/ At the Effective Time, pursuant to Section 3(c) of the Participant's employment agreement with the Corporation, the Participant will be issued options ("Closing Options") to purchase shares of the Corporation's Common Stock having a value of $1,000,000 determined by application of the Block-Scholes formula in the same manner in which it is applied in granting options to the Corporation's other most senior executives. In addition, and subject to the satisfaction of the performance targets set forth in Exhibit A thereto, pursuant to Section 3(d) of the Participant's employment agreement with the Corporation, the Participant will be issued options ("Annual Option") to purchase shares of the Corporation's Common Stock in respect of each fiscal year of the Corporation during which he is employed under the employment agreement, issuable no later than 90 days after the end of each year for which such options are issuable, such number of Annual Options to have a value of $170,000 determined by application of the Block-Scholes formula in the same manner in which it is applied in granting options to the Corporation's other most senior executives:

The value of options to be granted after the Effective Time shall be increased or decreased, as the case may be, to reflect the cumulative change in the cost of living between the date of the Effective Time and the date of grant, using as the basis of such computation the Consumer Price Index - Urban Wage Earners (1982-1984 = 100) (the "Index") or, in the event such Index is no longer published, such other index as is determined to be comparable by the Committee.

2/ In all cases, the fair market value on the date of grant.

the preceding sentence, the Option shall not be assigned, negotiated, pledged or hypothecated in any way (whether by operation of law or otherwise), and the Option shall not be subject to execution, attachment or similar process. Upon any attempt to transfer, assign, negotiate, pledge or hypothecate the Option not expressly permitted hereby, or in the event of any levy upon the Option by reason of any execution, attachment or similar process contrary to the provisions hereof, the Option shall immediately become null and void.

D. Term of Option. Unless terminated as provided below or otherwise pursuant to the Plan, the Option shall expire on the tenth anniversary of the date of grant.

E. Exercise of Option.

1. No Options may be exercised unless and until such Options shall have become vested. 3 of the Options granted hereunder shall automatically and immediately vest on each of the 4 anniversaries of the date hereof, provided that the Participant is employed by the Corporation on such anniversary dates. The Chief Executive Officer of the Corporation shall have the right to accelerate the vesting of any such Options in his sole discretion.

2. The Option may be exercised by the Participant by delivering notice to the Committee of the election to exercise the Option and of the number of Shares with respect to

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3/ "One-fifth (1/5)" in the case of Closing Options; and "One-third (1/3)" in the case of Annual Options.

4/ "first, second, third, fourth and fifth" in the case of Closing Options; and "first, second and third" in the case of Annual Options.

which the Option is being exercised, which notice shall be accompanied by payment in full for the Shares. Payment for such Shares may be made as follows:

(a) In cash or by certified check, bank draft or money order payable to the order of the Corporation;

(b) Through the delivery of unencumbered Shares (including Shares to be acquired under the Options then being exercised) provided such Shares (or such Option) have been owned by the Participant for at least six months, or such longer period as required by applicable accounting standards to avoid a charge to earnings;

(c) If so permitted by the Committee (i) through a combination of Shares and cash as provided above, (ii) by delivery of a promissory note of the Participant to the Corporation, or (iii) by a combination of cash (or cash and Shares) and the Participant's promissory note; provided, that, if the Shares delivered upon exercise of the Option is an original issue of authorized Shares, at least so much of the exercise price as represents the par value of such Shares shall be paid in cash or by a combination of cash and Shares; or

(d) On such terms and conditions as may be acceptable to the Committee and in accordance with applicable law.

3. Upon receipt of payment and satisfaction of the requirements, if any, as to withholding of taxes set forth in the Plan, the Corporation shall deliver to the Participant as soon as practicable a certificate or certificates for the Shares then purchased.

4. The exercise of any Option after termination of employment shall be subject to satisfaction of the conditions precedent that the Participant be in compliance with Section

8 of his employment agreement with the Corporation (as amended, revised or replaced from time to time, the "Employment Agreement"). If the Participant exercises his Options and the Corporation determines that the Participant subsequently (within a year following termination of employment) engages in conduct which would have breached such Section 8 had it taken place prior to exercise of the Options, then the Participant hereby agrees to immediately return to the Corporation any financial benefit he received from the Options upon request of the Corporation.

5. Upon a change in control (as defined in the Plan), the Options shall immediately become vested, unless two-thirds of members of the Board of Directors have approved the change of control, in which event, there shall be no accelerated vesting of the Options.

F. Termination of Employment.

1. Death, Disability, Retirement. Subject to Section E hereof, upon termination of employment by reason of death or normal retirement on or after the Company's normal retirement age, or pursuant to Section 7(a)(i) of the Employment Agreement, all outstanding Options then exercisable and not exercised by the Participant prior to such termination of employment shall remain exercisable by the Participant (to the extent exercisable by such Participant immediately prior to such termination) for a period of one (1) year from the date of termination of employment. All Options not yet exercisable on the date of termination of employment because of vesting provisions or otherwise shall be canceled.

2. Cause or Voluntary Termination. Upon termination of employment of a Participant under the Employment Agreement for Cause (as defined therein) or by the

Participant under the Employment Agreement without Good Reason (as defined therein) or any other written agreement between the Participant and the Company, all outstanding Options shall immediately be canceled.

3. Other Termination. In the event of termination of employment for any reason other than as provided in Sections F(1) or F(2), all outstanding Options not exercised by the Participant prior to such termination of employment shall, subject to Section E hereof, remain exercisable (to the extent exercisable by such Participant immediately before such termination) for a period of three (3) months after such termination. All Options not yet exercisable on the date of termination of employment because of vesting provisions or otherwise shall be canceled. Notwithstanding the foregoing, if the Participant terminates his employment for Good Reason, as defined therein, or the Company terminates the Participant's employment with the Company without Cause (as defined in the Employment Agreement), all options shall thereafter automatically vest and be exercisable in accordance with the provisions of this Agreement for a period of three months from the date of such termination. 5

G. Rights as a Stockholder. Participant shall have no rights as a stockholder with respect to any Shares covered by the Option until Participant shall have 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 the Plan.

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5/ The treatment of termination for Cause or without Good Reason shall apply only to the Options granted at the Effective Time.

H. Provisions of Plan Control. This Agreement is subject to all of the terms, conditions and provisions of the Plan 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. A copy of the Plan is available to you at the offices of the Corporation, and the terms thereof are incorporated herein by reference. 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.

I. 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 United States mail, 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 Corporation, to:

Henry Schein, Inc.
135 Duryea Road
Melville, New York 11747
Attention: Corporate Secretary

If to the Participant, to:

the address indicated on the signature page at the end of this Agreement.

J. Rights of Employer. This Agreement does not guarantee that the Corporation will employ the Participant for any specific time period, nor does it modify in any respect the Corporation's right to terminate or modify the Participant's employment or compensation.

K. Withholding. The Corporation shall be entitled to withhold (or, in its discretion, secure payment from the Participant in cash or other property in lieu of withholding) the amount of any Federal, state or local taxes required by law to be withheld by the Corporation for any Shares deliverable under this Agreement, and the Corporation may defer such delivery unless such withholding requirement is satisfied.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

HENRY SCHEIN, INC.

By:_____
Authorized Officer

BRUCE J. HABER
Address: 989 Marcel Road
Baldwin Harbor, NY 11510

EXHIBIT C

1. Participation in the Company's SERP and profit sharing program.

2. A "golden parachute" equal to 2.99 times "average annual base compensation". See form of agreement attached.

(as revised)

AGREEMENT dated [CLOSING DATE], among HENRY SCHEIN, INC., a Delaware corporation (the "Company"), and BRUCE J. HABER (the "Executive").

The Company and the Executive are parties to an Employment Agreement dated March 7, 1997 (the "Employment Agreement"). Each capitalized term used herein and not otherwise defined shall have the meaning given such term in the Employment Agreement.

The parties agree as follows:

1. If the Executive's employment with the Company terminates for any reason other than (i) the Executive's death, (ii) the Executive's termination of his employment without good reason (as that term is used in Section 7(a)(ii) of the Employment Agreement), or (iii) by the Company pursuant to Section 7(a)(i) of the Employment Agreement, within two years after a Significant Date, the Company will pay, within 30 days after the date of such termination, the Executive (the "Termination Payment"), in full satisfaction of all its obligations hereunder, severance equal to (x) the product of (A) the base salary and automobile allowance paid to the Executive during the three months immediately preceding the date of termination (not including incentive compensation or any non-cash compensation) and (B) the number of full months the Executive had been employed by the Company prior to the termination, with a minimum severance pay equal to eighteen months' base salary (plus eighteen months' automobile allowance) and a maximum severance pay equal to thirty-six months' base salary (plus thirty-six months' automobile allowance), plus (y) three times the amount of bonus, if any, paid to the Executive for the full fiscal year preceding the termination; provided, however, that the maximum amount payable under this Section 1 shall be limited to the amount which when added to all other payments (or the value of all other benefits) that are received by the Executive from the Company and which are "contingent upon a change in control" as such term is defined in the Internal Revenue Code of 1986 (the "Code") would not constitute a "parachute payment" (as such term is defined on the date hereof by the Code, i.e. the aggregate present value of the payments in the nature of compensation to such individual which are contingent on such change would be less than three (3) times the "base amount" as such term is defined on the date hereof by the Code); and provided further, however, that the Termination Payment shall be reduced to the extent that the Executive is entitled to cash and/or benefits as a result of the termination of employment (other than cash and/or benefits accrued to the date of termination). The term that the Executive has been employed by the Company for purposes of this Agreement shall include the term of his employment by Micro Bio-Medics, Inc. ("MBM") prior to the Effective Time (as defined in the Agreement and Plan of Merger by and among the Company, MBM and HSI Acquisition Corp. dated as of March 7, 1997).

The Termination Payment payable pursuant to this Section 1 will not be subject to offset on account of any remuneration paid or payable to the Executive for any subsequent employment the Executive may obtain, whether during or after the period during which the

Termination Payment is made and the Executive shall have no obligation whatsoever to seek any subsequent employment.

2. In all events, the Termination Payment will be subject to any applicable payroll or other taxes required to be withheld.

3. The Company will reimburse the Executive for reasonable attorneys' fees and expenses incurred by the Executive if the Executive is employed hereunder and prevails against the Company with respect to a claim hereunder.

4. This Agreement shall be binding upon and inure to the benefit of the Executive and his legal representatives and the Company and any assignee or successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company.

5. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof, may not be modified or terminated orally, and shall be construed and governed in accordance with the laws of the State of New York.

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

HENRY SCHEIN, INC.

By:_____
Authorized Officer

BRUCE J. HABER

SCHEDULE A

A "Significant Date" shall be deemed to have occurred if after the date hereof: (i) any person (as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and as used in Sections 13(d) and 14(d) thereof), excluding (A) the Company, (B) any "Subsidiary" thereof, (C) any employee benefit plan sponsored or maintained by the Company, or any Subsidiary thereof (including any trustee of any such plan acting in his or her capacity as trustee) and (D) any person who (or group which includes a person who) is the beneficial owner (as defined in Rule 13(d)-3 under the Exchange Act) as of January 1, 1995 of at least fifteen percent (15%) of the common stock of the Company, becomes the beneficial owner (as defined in Rule 13(d)-3 under the Exchange Act) of shares of the Company having at least thirty percent (30%) of the total number of votes that may be cast for the election of directors of the Company; (ii) the shareholders of the Company shall approve any merger or other business combination of the Company, sale of all or substantially all of the Company's assets or combination of the foregoing transactions (a "Transaction"), other than a Transaction involving only the Company and one or more of its Subsidiaries, or a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction continue to have a majority of the voting power in the resulting entity (excluding for this purpose any shareholder owning directly or indirectly more than ten percent (10%) of the shares of the other company involved in the Transaction if such shareholder is not as of January 1, 1994, the beneficial owner (as defined in Rule 13(d)-3 under the Exchange Act) of at least fifteen percent (15%) of the common stock of the Company); (iii) within any twenty-four (24) month period beginning on or after the date hereof, the persons who were directors of the Company immediately before the beginning of such period (the "Incumbent Directors") shall cease (for any reason other than death) to constitute at least a majority of the board of directors of the Company or the board of directors of any successor to the Company (the "Board"), provided that, any director who was not a director as of the date hereof shall be deemed to be an Incumbent Director if such director was elected to the Board by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors either actually or by prior operation of the foregoing unless such election, recommendation or approval was the result of an actual or threatened election contest of the type contemplated by Regulation 14a-11 promulgated under the Exchange Act or any successor provision); or (iv) a Voting Trust Termination Date, as such term is defined in the Voting Trust Agreement dated as of September 30, 1994 among the Company, Stanley Bergman, as voting trustee and others. Notwithstanding the foregoing, no Significant Date shall be deemed to have occurred for purposes of this Agreement by reason of any Transaction which shall have been approved by at least two-thirds of the Incumbent Directors.

EXHIBIT D
(as revised)

RESTRICTED STOCK AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 1997, by and between HENRY SCHEIN, INC., a Delaware corporation (the "Company"), and BRUCE J. HABER, (the "Executive").

WHEREAS, in consideration of his agreement not to compete with the Company, the Company has agreed to issue the Executive _____* shares of its Common Stock, par value $.01, per share.

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

NOW, THEREFORE, the company and the Executive agree as follows:

1. Grant of Shares

The Company is issuing to the Employee _____6 shares of Common Stock of the Company, par value $.01 (the "Shares"). Pursuant to Section 3 hereof, the Shares are subject to certain restrictions, which restrictions shall expire at various times with regard to portions of the Shares. While such restrictions are in effect, the Shares subject to such restrictions shall sometimes be referred to herein as "Restricted Stock".

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6/ A number of shares equal to the quotient of $1 million divided by the average of the closing sales prices of Company Common Stock as reported by NASDAQ for the 20 trading days preceding the date upon which the Effective Time occurs.

2. Restrictions on Transfer.

The Employee shall not sell, transfer, pledge, hypothecate, assign or otherwise dispose of the Shares, except as set forth in this Agreement. Any attempted sale, transfer, pledge, hypothecation, assignment or other disposition of the Shares in violation of 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.

3.1 Deposit of Certificates. The Executive will deposit with and deliver to the Company the stock certificates representing the Restricted Stock, each duly endorsed in blank or accompanied by stock powers duly executed in blank. In the event the Executive receives a stock dividend on the Restricted Stock or the Restricted Stock is split or the Executive receives any other shares, securities, moneys or property representing a dividend on the Restricted Stock (other than regular cash dividends on and after the date of this Agreement) 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 Executive in respect of the Restricted Stock (collectively "RS Property"), the Executive 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 this Section 3.1, as the Restricted Stock with regard to which they are issued and shall herein be encompassed within the term "Restricted Stock."

3.2 Rights with Regard to Restricted Stock. The Executive will have the right to vote the Restricted Stock, to receive and retain all regular cash dividends payable to holders of Common Stock of record on and after the issuance of the Restricted Stock (although such dividends shall be treated, to the extent required by 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, with the exceptions that (i) the Executive will not be entitled to delivery of the stock certificate or certificates representing the Restricted Stock until the restriction period shall have expired and unless all other vesting requirements with respect thereto shall have been fulfilled, (ii) the Company will retain custody of the stock certificate or certificates representing the Restricted Stock and the other RS Property during the restriction period, (iii) no RS Property shall bear interest or be segregated in separate accounts during the restriction period and (iv) the Executive may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Stock during the restricted period.

3.3 Vesting. The Restricted Stock shall become vested and cease to be Restricted Stock (but still subject to the other terms of this Agreement) as to one-tenth of the Shares on each anniversary of the date hereof if the Executive has been continuously employed by the Company or its subsidiaries within the meaning of Section 424 of the Internal Revenue Code (the "Control Group") until such date.

There shall be no proportionate or partial vesting in the periods prior to each such anniversary and all vesting shall occur only on such anniversary provided that, if the (a) the Executive dies, (b) Executive's employment is terminated by the Company without cause as such term is used in the Executive's Employment Agreement with the Company dated the date hereof (the "Employment Agreement"), (c) his employment is terminated by him for good reason, as such term is used in the Employment Agreement, (d) his employment is terminated pursuant to Section 7(a)(i)(A) of the Employment Agreement, (e) a Significant Date shall have occurred as that term is defined in Schedule A to Exhibit C to the Employment Agreement, or (f) the Executive's employment terminates prior to the tenth anniversary of the date hereof as a result of the Company's failure to offer to renew, upon substantially the same terms (other than term), any employment between the Company and the Executive upon the expiration of its term, he shall also vest at such time in the Restricted Stock that would otherwise have vested on each succeeding anniversary of the date hereof. When any Restricted Stock becomes vested, the Company shall promptly issue and deliver to the Executive a new stock certificate registered in the name of the Executive for such Shares without the legend set forth in Section 4(a) hereof and deliver to the Executive any related other RS Property.

3.4 Forfeiture. In the event that the employment of the Executive with the Company terminates, or is terminated, for any reason whatsoever, other than those described in the second paragraph of Section 3.3, the Executive shall forfeit to the Company, without compensation, all unvested Restricted Stock (but no vested portion of the Shares); provided that, in the event of death or disability of the Executive, the Compensation Committee of the Board of

Directors of the Company may, in its sole discretion, but shall not be obligated to, fully vest and not forfeit all or any portion of the Executive's Restricted Stock.

3.5 Adjustments. In the event of any stock dividend, split up, split-off, spin-off, distribution, recapitalization, combination or exchange of shares, merger, consolidation, reorganization or liquidation or the like, the Restricted Stock shall, where appropriate in the sole discretion of the Compensation Committee of the Board of Directors of the Company, receive the same distributions as other shares of Common Stock or be adjusted either on the same basis as other shares of Common Stock or on some other basis as determined by the Compensation Committee of the Board of Directors. In any such event, the Compensation Committee of the board of Directors may, in its sole discretion, determine to award additional Restricted Stock in lieu of the distribution or adjustment being made with respect to other shares of Common Stock. In any such event, the determination made by the Compensation Committee of the Board of Directors shall be conclusive. The Compensation Committee of the Board of Directors may, in its sole discretion, at any time fully vest and not forfeit all or any portion of the Executive's Restricted Stock.

3.6 Withholding. The Employee agrees that, subject to subsection 3.7 below,

(a) No later than the date on which any Restricted Stock shall have become vested, the Executive will pay to the Company, or make arrangements satisfactory to the Company regarding payment of, any

federal, state or local taxes of any kind required by law to be withheld with respect to any Restricted Stock which shall have become so vested;

(b) The Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Executive any federal, state or local taxes of any kind required by law to be withheld with respect to any Restricted Stock which shall have become so vested; and

(c) In the event the Executive does not satisfy (a) above on a timely basis, the Company may, but shall not be required to, pay such required withholding and treat such amount as a demand loan to the Employee at the maximum rate permitted by law, with such loan, at the Company's sole discretion and provided the Company so notifies the Employee within thirty (30) days of the making of the loan, secured by the Shares and any failure by the Executive to pay the loan upon demand shall entitle the Company to all of the rights at law of a creditor secured by the Shares. The Company may hold as security any certificates representing any Shares and, upon demand of the Company, the Executive shall deliver to the Company any certificates in his possession representing Shares together with a stock power duly endorsed in blank.

3.7 Section 83(b). If the Executive properly elects (as required by Section 83(b) of the Internal Revenue Code) within thirty (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 Restricted Stock, the Executive 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 such Restricted Stock. If the Executive 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 Executive any federal, state or local taxes of any kind required by law to be withheld with respect to such Restricted Stock, as well as the rights set forth in Section 3.6(c) hereof. The Executive acknowledges that it is his sole responsibility, and not the Company's, to file timely the election under Section 83(b) of the Internal Revenue Code and any corresponding provisions of state tax laws if he elects to utilize such election.

3.8 Special Incentive Compensation. The Executive agrees that the award of the Restricted Stock hereunder is special incentive compensation and that it, any dividends paid thereon (even if treated as compensation for tax purposes) and any other RS Property will not be taken into account as "salary" or "compensation" or "bonus" in determining the amount of any payment under any pension, retirement or profit-sharing plan of the Company or any life insurance, disability or other benefit plan of the Company.

3.9 Delivery Delay. The delivery of any certificate representing 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 federal or state 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 Executive or the Company of any provisions of any law or of any regulations of any governmental authority or any national securities exchange.

4. All certificates representing the Shares shall have endorsed thereon the following legends:

(a) If Restricted Stock, "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING A VESTING SCHEDULE AND FORFEITURE PROVISION AND RESTRICTIONS AGAINST TRANSFER) CONTAINED IN AN AGREEMENT BETWEEN THE CORPORATION AND THE REGISTERED HOLDER, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THE CORPORATION.

(b) "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER SAID ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED."

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

5. Securities Representations.

The Shares are being issued to the Executive and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Employee.

The Employee acknowledges, represents and warrants that:

(a) the Shares are being acquired for his own account and not with a view to, or for sale in connection with, the distribution thereof, nor with any present intention of distributing or selling any of such Shares;

(b) he has been advised that the Shares have not been registered under the Securities Act of 1933 (the "Act") on the ground that no distribution or public offering of the Shares is to be effected, and in this connection the Company is relying in part on his representations set forth in this Section;

(c) in the event that the Employee is permitted to sell, transfer, pledge, hypothecate, assign or otherwise dispose of the Shares, the Employee may only do so pursuant to a registration statement under the Act and qualification under applicable state securities laws or pursuant to an opinion of counsel satisfactory to the Company that such registration and qualification are not required, and that the transaction (if it involves a sale in the over-the-counter market or on a securities exchange) does not violate the provisions of Rule 144 under the Act. A stop-transfer order will be placed on the books of the Company

respecting the certificates evidencing the Shares, and such certificates shall bear, until such time as the Shares evidenced by such certificates shall have been registered under the Act or shall have been transferred in accordance with an opinion of counsel for the Company that such registration is not required, the legends set forth in Section 4 hereof;

(c) the transfer of the Shares has not been registered under the Act, and the Shares must be held indefinitely unless subsequently registered under the Act or an exemption from such registration is available and the Company is under no obligation to register the Shares;

(e) he understands that the Shares are restricted securities within the meaning of Rule 144 promulgated under the Act; that the exemption form 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. Not an Employment Agreement.

The issuance of the Shares hereunder does not constitute an agreement by the Company to continue to employ the Executive during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which Restricted Stock is outstanding.

7. Power of Attorney. The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Executive 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 Executive, may in the name and stead of the Executive, make and execute all conveyances, assignments and transfers of the Restricted Stock, Shares and property provided for herein, and the Executive hereby ratifies and confirms all that the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Executive 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. Miscellaneous.

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

8.2 This Agreement constitutes the entire agreement between the parties and cannot be changed or terminated orally. No modification or waiver of any of the provision

hereof shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

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

8.4 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.

8.5 The headings of the sections of this Agreement have been inserted for convenience of reference only and shall in no way restrict or modify any of the terms or provisions hereof.

8.6 All notices, consents, requests, approvals, instructions and other communications provided for herein shall be in writing and validly given or made when delivered, or on the second succeeding business day after being mailed by registered or certified mail, whichever is earlier, to the persons entitled or required to receive the same, at the addresses set forth below or to such other address as either party may designate by like notice.

If to the Company:

Henry Schein, Inc.
135 Duryea Road
Melville, New York 11747

Attention: Mark E. Mlotek, Esq.

With a copy to:

Proskauer Rose Goetz & Mendelsohn LLP
1585 Broadway
New York, New York 10036
Attention: Robert A. Cantone, Esq.

If to the Executive:

Bruce J. Haber
989 Marcel Road
Baldwin Harbor, NY 11510

With a copy to:

Otterbourg, Steindler, Houston & Rosen, P.C.
230 Park Avenue
New York, NY 10169

Attention: Donald N. Gellert, Esq.

8.7 This Agreement shall be governed and construed and the legal relationships of the parties determined in accordance with the internal laws of the State of New York.

8.8 Notwithstanding anything to the contrary contained in this Agreement, the Restricted Stock may be transferred by the Executive to any member of his immediate family or any trust for the benefit of any such family member, provided such transferee agrees to be bound by the terms of this Agreement to the same extent as the Executive.

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.

By:

Authorized Officer

Executive

ACKNOWLEDGEMENT

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this day of_____ , 19__ before me personally appeared _____ to me known to be the person described in and who executed the foregoing agreement, and acknowledged that he executed the same as his or her free act and deed.

Notary Public

Exhibit 10.94

AGREEMENT AND PLAN OF MERGER

by and among

HENRY SCHEIN, INC.

HS ACQUISITION, INC.

ROANE-BARKER, INC.

and

RALPH L. FALLS, JR.

Dated as of May 23, 1997

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER dated as of May 23, 1997, among HENRY SCHEIN, INC., a Delaware corporation ("Parent"), HS ACQUISITION, INC., a South Carolina corporation and wholly-owned subsidiary of Parent ("Sub"), ROANE-BARKER, INC., a South Carolina corporation ("RBI"), and RALPH L. FALLS, JR.(the "Stockholder"), the sole stockholder of RBI.

The Parent, the Sub, RBI and the Stockholder desire that Parent acquire RBI pursuant to the merger of Sub with and into RBI in accordance with the terms of this Agreement, and the South Carolina Business Corporation Act (the "SCBCA").

Contemporaneously with the execution of this Agreement, the Parent and the Stockholder are executing an employment agreement, which provides for, among other things, the Stockholder being employed by RBI for a term of five years from and after the Effective Time, as that term is defined herein, and the issuance to the Stockholder, as compensation for such services, of options to purchase shares of Parent Common Stock, as hereinafter defined.

For federal income tax purposes, it is intended that the Merger, as defined herein, shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code").

For accounting purposes, it is intended that the Merger shall be accounted for as a pooling of interests.

The parties hereto agree as follows:

ARTICLE I

THE MERGER; THE SURVIVING CORPORATION

Section 1.1 The Merger. In accordance with the provisions of this Agreement and the SCBCA at the Effective Time, as defined in Section 1.2 hereof, Sub shall be merged with and into RBI (the "Merger"), the separate existence of Sub shall thereupon cease, and RBI shall be the surviving corporation in the Merger (the "Surviving Corporation") and shall continue its corporate existence under the laws of the SCBCA. The Merger shall have the effects set forth in the applicable sections of the SCBCA.

Section 1.2 Effective Time of the Merger. The Merger shall become effective at the time of filing of or at such later time specified in, a properly executed Certificate of Merger, in the form required by and executed in accordance with the SCBCA, filed with the Secretary of State of the State of South Carolina, in accordance with the applicable provisions of the SCBCA. Such filing

shall be made as soon as practicable after the Closing (as defined in Section 1.3). When used in this Agreement, the term "Effective Time" shall mean the date and time at which the Merger shall become effective.

Section 1.3 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Proskauer Rose Goetz & Mendelsohn LLP, 1585 Broadway, New York, New York, at 10:00 a.m., local time, on the fifth business day after the day on which all of the conditions set forth in Article VII are satisfied or waived or on such other date and at such other time and place as Parent and RBI shall agree (the "Closing Date").

Section 1.4 Certificate of Incorporation. The Articles of Incorporation of RBI in effect at the Effective Time shall be the Articles of Incorporation of the Surviving Corporation until amended in accordance with applicable law.

Section 1.5 By-Laws. The By-Laws of RBI as in effect at the Effective Time shall be the By-Laws of the Surviving Corporation until amended in accordance with applicable law.

Section 1.6 Directors and Officers of Surviving Corporation.

(a) The directors of Sub at the Effective Time shall be the directors of the Surviving Corporation and shall hold office from the Effective Time until their respective successors are duly elected or appointed and qualified in the manner provided in the Articles of Incorporation or By-Laws of the Surviving Corporation or as otherwise provided by law.

(b) The officers of Sub at the Effective Time shall be the officers of the Surviving Corporation and shall hold office from the Effective Time until their respective successors are duly elected or appointed and qualified in the manner provided in the Articles of Incorporation or ByLaws of the Surviving Corporation, or as otherwise provided by law.

ARTICLE II

CONVERSION OF SHARES

Section 2.1 Exchange Ratio. At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof:

(a) Each share of common stock, par value $10.00 per share, of RBI (the "RBI Common Stock"), issued and outstanding immediately prior to the Effective Time (other than shares to be canceled in accordance with Section 2.1(b) hereof) shall be converted into the right to receive the sum of (x) 890.237 (the "Exchange Ratio") shares of the Common Stock, par value $.01 per share, of Parent (the "Parent Common Stock"), and (y) 28.268 shares of Parent Common Stock, payable upon the surrender of the certificate formerly representing such share of RBI Common Stock; provided, however, that if the Closing Value, as defined in Section 2.3 hereof, is more than

$30.8488, the Exchange Ratio shall be reduced to an amount (computed to the nearest tenthousandth) equal to (i) the Exchange Ratio multiplied by (ii) the quotient obtained by dividing $30.8488 by the Closing Value; and provided, further, that if the Closing Value is less than $22.8013, the Exchange Ratio shall be increased to an amount (computed to the nearest ten thousandth) equal to (i) the Exchange Ratio multiplied by (ii) the quotient obtained by dividing $22.8013 by the Closing Value.

(b) All shares of RBI Common Stock that are held by RBI as treasury shares shall be canceled and retired and cease to exist, and no securities of Parent or other consideration shall be delivered in exchange therefor.

(c) Each share of Common Stock, no par value, of Sub ("Sub Common Stock") issued and outstanding immediately prior to the Effective Time, shall be converted into and become one fully paid and nonassessable share of Common Stock, par value $10.00 per share, of the Surviving Corporation.

Section 2.2 Exchange of RBI Stock. Promptly after the Effective Time, the holders of RBI Common Stock shall present to the Parent for cancellation a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of RBI Common Stock (the "Certificates") that were converted pursuant to Section 2.1 into the right to receive shares of Parent Common Stock, and the Parent shall thereupon deliver to such holder in exchange therefor (x) a certificate representing that number of whole shares of Parent Common Stock which such holder has the right to receive pursuant to the provisions of this Article II and (y) cash in lieu of any fractional shares of Parent Common Stock to which such Stockholder is entitled pursuant to Section 2.3, after giving effect to any required tax withholdings. The shares of Parent Common Stock shall be deemed to have been issued at the Effective Time.

Section 2.3 No Fractional Securities. No certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Certificates, and such fractional interests shall not entitle the holder thereof to vote or to any rights of a security holder. In lieu of any such fractional securities, each holder of RBI Common Stock who would otherwise have been entitled to a fraction of a share of Parent Common Stock upon surrender of such holder's Certificates will be entitled to receive, and Parent will promptly after the Effective Time make a cash payment (without interest) determined by multiplying (i) the fractional interest to which such holder would otherwise be entitled (after taking into account all shares of RBI Common Stock then held of record by such holder) and (ii) the average of the per share closing prices for Parent Common Stock on NASDAQ for the ten consecutive trading days immediately preceding the Closing (the "Closing Value").

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF RBI AND THE STOCKHOLDER

RBI and the Stockholder, jointly and severally, represent and warrant to Parent and Sub as follows:

Section 3.1 Organization. RBI is a corporation duly organized, validly existing and in good standing under the laws of the State of South Carolina and has the corporate power to carry on its business as it is now being conducted or presently proposed to be conducted. RBI is duly qualified as a foreign corporation to do business, and is in good standing in the jurisdictions listed on Schedule 3.1 hereto and is not required to be so qualified and in good standing in any other jurisdiction where the character of its properties owned or held under lease or the nature of its activities would make such qualification necessary, except where the failure to so qualify would not have, individually or in the aggregate, a material adverse effect on the financial condition, results of operations, business, assets, liabilities or properties of RBI, or the ability of RBI to consummate the Merger and the other transactions contemplated by this Agreement (a "RBI Material Adverse Effect").

Section 3.2 Capitalization.

(a) The authorized capital stock of RBI consists of 50,000 shares of RBI Common Stock. There are 670 shares of RBI Common Stock issued and outstanding, and the Stockholder is the sole record and beneficial holder of such shares. Such shares are owned by the Stockholder free and clear of any and all liens, claims or encumbrances of any nature whatsoever (whether absolute, accrued, contingent or otherwise) ("Liens"). All of the issued and outstanding shares of RBI Common Stock are validly issued, fully paid and nonassessable. Schedule 3.2(a) hereto lists the individuals and entities, other than the Stockholder, who were at any time after April 1, 1977, holders of record or beneficially of (i) securities issued by RBI or (ii) Rights, as hereinafter defined.

(b) (i) There is no outstanding right, subscription, warrant, call, option or other agreement or arrangement of any kind (collectively, "Rights") to purchase or otherwise to receive from RBI any of the outstanding, authorized but unissued or treasury shares of the capital stock or any other security of RBI, (ii) there is no outstanding security of any kind convertible into or exchangeable for such capital stock and (iii) there is no voting trust or other agreement or understanding to which RBI is a party or is bound with respect to the voting of the capital stock of RBI.

Section 3.3 No RBI Subsidiaries; Affiliates. RBI has no Subsidiaries, as hereinafter defined, and has conducted the Business, as hereinafter defined, solely through RBI at all times since April 1977. Except as set forth on Schedule 3.3(a), all assets, properties and rights relating to the Business are held by, and all agreements, obligations and transactions relating to the Business have been entered into, incurred and conducted by, RBI rather than any of its Affiliates or any of the Stockholder's Affiliates. As used in this Agreement, (i) the term "Subsidiary" means, with respect

to any party, any corporation or other organization, whether incorporated or unincorporated, of which (x) such party or any other Subsidiary of such party is a general partner (excluding partnerships, the general partnership interests of which held by such party or any Subsidiary of such party do not have a majority of the voting interest in such partnership) or (y) at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party and/or one or more of its Subsidiaries and (ii) the term "Business" means the business as conducted by RBI as of the date of this Agreement and as of the Closing Date (except to the extent that the reference to the "Business" herein speaks as of any other date) including without limitation, the distribution of medical and laboratory supplies and equipment to hospitals and the alternate care market, including without limitation, physicians, physician groups, home health care agencies, agricultural cooperatives, ambulatory surgery centers, ambulance companies, clinics, health departments, medical schools and nursing homes. Schedule 3.3(b) contains a complete and accurate list of all Affiliates of RBI. For purposes of this Agreement, the term "Affiliate" means, with respect to any party, an individual or entity controlled by, in control of, or under common control with, such party.

Section 3.4 Authority Relative to this Agreement. RBI has the requisite corporate power and authority, and the Stockholder has the capacity, to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by RBI and the consummation by RBI of the transactions contemplated on its part hereby have been duly authorized by RBI's Board of Directors and the Stockholder, and no other corporate proceedings on the part of RBI are necessary to authorize this Agreement or for RBI to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by RBI and the Stockholder and constitutes the valid and binding agreement of RBI and the Stockholder, enforceable against each of them in accordance with its terms, subject to applicable bankruptcy, insolvency and other similar laws affecting the enforceability of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies.

Section 3.5 Certificate of Incorporation and By-laws. RBI has heretofore furnished to Parent a complete and correct copy of the certificate of incorporation and by-laws, as amended to date, of RBI. Such certificate of incorporation and by-laws are in full force and effect. RBI is not in violation of any of the provisions of its certificate of incorporation or by-laws.

Section 3.6 Consents and Approvals; No Violations. Neither the execution, delivery and performance of this Agreement by RBI and the Stockholder, nor the consummation by RBI and the Stockholder of the transactions contemplated hereby, will (i) conflict with or result in any breach of any provisions of the charter, by-laws or other organizational documents of RBI, (ii) require a filing with, or a permit, authorization, consent or approval of, any federal, state, local or foreign court, arbitral tribunal, administrative agency or commission or other governmental or other regulatory authority or administrative agency or commission (a "Governmental Entity"), except in connection with or in order to comply with the applicable provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), the filing and recordation of a Certificate of Merger as required by the SCBCA and certain municipal business licenses,(iii) result

in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, or result in the creation of a Lien on any property or asset of RBI pursuant to, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, contract, agreement or other instrument or obligation (each, a "Contract") to which RBI is a party or by which RBI or any of its properties or assets may be bound or (iv) violate any law, order, writ, injunction, decree, statute, rule or regulation of any Governmental Entity applicable to RBI, or any of its properties or assets.

Section 3.7 Financial Statements. RBI has delivered to the Parent (a) the financial statements of RBI as of May 31, 1994, 1995 and 1996, and for each of the fiscal years then ended, in each case, accompanied by the audit opinion of KPMG Peat Marwick LLP, RBI's independent auditors (the "Year-End Financial Statements"), (b) the unaudited financial statements of RBI as of March 31, 1997 and for the ten months then ended (the "Interim Financial Statements," and together with the Year-End Financial Statements, the "Financial Statements"). The Year-End Financial Statements (including any related notes and schedules) have been prepared in accordance with generally accepted accounting principles ("GAAP"), consistently applied throughout the periods indicated. The Interim Financial Statements (including any related notes and schedules) were prepared in accordance with GAAP applied on a consistent basis, subject to year-end closing adjustments and the lack of full footnote presentations. The Financial Statements are set forth on Schedule 3.7 hereto and fairly present in all material respects the consolidated financial position of RBI as at the dates thereof and the results of operations and cash flows of RBI for the periods then ended. Since May 31,1995, there has been no change in any of the significant accounting (including tax accounting) policies, practices or procedures of RBI. With respect to each of the Financial Statements, there were no audit adjustments in excess of $25,000 proposed by KPMG Peat Marwick LLP which were not accepted by RBI and appropriately reflected thereon.

Section 3.8 Absence of Certain Changes or Events; Contracts. Except as set forth on Schedule 3.8, since May 31, 1996, (i) RBI has not conducted its business and operations other than in the ordinary course of business and consistent with past practices, or taken any actions of a type prohibited by the provisions of Section 5.1 hereof and (ii) there has not been any fact, event, circumstance or change affecting or relating to RBI which has had or is reasonably likely to have a RBI Material Adverse Effect. Except as set forth on Schedule 3.8, the transactions contemplated by this Agreement will not constitute a change of control under or require the consent from or the giving of notice to any party pursuant to the terms, conditions or provisions of any Contract to which RBI is a party.

Section 3.9 Litigation. Except as set forth on Schedule 3.9, there is no suit, action, proceeding or investigation that relates to RBI pending or threatened against or affecting RBI, any of its Affiliates or the Stockholder. There is no judgment, decree, injunction, ruling or order of any Governmental Entity outstanding against RBI, any of its Affiliates or the Stockholder that relates to RBI or the Business as conducted by RBI at any time.

Section 3.10 Absence of Undisclosed Liabilities. Except for liabilities or obligations which are accrued or reserved against on the Financial Statements (including the financial statement

notes thereto) or which were incurred after March 31, in the ordinary course of business and consistent with past practice, RBI has no liabilities or obligations (whether absolute, accrued, contingent or otherwise) other than obligations (excluding obligations arising out of any default in the performance by any party to such Contracts) under Contracts entered into in the ordinary course of business and consistent with past practice and which are disclosed on Schedule 3.32.

Section 3.11 No Default. RBI is not in default or violation (and no event has occurred which with notice or the lapse of time or both would constitute a default or violation) of any term, condition or provision of (i) its charter or by-laws, (ii) any order, writ, injunction, decree, of any Governmental Entity applicable to RBI, or (iii) any material statute, rule or regulation of any Governmental Entity applicable to RBI.

Section 3.12 Taxes.

(a) RBI has heretofore delivered or hereafter will make available to Parent true, correct and complete copies of the federal, state, local and foreign income, franchise sales and other Tax Returns, as hereinafter defined, filed by RBI for each of RBI's fiscal years ended May 31, 1992, 1993, 1994, 1995 and 1996; none of those Tax Returns has been the subject of an audit or examination by any tax authority or, to the knowledge of RBI or the Stockholder, has been noticed for such audit or examination. RBI has duly filed all material federal, state, local and foreign income, franchise, sales and other Tax Returns required to be filed by it. RBI has not received written notice from a taxing authority in a jurisdiction where RBI does not file Tax Returns that RBI is or may be subject to taxation by that jurisdiction. All such Tax Returns are true, correct and complete in all material respects, and RBI has duly paid, all Taxes, as hereinafter defined, shown on such Tax Returns and has paid or made adequate provision for payment of all accrued but unpaid Taxes anticipated in respect of all periods since the periods covered by such Tax Returns. All deficiencies assessed as a result of any examination of Tax Returns of RBI by federal, state, local or foreign tax authorities have been paid or reserved on the financial statements of RBI in accordance with GAAP consistently applied. RBI has not received written notice of any current audit or examination of any RBI Tax Return or tax liability and there are no proposed tax assessments, suits, actions, claims, investigations or inquiries by any tax authority with respect to RBI. RBI has heretofore delivered or will make available to Parent true, correct and complete copies of all written tax-sharing agreements and written descriptions of all such unwritten agreements or arrangements to which RBI is a party. No issue has been raised in any written communication to RBI during the past five years by any federal, state, local or foreign taxing authority which, if raised with regard to any other period not so examined, could reasonably be expected to result in a proposed deficiency for any other period not so examined. RBI has not granted any extension or waiver of the statutory period of limitations applicable to any claim for any Taxes. (i) RBI is not a party to any agreement, contract or arrangement that would result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code; (ii) no consent has been filed under Section 341(f) of the Code with respect to RBI; (iii) RBI has not participated in, or cooperated with, an international boycott within the meaning of Section 999 of the Code; (iv) RBI has not issued or assumed any corporate acquisition indebtedness, as defined in Section 279(b) of the Code, (v) RBI has not been a party to any tax allocation or tax sharing agreement or a member

of an affiliated group filing a consolidated federal income Tax Return or consolidated or combined state or local return and does not have any liability for the taxes of any person under Treas. Reg. ss. 1.1502-6 or any similar provision of state, local or foreign law, or as a transferee or successor, by contract, or otherwise; (vi) there has not been a change in a method of accounting within the meaning of Code section 481 by RBI since 1988; (vii) all items which could give rise to a substantial understatement of federal income tax (within the meaning of Code section 6662(d)) were adequately disclosed on RBI's Tax Returns in accordance with Code section 6662(d)(2)(B); (viii) RBI is not a party to a closing agreement or other agreement with a taxing authority that could affect its future liability for taxes; and (ix) RBI does not hold an evidence of indebtedness of a purchaser that is subject to the installment method of gain reporting under section 453 of the Code. RBI filed an election to be treated as an S corporation prior to January 1, 1987, and has been an S corporation for all taxable years since the effective date of such election, and has been an S corporation in every state or other jurisdiction where it has been subject to income taxation and S corporation treatment has been available. RBI has complied in all material respects with all applicable laws, rules and regulations relating to the payment and withholding of Taxes (including, without limitation, withholding of Taxes pursuant to Sections 1441 and 1442 of the Code or similar provisions under any foreign laws) and has, within the time and in the manner prescribed by law, withheld from employee wages and paid over to the proper governmental authorities all amounts required to be so withheld and paid over under all applicable laws.

(b) For purposes of this Agreement, the term "Taxes" shall mean all taxes, charges, fees, levies, duties, imposts or other assessments, including, without limitation, income, gross receipts, excise, property, sales, use, transfer, gains, license, payroll, withholding, capital stock and franchise taxes, imposed by the United States, or any state, local or foreign government or subdivision or agency thereof, including any interest, penalties or additions thereto. For purposes of this Agreement, the term "Tax Return" shall mean any report, return or other information or document required to be supplied to a taxing authority in connection with Taxes.

Section 3.13 Title to Properties; Encumbrances. RBI has good, valid and marketable title to, or a valid leasehold interest in, all of its properties and assets (real, personal and mixed, tangible and intangible), including, without limitation, all the properties and assets reflected in the balance sheet of RBI as of March 31, 1997 (except for properties and assets disposed of in the ordinary course of business and consistent with past practices since March 31, 1997). RBI's interests in such properties or assets are not subject to any Liens.

Section 3.14 Intellectual Property.

(a) RBI is the sole and exclusive owner of all patents, patent applications, patent rights, trademarks, trademark rights, trade names, trade name rights, copyrights, service marks, trade secrets, registrations for and applications for registration of trademarks, service marks and copyrights, technology and know-how, rights in computer software and other proprietary rights and information and all technical and user manuals and documentation made or used in connection with any of the foregoing, used or held for use in connection with the Business (collectively, the "Intellectual Property"), free and clear of all Liens.

(b) All grants, registrations and applications for the Intellectual Property that are used in the conduct of the Business (i) are valid, subsisting, in proper form and enforceable, and have been duly maintained, including the submission of all necessary filings and fees in accordance with the legal and administrative requirements of the appropriate jurisdictions and (ii) have not lapsed, expired or been abandoned, and no application or registration therefor is the subject of any legal or governmental proceeding before any registration authority in any jurisdiction.

(c) RBI owns or has the right to use all of the Intellectual Property used by it or held for use by it in connection with the Business. RBI and the Stockholder have no notice that any third party is engaging in conduct which conflicts with or infringes in any way any Intellectual Property. The conduct of the Business as currently conducted does not conflict with or infringe in any way any proprietary right of any third party, and there is no claim, suit, action or proceeding pending or threatened against RBI (i) alleging any such conflict or infringement with any third party's proprietary rights, or (ii) challenging the ownership, use, validity or enforceability of the Intellectual Property.

Section 3.15 Compliance with Applicable Law. (i) RBI holds, and is in compliance in all material respects with the terms of, all material permits, licenses, exemptions, orders and approvals of all Governmental Entities necessary for the current and proposed conduct of the Business ("RBI Permits"), (ii) no fact exists or event has occurred, and no action or proceeding is pending or threatened, that has a reasonable possibility of resulting in a revocation, non-renewal, termination, suspension or other impairment of any RBI Permits, (iii) the Business is not being conducted in violation in any material respect of any applicable law, ordinance, regulation, judgment, decree or order of any Governmental Entity ("Applicable Law"), and (iv) (a) no investiga tion or review by any Governmental Entity with respect to RBI is pending or threatened and (b) no Governmental Entity has indicated to RBI or the Stockholder an intention to conduct the same.

Section 3.16 Employee Benefit Plans; ERISA.

(a) Schedule 3.16(a) contains a list of all "employee benefit plans," within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and any other bonus, profit sharing, compensation, pension, severance, deferred compensation, fringe benefit, insurance, welfare, post-retirement, health, life, stock option, stock purchase, restricted stock, tuition refund, service award, company car, scholarship, relocation, disability, accident, sick, vacation, holiday, termination, unemployment, individual employment, consulting, executive compensation, incentive, commission, payroll practices, retention, change in control, noncompetition, or other plan, agreement, policy, trust fund, or arrangement (whether written or unwritten, insured or self-insured) (i) established, maintained, sponsored, or contributed to (or with respect to which any obligation to contribute has been undertaken) within the last six years by RBI or any entity that would be deemed a "single employer" with RBI under Section 414(b), (c), (MBM Division), or (o) of the Code or Section 4001 of ERISA (an "ERISA Affiliate") on behalf of any employee, director, shareholder, or beneficiary of RBI (whether current, former, or retired) or their beneficiaries or (ii) with respect to which RBI or any ERISA Affiliate has or has had any obligation on behalf of any such employee, director, shareholder, or beneficiary (each a

"Plan" and, collectively, the "Plans"). With respect to each Plan, true and complete copies, if applicable, of the documents embodying or relating to the Plan, including, without limitation, each communication received by or furnished to RBI or any ERISA Affiliate from the Internal Revenue Service ("IRS"), the Pension Benefit Guaranty Corporation ("PBGC"), U.S. Department of Labor ("DOL"), or any other governmental authority including, without limitation, the most recent application for determination letter submitted to the IRS and the most recent determination letter received from the IRS, have been delivered to Parent.

(b) Neither RBI, any ERISA Affiliate, nor any of their respective predecessors has ever contributed to, contributes to, has ever been required to contribute to, or otherwise participated in or participates in or in any way, directly or indirectly, has any liability with respect to any plan subject to Section 412 of the Code, Section 302 of ERISA or Title IV of ERISA, including, without limitation any, "multiemployer plan" (within the meaning of Sections (3)(37) or 4001(a)(3) of ERISA or Section 414(f) of the Code), or any single employer pension plan (within the meaning of Section 4001(a)(15) of ERISA).

(c) RBI, each ERISA Affiliate, each Plan, and each "plan sponsor" (within the meaning of Section 3(16) of ERISA) of each "welfare benefit plan" (within the meaning of Section 3(1) of ERISA) has complied in all respects with the requirements of Section 4980B of the Code and Title I, Subtitle B, Part 6 of ERISA.

(d) With respect to each of the Plans on Schedule 3.16(a):

(i) each Plan intended to qualify under Section 401(a) of the Code has been qualified since its inception and has received a determination letter under Revenue Procedure 93-39 from the IRS to the effect that the Plan is qualified under Section 401 of the Code and any trust maintained pursuant thereto is exempt from federal income taxation under Section 501 of the Code and nothing has occurred or is expected to occur through the date of the Closing that caused or could cause the loss of such qualification or exemption or the imposition of any penalty or tax liability;

(ii) all payments required by any Plan, any collective bargaining agreement or other agreement, or by law (including, without limitation, all contributions, insurance premiums, or intercompany charges) with respect to all periods through the date of the Closing shall have been made prior to the Closing (on a pro rata basis where such payments are otherwise discretionary at year end) or provided for by RBI as applicable, by full accruals as if all targets required by such Plan had been or will be met at maximum levels) on its financial statements;

(iii) no claim, lawsuit, arbitration or other action has been threatened, asserted, instituted, or anticipated against the Plans (other than non-material routine claims for benefits, and appeals of such claims), any trustee or fiduciaries thereof, RBI, any ERISA Affiliate, any director, officer, or employee thereof, or any of the assets of any trust of the Plans;

(iv) the Plan complies and has been maintained and operated in accordance with its terms and applicable law, including, without limitation, ERISA and the Code;

(v) no "prohibited transaction," within the meaning of Section 4975 of the Code and Section 406 of ERISA, has occurred or is expected to occur with respect to the Plan (and the consummation of the transactions contemplated by this Agreement will not constitute or directly or indirectly result in such a "prohibited transaction");

(vi) no Plan is or expected to be under audit or investigation by the IRS, DOL, or any other governmental authority and no such completed audit, if any, has resulted in the imposition of any tax or penalty;

(vii) each Plan intended to meet requirements for tax-favored treatment under any provision of the Code, including, without limitation, Sections 79, 105, 106, 117, 120, 125, 127, 129, 132, 162(m), 404, 404A, 419, 419A, or 501(c)(9) of the Code satisfies the applicable requirements under the Code; and

(viii) with respect to each Plan that is funded mostly or partially through an insurance policy, neither RBI nor any ERISA Affiliate has any liability in the nature of retroactive rate adjustment, loss sharing arrangement or other actual or contingent liability arising wholly or partially out of events occurring on or before the Closing.

(e) Except as set forth in the deferred compensation plan described in note 12 to the Year-End Financial Statements, the consummation of the transactions contemplated by this Agreement will not give rise to any liability, including, without limitation, liability for severance pay, unemployment compensation, termination pay, or withdrawal liability, or accelerate the time of payment or vesting or increase the amount of compensation or benefits due to any employee, director, shareholder, or beneficiary of RBI (whether current, former, or retired) or their beneficiaries solely by reason of such transactions. No amounts payable under any Plan will fail to be deductible for federal income tax purposes by virtue of Sections 280G or 162(m) of the Code.

(f) Neither RBI nor any ERISA Affiliate maintains, contributes to, or in any way provides for any benefits of any kind whatsoever (other than under Section 4980B of the Code, the Federal Social Security Act, or a plan qualified under Section 401(a) of the Code) to any current or future retiree or terminee.

(g) Neither RBI, any ERISA Affiliate, nor any officer or employee thereof, has made any promises or commitments, whether legally binding or not, to create any additional plan, agreement, or arrangement, or to modify or change any existing Plan.

(h) No event, condition, or circumstance exists that could result in an increase of the benefits provided under any Plan or the expense of maintaining any Plan from the level of benefits or expense incurred for the most recent fiscal year ended before the Closing.

(i) Neither RBI nor any ERISA Affiliate has any unfunded liabilities pursuant to any Plan that is not intended to be qualified under Section 401(a) of the Code.

(j) No event, condition, or circumstance exists that would prevent the amendment or termination of any Plan.

Section 3.17 Labor Matters; Employment Matters. (i) There are no controversies pending or threatened between RBI and any of its employees regarding RBI's compliance with applicable wage and hour, equal employment, safety and other similar legal requirements relating to its employees, (ii) RBI is not a party to, or bound by, any collective bargaining agreement, contract or other understanding with a labor union or labor organization and there is to RBI's and the Stockholder's knowledge no activity involving any employees of RBI seeking to certify a collective bargaining unit or engaging in any other organizational activity; and (iii) there are no strikes, slowdowns, work stoppages, lockouts, or threats thereof, by or with respect to any group of employees of RBI. Each of the salespersons employed by RBI are listed on Schedule 3.17(a) hereto and each such salesperson has executed and delivered to RBI a non-competition agreement in the form set forth on Schedule 3.17(b) hereto. Schedule 3.17(c) contains a list of the names, office locations, compensation and years of credited service for severance, vacation and pension plan purposes of all full- and part-time employees of RBI as at May 1, 1997. No executive employee of RBI has indicated to RBI that he or she is considering terminating his or her employment. RBI has complied in all material respects with applicable wage and hour, equal employment, safety and other legal requirements relating to its employees.

Section 3.18 Environmental Laws and Regulations.

(a) All references in this Section 3.18 to RBI shall include its predecessors, and any person or entity the liabilities of which, pursuant to applicable federal, state, local or common law, rule, regulation, ordinance, code, order or judgment (including any judicial or administrative interpretations, guidances, directives, policy statements or opinions) relating to the injury to, or the pollution or protection of human health and safety or the Environment ("Environmental Laws"), contractually, by common law, by operation of law or otherwise, RBI may have succeeded to.

(b) Except as set forth on Schedule 3.18(b), all of the current and past operations of RBI and the real property formerly or presently owned, leased or otherwise used by RBI, including any operations at or from any real property presently or formerly owned, used, leased, occupied, managed or operated by RBI, (collectively, the "Real Property"), comply and have at all times complied in all material respects with all applicable Environmental Laws. RBI has not engaged in, authorized, allowed or suffered any operations or activities upon any of the Real Property for the purpose of or in any way involving the handling, manufacture, treatment, processing, storage, use, generation, release, discharge, spilling, emission, dumping or disposal of any petroleum, petroleum products, petroleum-derived substances, radioactive materials, hazardous wastes, polychlorinated biphenyls, lead based paint, radon, urea formaldehyde, asbestos or any materials containing asbestos, and any materials or substances regulated or defined as or included in the definition of "hazardous substances," "hazardous materials," "hazardous constituents," "toxic

substances," "pollutants," "contaminants" or any similar denomination intended to classify or regulate substances by reason of toxicity, carcinogenicity, ignitability, corrosivity or reactivity under any Environmental Law ("Hazardous Substances") at, on, under or from the Real Property, except in full compliance in all material respects with all applicable Environmental Laws.

(c) Neither RBI's assets nor the Real Property contain any Hazardous Substances in, on, over, under or at it, in concentrations which would presently violate in any material respect any applicable Environmental Laws or would be reasonably likely to result in the imposition of liability or obligations on the present or former owner, manager, or operator of the Real Property under any applicable Environmental Laws, including any liability or obligations for the investigation, corrective action, remediation or monitoring of Hazardous Substances in, on, over, under or at the Real Property.

(d) None of the Real Property is listed or proposed for listing on the National Priorities List pursuant to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. ss. 9601 et seq., or any similar inventory of sites requiring investigation or remediation maintained by any state or locality. RBI has not received any notice, whether oral or written, from any governmental entity or third party of any actual or threatened claims, judgments, damages (including punitive damages), losses, penalties, fines, liabilities, encumbrances, liens, violations, costs and expenses (including attorneys' and consultants' fees) of investigation, remediation, monitoring or defense of any matter relating to human health, safety or any surface or subsurface physical medium or natural resource, including, air, land, soil, surface waters, ground waters, stream and river sediments, biota and any indoor area, surface or physical medium (the "Environment") of whatever kind or nature by any party, entity or authority, (i) which have been incurred as a result of (x) the existence of Hazardous Substances in, on, under, at or emanating from any Real Property, (y) the offsite transportation, treatment, storage or disposal of Hazardous Substances generated by RBI or (z) the violation of any Environmental Laws or (ii) which arise under the Environmental Laws ("Environmental Liabilities") with respect to the Business as conducted by RBI at any time, RBI's assets or Real Property.

(e) Except as set forth on Schedule 3.18(e), there are no underground storage tanks, asbestos or asbestos containing materials, polychlorinated biphenyls, urea formaldehyde, or other Hazardous Substances (other than small quantities of Hazardous Substances for use in the ordinary course of the business of RBI, which are stored and maintained in accordance and in full compliance with all applicable Environmental Laws) in, on, over, under or at any Real Property.

(f) There are no conditions existing at any Real Property or with respect to the assets or the Business, that require, or which with the giving of notice or the passage of time or both will reasonably likely require remedial or corrective action, removal, monitoring or closure pursuant to the Environmental Laws.

(g) RBI has all the permits, licenses, authorizations and approvals necessary for the conduct of the Business and for the operations on, in or at the Real Property (the "Environmental Permits"), which are required under applicable Environmental Laws. RBI is in full compliance with

the terms and conditions of all such Environmental Permits, and no reason exists why Parent would not be capable of continued operation of the Business in full compliance with the Environmental Permits and the applicable Environmental Laws.

(h) RBI has provided to Parent all environmental reports, assessments, audits, studies, investigations, data, Environmental Permits and other written environmental information in its custody, possession or control concerning RBI's assets, the Business as conducted by RBI at any time and the Real Property.

(i) RBI has not contractually, by operation of law, by the Environmental Laws, by common law or otherwise assumed or succeeded to any Environmental Liabilities of any predecessors or any other person or entity.

Section 3.19 Restrictions on Business Activities. Except for this Agreement, there is no agreement, judgment, injunction, order or decree binding upon RBI or the Stockholder which has or could reasonably be expected to have (after giving effect to the consummation of the Merger) the effect of prohibiting or impairing the business practices of RBI as currently practiced, the acquisition of property by RBI or the conduct of the Business as currently conducted by RBI.

Section 3.20 Accounting Matters. Neither RBI, any of its directors or officers nor the Stockholder, has taken any action which would prevent the accounting for the Merger as a pooling of interests in accordance with Accounting Principles Board Opinion No. 16, the interpretative releases pursuant thereto and the pronouncements of the SEC.

Section 3.21 Affiliate Transactions. Except as set forth in Schedule 3.21, there are no Contracts or other transactions between RBI on the one hand, and any (i) officer or director of RBI or the Stockholder or (ii) Affiliate of any such officer, director or stockholder, on the other hand.

Section 3.22 Brokers. Except for Lloyd & Company (a financial advisor to RBI whose fee for services rendered in connection with the Merger shall be as set forth in the Engagement Letter entered into by and between such financial advisor and RBI dated April 7, 1997), no broker, finder or financial advisor is entitled to any brokerage, finder's or other fee or commission in connection with the Merger or the transactions contemplated by this Agreement based upon arrangements made by or on behalf of RBI.

Section 3.23 Certain Tax Matters. Neither RBI, any of its directors or officers nor the Stockholder has taken any action which would be reasonably likely to cause the Merger to be treated other than as a tax-free reorganization under Section 368(a) of the Code.

Section 3.24 Accounts Receivable. Schedule 3.24(a) hereto is a complete and accurate summary aging of all of the accounts and notes receivable of RBI set forth on the books and records of RBI as of April 30, 1997, and Schedule 3.24(b) hereto is a complete and accurate aging of all such accounts and notes receivable, on a line item basis, with respect to the 50 largest accounts.

All such accounts and notes receivable of RBI: (i) represent sales actually made in the ordinary course of business for goods or services delivered or rendered to unaffiliated customers in bona fide arm's length transactions, (ii) constitute valid claims, (iii) are good and collectible in full within 90 days of the date they were created, in each case at the aggregate recorded amounts thereof (but reduced by (a) the reserve therefor reflected on the Interim Financial Statements and (b) recoveries since the date of the Interim Financial Statements of previously written-off accounts) without right of recourse, defense, deduction, return of goods, counterclaim or offset and (iv) have not been extended or rolled over in order to make them current.

Section 3.25 Inventory. Except to the extent of the reserve therefor reflected on the Interim Financial Statements, plus 5% of such reserve, (i) all inventory of RBI is of merchantable quality and is usable and salable at normal profit margins for RBI and in accordance with RBI's historical sales practices in the ordinary course of the business of RBI; and (ii) such inventory does not include any items which are obsolete, damaged, excessive (i.e., more than a six-month supply), below standard quality or slow moving (i.e., items that are for discontinued or expected to be discontinued product lines, or items that have not been used or sold within 6 months prior to the date hereof).

Section 3.26 Real and Personal Property. Schedule 3.26(a) contains a complete and correct list of all real property (including buildings and structures) owned or leased by RBI and all interests therein (including a brief description of the property, the record title holder, the location and the improvements thereon). RBI has delivered to Parent, to the extent available, current title reports on or owner's title policies to all owned real property. All such real property, buildings and struc tures, and the equipment therein, and the operations and maintenance thereof, comply with any applicable agreements and restrictive covenants and conform in all material respects to all applicable legal requirements including those relating to health and safety, land use and zoning, and all work required by law to be done by RBI or the Stockholder as landlord or tenant has been duly performed. No condemnation or other proceeding is pending or, to the knowledge of RBI or the Stockholder, threatened which would affect the use of any such property by RBI. Schedule 3.26(b) contains a complete and correct list and brief description of all equipment, machinery, computers, furniture, leasehold improvements, vehicles and other personal property owned or leased by RBI with a net book value of over $5,000 and all interests therein. RBI's buildings and other structures, equipment and other physical assets (whether leased or owned) are in good operating condition and repair, subject to ordinary wear and tear; provided that no such representation is made with respect to RBI's building in Laurel, Maryland.

Section 3.27 Insurance. Schedule 3.27 contains a complete and correct list of all policies of insurance of any kind or nature covering RBI, including, without limitation, policies of life, fire, theft, casualty, product liability, workmen's compensation, business interruption, employee fidelity and other casualty and liability insurance, indicating the type of coverage, name of insured, the insurer, the premium, the expiration date of each policy and the amount of coverage. All such policies (i) are with insurance companies financially sound and reputable and are in full force and effect; (ii) are sufficient for compliance with all requirements of law and of all applicable RBI agreements; (iii) are valid, outstanding and enforceable policies; and (iv) provide adequate insurance

coverage for the assets and operations of RBI for all risks normally insured against by persons carrying on the same business as RBI. Complete and correct copies of such policies have been fur nished to Parent. Since June 1, 1995, RBI has not been denied any insurance coverage which it has requested or made any material reduction in the scope or change in the nature of its insurance coverage. The products liability and personal injury insurance maintained by RBI has been on an "occurrence" basis since at least June 1, 1992.

Section 3.28 Books and Records. The books and records of RBI are complete and correct in all material respects and have been maintained in accordance with good business practices and the requirements of Section 13(b)(2) of the Securities Exchange Act of 1934, as amended (notwithstanding the fact that RBI is not subject to that Section). The minute books of RBI contain complete and accurate records of all meetings and accurately reflect all other corporate action of the shareholders and board of directors of RBI.

Section 3.29 Illegal Payments. RBI and its officers and agents have not made any illegal payments to, or provided any illegal benefit or inducement for, any governmental official, supplier, customer or other person, in an attempt to influence any such person to take or to refrain from taking any action relating to RBI.

Section 3.30 Officers and Directors; Bank Accounts, etc. Schedule 3.30 lists: (i) all officers, directors and fiduciaries of RBI; (ii) all bank accounts and safe deposit boxes maintained by RBI and all authorized signatories therefor, specifying their respective authority; and (iii) all credit cards under which employees of RBI may incur liability, and the persons holding such cards. No person or entity holds any general or special power of attorney from RBI.

Section 3.31 Customers and Suppliers. (a) Schedule 3.31(a) hereto sets forth a list of RBI's 50 largest customers (including the addresses, phone numbers and names of contact persons at such customers) in order of dollar volume of sales for each of its last two fiscal years and for the period from the end of the last fiscal year through April 30, 1997, showing the approximate total sales in dollars by RBI to each such customer each such period.

(b) Schedule 3.31(b) hereto sets forth a list of the 25 largest suppliers of RBI in order of dollar volume of purchases for each of its last two fiscal years and for the period from the end of the last fiscal year through April 30, 1997, showing the approximate total purchases in dollars by RBI from each such supplier during each such period.

(c) Except as set forth on Schedule 3.31(c), RBI is not engaged in any disputes with customers or suppliers except for minor returns, bill adjustments and similar disputes in the ordinary course of business not exceeding $2,000 with respect to any single return, bill adjustment or similar dispute and which individually or in the aggregate do not result in a RBI Material Adverse Effect, and there has not been any adverse change, and there are no facts known to RBI or the Stockholder which may reasonably be expected to indicate that (and with respect to the transactions contemplated by this Agreement, to the best knowledge of RBI and the Stockholder that) any adverse change may occur, in the business relationship of RBI with any customer or

supplier named on Schedule 3.31(a) or Schedule 3.31(b). To the best knowledge of RBI and the Stockholder, none of the customers or suppliers named on Schedule 3.31(a) or Schedule 3.31(b) is considering termination, non-renewal or any adverse modification of its arrangements with RBI, and the transactions contemplated by this Agreement will not, to the best knowledge of RBI and the Stockholder, have any adverse effect on RBI's relationship with any of such suppliers or customers.

(d) Schedule 3.31(d) hereto sets forth a complete and accurate summary aging of all accounts payable over $500 of RBI as of April 30, 1997.

Section 3.32 Contracts and Commitments. (a) The contracts listed on Schedule 3.32 hereto are all of the Contracts, written or oral, to which RBI is a party or as to which it or its properties are bound or which otherwise relate to the Business (excluding any Contract that involves a commitment by RBI of less than $5,000 over the next 12 months and less than $25,000 over the balance of the term of such Contract).

(b) RBI is not in breach or default, nor is there any basis for any valid claim of breach or default by RBI, under any Contract. Except as set forth on Schedule 3.32, all Contracts are valid and in full force and effect, and consummation of the transactions contemplated by this Agreement will not cause any Contract to cease to be valid and in full force and effect. Accurate and complete copies of all Contracts, including all amendments thereto, have been heretofore delivered to Parent.

Section 3.33 Disclosure. No representation or warranty by RBI and the Stockholder in this Agreement contains an untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained herein not misleading. Neither RBI nor the Stockholder is aware of any matter that could reasonably be expected to have a RBI Material Adverse Effect that has not been disclosed in writing to Parent.

Section 3.34 Stockholder's Investment Intent.

(a) The Stockholder is acquiring shares of Parent Common Stock pursuant hereto for the Stockholder's own account for investment and not with a view to the resale or distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act");

(b)) The Stockholder understands that the shares of Parent Common Stock to be received by him hereunder have not been registered under the Securities Act and, therefore, cannot be resold unless they are registered under the Securities Act or unless an exemption from registration is available;

(c) The Stockholder has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of an investment in the shares of Parent Common Stock to be received by him hereunder; and

(d) Parent has made available to the Stockholder at a reasonable time prior to the execution of this Agreement the opportunity to ask questions and receive answers concerning the terms and conditions of this Agreement and to obtain any additional information concerning Parent which Parent possesses or can acquire without unreasonable effort or expense.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT

Parent represents and warrants to RBI as follows:

Section 4.1 Organization. Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate power to carry on its business as it is now being conducted or presently proposed to be conducted. Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of South Carolina. Sub has not engaged in any business (other than in connection with this Agreement and the transactions contemplated hereby) since the date of its incorporation.

Section 4.2 Capitalization. The authorized capital stock of Parent consists of 60,000,000 shares of Parent Common Stock. As of May 13, 1997, (i) 23,324,084 shares of Parent Common Stock were issued and outstanding and (ii) options to acquire 1,089,077 shares of Parent Common Stock (the "Parent Stock Options") are outstanding. The shares of Parent Common Stock issuable in exchange for shares of RBI Common Stock at the Effective Time in accordance with this Agreement will be, when so issued, duly authorized, validly issued, fully paid and nonassessable and free of pre-emptive rights. The shares of Parent Common issuable upon exercise of certain options granted to RBI Executives, as hereinafter defined in Section 7.2(e), in connection with the Merger have been duly authorized, and when issued against the payment therefor, will be validly issued, fully paid, nonassessable and free from pre-emptive rights. The authorized capital stock of Sub consists of 2,000 shares of Sub Common Stock, of which 100 shares, as of the date hereof, were issued and outstanding. All of such outstanding shares are owned directly by Parent, and are validly issued, fully paid and nonassessable.

Section 4.3 Authority Relative to this Agreement. Each of Parent and Sub has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by each of Parent and Sub and the consummation by Parent and Sub of the transactions contemplated on its part hereby have been duly authorized by their respective Boards of Directors, and no other corporate proceedings on the part of Parent or Sub are necessary to authorize this Agreement or for Parent and Sub to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by each of Parent and Sub and constitutes a valid and binding agreement of each of Parent and Sub, enforceable against Parent and Sub in accordance with its terms, subject to applicable bankruptcy, insolvency and other similar laws affecting the

enforceability of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies.

Section 4.4 Consents and Approvals; No Violations. Neither the execution, delivery and performance of this Agreement by Parent or Sub, nor the consummation by Parent or Sub of the transactions contemplated hereby will (i) conflict with or result in any breach of any provisions of the Certificate of Incorporation or By-Laws of Parent or of Sub, (ii) require a filing with, or a permit, authorization, consent or approval of, any Governmental Entity except in connection with or in order to comply with the applicable provisions of the HSR Act, the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), state securities or "blue sky" laws, the By-Laws of the National Association of Securities Dealers (the "NASD"), and the filing and recordation of a Certificate of Merger as required by the SCBCA, or (iii) violate any law, order, writ, injunction, decree, statute, rule or regulation of any Governmental Entity applicable to Parent, Sub or any of their properties or assets.

Section 4.5 Reports and Financial Statements. Parent has timely filed all reports required to be filed with the SEC pursuant to the Exchange Act or the Securities Act since November 3, 1995 (collectively, the "Parent SEC Reports"), and has previously made available to RBI true and complete copies of all such Parent SEC Reports. Such Parent SEC Reports, as of their respective dates, complied in all material respects with the applicable requirements of the Securities Act and the Exchange Act, as the case may be, and none of such SEC Reports contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the audited consolidated financial statements of Parent (including any related notes and schedules) included (incorporated by reference) in its Annual Report on Form 10-K for the fiscal year ended December 28, 1996, and the unaudited consolidated financial statements of Parent (including any related notes and schedules) included (incorporated by reference) in any Form 10-Q's filed by Parent subsequent to the filing of such Form 10-K, (a) have been prepared in accordance with GAAP applied on a consistent basis (except as may be indicated in the notes thereto) subject, in the case of the unaudited consolidated financial statements, to year-end closing adjustments and the lack of full footnote presentations and except that the presentation and disclosures in such statements conform with the applicable rules of the Exchange Act but include all adjustments necessary to conform to GAAP requirements with respect to interim financial statements, and (b) fairly present, in all material respects, the consolidated financial position of Parent and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and their cash flows for the periods then ended.

Section 4.6 Brokers. No broker, finder or financial advisor is entitled to any brokerage finder's or other fee or commission in connection with the Merger or the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent or Sub.

Section 4.7 Certain Tax Matters. Neither Parent, Sub nor any of their officers or directors has taken any action which would be reasonably likely to cause the Merger to be treated other than as a tax-free reorganization under Section 368(a) of the Code.

ARTICLE V

CONDUCT OF BUSINESS PENDING THE MERGER

Section 5.1 Conduct of Business by RBI Pending the Merger. Prior to the Effective Time, unless Parent shall otherwise agree in writing, or as otherwise expressly contemplated by this Agreement:

(a) RBI shall conduct its business only in the ordinary and usual course consistent with past practice, and RBI shall use its reasonable efforts to preserve intact the present business organization, keep available the services of its present officers and key employees, and preserve the goodwill of those having business relationships with it;

(b) RBI shall not (i) amend its charter or bylaws, (ii) split, combine or reclassify any shares of its outstanding capital stock, (iii) declare, set aside or pay any dividend or other distribution payable in cash, stock or property (except for dividends consistent with RBI's past practice, provided, however, that such dividend would not prevent the accounting for the Merger as a pooling of interests for financial reporting purposes), or (iv) directly or indirectly redeem or otherwise acquire any shares of its capital stock or shares of the capital stock;

(c) RBI shall not (i) authorize for issuance, issue or sell or agree to issue or sell any shares of, or Rights to acquire or convertible into any shares of, its capital stock (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise), (ii) merge or consolidate with another entity, (iii) acquire or purchase an equity interest in or a substantial portion of the assets of another corporation, partnership or other business organization or otherwise acquire any assets outside the ordinary and usual course of business and consistent with past practice or otherwise enter into any contract, commitment or transaction outside the ordinary and usual course of business consistent with past practice, (iv) sell, lease, license, waive, release, transfer, encumber or otherwise dispose of any of its assets outside the ordinary and usual course of business and consistent with past practice, (v) incur, assume or prepay any indebtedness or any other liabilities other than in the ordinary course of business and consistent with past practice, (vi) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person, (vii) make any loans, advances or capital contributions to, or investments in, any other person, (viii) authorize or make capital expenditures in excess of the amounts currently budgeted therefor, (ix) permit any insurance policy naming RBI as a beneficiary or a loss payee to be canceled or terminated other than in the ordinary course of business, or (x) enter into any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(d) RBI shall not (i) adopt, enter into, terminate or amend (except as may be required by Applicable Law) any Plan or other arrangement for the current or future benefit or welfare of any director, officer or current or former employee, (ii) increase in any manner the compensation or fringe benefits of, or pay any bonus to, any director, officer or employee (except

for normal increases in salaried compensation in the ordinary course of business consistent with past practice), or (iii) take any action to fund or in any other way secure, or to accelerate or otherwise remove restrictions with respect to, the payment of compensation or benefits under any employee plan, agreement, contract, arrangement or other Plan;

(e) RBI shall not take any action with respect to, or make any change in, its accounting or tax policies or procedures, except as required by law or to comply with GAAP;

(f) RBI shall not (i) take or allow to be taken any action which would jeopardize the treatment of Parent's acquisition of RBI as a pooling of interests for accounting purposes; or (ii) take any action which would jeopardize qualification of the Merger as a reorganization within the meaning of Section 368(a) of the Code.

Section 5.2 Conduct of Business by Parent Pending the Merger. Prior to the Effective Time, unless RBI shall otherwise agree in writing, or as otherwise expressly contemplated by this Agreement, neither Parent nor Sub shall take any action which would jeopardize qualification of the Merger as a reorganization within the meaning of Section 368(a) of the Code.

Section 5.3 Certain Assets. Notwithstanding anything to the contrary contained in Section 5.1 hereof, (a) the Stockholder may, at his election, at any time prior to the Effective Time, cause RBI to transfer, convey and assign to him as a dividend in kind in respect of the RBI Common Stock owned by him the stock of ABCO Dealers, Inc. and (b) as soon as practicable after the Effective Time, RBI shall sell to the Stockholder the real estate described on Schedule 5.3 hereto (the "Raleigh Property") for a purchase price of $320,000; provided, however, that such dividend and sale would not, in the reasonable judgment of Parent, after consultation with its advisors, adversely affect the qualification of the Merger as a pooling of interests for financial reporting purposes, or adversely affect the treatment of the Merger as a reorganization, for federal income tax purposes, within the meaning of Section 368(a) of the Code; and provided further, that at or prior to such sale of the Raleigh Property, RBI and the Stockholder shall have entered into a lease with respect thereto substantially in the form of the Greenville, South Carolina lease, as amended substantially in accordance with Exhibit 7.2(j) hereto. In the event that any of the transactions set forth above shall adversely affect the qualification of the Merger as a pooling of interests or as a reorganization within the meaning of Section 368(a) of the Code, then the parties hereto shall endeavor in good faith to modify the terms and conditions of such transactions in each case so that the transactions will not adversely affect the Merger as a pooling of interests for financial reporting purposes or as a reorganization within the meaning of Section 368(a) of the Code.

ARTICLE VI

ADDITIONAL AGREEMENTS

Section 6.1 Access and Information. Each of RBI and Parent shall (and shall cause its officers, directors, employees, auditors and agents to) afford to the other and to the other's

officers, employees, financial advisors, legal counsel, accountants, consultants and other representatives reasonable access during normal business hours throughout the period prior to the Effective Time to all of its books and records (other than privileged documents) and its properties, plants and personnel and, during such period, each shall furnish promptly to the other a copy of each report, schedule and other document filed or received by it pursuant to the requirements of federal securities laws, provided that no investigation pursuant to this Section 6.1 shall affect any representations or warranties made herein or the conditions to the obligations of the respective parties to consummate the Merger; and provided further, however, that Parent shall not be afforded access to RBI's non-executive personnel, customers or suppliers. Unless otherwise required by law, each party agrees that it (and its representatives) shall hold in confidence all non-public information so acquired.

Section 6.2 No Solicitation. Prior to the Effective Time, RBI agrees that neither it, any of its Affiliates, nor any of the respective directors, officers, employees, agents or representatives of the foregoing will, directly or indirectly, solicit, initiate, facilitate or encourage (including by way of furnishing or disclosing non-public information) any inquiries or the making of any proposal with respect to any merger, consolidation or other business combination involving RBI or the acquisition of all or any significant assets or capital stock of RBI taken as a whole (an "Acquisition Transaction") or negotiate, explore or otherwise engage in discussions with any person (other than Parent and its representatives) with respect to any Acquisition Transaction or enter into any agreement, arrangement or understanding with respect to any such Acquisition Transaction or which would require it to abandon, terminate or fail to consummate the Merger or any other transaction contemplated by this Agreement. RBI agrees that as of the date hereof, it, its Affiliates, and the respective directors, officers, employees, agents and representatives of the foregoing, shall immediately cease and cause to be terminated any existing activities, discussions or negotiations with any person (other than Parent and its representatives) conducted heretofore with respect to any Acquisition Transaction. RBI agrees to promptly advise Parent in writing of any inquiries or proposals (or desire to make a proposal) received by (or indicated to), any such information requested from, or any such negotiations or discussions sought to be initiated or continued with, any of its Affiliates, or any of the respective directors, officers, employees, agents or representatives of the foregoing, in each case from a person (other than Parent and its representatives) with respect to an Acquisition Transaction, and the terms thereof, including the identity of such third party, and to update on an ongoing basis or upon Parent's request, the status thereof, as well as any actions taken or other developments pursuant to this Section 6.2.

Section 6.3 Reasonable Best Efforts. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use its reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including, without limitation, the management by RBI of its cash to assure that at the Effective Time RBI will have cash on hand sufficient to satisfy the condition set forth in Section 7.2(f) hereof, and the obtaining of all necessary waivers, consents and approvals and the effecting of all necessary registrations and filings. Without limiting the generality of the foregoing, as promptly as practicable, RBI, Parent and Sub shall make all filings and submissions under the

HSR Act as may be reasonably required to be made in connection with this Agreement and the transactions contemplated hereby. RBI will furnish to Parent and Sub, and Parent and Sub will furnish to RBI, such information and assistance as the other may reasonably request in connection with the preparation of any such filings or submissions. Notwithstanding anything to the contrary contained in this Agreement, in order to assure, with respect to its securities portfolio, the satisfaction of the condition set forth in Section 7.2(f) hereof, RBI shall refrain from engaging in any securities trading activities at all times prior to the Effective Time.

Section 6.4 Expenses. Whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement (including the Exhibits hereto) and the transactions contemplated hereby (and thereby) shall be paid by the party incurring such expenses (except that the filing fee in connection with Parent's and Sub's filings under the HSR Act will be paid by Parent and the filing fee in connection with the Stockholder's filing under the HSR Act will be paid by RBI).

Section 6.5 Public Announcements. RBI and the Stockholder agree that it and he will not issue any press release or otherwise make any public statement with respect to this Agreement (including the Exhibits hereto) or the transactions contemplated hereby (or thereby) without the prior consent of Parent, which consent shall not be unreasonably withheld or delayed; provided, however, that such disclosure can be made without obtaining such prior consent if (i) the disclosure is required by law and (ii) the party making such disclosure has first used its reasonable best efforts to consult with (but not obtain the consent of) the Parent about the form and substance of such disclosure.

Section 6.6 Supplemental Disclosure. RBI shall give prompt notice to Parent, and Parent shall give prompt notice to RBI, of (i) the occurrence, or non-occurrence, of any event the occurrence, or non-occurrence, of which would be likely to cause (x) any representation or warranty contained in this Agreement to be untrue or inaccurate or (y) any covenant, condition or agreement contained in this Agreement not to be complied with or satisfied and (ii) any failure of RBI or Parent, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 6.6 shall not have any effect for the purpose of determining the satisfaction of the conditions set forth in Article VII of this Agreement or otherwise limit or affect the remedies available hereunder to any party.

Section 6.7 Filing of RBI's Income Tax Returns. The Stockholder shall cause KPMG Peat Marwick, LLP to prepare the federal and state income tax returns required to be filed by RBI for its taxable year ended May 31, 1997, and its taxable year beginning June 1, 1997 and ending on the Closing Date (individually, a "RBI Return" and collectively the "RBI Returns"). Each RBI Return shall be prepared using accounting methods and other practices that are consistent with those used by RBI in its prior returns. All reasonable fees and expenses of KPMG Peat Marwick, LLP in preparing the RBI Returns shall be paid by RBI. Parent agrees to make available to KPMG Peat Marwick, LLP all books and records of RBI needed for the preparation of the RBI Returns. The Stockholder shall cause KPMG Peat Marwick, LLP to deliver a draft of each RBI Return to Parent

not less than sixty (60) days before the due date for filing such returns (taking applicable extensions into account), and Parent shall provide to KPMG Peat Marwick, LLP its comments on and any proposed changes to the draft of each RBI Return not later than forty-five (45) days before such due date. If any aspect of any RBI Return remains in dispute within thirty (30) days before the due date for filing such return, the matters in dispute shall be submitted to an independent accounting firm (the "Independent Firm") selected by KPMG Peat Marwick, LLP and BDO Seidman, LLP for resolution. The decision of the Independent Firm concerning any disputed item shall be final and binding on the parties, and the fees and expenses of the Independent Firm shall be paid one-half by the Stockholder and one-half by Parent. After each RBI Return has been prepared, reviewed and approved (and any disputes concerning any items on such return have been resolved by the Independent Firm, if necessary), Parent will cause the appropriate officers of RBI then serving to sign and file the applicable RBI Return with the applicable taxing authority. After the Closing Date, RBI will not amend in any material respect, or consent to any material adjustment to, any RBI Return (or any other federal or state income tax return for any taxable year ended on or before the Closing Date) in a manner that would increase the tax liability of the Stockholder without the Stockholder's written consent, which shall not be unreasonably withheld.

Section 6.8 Listing of Parent Common Stock. If required pursuant to law or the by-laws of the NASD, Parent shall use its best efforts to cause the Parent Common Stock to be issued pursuant to the Merger to be approved for listing on the Nasdaq Stock Market, subject only to official notice of issuance by Parent.

Section 6.9 Refund of Required Payment. Within 60 business days after the Closing, RBI will file a Form 8752 with the Internal Revenue Service to claim a refund of the net amount of the "required payments" made by RBI prior to the Closing pursuant to Section 7519 of the Code. RBI will pay such refund to the Stockholder promptly upon RBI's receipt of the refund from the Internal Revenue Service. RBI shall not be required to pay to the Stockholder any portion of such refund attributable to "required payments" made by RBI after the Closing pursuant to Section 7519 of the Code. Notwithstanding the foregoing, in the event that any payment by RBI to the Stockholder of such refund shall adversely affect the qualification of the Merger as a pooling of interests, then the parties hereto shall endeavor in good faith to modify the obligations of RBI in this Section 6.9 so that any payments made by RBI to the Stockholder pursuant hereto will not adversely affect the Merger as a pooling of interests for financial reporting purposes.

Section 6.10 Greenville Mortgage. Promptly after the execution and delivery of this Agreement, the Stockholder shall use commercially reasonable efforts to obtain on or prior to the Effective Time the release and termination of the guarantee and any related security agreements of RBI in favor of the mortgagee of RBI's Greenville, S.C. facility (the "Greenville Mortgage Guarantee"). Without limiting the generality of the foregoing, the Stockholder shall offer the Stockholder's personal guarantee in the place and stead of RBI's guarantee and/or provide collateral security therefor.

ARTICLE VII

CONDITIONS TO CONSUMMATION OF THE MERGER

Section 7.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligations of each party to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) HSR Approval. Any waiting period applicable to the consummation of the Merger under the HSR Act shall have expired or been terminated, and no action shall have been instituted by the Department of Justice or Federal Trade Commission challenging or seeking to enjoin the consummation of this transaction, which action shall have not been withdrawn or terminated.

(b) No Order. No Governmental Entity (including a federal or state court) of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which materially restricts, prevents or prohibits consummation of the Merger or any transaction contemplated by this Agreement; provided, however, that the parties shall use their reasonable best efforts to cause any such decree, judgment, injunction or other order to be vacated or lifted.

Section 7.2 Conditions to Obligations of Parent and Sub to Effect the Merger. The obligations of Parent and Sub to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following additional conditions, unless waived in writing by Parent:

(a) Representations and Warranties. (i) The representations and warranties of RBI and the Stockholder set forth in this Agreement shall be true and correct in all material respects, as of the date hereof, and, except to the extent such representations and warranties speak as of an earlier date, as of the Effective Time as though made at and as of the Effective Time, and Parent shall have received a certificate signed by the Stockholder and, on behalf of RBI, by the chief executive officer or the chief financial officer of RBI, to such effect.

(b) Performance of Obligations of RBI and the Stockholder. Each of RBI and the Stockholder shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Effective Time, and Parent shall have received a certificate signed by the Stockholder and, on behalf of RBI, by the chief executive officer or the chief financial officer of RBI, to such effect.

(c) Letters of Resignation. Parent and Sub shall have received letters of resignation addressed to RBI from the members of RBI's board of directors and the Stockholder in any capacity as an officer of RBI, which resignations shall be effective as of the Effective Time.

(d) Pooling Letter. Parent shall have received from BDO Seidman, LLP a letter, dated the Closing Date and addressed to Parent, to the effect that, subject to customary qualifications, the Merger qualifies for pooling of interests treatment for financial reporting purposes in accordance with GAAP, and Parent shall have received from RBI, with the consent of KPMG Peat Marwick LLP, a copy of a letter, dated the Closing Date, of such firm addressed to RBI to the effect that, based upon inquiries and their examination of the financial statements of RBI, they are not aware of any conditions relating to RBI that would preclude the use of pooling of interests treatment for financial reporting purposes in accordance with GAAP in connection with the Merger.

(e) Employment Agreements. Each of Messrs. Bradford C. Connett and John E. Cook, III (the "RBI Executives") shall have entered into Employment Agreements with RBI substantially in the form of Exhibit 7.2(e) hereto.

(f) Certain Liquid Assets. RBI shall have cash on hand of not less than $3.3 million before payment of expenses incurred by RBI in the Merger (not to exceed $300,000) and, in addition, shall have no unrealized losses in its securities portfolio.

(g) Environmental Due Diligence. Parent shall have completed a Phase I environmental site and compliance assessment and determined that the results of such review do not reflect a breach of Section 3.18 hereof.

(h) Counsel Opinion. Parent shall have received from RBI's counsel, King & Spalding, an opinion in form and substance reasonably satisfactory to Parent.

(i) Greenville Mortgage. Parent shall have received evidence satisfactory to Parent of the termination of the Greenville Mortgage Guarantee or the written undertaking of Robark Properties, a South Carolina limited partnership, not to incur any indebtedness that is covered by the Greenville Mortgage Guarantee or that is secured by RBI's Greenville Facility, which indebtedness is in excess of the outstanding balance of such indebtedness as of the date of this Agreement and as subsequently reduced.

(j) Greenville, S.C. Lease Amendments. RBI, as lessee, and Robark Properties, a South Carolina limited partnership, as lessor, under the lease relating to that certain property located at Congaree Road, Greenville, South Carolina 29607 dated September 26, 1980, as amended, shall have executed and delivered a further amendment to such lease substantially in accordance with the terms set forth on Exhibit 7.2(j) hereto.

(k) Dewey (D.C.) Slatton. Parent shall have received evidence reasonably satisfactory to Parent of the termination of all rights that Dewey (D.C.) Slatton may have to receive any shares of RBI Common Stock pursuant to his employment agreement dated June 1, 1964 with RBI or any other written or verbal arrangement with RBI.

(l) 1995 Deferred Compensation Plan. The Roane-Barker, Inc. Deferred Compensation Plan for Key Managers, effective August 1, 1995 and including only John E. Cook,

III and Bradford C. Connett as "Participants" thereunder (the "Deferred Compensation Plan"), shall have been amended to provide for the payments to such Participants as set forth in Sections 5(b) and 7 of their form of employment agreements to be entered into with RBI attached hereto as Exhibit 7.2(e) in lieu of any benefits payable to them under the Deferred Compensation Plan.

Section 7.3 Conditions to Obligation of RBI to Effect the Merger. The obligation of RBI to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following additional conditions:

(a) Representations and Warranties. (i) The representations and warranties of Parent set forth in this Agreement shall be true and correct in all material respects, as of the date hereof, and, except to the extent such representations and warranties speak as of an earlier date, as of the Effective Time as though made on and as of the Effective Time, and RBI shall have received a certificate signed on behalf of Parent by the chief executive officer or the chief financial officer of Parent, to such effect.

(b) Performance of Obligations of Parent and Sub. Each of Parent and Sub shall have performed in all material respects, all obligations required to be performed by it under this Agreement at or prior to the Effective Time, and RBI shall have received a certificate signed on behalf of Parent by the chief executive officer or the chief financial officer of Parent, to such effect.

(c) Counsel Opinion. RBI and the Stockholder shall have received from Parent and Sub's counsel, Proskauer Rose Goetz & Mendelsohn LLP, an opinion in form and substance reasonably satisfactory to RBI and the Stockholder.

(d) Executive Agreements. Mr. Bradford C. Connett and Mr. John E. Cook, III shall each have been offered by Parent the opportunity to enter into an employment agreement with RBI substantially in the form of Exhibit 7.2(e) hereto.

(e) Employment Agreement. Stockholder shall have executed and delivered an Employment Agreement with Parent substantially in the form of Exhibit 7.3(e) hereto.

(f) Registration Rights. Parent and the Stockholder shall have entered into a Registration Rights Agreement in form and substance reasonably satisfactory to Parent and the Stockholder providing for, among other things, (i) the Stockholder's right to request in writing commencing immediately upon expiration of the holding period required with respect to the shares of Parent Common Stock to be received by him in the Merger in order for the Merger to qualify as a pooling of interests for financial reporting purposes and ending nine months after the Effective Time, that Parent effect one registration on Form S-3 of a number of such shares of Parent Common Stock as designated by the Stockholder not to exceed the number of shares received by him in the Merger, (ii) that the Parent shall use its reasonable best efforts to keep such registration statement effective for a period of 90 days and shall contain customary provisions for indemnification and "market stand-off" and (iii) that no "piggyback" registration rights shall be included in such Registration Rights Agreement.

ARTICLE VIII

TERMINATION

Section 8.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval by the Stockholder:

(a) by mutual consent of Parent and RBI;

(b) by either Parent or RBI, if the Merger shall not have been consummated before June 30, 1997 (unless, in the case of any such termination pursuant to this Section 8.1(b), the failure to so consummate the Merger by such date shall have been caused by the action or failure to act of the party seeking to terminate this Agreement, which action or failure to act constitutes a breach of this Agreement);

(c) by Parent, if (i) there has been a breach in any material respect of any representations or warranties of RBI or (ii) there has been a breach in any material respect of any of the covenants or agreements set forth in this Agreement on the part of RBI, which breach is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by Parent to RBI;

(d) by RBI, if (i) there has been a breach in any material respect of any representations or warranties of Parent or (ii) there has been a breach in any material respect of any of the covenants or agreements set forth in this Agreement on the part of Parent, which breach is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by RBI to Parent; and

(e) by either Parent or RBI if the average of the per share closing prices for Parent Common Stock on NASDAQ for any ten consecutive trading days occurring after the date of this Agreement is less than $20.00.

Section 8.2 Effect of TerminaIn the event of termination of this Agreement pursuant to this Article VIII, the Merger shall be deemed abandoned and this Agreement shall forthwith become void, without liability on the part of any party hereto, except as provided in Section 6.1 and Section 6.4 hereof, and except that nothing herein shall relieve any party from liability for any breach of this Agreement.

ARTICLE IX

INDEMNIFICATION

Section 9.1 Survival of Representations and Warranties. All representations and warranties contained in Articles III and IV of this Agreement shall survive the Closing until the first anniversary of the Closing Date.

Section 9.2 Indemnification by Stockholder. From and after the Closing, the Stockholder shall indemnify and save Parent, Sub and their respective Affiliates, directors, officers, employees, agents and representatives and all of their successors and assigns (collectively "Parent Claimants" and individually "Parent Claimant") harmless from and defend each of them from and against any and all demands, claims, actions, liabilities, losses, costs, damages or expenses whatsoever (including any reasonable attorneys' fees) (collectively, "Parent Losses") imposed upon or incurred by the Parent Claimants resulting from or arising out of (a) any inaccuracy or breach of any representation or warranty of the Stockholder or RBI contained herein or (b) any breach of any covenant or obligation of the Stockholder or RBI contained herein. Without limiting the generality of the foregoing and subject to the Stockholder Maximum Indemnity (as hereinafter defined), the Stockholder shall pay any Parent Claimant asserting any claim (a "Parent Claim") for indemnification hereunder, an amount sufficient to put the Parent Claimant in the same position it would have been in had such representation or warranty been accurate or had such covenant or obligation not been breached, as the case may be, net of any tax benefit received by the Parent Claimant due to such Parent Losses.

Section 9.3 Indemnification by Parent. From and after the Closing, Parent shall indemnify and save Stockholder and each of his Affiliates, heirs, executors, successors and assigns (collectively, the "Stockholder Claimants" and individually, a "Stockholder Claimant") harmless from and defend each of them from and against any and all demands, claims, actions, liabilities, losses, costs, damages or expenses (including any reasonable attorneys' fees) (collectively, "Stockholder Losses") imposed upon or incurred by the Stockholder Claimants resulting from or arising out of (a) any inaccuracy or breach of any representation or warranty of the Parent or Sub contained herein or (b) any breach of any covenant or obligation of the Parent or Sub contained herein. Without limiting the generality of the foregoing and subject to the Parent Maximum Indemnity (as hereinafter defined), the Parent shall pay any Stockholder Claimant asserting any claim (a "Stockholder Claim") for indemnification hereunder, an amount sufficient to put the Stockholder Claimant in the same position it would have been in had such representation or warranty been accurate or had such covenant or obligation not been breached, as the case may be, net of any tax benefit received by the Stockholder Claimant due to such Stockholder Losses.

Section 9.4 Limitations on Indemnification.

(a) The Parent Claimants will not be entitled to seek indemnification under Section 9.2 for Parent Losses unless and until the aggregate of all Parent Losses incurred by the Parent Claimants exceeds $166,250 (the "Stockholder Basket Amount"). In the event that the

aggregate of all Parent Losses exceeds the Stockholder Basket Amount, the Parent Claimants will only be entitled to seek indemnification in respect of Parent Losses in excess of the Stockholder Basket Amount, but in no event will the Stockholder's obligations for Parent Losses be greater than $16,625,000 (the "Stockholder Maximum Indemnity"); provided, however, that the Stockholder Basket Amount and the Stockholder Maximum Indemnity shall not apply with respect to Parent Losses arising under (i) Section 9.2(a) with respect to any breach or inaccuracy of any representation or warranty made by RBI or the Stockholder in Sections 3.1, 3.2, 3.3, 3.4, 3.5 or 3.6, hereof or (ii) Section 9.5(c) hereof. Notwithstanding any other provision herein, the Stockholder Claimants shall not in any event indemnify a Parent Claimant for any claims, liabilities, obligations, losses, costs, expenses, penalties, fines and damages relating to any breach or inaccuracy of clause (iii) of the representation and warranty made by RBI and the Stockholder in Section 3.24 hereof ("Accounts Receivable") occurring solely as a result of RBI failing to collect after the Effective Time an account or note receivable within 90 days after the date it was created, provided that such failure to collect was due solely to RBI's failure to use its reasonably diligent efforts to collect such account or note receivable on terms and in the manner consistent with RBI's past practice.

(b) The Stockholder Claimants will not be entitled to seek indemnification under Section 9.3 for Stockholder Losses unless and until the aggregate amount of all Stockholder Losses incurred by the Stockholder Claimants exceeds $166,250 (the "Parent Basket Amount"). In the event that the aggregate of all Stockholders Losses exceeds the Parent Basket Amount, the Stockholder Claimants will only be entitled to seek indemnification in respect of Stockholder Losses in excess of the Parent Basket Amount, but in no event will Parent's obligation for Stockholder Losses be greater than $16,625,000 (the "Parent Maximum Indemnity"); provided, however, that the Parent Basket Amount and the Parent Maximum Indemnity shall not apply with respect to Stockholder Losses arising under (i) Section 9.3(a) with respect to any breach or inaccuracy of any representation or warranty made by Parent and Sub in Sections 4.1, 4.2, 4.3 or 4.4 hereof or (ii) Section 9.5(c) hereof.

Section 9.5 Indemnification Procedures.

(a) The rights and obligations of each party asserting a claim for indemnification hereunder ("Indemnitee") from the other party ("Indemnitor") shall be governed by the following rules:

(i) The Indemnitee shall give prompt written notice to the Indemnitor of any state of facts which the Indemnitee determines will give rise to a claim by it against the Indemnitor based on the indemnity agreement contained herein, stating the nature and basis of said claims and the amount thereof, to the extent known. No failure to give such notice shall affect the indemnification obligations of the Indemnitor hereunder, except to the extent such failure materially prejudices the Indemnitor's ability successfully to defend the matter giving rise to the indemnification claim. Notwithstanding the foregoing, the Indemnitee shall not be entitled to indemnification hereunder unless it shall have given written notice to the Indemnitor, setting forth its claim for indemnification within the earlier of (x) one year after the Closing Date and (y) with respect to those matters for which claims for indemnification must be asserted not later than the date

that the first combined annual audited financial statements of Parent and RBI are issued (the "Financial Statements Date") in order to account for the Merger as a pooling of interests, the Financial Statements Date (the earlier of (x) and (y), the "Indemnification Termination Date").

(ii) In the event any action, suit or proceeding is brought against the Indemnitee, with respect to which the Indemnitor may have liability under the indemnity agreement contained herein, then upon the written acknowledgment by the Indemnitor within thirty days of the bringing of such action, suit or proceeding that it is undertaking and will prosecute the defense of the claim under such indemnity agreements and confirming that the claim is one with respect to which the Indemnitor is obligated to indemnify and that it will be able to pay the full amount of potential liability in connection with any such claim, the action, suit or proceeding (including all proceedings on appeal or for review which counsel for the Indemnitee shall deem appropriate) may be defended by the Indemnitor. However, in the event the Indemnitor shall not offer reasonable assurances as to its financial capacity to satisfy any final judgment or settlement, the Indemnitee may assume the defense and dispose of the claim, after 30 days' prior written notice to the Indemnitor. The Indemnitee shall have the right to employ its own counsel in any such case, but the fees and expenses of such counsel shall be at the Indemnitee's own expense unless (a) the employment of such counsel and the payment of such fees and expenses both shall have been specifically authorized by the Indemnitor in connection with the defense of such action, suit or proceeding or (b) the Indemnitee shall have reasonably concluded and specifically notified the Indemnitor that there may be specific defenses available to it which are different from or additional to those available to the Indemnitor, or that such action, suit or proceeding involves or could have an effect upon matters beyond the scope of the indemnity agreement contained herein.

(iii) In addition, in any event specified in clause (b) of the second sentence of subparagraph (ii) above, the Indemnitor, to the extent made necessary by such different or additional defenses, shall not have the right to direct the defense of such action, suit or proceeding on behalf of the Indemnitee. If the Indemnitor and Indemnitee cannot agree on a mechanism to separate the defense of matters extending beyond the scope of indemnification, such matters shall be defended on the basis of joint consultation.

(iv) The Indemnitee shall be kept fully informed by the Indemnitor of such action, suit or proceeding at all stages thereof, whether or not it is represented by counsel. The Indemnitor shall, at the Indemnitor's expense, make available to the Indemnitee and its attorneys and accountants all books and records of the Indemnitor relating to such proceedings or litigation, and the parties hereto agree to render to each other such assistance as they may reasonably require of each other in order to ensure the proper and adequate defense of any such action, suit or proceeding.

(b) The Indemnitor shall make no settlement of any claims which the Indemnitor has undertaken to defend, without the Indemnitee's consent, unless the Indemnitor fully indemnifies the Indemnitee for all losses, there is no finding or admission of violation of law by, or effect on any other claims that may be made against, the Indemnitee, and the relief granted in connection therewith requires no action on the part of and has no effect on the Indemnitee.

(c) Within ten business days of the final determination of the merits and amount of any claim for indemnification hereunder, the Indemnitor shall deliver to the Indemnitee an amount of cash in immediately available funds, or at the sole option of the Indemnitor, an amount of Parent Common Stock, valued as of the Closing Date, in either case, in an amount sufficient to satisfy and discharge in full such claim as determined under this Agreement.

(d) Arbitration. Any dispute, disagreement or controversy arising under, related to or in connection with an indemnification claim brought pursuant to this Agreement and not resolved by the Indemnification Termination Date shall promptly be submitted to the Garden City, New York Regional Office of the American Arbitration Association (the "AAA") to be resolved by binding arbitration in accordance with the arbitration rules of the AAA. The place of arbitration shall be in Garden City, New York. The arbitral tribunal shall be composed of three arbitrators, one of which shall be appointed by Parent within 10 business days of the Indemnification Termination Date, one of which shall be appointed by the Stockholder within 10 business days of the Indemnification Termination Date and one of which shall be appointed by the arbitrators appointed by Parent and the Stockholder within 15 business days of the Indemnification Termination Date. The arbitrators will be directed to resolve such dispute, disagreement or controversy as soon as practicable (and, in any event, within two months of the Indemnification Termination Date).

ARTICLE X

RESTRICTIVE COVENANTS

Section 10.1 Non-Competition. Neither the Stockholder nor any of his Affiliates shall, for a period of five years after the Effective Time, directly or indirectly, engage, anywhere in the United States, in any business, activity or enterprise which competes with any aspect of the Business or any aspect of the business conducted by Parent or any of its Subsidiaries as of the Effective Time.

Section 10.2 Non-Solicitation of Employees. Neither the Stockholder nor any of his Affiliates shall, directly or indirectly, for himself or itself or on behalf of any other individual or entity, hire any employee of Parent or any of its Subsidiaries, including, without limitation, any employees of RBI, or induce nor attempt to induce any such employee to leave his or her employment with Parent or any of its Subsidiaries (including without limitation, RBI), , at any time within five years from the Effective Time.

Section 10.3 Non-Solicitation or Interference with Customers and Suppliers. The Stockholder nor any of his Affiliates shall, directly or indirectly, for himself or itself or on behalf of any other individual or entity, solicit, divert, take away or attempt to take away any of Parent's or any of its Subsidiaries' (including without limitation, RBI's) customers or suppliers or the business or patronage of any such customers or suppliers or in any way interfere with, disrupt or attempt to disrupt any then existing relationships between Parent or any of its Subsidiaries (including without limitation, RBI) and any of their respective customers or suppliers or other individuals or

entities with whom they deal, or contact or enter into any business transaction with any such customers or suppliers or other individuals or entities for any purpose at any time within five years from the Effective Time.

Section 10.4 Acknowledgments. The Stockholder acknowledges that, in view of the nature of RBI's business and the business objectives of Parent in acquiring RBI, and the consideration paid in the Merger to the Stockholder therefor, the restrictions contained in this Article X are reasonably necessary to protect the legitimate business interests of Parent and that any violation of such restrictions will result in irreparable injury to Parent and the business Parent has acquired hereunder for which damages will not be an adequate remedy. The Stockholder therefore acknowledges that, if any such restrictions are violated, Parent shall be entitled to preliminary and injunctive relief as well as to an equitable accounting of earnings, profits and other benefits arising from such violation.

ARTICLE XI

GENERAL PROVISIONS

Section 11.1 Amendment and Modification. At any time prior to the Effective Time, this Agreement may be amended, modified or supplemented only by written agreement (referring specifically to this Agreement) of Parent, Sub, RBI and Stockholder with respect to any of the terms contained herein.

Section 11.2 Waiver. At any time prior to the Effective Time, Parent and Sub, on the one hand, and RBI and Stockholder, on the other hand, may (i) extend the time for the performance of any of the obligations or other acts of the other, (ii) waive any inaccuracies in the representations and warranties of the other contained herein or in any documents delivered pursuant hereto and (iii) waive compliance by the other with any of the agreements or conditions contained herein which may legally be waived. Any such extension or waiver shall be valid only if set forth in an instrument in writing specifically referring to this Agreement and signed on behalf of such party.

Section 11.3 Investigations. The respective representations and warranties of Parent, RBI and Stockholder contained herein or in any certificates or other documents delivered prior to or as of the Effective Time shall not be deemed waived or otherwise affected by any investigation made by any party hereto.

Section 11.4 Notices. All notices and other communications hereunder shall be in writing and shall be delivered personally or by next-day courier or telecopied with confirmation of receipt, to the parties at the addresses specified below (or at such other address for a party as shall be specified by like notice; provided that notices of a change of address shall be effective only upon receipt thereof). Any such notice shall be effective upon receipt, if personally delivered or telecopied, or one day after delivery to a courier for next-day delivery.

(a) If to Parent or Sub, to:

Henry Schein, Inc.
135 Duryea Road
Melville, New York 11747

Attention: Mark E. Mlotek, Esq.

with a copy to:

Proskauer Rose Goetz & Mendelsohn LLP
1585 Broadway
New York, New York 10036

Attention: Robert A. Cantone, Esq.

(b) if to RBI, to:

Roane-Barker, Inc.

c/o Ralph L. Falls, Jr.
1103 Cowper Drive
Raleigh, North Carolina 27608

with a copy to:

King & Spalding
191 Peachtree Street
Atlanta, Georgia 30303

Attention: Robert W. Miller, Esq.

Section 11.5 Descriptive Headings; Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. References in this Agreement to Sections, Schedules, Exhibits or Articles mean a Section, Schedule, Exhibit or Article of this Agreement unless otherwise indicated. References to this Agreement shall be deemed to include the Exhibits and Schedules hereto, unless the context otherwise requires. The term "person" shall mean and include an individual, a partnership, a joint venture, a corporation, a trust, a Governmental Entity or an unincorporated organization.

Section 11.6 Entire Agreement; Assignment. This Agreement (including the Exhibits, Schedules and other documents and instruments referred to herein) constitutes the

entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties or any of them, with respect to the subject matter hereof. This Agreement is not intended to confer upon any person not a party hereto any rights or remedies hereunder. This Agreement shall not be assigned by operation of law or otherwise; provided that Parent or Sub may assign its rights and obligations hereunder to a direct or indirect subsidiary of Parent, but no such assignment shall relieve Parent or Sub, as the case may be, of its obligations hereunder.

Section 11.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the provisions thereof relating to conflicts of law.

Section 11.8 Severability. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect against a party hereto, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby and such invalidity, illegality or unenforceability shall only apply as to such party in the specific jurisdiction where such judgment shall be made.

Section 11.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, each of Parent, Sub, RBI and the Stockholder has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the date first above written.

HENRY SCHEIN, INC.

By:

Name:
Title:

HS ACQUISITION, INC.

By:

Name:
Title:

ROANE-BARKER, INC.

By:

Name:
Title:

Ralph L. Falls, Jr.

HENRY SCHEIN, INC.
135 Duryea Road
Melville, New York 11747

June 24, 1997

Ralph L. Falls, Jr.
Roane-Barker, Inc.
516 N. West Street
Raleigh, North Carolina 27611

Gentlemen:

Reference is made to the Agreement and Plan of Merger among Roane-Barker, Inc., Ralph L. Falls, Jr., Henry Schein, Inc. and HS Acquisition, Inc. dated May 23, 1997 (the "Agreement"). This is to advise you that Henry Schein, Inc. and HS Acquisition, Inc. agree to amend Section 7(f) of the Merger Agreement to change the dollar amount therein from $3.3 million to $2.0 million.

Very truly yours,

HENRY SCHEIN, INC.

HS ACQUISITION, INC.

By:

Mark E. Mlotek

AGREED:

ROANE-BARKER, INC.

By:

Ralph L. Falls

Ralph L. Falls

Amendment to Agreement and Plan of Merger

WHEREAS, Henry Schein, Inc., a Delaware corporation ("Parent"), HS Acquisition, Inc., a South Carolina corporation and wholly-owned subsidiary of Parent ("Sub"), Roane-Barker, Inc., a South Carolina corporation ("RBI"), and Ralph L. Falls, Jr., the sole stockholder of RBI (the "Stockholder") are parties to an Agreement and Plan of Merger, dated as of May 23, 1997, as amended June 24, 1997, among Parent, Sub, RBI and the Stockholder (the "Agreement") ; and

WHEREAS, certain conditions to the obligations of the parties to the Agreement have not yet been satisfied, including without limitation, the completion of documentation with respect to the transfer and leaseback of the Raleigh property, and the expiration or termination of the waiting period applicable to the consummation of the Merger under the HSR Act; and

WHEREAS, in recognition that satisfaction of such conditions may not occur prior to June 30, 1997 which is a date providing each party a right to terminate the Agreement (subject to certain conditions) if the Merger shall have not been consummated by such date, the parties to the Agreement wish to extend such date to August 11, 1997; and

WHEREAS, the parties to the Agreement agree that in consideration of extending such date of the Closing, certain other amendments to the Agreement are necessary in order to account for the possible delay of the Closing to such later date and they also agree that such amendments (except for the amendment in paragraph 1 below) shall be effective only if the Merger shall not have been consummated on or prior to June 30, 1997.

NOW THEREFORE, in furtherance of the foregoing, the parties to this Amendment agree to amend the Agreement pursuant to Section 11.1 thereof as follows:

XII Clause (y) of Section 2.1(a) of the Agreement is amended by deleting the reference to "28.268" therein and replacing it in its entirety by "32.112".

XIII Clause (ii) of Section 2.3 of the Agreement is amended by adding "the lesser of (x) the closing price for Parent Common Stock on NASDAQ on the date on which the condition set forth in Section 7.1(a) hereof is satisfied and (y)" at the beginning of such clause.

XIV Clause (ii) of Section 3.8 of the Agreement is amended by adding "until the date on which the condition set forth in Section 7.1(a) hereof is satisfied" at the beginning of such clause.

XV Paragraph (b) of Section 8.1 of the Agreement is amended by deleting the reference to "June 30, 1997" therein and replacing it in its entirety by "August 11, 1997".

XVI Section 8.2 of the Agreement is amended by adding the following paragraph at the end thereof: "Notwithstanding the foregoing sentence, if (i) RBI shall have properly terminated this Agreement pursuant to Section 8.1(b) hereof prior to August 15, 1997, (ii) there has not been a breach in any material respect of any representations or warranties of RBI or the Stockholder set forth in this Agreement, (iii) there has not been a breach in any material respect of any of the covenants or agreements set forth in this Agreement on the part of RBI or the Stockholder, (iv) all of the conditions to the obligations of Parent and Sub to effect the Merger shall have been satisfied on or prior to August 4, 1997 (unless the failure of such conditions to be so satisfied shall have been caused by the action or failure to act on the part of Parent or Sub, which action or failure to act constitutes a material breach of Section 6.3 of this Agreement), and (v) the Merger shall in fact not have been consummated before August 11, 1997 and the failure to consummate the Merger by such date shall have been caused solely by the action or failure to act on the part of Parent or Sub, which action or failure to act constitutes a material breach of Section 6.3 of this Agreement, then and only then in the case of the satisfaction of all of the conditions set forth in clauses (i) through (v) above, Parent shall pay to RBI as liquidated damages and not as a penalty, three million dollars ($3,000,000) (the "Liquidated Damages Amount"). Such Liquidated Damages Amount shall be delivered to a mutually agreed upon entity as escrow agent pursuant to an escrow agreement in a form and substance reasonably satisfactory to Parent, RBI and the escrow agent at a date no later than June 30, 1997 (the "Escrow Agreement"), and shall be paid to RBI only if payable to RBI pursuant to the preceding sentence or shall be returned to Parent, in each case, in accordance with the terms and conditions of the Escrow Agreement. In the event Parent shall have paid the Liquidated Damages

Amount as provided herein, Parent and Sub shall have no further liability of any kind whatsoever to RBI or the Stockholder for damages or any other relief available at law or in equity under this Agreement and applicable law (including any liability of Parent or Sub for any breach of this Agreement)."

The foregoing amendments to the Agreement (except the amendment set forth in paragraph 1 above) shall be effective if and only if the Merger shall not have been consummated on or prior to June 30, 1997. If the Merger shall have been consummated on or prior to such date, then all of the foregoing amendments (except the amendment set forth in paragraph 1 above) shall be null and void.

Terms used but not otherwise defined herein shall have their meaning set forth in the Agreement.

IN WITNESS WHEREOF, the parties to the Agreement have executed this Amendment to the Agreement effective as of June 25, 1997.

HENRY SCHEIN, INC.

By:

Name:
Title:

HS ACQUISITION, INC.

By:

Name:
Title:

ROANE-BARKER, INC.

By:

Name:
Title:

Ralph L. Falls, Jr.

EXHIBIT 23.1

CONSENT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Henry Schein, Inc.

Melville, New York

We hereby consent to the incorporation by reference in this Proxy Statement/Prospectus constituting a part of this Registration Statement of our reports dated March 7, 1997 relating to the consolidated financial statements and schedule of Henry Schein, Inc. (the "Company") and of our report dated February 5, 1997 relating to the financial statements of HS Pharmaceutical, Inc. appearing in the Company's Annual Report on Form 10-K and 10-K/A for the year ended December 28, 1996 and Form 8-K dated June 24, 1997.

We also consent to the reference to us under the caption "Experts" in the Proxy Statement/ Prospectus.

/s/ BDO Seidman, LLP

New York, New York

June 30, 1997

EXHIBIT 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in this Proxy Statement/Prospectus constituting a part of this Registration Statement of our report dated February 12, 1997, except for Notes 8 and 12 which are dated March 7, 1997 relating to the consolidated financial statements and schedule of Micro Bio-Medics, Inc. ("Company") appearing in the Company's Annual Report on Form 10-K and 10-K/A-1 for the year ended November 30, 1996.

We also consent to the reference to us under the caption "Experts" in the Proxy Statement/ Prospectus.

/s/ MILLER, ELLIN & COMPANY

New York, New York

June 25, 1997

Exhibit 23.5

July 2, 1997

Board of Directors
Henry Schein, Inc.
135 Duryea Road
Melville, New York 11747

Re: Registration Statement of Henry Schein, Inc. on Form S-4 dated July 2, 1997

We hereby consent to the reference to the opinion of our Firm under the caption "THE MERGER-- Opinion of Houlihan Lokey" and to the inclusion of our opinion referred to therein in the Proxy Statement/Prospectus included in the above-mentioned Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ HOULIHAN, LOKEY, HOWARD & ZUKIN, INC.